

Charity Registration No. 502592

Company Registration No. 01113101 (England and Wales)

**TYNESIDE CINEMA**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 MARCH 2020**

# TYNESIDE CINEMA

## LEGAL AND ADMINISTRATIVE INFORMATION

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**Trustees**

L Armstrong (resigned 31<sup>st</sup> October 2020)  
S Kyffin (resigned 31<sup>st</sup> October 2020)  
N Shottel (resigned 9<sup>th</sup> December 2020)  
C Binns  
E McIntyre (resigned 13<sup>th</sup> July 2020)  
M Such  
R Carmichael  
S Bratch  
J Wade  
J Shepstone (appointed 20<sup>th</sup> January 2021)

**Charity number** 502592

**Company number** 01113101

**Registered office**

Newe House  
10 Pilgrim Street  
Newcastle upon Tyne  
NE1 6QG

**Auditor**

RSM UK Audit LLP  
Chartered Accountants  
1 St. James' Gate  
Newcastle upon Tyne  
NE1 4AD

**Bankers**

HSBC Bank plc  
110 Grey Street  
Newcastle upon Tyne  
NE1 6JG

**Solicitors**

Muckle LLP  
Time Central  
32 Gallowgate  
Newcastle upon Tyne  
NE1 4BF

**Key management personnel**

Chief executive officer H Keeble (resigned 24<sup>th</sup> September 2020)  
S Drysdale (appointed 18<sup>th</sup> November 2020)

Head of finance and administration N Morgan (appointed 12<sup>th</sup> October 2020)

# TYNESIDE CINEMA

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

### FOR THE YEAR ENDED 31 MARCH 2020

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The trustees present their report and financial statements for the year ended 31 March 2020.

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 charity's governing document, 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)" (as amended for accounting periods commencing from 1 January 2016).

#### **Objectives and activities**

Tyneside Cinema is a thriving social hub and cultural venue which aims to enrich people's lives by thinking differently about and through film. As the North East's only full-time independent cinema we play a vital role in Newcastle's creative economy, currently employing around 60 people across the charity and trading company, with all profits reinvested in support of our charitable objectives.

Our vision is to be the most welcoming, most exciting, most relevant and most successful independent creative cinema in the UK. Our mission is for people to be inspired, entertained and transformed by the watching and making of film. As an organisation we value all aspects of film and its potential to nourish, connect, reward, celebrate, educate and speak for the marginalised – to speak for all of us.

Our heritage is evident in our 1930's Art Deco building, housing the last surviving newsreel theatre still showing films. Our more recent history as a ground-breaking independent cinema started in 1968 when the British Film Institute funded the reopening of the venue as the Tyneside Film Theatre, and continued through the 70's, 80's and 90's with a succession of inspiring and highly respected Directors and Programmers. The period 2008 to 2015 marked a change in the scale and profile for the cinema following building projects that added three screens, a gallery space and substantial retail catering to our organisation's offer.

**Three aims underpin how we plan to deliver on our vision:**

#### **1. Maintain and develop our broad range of innovative, distinctive and high quality activities**

Tyneside Cinema is committed to achieving excellence, and this begins with our cultural programme spanning Film Programme, Artists' Moving Image and Learning & Participation in film making. We place a strong focus on achieving the highest quality in our curated film programmes through the new work we produce and the learning & participation opportunities we create. We identify opportunities throughout the year for these strands to come together to create rich points of cross-over, thematically and artistically.

#### **2. Maximise our resources and effectiveness, and strengthen our resilience and sustainability**

To deliver financial resilience into the future we plan to continue to diversify and strengthen our earned income streams and increase the net profit of trading activities. Other areas of Tyneside Cinema make a significant contribution to turnover and profitability through hires, events and sales of cinema concessions. We will continue to grow our profitability to re-invest in our programme and marketing, to ensure the future of our historic building and reach our targets for reserves.

Our resilience now and into the future also depends on our customers. They are our major stakeholders and their direct contribution accounts for the majority of our turnover. The quality of our programme and the effectiveness of our marketing are critical to our success.

#### **3. Grow and diversify our audiences and users, and enhance our value to the local area**

We aim to build on and expand the Cinema's cultural and social role to extend use of the building beyond our core film activities and generate a greater awareness of the Cinema as a rich, distinctive and vibrant brand. We are a community hub, a place to learn, and a place to grow. We do all of this through film.

# **TYNESIDE CINEMA**

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

### **FOR THE YEAR ENDED 31 MARCH 2020**

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#### **Programme Areas**

##### **Film Programme**

Our film programming from the UK and around the world aims to be engaging, enriching and diverse, encompassing new releases, classics, curated major seasons and live events. It combines independent and mainstream film of wide-ranging genres, recognising that our strength lies in providing breadth and access points for all.

We continue to expand the numbers of non-first-run films to bolster our cultural and financial resilience and contextualise our programmes wherever possible through Q&As and discussions, involving industry professionals and community partners. We are open in our approach and welcome opportunities for collaborative programming, whether that be with guest curators, academic partners or our audiences.

##### **Artist Film**

Our primary focus is to commission and produce new work, primarily for cinema audiences. Artists' moving image and performance work is a regular and core feature of the in-Cinema programme. Additionally, we create opportunities for developing artists' practice, which while available to artists nationally and internationally, has allocated spaces to ensure North East based artists can participate in and benefit from these activities.

This model opens up exciting opportunities for artists, plays to our strengths in production and exhibition, and utilises our distribution networks as well increasing our profile and reputation, locally, nationally and internationally.

Partnership and collaboration is central to this programme in order to better resource the creation of excellent work through co-commissioning and also to maximise the benefit for audiences through touring and co-promotion.

##### **Learning and Participation & Talent Development**

Learning about and participation in film making is fundamental to what we do. Our in-house team of practising film makers and artists has created a range of workshops for young people between the ages of 8 and 24 that complements work done in the classroom. From modern foreign language workshops and study days to curriculum film-making workshops, our sessions and facilities build skills and confidence for the future.

