

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

Trustees	M R Bird	
	N Scott	
	M Barrett	
	V Button	
	B Naughton-Rumbo	
	L Tait	
	R Dunlop	(Appointed 1 December 2021)
	G Buenfeld-Murley	(Appointed 1 December 2021)
	H Buckingham	(Appointed 1 December 2021)
Secretary	J Bulman	(Appointed 1 December 2021)
	N Williams	(Appointed 1 December 2021)
Charity number	273785	
Company number	01310070	
Registered office	The Exchange Princes Street Penzance Cornwall United Kingdom TR18 2NL	
Auditor	Azets Audit Services Woodlands Court Truro Business Park Truro Cornwall United Kingdom TR4 9NH	
Gallery Director	J Green	
Observers	M Jivram, Arts Council England	

NEWLYN ART GALLERY LIMITED

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NEWLYN ART GALLERY LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2022

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

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

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 CO₂e (2018/19)

Energy 32 tonnes CO₂e (2020/21)

Energy 91 tonnes CO₂e (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

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

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

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

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 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

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.

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
		2022	2022	2022	2022	2021
	Notes	£	£	£	£	£
<u>Income from:</u>						
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
Total income		664,800	-	538,354	1,203,154	1,012,334
<u>Expenditure on:</u>						
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
Total resources expended		523,454	-	488,061	1,011,515	765,343
Net incoming resources before transfers		141,346	-	50,293	191,639	246,991
Gross transfers between funds		102,355	-	(102,355)	-	-
Net income/(expenditure) for the year/ Net movement in funds		243,701	-	(52,062)	191,639	246,991
Fund balances at 1 April 2021		2,328,383	527,373	1,450,306	4,306,062	4,059,071
Fund balances at 31 March 2022		2,572,084	527,373	1,398,244	4,497,701	4,306,062

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
		2021	2021	2021	2021
	Notes	£	£	£	£
<u>Income from:</u>					
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
Total income		675,575	-	336,759	1,012,334
<u>Expenditure on:</u>					
Raising funds	7	81,360	-	4	81,364
Charitable activities	8	463,281	-	219,913	683,194
Other	12	785	-	-	785
Total resources expended		545,426	-	219,917	765,343
Net incoming resources before transfers		130,149	-	116,842	246,991
Net income/(expenditure) for the year/ Net movement in funds		130,149	-	116,842	246,991
Fund balances at 1 April 2020		2,198,234	527,373	1,333,464	4,059,071
Fund balances at 31 March 2021		2,328,383	527,373	1,450,306	4,306,062

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 £	£
Fixed assets					
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>	
Current assets					
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>	
Creditors: amounts falling due within one year	18	<u>(128,828)</u>		<u>(72,885)</u>	
Net current assets		587,693		388,435	
Total assets less current liabilities		4,580,025		4,410,214	
Creditors: amounts falling due after more than one year	19	(82,324)		(104,152)	
Net assets		<u>4,497,701</u>		<u>4,306,062</u>	
Income funds					
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

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from operations	26		222,709		384,622
Investing activities					
Purchase of tangible fixed assets		(63,436)		(25,241)	
Proceeds on disposal of tangible fixed assets		-		12,149	
Interest received		1,489		23	
Net cash used in investing activities			(61,947)		(13,069)
Financing activities					
Repayment of bank loans		(9,492)		(9,591)	
Net cash used in financing activities			(9,492)		(9,591)
Net increase in cash and cash equivalents			151,270		361,962
Cash and cash equivalents at beginning of year			375,345		13,383
Cash and cash equivalents at end of year			526,615		375,345

NEWLYN ART GALLERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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

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

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

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

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

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2022 £	2022 £	2022 £	2021 £	2021 £	2021 £
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>
Performance related grants		
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
Other trading activities	<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
Trading costs	118,987	4,285	123,272	81,360	4	81,364
	118,987	4,285	123,272	81,360	4	81,364

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>
Analysis by fund		
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>19,413</u>
Analysed between Charitable activities	<u>2,580</u>	<u>29,283</u>	<u>31,863</u>	<u>2,464</u>	<u>19,413</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>
Employment costs	2022 £	2021 £
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	Unrestricted funds
	£	
	2022	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
	£	£	£	£	£
Cost					
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
Depreciation and impairment					
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
Carrying amount					
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		Incoming resources £	Resources expended £	Transfers £	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)	-	(90,760)	-	940,577
Tea, Cake & Art	2,836	8,915	(11,831)	(80)	2,941	(12,550)	-	(12,550)	-	(9,689)
Seaside	16,384	10,500	(1,262)	25,622	-	(22,665)	-	(22,665)	-	2,957
Jerwood	26,537	14,000	-	40,537	30,000	(25,783)	-	(25,783)	-	44,754
Arts Council Collection	165,610	170,000	(113,478)	222,132	171,187	(174,042)	-	(174,042)	-	219,277
Weston Culture	-	128,544	-	128,544	-	(35,135)	-	(35,135)	-	93,409
Film Historic	-	4,800	(1,306)	3,494	-	(33)	-	(33)	-	3,461
Cultural Relief Fund	-	-	(1,280)	(1,280)	161,373	(57,738)	(102,355)	(57,738)	(102,355)	-
National Portrait Gallery Project	-	-	-	-	-	(6,386)	-	(6,386)	-	(6,386)
Kickstarter grant	-	-	-	-	23,153	(12,994)	-	(12,994)	-	10,159
JAFMO	-	-	-	-	-	(289)	-	(289)	-	(289)
Paul Hamlyn	-	-	-	-	149,700	(49,686)	-	(49,686)	-	100,014
	1,333,464	336,759	(219,917)	1,450,306	538,354	(488,061)	(102,355)	(488,061)	(102,355)	1,398,244

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 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 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

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

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)	
	2,572,084		527,373		1,398,244		4,497,701		2,328,383		527,373		1,450,306		4,306,062	

NEWLYN ART GALLERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

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.

26 Cash generated from operations	2022 £	2021 £
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
Cash generated from operations	222,709	384,622

NEWLYN ART GALLERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

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:

	2022 £	2021 £
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:

	2022 £	2021 £
Balance at start of year	(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

30 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2022 £	2021 £
Aggregate compensation	<u>137,793</u>	<u>135,578</u>