

# NEWLYN ART GALLERY LIMITED

England & Wales · Charity number 273785

## Details

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Other names	NEWLYN ORION GALLERIES LIMITED
Status	Registered
Legal form	Charitable company
Company number	01310070
Registered	1977-06-24
Register	<a href="#">View on the Charity Commission register</a>

## Contact

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Address	The Exchange Princes Street Penzance Cornwall TR18 2NL
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Website	<a href="http://www.newlynartgallery.co.uk">www.newlynartgallery.co.uk</a>

## Activities

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**Objects:** THE ADVANCEMENT OF EDUCATION OF THE GENERAL PUBLIC IN THE VISUAL ARTS.

**Activities:** Newlyn Art Gallery Limited is an educational charity, delivering programmes in and around two neighboring contemporary art galleries: Newlyn Art Gallery, in Newlyn and The Exchange, in Penzance. It promotes the work of regional, national and international artists and engages a diverse audience in a year-round programme of exhibitions and participatory activities.

## Classification

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- **How:** Provides Buildings/facilities/open Space, Provides Services
- **What:** Education/training, Arts/culture/heritage/science
- **Who:** Children/young People, The General Public/mankind

## Geography

- **Area of benefit:** NEWLYN
- Cornwall

## Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£733,736	£842,543	£3,826,677	35
2024-03-31	£776,576	£1,004,515	£3,859,768	26
2023-03-31	£814,744	£1,224,738	£4,087,707	31
2022-03-31	£1,203,154	£1,011,515	£4,497,701	27
2021-03-31	£1,012,334	£765,343	£4,306,062	30

## Trustees

Name	Role	Appointed
<b>Ashish Ghadiali</b>	Chair	2024-11-25
Alexandra Cosma		2024-11-25
Amy Green		2025-11-24
Giles Jackson		2025-11-24
Gina Buenfeld-Murley		2021-12-01
Hannah Mae Buckingham		2021-12-01
Jane Anne Faram		2024-11-25
Julia Helen Twomlow		2024-11-25
Nigel Phillip Williams		2021-12-01
Olga Iga Owczarek		2024-11-25
Sam Trenerry		2025-11-24

**NEWLYN ART GALLERY LIMITED**

England & Wales - Charity number 273785

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# Accounts

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Company registration number: 01310070

Charity registration number: 273785

# Newlyn Art Gallery Limited

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 March 2025

# Newlyn Art Gallery Limited

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# Newlyn Art Gallery Limited

## Trustees Report

The trustees, who are directors for the purposes of company law, present the annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 March 2025.

### **Objectives and activities**

#### ***Objects and aims***

The company is an educational charity with the object of advancing education of the general public in the visual arts. This object is met by the maintenance of Newlyn Art Gallery & The Exchange for the public exhibition of visual art, multi-year education programmes, the provision of lectures, classes, and conferences calculated to advance education in visual art.

#### ***Objectives, strategies and activities***

Through a programme of exhibitions and ambitious education projects, exploring the role of arts in social change, Newlyn Art Gallery Ltd promotes the understanding and appreciation of contemporary art. In the course of the programme the gallery collaborates with other organisations in the area and nationally to promote visual art. This core activity has not changed during the year.

#### ***Public benefit***

Our main activities are described below. Our charitable activities focus on providing an ambitious programme of exhibitions, learning projects and other activities undertaken to further our charitable purposes for the public benefit.

The trustees confirm that they have complied with the requirements of section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

# Newlyn Art Gallery Limited

## Trustees Report

### **Achievements and performance**

Our main gallery programming during the year to 31 March 2025, reflected our ongoing commitment to bringing national, and occasionally international, work to West Cornwall, often to shine a light on our own hyper-local context, and the unique, sometimes hidden histories of this place. At the forefront of our minds is always our stated commitment to social change, which is often foregrounded in our main gallery exhibitions or in the associated programmes we develop.

We began the year with the final weeks of our exhibition Storm Warning, developed in partnership with Focal Point Gallery, Southend-on-Sea. The project reflected our ongoing commitment to supporting the work of artists with an activist agenda; on this occasion, a project that sought to investigate aspects of the climate crisis, prompted by a reflection on specific issues of relevance to both galleries' very different coastal locations.

We opened our summer season of shows in May, presenting Melanie Manchot's acclaimed film work STEPHEN, at The Exchange, and Nicola Bealing's extraordinary installation Dead-man's Fingers at Newlyn.

Melanie Manchot's film and installation brought together a small cast of professional actors with 20 participants from a Liverpool addiction recovery centre, including the lead actor Stephen Giddings. The art gallery presentation included an installation of multiple televisions introducing the characters and the people who play them, through a series of monologues and auditions, before entering the cinematic screening of STEPHEN.

Dead-man's Fingers is a body of work made during lockdown when, to Bealing, total immersion in an alien world seemed a logical response to darkness beyond the studio door. The works developed into an intense investigation of heightened, imagined submarine landscapes.

During her daily lockdown walks, initially, with no purpose in mind, Bealing began gathering boat fenders, buoys, and crab pots that washed up on Cornish beaches. As her collection grew, she began experimenting, crafting them into creatures and macabre suspended sculptures that, over time, grew into a vast single installation, which we presented alongside her paintings of coral, bones, and underwater assemblages.

Both shows captivated and intrigued audiences.

For our winter season, Cat Gibbard, one of our Programme Curators and Learning Leads, curated a major two-site exhibition entitled Social Fabric. The exhibition of textile-based art presented the work of contemporary female artists whose practices revalue old wisdoms and techniques using traditional textile skills with fresh perspectives.

At the heart of the exhibition was The Workroom. Inspired by the Newlyn Industrial Needlework Classes of the 1890s. The ambitious programme of workshops in the space sought to equip participants with the knowledge and skills to produce objects of utility, comfort, and warmth.

In celebration of Cornwall's rich textile heritage, FEAST funded a programme of activities led by textile artist and Falmouth University PhD student, Vicki Aimers. Working in partnership with five regional museums: Penlee House Gallery & Museum (Penzance), Royal Cornwall Museum (Truro), Museum of Cornish Life (Helston), and Perranzabuloe and St Agnes Museums, Vicki developed a series of practical workshops exploring the skills and techniques used to create some of the intriguing textile pieces held in their collections. These workshops traced connections back to the Newlyn Industrial Classes of the 1890s, engaging a total of 75 participants, with additional support from six Falmouth University undergraduate students.

## Newlyn Art Gallery Limited

### Trustees Report

During the year, we continued to develop our partnership with DASH, to create opportunities for disabled people to thrive within arts organisations. DASH is a Disabled led visual arts charity. It creates opportunities for Disabled artists to develop their creative practice. These opportunities take many forms, from high-quality commissions to community-based workshops. We are working with them, as one of a number of gallery partners across England, to deliver the Future Curators Programme. We expect to appoint a Future Curator onto our programming team towards the end of 2025.

We continued our work with schools to strengthen their delivery of a creative curriculum. We supported many schools' visits to the gallery during the year, providing young people with inspiring encounters with contemporary art and artists; however, our determination to impact strategically within schools remained our key focus.

As an illustration of this, we worked with partners at the Truro Penwith Academy Trust in supporting a STEAM curriculum in their proposed new secondary school at Perranporth. A multi-year project was devised, intervening in three feeder primary schools to strengthen their arts curriculum. Funding was secured from the Paul Hamlyn Foundation to support the three-year project. Unfortunately, the incoming Labour government decided to suspend the construction of all new schools, pending a review, the outcome of which is still awaited.

James Green, the gallery's Director, continued in his role as a Trustee of the Truro Penwith Academy Trusts, which operates over 35 primary and secondary schools across West Cornwall. During the year, Bettina Wenzel, our Programme Producer, joined the Local Monitoring Committee of our closest primary school, Newlyn School, helping to foster greater links between the gallery and young people in our community.

One of our continuing successes is our programme of work to support older and isolated members of our community through their regular participation in our tailored programmes, most notably our Tea, Cake & Art strand. We now deliver two activities most weeks, and welcome people with Dementia and their carers, as well as carers who would like to attend on their own.

Developing funding relationships with multiple trusts and foundations remains a key piece of work to support our activities and core costs. This year, we received grant awards from the Foyle Foundation, Headley Trust, FEAST, the Norman Family Trusts, the Cotton Workers War Memorial Family Trust, Little Parc Owl Trust, and we began relations with other funders that have since been agreed, most notably the Bloomberg Philanthropies' Digital Accelerator Programme. In addition, we received sponsorship support from the London Stock Exchange Group.

Trustees would like to thank all of these organisations for the vital support they provided during the year.

Between April 2024 and March 2025, we attracted 42,728 gallery visits, including visitors to our café and shops, with Nicola Bealing's summer show at Newlyn proving particularly popular, in spite of the fine weather. During hotter weather, we find audiences prioritise visits to open-air destinations in Cornwall. This is a 4% increase on the prior year and reflects a return to pre-pandemic attendances.

## Newlyn Art Gallery Limited

### Trustees Report

We have seen a significant increase in our reach, views, and profile visits across our social media in the period. Instagram 'accounts reached' increased by 565.8% with the biggest spikes associated with the Social Fabric exhibition. The show included the work of 12 artists, all of whom were active on social platforms, with these collaborations increasing our reach substantially. Another significant spike in reach was a call-out for artists for The Picture Room. Facebook visits increased by 203% and we gained a substantial spike in interactions with a celebratory post about John Passmore Edward's Birthday, which received 660 reactions and reached 37.4k accounts alone. Content reactions have increased by 376.5% on Facebook, and Instagram profile visits are up by 257.7%.

#### **We continue to seek to reduce our environmental impact**

We remain strongly committed to reducing our carbon footprint, this year, and have become active members of the Gallery Climate Coalition (GCC). The GCC is an international community of arts organisations working to reduce our sector's environmental impacts. GCC's primary goal is to facilitate a reduction of the sector's CO<sub>2</sub>e emissions by a minimum of 50% by 2030, as well as promoting zero waste.

Our work in this area continues to be driven by our Green Team, its membership comprising of a diagonal slice through our organisation, including board and volunteer representation. The Team regularly reviews and updates our Carbon Reduction Action Plan, challenging organisational behaviours and celebrating progress when it is made. Our recently updated action plan is a public document, available on our website.

During the year, we have seen a modest reduction in our energy consumption.

Newlyn Art Gallery & The Exchange combined:

Energy 64 tonnes CO<sub>2</sub>e (2013/14)  
Energy 19 tonnes CO<sub>2</sub>e (2018/19)  
Energy 39 tonnes CO<sub>2</sub>e (2020/21)  
Energy 67 tonnes CO<sub>2</sub>e (2021/22)  
Energy 54 tonnes CO<sub>2</sub>e (2022/23)  
Energy 52 tonnes CO<sub>2</sub>e (2023/24)  
Energy 49 tonnes CO<sub>2</sub>e (2024/25)

# **Newlyn Art Gallery Limited**

## **Trustees Report**

### **Infrastructure**

Much of our work is delivered from our two buildings, Newlyn Art Gallery in Newlyn and The Exchange in Penzance. Both are historic buildings dating from 1895 and the 1930s (and significantly extended in the 1950s), respectively. Both buildings were substantially altered in 2006, as part of major capital works linked to the organisation's relaunch in 2007. 18 years on, both buildings now require significant investment to avoid the need for major works in the future, and to ensure we remain able to respond to the changing needs of the communities we serve. We are currently undertaking exploratory works at both sites to inform applications for funding from a number of sources.

### **Health & Safety**

The gallery regularly reviews Health & Safety issues across our activities. Health & Safety is a standing item at both our weekly staff meeting and regular Board Meetings. We contract the services of Peninsula, who provide expert advice and conduct an annual site visit to both galleries, when necessary, developing an action plan of works to be addressed.

### **Staffing**

The gallery has a team averaging 35 employees during the year, both full and part-time, and is supported by an expert team of around 45 volunteers, who are the first point of contact for many of our visitors.

In March 2024 we secured funding from the Foyle Foundation to create two part-time posts to support digital activities. Xavia Smith joined as Digital Marketing Producer, focusing on social media, managing the gallery's accounts, and creating engaging content to promote the gallery's varied activities to a growing online audience. Adam Goodwin has joined as Digital Producer, creating new digital content including short films, podcasts, and interpretation materials for the gallery's exhibitions and events. Both positions were funded for an initial 12-month period.

In spring 2025, additional resources were identified that enable us to extend the term of the Digital Marketing Producer role. Digital marketing has become an increasingly important tool for the gallery, enabling us to attract new visitors and engage more actively with those remote from our bases in West Cornwall.

In April 2024, we secured funding from the Headley Trust. This will enable us to retain Rebecca English in her part-time role as Programme Curator. Funding will cover her salary through 2027.

In July 2024 we appointed a permanent part-time Senior Finance Manager to replace the service previously contracted from Hall for Cornwall.

Trustees would like to thank the staff and volunteers for their exceptional work over the period of this report.

# Newlyn Art Gallery Limited

## Trustees Report

### Financial review

#### **Building a stable foundation to weather challenges ahead**

Over recent years we have managed to eliminate our historic deficit and build free reserves, in line with our Reserves Policy. 2024/25 has been a challenging year, with increasing costs, a difficult trading environment and greater competition for funding from all grant awarding bodies. However, action taken to restructure the organisation in the previous year meant that we were able to respond to these challenges effectively.

Whilst our financial position is now stable, trustees recognise it is likely to take a number of years to reach our current free reserves target.

### **The National Picture**

The sector view is that in spite of the change in government following the July 2024 General Election, the future economic landscape will remain testing, with no increases in funding from governmental sources anticipated until well into 2028 at the earliest.

Competition for funding from trusts and foundations is likely to remain intense for the foreseeable future, and whilst inflation rates are returning to more typical levels, real household disposable income (RHDI) per person fell 2.2 per cent in 2022-23 - the largest year-on-year drop in living standards since records began in the 1950s. The Office for Budget Responsibility estimates that RHDI per person has averaged at 2 percent growth in 2023-24 and 2024-25. But they forecast average growth of only half a percent a year from 2025-26 to 2029-30.

Arts Council England recognises that the next few years will pose challenges for many arts organisations, including those in the National Portfolio. They are therefore realistic about the outputs that funded organisations can be expected to deliver during this period. Helpfully, in January 2024, Arts Council England announced their commitment to extend the current NPO funding agreement for a further fourth year. In June 2025, ACE confirmed that we would be in the 2026/27 portfolio. Then, in July 2025, it was announced that all NPOs that will receive 2026/27 Extension funding will be eligible to apply for a further year's extension to their funding, for 2027/28. The simple applicant process for this extension will open in January 2026.

In October 2025, Cornwall Council confirmed that they will extend their current funding agreements with clients through their Culture and Creative Investment Programme (CCIP), providing security of funding until March 2027.

These extensions of existing funding agreements with our two key revenue funders provide us with a degree of financial security that is very welcome.

# Newlyn Art Gallery Limited

## Trustees Report

### **Key figures and movement of funds**

Incoming resources at £733,736 (2024: £771,373) fell by £37,637.

Total expenditure decreased by £148,736 from £991,279 (2024) to £842,543 in the 2025 year. The total decrease is represented by a decrease to unrestricted spending of £112,881 and a decrease to restricted spending of £35,855. The decrease to restricted spending reflects the timing of restricted resources that were booked to income in previous years on an entitlement to receive basis and that were then deployed in accordance with restrictions in the following years. The deficit of £108,807 is split between an operational (unrestricted) deficit of £74,590, including depreciation of £61,928, while the deficit relating to restricted expenditure against funds held was £34,217, including depreciation of £44,000.

### ***Policy on reserves***

The gallery had a cumulative surplus at 31 March 2025 of £103,812 (2024: £148,179). This figure is known as free reserves, being unrestricted general funds not held in tangible fixed assets or heritage assets. The relevant amounts are shown in note 24. Free reserves are the funds freely available to support the gallery's activities.

Whilst the free reserves decreased by £44,367 in the year ended 31 March 2025, the operational deficit on unrestricted funds was £74,590.

Currently the level of free reserves required to cover running costs for 3 to 6 months is £167,512 - £335,025, based on unrestricted expenditure less depreciation within unrestricted funds in the period. The gallery currently holds free reserves below this target level. In order to ensure the organisation builds sufficient reserves to meet its policy requirements, the Gallery Director and Trustees are developing a recovery plan as part of its future financial planning. This will include undertaking a review of the target free reserves figure. It is anticipated that it may take 3 to 5 years to rebuild reserves to the required levels, so a multi-year plan is needed.

### ***Principal funding sources***

The gallery's largest single source of funding was from Arts Council England, which provided funding in respect of core costs. Similarly, Cornwall Council currently provides revenue funding of £18,750 under the existing agreement.

The other two main sources of income are received from trusts and foundations and from earned income sources, including ticketed entry and ticketed events, café and shop revenue, and commercial and private hires of spaces and equipment.

As reported above, we have been very successful in securing additional, multi-year restricted funding from other trusts and foundations. Individual philanthropy remains an important part of the organisation's income; however, the economic impact of the Covid-19 pandemic continues to make fundraising generally more challenging.

# Newlyn Art Gallery Limited

## Trustees Report

### Plans for future periods

The gallery's vision, mission, and values remain rooted in the organisation's history and the principles of its founder, the philanthropist John Passmore Edwards.

He saw culture as 'a ladder the poor might climb', to help them rise out of deprivation and override a prevailing dearth of ambition in a place such as Newlyn at the end of the 19th century.

Over recent years, our focus has been on reactivating these founding principles, contributing to debate among contemporary arts organisations and curators as to how art and the art institution can perform both a societal and civic function and be relevant to prevailing social and political issues.

The following values, vision, and mission emerged from these processes:

#### Values:

Change-making  
Rooted in place  
Part of a global art conversation

#### Vision:

We believe that art can inspire and drive change.

#### Mission:

To connect Cornwall with the visual arts internationally, for the benefit of the community and the development of artists.

The impact of the Covid-19 pandemic on communities across Cornwall and further afield is still being felt, perhaps most profoundly in our education system. The murder of George Floyd and the rise of the Black Lives Matter movement have also profoundly affected many of the communities we work with and support.

In May 2025, the government announced stricter eligibility criteria for the daily living component of the Personal Independent Payment (PIP), a freeze and reduction in the health element of Universal Credit, and the replacement of the Working Capability Assessment with the PWP assessment for Universal Credit. We acknowledge the challenges this presents for many in our community, disabled people within our organisation, and organisations with whom we collaborate. We will continue our work with them and offer support where we can.

Over the next 12 months, our gallery and off-site programmes will continue to support four thematic areas of investigation:

- Arts Education
- Well-Being
- Activism
- The Hyper-Local and the Internationally Connected

Our off-site programme will focus on our continuing work in schools across Cornwall, aiming to achieve strategic change in the way arts subjects are taught, particularly at the primary level. In the year ahead, we highlight world-class practice by artists living in our immediate communities, including the work of Abigail Reynolds and Libita Sibungu.

# Newlyn Art Gallery Limited

## Trustees Report

### **Structure, governance and management**

#### ***Nature of governing document***

The charity is controlled by its governing document, our articles of association, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

#### ***Recruitment and appointment of trustees***

The board administers the charity and meets five times per year or as required. The Finance Committee meets regularly with the Director, Deputy Director, and Finance Team. Other working groups, such as a Public Programme Group, meet as required. Their membership is drawn from the board. Members of the board are elected at the Annual General Meeting and retire by rotation every three years. Elected members of the board are trustees and directors of the charity.

#### ***Induction and training of trustees***

New trustees are provided with a tour of the organisation's two sites, where they have an opportunity to meet the gallery staff and volunteers. They also meet with the Chair and Gallery Director and are briefed on the history and the future plans of the organisation. New board members are also required to sign a Statement of Directors' Obligations and Code of Conduct, which helps to clarify their individual and collective responsibilities to the company.

#### ***Arrangements for setting key management personnel remuneration***

Staff remuneration is discussed by the Finance Committee as part of our annual budget-setting process, with proposals brought to the full Board for approval.

#### ***Major risks and management of those risks***

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

The trustees have conducted a review of the major risks to which the charity is exposed, and systems have been established to mitigate those risks. This assessment is reviewed at each Board Meeting as a standing item.

The current major risks that trustees have considered include, unanticipated costs resulting in the need to draw on limited free reserves, risks associated with cyber threat, and an increased risk of our Newlyn site being impacted by tidal surge.

# Newlyn Art Gallery Limited

## Trustees Report

### Reference and Administrative Details

**Charity Registration Number** 273785

**Company Registration Number** 01310070

**Registered Office** The charity is incorporated in England & Wales.

The Exchange  
Princes Street  
Penzance  
Cornwall  
TR18 2NL

**Auditor** PKF Francis Clark  
Statutory Auditor  
Lowin House  
Tregolls Road  
Truro  
Cornwall  
TR1 2NA

### Trustees and officers

The trustees and officers serving during the year and since the year end were as follows:

Trustees:

- M Barrett (resigned 25 November 2024)
- M R Bird (resigned 24 November 2025)
- H Buckingham
- G Buenfeld - Murley
- J Bulman (resigned 24 November 2025)
- V Button (resigned 25 November 2024)
- A Cosma (appointed 25 November 2024)
- J Faram (appointed 25 November 2024)
- A Ghadiali (appointed 25 November 2024)
- B Naughton-Rumbo (resigned 25 November 2024)
- O Owczarek (appointed 25 November 2024)
- N Scott (resigned 24 November 2025)
- L Tait (resigned 25 November 2024)
- J Twomlow (appointed 25 November 2024)
- N Williams
- A Green (appointed 24 November 2025)
- S Trenerry (appointed 24 November 2025)
- G Jackson (appointed 24 November 2025)

# Newlyn Art Gallery Limited

## Trustees Report

Secretary: N Scott (resigned 24 November 2025)  
O Owczarek (appointed 24 November 2025)

Gallery Director: J Green

Observers: A Proctor, Arts Council England

### Small companies provision statement

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

### Statement of trustees' responsibilities

The trustees (who are also the directors of Newlyn Art Gallery Limited for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including its income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that can disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Disclosure of information to auditor

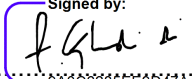
Each trustee has taken steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information. The trustees confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

# Newlyn Art Gallery Limited

## Trustees Report

The annual report was approved by the trustees of the charity on 16 December 2025 12:07 GMT and signed on its behalf by:

Signed by:  
  
.....5E035EAB0DF0414.....  
A Cosma  
Trustee

Signed by:  
  
.....9A0C6285EE9D47A.....  
A Ghadiali  
Trustee

## **Newlyn Art Gallery Limited**

### **Independent Auditor's Report to the Members of Newlyn Art Gallery Limited**

#### **Opinion**

We have audited the financial statements of Newlyn Art Gallery Limited (the 'charity') for the year ended 31 March 2025, which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2025 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the trustees use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

#### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

## **Newlyn Art Gallery Limited**

### **Independent Auditor's Report to the Members of Newlyn Art Gallery Limited**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees Report has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of trustees**

As explained more fully in the Statement of trustees' responsibilities (set out on page 11), the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

#### **Auditor responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## Newlyn Art Gallery Limited

### Independent Auditor's Report to the Members of Newlyn Art Gallery Limited

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

As part of our audit planning we obtained an understanding of the legal and regulatory framework that is applicable to the charity and the sector in which it operates to identify the key laws and regulations affecting the entity. The key laws and regulations we identified were health and safety, food safety, data protection, employment law, and compliance with grant funding conditions. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, primarily the Companies Act 2006, Charities Act 2011 and compliance with the Charities Statement of Recommended Practice.

We discussed with management how the compliance with these laws and regulations is monitored and discussed policies and procedures in place. We also identified the individuals who have responsibility for ensuring that the entity complies with laws and regulations and deals with reporting any issues if they arise.

We assessed the susceptibility of the charity's financial statements to material misstatement, including how fraud might occur as part of the audit planning process. We determined that these risks are low considering the fact that the charity operates on a not for profit basis and so there would be no motivation for management to influence performance for individual gain.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the following:

- \* We reviewed legal and professional costs to identify any non-compliance or legal costs in relation to non-compliance.
- \* We reviewed the board minutes for anything unusual.
- \* We made enquires to management regarding their knowledge of any non-compliance with laws and regulations that could affect the financial statements.
- \* We reviewed a sample of expenditure to confirm it has been incurred and allocated to the appropriate fund.
- \* We reviewed the risk register for anything unusual.
- \* We audited the risk of management override of controls through testing journal entries and other adjustments for appropriateness.

As part of our enquiries we discussed with management whether there have been any known instances, allegations or suspicions of fraud of which there were none.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements. This risk increases the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements as we are less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Newlyn Art Gallery Limited

### Independent Auditor's Report to the Members of Newlyn Art Gallery Limited

#### Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

PKF Francis Clark

.....  
Darren Perry BA (Hons) ACA DChA (Senior Statutory Auditor)  
PKF Francis Clark, Statutory Auditor

Lowin House  
Tregolls Road  
Truro  
Cornwall  
TR1 2NA

Date: 17 December 2025

## Newlyn Art Gallery Limited

### Statement of Financial Activities for the Year Ended 31 March 2025 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2025 £
<b>Income and Endowments from:</b>					
Donations and legacies	3	59,305	6,244	-	65,549
Charitable activities	4	445,648	70,105	-	515,753
Other trading activities	5	151,251	-	-	151,251
Investment income	6	1,183	-	-	1,183
Total income		<u>657,387</u>	<u>76,349</u>	<u>-</u>	<u>733,736</u>
<b>Expenditure on:</b>					
Raising funds	7	(102,935)	(150)	-	(103,085)
Charitable activities	8	<u>(629,042)</u>	<u>(110,416)</u>	<u>-</u>	<u>(739,458)</u>
Total expenditure		<u>(731,977)</u>	<u>(110,566)</u>	<u>-</u>	<u>(842,543)</u>
Net expenditure		<u>(74,590)</u>	<u>(34,217)</u>	<u>-</u>	<u>(108,807)</u>
Net movement in funds		(74,590)	(34,217)	-	(108,807)
<b>Reconciliation of funds</b>					
Total funds brought forward (as restated)		<u>1,925,965</u>	<u>1,482,146</u>	<u>527,373</u>	<u>3,935,484</u>
Total funds carried forward	23	<u>1,851,375</u>	<u>1,447,929</u>	<u>527,373</u>	<u>3,826,677</u>

The notes on pages 21 to 43 form an integral part of these financial statements.

## Newlyn Art Gallery Limited

### Statement of Financial Activities for the Year Ended 31 March 2025 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £ (As restated)	Restricted funds £	Endowment funds £	Total 2024 £ (As restated)
<b>Income and Endowments from:</b>					
Donations and legacies	3	62,732	4,343	-	67,075
Charitable activities	4	463,383	62,953	-	526,336
Other trading activities	5	173,726	3,565	-	177,291
Investment income	6	671	-	-	671
Total income		<u>700,512</u>	<u>70,861</u>	<u>-</u>	<u>771,373</u>
<b>Expenditure on:</b>					
Raising funds	7	(154,064)	(13)	-	(154,077)
Charitable activities	8	<u>(690,794)</u>	<u>(146,408)</u>	<u>-</u>	<u>(837,202)</u>
Total expenditure		<u>(844,858)</u>	<u>(146,421)</u>	<u>-</u>	<u>(991,279)</u>
Net expenditure		(144,346)	(75,560)	-	(219,906)
Transfers between funds		<u>38,077</u>	<u>(38,077)</u>	<u>-</u>	<u>-</u>
Net movement in funds		(106,269)	(113,637)	-	(219,906)
<b>Reconciliation of funds</b>					
Total funds brought forward		<u>2,032,234</u>	<u>1,595,783</u>	<u>527,373</u>	<u>4,155,390</u>
Total funds carried forward	23	<u><u>1,925,965</u></u>	<u><u>1,482,146</u></u>	<u><u>527,373</u></u>	<u><u>3,935,484</u></u>

All of the charity's activities derive from continuing operations during the above two periods.

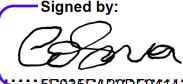
The funds breakdown for 2025 and 2024 is shown in note 23.

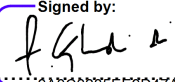
## Newlyn Art Gallery Limited

(Registration number: 01310070)  
Balance Sheet as at 31 March 2025

	Note	2025 £	2024 £ (As restated)
<b>Fixed assets</b>			
Tangible assets	14	3,173,273	3,247,496
Heritage assets	15	527,373	527,373
Investments	16	82,117	82,117
		<u>3,782,763</u>	<u>3,856,986</u>
<b>Current assets</b>			
Stocks	17	20,028	26,000
Debtors	18	147,284	172,083
Cash at bank and in hand		34,566	66,638
		<u>201,878</u>	<u>264,721</u>
<b>Creditors: Amounts falling due within one year</b>	19	<u>(81,815)</u>	<u>(94,718)</u>
<b>Net current assets</b>		<u>120,063</u>	<u>170,003</u>
<b>Total assets less current liabilities</b>		3,902,826	4,026,989
<b>Creditors: Amounts falling due after more than one year</b>	20	<u>(76,149)</u>	<u>(91,505)</u>
<b>Net assets</b>		<u>3,826,677</u>	<u>3,935,484</u>
<b>Funds of the charity:</b>			
<b>Endowment funds</b>		527,373	527,373
<b>Restricted income funds</b>			
Restricted funds	23	1,447,929	1,482,146
<b>Unrestricted income funds</b>			
Unrestricted funds		<u>1,851,375</u>	<u>1,925,965</u>
<b>Total funds</b>	23	<u>3,826,677</u>	<u>3,935,484</u>

The financial statements on pages 17 to 43 were approved by the trustees, and authorised for issue on 16 December 2025 12:07 GMT and signed on their behalf by:

Signed by:  
  
 .....5E035EAB0DF0414.....  
 A Cosma  
 Trustee

Signed by:  
  
 .....9A0C6286EE9D47A.....  
 A Ghadiali  
 Trustee

The notes on pages 21 to 43 form an integral part of these financial statements.

## Newlyn Art Gallery Limited

### Statement of Cash Flows for the Year Ended 31 March 2025

	Note	2025 £	2024 £
<b>Cash flows from operating activities</b>			
Net cash expenditure		(108,807)	(219,906)
<b>Adjustments to cash flows from non-cash items</b>			
Depreciation	7	105,927	106,458
Investment income	6	(1,183)	(671)
Loss on disposal of tangible fixed assets		4,214	-
		<u>151</u>	<u>(114,119)</u>
<b>Working capital adjustments</b>			
Decrease in stocks	17	5,972	6,750
Decrease in debtors	18	24,799	77,763
(Decrease)/increase in creditors	19	(16,706)	6,643
(Decrease)/increase in deferred income	20	<u>(1,000)</u>	<u>1,000</u>
Net cash flows from operating activities		<u>13,216</u>	<u>(21,963)</u>
<b>Cash flows from investing activities</b>			
Interest receivable and similar income	6	1,183	671
Purchase of tangible fixed assets	14	<u>(35,918)</u>	<u>(11,189)</u>
Net cash flows from investing activities		(34,735)	(10,518)
<b>Cash flows from financing activities</b>			
Repayment of loans and borrowings	19	<u>(10,553)</u>	<u>(10,044)</u>
Net decrease in cash and cash equivalents		(32,072)	(42,525)
Cash and cash equivalents at 1 April		<u>66,638</u>	<u>109,163</u>
Cash and cash equivalents at 31 March		<u><u>34,566</u></u>	<u><u>66,638</u></u>

All of the cash flows are derived from continuing operations during the above two periods.

# Newlyn Art Gallery Limited

## Notes to the Financial Statements for the Year Ended 31 March 2025

### 1 Charity status

The charity is limited by guarantee, incorporated in England & Wales, and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £10 towards the assets of the charity in the event of liquidation.

The address of its registered office is:

The Exchange  
Princes Street  
Penzance  
Cornwall  
TR18 2NL

### 2 Accounting policies

#### Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### Statement of compliance

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)) (effective January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

#### Basis of preparation

Newlyn Art Gallery Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

#### Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern nor any significant areas of uncertainty that affect the carrying value of assets held by the charity.

## **Newlyn Art Gallery Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2025**

#### **Reclassification of comparative amounts**

A prior period restatement has been made to align the income from Museum, Galleries and Exhibition tax relief claims to the accounting year in which they relate. The impact of the restatement on the financial statements is:

An increase to unrestricted income of £8,033

An increase to unrestricted general funds brought forward of £67,683

An increase to accrued income of £75,472

In addition a prior period restatement has also been made to correct the balance on the Arts Council fund which relates to a restricted fixed asset. The restatement aligns the balances in the fund with the net book value and depreciation charged on the asset. The impact of the restatement on the financial statements is:

A decrease to unrestricted general funds brought forward of £663,893

An increase to restricted funds brought forward of £663,893.

An increase to unrestricted expenditure of £46,760

A decrease to restricted expenditure of £46,760

A prior period restatement has also been made to adjust the classification of balances associated with income received as agent. The impact of the restatement is:

A decrease to unrestricted income of £13,236

A decrease to unrestricted expenditure of £13,236

#### **Key sources of estimation uncertainty**

In the application of the charitable company's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities include the inputs and estimates used in determining the fair value of investments and heritage assets and the estimates used in determining the carrying amount of the defined benefit scheme liability, including discount rate.

#### **Income and endowments**

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

## **Newlyn Art Gallery Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2025**

#### ***Donations and legacies***

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

#### ***Grants receivable***

Income from government and other grants is recognised when the charity has entitlement to the funds, any performance conditions attached to the grant have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income from other charitable activities is recognised when the goods and services have been provided.

#### ***Other trading activities***

Trading income is recognised when the goods have been provided, typically at the point of sale, or as services are performed. Rental income is recognised on a straight line basis over the term of the rental agreement.

#### ***Investment income***

Interest income is recognised using the effective interest rate method.