Our learning & participation programme falls into two areas: the activities we deliver for schools and colleges and the programmes we deliver for the public, from short film schools in the holidays, to industry-focused, in-depth academies. This ladder of opportunity is designed to develop confidence, creativity and skills. Young people leave our programmes with a deeper understanding of, and appreciation for, independent film culture, and some go on to pursue a career in the industry.

##### **Film Heritage**

Our Film Heritage programme includes screening of repertory film classics, retrospectives, archive films and daily archive newsreels, the interpretation of our historic cinema by exhibition of historic objects and physical information in the venue, and free guided tours hosted by a team of dedicated, knowledgeable volunteer guides. The guides also provide outreach talks in the community.

#### **STRATEGIC REPORT**

##### **Achievements and Performance**

The charitable company's policies in the pursuit of its objectives are kept under regular review. The board of trustees considers the financial activities of the group during the year to be satisfactory. The funds and resources are used entirely for its main objective. The movements in funds are described in the Statement of Financial Activities on page 13.

The threat of the global COVID-19 pandemic caused the closure of the building to the public in March 2020. At the date of signing this report, the Cinema has not yet been able to re-open, although plans are in place to do so as soon as government restrictions are lifted. Further details regarding the impact of the pandemic on the Cinema's operations and financial position can be found later in this report.

##### **Film Programming**

We have engaged with a wide-ranging audience of 190,000 people, allowing them to engage culturally and socially with the medium of film via screenings, discussions, expert presentations and Q&As. Highlights include:

# TYNESIDE CINEMA

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

### FOR THE YEAR ENDED 31 MARCH 2020

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- 518 films screened from 38 countries, of which 436 were non-mainstream and 134 were British independents.
- Hosted a film programme in which more than a quarter of films screened have no UK distribution and would not otherwise have been seen.
- Presented a programme of films that is 50% unique in the region.
- Hosted 59 screenings with expert introductions, filmmaker Q&As, panel discussions and live elements.
- Focused on work by BAME, LGBTQI+ and women filmmakers.
- Delivered community and socially conscious screenings including our regular Frontline strand, including events focused on grief, depression, suicide and educational development.
- Presented our Silver Screen programme for the over 60s to over 1,700 people, Dementia Friendly Cinema for 250 people, and Autism Friendly screenings for 350 people.

#### Learning & Participation

We have helped more than 2,000 young people and children to engage with their curriculum in imaginative and creative ways through the making and watching of film. Typical outcomes are reported as improving communication skills, making young people feel more resilient, better at working in teams, and improving project and self-management skills.

Our New Creatives Programme successfully widened access to the creative industries by creating 50 opportunities for a diverse range of young artists from across the North of England to take part in a 9 month project to extend their creative and professional practice by developing and producing new work in film, audio and interactive for the BBC.

#### Financial review

The consolidated balance sheet on page 14 shows an improvement in unrestricted income funds of £29,054 at 31 March 2020. This positive result built on the foundations for growth laid in the previous year. At the year end, total funds of the group amount to £2,927,066 however the majority is not freely available because the balance is invested in fixed assets or has a restriction for other purposes.

Earned income remained high, and from a range of sources, from ticket income, ancillary sales and hires and events.

The income split was 82% earned and 18% public subsidy for the Year 2019/2020 (2018/2019 88% and 12% respectively).

The wholly owned subsidiary Tyneside Cinema Trading Co. Ltd. continued in its commercial activities of food and beverage offering, achieving profits after tax of £14,268 (2019 £59,729).

#### Pricing policy

Our pricing policy reflects our aim of engaging more and more diverse people in our programme. We run heritage tours and newsreel screenings which are free, alongside our gallery offering an opportunity for the public to view at no charge.

Concessions are provided for those receiving income support, people in full-time education, young people aged 16 and under, senior citizens, disabled people, and Active Newcastle Card holders. Other offers include family tickets and Young Tyneside cards.

#### Reserves policy

The charity reserves policy is to build towards £275,000 of free reserves, being three months of trading expenditure. In addition, the charity recognises that a cash reserve of £100,000 would be appropriate to ensure the secure financial running of the business during the quieter first half of the financial year. As at 31<sup>st</sup> March 2020, unrestricted reserves stand at a deficit. Subsequent to the year end, the cinema was successful in applications for emergency grant funding from the Arts Council of England's Cultural Recovery Fund and this, together with various other COVID-related grant awards, means that the cinema's reserve position has been substantially strengthened and as at the date of signing of this report, unrestricted and free reserves are positive.

#### Investment policy and powers

Under the memorandum and articles of association, the charity has the power to invest in any way the trustees wish.

# **TYNESIDE CINEMA**

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

### **FOR THE YEAR ENDED 31 MARCH 2020**

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#### **Fundraising**

All fundraising is carried out with the full oversight of the Trustees. Tyneside Cinema strives to provide an excellent service to all of our supporters and any complaints are dealt with by our service team.

Tyneside Cinema prides itself on a high standard and we continually review how we contact the public to ask for support. This ensures we follow regulations, meet our own high standard and exceed the public expectation.

We take responsibility towards supporters who may be considered vulnerable very seriously. Our fundraising and customer service teams are trained to respond sensitively and appropriately to any individual they may consider to be vulnerable.

#### **Going concern**

After making appropriate enquiries, the governing body has a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing its financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

#### **Impact of COVID-19 pandemic**

The threat of the global COVID-19 pandemic caused the closure of the building to the public in March 2020 and, as at the date of signing this report, the Cinema has not yet been able to re-open. This has led to a very significant reduction in the Cinema's income, with no revenue earned from ticket sales, hires and events, or food and beverage sales since this date. In the face of this extended closure we had to implement a substantial programme of cost reductions which included reducing staff numbers by almost 50%. We now have a staff of around 60, with a leaner structure which is adequate for reopening at a level in line with our transition plan.

