

**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

---

<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) (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	

---

# **NEWLYN ART GALLERY LIMITED**

## **CONTENTS**

---

	<b>Page</b>
Trustees' report	1 - 8
Statement of trustees' responsibilities	9
Independent auditor's report	10 - 13
Statement of financial activities	14 - 15
Balance sheet	16
Statement of cash flows	17
Notes to the financial statements	18 - 37

---

# **NEWLYN ART GALLERY LIMITED**

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

### ***FOR THE YEAR ENDED 31 MARCH 2021***

---

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***

---

#### **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**

---

#### **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**

---

#### **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**

---

#### **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***

---

#### **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

---

#### 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

---

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:



2331660A07AF49F.....

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***

---

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

---

#### 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**

---

##### **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**

---

**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

---

#### 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

Chartered Accountants  
Statutory Auditor

*13 December 2021*  
.....

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><u>Income from:</u></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><u>Expenditure on:</u></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**

		<b>Unrestricted funds</b>	<b>Endowment funds designated</b>	<b>Restricted funds</b>	<b>Total</b>
		<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2020</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b><u>Income from:</u></b>					
Donations and legacies	<b>2</b>	58,388	-	1,597	59,985
Charitable activities	<b>3</b>	435,655	-	313,835	749,490
Other trading activities	<b>4</b>	130,491	-	-	130,491
Investments	<b>5</b>	58	-	-	58
<b>Total income</b>		<b>624,592</b>	<b>-</b>	<b>315,432</b>	<b>940,024</b>
<b><u>Expenditure on:</u></b>					
Raising funds	<b>6</b>	137,910	-	8	137,918
Charitable activities	<b>7</b>	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	<b>12</b>	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><u>Other recognised gains and losses</u></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.

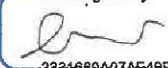
**NEWLYN ART GALLERY LIMITED****BALANCE SHEET****AS AT 31 MARCH 2021**

	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	<u>(72,885)</u>		<u>(71,578)</u>	
Net current assets			388,435		64,883
<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

DocuSigned by:

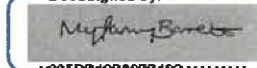


2831680A07AF48F:.....

M R Bird

Trustee

DocuSigned by:



005DD49B307B492:.....

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**

---

#### **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**

	Charitable Activities 2021 £	Charitable Activities 2020 £
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>2020 £</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**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Stock	19,884	22,955

**17 Debtors**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>		
Trade debtors	22,153	8,444
Other debtors	6,419	12,349
Prepayments and accrued income	37,519	79,330
	66,091	100,123

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

	<b>Notes</b>	<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>£</b>
Bank loans	<b>20</b>	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
		72,885	71,578

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**

	<b>Notes</b>	<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>£</b>
Bank loans	<b>20</b>	58,601	68,338
Other creditors		45,551	46,068
		104,152	114,406

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:

	Balance at 1 April 2019 £	Movement in funds		Transfers £	Movement in funds		Balance at 1 April 2020 £	Movement in funds		Balance at 31 March 2021 £
		Incoming resources £	Resources expended £		Incoming resources £	Resources expended £		Incoming resources £	Resources expended £	
Arts Council	1,212,857	-	(90,760)	-	-	1,122,097	-	-	(90,760)	1,031,337
Tea, Cake & Art	11,473	2,697	(11,334)	-	2,697	2,836	8,915	(11,831)	(80)	25,622
Seaside	-	22,695	(6,311)	-	22,695	16,384	10,500	(1,262)	-	40,537
Jerwood	-	30,000	(3,463)	-	30,000	26,537	14,000	-	-	222,132
Arts Council Collection	-	260,040	(84,961)	(9,469)	260,040	165,610	170,000	(113,478)	-	128,544
Weston Culture	-	-	-	-	-	-	128,544	4,800	(1,306)	3,494
Film Historic	-	-	-	-	-	-	-	-	(1,280)	(1,280)
Cultural Relief Fund	-	-	-	-	-	-	-	-	-	-
	1,224,330	315,432	(196,829)	(9,469)	315,432	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***

---

#### **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

### 24 Analysis of net assets between funds

Fund balances at 31 March 2021 are represented by:

	Unrestricted funds 2021 £	Endowment fund 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Endowment fund 2020 £	Restricted funds 2020 £	Total 2020 £
Tangible assets	2,380,952	-	1,031,337	3,412,289	2,377,005	-	1,122,097	3,499,102
Heritage assets	-	527,373	-	527,373	-	527,373	-	527,373
Investments	82,117	-	-	82,117	82,117	-	-	82,117
Current assets/(liabilities)	(30,535)	-	418,970	388,435	(146,484)	-	211,367	64,883
Long term liabilities	(104,152)	-	-	(104,152)	(114,406)	-	-	(114,406)
	<u>2,328,382</u>	<u>527,373</u>	<u>1,450,307</u>	<u>4,306,062</u>	<u>2,198,232</u>	<u>527,373</u>	<u>1,333,464</u>	<u>4,059,069</u>



**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>
<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
Loans falling due within one year	(9,208)	(146)
Loans falling due after more than one year	(68,338)	9,737
	<b>(64,163)</b>	<b>371,553</b>
	<b>307,390</b>	<b>375,345</b>

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

#### 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:

	2021 £	2020 £
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.

	2021 £	2020 £
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.