#### ***Expenditure***

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources.

#### ***Raising funds***

These are costs incurred in attracting voluntary income and those incurred in trading activities that raise funds.

#### ***Charitable activities***

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

#### ***Support costs***

Support costs comprise the costs of governance including audit fees and finance costs. These are wholly allocated to charitable activities on the basis that they are incurred in support of the charitable company's pursuance of its charitable activities.

## Newlyn Art Gallery Limited

### Notes to the Financial Statements for the Year Ended 31 March 2025

#### Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

#### Tangible fixed assets

Tangible fixed assets are initially measured at cost, and subsequently measured at cost, net of depreciation and any impairment losses.

#### Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Freehold property	2% on cost
Leasehold land and buildings	2% on cost
Tools and equipment	10% on cost
Computer equipment	25% on cost

## **Newlyn Art Gallery Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2025**

#### **Heritage assets**

Heritage assets are measured at valuation and comprise the collection of artworks held in support of the Gallery's primary objective of increasing knowledge, understanding and appreciation of art. These are primarily paintings and drawings, with some prints and medals.

The majority are housed at The Exchange, Princes Street, Penzance, TR18 2NL and the remainder at Penlee House Gallery and Museum, Morrab Road, Penzance, TR18 4HE. These works are not for sale and comprise the Permanent Collection, Langley medals and all items on loan to Penlee House Gallery and Museum.

The trustees consider the Heritage assets to have indeterminate lives and a high residual value, hence the trustees do not consider it necessary to charge depreciation.

#### **Fixed asset investments**

The Gallery holds two collections of works as investments, the Reuss Collection and Reserve Collection. These are available for sale and held primarily for investment gain or income generation and thus cannot be classified as heritage assets. These investments are measured at fair value.

#### **Impairment of fixed assets**

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss (if any).

#### **Stock**

Stock are stated at the lower of cost and estimated selling price less costs to complete and sell.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

#### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Statement of Financial Activities over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the charity has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

## Newlyn Art Gallery Limited

### Notes to the Financial Statements for the Year Ended 31 March 2025

#### **Fund structure**

Unrestricted income funds are general funds that are available for use at the trustees discretion in furtherance of the objectives of the charity.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

Endowment funds, comprising a collection of paintings and artefacts held for the benefit of the charity, are subject to specific conditions by donors that the capital must be maintained by the charity.

#### **Pensions and other post retirement obligations**

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown within creditors in the balance sheet.

The charitable company also make payments to a defined benefit scheme, the Pension Scheme for Administration and Technical Staff in the Arts ("the scheme"), which has ceased to accrue pension benefits but has a deficit in its fund. The charitable company remains liable for its portion of the deficit in the Scheme funds. The assets of the Scheme are administered by a trustee, in a fund independent from those of the charitable company.

The Scheme is a multi-employer scheme and the charitable company is unable to identify its share of the underlying assets and liabilities. There is a funding agreement in place to eliminate that element of the deficit in the Scheme which is relative to the charitable company. The funding liability is reassessed based on triennial actuarial valuations, with the last one being 2022.

A liability has been recognised in the balance sheet equal to the net present value of future deficit reduction payments. The payments are discounted to present value using the market yield on high quality corporate bonds which currently equates to 5.4% (2024: 4.7%). The pension costs charged to the profit and loss are the finance costs representing the unwinding of the discount. Further details relating to the pension schemes are set out in note 23.

#### **Financial instruments**

##### ***Classification***

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

## Newlyn Art Gallery Limited

### Notes to the Financial Statements for the Year Ended 31 March 2025

#### **Recognition and measurement**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

#### **3 Income from donations and legacies**

	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Total 2025 £</b>
Donations and legacies;			
Donations including admissions	58,020	6,244	64,264
Subscriptions	1,285	-	1,285
	<u>59,305</u>	<u>6,244</u>	<u>65,549</u>
	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Total 2024 £</b>
Donations and legacies;			
Donations including admissions	60,776	4,343	65,119
Subscriptions	1,956	-	1,956
	<u>62,732</u>	<u>4,343</u>	<u>67,075</u>

## Newlyn Art Gallery Limited

### Notes to the Financial Statements for the Year Ended 31 March 2025

#### 4 Income from charitable activities

	Unrestricted funds £	Restricted funds £	Total 2025 £
Arts Council of England Grants	368,417	-	368,417
Other grant income	-	167	167
Cornwall Council grants	18,750	-	18,750
Trusts and foundations project grants	2,481	69,938	72,419
Other charitable activity income	56,000	-	56,000
	<u>445,648</u>	<u>70,105</u>	<u>515,753</u>
	Unrestricted funds £ (As restated)	Restricted funds £	Total 2024 £ (As restated)
Arts Council of England Grants	368,417	-	368,417
Other grant income	-	19,903	19,903
Cornwall Council grants	18,750	-	18,750
Trusts and foundations project grants	350	43,050	43,400
Trusts and foundations revenue grants	123	-	123
Other charitable activity income	75,743	-	75,743
	<u>463,383</u>	<u>62,953</u>	<u>526,336</u>

#### 5 Income from other trading activities

	Unrestricted funds £	Total 2025 £	
Trading income;			
Shop and Cafe income	112,919	112,919	
Other income from other trading activities	38,332	38,332	
	<u>151,251</u>	<u>151,251</u>	
	Unrestricted funds £ (As restated)	Restricted funds £	Total 2024 £
Trading income;			
Shop and Cafe income	141,465	-	141,465
Fundraising events	2,970	3,565	6,535
Other income from other trading activities	29,291	-	29,291
	<u>173,726</u>	<u>3,565</u>	<u>177,291</u>

## Newlyn Art Gallery Limited

### Notes to the Financial Statements for the Year Ended 31 March 2025

#### 6 Investment income

	<b>Unrestricted funds £</b>	<b>Total 2025 £</b>
Interest receivable and similar income; Interest receivable on bank deposits	1,183	1,183
	<u>1,183</u>	<u>1,183</u>

	<b>Unrestricted funds £</b>	<b>Total 2024 £</b>
Interest receivable and similar income; Interest receivable on bank deposits	671	671
	<u>671</u>	<u>671</u>

#### 7 Expenditure on raising funds

##### a) Costs of trading activities

	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Total 2025 £</b>
Costs of goods sold	62,626	150	62,776
Staff Costs	23,630	-	23,630
Cafe Cleaning and Waste Disposal	12,438	-	12,438
Cafe Cleaning Expenses	395	-	395
Shop Repairs and Renewals	250	-	250
Cafe Repairs and Renewals	121	-	121
Cafe Equipment Rental	3,475	-	3,475
	<u>102,935</u>	<u>150</u>	<u>103,085</u>

## Newlyn Art Gallery Limited

### Notes to the Financial Statements for the Year Ended 31 March 2025

	Unrestricted funds £ (As restated)	Restricted funds £	Total 2024 £
Costs of goods sold	69,531	13	69,544
Staff Costs	65,962	-	65,962
Cafe Cleaning and Waste Disposal	14,098	-	14,098
Cafe Cleaning Expenses	657	-	657
Shop Repairs and Renewals	11	-	11
Cafe Repairs and Renewals	765	-	765
Cafe Equipment Rental	3,040	-	3,040
	<u>154,064</u>	<u>13</u>	<u>154,077</u>

#### 8 Expenditure on charitable activities

	Activity undertaken directly £	Activity support costs £	2025 £	2024 £
Staff costs	411,478	-	411,478	477,683
Depreciation and impairment	105,928	-	105,928	106,456
Telephone	-	4,950	4,950	4,331
Postage	-	2,219	2,219	3,387
Advertising	-	6,223	6,223	10,017
Utilities and property maintenance	-	50,385	50,385	38,886
Repairs and renewals	-	22,380	22,380	23,155
Event costs (excluding staff costs)	8,658	-	8,658	7,299
Education (excluding staff costs)	10,426	-	10,426	29,400
Exhibitions (excluding staff costs)	36,732	-	36,732	39,668
Sundry expenditure	-	-	-	5,620
Travel and subsistence	-	6,559	6,559	10,976
Consultancy, legal and professional	-	1,841	1,841	5,284
Bank charges	-	3,556	3,556	4,236
Irrecoverable VAT	-	15,602	15,602	10,829
Hire of equipment	-	5,116	5,116	4,130
Insurance	-	10,210	10,210	10,039
Other charitable expenditure	-	1,069	1,069	1,117
Loss on disposal of fixed assets	-	4,214	4,214	-
Interest payable	-	2,168	2,168	3,035
Other support costs	-	3,374	3,374	-
Share of governance costs	-	26,370	26,370	41,654
	<u>573,222</u>	<u>166,236</u>	<u>739,458</u>	<u>837,202</u>

## Newlyn Art Gallery Limited

### Notes to the Financial Statements for the Year Ended 31 March 2025

£614,589 (2024: £690,855) of the above expenditure was attributable to unrestricted funds and £110,416 (2024: £146,347) to restricted funds.

#### 9 Analysis of governance and support costs

##### Governance costs

	<b>Unrestricted funds £</b>	<b>Total 2025 £</b>
Audit fees		
Audit of the financial statements	17,200	17,200
Other fees paid to auditors	3,920	3,920
Other governance costs	5,250	5,250
	<u>26,370</u>	<u>26,370</u>
	<b>Unrestricted funds £</b>	<b>Total 2024 £</b>
Audit fees		
Audit of the financial statements	17,900	17,900
Other fees paid to auditors	5,655	5,655
Other governance costs	18,099	18,099
	<u>41,654</u>	<u>41,654</u>

## Newlyn Art Gallery Limited

### Notes to the Financial Statements for the Year Ended 31 March 2025

#### 10 Net incoming/outgoing resources

Net outgoing resources for the year include:

	<b>2025</b>	<b>2024</b>
	<b>£</b>	<b>£</b>
Audit fees	17,200	17,900
Other non-audit services	3,920	5,655
Loss on disposal of tangible fixed assets	4,214	-
Depreciation of fixed assets	<u>105,927</u>	<u>106,458</u>

#### 11 Trustees remuneration and expenses

During the year the charity made the following transactions with trustees:

##### **G Buenfeld - Murley**

£64 (2024: £Nil) of expenses were reimbursed to G Buenfeld - Murley during the year.

At the balance sheet date the amount due to G Buenfeld - Murley was £64.

No trustees, nor any persons connected with them, have received any remuneration from the charity during the year.

No trustees have received any other benefits from the charity during the year.

## Newlyn Art Gallery Limited

### Notes to the Financial Statements for the Year Ended 31 March 2025

#### 12 Staff costs

The aggregate payroll costs were as follows:

	<b>2025</b>	<b>2024</b>
	£	£ (As restated)
<b>Staff costs during the year were:</b>		
Wages and salaries	378,087	459,127
Social security costs	24,015	32,073
Pension costs	32,970	33,781
Other staff costs	36	18,668
	<u>435,108</u>	<u>543,649</u>

Included within pension costs for the year is a charge of £14,453 (2024: £8,647) in relation to the net present value adjustment of the defined benefit pension scheme.

The monthly average number of persons (including senior management / leadership team) employed by the charity during the year expressed as average headcount was as follows:

	<b>2025</b>	<b>2024</b>
	No	No (as restated)
Employees	<u>35</u>	<u>38</u>

The restatement to staff costs reflects the splitting out of £18,647 of redundancy payments from wages and salaries costs to other staff costs. The restatement to average staff numbers has been made to include staff on zero hour contracts.

No employee received emoluments of more than £60,000 during the year or the prior year (as restated).

The total employee benefits of the key management personnel of the charity were £66,115 (2024 - £118,442), where the 2024 disclosure has been restated to include salaries of gallery directors only.

## Newlyn Art Gallery Limited

### Notes to the Financial Statements for the Year Ended 31 March 2025

#### 13 Taxation

The charity is a registered charity and is therefore exempt from taxation.

#### 14 Tangible fixed assets

	Land and buildings £	Furniture and equipment £	Computer equipment £	Total £
<b>Cost</b>				
At 1 April 2024	4,699,531	106,444	88,960	4,894,935
Additions	-	35,918	-	35,918
Disposals	<u>(5,122)</u>	<u>-</u>	<u>-</u>	<u>(5,122)</u>
At 31 March 2025	<u>4,694,409</u>	<u>142,362</u>	<u>88,960</u>	<u>4,925,731</u>
<b>Depreciation</b>				
At 1 April 2024	1,496,557	70,841	80,041	1,647,439
Charge for the year	94,099	6,588	5,240	105,927
Eliminated on disposals	<u>(908)</u>	<u>-</u>	<u>-</u>	<u>(908)</u>
At 31 March 2025	<u>1,589,748</u>	<u>77,429</u>	<u>85,281</u>	<u>1,752,458</u>
<b>Net book value</b>				
At 31 March 2025	<u>3,104,661</u>	<u>64,933</u>	<u>3,679</u>	<u>3,173,273</u>
At 31 March 2024	<u>3,202,974</u>	<u>35,603</u>	<u>8,919</u>	<u>3,247,496</u>

Included within the net book value of land and buildings above is £1,849,511 (2024 - £1,908,391) in respect of freehold land and buildings and £1,255,150 (2024 - £1,294,583) in respect of leaseholds.

The lease held on Newlyn Art Gallery was renegotiated in 2006. The revised lease term is 99 years. The freehold of The Exchange Building was purchased in July 2006 with funds secured from a number of grant making bodies. The principal funders were ERDF Objective 1 and Arts Council England.

## Newlyn Art Gallery Limited

### Notes to the Financial Statements for the Year Ended 31 March 2025

#### 15 Heritage assets

	Art £	Total £
<b>Cost</b>		
At 1 April 2024	<u>527,373</u>	<u>527,373</u>
At 31 March 2025	527,373	527,373
<b>Depreciation</b>		
At 31 March 2025	<u>-</u>	<u>-</u>
<b>Net book value</b>		
At 31 March 2025	<u>527,373</u>	<u>527,373</u>

In 1979, John Halkes, then Director of Newlyn Art Gallery, initiated the first serious review of Newlyn School painting between 1880 and 1900. By 1985 his work had resulted in a major showing at the Barbican Art Gallery in London, while in Newlyn a second survey show dealt with 1900 to 1930. Halkes set out to begin a collection, attracting gifts from collectors and heirs and soliciting bequests from the Gallery's supporters. The Gallery was built in 1895 and has been showing work by artists attracted to West Cornwall ever since then; under Halkes' Directorship it was established as a publicly funded contemporary art gallery. It has since achieved a high reputation for its programme of exhibitions and education work but the idea of building a collection was lost along the way. It proved an impossible task with extremely limited staff and resources, and while a concentration upon current work was a condition of revenue funding.

The small group of art works John Halkes acquired are now on loan to the Penlee House Museum & Art Gallery in Penzance, where a specialisation in Newlyn School and related art has developed, and where this work is almost always on view. Other works given or bequeathed over the years have included works on paper by Charles Breaker and Bryan Wynter.

The Gallery's external valuer, David Lay FRICS, carried out a full valuation of the collection of artworks as at 31 March 2020. The valuation was based on commercial markets, including recent transaction information from auctions where similar types of paintings are regularly being purchased. The trustees are of the opinion that there was no material change in fair value during the year to 31 March 2025. The trustees have already appointed a valuer to provide an updated valuation for the year ended 31 March 2026.

This valuation represents a significant estimate and the estimation uncertainties inherent in this valuation have a significant risk of resulting in a material adjustment to the carrying amount of these assets in a future period.

## Newlyn Art Gallery Limited

### Notes to the Financial Statements for the Year Ended 31 March 2025

#### 16 Fixed asset investments

##### Other investments

	Other investments £	Total £
<b>Cost or Valuation</b>		
At 1 April 2024	<u>82,117</u>	<u>82,117</u>
At 31 March 2025	<u>82,117</u>	<u>82,117</u>
<b>Net book value</b>		
At 31 March 2025	<u>82,117</u>	<u>82,117</u>
At 31 March 2024	<u>82,117</u>	<u>82,117</u>

#### 17 Stock

	2025 £	2024 £
Stocks	<u>20,028</u>	<u>26,000</u>

#### 18 Debtors

	2025 £	(As restated) 2024 £
Trade debtors	1,133	2,388
Prepayments	14,401	14,366
Accrued income	<u>131,750</u>	<u>155,329</u>
	<u>147,284</u>	<u>172,083</u>

#### 19 Creditors: amounts falling due within one year

	2025 £	2024 £
Bank loans	11,169	10,045
Trade creditors	12,960	13,562
Other taxation and social security	9,404	9,295
Other creditors	18,888	16,326
Accruals	29,394	44,490
Deferred income	<u>-</u>	<u>1,000</u>
	<u>81,815</u>	<u>94,718</u>

## Newlyn Art Gallery Limited

### Notes to the Financial Statements for the Year Ended 31 March 2025

Included in other creditors is the current element of the net present value of the future pension deficit reduction payments £14,640 (2024: £11,148) as required by FRS 102. (See note 23).

#### 20 Creditors: amounts falling due after one year

	<b>2025</b>	<b>2024</b>
	<b>£</b>	<b>£</b>
Bank loans	16,672	28,349
Other creditors	<u>59,477</u>	<u>63,156</u>
	<u><u>76,149</u></u>	<u><u>91,505</u></u>

Other creditors represents the non-current portion of the net present value of future pension deficit reduction payments as required by FRS102. (See note 23).

#### Loans and overdrafts

Lloyds Bank plc holds a first legal charge over the freehold land and buildings at The Exchange, Princes Street, Penzance.

In addition to the charge disclosed above, the Arts Council England holds a debenture securing £1,200,000 and all other monies due or to become due from the charitable company to the Arts Council England. This is secured by a charge over the freehold property in Penzance and the leasehold property in Newlyn.

The loan is repayable in 12 consecutive monthly instalments representing principal and interest.

The rate of interest payable on the loan during the Capped Rate Period, which ran until 3 July 2022, was the lower of:

- a) 3.60% over Base rate per annum, and
- b) the Capped Rate, being 4.95%

Following the end of the Capped Rate Period, the rate of interest payable is 3.10% over Base Rate per annum.

## Newlyn Art Gallery Limited

### Notes to the Financial Statements for the Year Ended 31 March 2025

#### 21 Obligations under leases and hire purchase contracts

##### Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2025 £	2024 £
<b>Other</b>		
Within one year	4,610	4,240
Between one and five years	6,400	5,503
	<u>11,010</u>	<u>9,743</u>

#### 22 Pension and other schemes

##### Defined contribution pension scheme

The charity operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the charity to the scheme and amounted to £18,517 (2024 - £25,134).

Contributions totalling £2,459 (2024 - £2,989) were payable to the scheme at the end of the year and are included in creditors.

##### Defined benefit pension schemes

The charitable company contributed to a defined benefit scheme; the "Pension Scheme for Administration and Technical Staff in the Arts" up to 14 December 2012 when the scheme was close to future accrual. The charitable company remains liable for its portion of the deficit in the scheme funds. The assets of the scheme are administered by a trustee, in a fund independent from those of the charitable company.

The scheme is a multi-employer scheme and the charitable company is unable to identify its share of the underlying assets and liabilities. As noted in the Accounting Policies there is funding agreement in place to eliminate that element of the deficit in the scheme which is relative to the charitable company.

The scheme is classified as a 'last-person standing arrangement'. Therefore, the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

The triennial valuation as at 31 March 2022 was agreed on 23 June 2023 and estimated a funding shortfall of £2,947,000 (2019 valuation: £2,299,000). An updated recovery plan was approved at the same time to account for the updated valuation as well as a decrease in the number of remaining participating employers. Under the updated recovery plan Newlyn Art Gallery, as one of several employers responsible for funding this shortfall, has agreed to pay monthly contributions of £1,220 from 1 July 2023 to 31 March 2031 (previous plan: £779 from 1 July 2017 to 31 May 2027).

## **Newlyn Art Gallery Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2025**

A liability has been recognised in the balance sheet equal to the net present value of these future deficit reduction payments. The payments are discounted to present value using a yield curve derived from AA rated bonds in the iBoxx Sterling Corporate Bond Index, this gave a rate of 5.4% (2024: 4.7%). The net present value of the sum of the remaining monthly contributions as at 31 March 2025 is £74,117 (2024: £74,304) and this has been recorded as a liability in the balance sheet with £14,640 (2024: £11,148) in creditors falling due within one year and £59,477 (2024: £63,156) in creditors falling due after one year.

## Newlyn Art Gallery Limited

### Notes to the Financial Statements for the Year Ended 31 March 2025

#### 23 Funds

	Balance at 1 April 2024 £ (As restated)	Incoming resources £	Resources expended £	Balance at 31 March 2025 £
<b>Unrestricted funds</b>				
<i><b>General</b></i>				
Unrestricted fund	1,925,965	657,387	(731,977)	1,851,375
<b>Restricted funds</b>				
Arts Council England	1,469,710	-	(44,000)	1,425,710
Tea, Cake and Art	12,436	9,349	(10,696)	11,089
Happiness Commissions	-	5,500	(5,010)	490
Foyle Foundation	-	32,500	(26,645)	5,855
The Headley Trust	-	20,000	(20,000)	-
Norman Family	-	1,000	-	1,000
Cotton Industry	-	5,000	(730)	4,270
FEAST	-	3,000	(3,485)	(485)
<b>Total restricted funds</b>	<b>1,482,146</b>	<b>76,349</b>	<b>(110,566)</b>	<b>1,447,929</b>
<b>Endowment funds</b>				
<i><b>Permanent</b></i>				
Endowment fund	<u>527,373</u>	<u>-</u>	<u>-</u>	<u>527,373</u>
<b>Total funds</b>	<u><u>3,935,484</u></u>	<u><u>733,736</u></u>	<u><u>(842,543)</u></u>	<u><u>3,826,677</u></u>

## Newlyn Art Gallery Limited

### Notes to the Financial Statements for the Year Ended 31 March 2025

	Balance at 1 April 2023 £ (As restated)	Incoming resources £	Resources expended £	Transfers £	Balance at 31 March 2024 £ (As restated)
<b>Unrestricted funds</b>					
<b>General</b>					
Unrestricted fund	2,032,234	700,512	(844,858)	38,077	1,925,965
<b>Restricted</b>					
Arts Council England	1,513,710	-	(44,000)	-	1,469,710
Tea, Cake and Art	(6,535)	13,208	(3,280)	9,043	12,436
Jerwood	12,456	3,000	(12,430)	(3,026)	-
Arts Council Collection	(25,694)	40,000	(19,965)	5,659	-
Weston Culture	11,091	-	-	(11,091)	-
National Portrait Gallery	(18)	-	-	18	-
Kickstart Grant	10,293	-	(2,167)	(8,126)	-
JAFMO	(289)	-	-	289	-
Paul Hamlyn	46,167	-	(46,633)	466	-
Peer to Peer	3,293	-	(3,293)	-	-
ACC Workforce Development Grant	31,309	-	-	(31,309)	-
Storm Warning	-	14,653	(14,653)	-	-
<b>Total restricted funds</b>	<b>1,595,783</b>	<b>70,861</b>	<b>(146,421)</b>	<b>(38,077)</b>	<b>1,482,146</b>
<b>Endowment funds</b>					
<b>Permanent</b>					
Endowment fund	527,373	-	-	-	527,373
<b>Total funds</b>	<b>4,155,390</b>	<b>771,373</b>	<b>(991,279)</b>	<b>-</b>	<b>3,935,484</b>

A restatement has been processed to correct the balance held on the Arts Council fund. This fund balance represents a restricted fixed asset and the restatement has been made to align the fund balance with the asset net book value as well as the depreciation expenditure allocated against the fund.

## Newlyn Art Gallery Limited

### Notes to the Financial Statements for the Year Ended 31 March 2025

#### Restricted funds

**Arts Council England** - funding was provided to purchase and renovate the freehold property that houses the Exchange Gallery. The funding is secured over the property and the security expires in 2026, which is 20 years after the building was acquired.

**Tea, Cake and Art** - is an artist-creator-led creative social group for older or isolated people to meet and spend time with others. It runs twice weekly in the autumn and spring. Funded by Cornwall Social Inclusion Fund, Cllr McKenna's Community Fund, McLay's Dementia Trust (2024-25) and donations from individuals.

**Happiness Commissions project: Mbili and Foyle Foundation** - the first year (2024-25) of a proposed longer term project, The Happiness Commissions, whose aim is to build sustained relationships with 5 key partner organisations. Use of our own programme (including Melanie Manchot's STEPHEN, a significant artwork addressing addiction issues), and outreach to create the first of our Happiness Commissions' cohorts.

**Foyle Foundation** - grant to support a full-time digital producer for 12 months to May 2025 plus related programme costs.

**Headley Trust** - support towards the costs of the programme curator for the Skills Assembly Project. The Skills Assembly Project (no longer known under that title) is a three-year collaborative programme with built-in legacy outcomes that makes an offer of active participation to a broad range of young people aged 16-25 in West and Mid Cornwall. In 2024-25, the young persons' groups were WILD and Trelya.

**Norman Family Charitable Trust** - support of young people from disadvantaged West Cornwall communities to create garments using art and design, and develop skills and confidence that will serve them in their daily lives. The grant was used to set up and equip the textile workroom that supported the sessions with young people's groups as described above as part of Social Fabric.

**Cotton Industry War Memorial Trust** - funding for The Workroom project to support disadvantaged young people to gain practical knowledge around garment production as part of Social Fabric.

**FEAST** - two strands of learning and engagement work associated with the gallery exhibition Social Fabric: A series of workshops out at, and in partnership with, five regional museums exploring their textile archives and delivering practical textile workshops with gallery groups; a series of progressive haptic textile workshops in-gallery delivered over the course of the exhibition to young people's groups: Trelya, WILD Young Parents and Newlyn School.

#### Endowment funds

Endowment funds represent assets which must be held permanently by the charity. Income arising from endowment funds can be used in accordance with the objects of the charity and is included as unrestricted income. Any capital gains or losses on the assets form part of the fund.

This fund relates to the Heritage assets valued at £527,373 by David Lay FRICS in March 2020.

## Newlyn Art Gallery Limited

### Notes to the Financial Statements for the Year Ended 31 March 2025

#### 24 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Endowment funds Permanent £	Total funds at 31 March 2025 £
Tangible fixed assets	1,747,563	1,425,710	-	3,173,273
Heritage assets	-	-	527,373	527,373
Fixed asset investments	82,117	-	-	82,117
Current assets	179,659	22,219	-	201,878
Current liabilities	(81,815)	-	-	(81,815)
Creditors over 1 year	(76,149)	-	-	(76,149)
Total net assets	<u>1,851,375</u>	<u>1,447,929</u>	<u>527,373</u>	<u>3,826,677</u>

	Unrestricted funds £ (As restated)	Restricted funds £ (As restated)	Endowment funds Permanent £	Total funds at 31 March 2024 £ (As restated)
Tangible fixed assets	1,777,786	1,469,710	-	3,247,496
Heritage assets	-	-	527,373	527,373
Fixed asset investments	82,117	-	-	82,117
Current assets	252,285	12,436	-	264,721
Current liabilities	(94,718)	-	-	(94,718)
Creditors over 1 year	(91,505)	-	-	(91,505)
Total net assets	<u>1,925,965</u>	<u>1,482,146</u>	<u>527,373</u>	<u>3,935,484</u>

The gallery had a cumulative surplus at 31 March 2025 of £118,265 (2024: £148,179). This figure is known as free reserves, being unrestricted general funds not held in tangible fixed assets or heritage assets. Free reserves are the funds freely available to support the gallery's activities.

#### 25 Analysis of net funds

	At 1 April 2024 £	Financing cash flows £	At 31 March 2025 £
Cash at bank and in hand	<u>66,638</u>	<u>(32,072)</u>	<u>34,566</u>
Net cash	<u>66,638</u>	<u>(32,072)</u>	<u>34,566</u>

#### 26 Related party transactions

There were no related party transactions in the year.

**NEWLYN ART GALLERY LIMITED**

England & Wales - Charity number 273785

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# Accounts

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Charity registration number 273785

Company registration number 01310070 (England and Wales)

**NEWLYN ART GALLERY LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2024**

# NEWLYN ART GALLERY LIMITED

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	M R Bird N Scott G Buenfeld-Murley H Buckingham J Bulman N Williams J Faram A Ghadiali A Cosma O Owczarek J Twomlow	(Appointed 25 November 2024) (Appointed 25 November 2024) (Appointed 25 November 2024) (Appointed 25 November 2024) (Appointed 25 November 2024)
<b>Secretary</b>	N Scott	
<b>Charity number</b>	273785	
<b>Company number</b>	01310070	
<b>Registered office</b>	The Exchange Princes Street Penzance Cornwall United Kingdom TR18 2NL	
<b>Auditor</b>	Azets Audit Services Woodlands Court Truro Business Park Truro Cornwall United Kingdom TR4 9NH	
<b>Gallery Director</b>	J Green	
<b>Observers</b>	M Jivram, Arts Council England	

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# NEWLYN ART GALLERY LIMITED

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# NEWLYN ART GALLERY LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

**FOR THE YEAR ENDED 31 MARCH 2024**

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The trustees present their annual report and financial statements for the year ended 31 March 2024.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)".

### **Objectives and activities**

#### **Objectives and aims**

The company is an educational charity with the object of advancing education in visual art. This object is met by the maintenance of Newlyn Art Gallery & The Exchange for the public exhibition of visual art, multi-year education programmes, the provision of lectures, classes, and conferences calculated to advance education in visual art.

#### **Significant activities**

Through a programme of exhibitions and ambitious education projects, exploring the role of arts in social change, Newlyn Art Gallery Ltd promotes the understanding and appreciation of contemporary art. In the course of the programme the gallery collaborates with other organisations in the area and nationally to promote visual art. This core activity has not changed during the year.

#### **How our main activities deliver public benefit**

Our main activities are described below. Our charitable activities focus on providing an ambitious programme of exhibitions, learning projects and other activities undertaken to further our charitable purposes for the public benefit.

# NEWLYN ART GALLERY LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

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### Achievements and performance

#### Review of the Year

The year to 31 March 2024 continued to reflect a growing ambition in our gallery-based programming, building on important collaborative initiatives, with existing partners such as the Arts Council Collection, as well as completely new ones, for example our partnership with Focal Point Gallery, Southend-on-Sea. Our activities in our community remained a priority, with great energy being directed to new school partnerships and fundraising to bring these to fruition.

The financial year opened with the continuing run of *We Are Floating in Space*, a group exhibition of artists who made work in Cornwall and Devon, using ideas of the coast, or the materials of the shoreline, to create their work.

However, the exhibition looked beyond the tradition of seascapes to showcase artists who used the coast as a metaphor or as inspiration to explore issues around grieving, gender identity, the queer body, childlessness not by choice, the search for one's tribe, or the growing climate crisis.

The exhibition also included artists who used and transformed the materials of the coastline for their work; an oak stool from the submerged ancient woodland of Mount's Bay, a silver spoon cast from a rock pool, sculptural hybrids, and chemigrams soaked in seawater, amongst others.

The lower gallery at Newlyn hosted an exhibition-within-the-exhibition, curated by Fran Rowse, expanding on her *Maids* project and featuring other young female artists who explore the lived experiences of growing up in small coastal towns.

Over the summer we presented *I Chose This*, a celebration of our two-year outreach project *Think, Talk, Make Art*.

*I Chose This* brought together more than 50 artworks, which had been loaned to nine primary schools across West Cornwall and the Isles of Scilly through *Think, Talk, Make Art*, a major schools and teachers' project.

The works on display were selected by children at each of the nine participating schools from the Arts Council Collection and Cornwall Council Schools Art Collection to create in-school galleries. The children involved in choosing the works made their choices collaboratively, through careful consideration and lively discussion. Artworks selected spanned the 20th and 21st centuries and encompassed painting, print and sculpture. Artists featured include Bryan Pearce, Barbara Hepworth, Wilhelmina Barns-Graham, Jeffrey Steele, Alan Lowndes, Victor Passmore, Richard Bell, Georgia Hayes, Laura Godfrey-Isaacs, Estelle Thompson, Des Hughes and Sue Smith alongside many others

# NEWLYN ART GALLERY LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

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Of the organisations who participated, the five mainland schools were Ludgvan, Nancledra, Newlyn, Pensans, and St Hilary Primary Schools, and on the Isles of Scilly, St Agnes, St Martins, St Mary's, and Tresco Primary Bases.

The satellite in-school galleries were the inspiration for a programme of live and digital CPDL led by artists and literacy experts. *Think, Talk, Make Art* was a two-year project in partnership with Newlyn Art Gallery & The Exchange funded by the Paul Hamlyn Foundation Teacher Development Fund.

After the shows extended run, we presented *Storm Warning: What Does Climate Change Mean for Coastal Communities?*

*Storm Warning* was a collaboration between Newlyn Art Gallery & The Exchange, and Focal Point Gallery, Southend-on-Sea, which sought to raise awareness of the impact of the climate crisis on coastal communities in Mount's Bay, and South Essex.

It includes innovative artworks and engagement projects by Angela YT Chan, Rebecca Chesney with Lubaina Himid, Joey Holder, Andre Kong, Harun Morrison, Ellie Robinson-Carter, Something & Son, Heloise Tunstall-Behrens, and David Watkins. New commissions are presented simultaneously at each venue, exploring issues facing the two coastlines, alongside research into nature-based solutions that are relevant locally and resonate more widely.

As we moved into 2024, we added a display of A5 artworks by young people from Cape Cornwall School and Penwith College who were invited to reflect on the question at the heart of this exhibition: *What does climate change mean for coastal communities?* Presented alongside their work was a [digital catalogue of artworks](#) sent to Focal Point Gallery by students in their Essex community, who were asked the same question.

The scale of the climate crisis and the change that needs to happen to counteract its impact often seem overwhelming and out of reach to individuals, so each gallery presented a diverse range of artworks and resources that aim to inform and inspire. The two galleries shared the ambition to discover the local impact of climate change and highlight ways in which we can all take action to protect our environment.