We have made extensive use of the government's Coronavirus Job Retention Scheme, placing the majority of our staff on furlough. A small number of employees have continued to work in order to maintain the core operations of the cinema, including ensuring the safety and security of our building, developing plans which will allow the Cinema to re-open as soon as possible, in a COVID-secure manner, and maintaining some of our Learning and Participation programmes.

We have continued to work closely with our major funders and have received substantial financial support from Arts Council England, the British Film Institute and the National Lottery Heritage Fund. This support has been vital in ensuring the future financial stability of the Cinema. We have also obtained a loan under the Coronavirus Business Interruption Loan Scheme. We continue to seek further philanthropic support and will restart our regular programme of fundraising, including the Friends of Tyneside Cinema scheme, as soon as our re-opening plans allow it.

#### **Independent Review**

In July 2020 a number of allegations of past misconduct by various employees and management were made against the cinema. These allegations included allegations of sexual misconduct, as well as bullying and poor workplace practices. In response, the Cinema commissioned an independent review into these allegations, and committed to implementing the recommendations in full.

The independent review took evidence from a large number of employees and reported in October 2020. The review contained 74 individual recommendations, all of which the Cinema accepted. The Cinema apologises unreservedly to those who have been affected by these issues, and is in the process of implementing the recommendations in full.

In order to allow for new leadership in this difficult time for the Cinema, the Chair of Trustees and Chief Executive resigned in September 2020 and the Cinema subsequently appointed an interim Chief Executive with extensive experience of change management in the cultural sector, as well as an interim Chair of Trustees. Together with other changes to the Cinema's senior management team, the Cinema is confident that it has in place a leadership team of experienced and skilful individuals able to address these issues and develop a new approach to communication, strategy and vision as we look forward to re-opening.

The Cinema has regularly kept its employees informed throughout this difficult period and will continue to communicate its actions around the review recommendations. The independent review provides a valuable document that supports our organisation as we move forward with a consideration of our people at the heart of everything we do. Many of the recommendations have already been completed or are in progress, all are timetabled

# **TYNESIDE CINEMA**

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

### **FOR THE YEAR ENDED 31 MARCH 2020**

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and set within a clear plan of delivery. To embed this strategic choice we have recruited an HR professional to the role of People Manager who reports directly to the CEO.

#### **Volunteers**

Free guided tours of the cinema continued to be held by our volunteer heritage guides, who tell the story of Tyneside Cinema and give our customers an exclusive glimpse behind the scenes of the building, including a tour of the classic auditorium and a free screening of an archive newsreel. Tours were delivered by seven volunteer guides.

The volunteers are a valued resource to the organisation and their commitment is recognised. The board of trustees, who have the uppermost authority for controlling the activities of the charity, are volunteers.

#### **Plans for the future**

In 2020 we radically restructured our organisation by reducing our staff numbers by around 50%. A direct consequence of the pandemic, this action helped us to reduce our ongoing costs and put us in a stronger position for reopening with a smaller, but highly focused team. The Senior Leadership team has since been strengthened with the addition of an experienced Interim Chief Executive, Head of Finance, People Manager and Head of Marketing. We are building our strategy and plans to make the most of commercial opportunities such as our bar, café, concessions and events and we have brought in expert support to ensure we maximise all our income opportunities and create sustainable revenue. At the same time we are looking at our core work around film and our value as a charity and making sure that what we do is relevant, unique and the best offer for Newcastle and the North East.

We will continue to work closely with other cultural venues in the area through the Newcastle Gateshead Cultural Venues network and with the City Council. Our aim is to capitalise on the affection that is felt for our organisation and make sure we develop a realistic and sustainable operating model for the future.

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

The charity is a company limited by guarantee (incorporated 10 May 1973) and as such is governed by its memorandum and articles of association, last amended by special resolution dated 30 July 2014. It is registered as a charity with the Charity Commission.

The trustees, who are also the directors for the purpose of company law, and who served during the year were:

L Armstrong	(Resigned 31st October 2020)
S Kyffin	(Resigned 31st October 2020)
N Shottel	(Resigned 9 <sup>th</sup> December 2020)
C Binns	
E McIntyre	(Resigned 13 <sup>th</sup> July 2020)
C Bray	(Resigned 29 January 2020)
M Such	
R Carmichael	(Appointed 24 July 2019)
S Bratch	(Appointed 29 January 2020)
J Wade	(Appointed 29 January 2020)

# TYNESIDE CINEMA

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

### FOR THE YEAR ENDED 31 MARCH 2020

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#### **Members' liability**

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

#### **Method of recruitment and appointment or election of trustees**

The directors of the company are also trustees of the charity. They are unpaid and give their time freely and generously, bringing to bear significant skills to support the staff.

Term of office: trustees serve a maximum of two consecutive terms of three years each and the board meet four times per year.

Recruitment of trustees: the board has a fixed tenure for membership to ensure that the board is refreshed. It recruits new members through open advertising in its printed and online publicity. Applicants are shortlisted and are interviewed by the chair and vice chair of the board.

#### **Policies and procedures adopted for the induction and training of trustees**

New trustees are inducted by the chair of the board and the chief executive. They are given a tour of the cinema, a written induction pack which includes the charity's business plan and governing documents, and a copy of the staff handbook which details all of the charity's operational policies. All trustees attend a formal session which discusses in details the role and responsibilities of trustees.

#### **Organisational structure**

A chief executive is appointed by the board to manage the day-to-day operations of the charity. The full board meets four times per year. Detailed written board reports and an agenda are prepared by the senior managers of the charity and circulated in advance of meetings. Board meetings are attended by the chief executive and senior leadership team.

Board decisions are made by simple majority vote.

The board also welcomes observers from its major stakeholders, Newcastle City Council, British Film Institute and Arts Council England.

Outside of these meetings, all trustees are invited to attend informal 'contact group' meetings with the heads of department on a voluntary basis. These meetings enable managers and trustees to stay in touch and build trustees understanding of the charity by allowing discussion and reflection in depth on particular aspects of the charity's work.

There is a standing group for Audit, Risk and Finance. Other sub-groups are formed to assist on specific and time-limited projects.

Tyneside Cinema is part of the Newcastle Gateshead Cultural Venues (NGCV) group. NGCV is a voluntary partnership of 10 organisations running 20 venues, archives and heritage sites in Tyne & Wear. There are quarterly meetings of functional areas, all organisations work together to share learning and information in order to maximise sustainability, as well as maximising social, cultural and economic impact.

#### **Arrangements for setting pay and remuneration of key management personnel**

Arrangements for setting pay and remuneration of key management personnel is consistent with all staff at the charity.

All trustees give their time freely; none of the trustees receive remuneration or any other type of benefit from their work with the charity. Details of related party transactions are disclosed in note 31.

#### **Trading company**

A wholly owned subsidiary trading company operates the Tyneside Bar and Café, Vicolo and Coffee Rooms situated on the ground and first floors of the cinema building. The building lease and some assets of the trading company are owned by the charity. The company shares the mission of the charity. Its aim is to provide a significant contributed income stream to support the charitable activities.



# **TYNESIDE CINEMA**

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

### **FOR THE YEAR ENDED 31 MARCH 2020**

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#### **Related parties and other connected charities and organisations**

The charity has a longstanding relationship with its key stakeholder Newcastle City Council. Newcastle City Council regards the cinema as one of the city's key cultural assets.

The charity has continued to fulfil its remit as a revenue funded client of Arts Council England as part of its 'National Portfolio'.

The charity owns the entire share capital of the trading subsidiary Tyneside Cinema Trading Co. Ltd. as described previously. The trading company has a licence to operate in the spaces it occupies which are leased to the cinema on a long term lease by the head landlords. Some of the assets utilised by the trading company are also all owned by the cinema, and a fair charge made for their use. All surpluses generated by the trading company will be gift aided to the Tyneside Cinema in furtherance of its charitable aims.

The charity works in partnership with charities, colleges, schools and other regional organisations to enhance the delivery and reach of its objectives.

#### **Auditor**

RSM UK Audit LLP has indicated its willingness to continue in office.

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



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**J Wade**

Trustee

Dated: 21<sup>st</sup> April 2021

# **TYNESIDE CINEMA**

## **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

### **FOR THE YEAR ENDED 31 MARCH 2020**

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

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

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

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

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

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

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TYNESIDE CINEMA

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### Opinion on financial statements

We have audited the financial statements of Tyneside Cinema (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the Consolidated Statement of Financial Activities, the Group and Company Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 group's and the parent charitable company's affairs as at 31 March 2020 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

### 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 charitable company 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TYNESIDE CINEMA (CONTINUED)

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

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Trustees' Report.

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

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

### Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 8, the trustees' (who are also the directors of the charitable company for the purposes 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 group's and parent charitable company'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 group or parent 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 for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### 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 its members as a body, for our audit work, for this report, or for the opinions we have formed.



Lucy Robson (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

1 St. James' Gate

Newcastle upon Tyne

NE1 4AD

23.04.2021

# TYNESIDE CINEMA

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
<b><u>Income from:</u></b>					
Donations and legacies	3	314,926	558,058	872,984	551,163
Charitable activities	4	2,046,721	-	2,046,721	2,237,125
Other trading activities	5	1,996,932	-	1,996,932	1,973,124
Investments	6	83	-	83	226
<b>Total income</b>		<b>4,358,662</b>	<b>558,058</b>	<b>4,916,720</b>	<b>4,761,638</b>
<b><u>Expenditure on:</u></b>					
Raising funds	7	1,685,318	-	1,685,318	1,699,207
Charitable activities	8	2,658,775	963,675	3,622,450	3,429,260
<b>Total charitable expenditure</b>		<b>4,344,093</b>	<b>963,675</b>	<b>5,307,768</b>	<b>5,128,467</b>
Taxation	10	2,561	-	2,561	62
<b>Total resources expended</b>		<b>4,346,654</b>	<b>963,675</b>	<b>5,310,329</b>	<b>5,128,529</b>
<b>Net (Outgoing)/Incoming resources before transfers</b>		<b>12,008</b>	<b>(405,617)</b>	<b>(393,609)</b>	<b>(366,891)</b>
Transfer between funds		17,046	(17,046)	-	-
<b>Net movement in funds</b>		<b>29,054</b>	<b>(422,663)</b>	<b>(393,609)</b>	<b>(366,891)</b>
Total funds brought forward		(55,087)	3,375,762	3,320,675	3,687,566
<b>Total funds carried forward</b>		<b>(26,033)</b>	<b>2,953,099</b>	<b>2,927,066</b>	<b>3,320,675</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.