Newlyn Art Gallery & The Exchange and Focal Point Gallery are each located in coastal towns with important marine environments, and with dual economies of tourism and fishing. They each serve communities living through the cost-of-living crisis, alongside the pending threat of rising sea levels and unpredictable weather patterns. Part of this initiative was to highlight work already taking place in Cornwall by environmental organisations such as Clean Ocean Sailing, Cornwall Wildlife Trust, Cornwall Climate Care, the Environment Agency, Mounts Bay Marine Group, Plastic Free Penzance, and Surfers Against Sewage.

The ambitious project was made possible thanks to the generous support of the Art Fund through their Reimagine programme.

Midway through the year we took the decision to reduce our main gallery programme cycle from three to two seasons, to reflect a reduction in available funds, as core costs rose. This shift does not seem to have had a negative impact on visitor numbers or expectations and has enabled us to explore more deeply the themes in our shows and opportunities to make links with local partner organisations.

Through the year we instigated a drive to develop new partnerships with trusts and foundations to support our continuing ambitions around offsite programming and our strategic work in schools. That investment of time is now beginning to bear fruit, with successful awards from the Foyle Foundation, Headley Trust and a number of smaller funds now having been agreed. These will directly support the retention of staff in learning and digital support roles, with positive impacts on our programming expected to result in the year ahead.

During the year we attracted 40,998 gallery visits, evenly spread across both our sites. This is a 22% increase on the prior year, and reflects a return to pre-pandemic attendances, which is a very positive sign.

We have seen a positive increase in our social media reach this year (Facebook up by 75.9% and Instagram up by 22.9% compared to the previous year). Some of the biggest spikes in reach were due to announcing a new pop up café business in our gallery garden at Newlyn and another high spike was linked to launching our new Walking Tours event using boosted paid advertising.

# NEWLYN ART GALLERY LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

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#### **We continue to seek to reduce our environmental impact**

We remain strongly committed to reducing our carbon footprint, this year, for the first time, using our public programme to support wider discussion and action on the climate emergency, through a new partnership with Focal Point Gallery, Southend-on-Sea and the Art Fund. A full description of our exhibition *Storm Warning* is set out earlier in this report.

Our Green Team, its membership comprising of a diagonal slice through our organisation, including board and volunteer representation, has been actively involved in the drive to include reflections on the climate emergency in our exhibitions programme. They also continue to set the agenda in this area, regularly reviewing and updating our Carbon Reduction Action Plan and monitoring, challenging and celebrating progress when it is made. Our action plan is a public document, available on our website.

We have continued to take action to reduce the volume of waste produced through our exhibitions programming, and developed innovative new approaches to exhibition design, with materials waste reduction in mind.

Whilst a number of exhibitions that took place in 2023/24 continued to include loans from the Arts Council Collection, we have seen a modest reduction in energy consumption, compared to the prior year (see the data below).

Newlyn Art Gallery & The Exchange combined:

Energy 64 tonnes CO<sub>2</sub>e (2013/14)

Energy 19 tonnes CO<sub>2</sub>e (2018/19)

Energy 39 tonnes CO<sub>2</sub>e (2020/21)

Energy 67 tonnes CO<sub>2</sub>e (2021/22)

Energy 54 tonnes CO<sub>2</sub>e (2022/23)

Energy 52 Tonnes CO<sub>2</sub>e (2023/24)

The heating system at The Exchange is now at the end of its life. We are currently exploring an electric powered replacement heating solution, which we expect to have in place from October 2024.

#### **Infrastructure**

Much of our work is delivered from our two buildings, Newlyn Art Gallery in Newlyn and The Exchange in Penzance. Both are historic buildings dating from 1895 and the 1930s (and significantly extended in the 1950s) respectively. Both buildings were substantially altered in 2006, as part of major capital works linked to the organisation's relaunch in 2007. 16 years on, both buildings now require modest investment to avoid the need for major works in the future, and to ensure we remain able to respond to the changing needs of our audiences.

Over the coming months, we will develop funding bids to help us address other priority works to both builds, safeguarding these assets for the future.

#### **Health & Safety**

The gallery regularly reviews Health & Safety issues across our activities. Health & Safety is a standing item at both our weekly staff meeting and regular Board Meetings. We contract the services of Peninsula, who provide expert advice and conduct an annual site visit to both galleries, developing an action plan of works to be addressed.

#### **Staffing**

The gallery has a team averaging 26 employees during the year, both full and part-time, and is supported by an expert team of around 45 volunteers, who are the first point of contact for many of our visitors.

In January 2024 we undertook a restructure of the senior management tier of the organisation, to reduce our overall payroll costs. This resulted in a 10% reduction in hours for the Director and Deputy Director Commercial & Operations and the post of Deputy Director Programme Curator being made redundant.

# **NEWLYN ART GALLERY LIMITED**

## **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)**

### ***FOR THE YEAR ENDED 31 MARCH 2024***

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In March 2024 we secured funding from the Foyle Foundation to create two part-time posts to support digital activities. Xavia Smith has joined as Digital Marketing Producer, focusing on social media, managing the gallery's accounts and creating engaging content to promote the gallery's varied activities to a growing online audience. Adam Goodwin has joined as Digital Producer, creating new digital content including short films, podcasts, and interpretation materials for the gallery's exhibitions and events. Both positions are funded for an initial 12-month period.

In April 2024 we secured funding from the Headley Trust. This will enable us to retain Rebecca English in her part-time role as Programme Curator. Funding will cover her salary costs for the next three years.

In February 2024, Hall for Cornwall gave us notice that they would not be able to continue to provide contracted senior financial support to the organisation beyond July 2024. Ian Abrahams has provided excellent support to the gallery in this role, helping to strengthen our financial reporting and internal systems, improve the frequency of our Museum and Exhibition Tax Relief claims and has provided invaluable mentoring support to Treen Bolton, our in-house Finance Officer.

Trustees would like to extend thanks to Ian, Julien Boast, Chief Executive & Creative Director, Hall for Cornwall, and the rest of his team for their invaluable support.

A recruitment process has been undertaken to appoint an experienced Senior Finance Manager and a strong pool of applications was received. This role has now been filled.

Trustees would like to thank the staff and volunteers for their exceptional work over the period of this report. It has been a very difficult year for the gallery, but everyone has responded with energy and creativity, finding solutions at every turn.

# NEWLYN ART GALLERY LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

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#### Financial review

##### Building a stable foundation to weather challenges ahead

Over recent years we have managed to eliminate our historic deficit and build free reserves, in line with our Reserves Policy. However, as for many organisations, 2023/24 has been a challenging year, with increasing costs, a difficult trading environment and greater competition for funding from all grant awarding bodies. Our response was swift and repeated throughout the year.

In early summer we instigated a reduction in our programme cycle from three seasons to two seasons each year, with the change being implemented immediately, resulting in in-year savings. Across the staffing teams, we introduced a greater emphasis on income generating work, extending their involvement in bid writing, and piloting initiatives to generate new earned income streams from events and activities, without compromising our continuing commitment to removing barriers to engagement for all in our community. We closed our in-house café operation at Newlyn, and secured a partnership with a successful, independent café operator, 'Pickle On The Prom' to take on the service for the remainder of the year. This resulted in the elimination of costs associated with a loss-making strand of the business, generation of a new stream of income through a lease agreement with the external service provider, whilst also attracting new audiences to our core business.

However, these measures were not sufficient in themselves to correct our course, so in January 2024 we undertook a restructure to achieve a reduction in our payroll commitments over the period ahead. This enabled us to set an extremely cautious budget for 24/25, that projects a stabilisation of our position for the year ahead.

Whilst we believe our financial position has now stabilised, our free reserves have been eroded, which is likely to take a number of years to correct.

#### The National Picture

The sector view is that in spite of the change in government following the July General Election, the future economic landscape will remain testing, with no increases in funding from governmental sources anticipated until well into 2026 at the earliest.

Competition for funding from trusts and foundations is likely to remain intense for the foreseeable future, and whilst inflation rates are returning to more typical levels, real household disposable income (RHDI) per person fell 2.2 per cent in 2022-23 – the largest year-on-year drop in living standards since records began in the 1950s. The Office for Budget Responsibility estimates that RHDI per person grew a modest 0.8 per cent in 2023-24, but forecast it to take until 2025-26 to regain its pre-pandemic peak.

Arts Council England recognises that the next few years will pose challenges for many arts organisations, including those in the National Portfolio. They therefore are realistic about the output funded organisations can be expected to deliver during this period. Helpfully, in January 2024, Arts Council England announced their commitment to extend the current NPO funding agreement for a further fourth year, through a simple application process that will open in Autumn 2024. This will help funded organisations with their medium-term financial planning, bringing some certainty around a significant source of income, through to March 2027.

# NEWLYN ART GALLERY LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

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#### Key figures and movement of funds

Incoming resources at £776,576 (2023: £814,744) fell by £38,168.

Total expenditure decreased by £220,223 from £1,224,738 (2023) to £1,004,515 in the 2024 year. The total decrease is represented by an increase to unrestricted spending of £38,030 and a decrease to restricted spending of £258,253. The decrease to restricted spending reflects the timing of restricted resources that were booked to income in previous years on an entitlement to receive basis and that were then deployed in accordance with restrictions in the following years. The spending of restricted funds contributed to the in-year deficit of £227,939 and was the key reason for the deficit in the prior year of £409,994. The deficit of £227,939 is split between an operational (unrestricted) deficit of £105,619 before fund transfers, while the deficit relating to restricted expenditure against funds held was £122,320.

#### Reserves policy

The gallery had a cumulative surplus at 31 March 2024 of £72,463 (2023: £135,497). This figure is known as free reserves and the calculation is shown at note 29. The calculation takes the total funds and removes the amount that is either restricted or tied up in property to arrive at the sum that is freely available to support the gallery's activities. It also shows the movement in free reserves between years – this year a decrease of £63,034 between March 2023 and March 2024 (2023: increase of £5,678).

Whilst the free reserves decreased by £63,034 in the year ended 31 March 2024, the operational deficit on unrestricted funds was £67,542.

Currently the level of free reserves required to cover running costs for 3 to 6 months is £202,834 - £405,668, based on unrestricted expenditure within unrestricted funds in the period. The gallery currently holds free reserves below this target level. In order to ensure the organisation builds sufficient reserves to meet its policy requirements, the Gallery Director and Trustees are developing a recovery plan as part of its future financial planning. This will include undertaking a review of the target free reserves figure. It is anticipated that it may take 3 to 5 years to rebuild reserves to the required levels, so a multi-year plan is needed. The Director and Trustees will revisit the reserves policy in the coming year.

#### Principal funding sources

The gallery's largest single source of funding was from Arts Council England, who provided funding in respect of core costs. Similarly, Cornwall Council currently provides revenue funding of £18,750, under the existing agreement.

The other two main sources of income are received from trusts and foundations and from earned income sources, including ticketed entry and ticketed events, café and shop revenue, and commercial and private hires of spaces and equipment.

As reported above, we have been very successful in securing additional, multi-year restricted funding from other trusts and foundations. Individual philanthropy remains an important part of the organisation's income however, the economic impact of the Covid-19 pandemic continues to make fundraising generally more challenging.

#### Risk management

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

The trustees have conducted a review of the major risks to which the charity is exposed and systems have been established to mitigate those risks. Assessment is reviewed on a regular basis.

# NEWLYN ART GALLERY LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

*FOR THE YEAR ENDED 31 MARCH 2024*

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### Plans for future periods

#### FUTURE PLANS

The gallery's vision, mission and values, remain rooted in the organisation's history and the principles of its founder, the philanthropist John Passmore Edwards.

He saw culture as 'a ladder the poor might climb', to help them rise out of deprivation and override a prevailing dearth of ambition in a place such as Newlyn at the end of the 19th century.

Our intention is to reactivate these founding principles, contributing to debate among contemporary arts organisations and curators as to how art and the art institution can perform both a societal and civic function and be relevant to prevailing social and political issues.

The following values, vision and mission emerged from these processes:

#### Values:

Change-making  
Rooted in place  
Part of a global art conversation

#### Vision:

We believe that art can inspire and drive change.

#### Mission:

To connect Cornwall with visual arts internationally, for the benefit of the community and development of artists.

The impact of the Covid-19 pandemic on communities across Cornwall and further afield, has been huge. The murder of George Floyd and rise of the Black Lives Matter movement, has also profoundly affected many of the communities we work with and support. Our stand in supporting our immediate communities now seems more important than ever.

Over the next 12 months our gallery and off-site programmes will continue support four thematic areas of investigation:

- Arts Education
- Well-Being
- Activism
- The Hyper-Local and the Internationally Connected

Our off-site programme will focus on our continuing work in schools across Cornwall, aiming to achieve strategic change in the way arts subjects are taught, particularly at primary level. We will present ambitious gallery programmes by artists including Hew Locke, Chantal Joffe and Abigail Reynolds, often to offer audiences insights into unexpected or hidden facets of Cornwall's landscape, and its contemporary social and cultural life.

### Structure, governance and management

#### Governing document

The charity is controlled by its governing document, the memorandum and articles of association, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

# NEWLYN ART GALLERY LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

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The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

M R Bird

N Scott

M Barrett

(Resigned 25 November 2024)

V Button

(Resigned 25 November 2024)

B Naughton-Rumbo

(Resigned 25 November 2024)

L Tait

(Resigned 25 November 2024)

G Buenfeld-Murley

H Buckingham

J Bulman

N Williams

J Faram

(Appointed 25 November 2024)

A Ghadiali

(Appointed 25 November 2024)

A Cosma

(Appointed 25 November 2024)

O Owczarek

(Appointed 25 November 2024)

J Twomlow

(Appointed 25 November 2024)

#### Recruitment and appointment of new trustees

The Board administers the charity and meets bi-monthly or as required. The Finance Committee meets regularly with the Director and Senior Finance Manager. Other working groups, such as a Public Programme Group meet as required. Their membership is drawn from the board. Members of the Board are elected at the Annual General Meeting and retire by rotation every three years. Elected members of the Board are trustees and directors of the charity.

#### Induction and training of new trustees

New trustees are provided with a tour of the organisation's two sites, where they have an opportunity to meet the gallery staff and volunteers. They also meet with the Chair and Gallery Director and are briefed on the history and the future plans of the organisation. New board members are also required to sign a Statement of Director's Obligations and Code of Conduct, which helps to clarify their individual and collective responsibilities to the company.

#### Auditor

In accordance with the company's articles, a resolution proposing that Azets Audit Services be reappointed as auditor of the company will be put at a General Meeting.

#### Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The trustees' report was approved by the Board of Trustees.



Miranda Bird (Dec 4, 2024 12:42 GMT)

M R Bird

Trustee

Date: 04/12/2024

# **NEWLYN ART GALLERY LIMITED**

## **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

***FOR THE YEAR ENDED 31 MARCH 2024***

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The trustees, who are also the directors of Newlyn Art Gallery Limited for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# NEWLYN ART GALLERY LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE TRUSTEES OF NEWLYN ART GALLERY LIMITED

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#### Opinion

We have audited the financial statements of Newlyn Art Gallery Limited (the 'charity') for the year ended 31 March 2024 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes 1 to 30 to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2024 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the trustees' report for the financial year for which the financial statements are prepared, which includes the directors' report prepared for the purposes of company law, is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

# NEWLYN ART GALLERY LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE TRUSTEES OF NEWLYN ART GALLERY LIMITED

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#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

#### **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# NEWLYN ART GALLERY LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE TRUSTEES OF NEWLYN ART GALLERY LIMITED

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#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

#### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Matthew Webb*

Matthew Webb (Dec 10, 2024 16:36 GMT)

**Matthew Webb (Senior Statutory Auditor)**  
for and on behalf of Azets Audit Services

10/12/2024  
.....

**Chartered Accountants**  
**Statutory Auditor**

Woodlands Court  
Truro Business Park  
Truro  
Cornwall  
United Kingdom  
TR4 9NH

# NEWLYN ART GALLERY LIMITED

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2024

### Current financial year

		Unrestricted funds	Endowment funds designated	Restricted funds	Total	Total
	Notes	2024 £	2024 £	2024 £	2024 £	2023 £
<b><u>Income from:</u></b>						
Donations and legacies	3	62,732	-	4,343	67,075	67,888
Charitable activities	4	455,350	-	62,953	518,303	557,275
Other trading activities	5	186,962	-	3,565	190,527	186,370
Investments	6	671	-	-	671	3,211
<b>Total income</b>		<u>705,715</u>	<u>-</u>	<u>70,861</u>	<u>776,576</u>	<u>814,744</u>
<b><u>Expenditure on:</u></b>						
Raising funds	7	167,300	-	13	167,313	164,270
Charitable activities	8	644,034	-	193,168	837,202	1,060,468
<b>Total expenditure</b>		<u>811,334</u>	<u>-</u>	<u>193,181</u>	<u>1,004,515</u>	<u>1,224,738</u>
<b>Net outgoing resources before transfers</b>		(105,619)	-	(122,320)	(227,939)	(409,994)
Gross transfers between funds	25	38,077	-	(38,077)	-	-
<b>Net expenditure for the year/ Net movement in funds</b>		<u>(67,542)</u>	<u>-</u>	<u>(160,397)</u>	<u>(227,939)</u>	<u>(409,994)</u>
Fund balances at 1 April 2023		2,628,444	527,373	931,890	4,087,707	4,497,701
<b>Fund balances at 31 March 2024</b>		<u>2,560,902</u>	<u>527,373</u>	<u>771,493</u>	<u>3,859,768</u>	<u>4,087,707</u>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

# NEWLYN ART GALLERY LIMITED

## STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2024

Prior financial year

		Unrestricted funds	Endowment funds designated	Restricted funds	Total
	Notes	2023 £	2023 £	2023 £	2023 £
<b><u>Income from:</u></b>					
Donations and legacies	3	66,960	-	928	67,888
Charitable activities	4	453,760	-	103,515	557,275
Other trading activities	5	182,381	-	3,989	186,370
Investments	6	3,211	-	-	3,211
<b>Total income</b>		<u>706,312</u>	<u>-</u>	<u>108,432</u>	<u>814,744</u>
<b><u>Expenditure on:</u></b>					
Raising funds	7	<u>163,058</u>	<u>-</u>	<u>1,212</u>	<u>164,270</u>
Charitable activities	8	<u>610,246</u>	<u>-</u>	<u>450,222</u>	<u>1,060,468</u>
<b>Total expenditure</b>		<u>773,304</u>	<u>-</u>	<u>451,434</u>	<u>1,224,738</u>
<b>Net outgoing resources before transfers</b>		(66,992)	-	(343,002)	(409,994)
Gross transfers between funds	25	<u>123,352</u>	<u>-</u>	<u>(123,352)</u>	<u>-</u>
<b>Net expenditure for the year/ Net movement in funds</b>		56,360	-	(466,354)	(409,994)
Fund balances at 1 April 2022		<u>2,572,084</u>	<u>527,373</u>	<u>1,398,244</u>	<u>4,497,701</u>
<b>Fund balances at 31 March 2023</b>		<u><u>2,628,444</u></u>	<u><u>527,373</u></u>	<u><u>931,890</u></u>	<u><u>4,087,707</u></u>

# NEWLYN ART GALLERY LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2024


	Notes	2024		2023	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	13	3,247,496		3,342,765	
Heritage assets	14	527,373		527,373	
Investments	15	82,117		82,117	
		<u>3,856,986</u>		<u>3,952,255</u>	
<b>Current assets</b>					
Stocks	16	26,000		32,750	
Debtors	17	96,367		182,163	
Cash at bank and in hand		66,638		109,163	
		<u>189,005</u>		<u>324,076</u>	
<b>Creditors: amounts falling due within one year</b>	18	<u>(94,718)</u>		<u>(80,683)</u>	
Net current assets			94,287		243,393
<b>Total assets less current liabilities</b>			3,951,273		4,195,648
<b>Creditors: amounts falling due after more than one year</b>	19		(91,505)		(107,941)
<b>Net assets</b>			<u>3,859,768</u>		<u>4,087,707</u>
<b>Income funds</b>					
Restricted funds	25	771,493		931,890	
Endowment funds - designated		527,373		527,373	
Unrestricted funds		2,560,902		2,628,444	
		<u>3,859,768</u>		<u>4,087,707</u>	

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Trustees on 04/12/2024

  
Miranda Bird (Dec 4, 2024 12:42 GMT)

M R Bird  
Trustee

  
Neil Scott (Dec 4, 2024 17:26 GMT)

N Scott  
Trustee

Company Registration No. 01310070

# NEWLYN ART GALLERY LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2024

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	Notes	2024 £	£	2023 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	21		(21,963)		(344,624)
<b>Investing activities</b>					
Purchase of tangible fixed assets		(11,189)		(66,014)	
Interest received		671		3,211	
<b>Net cash used in investing activities</b>			(10,518)		(62,803)
<b>Financing activities</b>					
Repayment of bank loans		(10,044)		(10,025)	
<b>Net cash used in financing activities</b>			(10,044)		(10,025)
<b>Net decrease in cash and cash equivalents</b>			(42,525)		(417,452)
Cash and cash equivalents at beginning of year			109,163		526,615
<b>Cash and cash equivalents at end of year</b>			66,638		109,163

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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### 1 Accounting policies

#### Charity information

Newlyn Art Gallery Limited is a charitable company limited by guarantee incorporated in England and Wales. The registered office is The Exchange, Princes Street, Penzance, Cornwall, TR18 2NL, United Kingdom.

#### 1.1 Accounting convention

The financial statements have been prepared in accordance with the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention, modified to include investments at fair value and heritage assets at valuation. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

The financial statements have been prepared on the going concern basis. The Board has considered a period of twelve months from the date of approval of the financial statements and has a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. There are no material uncertainties which may create significant doubt over the charitable company's ability to continue as a going concern. The Board however recognises that the charity enters a period of some economic uncertainty with a low level of free reserves, and that it is important to increase income and continue to actively manage costs.

#### 1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds, comprising a collection of paintings and artefacts held for the benefit of the charity, are subject to specific conditions by donors that the capital must be maintained by the charity.

#### 1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

---

#### 1 Accounting policies

(Continued)

Income from government and other grants is recognised when the charity has entitlement to the funds, any performance conditions attached to the grant have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income from other charitable activities is recognised when the goods or services have been provided.

Interest income is recognised using the effective interest rate method.

Trading income is recognised when the goods have been provided, typically at the point of sale, or as services are performed. Rental income is recognised on a straight line basis over the term of the rental agreement.

#### 1.5 Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Costs of raising funds are the costs of trading for fundraising purposes.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Support costs comprise the costs of governance including audit fees and finance costs. These are wholly allocated to charitable activities on the basis that they are incurred in support of the charitable company's pursuance of its charitable activities.

#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Freehold property	2% on cost
Leasehold land and buildings	2% on cost
Tools and equipment	10% on cost
Computer equipment	25% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

---

### 1 Accounting policies

(Continued)

#### 1.7 Heritage assets

Heritage assets are measured at valuation and comprise the collection of artworks held in support of the Gallery's primary objective of increasing knowledge, understanding and appreciation of art. These are primarily paintings and drawings, with some prints and medals.

The majority are housed at The Exchange, Princes Street, Penzance TR18 2NL and the remainder at Penlee House Gallery and Museum, Morrab Road, Penzance, TR18 4HE. These works are not for sale and comprise the Permanent Collection, Langley Medals and all items on loan to Penlee House Gallery and Museum.

The trustees consider the Heritage assets to have indeterminate lives and a high residual value, hence the trustees do not consider it necessary to charge depreciation.

#### 1.8 Fixed asset investments

The Gallery holds two collections of works as investments, the Reuss Collection and Reserve Collection. These are available for sale and held primarily for investment gain or income generation and thus cannot be classified as heritage assets. These investments are measured at fair value.

#### 1.9 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

#### 1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

#### 1.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.12 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

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#### 1 Accounting policies

(Continued)

##### **Basic financial liabilities**

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

#### 1.13 Taxation

The charity is exempt from corporation tax on its charitable activities.

#### 1.14 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.15 Retirement benefits

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown within creditors in the balance sheet.

The charitable company also makes payments to a defined benefit scheme, the Pension Scheme for Administration and Technical Staff in the Arts ("the Scheme"), which has ceased to accrue pension benefits but which has a deficit in its fund. The charitable company remains liable for its portion of the deficit in the Scheme funds. The assets of the Scheme are administered by a trustee, in a fund independent from those of the charitable company.

The Scheme is a multi-employer scheme and the charitable company is unable to identify its share of the underlying assets and liabilities. There is a funding agreement in place to eliminate that element of the deficit in the Scheme which is relative to the charitable company. The funding liability is reassessed based on triennial actuarial valuations, with the last one being 2022.

A liability has been recognised in the balance sheet equal to the net present value of the future deficit reduction payments. The payments are discounted to present value using the market yield on high quality corporate bonds which currently equates to 4.7% (2023: 4.9%). The pension costs charged to profit or loss are the finance costs representing the unwinding of the discount. Further details relating to the pension schemes are set out in note 24.

#### 1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease.

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

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#### 2 Critical accounting estimates and judgements

In the application of the charitable company's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities include the inputs and estimates used in determining the fair value of investments and heritage assets and the estimates used in determining the carrying amount of the defined benefit scheme liability, including discount rate.

#### 3 Donations and legacies

	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Total</b>	Unrestricted funds	Restricted funds	Total
	<b>2024</b>	<b>2024</b>	<b>2024</b>	2023	2023	2023
	<b>£</b>	<b>£</b>	<b>£</b>	£	£	£
Donations including admissions	60,776	4,343	65,119	64,534	928	65,462
Subscriptions	1,956	-	1,956	2,426	-	2,426
	<u>62,732</u>	<u>4,343</u>	<u>67,075</u>	<u>66,960</u>	<u>928</u>	<u>67,888</u>

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

#### 4 Charitable activities

	Charitable Activities 2024 £	Charitable Activities 2023 £
Performance related grants	450,593	496,438
Other income	67,710	60,837
	<u>518,303</u>	<u>557,275</u>
Analysis by fund		
Unrestricted funds	455,350	453,760
Restricted funds	62,953	103,515
	<u>518,303</u>	<u>557,275</u>
<b>Performance related grants</b>		
Arts Council of England	368,417	368,435
Other grant income	19,903	89,827
Cornwall Council	18,750	28,750
Trusts and Foundations Project grants	43,400	4,426
Trusts and Foundations Capital Works grants	-	5,000
Trusts and Foundations Revenue Grants Receivable	123	-
	<u>450,593</u>	<u>496,438</u>

#### 5 Other trading activities

	Unrestricted funds 2024 £	Restricted funds 2024 £	Total Unrestricted funds 2024 £		Restricted funds 2023 £	Total 2023 £
Fundraising events	2,970	3,565	6,535	386	4,020	4,406
Shop and café income	154,701	-	154,701	161,025	-	161,025
Rental and other trading income	29,291	-	29,291	20,970	(31)	20,939
	<u>186,962</u>	<u>3,565</u>	<u>190,527</u>	<u>182,381</u>	<u>3,989</u>	<u>186,370</u>

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

### 6 Investments

	Unrestricted funds	Unrestricted funds
	2024	2023
	£	£
Interest receivable	671	3,211
	<u>671</u>	<u>3,211</u>

### 7 Raising funds

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2024	2024	2024	2023	2023	2023
	£	£	£	£	£	£
Trading costs						
Purchases	71,465	13	71,478	90,185	(38)	90,147
Stock movement	6,750	-	6,750	(3,006)	-	(3,006)
Cleaning	14,755	-	14,755	473	-	473
Utilities and property maintenance	776	-	776	1,466	-	1,466
Consumables	4,552	-	4,552	7,720	1,250	8,970
Equipment hire	3,040	-	3,040	1,969	-	1,969
Staff costs	65,962	-	65,962	64,251	-	64,251
	<u>167,300</u>	<u>13</u>	<u>167,313</u>	<u>163,058</u>	<u>1,212</u>	<u>164,270</u>
Trading costs	167,300	13	167,313	163,058	1,212	164,270
	<u>167,300</u>	<u>13</u>	<u>167,313</u>	<u>163,058</u>	<u>1,212</u>	<u>164,270</u>

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

### 8 Charitable activities

	Charitable Activities 2024 £	Charitable Activities 2023 £
Staff costs *	477,683	512,126
Depreciation and impairment	106,456	106,091
Telephone	4,331	4,826
Postage	3,387	2,649
Advertising	10,017	28,063
Utilities and property maintenance	38,886	66,210
Repairs and renewals	23,155	52,625
Event costs * (excluding staff costs)	7,299	17,089
Education * (excluding staff costs)	29,400	52,208
Exhibitions * (excluding staff costs)	39,668	107,961
Sundry expenditure	5,620	821
Travel and subsistence	10,976	11,603
Consultancy, legal and professional	5,284	17,035
Bank charges	4,236	5,794
Irrecoverable VAT	10,829	20,807
Hire of equipment	4,130	3,904
Insurance	10,039	13,764
Other charitable expenditure	1,117	240
	<u>792,513</u>	<u>1,023,816</u>
Share of support costs (see note 9)	3,035	2,580
Share of governance costs (see note 9)	41,654	34,072
	<u>837,202</u>	<u>1,060,468</u>
<b>Analysis by fund</b>		
Unrestricted funds	644,034	610,246
Restricted funds	193,168	450,222
	<u>837,202</u>	<u>1,060,468</u>

\* Included within staff costs are the following:

· Events staff costs	£26,695	(2023: £41,502)
· Gallery & exhibition staff and technicians costs	£92,218	(2023: £123,148)
· Education staff and technicians costs	£59,287	(2023: £51,826)
· Other staff costs	£299,483	(2023: £295,650)
· <b>Total staff costs</b>	<b>£477,683</b>	<b>(2023: £512,126)</b>

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

#### 9 Support costs

	Support costs	Governance costs	2024 Support costs	Governance costs	2023
	£	£	£	£	£
Interest payable	3,035	-	3,035	2,580	2,580
Auditor's remuneration	-	17,900	17,900	-	12,750
Auditor's remuneration for non-audit work	-	5,652	5,652	-	7,324
Legal and professional	-	18,102	18,102	-	13,998
	<u>3,035</u>	<u>41,654</u>	<u>44,689</u>	<u>2,580</u>	<u>36,652</u>
Analysed between					
Charitable activities	<u>3,035</u>	<u>41,654</u>	<u>44,689</u>	<u>2,580</u>	<u>36,652</u>

#### 10 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year nor for the year ended 31 March 2023.

During the year no trustees were reimbursed for expenditure (2023: £nil).

#### 11 Employees

The average monthly number of employees during the year was:

	2024 Number	2023 Number
Employees	<u>26</u>	<u>31</u>
<b>Employment costs</b>	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Wages and salaries	477,793	475,419
Social security costs	32,071	31,142
Other pension costs	33,781	69,816
	<u>543,645</u>	<u>576,377</u>

The pension costs include £nil (2023: £46,432) relating to an increase in the defined benefit scheme liability following the most recent triennial valuation (see note 23).

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

#### 11 Employees

(Continued)

The number of employees whose annual remuneration was more than £60,000 is as follows:

	2024 Number	2023 Number
£60,001 to £70,000	1	-

#### 12 Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

#### 13 Tangible fixed assets

	Freehold property £	Leasehold land and buildings £	Tools and equipment £	Computer equipment £	Total £
<b>Cost</b>					
At 1 April 2023	2,738,404	1,961,127	95,255	88,960	4,883,746
Additions	-	-	11,189	-	11,189
At 31 March 2024	2,738,404	1,961,127	106,444	88,960	4,894,935
<b>Depreciation and impairment</b>					
At 1 April 2023	775,136	627,322	65,176	73,347	1,540,981
Depreciation charged in the year	54,877	39,222	5,665	6,694	106,458
At 31 March 2024	830,013	666,544	70,841	80,041	1,647,439
<b>Carrying amount</b>					
At 31 March 2024	1,908,391	1,294,583	35,603	8,919	3,247,496
At 31 March 2023	1,963,268	1,333,805	30,079	15,613	3,342,765

Contained within Freehold Property is The Engine Room. The Engine Room is a redevelopment of educational and hire space with The Exchange gallery allowing a multi-purpose facility with up-to-date IT communications equipment to further enhance the educational aims of the charity while also generating additional streams of earned income from workshops and hires. The Engine Room was funded with generous support from Arts Council England, The Garfield Weston Foundation and the Bernard Sunley Foundation.

The lease held on Newlyn Art Gallery was renegotiated in 2006. The revised lease term is 99 years. The freehold of The Exchange Building was purchased in July 2006 with funds secured from a number of grant making bodies. The principal funders were ERDF Objective 1 and Arts Council England.

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

### 14 Heritage assets

£

At 1 April 2023 and at 31 March 2024

527,373

In 1979, John Halkes, then Director of Newlyn Art Gallery, initiated the first serious review of Newlyn School painting between 1880 and 1900. By 1985 his work had resulted in a major showing at the Barbican Art Gallery in London, while in Newlyn a second survey show dealt with 1900 to 1930. Halkes set out to begin a collection, attracting gifts from collectors and heirs and soliciting bequests from the Gallery's supporters. The Gallery was built in 1895 and has been showing work by artists attracted to West Cornwall ever since then; under Halkes' Directorship it was established as a publicly funded contemporary art gallery. It has since achieved a high reputation for its programme of exhibitions and education work but the idea of building a collection was lost along the way. It proved an impossible task with extremely limited staff and resources, and while a concentration upon current work was a condition of revenue funding.

The small group of art works John Halkes acquired are now on loan to the Penlee House Museum & Art Gallery in Penzance, where a specialisation in Newlyn School and related art has developed, and where this work is almost always on view. Other works given or bequeathed over the years have included works on paper by Charles Breaker and Bryan Wynter.

The Gallery's external valuer, David Lay FRICS, carried out a full valuation of the collection of artworks as at 31 March 2020. The valuation was based on commercial markets, including recent transaction information from auctions where similar types of paintings are regularly being purchased. The trustees are of the opinion that there was no material change in fair value during the year to 31 March 2024.

This valuation represents a significant estimate and the estimation uncertainties inherent in this valuation have a significant risk of resulting in a material adjustment to the carrying amount of these assets in a future period.

### 15 Fixed asset investments

Other  
investments  
£

#### Valuation

At 1 April 2023 & 31 March 2024

82,117

#### Carrying amount

At 31 March 2024

82,117

At 31 March 2023

82,117

### 16 Stocks

2024  
£

2023  
£

Stock

26,000

32,750

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

### 17 Debtors

	2024	2023
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	2,388	2,964
Other debtors	-	7,903
Prepayments and accrued income	93,979	171,296
	<u>96,367</u>	<u>182,163</u>

### 18 Creditors: amounts falling due within one year

	Notes	2024	2023
		£	£
Bank loans	20	10,045	10,025
Other taxation and social security		9,295	8,055
Trade creditors		13,562	33,418
Other creditors		16,326	9,393
Accruals and deferred income		45,490	19,792
		<u>94,718</u>	<u>80,683</u>

Included in Other Creditors is the current element of the net present value of the future pension deficit reduction payments £11,148 (2023: £9,447) as required by FRS 102. (See note 24).

### 19 Creditors: amounts falling due after more than one year

	Notes	2024	2023
		£	£
Bank loans	20	28,349	38,413
Other creditors		63,156	69,528
		<u>91,505</u>	<u>107,941</u>

Other creditors represents the non-current portion of the net present value of future pension deficit reduction payments as required by FRS 102. (See note 24).

### 20 Loans and overdrafts

	2024	2023
	£	£
Bank loans	38,394	48,438
	<u>38,394</u>	<u>48,438</u>
Payable within one year	10,045	10,025
Payable after one year	28,349	38,413
	<u>38,394</u>	<u>38,413</u>

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

#### 20 Loans and overdrafts

(Continued)

Lloyds Bank plc holds a first legal charge over the freehold land and buildings at The Exchange, Princes Street, Penzance.

In addition to the charge disclosed above, the Arts Council England holds a debenture securing £1,200,000 and all other monies due or to become due from the charitable company to the Art Council England. This is secured by a charge over the freehold property in Penzance and the leasehold property in Newlyn.

The loan is repayable in 120 consecutive monthly installments representing principal and interest.

The rate of interest payable on the loan during the Capped Rate Period, which ran until 3 July 2022, was the lower of:

a) 3.60% over Base Rate per annum, and

b) the Capped Rate, being 4.95%.

Following the end of the Capped Rate Period, the rate of interest payable is 3.10% over Base Rate per annum.

#### 21 Cash generated from operations

2024  
£

2023  
£

Deficit for the year (227,939) (409,994)

Adjustments for:

Investment income recognised in statement of financial activities (671) (3,211)

Depreciation and impairment of tangible fixed assets 106,458 106,091

Movements in working capital:

Decrease/(increase) in stocks 6,750 (3,005)

Decrease/(increase) in debtors 85,796 (22,002)

Increase/(decrease) in creditors 7,643 (12,503)

**Cash absorbed by operations**

**(21,963) (344,624)**

#### 22 Analysis of changes in net funds

At 1 April 2023  
£

Cash flows At 31 March 2024  
£

Cash at bank and in hand 109,163 (42,525) 66,638

Loans falling due within one year (10,025) (20) (10,045)

Loans falling due after more than one year (38,413) 10,064 (28,349)

60,725 (32,481) 28,244

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

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#### 23 Retirement benefit schemes

##### Defined contribution schemes

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £25,134 (2023: 21,968).

At the end of the year the amount outstanding for pension contributions was £2,989 (2023: £nil).

#### 24 Defined benefit scheme

The charitable company contributed to a defined benefit scheme; the "Pension Scheme for Administration and Technical Staff in the Arts" up to 14 December 2012 when the scheme was closed to future accrual. The charitable company remains liable for its portion of the deficit in the scheme funds. The assets of the scheme are administered by a trustee, in a fund independent from those of the charitable company.

The scheme is a multi-employer scheme and the charitable company is unable to identify its share of the underlying assets and liabilities. As noted in the Accounting Policies there is a funding agreement in place to eliminate that element of the deficit in the scheme which is relative to the charitable company.

The scheme is classified as a 'last-person standing arrangement'. Therefore, the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

The triennial valuation as at 31 March 2022 was agreed on 23 June 2023 and estimated a funding shortfall of £2,947,000 (2019 valuation: £2,299,000). An updated recovery plan was approved at the same time to account for the updated valuation as well as a decrease in the number of remaining participating employers. Under the updated recovery plan Newlyn Art Gallery, as one of several employers responsible for funding this shortfall, has agreed to pay monthly contributions of £1,220 from 1 July 2023 to 31 March 2031 (previous plan: £779 from 1 July 2017 to 31 May 2027).

A liability has been recognised in the balance sheet equal to the net present value of these future deficit reduction payments. The payments are discounted to present value using a yield curve derived from AA rated bonds in the iBoxx sterling corporate bond index, this gave a rate of 4.7% (2023: 4.9%). The net present value of the sum of the remaining monthly contributions as at 31 March 2024 is £74,304 (2023: £78,975) and this has been recorded as a liability in the balance sheet with £11,148 (2023: £9,447) in creditors falling due within one year and £63,156 (2022: £69,528) in creditors falling due after one year.

**NEWLYN ART GALLERY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2024**

**25 Restricted funds**

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 April 2022		Movement in funds			Balance at 1 April 2023		Movement in funds			Balance at 31 March 2024	
	£	£	Incoming resources	Resources expended	Transfers	£	£	Incoming resources	Resources expended	Transfers	£	£
Arts Council	940,577	-	-	(90,760)	-	849,817	-	(90,760)	-	-	-	759,057
Tea, Cake & Art	(9,689)	5,605	5,605	(2,451)	-	(6,535)	13,208	(3,280)	9,043	-	12,436	-
Seaside	2,957	-	-	(2,957)	-	-	-	-	-	-	-	-
Jerwood	44,754	-	-	(32,298)	-	12,456	3,000	(12,430)	(3,026)	-	-	-
Arts Council Collection	219,277	10,000	10,000	(158,624)	(96,347)	(25,694)	40,000	(19,965)	5,659	-	-	-
Weston Culture	93,409	5,000	5,000	(10,313)	(77,005)	11,091	-	-	(11,091)	-	-	-
Film Historic	3,461	-	-	(3,461)	-	-	-	-	-	-	-	-
National Portrait Gallery Project	(6,386)	73,000	73,000	(66,632)	-	(18)	-	-	18	-	-	-
Kickstart grant	10,159	9,529	9,529	(9,395)	-	10,293	-	(2,167)	(8,126)	-	-	-
JAFMO	(289)	-	-	-	-	(289)	-	-	289	-	-	-
Paul Hamlyn	100,014	-	-	(53,847)	-	46,167	-	(46,633)	466	-	-	-
Peer to Peer	-	5,298	5,298	(2,005)	-	3,293	-	(3,293)	-	-	-	-
ACC Workforce Development Grant	-	-	-	(18,691)	50,000	31,309	-	-	(31,309)	-	-	-
Storm Warning	-	-	-	-	-	-	14,653	(14,653)	-	-	-	-
	<u>1,398,244</u>	<u>108,432</u>	<u>108,432</u>	<u>(451,434)</u>	<u>(123,352)</u>	<u>931,890</u>	<u>70,861</u>	<u>(193,181)</u>	<u>(38,077)</u>	<u>771,493</u>		

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

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#### 25 Restricted funds

(Continued)

##### Arts Council England

Arts Council England has an interest in the freehold property that houses the Exchange Gallery; this expires in 2026, which is 20 years after the building was acquired.

**Seaside Photographed** is a touring exhibition originated by Turner Contemporary, Margate, with Arts Council England Strategic Touring Fund to enable a commission for an artist to work with an early years group at each regional venue.

**Jerwood Newlyn Residency** creates six residencies at the galleries over a two year period for UK artists within the first 10 years of their practice, funded through Jerwood Arts' Development Programme Fund.

**NEWLYN ART GALLERY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2024**

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**25 Restricted funds**

**(Continued)**

**Arts Council Collection National Partners Programme** is a three year partnership between ACC and Newlyn Art Gallery & The Exchange, Firstsite, Colchester and Sunderlnd Culture, with funding through Arts Council England for each venue to present nine exhibitions and accompanying programme featuring works from the Collection.

**Tea, Cake & Art** is an artist-creator-led creative social group for older or isolated people to meet and spend time with others. It runs twice weekly in the autumn and spring. Funded by Cornwall Social Inclusion Fund, Creative Cornwall Calling, Cllr McKenna's Community Fund and Cornwall Rural Community Charity (2020/21) and donations from individuals .

**Weston Culture**

The Weston Culture Fund aims to support the sector to restart its work, refresh activities and re-engage audiences following Covid-19 closures. We were awarded £128,544 in support of critical adaption to physical and digital infrastructure: Engine room conversion; front door improvements; digital resource; Newlyn garden and café improvements, an outdoor classroom kit, and integrated booking and online shop. They also supported new activity: international exchange project and exhibition In Your Hands and digital exhibition Outside The Algorithm.

The Garfield Weston Trustees were 'particularly impressed by the entrepreneurial approach and creativity shown throughout the pandemic and in the ways you have adapted and engaged audiences and communities. We are delighted to be able to support your organisation.'

**Film Historic**

In 2020 we were one of 10 cultural organisations awarded £5,000 by Historic England to commission local, young film makers to capture High Streets as they respond to Covid-19. The aim of the COVID-19 Response Grants was to creatively gain an insight into the ways in which High Streets are readjusting, recovering and reimagining themselves for the future. The commissioned films may be included in the Historic England Archive, the nation's archive for records of England's historic buildings, archaeology and social history. We worked with animators from Falmouth university and local filmmaker Rachael Jones to oversee the creative direction of the film.

**National Portrait Gallery Project**

In December 2018 we entered into a partnership with the National Portrait Gallery (NPG) involving pupils from Mount's Bay Academy, Penzance, in the curating of a main-gallery exhibition, drawing on the NPG's internationally important collection. The exhibition was presented at The Exchange in summer 2022. NPG provided grant support totalling £73,000.

**NEWLYN ART GALLERY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2024**

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**25 Restricted funds**

(Continued)

**Kickstart Grant**

The UK government introduced the Kickstart Scheme to provide funding to create new jobs for 16 to 24 year olds on Universal Credit, who are at risk of long term unemployment. For each participant on the scheme the employer received an initial payment of £1,860, including a payment to the scheme gateway organization of £360 and £1500 going to the employer to support set up costs. An additional sum was provided to cover 100% of the employee's salary (at National Minimum Wage or National Living Wage, depending on the age of the employee), NI and pensions costs for their employment for 25 hours per week of a 6 month period. The gallery provided opportunities for three employees through this scheme. One programme participant, Joe Bulman, later joined the gallery as a Trustee.

**JAFMO**

In Spring/Summer 2022 we received awards totalling £3,339 from Cultivator and Jerwood Arts/Art Fund to support the delivery of the Jerwood Art Fund Makers Open (JAFMO). The exhibition was presented at Newlyn Art Gallery in summer 2022.

**Paul Hamlyn**

In April 2021, we secured an award totalling £149,700 from the Paul Hamlyn Foundation, as part of their Teacher's Development Fund. The programme aims to support delivery of effective arts-based teaching and learning opportunities in the primary classroom, and to embed learning through the arts in the curriculum. The project is expect to conclude by June 2023.

**Peer to Peer**

In September 2022 we received an award of £5,298 originating from Arts Council England, and distributed by Open Eye Gallery, to deliver our part of the Peer to Peer programme. The Programme sought to build new partnerships between artists and arts organisations in the UK and Hong Kong. Funds were used to deliver a partnership project involving arts student at Falmouth University and academic partner in Hong Kong, resulting in public delivery of a series of online programme and workshops for audiences based in both countries.

**ACC Workforce Development Grant**

In May 2021 we received a grant of £50,000 from Arts Council England, linked to our involvement in the Arts Council Collection National Partner Programme. The purpose of the grant was to support the fixed-term appointment of staff from diverse backgrounds to enhance the delivery of that programme. Funds were used to support the appointment and retention of staff with protected characteristics, their input proving invaluable in the delivery of new projects that successfully engaged diverse audiences.

**Storm Warning**

Storm Warning was two-site exhibition curated in partnership with Focal Point Gallery, Southend-on-Sea. We contributed to the writing of a successful bid to the Art Fund Reimagine programme, led by Focal Point Gallery, resulting in funds totalling £14,653 being transferred to us to realise a number of elements of the exhibition.

**NEWLYN ART GALLERY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2024**

**26 Endowment funds**

Endowment funds represent assets which must be held permanently by the charity. Income arising on the endowment funds can be used in accordance with the objects of the charity and is included as unrestricted income. Any capital gains or losses arising on the assets form part of the fund.

This fund relates to the Heritage assets valued at £527,372 by David Lay FRICS in March 2020.

**27 Analysis of net assets between funds**

	Unrestricted funds		Endowment fund		Restricted funds		Total Unrestricted funds		Endowment fund		Restricted funds		Total	
	2024	£	2024	£	2024	£	2024	£	2023	£	2023	£	2023	£
Fund balances at 31 March 2024 are represented by:														
Tangible assets	2,488,439		-		759,057		3,247,496		-		849,817		3,342,765	
Heritage assets	-		527,373		-		527,373		527,373		-		527,373	
Investments	82,117		-		-		82,117		-		-		82,117	
Current assets/(liabilities)	81,851		-		12,436		94,287		-		82,073		243,393	
Long term liabilities	(91,505)		-		-		(91,505)		-		-		(107,941)	
	<u>2,560,902</u>		<u>527,373</u>		<u>771,493</u>		<u>3,859,768</u>		<u>527,373</u>		<u>931,890</u>		<u>4,087,707</u>	

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*FOR THE YEAR ENDED 31 MARCH 2024*

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### 28 Operating lease commitments

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2024	2023
	£	£
Within one year	4,240	2,707
Between two and five years	5,503	4,657
	<u>9,743</u>	<u>7,364</u>

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

#### 29 Free reserves

Of funds held at the year end, £2,560,902 (2023: £2,628,444) were unrestricted. Restricted funds comprise £771,493 (2023: £931,890) consisting of the funds disclosed in note 25. Free reserves are that part of the charity's unrestricted funds that are freely available to spend on any of the charity's purposes. At 31 March 2024 the charity's free reserves were in surplus by £72,463 (2023: £135,497).

Free reserves are calculated as follows:

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Total funds at 31 March	3,859,768	4,087,707
Less: endowment funds	(527,373)	(527,373)
Less: Freehold property	(1,908,391)	(1,963,268)
Less: Leasehold property	(1,294,583)	(1,333,805)
Less: Tools and equipment	(35,603)	(30,079)
Less: Computer equipment	(8,919)	(15,613)
Less: Tea, Cake & Art restricted fund	(12,436)	6,535
Less: Jerwood restricted fund	-	(12,456)
Less: Arts Council Collection restricted fund	-	25,694
Less: Weston Culture restricted fund	-	(11,091)
Less: National Portrait Gallery Project	-	18
Less: Kickstarter grant	-	(10,292)
Less: JAFMO	-	289
Less: Paul Hamlyn	-	(46,167)
Less: Peer to Peer	-	(3,293)
Less: ACC Workforce Development Grant	-	(31,309)
	<u>72,463</u>	<u>135,497</u>

As the Arts Council restricted funds of £759,057 (2023: £849,817) relate to the freehold and leasehold properties that have been deducted in arriving at the free reserves above, this restricted fund has not been separately excluded in the analysis above.

#### Movement in Free Reserves:

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
<b>Balance at start of year</b>	135,497	129,819
Fixed asset additions	(11,189)	(66,014)
Fixed asset depreciation in the year	106,458	106,091
Surplus / (Deficit) for the year	(227,939)	(409,994)
Less: revaluation of heritage assets	-	-
Decrease/(increase) in restricted funds (excl. property)	69,636	375,595
Balance at end of year	<u>72,463</u>	<u>135,497</u>

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*FOR THE YEAR ENDED 31 MARCH 2024*

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### 30 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2024	2023
	£	£
Aggregate compensation	173,637	144,745

**NEWLYN ART GALLERY LIMITED**

England & Wales - Charity number 273785

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# Accounts

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Charity registration number 273785

Company registration number 01310070 (England and Wales)

**NEWLYN ART GALLERY LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

# NEWLYN ART GALLERY LIMITED

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	M R Bird N Scott M Barrett V Button B Naughton-Rumbo L Tait G Buenfeld-Murley H Buckingham J Bulman N Williams
<b>Secretary</b>	N Scott
<b>Charity number</b>	273785
<b>Company number</b>	01310070
<b>Registered office</b>	The Exchange Princes Street Penzance Cornwall United Kingdom TR18 2NL
<b>Auditor</b>	Azets Audit Services Woodlands Court Truro Business Park Truro Cornwall United Kingdom TR4 9NH
<b>Gallery Director</b>	J Green
<b>Observers</b>	M Jivram, Arts Council England

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# NEWLYN ART GALLERY LIMITED

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Notes to the financial statements	18 - 39

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# NEWLYN ART GALLERY LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

### FOR THE YEAR ENDED 31 MARCH 2023

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The trustees present their annual report and financial statements for the year ended 31 March 2023.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)".

#### **Objectives and activities**

##### **Objectives and aims**

The company is an educational charity with the object of advancing education in visual art. This object is met by the maintenance of Newlyn Art Gallery & The Exchange for the public exhibition of visual art, multi-year education programmes, the provision of lectures, classes, and conferences calculated to advance education in visual art.

##### **Significant activities**

Through a programme of exhibitions and ambitious education projects, exploring the role of arts in social change, Newlyn Art Gallery Ltd promotes the understanding and appreciation of contemporary art. In the course of the programme the gallery collaborates with other organisations in the area and nationally to promote visual art. This core activity has not changed during the year.

##### **How our main activities deliver public benefit**

Our main activities are described below. Our charitable activities focus on providing an ambitious programme of exhibitions, learning projects and other activities undertaken to further our charitable purposes for the public benefit.

#### **Achievements and performance**

##### **Review of the Year**

The year to 31 March 2023 continued to reflect a growing ambition in our gallery-based programming, built on partnerships with national organisations such as the Arts Council Collection and National Portrait Gallery. Alongside this ran equally important projects taking place beyond the gallery, most notably Think, Talk, Make Art delivering transformational training opportunities for primary school teachers, bringing a new found confidence in the teaching of art in their schools.

The financial year opened with the exhibitions Captured Beauty and Simple Truths. The two projects were made possible through our three-year partnership with the Arts Council Collection, and reflected our continuing exploration of new curatorial strategies that asked if we create opportunities for a broader cross-section of our communities to be the lead voices in curating our main gallery programme, will the diversity of our visitors increase?

Captured Beauty was curated by Abi Hutchinson, Artistic Director of Black Voices Cornwall, and featured works of art drawn from the Arts Council Collection, including paintings by Lynette Yiadom-Boakye, Denzil Forrester, Ryan Mosely, Mowbray Odonkor, and Caroline Walker. Vanley Burke, Tarik Chawdry, and Colin Jones presented photographic portraits of Britain in the 70s and 80s, alongside other artists using photography including Sunil Gupta, Ifeoma Onyefulu, Horace Ove, Tetsuya Noda, and Veronica Ryan.

Denzil Forrester led a mesmerising drawing workshop for 60 pupils at Newlyn School, as part of a supporting programme of events discussions and workshops.

The artworks for Simple Truths were chosen by dads from the WILD Young Parents Project, who we had worked with since March 2021, from their allotment in Pengegon, Camborne.

With each visit to the allotment, the dads were asked to select an artwork from the Arts Council Collection catalogues, which were kept in the allotment shed. Marking their choices with a Post-it note and a line about why they'd chosen it, an interesting collection of works steadily emerged. Choices reflect how the dads were feeling in that moment or spoke of a past experience or of future ambitions. Over a brew from a ghillie kettle, conversation flowed, exploring their choices and often providing the starting point for personal reflections around mental health or what was happening in their lives in that moment.

# NEWLYN ART GALLERY LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

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Simple Truths included paintings, photographs, and sculptures by David Batchelor; Maeve Brennan; Shezad Dawood; Laura Ford; Dan Holdsworth; Seamus Nicolson; Richard Patterson; Liv Preston; Bob Robinson; Caroline Walker and Bedwyr Williams.

Over the summer we presented Creative Connections Cornwall, a project about people and place in partnership with the National Portrait Gallery, and Mounts Bay Academy in Penzance. The project connected young people from Cornwall with the award-winning artist, Joy Gregory, to explore the National Portrait Gallery's collection.

Together with portraits by Joy Gregory of people she has met in Cornwall, the students made new photographs of people significant to them, to be shown alongside the portraits from the National Portrait Gallery's collection, including two new acquisitions showing for the first time.

The students' final selection of portraits includes painters, writers, potters, actors, politicians, athletes, musicians and more, and formed the starting point for the exhibition. Subjects include Wilhelmina Barns-Graham, Helen Glover, Gluck, Barbara Hepworth, Roger Hilton, D.H. Lawrence, Daphne du Maurier, and Harold Wilson. The chosen works ranged from photography to painting and drawing and included portraits by artists such as Terry Frost, Yvonne Gregory, John Hedgecoe, E. O. Hoppé, Ida Kar, Sebastian Kim, Man Ray and Madame Yevonde.

The exhibition also included work and artefacts from local collections related to the sitters.

At Newlyn, over the summer, we presented the Jerwood Art Fund Makers Open, a biennial exhibition that recognises and promotes the significance of making practice and process within contemporary visual arts. It supports exceptional UK-based artists and makers within 10 years of beginning their practice to develop their creative ideas independently, enabling them to experiment, learn and take risks, with substantial curatorial support.

In the autumn we presented a major solo exhibition of the work of Sutapa Biswas, across both sites. The show reflected the artist's commitment to questions of identity, ideas of dislocation and belonging, and their vital contribution to the Black Arts Movement in Britain.

The upper gallery at Newlyn was dedicated to Biswas's most recent film work Lumen, 2021. Inspired by the artist's journey by sea with her family from Mumbai to Dover, the semi-fictional narrative told the stories of her mother and grandmother through a poetic and powerful monologue. The film evokes maritime histories of trade and transportation, with personal memories and stories of migration and displacement that unfold and overlap with colonial histories during the British Raj.

At The Exchange we presented a number of film works and a large series of delicate bird drawings, Time Flies, 2004–ongoing. Referencing taxidermy birds and colonial paintings in which birds were a familiar motif, the works considered loss, grief, and are a moving tribute to Biswas's late father.

We closed the year with We Are Floating in Space, a group exhibition of artists who have made work in Cornwall and Devon, using ideas of the coast, or the materials of the shoreline, to create their work.

The exhibition looked beyond the tradition of seascapes to showcase artists who use the coast to address themes within their art practice. In particular, the show explored the space between the tides; the area that is in constant flux between being land and being sea. It was this otherworldly place that the artists used to express ideas and themes within their work, whether it was grieving, gender identity, the queer body, childlessness not by choice, or concerns for the environment.

The exhibition also included artists who have used and transformed the materials of the coastline for their work; an oak stool from the submerged ancient woodland of Mount's Bay, a silver spoon cast from a rock pool, sculptural hybrids, and chemigrams soaked in seawater, amongst others.

# NEWLYN ART GALLERY LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

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The lower gallery at Newlyn hosted an exhibition-within-the-exhibition, curated by Fran Rowse, expanding on her Maids project and featuring other young female artists who explore the lived experiences of growing up in small coastal towns.

The twenty plus artists in the main exhibition include Delphi Baker, Simon Bayliss, Livvy Eden, Naomi Frears, Bryony Gillard, Christopher P Green, Anna Harris, Kitty Hillier, Fleur & Alastair Mackie, Rhys Morgan, Teân Roberts, Ro Robertson, Tanoa Sasraku, SHARP, Melanie Stidolph, Tom Stockley, Mary Trapp, Eleanor Turnbull, Huhtamaki Wab.

#### **Our work beyond the gallery**

During the year, we continued to deliver ambitious programmes working with targeted communities to address pressing societal objectives.

In 2021, the gallery secured an award of almost £150,000 from the Paul Hamlyn Foundation's Teacher Development Fund to deliver Think, Talk, Make Art, an ambitious two-year project to put works of art into nine local schools, along with a programme of continuing professional development and learning for teachers.

The Gallery partnered with schools in rural West Cornwall and on the Isles of Scilly, to create an in-school gallery at each location. Artworks were borrowed from the Arts Council Collection and Cornwall Council Schools Art Collection, to be displayed in each school for 18 months.

Catherine Sutton, Head of Programme – Education at Paul Hamlyn Foundation said: "Paul Hamlyn Foundation is delighted to support this programme which seeks to build teachers' skills and confidence in delivering a rich visual art curriculum and explores how the making and interpretation of art supports pupils' creativity, oracy and critical thinking."

As well as providing each school with its own gallery, the award also funded a programme of live and digital continuing professional development and learning for teachers and senior staff led by artist-educators. Teachers' learning focussed on practical sessions, exploring drawing, printmaking and 3D-construction, along with thinking and talking about art, enabling them to harness the full potential of art across their curriculum.

Jenny Blunden OBE, Chief Executive of Truro and Penwith Academy Trust:

"We are delighted to be part of this dynamic partnership that has been successful in our bid to Paul Hamlyn Teacher's Development Fund. We are really excited to get started on this new initiative to develop high-quality arts-based teaching and learning opportunities in the primary classroom, alongside our partners at Newlyn Art Gallery."

# NEWLYN ART GALLERY LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

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The Partner Schools were Ludgvan, Nancledra, Newlyn, Pensans, St Hilary in West Cornwall, and St Agnes, St Martins, St Marys, Tresco on the Isles of Scilly, from Truro and Penwith Academy Trust, and Leading Edge Academies Partnership.

The programme proved to be transformational for teachers and pupils. Teachers gained new confidence in their personal creativity, and their ability to incorporate this into cross-curricular teaching in their schools. Pupils felt valued and were proud to be involved in a programme with national partners.

During the full year we attracted 33,639 gallery visits, a 20% increase on the prior year, but some way off a return to typical, pre-pandemic numbers, reflecting visitor patterns right across the sector. This number does not include the numbers engaged in our off-site programmes, including our exhibitions in nine primary schools in west Cornwall and on the Isles of Scilly. At the time of writing, we are reviewing our methodology for recording visits, to ensure our data is an accurate reflection of actual engagements achieved.

We have continued to see a modest cumulative rise in our social media reach this year [Facebook down by 9.5% and Instagram up by 12%]. Some of last year's spike in reach was driven by a visit to the gallery by the First Lady of the United States, in June 2021.

#### **We continue to seek to reduce our environmental impact**

We remain strongly committed to reducing our carbon footprint and have developed plans to use the platform of our exhibitions to explore the role of artists in contributing to debate and action on the issue. Our Green Team, its membership comprising of a diagonal slice through our organisation, including board and volunteer representation, continues to drive change across the business. A carbon reduction action plan has been developed and made public on our website.

We have taken action to reduce the volume of waste produced through our exhibitions programming, and developed innovative new approaches to exhibition design, with materials waste reduction in mind.

In 2021/22, we reported a significant rise in our energy consumption, directly attributable to the need to meet gallery environmental requirements stipulated by the Arts Council Collection (ACC), our principal lender of artworks during that period.

Whilst a number of exhibitions took place in 2022/23, continued to include loans from the ACC, we have seen a 20% reduction in energy consumption, compared to the prior year. (see the data below).

Newlyn Art Gallery & the Exchange combined:

Energy 64 tonnes CO<sub>2</sub>e (2013/14)

Energy 19 tonnes CO<sub>2</sub>e (2018/19)

Energy 39 tonnes CO<sub>2</sub>e (2020/21)

Energy 67 tonnes CO<sub>2</sub>e (2021/22)

Energy 54 tonnes CO<sub>2</sub>e (2022/23)

The main elements of our three-year partnership with ACC National Partners Programme, came to an end in summer, after which we were able to relax our gallery environment controls. We expect to see a further reduction in energy usage in 2023/24.

# NEWLYN ART GALLERY LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

*FOR THE YEAR ENDED 31 MARCH 2023*

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### **Infrastructure**

Much of our work is delivered from our two buildings, Newlyn Art Gallery in Newlyn and The Exchange in Penzance. Both are historic buildings dating from 1895 and the 1930s (and significantly extended in the 1950s) respectively. Both buildings were substantially altered in 2006, as part of major capital works linked to the organisation's relaunch in 2007. 15 years on, both buildings now require modest investment to avoid the need for major works in the future, and to ensure we remain able to respond to the changing needs of our audiences.

In 2022 and early 2023, we began an ambitious remodeling of our principle learning space, the Engine Room, at The Exchange. During the Covid pandemic, we rapidly developed new digital practices to enable us to respond to the urgent needs of our audiences. Building on this experience, we recognised the need for larger, digitally-equipped learning facilities. With generous support from Garfield Weston Foundation, Bernard Sunley Foundation and Arts Council England, we extended the room, and equipped it with integrated audio-visual equipment, acoustic panels and blackout blinds, enabling us to deliver blended workshop sessions, piloted during the pandemic.

During the pandemic, we created a pop-up outdoor café in our garden at Newlyn. It proved so popular with users of the Newlyn/Penzance Promenade, that the Garden Cafe has now become a permanent feature. This has enabled us to repurpose the first-floor space it previously occupied, as a community, hires and learning space.

Over the coming months, we will develop funding bids to help us address other priority works to both builds, safeguarding these assets for the future.

### **Health & Safety**

The gallery regularly reviews health & safety issues across our activities. Health & Safety is a standing item at both our weekly Staff Meeting and regular Board Meetings. We contract the services of Peninsula, who provide expert advice and conduct an annual site visit to both galleries, and developing an action plan of works to be addressed.

### **Staffing**

The gallery has a team averaging 31 during the year, both full and part-time. We are a Living Wage employer, and strive to ensure salaries keep as close as possible to inflation, to support all staff during a challenging economic period.

In addition, we are supported by an expert team of around 45 volunteers, who are the first point of contact for many of our visitors.

In autumn 2022, our Finance Manager left the organisation to take up a senior charity finance position. Recruiting a replacement proved challenging, so we were delighted to take up an offer from the Hall for Cornwall to provide interim financial services support. This solution proved very successful and we are now in discussion to make the purchase of financial services support a more permanent arrangement.

Trustees would like to thank the Director, staff and volunteers for their exceptional work over the period of this report. Their creativity and ambition has led to the gallery developing a growing national reputation for its work in support of communities in greatest need.

# NEWLYN ART GALLERY LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

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#### Financial review

##### Our focus on financial resilience

Over recent years we have managed to eliminate our historic deficit and build free reserves, in line with our Reserves Policy.

In Winter 2022, we secured £1.1m in unrestricted revenue support from Arts Council England's National Portfolio Programme, covering the period 2023-26.

This was a challenging funding round, with many previously funded organisations receiving smaller awards or no funding offer. The level of support secured reflects the gallery's recent successful work in engaging with more diverse audiences and our commitment to strengthening our organisation's governance and financial structures.

These successes come at just the right time, strengthening our financial resilience at a moment when we anticipated tested times ahead, with rising costs, including energy, wages and suppliers' costs, that all businesses faced.

Our prediction has been borne out, with increased supplier charges, including increasing energy and gas prices, presenting challenges, we are working hard to address.

Our work continues to be very highly regarded by funding bodies and our audiences, encouraging us to be confident a business model based on reduced investment from local government and DCMS sources, and greater contributions through earned income and multi-year grants from trusts and foundations is deliverable.

Our new entrance charging policy has enabled us to secure new unrestricted income from visitors, without compromising our values around making contemporary visual arts accessible to all, and in particular, those who face barriers to attending gallery-based art experiences. Our increasing focus on projects that achieve tangible social change, often delivered in partnership with educational and charity partners, will remain a driving strand of our work in the years ahead.

#### Key figures and movement of funds

Incoming resources at £814,744 (2022: £1,203,154) fell by £388,410 reflecting a reduction in the amount of restricted grant funding received as the gallery moved out of its four-year Arts Council Collection cycle, though trustees were pleased to note the booking of £73,000 restricted funds from the National Portrait Gallery in respect of Creative Connections Cornwall, which continued to expand our national-level cultural sector partnerships, bringing even greater national recognition to the gallery and its ability to deliver significant exhibitions and wraparound activities. Within our incoming resources we recorded an increase in earned income through our shops and café, though this reflected a return to full trading after the previous year of Covid-attributable disruption to commercial trading.

Total expenditure increased by £213,223 from £1,011,515 (2022) to £1,224,738 in the 2023 year. This reflected the spending of restricted resources booked to income in the previous year on an entitlement to receive basis that was then deployed in accordance with restrictions in the following year. Additionally it reflects the rise in the cost of sales of our café and shop offer as our earned income turnover rose after Covid. The spending of restricted funds was a key reason for an in-year deficit of £409,994 (2022: surplus of £191,639). This deficit is split between an operational (unrestricted) deficit of £66,992 before fund transfers, while the restricted expenditure against funds held was £343,002. Trustees note that the unrestricted deficit was impacted by an exceptional charge for forward-facing pension costs in the sum of £46,432, making a deficit of £20,560 before this exceptional charge (see note 11 for further detail)

# NEWLYN ART GALLERY LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

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#### **Reserves policy**

The gallery had a cumulative surplus at 31st March 2023 of £135,497 (2022: £129,819). This figure is known as free reserves and the calculation is shown at note 26. The calculation takes the total funds and removes the amount that is either restricted or tied up in property to arrive at the sum that is freely available to support the gallery's activities. It also shows the movement in free reserves between years – this year an increase of £5,678 between March 2022 and March 2023 (2022: increase of £182,388).