# TYNESIDE CINEMA CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Intangible assets	13		43,090		17,860
Tangible assets	14		3,866,264		4,367,499
Investments	15		10,000		10,000
			<u>3,919,354</u>		<u>4,395,359</u>
<b>Current assets</b>					
Stocks	16	14,234		29,046	
Debtors	17	136,678		232,811	
Cash at bank and in hand		273,200		329,762	
		<u>424,112</u>		<u>591,619</u>	
<b>Creditors: amounts falling due within one year</b>	18	(930,900)		(1,116,497)	
<b>Net current liabilities</b>			<u>(506,788)</u>		<u>(524,878)</u>
<b>Total assets less current liabilities</b>			3,412,566		3,870,481
<b>Creditors: amounts falling due after more than one year</b>	19		(485,276)		(548,572)
<b>Provisions for liabilities</b>			<u>(224)</u>		<u>(1,234)</u>
<b>Net assets</b>			<u>2,927,066</u>		<u>3,320,675</u>
<b>Income funds</b>					
Restricted funds	24	2,953,099		3,375,762	
Unrestricted funds		(26,033)		(55,087)	
		<u>2,927,066</u>		<u>3,320,675</u>	

The financial statements were approved by the Trustees on 21<sup>st</sup> April 2021



J Wade  
Chair

# TYNESIDE CINEMA BALANCE SHEET

AS AT 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Intangible assets	13		43,090		17,860
Tangible assets	14		3,837,696		4,336,262
Investments	15		10,001		10,001
			<u>3,890,787</u>		<u>4,364,123</u>
<b>Current assets</b>					
Stocks	16	4,676		6,152	
Debtors	17	87,202		217,129	
Cash at bank and in hand		194,409		215,834	
		<u>286,287</u>		<u>439,115</u>	
<b>Creditors: amounts falling due within one year</b>	18	<u>(772,780)</u>		<u>(1,002,489)</u>	
<b>Net current liabilities</b>			<u>(486,493)</u>		<u>(563,374)</u>
<b>Total assets less current liabilities</b>			3,404,294		3,800,749
<b>Creditors: amounts falling due after more than one year</b>	19		<u>(485,276)</u>		<u>(548,572)</u>
<b>Net assets</b>			<u>2,919,018</u>		<u>3,252,177</u>
<b>Income funds</b>					
Restricted funds	24	2,953,099		3,375,762	
Unrestricted funds		<u>(34,081)</u>		<u>(123,585)</u>	
		<u>2,919,018</u>		<u>3,252,177</u>	

As permitted by section 408 of the Companies Act 2006, the statement of financial activities of the parent company is not presented as part of these accounts. The parent company's total income resources for the financial year amounted to £3,280,012 (2019: £3,166,755) and the net movement in funds for the financial year amounted to a deficit of £333,159 (2019: £274,010).

The financial statements were approved by the Trustees on 21<sup>st</sup> April 2021

*J Wade*

J Wade  
Trustee

# **TYNESIDE CINEMA**

## **CONSOLIDATED STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 £	£	2019 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	26		139,504		201,943
<b>Investing activities</b>					
Purchase of intangible assets		(34,260)		(21,750)	
Purchase of tangible fixed assets		(16,329)		(63,224)	
Interest received		83		226	
<b>Net cash used in investing activities</b>			(50,506)		(84,748)
<b>Financing activities</b>					
Repayment of bank loans		(145,560)		(107,713)	
<b>Net cash (used in)/generated from financing activities</b>			(145,560)		(107,713)
<b>Net increase/(decrease) in cash and cash equivalents</b>			(56,562)		9,482
Cash and cash equivalents at beginning of year			329,762		320,280
<b>Cash and cash equivalents at end of year</b>			273,200		329,762



# TYNESIDE CINEMA

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2020

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#### 1 Accounting policies

##### Charity information

Tyneside Cinema is a charitable company limited by guarantee incorporated in England and Wales. The registered office is Newe House, 10 Pilgrim Street, Newcastle upon Tyne, NE1 6QG.

##### Accounting convention

The financial statements have been prepared in accordance with the charity's governing document, 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)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

The charity is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The charity has therefore taken the exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' - Presentation of a statement of cash flows and related notes and disclosures.

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 £.

##### Going concern

The trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern, despite the net current liabilities. Budgets and cash flow forecasts have been prepared to March 2022. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the charity has adequate overall resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the charity's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

##### Consolidation

The financial statements consolidate the results of the charity and its wholly owned subsidiary undertaking, Tyneside Cinema Trading Co. Ltd. (formerly TC Bar Cafe Co. Ltd.), a company incorporated in England and Wales, on a line by line basis. All financial statements are made up to 31 March 2020, and consistent accounting policies are used.

A separate Statement of Financial Activities for the charity has not been presented because the charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

##### Charitable funds

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the charity at the discretion of the trustees.

Restricted funds are funds that can only be used for particular activities within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

##### Incoming resources

All incoming resources are recognised when the charity has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

# TYNESIDE CINEMA

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

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#### 1 Accounting policies (Continued)

Grant income is receivable from the Arts Council, Bridge, British Film Institute and the Gillian Dickenson Trust. This is recognised where there is entitlement, receipt is probable and the amount can be measured with sufficient reliability.

Income from charitable activities also includes cinema tickets purchased and income from the hire of facilities, and the income is recognised in the period in which it is receivable.

Income received from the charitable company's sole subsidiary is included within other trading activities income, and is included in the period in which the income is receivable.

#### Donations

Donations are received by way of grants, donations, and gifts and are recognised where there is entitlement, receipt is probable and the amount can be measured with sufficient reliability.

#### Other income

Income from charitable activities also includes the letting of non-investment property to the trading subsidiary, in furtherance from the charity's objects. Rental income is included in the financial statements in the period in which it is receivable.

#### Interest receivable

Interest receivable is included in the Statement of Financial Activities on a receivable basis, and is stated inclusive of related tax credits.

#### Resources expended

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, 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 classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources.

All resources expended are inclusive of irrecoverable VAT.

#### Expenditure on raising funds

This includes all expenditure incurred by the charity to raise funds for its charitable purposes and includes costs of all fundraising activities, events and non-charitable trading.

#### Charitable activities

These are costs incurred by the charity in the delivery of its activities and services for its beneficiaries, and include both the direct costs and support costs relating to these activities and an apportionment of support and governance costs.

Certain expenditure is directly attributable to specific activities and has been included in these categories. Certain other support costs, which are attributable to more than one activity, are apportioned across costs categories on the basis of an estimate of the proportion of time spent by staff on those activities.