Whilst the free reserves increased by £5,678 in the year ended 31st March 2023, the operational surplus on unrestricted funds was £56,360, after adjustments relating to historic pension liabilities.

The level of free reserves required to cover running costs for 3 to 6 months is £193,326 - £386,652, based on unrestricted expenditure within unrestricted funds in the period. The gallery currently holds free reserves below this target level. In order to ensure the organisation builds sufficient reserves to meet its policy requirements, the Gallery Director and Trustees are developing a recovery plan as part of its future financial planning. It is anticipated that it may take 3 to 5 years to rebuild reserves to the required levels, so a multi-year plan is needed.

#### **Principal funding sources**

The gallery's main source of funding during the year was the Arts Council of England, who provided funding in respect of core costs, and through a grant to support our involvement in the Arts Council Collection National Partners Programme (ACC NPP).

Our current ACE National Partner Organisation (NPO) funding agreement was extended by a further year to March 2023, in response to the Covid-19 pandemic, with the total value of that grant totalling £1,929,392. As reported above, in spring 2022, a new application for NPO three-year-funding was submitted, and an award provisionally agreed in November 2022, totalling £1,105,251. Similarly, Cornwall Council has offered continuing funding for the organisation, covering the next four years, their award totalling £75,000.

As reported above, we have been very successful in securing additional, multi-year restricted funding from other trusts and foundations. Individual philanthropy remains an important part of the organisation's income however, the economic impact of the Covid-19 pandemic continues to make fundraising generally more challenging.

#### **Risk management**

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

The trustees have conducted a review of the major risks to which the charity is exposed and systems have been established to mitigate those risks. Assessment is reviewed on a regular basis.

# NEWLYN ART GALLERY LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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### Plans for future periods

#### FUTURE PLANS

In spring 2017, we worked with staff and trustees to refresh our values, vision and mission. As part of that process, we reflected on the organisation's history and the principles of its founder, the philanthropist John Passmore Edwards.

He saw culture as 'a ladder the poor might climb', to help them rise out of deprivation and override a prevailing dearth of ambition in a place such as Newlyn at the end of the 19th century.

Our intention is to reactivate these founding principles, contributing to debate among contemporary arts organisations and curators as to how art and the art institution can perform both a societal and civic function and be relevant to prevailing social and political issues.

The following values, vision and mission emerged from this processes:

#### Values:

Change-making  
Rooted in place  
Part of a global art conversation

#### Vision:

We believe that art can inspire and drive change

#### Mission:

To connect Cornwall with visual arts internationally, for the benefit of the community and development of artists.

The impact of the Covid-19 pandemic on communities across Cornwall and further afield, has been huge. The murder of George Floyd and rise of the Black Lives Matter movement, has also profoundly affected many of the communities we work with and support. Our stand in supporting our immediate communities now seems more important than ever.

Our Goals for 2018/19 to 2022/23

We have established the following five goals for the period and have developed Key Performance Indicators (KPIs) to enable us to monitor progress towards them.

*We are driving up the quality of our product*

*We are engaging more people*

*We are taking a lead role in strengthening our sector*

*We are improving our financial position*

*Our staff, volunteers and trustees are getting even better at what they do*

From February 2020, we began delivery of our new ACC NPP programme, supported by a growing staffing team.

As we come to close a number of major grant-funded programmes, including the Arts Council Collection National Partner Programme and the Paul Hamlyn funded Think, Talk, Make Art teachers development project, we look to build on our achievement through new funding partnerships. Major funding applications are now in development to support an ambitious, three-year curriculum development programme with a major academy trusts; a three-year action research programme involving the co-commissioning of public artworks with community groups identified by social care agency partners as extremely vulnerable, including socially isolated younger people and refugees and/or the vulnerably housed/homeless, and an ambitious gallery-based project working with artist Melanie Manchot and people recovering from addiction.

### Structure, governance and management

#### Governing document

The charity is controlled by its governing document, the memorandum and articles of association, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

# NEWLYN ART GALLERY LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

M R Bird

N Scott

M Barrett

V Button

B Naughton-Rumbo

L Tait

C Rayment (Resigned 26 September 2022)

R Dunlop (Resigned 26 September 2022)

G Buenfeld-Murley

H Buckingham

J Bulman

N Williams

### Recruitment and appointment of new trustees

The Board administers the charity and meets bi-monthly or as required. The Finance Committee meets regularly with the Director and Senior Finance Manager. Other working groups, such as a Public Programme Group meet as required. Their membership is drawn from the board. Members of the Board are elected at the Annual General Meeting and retire by rotation every three years. Elected members of the Board are trustees and directors of the charity.

### Induction and training of new trustees

New trustees are provided with a tour of the organisation's two sites, where they have an opportunity to meet the gallery staff and volunteers. They also meet with the Chair and Gallery Director and are briefed on the history and the future plans of the organisation. New board members are also required to sign a Statement of Director's Obligations and Code of Conduct, which helps to clarify their individual and collective responsibilities to the company.

### Auditor

In accordance with the company's articles, a resolution proposing that Azets Audit Services be reappointed as auditor of the company will be put at a General Meeting.

### Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The trustees' report was approved by the Board of Trustees.



Miranda Bird (Nov 29, 2023 13:23 GMT)

M R Bird

Trustee

Date: Nov 29, 2023

# **NEWLYN ART GALLERY LIMITED**

## **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

***FOR THE YEAR ENDED 31 MARCH 2023***

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The trustees, who are also the directors of Newlyn Art Gallery Limited for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# NEWLYN ART GALLERY LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE TRUSTEES OF NEWLYN ART GALLERY LIMITED

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#### Opinion

We have audited the financial statements of Newlyn Art Gallery Limited (the 'charity') for the year ended 31 March 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes 1 to 29 to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2023 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the trustees' report for the financial year for which the financial statements are prepared, which includes the directors' report prepared for the purposes of company law, is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

# NEWLYN ART GALLERY LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE TRUSTEES OF NEWLYN ART GALLERY LIMITED

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#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

#### **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# NEWLYN ART GALLERY LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE TRUSTEES OF NEWLYN ART GALLERY LIMITED

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#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

#### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Matthew Webb*

Matthew Webb (Dec 4, 2023 15:18 GMT)

**Matthew Webb (Senior Statutory Auditor)**  
for and on behalf of Azets Audit Services

Dec 4, 2023  
.....

**Chartered Accountants**  
**Statutory Auditor**

Woodlands Court  
Truro Business Park  
Truro  
Cornwall  
United Kingdom  
TR4 9NH

# NEWLYN ART GALLERY LIMITED

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2023

### Current financial year

		Unrestricted funds	Endowment funds designated	Restricted funds	Total	Total
	Notes	2023 £	2023 £	2023 £	2023 £	2022 £
<b><u>Income from:</u></b>						
Donations and legacies	3	66,960	-	928	67,888	92,300
Charitable activities	4	453,760	-	103,515	557,275	969,754
Other trading activities	5	182,381	-	3,989	186,370	139,611
Investments	6	3,211	-	-	3,211	1,489
<b>Total income</b>		<b>706,312</b>	<b>-</b>	<b>108,432</b>	<b>814,744</b>	<b>1,203,154</b>
<b><u>Expenditure on:</u></b>						
Raising funds	7	163,058	-	1,212	164,270	123,272
Charitable activities	8	610,246	-	450,222	1,060,468	888,243
<b>Total expenditure</b>		<b>773,304</b>	<b>-</b>	<b>451,434</b>	<b>1,224,738</b>	<b>1,011,515</b>
<b>Net (outgoing)/incoming resources before transfers</b>		<b>(66,992)</b>	<b>-</b>	<b>(343,002)</b>	<b>(409,994)</b>	<b>191,639</b>
Gross transfers between funds	23	123,352	-	(123,352)	-	-
<b>Net income/(expenditure) for the year/ Net movement in funds</b>		<b>56,360</b>	<b>-</b>	<b>(466,354)</b>	<b>(409,994)</b>	<b>191,639</b>
Fund balances at 1 April 2022		2,572,084	527,373	1,398,244	4,497,701	4,306,062
<b>Fund balances at 31 March 2023</b>		<b>2,628,444</b>	<b>527,373</b>	<b>931,890</b>	<b>4,087,707</b>	<b>4,497,701</b>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

# NEWLYN ART GALLERY LIMITED

## STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2023

Prior financial year

		Unrestricted funds	Endowment funds designated	Restricted funds	Total
	Notes	2022 £	2022 £	2022 £	2022 £
<b><u>Income from:</u></b>					
Donations and legacies	3	89,511	-	2,789	92,300
Charitable activities	4	434,498	-	535,256	969,754
Other trading activities	5	139,302	-	309	139,611
Investments	6	1,489	-	-	1,489
<b>Total income</b>		<b>664,800</b>	<b>-</b>	<b>538,354</b>	<b>1,203,154</b>
<b><u>Expenditure on:</u></b>					
Raising funds	7	118,987	-	4,285	123,272
Charitable activities	8	404,467	-	483,776	888,243
<b>Total expenditure</b>		<b>523,454</b>	<b>-</b>	<b>488,061</b>	<b>1,011,515</b>
<b>Net (outgoing)/incoming resources before transfers</b>		<b>141,346</b>	<b>-</b>	<b>50,293</b>	<b>191,639</b>
Gross transfers between funds	23	102,355	-	(102,355)	-
<b>Net income/(expenditure) for the year/ Net movement in funds</b>		<b>243,701</b>	<b>-</b>	<b>(52,062)</b>	<b>191,639</b>
Fund balances at 1 April 2021		2,328,383	527,373	1,450,306	4,306,062
<b>Fund balances at 31 March 2022</b>		<b>2,572,084</b>	<b>527,373</b>	<b>1,398,244</b>	<b>4,497,701</b>

# NEWLYN ART GALLERY LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2023


	Notes	2023		2022	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	12	3,342,765		3,382,842	
Heritage assets	13	527,373		527,373	
Investments	14	82,117		82,117	
		<u>3,952,255</u>		<u>3,992,332</u>	
<b>Current assets</b>					
Stocks	15	32,750		29,745	
Debtors	16	182,163		160,161	
Cash at bank and in hand		109,163		526,615	
		<u>324,076</u>		<u>716,521</u>	
<b>Creditors: amounts falling due within one year</b>	17	<u>(80,683)</u>		<u>(128,828)</u>	
Net current assets			243,393		587,693
<b>Total assets less current liabilities</b>			4,195,648		4,580,025
<b>Creditors: amounts falling due after more than one year</b>	18		(107,941)		(82,324)
<b>Net assets</b>			<u>4,087,707</u>		<u>4,497,701</u>
<b>Income funds</b>					
Restricted funds	23	931,890		1,398,244	
Endowment funds - designated		527,373		527,373	
Unrestricted funds		2,628,444		2,572,084	
		<u>4,087,707</u>		<u>4,497,701</u>	

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Trustees on Nov 29, 2023

  
Miranda Bird (Nov 29, 2023 13:23 GMT)

M R Bird  
Trustee

  
Myfanwy Barrett (Nov 29, 2023 13:10 GMT)

M Barrett  
Trustee

Company Registration No. 01310070

# NEWLYN ART GALLERY LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

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	Notes	2023 £	£	2022 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	20		(344,624)		222,709
<b>Investing activities</b>					
Purchase of tangible fixed assets		(66,014)		(63,436)	
Interest received		3,211		1,489	
<b>Net cash used in investing activities</b>			(62,803)		(61,947)
<b>Financing activities</b>					
Repayment of bank loans		(10,025)		(9,492)	
<b>Net cash used in financing activities</b>			(10,025)		(9,492)
<b>Net (decrease)/increase in cash and cash equivalents</b>			(417,452)		151,270
Cash and cash equivalents at beginning of year			526,615		375,345
<b>Cash and cash equivalents at end of year</b>			109,163		526,615

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# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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### 1 Accounting policies

#### Charity information

Newlyn Art Gallery Limited is a charitable company limited by guarantee incorporated in England and Wales. The registered office is The Exchange, Princes Street, Penzance, Cornwall, TR18 2NL, United Kingdom.

#### 1.1 Accounting convention

The financial statements have been prepared in accordance with the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention, modified to include investments at fair value and heritage assets at valuation. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

The financial statements have been prepared on the going concern basis. The Board has considered a period of twelve months from the date of approval of the financial statements and has a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. There are no material uncertainties which may create significant doubt over the charitable company's ability to continue as a going concern.

#### 1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds, comprising a collection of paintings and artefacts held for the benefit of the charity, are subject to specific conditions by donors that the capital must be maintained by the charity.

#### 1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Income from government and other grants is recognised when the charity has entitlement to the funds, any performance conditions attached to the grant have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income from other charitable activities is recognised when the goods or services have been provided.

Interest income is recognised using the effective interest rate method.

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

---

#### 1 Accounting policies

(Continued)

Trading income is recognised when the goods have been provided, typically at the point of sale, or as services are performed. Rental income is recognised on a straight line basis over the term of the rental agreement.

#### 1.5 Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Costs of raising funds are the costs of trading for fundraising purposes.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Support costs comprise the costs of governance including audit fees and finance costs. These are wholly allocated to charitable activities on the basis that they are incurred in support of the charitable company's pursuance of its charitable activities.

#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Freehold property	2% on cost
Leasehold land and buildings	2% on cost
Tools and equipment	10% on cost
Computer equipment	25% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

---

### 1 Accounting policies

(Continued)

#### 1.7 Heritage assets

Heritage assets are measured at valuation and comprise the collection of artworks held in support of the Gallery's primary objective of increasing knowledge, understanding and appreciation of art. These are primarily paintings and drawings, with some prints and medals.

The majority are housed at The Exchange, Princes Street, Penzance TR18 2NL and the remainder at Penlee House Gallery and Museum, Morrab Road, Penzance, TR18 4HE. These works are not for sale and comprise the Permanent Collection, Langley Medals and all items on loan to Penlee House Gallery and Museum.

The trustees consider the Heritage assets to have indeterminate lives and a high residual value, hence the trustees do not consider it necessary to charge depreciation.

#### 1.8 Fixed asset investments

The Gallery holds two collections of works as investments, the Reuss Collection and Reserve Collection. These are available for sale and held primarily for investment gain or income generation and thus cannot be classified as heritage assets. These investments are measured at fair value.

#### 1.9 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

#### 1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

#### 1.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.12 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

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#### 1 Accounting policies

(Continued)

##### **Basic financial liabilities**

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

#### 1.13 Taxation

The charity is exempt from corporation tax on its charitable activities.

#### 1.14 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.15 Retirement benefits

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown within creditors in the balance sheet.

The charitable company also makes payments to a defined benefit scheme, the Pension Scheme for Administration and Technical Staff in the Arts ("the Scheme"), which has ceased to accrue pension benefits but which has a deficit in its fund. The company remains liable for its portion of the deficit in the Scheme funds. The assets of the Scheme are administered by a trustee, in a fund independent from those of the charitable company.

The Scheme is a multi-employer scheme and the charitable company is unable to identify its share of the underlying assets and liabilities. There is a funding agreement in place to eliminate that element of the deficit in the Scheme which is relative to the charitable company.

A liability has been recognised in the balance sheet equal to the net present value of the future deficit reduction payments. The payments are discounted to present value using the market yield on high quality corporate bonds which currently equates to 4.9% (2022: 2.4%). Further details relating to the pension schemes are set out in note 26.

#### 1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease.

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

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#### 2 Critical accounting estimates and judgements

In the application of the charitable company's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities include the inputs and estimates used in determining the fair value of investments and heritage assets and the estimates used in determining the carrying amount of the defined benefit scheme liability.

#### 3 Donations and legacies

	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Total</b>	Unrestricted funds	Restricted funds	Total
	<b>2023</b>	<b>2023</b>	<b>2023</b>	2022	2022	2022
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Donations including admissions	64,534	928	65,462	37,281	1,632	38,913
Government Covid related grants	-	-	-	48,430	1,157	49,587
Subscriptions	2,426	-	2,426	3,800	-	3,800
	<u>66,960</u>	<u>928</u>	<u>67,888</u>	<u>89,511</u>	<u>2,789</u>	<u>92,300</u>

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 4 Charitable activities

	Charitable Activities 2023 £	Charitable Activities 2022 £
Performance related grants	496,438	933,215
Other income	60,837	36,539
	<u>557,275</u>	<u>969,754</u>
Analysis by fund		
Unrestricted funds	453,760	434,498
Restricted funds	103,515	535,256
	<u>557,275</u>	<u>969,754</u>
<b>Performance related grants</b>		
Arts Council of England	368,435	373,173
Other grant income	89,827	74,445
Cornwall Council	28,750	21,936
Arts Council Catalyst Scheme	-	112,961
Arts Council Collection	-	170,000
Trusts and Foundations Project grants	4,426	100,000
Trusts and Foundations Capital Works grants	5,000	-
Other	-	80,700
	<u>496,438</u>	<u>933,215</u>

### 5 Other trading activities

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £
Fundraising events	386	4,020	4,406	4,401	278	4,679
Shop and café income	161,025	-	161,025	117,715	-	117,715
Rental and other trading income	20,970	(31)	20,939	17,186	31	17,217
	<u>182,381</u>	<u>3,989</u>	<u>186,370</u>	<u>139,302</u>	<u>309</u>	<u>139,611</u>

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 6 Investments

	Unrestricted funds	Unrestricted funds
	2023	2022
	£	£
Interest receivable	3,211	1,489

### 7 Raising funds

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2023	2023	2023	2022	2022	2022
	£	£	£	£	£	£
Trading costs						
Purchases	90,185	(38)	90,147	74,249	3,024	77,273
Stock movement	(3,006)	-	(3,006)	(9,861)	-	(9,861)
Cleaning	473	-	473	845	-	845
Utilities and property maintenance	1,466	-	1,466	3,017	392	3,409
Consumables	7,720	1,250	8,970	5,829	869	6,698
Equipment hire	1,969	-	1,969	1,545	-	1,545
Staff costs	64,251	-	64,251	43,363	-	43,363
	<u>163,058</u>	<u>1,212</u>	<u>164,270</u>	<u>118,987</u>	<u>4,285</u>	<u>123,272</u>
Trading costs	<u>163,058</u>	<u>1,212</u>	<u>164,270</u>	<u>118,987</u>	<u>4,285</u>	<u>123,272</u>

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 8 Charitable activities

	Charitable Activities 2023 £	Charitable Activities 2022 £
Staff costs	512,126	428,799
Depreciation and impairment	106,091	103,125
Telephone	4,826	2,777
Postage	2,649	4,407
Advertising	28,063	34,778
Utilities and property maintenance	66,210	61,718
Repairs and renewals	52,625	28,026
Event costs	17,089	12,542
Education	52,208	44,565
Exhibitions	107,961	102,635
Sundry expenditure	821	167
Travel and subsistence	11,603	8,895
Consultancy, legal and professional	17,035	28,439
Bank charges	5,794	3,459
Irrecoverable VAT	20,807	-
Hire of equipment	3,904	3,723
Insurance	13,764	7,405
Other charitable expenditure	240	(19,080)
	<u>1,023,816</u>	<u>856,380</u>
Share of support costs (see note 9)	2,580	2,580
Share of governance costs (see note 9)	34,072	29,283
	<u>1,060,468</u>	<u>888,243</u>
<b>Analysis by fund</b>		
Unrestricted funds	610,246	404,467
Restricted funds	450,222	483,776
	<u>1,060,468</u>	<u>888,243</u>

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 9 Support costs

	Support costs	Governance costs	2023 Support costs	Governance costs	2022
	£	£	£	£	£
Interest payable	2,580	-	2,580	2,580	2,580
Auditor's remuneration	-	12,750	12,750	-	8,000
Auditor's remuneration for non-audit work	-	7,324	7,324	-	6,956
Legal and professional	-	13,998	13,998	-	14,327
	<u>2,580</u>	<u>34,072</u>	<u>36,652</u>	<u>2,580</u>	<u>31,863</u>
Analysed between					
Charitable activities	<u>2,580</u>	<u>34,072</u>	<u>36,652</u>	<u>2,580</u>	<u>31,863</u>

### 10 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year nor for the year ended 31 March 2022.

During the year no trustees were reimbursed for expenditure (2022: £nil).

### 11 Employees

The average monthly number of employees during the year was:

	2023 Number	2022 Number
Employees	<u>31</u>	<u>27</u>
<b>Employment costs</b>	<b>2023 £</b>	<b>2022 £</b>
Wages and salaries	475,419	423,784
Social security costs	31,142	31,658
Other pension costs	69,816	16,720
	<u>576,377</u>	<u>472,162</u>

The pension costs include £46,432 relating to an increase in the defined benefit scheme liability following the most recent triennial valuation (see note 26).

There were no employees whose annual remuneration was more than £60,000.

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 12 Tangible fixed assets

	Freehold property	Leasehold land and buildings	Tools and equipment	Computer equipment	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 April 2022	2,675,829	1,961,127	93,919	86,857	4,817,732
Additions	62,575	-	1,336	2,103	66,014
At 31 March 2023	2,738,404	1,961,127	95,255	88,960	4,883,746
<b>Depreciation and impairment</b>					
At 1 April 2022	721,824	588,099	60,035	64,932	1,434,890
Depreciation charged in the year	53,312	39,223	5,141	8,415	106,091
At 31 March 2023	775,136	627,322	65,176	73,347	1,540,981
<b>Carrying amount</b>					
At 31 March 2023	1,963,268	1,333,805	30,079	15,613	3,342,765
At 31 March 2022	1,954,005	1,373,028	33,884	21,925	3,382,842

Contained within Freehold Property is The Engine Room. The Engine Room is a redevelopment of educational and hire space with The Exchange gallery allowing a multi-purpose facility with up-to-date IT communications equipment to further enhance the educational aims of the charity while also generating additional streams of earned income from workshops and hires. The Engine Room is funded with generous support from Arts Council England, The Garfield Weston Foundation and the Bernard Sunley Foundation.

The lease held on Newlyn Art Gallery was renegotiated in 2006. The revised lease term is 99 years. The freehold of The Exchange Building was also purchased in July 2006 with funds secured from a number of grant making bodies. The principal funders were ERDF Objective 1 and Arts Council England.

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 13 Heritage assets

£

At 1 April 2022 and at 31 March 2023

527,373

In 1979, John Halkes, Director of Newlyn Art Gallery, initiated the first serious review of Newlyn School painting between 1880 and 1900. By 1985 his work had resulted in a major showing at the Barbican Art Gallery in London, while in Newlyn a second survey show dealt with 1900 to 1930. Halkes set out to begin a collection, attracting gifts from collectors and heirs and soliciting bequests from the Gallery's supporters. The Gallery was built in 1895 and has been showing work by artists attracted to West Cornwall ever since then; under Halkes' Directorship it was established as a publicly funded contemporary art gallery. It has since achieved a high reputation for its programme of exhibitions and education work but the idea of building a collection was lost along the way. It proved an impossible task with extremely limited staff and resources, and while a concentration upon current work was a condition of revenue funding.

The small group of art works John Halkes acquired are now on loan to the Penlee House Museum & Art Gallery in Penzance, where a specialisation in Newlyn School and related art has developed, and where this work is almost always on view. Other works given or bequeathed over the years have included works on paper by Charles Breaker and Bryan Wynter.

The Gallery's external valuer, David Lay FRICS, carried out a full valuation of the collection of artworks as at 31 March 2020. The valuation was based on commercial markets, including recent transaction information from auctions where similar types of paintings are regularly being purchased. The trustees are of the opinion that there was no material change in fair value during the year to 31 March 2023.

This valuation represents a significant estimate and the estimation uncertainties inherent in this valuation have a significant risk of resulting in a material adjustment to the carrying amount of these assets in a future period.

### 14 Fixed asset investments

Other  
investments  
£

#### Valuation

At 1 April 2022 & 31 March 2023

82,117

#### Carrying amount

At 31 March 2023

82,117

At 31 March 2022

82,117

### 15 Stocks

2023  
£

2022  
£

Stock

32,750

29,745

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 16 Debtors

	2023	2022
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	2,964	11,959
Other debtors	7,903	19,073
Prepayments and accrued income	171,296	129,129
	<u>182,163</u>	<u>160,161</u>

### 17 Creditors: amounts falling due within one year

	Notes	2023	2022
		£	£
Bank loans	19	10,025	9,688
Other taxation and social security		8,055	8,330
Trade creditors		33,418	54,150
Other creditors		9,393	32,056
Accruals and deferred income		19,792	24,604
		<u>80,683</u>	<u>128,828</u>

Included in Other Creditors is the current element of the net present value of the future pension deficit reduction payments £9,447 (2022: £8,343) as required by FRS 102. (See note 26).

### 18 Creditors: amounts falling due after more than one year

	Notes	2023	2022
		£	£
Bank loans	19	38,413	48,775
Other creditors		69,528	33,549
		<u>107,941</u>	<u>82,324</u>

Other creditors represents the non-current portion of the net present value of future pension deficit reduction payments as required by FRS 102. (See note 26).

### 19 Loans and overdrafts

	2023	2022
	£	£
Bank loans	48,438	58,463
	<u>48,438</u>	<u>58,463</u>
Payable within one year	10,025	9,688
Payable after one year	38,413	48,775
	<u>48,438</u>	<u>48,775</u>

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 19 Loans and overdrafts

(Continued)

Lloyds Bank plc holds a first legal charge over the freehold land and buildings at The Exchange, Princes Street, Penzance.

In addition to the charge disclosed above, the Arts Council England holds a debenture securing £1,200,000 and all other monies due or to become due from the charitable company to the Art Council England. This is secured by a charge over the freehold property in Penzance and the leasehold property in Newlyn.

The loan is repayable in 120 consecutive monthly installments representing principal and interest.

The rate of interest payable on the loan during the Capped Rate Period, which ran until 3 July 2022, was the lower of:

- a) 3.60% over Base Rate per annum, and
- b) the Capped Rate, being 4.95%.

From the end of the Capped Rate Period, the rate of interest payable will be 3.10% over Base Rate per annum.

20 Cash generated from operations	2023 £	2022 £
(Deficit)/surplus for the year	(409,994)	191,639
Adjustments for:		
Investment income recognised in statement of financial activities	(3,211)	(1,489)
Depreciation and impairment of tangible fixed assets	106,091	103,123
Movements in working capital:		
(Increase) in stocks	(3,005)	(9,861)
(Increase) in debtors	(22,002)	(94,070)
(Decrease)/increase in creditors	(12,503)	33,367
<b>Cash (absorbed by)/generated from operations</b>	<b>(344,624)</b>	<b>222,709</b>

### 21 Analysis of changes in net funds

	At 1 April 2022 £	Cash flows £	At 31 March 2023 £
Cash at bank and in hand	526,615	(417,452)	109,163
Loans falling due within one year	(9,688)	(337)	(10,025)
Loans falling due after more than one year	(48,775)	10,362	(38,413)
	<u>468,152</u>	<u>(407,427)</u>	<u>60,725</u>

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*FOR THE YEAR ENDED 31 MARCH 2023*

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### 22 Retirement benefit schemes

#### **Defined contribution schemes**

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £21,968 (2022: 19,887).

At the end of the year the amount outstanding for pension contributions was £nil (2022: £2,886).

**NEWLYN ART GALLERY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2023**

**23 Restricted funds**

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 April 2021		Movement in funds			Balance at 1 April 2022		Movement in funds			Balance at 31 March 2023	
	£	£	Incoming resources	Resources expended	Transfers	£	£	Incoming resources	Resources expended	Transfers	£	£
Arts Council	1,031,337	-	-	(90,760)	-	940,577	-	(90,760)	-	-	849,817	-
Tea, Cake & Art	(80)	2,941	2,941	(12,550)	-	(9,689)	5,605	(2,451)	-	-	(6,535)	-
Seaside	25,622	-	-	(22,665)	-	2,957	-	(2,957)	-	-	-	-
Jerwood	40,537	30,000	30,000	(25,783)	-	44,754	-	(32,298)	-	-	12,456	-
Arts Council Collection	222,132	171,187	171,187	(174,042)	-	219,277	10,000	(158,624)	(96,347)	(96,347)	(25,694)	-
Weston Culture	128,544	-	-	(35,135)	-	93,409	5,000	(10,313)	(77,005)	(77,005)	11,091	-
Film Historic	3,494	-	-	(33)	-	3,461	-	(3,461)	-	-	-	-
Cultural Relief Fund	(1,280)	161,373	161,373	(57,738)	(102,355)	-	-	-	-	-	-	-
National Portrait Gallery Project	-	-	-	(6,386)	-	(6,386)	73,000	(66,632)	-	-	(18)	-
Kickstarter grant	-	23,153	23,153	(12,994)	-	10,159	9,529	(9,395)	-	-	10,293	-
JAFMO	-	-	-	(289)	-	(289)	-	-	-	-	(289)	-
Paul Hamlyn	-	149,700	149,700	(49,686)	-	100,014	-	(53,847)	-	-	46,167	-
Peer to Peer	-	-	-	-	-	-	5,298	(2,005)	-	-	3,293	-
ACC Workforce Development Grant	-	-	-	-	-	-	-	(18,691)	50,000	50,000	31,309	-
	1,450,306	538,354	538,354	(488,061)	(102,355)	1,398,244	108,432	(451,434)	(123,352)	(123,352)	931,890	-

**NEWLYN ART GALLERY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2023**

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- 23 Restricted funds (Continued)
- Arts Council England**  
Arts Council England has an interest in the freehold property that houses the Exchange Gallery; this expires in 2026, which is 20 years after the building was acquired.
- Seaside Photographed** is a touring exhibition originated by Turner Contemporary, Margate, with Arts Council England Strategic Touring Fund to enable a commission for an artist to work with an early years group at each regional venue.
- Jerwood Newlyn Residency** creates six residencies at the galleries over a two year period for UK artists within the first 10 years of their practice, funded through Jerwood Arts' Development Programme Fund.

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 23 Restricted funds

(Continued)

**Arts Council Collection National Partners Programme** is a three year partnership between ACC and Newlyn Art Gallery & The Exchange, Firstsite, Colchester and Sunderlnd Culture, with funding through Arts Council England for each venue to present nine exhibitions and accompanying programme featuring works from the Collection.

**Tea, Cake & Art** is a weekly artist-educator led creative social group for older or isolated people to meet and spend time with others. Running online and by post over the last 20 months, it is now also running as a blended in gallery session. Funded by Cornwall Social Inclusion Fund, Creative Cornwall Calling, Cllr McKenna's Community Fund and Cornwall Rural Community Charity (2020/21) and donations from individuals .

#### **Weston Culture**

The Weston Culture Fund aims to support the sector to restart its work, refresh activities and re-engage audiences following Covid-19 closures. We were awarded £128,544 in support of critical adaption to physical and digital infrastructure: Engine room conversion; front door improvements; digital resource; Newlyn garden and café improvements, an outdoor classroom kit, and integrated booking and online shop. They also supported new activity: international exchange project and exhibition In Your Hands and digital exhibition Outside The Algorithm.

The Garfield Weston Trustees were 'particularly impressed by the entrepreneurial approach and creativity shown throughout the pandemic and in the ways you have adapted and engaged audiences and communities. We are delighted to be able to support your organisation.'

#### **Film Historic**

In 2020 we were one of 10 cultural organisations awarded £5,000 by Historic England to commission local, young film makers to capture High Streets as they respond to Covid-19. The aim of the COVID-19 Response Grants was to creatively gain an insight into the ways in which High Streets are readjusting, recovering and reimagining themselves for the future. The commissioned films may be included in the Historic England Archive, the nation's archive for records of England's historic buildings, archaeology and social history. We worked with animators from Falmouth university and local filmmaker Rachael Jones to oversee the creative direction of the film.

#### **Cultural Relief fund: Grants Second Round**

The aim of the Culture Recovery Fund: Grants second round is to support organisations as they transition back to a viable and sustainable operating model during April-June 2021. We were awarded £161,373 to cover additional staffing, operational and marketing required to reopen; fees for three consultation exercises including digital and earned income reviews and groundwork for a cultural strategy for Penzance and Newlyn; contribution to building reserves equivalent to eight weeks turnover.

#### **National Portrait Gallery Project**

In December 2018 we entered into a partnership with the National Portrait Gallery (NPG) involving pupils from Mount's Bay Academy, Penzance, in the curating of a main-gallery exhibition, drawing on the NPG's internationally important collection. The exhibition was presented at The Exchange in summer 2022. NPG provided grant support totalling £73,000.

**NEWLYN ART GALLERY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2023**

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**23 Restricted funds**

**(Continued)**

**Kickstart Grant**

The UK government introduced the Kickstart Scheme to provide funding to create new jobs for 16 to 24 year olds on Universal Credit, who are at risk of long term unemployment. For each participant on the scheme the employer received an initial payment of £1,860, including a payment to the scheme gateway organization of £360 and £1500 going to the employer to support set up costs. An additional sum was provided to cover 100% of the employee's salary (at National Minimum Wage or National Living Wage, depending on the age of the employee), NI and pensions costs for their employment for 25 hours per week of a 6 month period. The gallery provided opportunities for three employees through this scheme. One programme participant, Joe Bulman, later joined the gallery as a Trustee.

**JAFMO**

In Spring/Summer 2022 we received awards totalling £3,339 from Cultivator and Jerwood Arts/Art Fund to support the delivery of the Jerwood Art Fund Makers Open (JAFMO). The exhibition was presented at Newlyn Art Gallery in summer 2022

**Paul Hamlyn**

In April 2021, we secured an award totalling £149,700 from the Paul Hamlyn Foundation, as part of their Teacher's Development Fund. The programme aims to support delivery of effective arts-based teaching and learning opportunities in the primary classroom, and to embed learning through the arts in the curriculum. The project is expected to conclude by June 2023.

**Peer to Peer**

In September 2022 we received an award of £5,298 originating from Arts Council England, and distributed by Open Eye Gallery, to deliver our part of the Peer to Peer programme. The Programme sought to build new partnerships between artists and arts organisations in the UK and Hong Kong. Funds were used to deliver a partnership project involving arts student at Falmouth University and academic partner in Hong Kong, resulting in public delivery of a series of online programme and workshops for audiences based in both countries.

**ACC Workforce Development Grant**

In May 2021 we received a grant of £50,000 from Arts Council England, linked to our involvement in the Arts Council Collection National Partner Programme. The purpose of the grant was to support the fixed-term appointment of staff from diverse backgrounds to enhance the delivery of that programme. Funds were used to support the appointment and retention of staff with protected characteristics, their input proving invaluable in the delivery of new projects that successfully engaged diverse audiences.

**NEWLYN ART GALLERY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2023**

**24 Endowment funds**

Endowment funds represent assets which must be held permanently by the charity. Income arising on the endowment funds can be used in accordance with the objects of the charity and is included as unrestricted income. Any capital gains or losses arising on the assets form part of the fund.

This fund relates to the Heritage assets valued at £527,372 by David Lay FRICS in March 2020.

**25 Analysis of net assets between funds**

Fund balances at 31 March 2023 are represented by:

	Unrestricted funds 2023	£	Endowment fund 2023	£	Restricted funds 2023	£	Total 2023	£	Unrestricted funds 2022	£	Endowment fund 2022	£	Restricted funds 2022	£	Total 2022	£
Tangible assets	2,492,948		-		849,817		3,342,765		2,442,265		-		940,577		3,382,842	
Heritage assets	-		527,373		-		527,373		-		527,373		-		527,373	
Investments	82,117		-		-		82,117		82,117		-		-		82,117	
Current assets/(liabilities)	161,320		-		82,073		243,393		130,026		-		457,667		587,693	
Long term liabilities	(107,941)		-		-		(107,941)		(82,324)		-		-		(82,324)	
	<u>2,628,444</u>		<u>527,373</u>		<u>931,890</u>		<u>4,087,707</u>		<u>2,572,084</u>		<u>527,373</u>		<u>1,398,244</u>		<u>4,497,701</u>	

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

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#### 26 Defined benefit scheme

The charitable company contributed to a defined benefit scheme; the "Pension Scheme for Administration and Technical Staff in the Arts" up to 14 December 2012 when the scheme was closed to future accrual. The charitable company remains liable for its portion of the deficit in the scheme funds. The assets of the scheme are administered by a trustee, in a fund independent from those of the charitable company.

The scheme is a multi-employer scheme and the charitable company is unable to identify its share of the underlying assets and liabilities. As noted in the Accounting Policies there is an agreement in place to eliminate that element of the deficit in the scheme which is relative to the charitable company.

The scheme is classified as a 'last-person standing arrangement'. Therefore, the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

The triennial valuation as at 31 March 2022 was agreed on 23 June 2023 and showed a funding shortfall of £2,947,000 (2019 valuation: £2,299,000). An updated recovery plan was approved at the same time to account for the updated valuation as well as a decrease in the number of remaining participating employers. Under the updated recovery plan Newlyn Art Gallery, as one of several employers responsible for funding this shortfall, has agreed to pay monthly contributions of £1,220 from 1 July 2023 to 31 March 2031 (previous plan: £779 from 1 July 2017 to 31 May 2027).

A liability has been recognised in the balance sheet equal to the net present value of these future deficit reduction payments. The payments are discounted to present value using a yield curve derived from AA rated bonds in the iBoxx sterling corporate bond index, this gave a rate of 4.9% (2022: 2.4%). The net present value of the sum of the remaining monthly contributions as at 31 March 2023 is £78,975 (2022: £41,892) and this has been recorded as a liability in the balance sheet with £9,447 (2022: £8,343) in creditors falling due within one year and £69,528 (2022: £33,549) in creditors falling due after one year.

#### 27 Operating lease commitments

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<b>2023</b>	<b>2022</b>
	£	£
Within one year	2,707	2,787
Between two and five years	4,657	1,690
	<u>7,364</u>	<u>4,477</u>

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 28 Free reserves

Of funds held at the year end, £2,628,444 (2022: 2,572,084) were unrestricted. Restricted funds comprise £931,890 (2022: 1,398,244) consisting of the funds disclosed in note 23. Free reserves are that part of the charity's unrestricted funds that is freely available to spend on any of the charity's purposes. At 31 March 2023 the charity's free reserves were in surplus by £135,497 (2022: £129,819).

Free reserves are calculated as follows:

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Total funds at 31 March	4,087,707	4,497,701
Less: endowment funds	(527,373)	(527,373)
Less: Freehold property	(1,963,268)	(1,954,005)
Less: Leasehold property	(1,333,805)	(1,373,028)
Less: Tools and equipment	(30,079)	(33,884)
Less: Computer equipment	(15,613)	(21,925)
Less: Tea, Cake & Art restricted fund	6,535	9,689
Less: Seaside restricted fund	-	(2,957)
Less: Jerwood restricted fund	(12,456)	(44,754)
Less: Arts Council Collection restricted fund	25,694	(219,277)
Less: Weston Culture restricted fund	(11,091)	(93,409)
Less: Film Historic restricted fund	-	(3,461)
Less: National Portrait Gallery Project	18	6,386
Less: Kickstarter grant	(10,292)	(10,159)
Less: JAFMO	289	289
Less: Paul Hamlyn	(46,167)	(100,014)
Less: Peer to Peer	(3,293)	-
Less: ACC Workforce Development Grant	(31,309)	-
	<u>135,497</u>	<u>129,819</u>

As the Arts Council restricted funds of £849,817 (2022: £940,577) relate to the freehold and leasehold properties that have been deducted in arriving at the free reserves above, this restricted fund has not been separately excluded in the analysis above.

#### Movement in Free Reserves:

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Balance at start of year</b>	129,819	(52,569)
Fixed asset additions	(66,014)	(73,676)
Fixed asset depreciation in the year	106,091	103,123
Surplus / (Deficit) for the year	(409,994)	191,638
Less: revaluation of heritage assets	-	-
Decrease/(increase) in restricted funds (excl. property)	375,595	(38,697)
Balance at end of year	<u>135,497</u>	<u>129,819</u>

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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### 29 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2023	2022
	£	£
Aggregate compensation	144,745	137,793

**NEWLYN ART GALLERY LIMITED**

England & Wales - Charity number 273785

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# Accounts

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**Charity Registration No. 273785**

**Company Registration No. 01310070 (England and Wales)**

**NEWLYN ART GALLERY LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

# NEWLYN ART GALLERY LIMITED

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	M R Bird N Scott M Barrett V Button B Naughton-Rumbo L Tait R Dunlop G Buenfeld-Murley H Buckingham J Bulman N Williams	(Appointed 1 December 2021) (Appointed 1 December 2021) (Appointed 1 December 2021) (Appointed 1 December 2021) (Appointed 1 December 2021)
<b>Secretary</b>	N Scott	
<b>Charity number</b>	273785	
<b>Company number</b>	01310070	
<b>Registered office</b>	The Exchange Princes Street Penzance Cornwall United Kingdom TR18 2NL	
<b>Auditor</b>	Azets Audit Services Woodlands Court Truro Business Park Truro Cornwall United Kingdom TR4 9NH	
<b>Gallery Director</b>	J Green	
<b>Observers</b>	M Jivram, Arts Council England	

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# NEWLYN ART GALLERY LIMITED

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# NEWLYN ART GALLERY LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

### FOR THE YEAR ENDED 31 MARCH 2022

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The trustees present their report and financial statements for the year ended 31 March 2022.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)".

#### **Objectives and activities**

##### **Objectives and aims**

The company is an educational charity with the object of advancing education in visual art. This object is met by the maintenance of Newlyn Art Gallery & The Exchange for the public exhibition of visual art, the provision of lectures, classes, and conferences calculated to advance education in visual art and the organisation of exhibitions of the company's art collection.

##### **Significant activities**

Through a programme of exhibitions and related education work, Newlyn Art Gallery Ltd promotes the understanding and appreciation of contemporary art. In the course of the programme the gallery collaborates with other organisations in the area and nationally to promote visual art. This core activity has not changed during the year.

##### **How our main activities deliver public benefit**

Our main activities are described below. Our charitable activities focus on providing a stimulating programme of exhibitions, learning projects and other activities undertaken to further our charitable purposes for the public benefit.

#### **Achievements and performance**

##### **Review of the Year**

The year to 31 March 2022 was characterised by a return to gallery-based operations, following over 12 months of reactive programming designed to adapt to the changing circumstances that the Covid pandemic created, and the urgent needs of those within our immediate communities. We had many successes during this period, including a developing understanding of the potential that digital ways of working offered us and our audiences, and we were determined to apply our learning to new ways of operating, going forward.

# NEWLYN ART GALLERY LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

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#### **A programme adapted to the needs of our audiences**

In 2019 we secured support to join the Arts Council Collection National Partners Programme (ACC NPP). Our bid, entitled 'New Voices', aimed to address the lack of diversity in the sector and to give voice to diverse communities through the curating of exhibitions from the Arts Council Collection (ACC), and to test whether this approach would lead to changes in the profile of the audiences we reach. Following the gallery's reopening in May 2021, after the final Covid lockdown, we set about presenting our ACC NPP programme, across our two sites.

From October 2021 to March 2022 and beyond, we presented four gallery-based exhibitions as part of our New Voices initiative.

'Seen' was co-curated by young LGBTQIA+ people from Cornwall aged between 11 – 19 working in partnership with LGBT+ charity Intercom Trust, and SHARP, Programme Producer.

Through workshops and conversation about contemporary art, the young people explored the importance of representation within art and culture and the many sides of what it means to be seen. The expanding subject of Queer art involves an important history of reclamation, resistance, love and freedom and explores personal experiences as well as depictions of LGBTQIA+ cultures, which we hope will be a continuing stand of our programming in the future.

'What Lies Behind' was a mixed exhibition featuring works from the Arts Council Collection selected by a core group of 10 participants, referred to the project through social prescribing initiatives in local GP practices. In a series of online meetings, the group chose pieces that reflected their personal responses to the pandemic and their hopes and dreams for the future, from more than 8,000 works in the collection.

The initiative provided support to a group of people emerging from the pandemic, many of whom were affected by associated challenges, ranging from social isolation, a diminished sense of self-worth, mental health issues and upheaval resulting from escaping domestic abuse. Each participant spoke eloquently about the positive impact of the project on their well-being, at a time of great personal challenge.

We invited Abi Hutchinson, Artistic Director of Black Voices Cornwall, to curate an exhibition. The project, entitled, 'Captured Beauty' featured contemporary works of art by Black artists drawn from the Arts Council Collection, including paintings by Lynette Yiadom-Boakye, Denzil Forrester, Ryan Mosely, Mowbray Odonkor, and Caroline Walker. Vanley Burke, Tarik Chawdry, and Colin Jones present photographic portraits of Britain in the 70s and 80s, alongside other artists using photography including Sunil Gupta, Ifeoma Onyefulu, Horace Ove, Tetsuya Noda, and Veronica Ryan.

The artworks for 'Simple Truths' have been chosen by dads from the WILD Young Parents Project, who we have been working with since March 2021, from their allotment in Pengegon, Camborne.

With each visit to the allotment the dads were asked to select an artwork from the Arts Council Collection catalogues, which were kept in the allotment shed. Marking their choices with a Post-it note and a line about why they'd chosen it, an interesting collection of works steadily formed. Choices reflected how the dads were feeling in that moment or spoke of a past experience or of future ambitions. Over a brew from a ghillie kettle, conversation flowed, exploring their choices and often providing the starting point for personal reflections around mental health or what was happening in their lives in that moment.

# NEWLYN ART GALLERY LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

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Outside of our ACC NPP-funded programme, we explored other national partnerships, including through the exhibition 'Seaside Photographed', curated by Turner Contemporary. We also explored new models of developing international shows, but avoiding the financial and environmental costs usually associated with such projects. 'In Your Hands' was a group exhibition connecting international artists with people in Cornwall in collaborations to realise or fabricate their artwork. The artists put the making of their art into the hands of others, placing their trust in them, and embracing serendipitous outcomes.

While the pandemic brought restrictions to travel, there was an ever-growing desire to be part of international networks. Touch was very much missed, and In Your Hands explored new connections, inviting a dance between continents; a call and response with words and flowers; and an ode to the homes we had all spent so much time in, through the previous 14 months.

Our new-found confidence with the use of the digital lead to a main gallery exhibition which explored the ways in which contemporary artists were embracing new technologies in their work. 'Outside The Algorithm', offered a stimulating space for interaction and reflection, with a range of media and artworks including interactive projections, a controversial electric-acoustic radio album, experimental film from international female artists, creative coding and meditative GIFs.

In addition to our planned programme, we also hosted a quite unexpected and exceptional VIP visit in June 2021. During that month, Cornwall hosted the G7 Summit in Carbis Bay. At very short notice, the gallery was approached to see if we would host a visit by the First Lady of the United States, Dr Jill Biden. The visit took place on Saturday 12th June. We hosted a meeting between the First Lady and Bude Veteran Life Savers, and later, Dr Biden was taken on a tour of the gallery. The visit attracted global attention, and led to a significant spike in our social media reach, as reported below.

During the full year we attracted 27,997 visitors, a 43% increase on the prior year, but some way off a return to typical, pre-pandemic numbers, reflecting visitor patterns right across the sector.

We have continued to see a steep rise in our social media reach [Facebook up by 514% and Instagram 226% on the previous year]. However, some of this increase is attributable to our VIP visit in June 2021.

#### **We are reducing our environmental impact**

We remain strongly committed to reducing our carbon footprint and have established a Green Working Group, with staff and Trustee representation. A detailed carbon reduction action plan is under development, with support provided by external consultants.

We have taken action to reduce the volume of waste produced through our exhibitions programming, and developed innovative new approaches to exhibition design, with materials waste reduction in mind.

However, we have seen a significant rise in our energy consumption in 2021/22, directly attributable to the need to meet gallery environmental requirements stipulated by the Arts Council Collection, our principal lender of artworks during this period (see the data below).

Newlyn Art Gallery & the Exchange combined:

Energy 19 tonnes CO<sub>2</sub>e (2018/19)

Energy 32 tonnes CO<sub>2</sub>e (2020/21)

Energy 91 tonnes CO<sub>2</sub>e (2021/22)

Our three-year partnership with Arts Council Collection National Partners Programme, came to an end in summer 2022, after which we expect we will be able to relax our gallery environment controls, returning to, or improving upon previous years' levels of energy use.

# NEWLYN ART GALLERY LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

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#### Financial review

##### Our focus on financial resilience

Our priority remains to strengthen our financial position, eliminating our historic deficit and moving to a position in which reserves equivalent to 3-6 months turnover are secured.

During the previous financial year, we made great strides towards strengthening our reserves position, and that work continued in 2021/22, enabling us to achieve our Reserve Policy goal.

This achievement gives us much greater confidence to plan for the future, and helps to make the organisation a more attractive funding proposition to key funders including Arts Council England and key trusts and foundations. In November 2022, we secured a conditional offer of £1.1m in unrestricted revenue support from Arts Council England's National Portfolio Programme, covering the period 2023-26.

This was a challenging funding round, with many previously funded organisations receiving smaller awards or no funding offer. The level of support secured reflects the gallery's recent successful work in engaging with more diverse audiences and our commitment to strengthening our organisation's governance and financial structures.

These successes come at just the right time, strengthening our financial resilience at a time when this is likely to be tested, with rising costs, including energy, wages and suppliers' costs, that all businesses are facing.

##### Reserves policy

The gallery had a cumulative surplus as at 31st March 2022 of £185,628 (2021: deficit £23,231). This figure is known as free reserves and the calculation is shown at note 29. The calculation takes the total funds and removes the amount that is either restricted or tied up in property to arrive at the sum that is freely available to support the gallery's activities. It also shows the movement in free reserves between years – this year an increase of £208,859 between March 2021 and March 2022 (2021: increase of £112,772).

Whilst the free reserves increased by £208,859 in the year ended 31st March 2022, the operational surplus on unrestricted funds was £243,701, after adjustments relating to pension liabilities and other matters.

This increase in free reserves during the year is in part thanks to a boost to unrestricted reserves of £107,692 from the Cultural Relief Fund.

The level of free reserves required to cover running costs for 3-6 months is £133,000 - £266,000, based on unrestricted expenditure within unrestricted funds in the period. The gallery currently holds free reserves within this target level.

##### Principal funding sources

The gallery's main source of funding during the year was the Arts Council of England, who provided funding in respect of core costs, and through a grant to support our involvement in the Arts Council Collection National Partners Programme (ACC NPP).

Our current ACE National Partner Organisation (NPO) funding agreement was extended by a further year to March 2023, in response to the Covid-19 pandemic, with the total value of that grant totalling £1,929,392. As reported above, in spring 2022, a new application for NPO three-year-funding was submitted, and an award provisionally agreed in November 2022, totalling £1,105,251. Similarly, Cornwall Council has offered continuing funding for the organisation, covering the next four years, their award totalling £75,000.

As reported above, we have been very successful in securing additional, multi-year restricted funding from other trusts and foundations. Individual philanthropy remains an important part of the organisation's income however, the economic impact of the Covid-19 pandemic continues to make fundraising generally more challenging.

##### Risk management

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

The trustees have conducted a review of the major risks to which the charity is exposed and systems have been established to mitigate those risks. Assessment is reviewed on a regular basis.

# NEWLYN ART GALLERY LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

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### FUTURE PLANS

In spring 2017, we worked with staff and trustees to refresh our values, vision and mission. As part of that process, we reflected on the organisation's history and the principles of its founder, the philanthropist John Passmore Edwards.

He saw culture as 'a ladder the poor might climb', to help them rise out of deprivation and override a prevailing dearth of ambition in a place such as Newlyn at the end of the 19th century.

Our intention is to reactivate these founding principles, contributing to debate among contemporary arts organisations and curators as to how art and the art institution can perform both a societal and civic function and be relevant to prevailing social and political issues.

The following values, vision and mission emerged from this processes:

#### Values:

Change-making  
Rooted in place  
Part of a global art conversation

#### Vision:

We believe that art can inspire and drive change

#### Mission:

To connect Cornwall with visual arts internationally, for the benefit of the community and development of artists.

The impact of the Covid-19 pandemic on communities across Cornwall and further afield, has been huge. The murder of George Floyd and rise of the Black Lives Matter movement, has also profoundly affected many of the communities we work with and support. Our stand in supporting our immediate communities now seems more important than ever.

Our Goals for 2018/19 to 2022/23

We have established the following five goals for the period and have developed Key Performance Indicators (KPIs) to enable us to monitor progress towards them.

*We are driving up the quality of our product*

*We are engaging more people*

*We are taking a lead role in strengthening our sector*

*We are improving our financial position*

*Our staff, volunteers and trustees are getting even better at what they do*

From February 2020, we began delivery of our new ACC NPP programme, supported by a growing staffing team.

### Structure, governance and management

#### Governing document

The charity is controlled by its governing document, the memorandum and articles of association, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

B Biscoe (Resigned 19 July 2021)

M R Bird

N Scott

M Barrett

V Button

C Mitchell (Resigned 5 November 2021)

B Naughton-Rumbo

L Tait

# NEWLYN ART GALLERY LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

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C Rayment	(Appointed 1 December 2021 and resigned 26 September 2022)
R Dunlop	(Appointed 1 December 2021)
G Buenfeld-Murley	(Appointed 1 December 2021)
H Buckingham	(Appointed 1 December 2021)
J Bulman	(Appointed 1 December 2021)
N Williams	(Appointed 1 December 2021)

### Recruitment and appointment of new trustees

The Board administers the charity and meets bi-monthly or as required. The Finance Committee meets regularly with the Director and Senior Finance Manager. Other working groups, such as a Public Programme Group meet as required. Their membership is drawn from the board. Members of the Board are elected at the Annual General Meeting and retire by rotation every three years. Elected members of the Board are trustees and directors of the charity.

### Induction and training of new trustees

New trustees are provided with a tour of the organisation's two sites, where they have an opportunity to meet the gallery staff and volunteers. They also meet with the Chair and Gallery Director and are briefed on the history and the future plans of the organisation. New board members are also required to sign a Statement of Director's Obligations and Code of Conduct, which helps to clarify their individual and collective responsibilities to the company.

### Auditor

In accordance with the company's articles, a resolution proposing that Azets Audit Services be reappointed as auditor of the company will be put at a General Meeting.

### Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The trustees' report was approved by the Board of Trustees.

*Miranda Bird*

Miranda Bird (Dec 15, 2022 12:20 GMT)

**M R Bird**

Trustee

Dated: Dec 15, 2022

# **NEWLYN ART GALLERY LIMITED**

## **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

***FOR THE YEAR ENDED 31 MARCH 2022***

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The trustees, who are also the directors of Newlyn Art Gallery Limited for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# NEWLYN ART GALLERY LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE TRUSTEES OF NEWLYN ART GALLERY LIMITED

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#### Opinion

We have audited the financial statements of Newlyn Art Gallery Limited (the 'charity') for the year ended 31 March 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes 1 to 30 to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2022 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

# NEWLYN ART GALLERY LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE TRUSTEES OF NEWLYN ART GALLERY LIMITED

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#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

#### **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# NEWLYN ART GALLERY LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE TRUSTEES OF NEWLYN ART GALLERY LIMITED

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#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

#### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Matthew Webb*

Matthew Webb (Dec 15, 2022 16:25 GMT)

**Matthew Webb (Senior Statutory Auditor)**  
for and on behalf of Azets Audit Services

Dec 15, 2022

.....

**Chartered Accountants**  
**Statutory Auditor**

Woodlands Court  
Truro Business Park  
Truro  
Cornwall  
United Kingdom  
TR4 9NH

# NEWLYN ART GALLERY LIMITED

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2022

### Current financial year

		Unrestricted funds	Endowment funds designated	Restricted funds	Total	Total
	Notes	2022 £	2022 £	2022 £	2022 £	2021 £
<b><u>Income from:</u></b>						
Donations and legacies	3	89,511	-	2,789	92,300	192,616
Charitable activities	4	434,498	-	535,256	969,754	737,859
Other trading activities	5	139,302	-	309	139,611	81,836
Investments	6	1,489	-	-	1,489	23
<b>Total income</b>		<b>664,800</b>	<b>-</b>	<b>538,354</b>	<b>1,203,154</b>	<b>1,012,334</b>
<b><u>Expenditure on:</u></b>						
Raising funds	7	118,987	-	4,285	123,272	81,364
Charitable activities	8	404,467	-	483,776	888,243	683,194
Other	12	-	-	-	-	785
<b>Total resources expended</b>		<b>523,454</b>	<b>-</b>	<b>488,061</b>	<b>1,011,515</b>	<b>765,343</b>
<b>Net incoming resources before transfers</b>		<b>141,346</b>	<b>-</b>	<b>50,293</b>	<b>191,639</b>	<b>246,991</b>
Gross transfers between funds		102,355	-	(102,355)	-	-
<b>Net income/(expenditure) for the year/ Net movement in funds</b>		<b>243,701</b>	<b>-</b>	<b>(52,062)</b>	<b>191,639</b>	<b>246,991</b>
Fund balances at 1 April 2021		2,328,383	527,373	1,450,306	4,306,062	4,059,071
<b>Fund balances at 31 March 2022</b>		<b>2,572,084</b>	<b>527,373</b>	<b>1,398,244</b>	<b>4,497,701</b>	<b>4,306,062</b>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

# NEWLYN ART GALLERY LIMITED

## STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2022

Prior financial year

		Unrestricted funds	Endowment funds designated	Restricted funds	Total
	Notes	2021 £	2021 £	2021 £	2021 £
<b><u>Income from:</u></b>					
Donations and legacies	3	188,436	-	4,180	192,616
Charitable activities	4	410,015	-	327,844	737,859
Other trading activities	5	77,101	-	4,735	81,836
Investments	6	23	-	-	23
<b>Total income</b>		<b>675,575</b>	<b>-</b>	<b>336,759</b>	<b>1,012,334</b>
<b><u>Expenditure on:</u></b>					
Raising funds	7	81,360	-	4	81,364
Charitable activities	8	463,281	-	219,913	683,194
Other	12	785	-	-	785
<b>Total resources expended</b>		<b>545,426</b>	<b>-</b>	<b>219,917</b>	<b>765,343</b>
<b>Net incoming resources before transfers</b>		<b>130,149</b>	<b>-</b>	<b>116,842</b>	<b>246,991</b>
<b>Net income/(expenditure) for the year/ Net movement in funds</b>		<b>130,149</b>	<b>-</b>	<b>116,842</b>	<b>246,991</b>
Fund balances at 1 April 2020		2,198,234	527,373	1,333,464	4,059,071
<b>Fund balances at 31 March 2021</b>		<b>2,328,383</b>	<b>527,373</b>	<b>1,450,306</b>	<b>4,306,062</b>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

# NEWLYN ART GALLERY LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022		2021	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	13	3,382,842		3,412,289	
Heritage assets	14	527,373		527,373	
Investments	15	82,117		82,117	
		<u>3,992,332</u>		<u>4,021,779</u>	
<b>Current assets</b>					
Stocks	16	29,745		19,884	
Debtors	17	160,161		66,091	
Cash at bank and in hand		526,615		375,345	
		<u>716,521</u>		<u>461,320</u>	
<b>Creditors: amounts falling due within one year</b>	18	<u>(128,828)</u>		<u>(72,885)</u>	
Net current assets		587,693		388,435	
<b>Total assets less current liabilities</b>		4,580,025		4,410,214	
<b>Creditors: amounts falling due after more than one year</b>	19	(82,324)		(104,152)	
<b>Net assets</b>		<u>4,497,701</u>		<u>4,306,062</u>	
<b>Income funds</b>					
Restricted funds	22	1,398,244		1,450,306	
Endowment funds - designated		527,373		527,373	
Unrestricted funds		2,572,084		2,328,383	
		<u>4,497,701</u>		<u>4,306,062</u>	

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Dec 15, 2022

The financial statements were approved by the Trustees on .....

*Miranda Bird*

Miranda Bird (Dec 15, 2022 12:20 GMT)

M R Bird  
Trustee

*Myfanwy Barrett*

Myfanwy Barrett (Dec 17, 2022 12:02 GMT)

M Barrett  
Trustee

Company Registration No. 01310070

# NEWLYN ART GALLERY LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

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	Notes	2022 £	£	2021 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	26		222,709		384,622
<b>Investing activities</b>					
Purchase of tangible fixed assets		(63,436)		(25,241)	
Proceeds on disposal of tangible fixed assets		-		12,149	
Interest received		1,489		23	
		<u>          </u>		<u>          </u>	
<b>Net cash used in investing activities</b>			(61,947)		(13,069)
<b>Financing activities</b>					
Repayment of bank loans		(9,492)		(9,591)	
		<u>          </u>		<u>          </u>	
<b>Net cash used in financing activities</b>			(9,492)		(9,591)
<b>Net increase in cash and cash equivalents</b>			151,270		361,962
Cash and cash equivalents at beginning of year			375,345		13,383
			<u>          </u>		<u>          </u>
<b>Cash and cash equivalents at end of year</b>			526,615		375,345
			<u>          </u>		<u>          </u>

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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### 1 Accounting policies

#### Charity information

Newlyn Art Gallery Limited is a charitable company limited by guarantee incorporated in England and Wales. The registered office is The Exchange, Princes Street, Penzance, Cornwall, TR18 2NL, United Kingdom.

#### 1.1 Accounting convention

The financial statements have been prepared in accordance with the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention, modified to include investments at fair value and heritage assets at valuation. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

The financial statements have been prepared on the going concern basis. The Board has considered a period of twelve months from the date of approval of the financial statements and has a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. In making their assessment the directors have considered the impact of the COVID-19 pandemic on the charitable company's ability to continue as a going concern. There are no material uncertainties which may create significant doubt over the charitable company's ability to continue as a going concern.

#### 1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds, comprising a collection of paintings and artefacts held for the benefit of the charity, are subject to specific conditions by donors that the capital must be maintained by the charity.

#### 1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

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#### 1 Accounting policies

(Continued)

Income from government and other grants is recognised when the charity has entitlement to the funds, any performance conditions attached to the grant have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income from other charitable activities is recognised when the goods or services have been provided.

Interest income is recognised using the effective interest rate method.

Trading income is recognised when the goods have been provided, typically at the point of sale, or as services are performed. Rental income is recognised on a straight line basis over the term of the rental agreement.

#### 1.5 Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Costs of raising funds are the costs of trading for fundraising purposes.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Support costs comprise the costs of governance including audit fees and finance costs. These are wholly allocated to charitable activities on the basis that they are incurred in support of the charitable company's pursuance of its charitable activities.

#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Freehold property	2% on cost
Leasehold land and buildings	2% on cost
Tools and equipment	10% on cost
Computer equipment	25% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

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### 1 Accounting policies

(Continued)

#### 1.7 Heritage assets

Heritage assets are measured at valuation and comprise the collection of artworks held in support of the Gallery's primary objective of increasing knowledge, understanding and appreciation of art. These are primarily paintings and drawings, with some prints and medals.

The majority are housed at The Exchange, Princes Street, Penzance TR18 2NL and the remainder at Penlee House Gallery and Museum, Morrab Road, Penzance, TR18 4HE. These works are not for sale and comprise the Permanent Collection, Langley Medals and all items on loan to Penlee House Gallery and Museum.

The trustees consider the Heritage assets to have indeterminate lives and a high residual value, hence the trustees do not consider it necessary to charge depreciation.

#### 1.8 Fixed asset investments

The Gallery holds two collections of works as investments, the Reuss Collection and Reserve Collection. These are available for sale and held primarily for investment gain or income generation and thus cannot be classified as heritage assets. These investments are measured at fair value.

#### 1.9 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

#### 1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

#### 1.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.12 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

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#### 1 Accounting policies

(Continued)

##### **Basic financial liabilities**

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

#### 1.13 Taxation

The charity is exempt from corporation tax on its charitable activities.

#### 1.14 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.15 Retirement benefits

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown within creditors in the balance sheet.

The charitable company also makes payments to a defined benefit scheme, the Pension Scheme for Administration and Technical Staff in the Arts ("the Scheme"), which has ceased to accrue pension benefits but which has a deficit in its fund. The company remains liable for its portion of the deficit in the Scheme funds. The assets of the Scheme are administered by a trustee, in a fund independent from those of the charitable company.

The Scheme is a multi-employer scheme and the charitable company is unable to identify its share of the underlying assets and liabilities. There is a funding agreement in place to eliminate that element of the deficit in the Scheme which is relative to the charitable company.

A liability has been recognised in the balance sheet equal to the net present value of the future deficit reduction payments. The payments are discounted to present value using the market yield on high quality corporate bonds which currently equates to 2.4% (2021: 0.7%). Further details relating to the pension schemes are set out in note 25.

#### 1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease.

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

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#### 2 Critical accounting estimates and judgements

In the application of the charitable company's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities include the inputs and estimates used in determining the fair value of investments and heritage assets and the estimates used in determining the carrying amount of the defined benefit scheme liability.

#### 3 Donations and legacies

	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Total</b>	Unrestricted funds	Restricted funds	Total
	<b>2022</b>	<b>2022</b>	<b>2022</b>	2021	2021	2021
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Donations including admissions	37,281	1,632	38,913	19,436	4,180	23,616
Government Covid related grants	48,430	1,157	49,587	166,593	-	166,593
Subscriptions	3,800	-	3,800	2,407	-	2,407
	<u>89,511</u>	<u>2,789</u>	<u>92,300</u>	<u>188,436</u>	<u>4,180</u>	<u>192,616</u>

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 4 Charitable activities

	Charitable Activities 2022 £	Charitable Activities 2021 £
Performance related grants	933,215	718,254
Other income	36,539	19,605
	<u>969,754</u>	<u>737,859</u>
Analysis by fund		
Unrestricted funds	434,498	410,015
Restricted funds	535,256	327,844
	<u>969,754</u>	<u>737,859</u>
<b>Performance related grants</b>		
Arts Council of England	373,173	368,474
Other grant income	74,445	65,300
Cornwall Council	21,936	21,936
Arts Council Catalyst Scheme	112,961	-
Arts Council Collection	170,000	120,000
Trusts and Foundations Project grants	100,000	14,000
Trusts and Foundations Capital Works grants	-	128,544
Other	80,700	-
	<u>933,215</u>	<u>718,254</u>

### 5 Other trading activities

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £
Fundraising events	4,401	278	4,679	100	4,735	4,835
Shop and café income	117,715	-	117,715	63,859	-	63,859
Rental and other trading income	17,186	31	17,217	13,142	-	13,142
	<u>139,302</u>	<u>309</u>	<u>139,611</u>	<u>77,101</u>	<u>4,735</u>	<u>81,836</u>

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 6 Investments

	Unrestricted funds	Unrestricted funds
	2022	2021
	£	£
Interest receivable	1,489	23

### 7 Raising funds

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2022	2022	2022	2021	2021	2021
	£	£	£	£	£	£
Trading costs						
Purchases	74,249	3,024	77,273	28,975	4	28,979
Stock movement	(9,861)	-	(9,861)	2,857	-	2,857
Cleaning	845	-	845	240	-	240
Utilities and property maintenance	3,017	392	3,409	374	-	374
Consumables	5,829	869	6,698	3,127	-	3,127
Equipment hire	1,545	-	1,545	1,605	-	1,605
Staff costs	43,363	-	43,363	44,182	-	44,182
	<u>118,987</u>	<u>4,285</u>	<u>123,272</u>	<u>81,360</u>	<u>4</u>	<u>81,364</u>
Trading costs	<u>118,987</u>	<u>4,285</u>	<u>123,272</u>	<u>81,360</u>	<u>4</u>	<u>81,364</u>

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 8 Charitable activities

	Charitable Activities 2022 £	Charitable Activities 2021 £
Staff costs	428,799	402,356
Depreciation and impairment	103,125	99,117
Telephone	2,777	3,082
Postage	4,407	2,622
Advertising	34,778	14,879
Utilities and property maintenance	61,718	41,996
Repairs and renewals	28,026	23,291
Event costs	12,542	9,007
Education	44,565	10,514
Exhibitions	102,635	32,868
Sundry expenditure	167	(2,180)
Travel and subsistence	8,895	1,583
Consultancy, legal and professional	28,439	7,461
Bank charges	3,459	2,006
Irrecoverable VAT	-	1,126
Hire of equipment	3,723	5,147
Insurance	7,405	8,412
Other charitable expenditure	(19,080)	494
	<u>856,380</u>	<u>663,781</u>
Share of support costs (see note 9)	2,580	2,464
Share of governance costs (see note 9)	29,283	16,949
	<u>888,243</u>	<u>683,194</u>
<b>Analysis by fund</b>		
Unrestricted funds	404,467	463,281
Restricted funds	483,776	219,913
	<u>888,243</u>	<u>683,194</u>

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

### 9 Support costs

	Support costs £	Governance costs £	2022 Support costs £	Governance costs £	2021 £
Interest payable	2,580	-	2,580	2,464	2,464
Auditor's remuneration	-	8,000	8,000	-	5,300
Auditor's remuneration for non-audit work	-	6,956	6,956	-	1,573
Legal and professional	-	14,327	14,327	-	10,076
	<u>2,580</u>	<u>29,283</u>	<u>31,863</u>	<u>2,464</u>	<u>16,949</u>
Analysed between Charitable activities	<u>2,580</u>	<u>29,283</u>	<u>31,863</u>	<u>2,464</u>	<u>16,949</u>

### 10 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year nor for the year ended 31 March 2021.

During the year no trustees were reimbursed for expenditure (2020: £nil).