#### Intangible fixed assets – goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill shall be considered to have a finite useful life, and shall be amortised on a systematic basis over its life.

# TYNESIDE CINEMA

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

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#### 1 Accounting policies (Continued)

##### **Intangible fixed assets other than goodwill**

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

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

Website costs	3 - 5 years straight line
---------------	---------------------------

##### **Tangible fixed assets**

Assets costing £100 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their estimated useful economic life. Where there are specific conditions attached to the funding that require the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	Over the term of the lease (up to a maximum of 20 years)
Cinema technical equipment	10 - 33% straight line
Fixtures and fittings	20 - 33% straight line

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments, impairment losses are recognised in the Statement of Financial Activities.

##### **Fixed asset investments**

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

In the separate accounts of the charity, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in income and expenditure.

In the consolidated accounts fixed asset investments held in the form of shares are included at cost.

Realised gains and losses on investments are calculated as difference between sales proceeds and their market value at the start of the year, or their subsequent cost, and are charged or credited to the Statement of Financial Activities in the year of disposal.

# TYNESIDE CINEMA

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

---

#### 1 Accounting policies (Continued)

##### **Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

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

Cash and cash equivalents include cash in hand and deposits held at call with banks.

##### **Financial instruments**

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

All of the charity's financial assets and financial liabilities qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

##### **Basic financial assets**

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

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

Basic financial liabilities, including trade and other 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.

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

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

##### **Taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not resolved at the balance sheet date where transactions or events have occurred at that date will result in an obligation to pay more, or a right to pay less or to receive more tax with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

# **TYNESIDE CINEMA**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 MARCH 2020**

#### **1 Accounting policies (Continued)**

##### **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.

##### **Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

##### **Operating lease agreements**

The group as a lessee:

The charity classifies the leases of properties as operating leases. Rental charges are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

The group as a lessor:

Rental income from assets leased under operating leases are recognised on a straight line basis over the term of the lease.

#### **2 Critical accounting estimates and judgements**

Accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### Critical accounting estimates and assumptions

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the charity as lessees, or the lessee, where the charity is a lessor.

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

	Unrestricted funds	Restricted funds	Total 2020	Total 2019
	£	£	£	£
General donations	98,949	-	98,949	42,421
Grants received	215,977	558,058	774,035	508,742
	<u>314,926</u>	<u>558,058</u>	<u>872,984</u>	<u>551,163</u>
<b>For the year ended 31 March 2019</b>	<u>168,582</u>	<u>382,581</u>		<u>551,163</u>

Tyneside Cinema has an established team of volunteers who offer their time across both the trading company and the charity. In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contributions of general volunteers are not recognised in the accounts. The current headcount is in the region of 9 volunteers working side by side with paid staff to support them to fulfil their duties. Volunteers are a valued resource to the organisation and we recognise their commitment and value.

# TYNESIDE CINEMA

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

#### 4 Charitable activities

	2020 Unrestricted £	2019 Unrestricted £
Cinema activities	1,248,537	1,283,941
Food and drink sales	175,798	273,470
Facilities hire	347,590	408,561
Rental income	-	1,222
Advertising	69,022	67,062
Memberships	155,005	147,701
Commission	40,690	36,568
Other	10,079	18,600
	<u>2,046,721</u>	<u>2,237,125</u>

#### 5 Other trading activities

	2020 Unrestricted £	2019 Unrestricted £
Sponsorship	15,781	12,000
Food and drink sales	<u>1,981,151</u>	<u>1,961,124</u>
Other trading activities	<u>1,996,932</u>	<u>1,973,124</u>

#### 6 Investments

	2020 Unrestricted £	2019 Unrestricted £
Bank deposit investment income	<u>83</u>	<u>226</u>

#### 7 Raising funds

	2020 Unrestricted £	2019 Unrestricted £
Other fundraising costs	885,279	840,012
Staff costs	787,642	824,084
Depreciation	12,397	13,361
Amortisation	-	4,350
Impairment	-	17,400
	<u>1,685,318</u>	<u>1,699,207</u>

# **TYNESIDE CINEMA**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 MARCH 2020**

#### **8 Charitable activities**

	2020 £	2019 £
Staff costs	1,429,889	1,502,315
Premises costs	39,304	23,957
Other costs	823,538	768,436
	<u>2,292,731</u>	<u>2,294,708</u>
Share of support costs (see note 9)	1,281,630	1,091,729
Share of governance costs (see note 9)	48,089	42,823
	<u>3,622,450</u>	<u>3,429,260</u>
<b>Analysis by fund</b>		
Unrestricted funds	2,658,775	2,650,833
Restricted funds	963,675	778,427
	<u>3,622,450</u>	<u>3,429,260</u>

#### **9 Support costs**

	Support costs £	Governance costs £	2020 £	2019 £	Basis of allocation
Depreciation and amortisation	514,197		514,197	515,048	Staff time
Operating lease charges	123,118		123,118	119,325	Staff time
Premises costs	431,970		431,970	263,237	Staff time
Other costs	212,345		212,345	194,119	Staff time
Audit fees	-	14,250	14,250	9,550	Governance
Accountancy	-	950	950	2,200	Governance
Governance costs		32,889	32,889	31,073	Governance
	<u>1,281,630</u>	<u>48,089</u>	<u>1,329,719</u>	<u>1,134,552</u>	
Analysed between					
Charitable activities	<u>1,281,630</u>	<u>48,089</u>	<u>1,329,719</u>	<u>1,134,552</u>	

Governance costs includes payments to the auditors of £14,250 (2019: £9,550) for audit fees. This is split as £9,750 for the charity and £4,500 for the subsidiary.