### 11 Employees

The average monthly number of employees during the year was:

	2022 Number	2021 Number
Employees	<u>27</u>	<u>30</u>
<b>Employment costs</b>	<b>2022 £</b>	<b>2021 £</b>
Wages and salaries	423,784	393,077
Social security costs	31,658	20,685
Other pension costs	16,720	32,776
	<u>472,162</u>	<u>446,538</u>

There were no employees whose annual remuneration was £60,000 or more.

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 12 Other

	Total £ 2022	Unrestricted funds 2021
Net loss on disposal of tangible fixed assets	-	785

### 13 Tangible fixed assets

	Freehold property £	Leasehold land and buildings £	Tools and equipment £	Computer equipment £	Total £
<b>Cost</b>					
At 1 April 2021	2,639,589	1,961,127	79,472	63,868	4,744,056
Additions	36,240	-	14,447	22,989	73,676
At 31 March 2022	2,675,829	1,961,127	93,919	86,857	4,817,732
<b>Depreciation and impairment</b>					
At 1 April 2021	668,888	548,877	56,039	57,963	1,331,767
Depreciation charged in the year	52,936	39,222	3,996	6,969	103,123
At 31 March 2022	721,824	588,099	60,035	64,932	1,434,890
<b>Carrying amount</b>					
At 31 March 2022	1,954,005	1,373,028	33,884	21,925	3,382,842
At 31 March 2021	1,970,701	1,412,250	23,433	5,905	3,412,289

The lease held on Newlyn Art Gallery was renegotiated in 2006. The revised lease term is 99 years. The freehold of The Exchange Building was also purchased in July 2006 with funds secured from a number of grant making bodies. The principal funders were ERDF Objective 1 and Arts Council England.

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 14 Heritage assets

£

At 1 April 2021 and at 31 March 2022

527,373

In 1979, John Halkes, Director of Newlyn Art Gallery, initiated the first serious review of Newlyn School painting between 1880 and 1900. By 1985 his work had resulted in a major showing at the Barbican Art Gallery in London, while in Newlyn a second survey show dealt with 1900 to 1930. Halkes set out to begin a collection, attracting gifts from collectors and heirs and soliciting bequests from the Gallery's supporters. The Gallery was built in 1895 and has been showing work by artists attracted to West Cornwall ever since then; under Halkes' Directorship it was established as a publicly funded contemporary art gallery. It has since achieved a high reputation for its programme of exhibitions and education work but the idea of building a collection was lost along the way. It proved an impossible task with extremely limited staff and resources, and while a concentration upon current work was a condition of revenue funding.

The small group of art works John Halkes acquired are now on loan to the Penlee House Museum & Art Gallery in Penzance, where a specialisation in Newlyn School and related art has developed, and where this work is almost always on view. Other works given or bequeathed over the years have included works on paper by Charles Breaker and Bryan Wynter.

The Gallery's external valuer, David Lay FRICS, carried out a full valuation of the collection of artworks as at 31 March 2020. The valuation was based on commercial markets, including recent transaction information from auctions where similar types of paintings are regularly being purchased. The trustees are of the opinion that there was no material change in fair value during the year to 31 March 2022.

This valuation represents a significant estimate and the estimation uncertainties inherent in this valuation have a significant risk of resulting in a material adjustment to the carrying amount of these assets in a future period.

### 15 Fixed asset investments

Other  
investments  
£

#### Valuation

At 1 April 2021 & 31 March 2022

82,117

#### Carrying amount

At 31 March 2022

82,117

At 31 March 2021

82,117

### 16 Stocks

2022  
£

2021  
£

Stock

29,745

19,884

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 17 Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
Trade debtors	11,959	22,153
Other debtors	19,073	6,419
Prepayments and accrued income	129,129	37,519
	<u>160,161</u>	<u>66,091</u>

### 18 Creditors: amounts falling due within one year

	Notes	2022	2021
		£	£
Bank loans	20	9,688	9,354
Other taxation and social security		8,330	5,128
Trade creditors		54,150	27,697
Other creditors		32,056	16,549
Accruals and deferred income		24,604	14,157
		<u>128,828</u>	<u>72,885</u>

Included in Other Creditors is the current element of the net present value of the future pension deficit reduction payments £8,343 (2021: £9,348) as required by FRS 102. (See note 25).

### 19 Creditors: amounts falling due after more than one year

	Notes	2022	2021
		£	£
Bank loans	20	48,775	58,601
Other creditors		33,549	45,551
		<u>82,324</u>	<u>104,152</u>

Other creditors represents the non-current portion of the net present value of future pension deficit reduction payments as required by FRS 102. (See note 25).

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 20 Loans and overdrafts

	2022 £	2021 £
Bank loans	58,463	67,955
Payable within one year	9,688	9,354
Payable after one year	48,775	58,601
Amounts included above which fall due after five years:		
Payable by instalments	-	21,185

Lloyds Bank plc holds a first legal charge over the freehold land and buildings at The Exchange, Princes Street, Penzance.

In addition to the charge disclosed above, the Arts Council England holds a debenture securing £1,200,000 and all other monies due or to become due from the charitable company to the Art Council England. This is secured by a charge over the freehold property in Penzance and the leasehold property in Newlyn.

The loan is repayable in 120 consecutive monthly installments representing principal and interest.

The rate of interest payable on the loan during the Capped Rate Period, which runs until 3 July 2022, will be the lower of:

a) 3.60% over Base Rate per annum, and

b) the Capped Rate, being 4.95%.

From the end of the Capped Rate Period, the rate of interest payable will be 3.10% over Base Rate per annum.

### 21 Retirement benefit schemes

#### Defined contribution schemes

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £19,887 (2021: £23,945).

At the end of the year the amount outstanding for pension contributions was £2,886 (2021: £6,785).

**NEWLYN ART GALLERY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2022**

**22 Restricted funds**

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 April 2020		Movement in funds		Balance at 1 April 2021		Movement in funds		Balance at 31 March 2022	
	£	£	Incoming resources	Resources expended	£	£	Incoming resources	Resources expended	£	£
Arts Council	1,122,097	-	-	(90,760)	1,031,337	-	(90,760)	-	940,577	-
Tea, Cake & Art	2,836	8,915	8,915	(11,831)	(80)	2,941	(12,550)	-	(9,689)	-
Seaside	16,384	10,500	10,500	(1,262)	25,622	-	(22,665)	-	2,957	-
Jerwood	26,537	14,000	14,000	-	40,537	30,000	(25,783)	-	44,754	-
Arts Council Collection	165,610	170,000	170,000	(113,478)	222,132	171,187	(174,042)	-	219,277	-
Weston Culture	-	128,544	128,544	-	128,544	-	(35,135)	-	93,409	-
Film Historic	-	4,800	4,800	(1,306)	3,494	-	(33)	-	3,461	-
Cultural Relief Fund	-	-	-	(1,280)	(1,280)	161,373	(57,738)	(102,355)	-	-
National Portrait Gallery Project	-	-	-	-	-	-	(6,386)	-	(6,386)	-
Kickstarter grant	-	-	-	-	-	23,153	(12,994)	-	10,159	-
JAFMO	-	-	-	-	-	-	(289)	-	(289)	-
Paul Hamlyn	-	-	-	-	-	149,700	(49,686)	-	100,014	-
	<u>1,333,464</u>	<u>336,759</u>	<u>336,759</u>	<u>(219,917)</u>	<u>1,450,306</u>	<u>538,354</u>	<u>(488,061)</u>	<u>(102,355)</u>	<u>1,398,244</u>	

**Arts Council England**

Arts Council England has an interest in the freehold property that houses the Exchange Gallery; this is expires in 2026, which is 20 years after the building was acquired.

**Seaside Photographed** is a touring exhibition originated by Turner Contemporary, Margate, with Arts Council England Strategic Touring Fund to enable a commission for an artist to work with an early years group at each regional venue.

**Jerwood Newlyn Residency** creates six residencies at the galleries over a two year period for UK artists within the first 10 years of their practice, funded through Jerwood Arts' Development Programme Fund.

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

#### 22 Restricted funds

(Continued)

**Arts Council Collection National Partners Programme** is a three year partnership between ACC and Newlyn Art Gallery & The Exchange, Firstsite, Colchester and Sunderlnd Culture, with funding through Arts Council England for each venue to present nine exhibitions and accompanying programme featuring works from the Collection.

**Tea, Cake & Art** is a weekly artist-educator led creative social group for older or isolated people to meet and spend time with others. Running online and by post over the last 20 months, it is now also running as a blended in gallery session. Funded by Cornwall Social Inclusion Fund, Creative Cornwall Calling, Cllr McKenna's Community Fund and Cornwall Rural Community Charity (2020/21) and donations from individuals .

#### **Weston Culture**

The Weston Culture Fund aims to support the sector to restart its work, refresh activities and re-engage audiences following Covid-19 closures. We were awarded £128,544 in support of critical adaption to physical and digital infrastructure: Engine room conversion; front door improvements; digital resource; Newlyn garden and café improvements, an outdoor classroom kit, and integrated booking and online shop. They also supported new activity: international exchange project and exhibition In Your Hands and digital exhibition Outside The Algorithm.

The Garfield Weston Trustees were 'particularly impressed by the entrepreneurial approach and creativity shown throughout the pandemic and in the ways you have adapted and engaged audiences and communities. We are delighted to be able to support your organisation.'

#### **Film Historic**

In 2020 we were one of 10 cultural organisations awarded £5,000 by Historic England to commission local, young film makers to capture High Streets as they respond to Covid-19. The aim of the COVID-19 Response Grants was to creatively gain an insight into the ways in which High Streets are readjusting, recovering and reimagining themselves for the future. The commissioned films may be included in the Historic England Archive, the nation's archive for records of England's historic buildings, archaeology and social history. We worked with animators from Falmouth university and local filmmaker Rachael Jones to oversee the creative direction of the film.

#### **Cultural Relief fund: Grants Second Round**

The aim of the Culture Recovery Fund: Grants second round is to support organisations as they transition back to a viable and sustainable operating model during April-June 2021. We were awarded £161,373 to cover additional staffing, operational and marketing required to reopen; fees for three consultation exercises including digital and earned income reviews and groundwork for a cultural strategy for Penzance and Newlyn; contribution to building reserves equivalent to eight weeks turnover.

#### **National Portrait Gallery Project**

In December 2018 we entered into a partnership with the National Portrait Gallery (NPG) involving pupils from Mount's Bay Academy, Penzance, in the curating of a main-gallery exhibition, drawing on the NPG's internationally important collection. The exhibition was presented at The Exchange in summer 2022. NPG provided grant support totalling £73,000.

**NEWLYN ART GALLERY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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**22 Restricted funds**

**(Continued)**

**Kickstart Grant**

The UK government introduced the Kickstart Scheme to provide funding to create new jobs for 16 to 24 year olds on Universal Credit, who are at risk of long term unemployment. For each participant on the scheme the employer received an initial payment of £1,860, including a payment to the scheme gateway organization of £360 and £1500 going to the employer to support set up costs. An additional sum was provided to cover 100% of the employee's salary (at National Minimum Wage or National Living Wage, depending on the age of the employee), NI and pensions costs for their employment for 25 hours per week of a 6 month period. The gallery provided opportunities for three employees through this scheme. One programme participant, Joe Bulman, later joined the gallery as a Trustee.

**JAFMO**

In Spring/Summer 2022 we received awards totalling £3,339 from Cultivator and Jerwood Arts/Art Fund to support the delivery of the Jerwood Art Fund Makers Open (JAFMO). The exhibition was presented at Newlyn Art Gallery in summer 2022

**Paul Hamlyn**

In April 2021, we secured an award totalling £149,700 from the Paul Hamlyn Foundation, as part of their Teacher's Development Fund. The programme aims to support delivery of effective arts-based teaching and learning opportunities in the primary classroom, and to embed learning through the arts in the curriculum. The project is expect to conclude by June 2023.

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*FOR THE YEAR ENDED 31 MARCH 2022*

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### **23 Endowment funds**

Endowment funds represent assets which must be held permanently by the charity. Income arising on the endowment funds can be used in accordance with the objects of the charity and is included as unrestricted income. Any capital gains or losses arising on the assets form part of the fund.

This fund relates to the Heritage assets valued at £527,372 by David Lay FRICS in March 2020.

**NEWLYN ART GALLERY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2022**

24 Analysis of net assets between funds	Unrestricted funds		Endowment fund		Restricted funds		Total		Unrestricted funds		Endowment fund		Restricted funds		Total	
	2022	£	2022	£	2022	£	2022	£	2021	£	2021	£	2021	£	2021	£
Fund balances at 31 March 2022 are represented by:																
Tangible assets	2,442,265		-		940,577		3,382,842		2,380,952		-		1,031,337		3,412,289	
Heritage assets	-		527,373		-		527,373		-		527,373		-		527,373	
Investments	82,117		-		-		82,117		82,117		-		-		82,117	
Current assets/(liabilities)	130,026		-		457,667		587,693		(30,534)		-		418,969		388,435	
Long term liabilities	(82,324)		-		-		(82,324)		(104,152)		-		-		(104,152)	
	<u>2,572,084</u>		<u>527,373</u>		<u>1,398,244</u>		<u>4,497,701</u>		<u>2,328,383</u>		<u>527,373</u>		<u>1,450,306</u>		<u>4,306,062</u>	

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

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#### 25 Defined benefit scheme

The charitable company contributed to a defined benefit scheme; the "Pension Scheme for Administration and Technical Staff in the Arts" up to 14 December 2012 when the scheme was closed to future accrual. The charitable company remains liable for its portion of the deficit in the scheme funds. The assets of the scheme are administered by a trustee, in a fund independent from those of the charitable company.

The scheme is a multi-employer scheme and the charitable company is unable to identify its share of the underlying assets and liabilities. As noted in the Accounting Policies there is an agreement in place to eliminate that element of the deficit in the scheme which is relative to the charitable company.

The scheme is classified as a 'last-person standing arrangement'. Therefore, the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

The triennial valuation as at 31 March 2019 was agreed on 3 November 2020 and showed a funding shortfall of £2,299,000 (2016 valuation: £8,243,000). Newlyn Art Gallery, as one of several employers responsible for funding this shortfall, has agreed to pay monthly contributions of £779 from 1 July 2017 to 31 May 2027. There was no change to the funding liability or payment schedule following the most recent actuarial valuation.

A liability has been recognised in the balance sheet equal to the net present value of these future deficit reduction payments. The payments are discounted to present value using a yield curve derived from AA rated bonds in the iBoxx sterling corporate bond index, this gave a rate of 2.4% (2021: 0.7%). The net present value of the sum of the remaining monthly contributions as at 31 March 2022 is £41,892 (2021: £54,989) and this has been recorded as a liability in the balance sheet with £8,343 (2021: £9,348) in creditors falling due within one year and £33,549 (2021: £45,551) in creditors falling due after one year.

<b>26 Cash generated from operations</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Surplus for the year	191,639	246,996
Adjustments for:		
Investment income recognised in statement of financial activities	(1,489)	(23)
(Gain)/loss on disposal of tangible fixed assets	-	785
Depreciation and impairment of tangible fixed assets	103,123	99,117
Movements in working capital:		
(Increase)/decrease in stocks	(9,861)	3,071
(Increase)/decrease in debtors	(94,070)	34,032
Increase in creditors	33,367	644
<b>Cash generated from operations</b>	<b>222,709</b>	<b>384,622</b>

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

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#### 27 Analysis of changes in net funds

	At 1 April 2021	Cash flows At 31 March 2022	
	£	£	£
Cash at bank and in hand	375,345	151,270	526,615
Loans falling due within one year	(9,354)	(334)	(9,688)
Loans falling due after more than one year	(58,601)	9,826	(48,775)
	<u>307,390</u>	<u>160,762</u>	<u>468,152</u>

#### 28 Operating lease commitments

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022	2021
	£	£
Within one year	2,787	2,787
Between two and five years	1,690	4,477
	<u>4,477</u>	<u>7,264</u>

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 29 Free reserves

Of funds held at the year end, £2,572,084 were unrestricted. Restricted funds comprise £1,398,244 consisting of the funds disclosed in note 22. Free reserves are that part of the charity's unrestricted funds that is freely available to spend on any of the charity's purposes. At 31 March 2022 the charity's free reserves were in surplus by £185,628 (2021: deficit by £23,231).

Free reserves are calculated as follows:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Total funds at 31 March	4,497,701	4,306,063
Less: endowment funds	(527,373)	(527,373)
Less: Freehold property	(1,954,005)	(1,970,701)
Less: Leasehold property	(1,373,028)	(1,412,250)
Less: Tea, Cake & Art restricted fund	9,689	80
Less: Seaside restricted fund	(2,957)	(25,622)
Less: Jerwood restricted fund	(44,754)	(40,537)
Less: Arts Council Collection restricted fund	(219,277)	(222,133)
Less: Weston Culture restricted fund	(93,409)	(128,544)
Less: Film Historic restricted fund	(3,461)	(3,494)
Less: Cultural Relief restricted fund	-	1,280
Less: National Portrait Gallery Project	6,386	-
Less: Kickstarter grant	(10,159)	-
Less: JAFMO	289	-
Less: Paul Hamlyn	(100,014)	-
	<u>185,628</u>	<u>(23,231)</u>

As the Arts Council restricted funds of £940,577 (2021: £1,031,337) relate to the freehold and leasehold properties that have been deducted in arriving at the free reserves above, this restricted fund has not been separately excluded in the analysis above.

### Movement in Free Reserves:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Balance at start of year</b>	(23,231)	(136,003)
Property additions	(36,240)	(18,635)
Property depreciation in the year	92,158	92,015
Surplus / (Deficit) for the year	191,638	246,992
Less: revaluation of heritage assets	-	-
Decrease/(increase) in restricted funds (excl. property)	(38,697)	(207,600)
Balance at end of year	<u>185,628</u>	<u>(23,231)</u>

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*FOR THE YEAR ENDED 31 MARCH 2022*

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### 30 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2022	2021
	£	£
Aggregate compensation	137,793	135,578

**NEWLYN ART GALLERY LIMITED**

England & Wales - Charity number 273785

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# Accounts

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**Charity Registration No. 273785**

**Company Registration No. 01310070 (England and Wales)**

**NEWLYN ART GALLERY LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

# NEWLYN ART GALLERY LIMITED

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	M R Bird N Scott M Barrett V Button B Naughton-Rumbo L Tait C Rayment R Dunlop G Centre H Buckingham J Bulman N Williams	(Appointed 1 December 2021) (Appointed 1 December 2021) (Appointed 1 December 2021) (Appointed 1 December 2021) (Appointed 1 December 2021) (Appointed 1 December 2021)
<b>Secretary</b>	N Scott	
<b>Charity number</b>	273785	
<b>Company number</b>	01310070	
<b>Registered office</b>	The Exchange Princes Street Penzance Cornwall United Kingdom TR18 2NL	
<b>Auditor</b>	Azets Audit Services Woodlands Court Truro Business Park Truro Cornwall United Kingdom TR4 9NH	
<b>Gallery Director</b>	J Green	
<b>Observers</b>	M Jivram, Arts Council England	

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# NEWLYN ART GALLERY LIMITED

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# **NEWLYN ART GALLERY LIMITED**

## **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)**

### ***FOR THE YEAR ENDED 31 MARCH 2021***

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The trustees present their report and financial statements for the year ended 31 March 2021.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)".

#### **Objectives and activities**

##### **Objectives and aims**

The company is an educational charity with the object of advancing education in visual art. This object is met by the maintenance of Newlyn Art Gallery & The Exchange for the public exhibition of visual art, the provision of lectures, classes, and conferences calculated to advance education in visual art and the organisation of exhibitions of the company's art collection.

##### **Significant activities**

Through a programme of exhibitions and related education work, Newlyn Art Gallery Ltd promotes the understanding and appreciation of contemporary art. In the course of the programme the gallery collaborates with other organisations in the area and nationally to promote visual art. This core activity has not changed during the year.

##### **How our main activities deliver public benefit**

Our main activities are described below. Our charitable activities focus on providing a stimulating programme of exhibitions, learning projects and other activities undertaken to further our charitable purposes for the public benefit.

#### **Achievements and performance**

##### **Review of the Year**

The year to 31 March 2021 was a year of hardships and frustrations for many, but it has also brought opportunities for public-facing organisations to think in new ways about their role, and experiment with new ways of work.

As we moved through 2020, discussions continued about the UK's future outside of the European Union and the associated economic and political uncertainty, the Covid-19 pandemic struck. In the midst of this, the murder of George Floyd had a profound effect on our teams, and many of the people and communities we work with. All of these factors, and their consequences, not least our closure to comply with the government's Covid-19 management measures between March and mid-August 2020 and then again for four weeks in November 2020, have required us to adapt the ways we work in response to a rapidly shifting situation and the changing needs of those we wish to engage.

## **NEWLYN ART GALLERY LIMITED**

### **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021**

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#### **A programme adapted to the needs of our audiences**

In 2019 we secured support to join the Arts Council Collection National Partners Programme (ACC NPP). Our bid, entitled 'New Voices', aimed to address the lack of diversity in the sector and to give voice to diverse communities through the curating of exhibitions from the Arts Council Collection (ACC), and to test whether this approach would lead to changes in the profile of the audiences we reach.

Closure forced the suspension of much of the early part of that programme, including our ACC NPP exhibitions 'Go On Being So' and 'Hippo Campus', and other programmes including Lunchtime School, schools and holiday workshops, our weekly Tea, Cake & Art sessions for older people living alone, and outreach including work with Intercom Trust LGBTQIA+ young people and WILD Young Parents. This forced a rapid expansion of both our digital and non-digital offer as ways to reach audiences who are remote. Mindful of issues around digital poverty, we created postal projects, some equivalents of online resources, and some existing only in postal form.

We advanced long-held plans to create 360° virtual Matterport gallery tours of the halted gallery shows and established an art podcast featuring exhibiting artists. We converted two existing gallery groups to zoom groups. We initiated a highly successful discussion around Black history in Cornwall that was inspired by work in 'Go On Being So', but given fuel by the Black Lives Matter movement. We were able to transfer the work in the 'Young People's Art Prize' into a digital exhibition and later improved on that model with an indexed digital catalogue of all 900 artwork postcards submitted to us during lockdown, that formed the September gallery exhibition 'Extraordinary Postcards For Extraordinary Times'. Throughout, our social media marketing became key to communicating and engaging audiences wherever they were reached.

When the gallery was able to safely reopen in mid-August, we extended the run of 'Hippo Campus' and 'Go On Being So', both of which prompted a warm response from visitors.

During the full-year we attracted 19,568 visits to our two sites, and estimate that 13,000 people engaged with our public of-site commissioning. Meanwhile our digital offer grew, and the numbers engaged through these means did too. We saw numbers of visits to our website increase by 67% compared to a previous typical year and the numbers engaged through digital events increased by 44%.

In spite of the challenges, this has been a period of rapid prototyping and testing of new programmes and invaluable lessons have been learnt that will inform new approaches to our future work.

## **NEWLYN ART GALLERY LIMITED**

### **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)**

#### ***FOR THE YEAR ENDED 31 MARCH 2021***

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##### **A Celebration of 125 years**

Measures imposed to reduce the spread of Covid-19 required us to radically rethink our approach to celebrating Newlyn Art Gallery's 125th anniversary year this October. With plans for a gala dinner and large public gathering cancelled, we focussed energy on delivering an autumn programme that reflected our values, addressing the real needs of our communities.

During the first lockdown we initiated a project entitled 'Extraordinary Postcards For Extraordinary Times' which involved posting out oversized blank postcards to the public, with an invitation to them to use the card to illustrate something of their experiences during lockdown. The response was incredible. More than 6000 cards were posted out in response to requests from across Cornwall, the UK and the world. We received requests from a Doctor in Taipei, a nunnery in Hong Kong and individuals in Norway and Canada. We invited participants to return their cards to the gallery, on loan, to form the centrepiece of our anniversary programme.

The resulting exhibition opened at Newlyn Art Gallery in September 2020 and contained more than 900 postcard artworks from across the world. Alongside this exhibition we presented an ACC exhibition of huge textile works by the acclaimed artist Grayson Perry; an artist whose television programmes during lockdown contributed significantly to the nation's sense of wellbeing at a hugely challenging time for many.

The resulting anniversary programme attracted a fantastic response from visitors, supported by remodelled, Covid-safe cafes and shops at both sites, including a very successful new Garden Café at Newlyn.

Whilst most galleries reported reductions in footfall to between 15% and 40% of usual levels, in October our attendances were up by 141% on the prior year, with a comparable increase in trading results, supporting the view that people were prepared to return to visiting galleries, in spite of all the challenges, when programmes responded directly to peoples lived experience of the pandemic.

Between September 2020 and February 2021 we presented 'Sign of the Times', an off-site project celebrating the role artists had played nationally in raising the public mood through the production and presentation of billboard artworks. Temporary billboards were erected around the Newlyn site, bringing colour and messages of optimism to our immediate communities, as we all navigated a course through a difficult winter.

The whole staffing team, including our volunteers, has risen to every challenge they faced during this extraordinary year, and has positioned us well to respond to future eventualities. The Board extends their heartfelt thanks and congratulations to them all.

##### **We sought to reflect greater diversity in our programming and amongst our staffing team**

Diversifying our workforce and reaching new communities is one of our top priorities. This year we have made great progress, resulting in ACE awarding us a Creative Case for Diversity rating of OUTSTANDING (summer 2020).

ACC NPP funding has enabled us to recruit new staff, giving us an opportunity to completely rethink our recruitment methods, in a bid to attract more diverse applicants to key posts. Our first round of recruitment was successful in this objective, leading to the appointment of two members of staff, both of whom identify as having protected characteristics under-represented in the existing staffing cohort.

We have made progress in diversifying our Board membership in the past 18 months, successfully increasing the range of ages represented. A further round of Board recruitment took place in October 2021, resulting in further broadening of the skills and life-experiences of Trustees, to the betterment of the gallery.

Our Director sits on the Plus Tate Diversity Working Group, seeking to influence this agenda in the sector nationally.

## **NEWLYN ART GALLERY LIMITED**

### **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)**

#### ***FOR THE YEAR ENDED 31 MARCH 2021***

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##### **Black Lives Matter**

In May 2020, the shocking murder of George Floyd, and subsequent events globally have triggered a profound moment where we are all challenged to consider our part in the Black Lives Matter agenda, and to act to oppose structural racism in society, in the sector and in the gallery. A particularly corrosive form of racism is part of every black person's lived experience in Cornwall, and for this to change requires all of us to work together. As an organisation, a first step is recognising, naming and addressing our own failings. The vast majority of staff and volunteers are white, as are all of our management team and Trustees. We are working hard to change this, and are committed to sharing our learning with peers nationally, through our professional networks.

During 2020/21 we established a strong working relationship with Black Voices Cornwall (BVC), providing them with a platform at our venues and commissioning them to provide anti-racism training for staff and Trustees. In July 2021, we commissioned BVC to curate a main gallery exhibition at The Exchange as part of our Arts Council Collection National Partners Programme. The exhibition will be delivered in spring 2022, enabling us to continue to reflect publicly our commitment to anti-racism in the county and beyond.

##### **We are reducing our environmental impact**

We remain strongly committed to reducing our carbon footprint. Between 2012 and 2019, we achieved year-on-year reductions in our carbon emissions, but have since seen increases.

Newlyn Art Gallery & the Exchange combined:

Energy 64 tonnes CO<sub>2</sub>e (2013/14)

Energy 19 tonnes CO<sub>2</sub>e (2018/19)

Energy 32 tonnes CO<sub>2</sub>e (2020/21)

A 50% reduction over seven years, but since 2018/19 a rise of 13 tonnes.

The trend over the past decade has been very positive. However, in more recent years that has not been the case. This was predicted however and is directly attributable to our needing to maintain more specific gallery environmental conditions in order to secure loans as part of our commitment to the Arts Council Collection National Partners Programme.

Our objective now is to explore ways of continuing to reduce our carbon footprint, without compromising the ambition of our future programme.

## **NEWLYN ART GALLERY LIMITED**

### **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)**

#### ***FOR THE YEAR ENDED 31 MARCH 2021***

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#### **Financial review**

##### **Our focus on financial resilience**

Our priority remains to strengthen our financial position, eliminating our historic deficit and moving to a position in which reserves equivalent to 3-6 months turnover are secured.

This has been a challenging year, however, thanks to the extraordinary commitment of the gallery team, we secured substantial new funding from ACE, Weston Culture and others, to strengthen the organisation and build our reserves, in turn improving our resilience against likely financial challenges ahead. Funding received from the Culture Recovery Fund 2 alone, helped us to reinflate our free reserves by £107,000. With other contributory factors taken into accounts, by Autumn 2021 we estimate we hold positive reserves in the region of £115,000, achieving our stated reserves target three years ahead of the date stated in our previous reserves policy.

This achievement gives us much greater confidence to plan for the future, and helps to make the organisation a more attractive funding proposition to key funders including Arts Council England and key trusts and foundations. Our success in attracting support from organisations like the Paul Hamlyn Foundation, National Portrait Gallery, Jerwood Arts and others, also gives other funders, including private individuals, reassurance that we are a safe investment, with a track record of delivering outcomes funders are looking to see achieved.

In early 2022, we will prepare our application for Arts Council England National Portfolio Organisation funding for the period 2023-27. This is likely to be a challenging funding round, however our strengthened financial position will lead to an improve ACE risk rating, which is key to increasing our prospects of securing future investment.

##### **Reserves policy**

The gallery had a cumulative deficit as at 31st March 2021 of £23,231 (2020: deficit £136,003). This figure is known as free reserves and the calculation is shown at note 29. The calculation takes the total funds and removes the amount that is either restricted or tied up in property to arrive at the sum that is freely available to support the gallery's activities. It also shows the movement in free reserves between years – this year an increase of £112,772 between March 2020 and March 2021 (2020: increase of £30,116).

Whilst the free reserves increased by £112,772 in the year ended 31st March 2021, the operational surplus on unrestricted funds was £130,149, after adjustments relating to pension liabilities and other matters.

Since March 2021 the gallery has received additional funding of £128,333 from the Cultural Relief Fund, which will be added to reserves, along with any operating surplus for the year, and the Gallery therefore expects to have free reserves of at least £115,000 by the end of 2021-22.

The minimum level of free reserves required to cover running costs for 3 months is £115,000. Therefore the gallery is on track to meet or exceed this target by March 2022, which would mark a very substantial improvement in financial stability. However, the gallery recognises the ongoing uncertainty due to COVID and the wider economic situation.

## **NEWLYN ART GALLERY LIMITED**

### **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)**

***FOR THE YEAR ENDED 31 MARCH 2021***

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#### **Principal funding sources**

The gallery's main source of funding during the year was the Arts Council of England, who provided funding in respect of core costs, and through a grant to support our involvement in the Arts Council Collection National Partners Programme (ACC NPP).

Our current National Partner Organisation (NPO) funding agreement has been extended by a further year to March 2022, in response to the Covid-19 pandemic, with the total value of that grant now totalling £1,929,392 . Cornwall Council's funding of the gallery continues through an annual grant of £21,936. However, in addition, this year the council awarded a separate, additional grant of £50,000 to provide match funding for the Arts Council's funding of our ACC NPP programme.

As reported above, we have been very successful in securing additional, multi-year restricted funding from ACE and other trusts and foundations. Individual philanthropy remains an important part of the organisation's income however, the economic impact of the Covid-19 pandemic has made fundraising generally more challenging.

#### **Risk management**

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

The trustees have conducted a review of the major risks to which the charity is exposed and systems have been established to mitigate those risks. Assessment is reviewed on a regular basis.