# TYNESIDE CINEMA

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

#### 10 Taxation

	2020	2019
	£	£
Corporation Tax	3,571	-
Deferred tax	(1,010)	62
	<u>2,561</u>	<u>62</u>

#### 11 Employees

##### Number of employees

The average number of persons employed by the group during the year was as follows:

	2020 Number	2019 Number
Charitable activities and raising funds	129	133
Management and administration	6	6
	<u>135</u>	<u>139</u>

The average number of persons employed by the charity during the year was as follows:

	2020 Number	2019 Number
Charitable activities and raising funds	76	75
Management and administration	6	6
	<u>82</u>	<u>81</u>

##### Employment costs

	2020 £	2019 £
Wages and salaries	2,034,019	2,058,034
Social security costs	147,254	147,409
Other pension costs	36,258	22,868
	<u>2,217,531</u>	<u>2,228,311</u>
Staff restructuring costs	-	1,874
Staff development and other staff costs	51,262	52,064
	<u>2,268,793</u>	<u>2,282,249</u>



# TYNESIDE CINEMA

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

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#### 11 Employees (Continued)

##### **Non statutory/non contractual staff severance payments**

Included in staff restructuring costs are non-contractual severance payments totalling £0 (2019: £1,764).

##### **Key management personnel**

Neither the trustees nor any other persons connected with them have received any remuneration, either in the current or the prior year.

The key management personnel are stated on the legal and administrative information page. The total employment benefits in the year, including employer pension contributions of £768 (2019: £2,903) were £79,409 (2019: £128,044).

There were no trustee expenses reimbursed during the year (2019: £nil).

The number of employees whose annual remuneration was £60,000 or more were:

	2020 Number	2019 Number
£60,001 - £70,000	1	1

Pension contributions paid in the year in respect of the above staff were £658 (2019: £1,452).

#### 12 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in income and expenditure:

	2020 £	2019 £
In respect of:		
Goodwill	-	17,400

# TYNESIDE CINEMA

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

#### 13 Intangible fixed assets

Group	Goodwill £	Website costs £	Total £
<b>Cost</b>			
At 1 April 2019	21,750	29,085	50,835
Additions	-	34,260	34,260
At 31 March 2020	21,750	63,345	85,095
<b>Amortisation and impairment</b>			
At 1 April 2019	21,750	11,225	32,975
Amortisation charged for the year	-	9,030	9,030
At 31 March 2020	21,750	20,255	42,005
<b>Carrying amount</b>			
At 31 March 2020	-	43,090	43,090
At 31 March 2019	-	17,860	17,860
<b>Charity</b>		<b>Website £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 April 2019		29,085	29,085
Additions		34,260	34,260
At 31 March 2020		63,345	63,345
<b>Amortisation and impairment</b>			
At 1 April 2019		11,225	11,225
Amortisation charged for the year		9,030	9,030
At 31 March 2020		20,255	20,255
<b>Carrying amount</b>			
At 31 March 2020		43,090	43,090
At 31 March 2019		17,860	17,860

# TYNESIDE CINEMA

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

#### 14 Tangible fixed assets

Group	Leasehold land and buildings	Cinema technical equipment	Fixtures and fittings	Total
	£	£	£	£
<b>Cost</b>				
At 1 April 2019	8,063,786	1,410,829	232,661	9,707,276
Additions	-	11,844	4,485	16,329
At 31 March 2020	8,063,786	1,422,673	237,146	9,723,605
<b>Depreciation and impairment</b>				
At 1 April 2019	4,161,097	962,416	216,264	5,339,777
Depreciation charged in the year	437,759	66,008	13,797	517,564
At 31 March 2020	4,598,856	1,028,424	230,061	5,857,341
<b>Carrying amount</b>				
At 31 March 2020	3,464,930	394,249	7,085	3,866,264
At 31 March 2019	3,902,689	448,413	16,397	4,367,499
<b>Charity</b>				
	£	£	£	£
<b>Cost</b>				
At 1 April 2019	8,063,786	1,369,444	223,661	9,656,891
Additions	-	6,601	-	6,601
At 31 March 2020	8,063,786	1,376,045	223,661	9,663,492
<b>Depreciation and impairment</b>				
At 1 April 2019	4,161,097	943,268	216,264	5,320,629
Depreciation charged in the year	437,953	59,817	7,397	505,167
At 31 March 2020	4,599,050	1,003,085	223,661	5,825,796
<b>Carrying amount</b>				
At 31 March 2020	3,464,736	372,960	-	3,837,696
At 31 March 2019	3,902,689	426,176	7,397	4,336,262

# TYNESIDE CINEMA

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

#### 15 Fixed asset investments

Group	Art exhibition £
<b>Cost or valuation</b>	
At 1 April 2019 & 31 March 2020	10,000
<b>Carrying amount</b>	
At 31 March 2020	10,000
At 31 March 2019	10,000

#### Subsidiary

In addition to the art exhibition, the company owns the entire £1 share capital of Tyneside Cinema Trading Co. Ltd (company number 08804734), which is incorporated in the United Kingdom.

A summary of the trading results is shown below:

	2020 £	2019 £
Summary Statement of Comprehensive Income		
Turnover	1,992,974	2,001,152
Expenses	(1,976,145)	(1,937,754)
Profit before tax	16,829	63,398
Taxation	(2,561)	(3,669)
Net profit	14,268	59,729
	2020 £	2019 £
The assets and liabilities of the subsidiary were:		
Fixed assets	28,568	31,237
Current assets	191,934	246,132
Creditors: amounts falling due within one year	(212,230)	(207,637)
Deferred tax	(3,893)	(4,903)
Total net assets	4,379	64,829
Aggregated share capital and reserves	4,379	64,829