## **NEWLYN ART GALLERY LIMITED**

### **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)**

#### ***FOR THE YEAR ENDED 31 MARCH 2021***

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#### **FUTURE PLANS**

In spring 2017, we worked with staff and trustees to refresh our values, vision and mission. As part of that process, we reflected on the organisation's history and the principles of its founder, the philanthropist John Passmore Edwards.

He saw culture as 'a ladder the poor might climb', to help them rise out of deprivation and override a prevailing dearth of ambition in a place such as Newlyn at the end of the 19th century.

Our intention is to reactivate these founding principles, contributing to debate among contemporary arts organisations and curators as to how art and the art institution can perform both a societal and civic function and be relevant to prevailing social and political issues.

The following values, vision and mission emerged from this processes:

#### **Values:**

Change-making  
Rooted in place  
Part of a global art conversation

#### **Vision:**

We believe that art can inspire and drive change

#### **Mission:**

To connect Cornwall with visual arts internationally, for the benefit of the community and development of artists.

The impact of the Covid-19 pandemic on communities across Cornwall and further afield, has been huge. The murder of George Floyd and rise of the Black Lives Matter movement, has also profoundly affected many of the communities we work with and support. Our stand in supporting our immediate communities now seems more important than ever.

#### **Our Goals for 2018/19 to 2021/22**

We have established the following five goals for the period and have developed Key Performance Indicators (KPIs) to enable us to monitor progress towards them.

*We are driving up the quality of our product*

*We are engaging more people*

*We are taking a lead role in strengthening our sector*

*We are improving our financial position*

*Our staff, volunteers and trustees are getting even better at what they do*

From February 2020, we began delivery of our new ACC NPP programme, supported by a growing staffing team.

#### **Structure, governance and management**

##### **Governing document**

The charity is controlled by its governing document, the memorandum and articles of association, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

B Biscoe (Resigned 19 July 2021)

M R Bird

N Scott

M Barrett

V Button

C Mitchell

(Resigned 5 November 2021)

# NEWLYN ART GALLERY LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

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B Naughton-Rumbo

L Tait

C Rayment (Appointed 1 December 2021)

R Dunlop (Appointed 1 December 2021)

G Centre (Appointed 1 December 2021)

H Buckingham (Appointed 1 December 2021)

J Bulman (Appointed 1 December 2021)

N Williams (Appointed 1 December 2021)

### Recruitment and appointment of new trustees

The Board administers the charity and meets bi-monthly or as required. The Finance Committee meets regularly with the Director and Senior Finance Manager. Other working groups, such as a Public Programme Group meet as required. Their membership is drawn from the board. Members of the Board are elected at the Annual General Meeting and retire by rotation every three years. Elected members of the Board are trustees and directors of the charity.

### Induction and training of new trustees

New trustees are provided with a tour of the organisation's two sites, where they have an opportunity to meet the gallery staff and volunteers. They also meet with the Chair and Gallery Director and are briefed on the history and the future plans of the organisation. New board members are also required to sign a Statement of Director's Obligations and Code of Conduct, which helps to clarify their individual and collective responsibilities to the company.

### Auditor

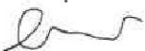
Azets Audit Services, who have expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

### Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The trustees' report was approved by the Board of Trustees.

DocuSigned by:



..Z331680A07AF9F.....

**M R Bird**

Trustee 10 December 2021 | 05:17 PST

Dated: .....

## **NEWLYN ART GALLERY LIMITED**

### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

#### ***FOR THE YEAR ENDED 31 MARCH 2021***

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The trustees, who are also the directors of Newlyn Art Gallery Limited for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# NEWLYN ART GALLERY LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE TRUSTEES OF NEWLYN ART GALLERY LIMITED

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#### Opinion

We have audited the financial statements of Newlyn Art Gallery Limited (the 'charity') for the year ended 31 March 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes 1 to 30 to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **NEWLYN ART GALLERY LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE TRUSTEES OF NEWLYN ART GALLERY LIMITED**

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##### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

##### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

##### **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

##### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## **NEWLYN ART GALLERY LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE TRUSTEES OF NEWLYN ART GALLERY LIMITED**

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**Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

## **NEWLYN ART GALLERY LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE TRUSTEES OF NEWLYN ART GALLERY LIMITED**

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##### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Azets Audit Services*

**Matthew Webb (Senior Statutory Auditor)  
for and on behalf of Azets Audit Services**

*13 December 2021*  
.....

**Chartered Accountants  
Statutory Auditor**

Woodlands Court  
Truro Business Park  
Truro  
Cornwall  
United Kingdom  
TR4 9NH

## NEWLYN ART GALLERY LIMITED

### STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2021

Current financial year		Unrestricted funds	Endowment funds designated	Restricted funds	Total	Total
	Notes	2021 £	2021 £	2021 £	2021 £	2020 £
<b>Income from:</b>						
Donations and legacies	2	188,436	-	4,180	192,616	59,985
Charitable activities	3	410,015	-	327,844	737,859	749,490
Other trading activities	4	77,101	-	4,735	81,836	130,491
Investments	5	23	-	-	23	58
<b>Total income</b>		<b>675,575</b>	<b>-</b>	<b>336,759</b>	<b>1,012,334</b>	<b>940,024</b>
<b>Expenditure on:</b>						
Raising funds	6	81,360	-	4	81,364	137,918
Charitable activities	7	463,281	-	219,913	683,194	721,605
Other	11	785	-	-	785	-
<b>Total resources expended</b>		<b>545,426</b>	<b>-</b>	<b>219,917</b>	<b>765,343</b>	<b>859,523</b>
Net gains/(losses) on investments	12	-	-	-	-	68,577
<b>Net incoming resources</b>		<b>130,149</b>	<b>-</b>	<b>116,842</b>	<b>246,991</b>	<b>149,078</b>
<b>Other recognised gains and losses</b>						
Revaluation of tangible fixed assets		-	-	-	-	144,443
<b>Net movement in funds</b>		<b>130,149</b>	<b>-</b>	<b>116,842</b>	<b>246,991</b>	<b>293,521</b>
Fund balances at 1 April 2020		2,198,234	527,373	1,333,464	4,059,071	3,765,548
<b>Fund balances at 31 March 2021</b>		<b>2,328,383</b>	<b>527,373</b>	<b>1,450,306</b>	<b>4,306,062</b>	<b>4,059,069</b>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

## NEWLYN ART GALLERY LIMITED

### STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2021

#### Prior financial year

		Unrestricted funds	Endowment funds designated	Restricted funds	Total
	Notes	2020 £	2020 £	2020 £	2020 £
<b>Income from:</b>					
Donations and legacies	2	58,388	-	1,597	59,985
Charitable activities	3	435,655	-	313,835	749,490
Other trading activities	4	130,491	-	-	130,491
Investments	5	58	-	-	58
<b>Total income</b>		<b>624,592</b>	<b>-</b>	<b>315,432</b>	<b>940,024</b>
<b>Expenditure on:</b>					
Raising funds	6	137,910	-	8	137,918
Charitable activities	7	524,784	-	196,821	721,605
<b>Total resources expended</b>		<b>662,694</b>	<b>-</b>	<b>196,829</b>	<b>859,523</b>
Net gains/(losses) on investments	12	68,577	-	-	68,577
Gross transfers between funds		9,469	-	(9,469)	-
<b>Net incoming resources</b>		<b>39,944</b>	<b>-</b>	<b>109,134</b>	<b>149,078</b>
<b>Other recognised gains and losses</b>					
Revaluation of tangible fixed assets		-	144,443	-	144,443
<b>Net movement in funds</b>		<b>39,944</b>	<b>144,443</b>	<b>109,134</b>	<b>293,521</b>
Fund balances at 1 April 2019		2,158,288	382,930	1,224,330	3,765,548
<b>Fund balances at 31 March 2020</b>		<b>2,198,232</b>	<b>527,373</b>	<b>1,333,464</b>	<b>4,059,069</b>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

# NEWLYN ART GALLERY LIMITED

## BALANCE SHEET

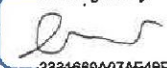
AS AT 31 MARCH 2021

	Notes	2021		2020	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	13		3,412,289		3,499,102
Heritage assets	14		527,373		527,373
Investments	15		82,117		82,117
			<u>4,021,779</u>		<u>4,108,592</u>
<b>Current assets</b>					
Stocks	16	19,884		22,955	
Debtors	17	66,091		100,123	
Cash at bank and in hand		375,345		13,383	
			<u>461,320</u>		<u>136,461</u>
<b>Creditors: amounts falling due within one year</b>	18	(72,885)		(71,578)	
Net current assets			<u>388,435</u>		<u>64,883</u>
<b>Total assets less current liabilities</b>			<u>4,410,214</u>		<u>4,173,475</u>
<b>Creditors: amounts falling due after more than one year</b>	19		(104,152)		(114,406)
<b>Net assets</b>			<u><u>4,306,062</u></u>		<u><u>4,059,069</u></u>
<b>Income funds</b>					
Restricted funds	22		1,450,306		1,333,464
Endowment funds - designated			527,373		527,373
Unrestricted funds			2,328,383		2,198,232
			<u>4,306,062</u>		<u>4,059,069</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Trustees on .....1 December 2021

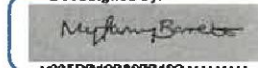
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M R Bird  
Trustee

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M Barrett  
Trustee

Company Registration No. 01310070

**NEWLYN ART GALLERY LIMITED****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	26		384,622		52,226
<b>Investing activities</b>					
Purchase of tangible fixed assets		(25,241)		(29,380)	
Proceeds on disposal of tangible fixed assets		12,149		-	
Interest received		23		58	
<b>Net cash used in investing activities</b>			(13,069)		(29,322)
<b>Financing activities</b>					
Repayment of bank loans		(9,591)		(8,016)	
<b>Net cash used in financing activities</b>			(9,591)		(8,016)
<b>Net increase in cash and cash equivalents</b>			361,962		14,888
Cash and cash equivalents at beginning of year			13,383		(1,505)
<b>Cash and cash equivalents at end of year</b>			375,345		13,383

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2021

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#### 1 Accounting policies

##### Charity information

Newlyn Art Gallery Limited is a charitable company limited by guarantee incorporated in England and Wales. The registered office is The Exchange, Princes Street, Penzance, Cornwall, TR18 2NL, United Kingdom.

#### 1.1 Accounting convention

The financial statements have been prepared in accordance with the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention, modified to include investments at fair value and heritage assets at valuation. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

The financial statements have been prepared on the going concern basis. The Board has considered a period of twelve months from the date of approval of the financial statements and has a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. In making their assessment the directors have considered the impact of the COVID-19 pandemic on the charitable company's ability to continue as a going concern. There are no material uncertainties which may create significant doubt over the charitable company's ability to continue as a going concern.

#### 1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds, comprising a collection of paintings and artefacts held for the benefit of the charity, are subject to specific conditions by donors that the capital must be maintained by the charity.

#### 1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

---

#### 1 Accounting policies

(Continued)

Income from government and other grants is recognised when the charity has entitlement to the funds, any performance conditions attached to the grant have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income from other charitable activities is recognised when the goods or services have been provided.

Interest income is recognised using the effective interest rate method.

Trading income is recognised when the goods have been provided, typically at the point of sale, or as services are performed. Rental income is recognised on a straight line basis over the term of the rental agreement.

#### 1.5 Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Costs of raising funds are the costs of trading for fundraising purposes.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Support costs comprise the costs of governance including audit fees and finance costs. These are wholly allocated to charitable activities on the basis that they are incurred in support of the charitable company's pursuance of its charitable activities.

#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Freehold property	2% on cost
Leasehold land and buildings	2% on cost
Tools and equipment	10% on cost
Computer equipment	25% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

---

#### 1 Accounting policies

(Continued)

##### 1.7 Heritage assets

Heritage assets are measured at valuation and comprise the collection of artworks held in support of the Gallery's primary objective of increasing knowledge, understanding and appreciation of art. These are primarily paintings and drawings, with some prints and medals.

The majority are housed at The Exchange, Princes Street, Penzance TR18 2NL and the remainder at Penlee House Gallery and Museum, Morrab Road, Penzance, TR18 4HE. These works are not for sale and comprise the Permanent Collection, Langley Medals and all items on loan to Penlee House Gallery and Museum.

The trustees consider the Heritage assets to have indeterminate lives and a high residual value, hence the trustees do not consider it necessary to charge depreciation.

##### 1.8 Fixed asset investments

The Gallery holds two collections of works as investments, the Reuss Collection and Reserve Collection. These are available for sale and held primarily for investment gain or income generation and thus cannot be classified as heritage assets. These investments are measured at fair value.

##### 1.9 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

##### 1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

##### 1.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### 1.12 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

---

#### 1 Accounting policies

(Continued)

##### **Basic financial liabilities**

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

#### 1.13 Taxation

The charity is exempt from corporation tax on its charitable activities.

#### 1.14 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.15 Retirement benefits

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown within creditors in the balance sheet.

The charitable company also makes payments to a defined benefit scheme, the Pension Scheme for Administration and Technical Staff in the Arts ("the Scheme"), which has ceased to accrue pension benefits but which has a deficit in its fund. The company remains liable for its portion of the deficit in the Scheme funds. The assets of the Scheme are administered by a trustee, in a fund independent from those of the charitable company.

The Scheme is a multi-employer scheme and the charitable company is unable to identify its share of the underlying assets and liabilities. There is a funding agreement in place to eliminate that element of the deficit in the Scheme which is relative to the charitable company.

A liability has been recognised in the balance sheet equal to the net present value of the future deficit reduction payments. The payments are discounted to present value using the market yield on high quality corporate bonds which currently equates to 0.7% (2020: 2.4%). Further details relating to the pension schemes are set out in note 25.

#### 1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease.

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 2 Donations and legacies

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2021	2021	2021	2020	2020	2020
	£	£	£	£	£	£
Donations including admissions	19,436	4,180	23,616	53,658	1,597	55,255
Government Covid related grants	166,593	-	166,593	-	-	-
Subscriptions	2,407	-	2,407	4,730	-	4,730
	<u>188,436</u>	<u>4,180</u>	<u>192,616</u>	<u>58,388</u>	<u>1,597</u>	<u>59,985</u>

### 3 Charitable activities

	Charitable Activities 2021	Charitable Activities 2020
	£	£
Performance related grants	718,254	729,992
Other income	19,605	19,498
	<u>737,859</u>	<u>749,490</u>
Analysis by fund		
Unrestricted funds	410,015	435,655
Restricted funds	327,844	313,835
	<u>737,859</u>	<u>749,490</u>
<b>Performance related grants</b>		
Arts Council of England	368,474	361,770
Other grant income	65,300	22,995
Cornwall Council	21,936	61,936
Arts Council Catalyst Scheme	-	46,456
Arts Council Collection	120,000	220,000
Trusts and Foundations Project grants	14,000	16,835
Trusts and Foundations Capital Works grants	128,544	-
	<u>718,254</u>	<u>729,992</u>

## NEWLYN ART GALLERY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 MARCH 2021

#### 4 Other trading activities

	Unrestricted funds	Restricted funds	Total	Unrestricted funds
	2021	2021	2021	2020
	£	£	£	£
Fundraising events	100	4,735	4,835	-
Shop and café income	63,859	-	63,859	111,961
Rental and other trading income	13,142	-	13,142	18,530
Other trading activities	77,101	4,735	81,836	130,491

#### 5 Investments

	Unrestricted funds	Unrestricted funds
	2021	2020
	£	£
Interest receivable	23	58

#### 6 Raising funds

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2021	2021	2021	2020	2020	2020
	£	£	£	£	£	£
<u>Trading costs</u>						
Purchases	28,975	4	28,979	62,344	-	62,344
Stock movement	2,857	-	2,857	5,039	-	5,039
Cleaning	240	-	240	1,076	-	1,076
Utilities and property maintenance	374	-	374	1,370	-	1,370
Consumables	3,127	-	3,127	7,619	-	7,619
Equipment hire	1,605	-	1,605	1,661	-	1,661
Staff costs	44,182	-	44,182	58,801	-	58,801
Trading costs	81,360	4	81,364	137,910	-	137,910
<u>Trading costs</u>						
Other trading activities	-	-	-	-	8	8
	81,360	4	81,364	137,910	8	137,918

**NEWLYN ART GALLERY LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2021****7 Charitable activities**

	<b>Charitable Activities 2021 £</b>	<b>Charitable Activities 2020 £</b>
Staff costs	402,356	341,981
Depreciation and impairment	99,117	99,942
Telephone	3,082	4,193
Postage	2,622	4,956
Advertising	14,879	19,295
Utilities and property maintenance	41,996	49,166
Repairs and renewals	23,291	38,692
Event costs	9,007	11,678
Education	10,514	19,591
Exhibitions	32,868	51,172
Sundry expenditure	(2,180)	3,945
Travel and subsistence	1,583	12,467
Consultancy, legal and professional	7,461	7,449
Bank charges	2,006	3,261
Irrecoverable VAT	1,126	6,206
Hire of equipment	5,147	6,064
Insurance	8,412	8,559
Other charitable expenditure	494	15,594
	<u>663,781</u>	<u>704,211</u>
Share of support costs (see note 8)	2,464	4,415
Share of governance costs (see note 8)	16,949	12,979
	<u>683,194</u>	<u>721,605</u>
<b>Analysis by fund</b>		
Unrestricted funds	463,281	524,784
Restricted funds	219,913	196,821
	<u>683,194</u>	<u>721,605</u>

## NEWLYN ART GALLERY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

8 Support costs	Support costs	Governance costs	2021	Support costs	Governance costs	2020
	£	£	£	£	£	£
Interest payable	2,464	-	2,464	4,415	-	4,415
Auditor's remuneration	-	5,300	5,300	-	5,000	5,000
Auditor's remuneration for non-audit work	-	1,573	1,573	-	1,375	1,375
Legal and professional	-	10,076	10,076	-	6,604	6,604
	<u>2,464</u>	<u>16,949</u>	<u>19,413</u>	<u>4,415</u>	<u>12,979</u>	<u>17,394</u>
Analysed between Charitable activities	<u>2,464</u>	<u>16,949</u>	<u>19,413</u>	<u>4,415</u>	<u>12,979</u>	<u>17,394</u>

#### 9 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year nor for the year ended 31 March 2020.

During the year no trustees were reimbursed for expenditure (2019: one trustee was reimbursed for staff training expenditure of £1,170).

#### 10 Employees

The average monthly number of employees during the year was:

	2021 Number	2020 Number
Employees	<u>30</u>	<u>26</u>
<b>Employment costs</b>	<b>2021</b> <b>£</b>	<b>2020</b> <b>£</b>
Wages and salaries	393,077	361,680
Social security costs	20,685	19,673
Other pension costs	32,776	19,429
	<u>446,538</u>	<u>400,782</u>

There were no employees whose annual remuneration was £60,000 or more.

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 11 Other

	Unrestricted funds	Total
	2021	2020
	£	£
Net loss on disposal of tangible fixed assets	785	-

### 12 Net gains/(losses) on investments

	Total	Unrestricted funds
	2021	2020
	£	£
Revaluation of investments	-	68,577

### 13 Tangible fixed assets

	Freehold property	Leasehold land and buildings	Tools and equipment	Computer equipment	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 April 2020	2,620,954	1,961,127	91,983	62,190	4,736,254
Additions	18,635	-	4,928	1,678	25,241
Disposals	-	-	(17,439)	-	(17,439)
At 31 March 2021	2,639,589	1,961,127	79,472	63,868	4,744,056
<b>Depreciation and impairment</b>					
At 1 April 2020	616,096	509,654	56,654	54,750	1,237,154
Depreciation charged in the year	52,792	39,223	3,890	3,213	99,118
Eliminated in respect of disposals	-	-	(4,505)	-	(4,505)
At 31 March 2021	668,888	548,877	56,039	57,963	1,331,767
<b>Carrying amount</b>					
At 31 March 2021	1,970,701	1,412,250	23,433	5,905	3,412,289
At 31 March 2020	2,004,859	1,451,473	35,330	7,440	3,499,102

The lease held on Newlyn Art Gallery was renegotiated in 2006. The revised lease term is 99 years. The freehold of The Exchange Building was also purchased in July 2006 with funds secured from a number of grant making bodies. The principal funders were ERDF Objective 1 and Arts Council England.

## NEWLYN ART GALLERY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 MARCH 2021

#### 14 Heritage assets

£

At 1 April 2020 and at 31 March 2021

527,373

In 1979, John Halkes, Director of Newlyn Art Gallery, initiated the first serious review of Newlyn School painting between 1880 and 1900. By 1985 his work had resulted in a major showing at the Barbican Art Gallery in London, while in Newlyn a second survey show dealt with 1900 to 1930. Halkes set out to begin a collection, attracting gifts from collectors and heirs and soliciting bequests from the Gallery's supporters. The Gallery was built in 1895 and has been showing work by artists attracted to West Cornwall ever since then; under Halkes' Directorship it was established as a publicly funded contemporary art gallery. It has since achieved a high reputation for its programme of exhibitions and education work but the idea of building a collection was lost along the way. It proved an impossible task with extremely limited staff and resources, and while a concentration upon current work was a condition of revenue funding.

The small group of art works John Halkes acquired are now on loan to the Penlee House Museum & Art Gallery in Penzance, where a specialisation in Newlyn School and related art has developed, and where this work is almost always on view. Other works given or bequeathed over the years have included works on paper by Charles Breaker and Bryan Wynter.

The Gallery's external valuer, David Lay FRICS, carried out a full valuation of the collection of artworks as at 31 March 2020. The valuation was based on commercial markets, including recent transaction information from auctions where similar types of paintings are regularly being purchased. The trustees are of the opinion that there was no material change in fair value during the year to 31 March 2021.

This valuation represents a significant estimate and the estimation uncertainties inherent in this valuation have a significant risk of resulting in a material adjustment to the carrying amount of these assets in a future period.

#### 15 Fixed asset investments

**Other  
investments**  
£

**Valuation**

At 1 April 2020 &amp; 31 March 2021

82,117

**Carrying amount**

At 31 March 2021

82,117

At 31 March 2020

82,117

## NEWLYN ART GALLERY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

16 Stocks	2021	2020
	£	£
Stock	19,884	22,955

17 Debtors	2021	2020
Amounts falling due within one year:	£	£
Trade debtors	22,153	8,444
Other debtors	6,419	12,349
Prepayments and accrued income	37,519	79,330
	<u>66,091</u>	<u>100,123</u>

18 Creditors: amounts falling due within one year		2021	2020
	Notes	£	£
Bank loans	20	9,354	9,208
Other taxation and social security		5,128	6,560
Trade creditors		27,697	26,129
Other creditors		16,549	12,507
Accruals and deferred income		14,157	17,174
		<u>72,885</u>	<u>71,578</u>

Included in Other Creditors is the current element of the net present value of the future pension deficit reduction payments £9,348 (2020: £9,348) as required by FRS 102. (See note 25).

19 Creditors: amounts falling due after more than one year		2021	2020
	Notes	£	£
Bank loans	20	58,601	68,338
Other creditors		45,551	46,068
		<u>104,152</u>	<u>114,406</u>

Other creditors represents the non-current portion of the net present value of future pension deficit reduction payments as required by FRS 102. (See note 25).

## NEWLYN ART GALLERY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

#### 20 Loans and overdrafts

	2021 £	2020 £
Bank loans	67,955	77,546
Payable within one year	9,354	9,208
Payable after one year	58,601	68,338
Amounts included above which fall due after five years:		
Payable by instalments	21,185	31,506

Lloyds Bank plc holds a first legal charge over the freehold land and buildings at The Exchange, Princes Street, Penzance.

In addition to the charge disclosed above, the Arts Council England holds a debenture securing £1,200,000 and all other monies due or to become due from the charitable company to the Art Council England. This is secured by a charge over the freehold property in Penzance and the leasehold property in Newlyn.

The loan is repayable in 120 consecutive monthly installments representing principal and interest.

The rate of interest payable on the loan during the Capped Rate Period, which runs until 3 July 2022, will be the lower of:

- a) 3.60% over Base Rate per annum, and
- b) the Capped Rate, being 4.95%.

From the end of the Capped Rate Period, the rate of interest payable will be 3.10% over Base Rate per annum.

#### 21 Retirement benefit schemes

##### Defined contribution schemes

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £23,945 (2020: £23,954).

At the end of the year the amount outstanding for pension contributions was £6,785 (2020: £2,998).

## NEWLYN ART GALLERY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 MARCH 2021

#### 22 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds			Movement in funds			Movement in funds		
	Balance at 1 April 2019 £	Incoming resources £	Resources expended £	Transfers £	Balance at 1 April 2020 £	Incoming resources £	Resources expended £	Balance at 31 March 2021 £	
Arts Council	1,212,857	-	(90,760)	-	1,122,097	-	(90,760)	1,031,337	
Tea, Cake & Art	11,473	2,697	(11,334)	-	2,836	8,915	(11,831)	(80)	
Seaside	-	22,695	(6,311)	-	16,384	10,500	(1,262)	25,622	
Jerwood	-	30,000	(3,463)	-	26,537	14,000	-	40,537	
Arts Council Collection	-	260,040	(84,961)	(9,469)	165,610	170,000	(113,478)	222,132	
Weston Culture	-	-	-	-	-	128,544	-	128,544	
Film Historic	-	-	-	-	-	4,800	(1,306)	3,494	
Cultural Relief Fund	-	-	-	-	-	-	(1,280)	(1,280)	
	1,224,330	315,432	(196,829)	(9,469)	1,333,464	336,759	(219,917)	1,450,306	

#### Arts Council England

Arts Council England has an interest in the freehold property that houses the Exchange Gallery; this is expires in 2026, which is 20 years after the building was acquired.

**Seaside Photographed** is a touring exhibition originated by Turner Contemporary, Margate, with Arts Council England Strategic Touring Fund to enable a commission for an artist to work with an early years group at each regional venue.

**Jerwood Newlyn Residency** creates six residencies at the galleries over a two year period for UK artists within the first 10 years of their practice, funded through Jerwood Arts' Development Programme Fund.

## NEWLYN ART GALLERY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 MARCH 2021

#### 22 Restricted funds

(Continued)

**Arts Council Collection National Partners Programme** is a three year partnership between ACC and Newlyn Art Gallery & The Exchange, Firstsite, Colchester and Sunderland Culture, with funding through Arts Council England for each venue to present nine exhibitions and accompanying programme featuring works from the Collection.

**Tea, Cake & Art** is a weekly artist-educator led creative social group for older or isolated people to meet and spend time with others. Running online and by post over the last 20 months, it is now also running as a blended in gallery session. Funded by Cornwall Social Inclusion Fund, Creative Cornwall Calling, Cllr McKenna's Community Fund and Cornwall Rural Community Charity (2020/21) and donations from individuals.

#### **Weston Culture**

The Weston Culture Fund aims to support the sector to restart its work, refresh activities and re-engage audiences following Covid-19 closures. We were awarded £128,544 in support of critical adaptations to physical and digital infrastructure: Engine room conversion; front door improvements; digital resource; Newlyn garden and café improvements, an outdoor classroom kit, and integrated booking and online shop. They also supported new activity: international exchange project and exhibition In Your Hands and digital exhibition Outside The Algorithm.

The Garfield Weston Trustees were 'particularly impressed by the entrepreneurial approach and creativity shown throughout the pandemic and in the ways you have adapted and engaged audiences and communities. We are delighted to be able to support your organisation.'

#### **Film Historic**

In 2020 we were one of 10 cultural organisations awarded £5,000 by Historic England to commission local, young film makers to capture High Streets as they respond to Covid-19. The aim of the COVID-19 Response Grants was to creatively gain an insight into the ways in which High Streets are readjusting, recovering and reimagining themselves for the future. The commissioned films may be included in the Historic England Archive, the nation's archive for records of England's historic buildings, archaeology and social history. We worked with animators from Falmouth university and local filmmaker Rachael Jones to oversee the creative direction of the film.

#### **Cultural Relief fund: Grants Second Round**

The aim of the Culture Recovery Fund: Grants second round is to support organisations as they transition back to a viable and sustainable operating model during April-June 2021. We were awarded £161,373 to cover additional staffing, operational and marketing required to reopen; fees for three consultation exercises including digital and earned income reviews and groundwork for a cultural strategy for Penzance and Newlyn; contribution to building reserves equivalent to eight weeks turnover.

## **NEWLYN ART GALLERY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### ***FOR THE YEAR ENDED 31 MARCH 2021***

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#### **23 Endowment funds**

Endowment funds represent assets which must be held permanently by the charity. Income arising on the endowment funds can be used in accordance with the objects of the charity and is included as unrestricted income. Any capital gains or losses arising on the assets form part of the fund.

This fund relates to the Heritage assets valued at £527,372 by David Lay FRICS in March 2020.



## NEWLYN ART GALLERY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 MARCH 2021

#### 25 Defined benefit scheme

The charitable company contributed to a defined benefit scheme; the "Pension Scheme for Administration and Technical Staff in the Arts" up to 14 December 2012 when the scheme was closed to future accrual. The charitable company remains liable for its portion of the deficit in the scheme funds. The assets of the scheme are administered by a trustee, in a fund independent from those of the charitable company.

The scheme is a multi-employer scheme and the charitable company is unable to identify its share of the underlying assets and liabilities. As noted in the Accounting Policies there is an agreement in place to eliminate that element of the deficit in the scheme which is relative to the charitable company.

The triennial valuation as at 31 March 2019 was agreed on 3 November 2020 and showed a funding shortfall of £2,299,000 (2016 valuation: £8,243,000). Newlyn Art Gallery, as one of several employers responsible for funding this shortfall, has agreed to pay monthly contributions of £779 from 1 July 2017 to 31 May 2027. There was no change to the funding liability or payment schedule following the most recent actuarial valuation.

A liability has been recognised in the balance sheet equal to the net present value of these future deficit reduction payments. The payments are discounted to present value using a yield curve derived from AA rated bonds in the iBoxx sterling corporate bond index, this gave a rate of 0.7% (2020: 2.4%). The net present value of the sum of the remaining monthly contributions as at 31 March 2021 is £54,989 (2020: £55,416) and this has been recorded as a liability in the balance sheet with £9,348 (2020: £9,348) in creditors falling due within one year and £45,551 (2020: £46,068) in creditors falling due after one year.

<b>26 Cash generated from operations</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Surplus for the year	246,996	149,079
Adjustments for:		
Investment income recognised in statement of financial activities	(23)	(58)
Loss on disposal of tangible fixed assets	785	-
Fair value gains and losses on investments	-	(68,577)
Depreciation and impairment of tangible fixed assets	99,117	99,942
Movements in working capital:		
Decrease in stocks	3,071	5,039
Decrease/(increase) in debtors	34,032	(62,120)
Increase/(decrease) in creditors	644	(71,079)
<b>Cash generated from operations</b>	<b>384,622</b>	<b>52,226</b>
	<u>          </u>	<u>          </u>
<b>27 Analysis of changes in net funds/(debt)</b>	<b>At 1 April 2020</b>	<b>Cash flows At 31 March 2021</b>
	<b>£</b>	<b>£</b>
Cash at bank and in hand	13,383	361,962
		375,345
Loans falling due within one year	(9,208)	(146)
Loans falling due after more than one year	(68,338)	9,737
	<u>          </u>	<u>          </u>
	<u>(64,163)</u>	<u>307,390</u>

## NEWLYN ART GALLERY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*FOR THE YEAR ENDED 31 MARCH 2021*

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**28 Operating lease commitments**

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<b>2021</b>	<b>2020</b>
	£	£
Within one year	2,787	4,058
Between two and five years	4,477	7,263
	<u>7,264</u>	<u>11,321</u>

## NEWLYN ART GALLERY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

#### 29 Free reserves

Of funds held at the year end, £2,328,383 were unrestricted. Restricted funds comprise £1,450,307 consisting of the funds disclosed in note 22. Free reserves are that part of the charity's unrestricted funds that is freely available to spend on any of the charity's purposes. At 31 March 2021 the charity's free reserves were in deficit by £23,231 (2020: deficit by £136,003).

Free reserves are calculated as follows:

	2021	2020
	£	£
Total funds at 31 March	4,306,063	4,059,069
Less: endowment funds	(527,373)	(527,373)
Less: Freehold property	(1,970,701)	(2,004,859)
Less: Leasehold property	(1,412,250)	(1,451,473)
Less: Tea, Cake & Art restricted fund	80	(2,836)
Less: Seaside restricted fund	(25,622)	(16,384)
Less: Jerwood restricted fund	(40,537)	(26,537)
Less: Arts Council Collection restricted fund	(222,133)	(165,610)
Less: Weston Culture restricted fund	(128,544)	-
Less: Film Historic restricted fund	(3,494)	-
Less: Cultural Relief restricted fund	1,280	-
	<u>(23,231)</u>	<u>(136,003)</u>

As the Arts Council restricted funds of £1,031,337 (2020: £1,122,097) relate to the freehold and leasehold properties that have been deducted in arriving at the free reserves above, this restricted fund has not been separately excluded in the analysis above.

#### Movement in Free Reserves:

	2021	2020
	£	£
<b>Balance at start of year</b>	(136,003)	(166,119)
Property additions	(18,635)	(10,499)
Property depreciation in the year	92,015	91,430
Surplus / (Deficit) for the year	246,992	293,521
Less: revaluation of heritage assets	-	(144,443)
Increase in restricted funds (excl. property)	(207,600)	(199,893)
	<u>(23,231)</u>	<u>(136,003)</u>

**NEWLYN ART GALLERY LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2021****30 Related party transactions****Remuneration of key management personnel**

The remuneration of key management personnel is as follows.

	<b>2021</b>	<b>2020</b>
	£	£
Aggregate compensation	135,578	132,216

During the year loans were made to Newlyn Art Gallery from J Green, the gallery director, of £nil (2020: £10,000). Repayments were made during the year totalling £nil (2020: £25,000). At the balance sheet date Newlyn Art Gallery owed J Green £nil (2020: £nil).

All balances noted above are interest free and at call.