# TYNESIDE CINEMA

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

<b>16</b>	<b>Stocks</b>		<b>Group</b>		<b>Charity</b>	
			<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
			<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
	Finished goods and goods for resale		14,234	29,046	4,676	6,152
			<u>14,234</u>	<u>29,046</u>	<u>4,676</u>	<u>6,152</u>
<b>17</b>	<b>Debtors</b>		<b>Group</b>		<b>Charity</b>	
			<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
			<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
	Amounts falling due within one year:					
	Trade debtors		54,129	61,000	30,225	60,790
	Other debtors		-	12,908	-	12,908
	Prepayments and accrued income		82,549	158,903	56,977	143,431
			<u>136,678</u>	<u>232,811</u>	<u>87,202</u>	<u>217,129</u>
<b>18</b>	<b>Creditors: amounts falling due within one year</b>		<b>Group</b>		<b>Charity</b>	
			<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
			<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
		<b>Notes</b>				
	Bank loans	<b>20</b>	61,687	122,089	61,687	122,089
	Trade creditors		216,451	371,935	190,307	325,999
	Amounts due to fellow group undertakings		-	-	54,109	93,628
	Other taxation and social security		164,002	216,409	74,616	113,433
	Corporation tax payable		3,571			
	Other creditors		36,303	46,618	36,303	46,619
	Accruals		214,637	225,912	167,914	167,187
	Deferred income	<b>21</b>	234,249	133,534	187,844	133,534
			<u>930,900</u>	<u>1,116,497</u>	<u>772,780</u>	<u>1,002,489</u>
<b>19</b>	<b>Creditors: amounts falling due after more than one year</b>				<b>2020</b>	<b>2019</b>
	<b>Group and charity</b>		<b>Notes</b>		<b>£</b>	<b>£</b>
	Bank loans		<b>20</b>		<u>485,276</u>	<u>548,572</u>

# TYNESIDE CINEMA

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

#### 20 Borrowings

	2020	2019
Group and charity	£	£
Bank loans	546,963	670,661
Payable within one year	61,687	122,089
Payable after one year	485,276	548,572
Amounts included above which fall due after five years:		
Payable by instalments	162,115	199,050

Loans are held with HSBC and Newcastle City Council. The loans with HSBC are due for repayment May 2021 and August 2021 with interest rates of 3.8% and 4.3% respectively. The loans with Newcastle City Council are due for repayment April 2027 with interest rates of 4.87% and 3.43% respectively. The loans are secured on the leasehold property. Subsequent to the year end, payment holidays were agreed with both lenders as a result of the COVID pandemic.

#### 21 Deferred income

	2020	2019
Group and charity	£	£
Balance as at 1 April	133,534	111,641
Released from previous years	(133,534)	(111,641)
Resources deferred in the year	234,249	133,534
Balance carried forward at 31 March	234,249	133,534

#### 22 Provisions for liabilities

	2020	2019
	£	£
Deferred tax liabilities	224	1,234
	224	1,234

#### 23 Financial instruments

	2020	2019
	£	£
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	54,545	143,464
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	1,014,355	1,315,126

# TYNESIDE CINEMA

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

#### 24 Analysis of charitable funds

For the year ended 31 March 2020:

Group	Balance at 1 April 2019 £	Movement in funds			Balance at 31 March 2020 £
		Incoming resources £	Resources expended £	Transfers £	
<b>Unrestricted funds</b>					
General funds	(55,087)	4,358,662	(4,346,654)	17,046	(26,033)
	(55,087)	4,358,662	(4,346,654)	17,046	(26,033)
<b>Restricted funds</b>					
Capital development	3,358,716	-	(405,617)	-	2,953,099
Arts Council	17,046	124,271	(124,271)	(17,046)	-
Project grants	-	433,787	(433,787)	-	-
	3,375,762	558,058	(963,675)	(17,046)	2,953,099
<b>Total funds</b>	<b>3,320,675</b>	<b>4,916,720</b>	<b>(5,310,329)</b>	<b>-</b>	<b>2,927,066</b>

For the year ended 31 March 2020:

Charity	Balance at 1 April 2019 £	Movement in funds			Balance at 31 March 2020 £
		Incoming resources £	Resources expended £	Transfers £	
<b>Unrestricted funds</b>					
General funds	(123,585)	2,721,954	(2,649,496)	17,046	(34,081)
	(123,585)	2,721,954	(2,649,496)	17,046	(34,081)
<b>Restricted funds</b>					
Capital development	3,358,716	-	(405,617)	-	2,953,099
Arts Council	17,046	124,271	(124,271)	(17,046)	-
Project grants	-	433,787	(433,787)	-	-
	3,375,762	558,058	(963,675)	(17,046)	2,953,099
<b>Total funds</b>	<b>3,252,177</b>	<b>3,280,012</b>	<b>(3,613,171)</b>	<b>-</b>	<b>2,919,018</b>

# TYNESIDE CINEMA

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

#### 24 Analysis of charitable funds (continued)

For the year ended 31 March 2019:

Group	Balance at 1 April 2018 £	Movement in funds			Balance at 31 March 2019 £
		Incoming resources £	Resources expended £	Transfers £	
<b>Unrestricted funds</b>					
General funds	(84,042)	4,379,057	(4,350,102)	-	(55,087)
	(84,042)	4,379,057	(4,350,102)	-	(55,087)
<b>Restricted funds</b>					
Capital development	3,771,608	-	(412,892)	-	3,358,716
Arts Council	-	141,321	(124,275)	-	17,046
Project grants	-	241,260	(241,260)	-	-
	3,771,608	382,581	(778,427)	-	3,375,762
<b>Total funds</b>	<b>3,687,566</b>	<b>4,761,638</b>	<b>(5,128,529)</b>	<b>-</b>	<b>3,320,675</b>

For the year ended 31 March 2019:

Charity	Balance at 1 April 2018 £	Movement in funds			Balance at 31 March 2019 £
		Incoming resources £	Resources expended £	Transfers £	
<b>Unrestricted funds</b>					
General funds	(245,421)	2,784,174	(2,662,338)	-	(123,585)
	(245,421)	2,784,174	(2,662,338)	-	(123,585)
<b>Restricted funds</b>					
Capital development	3,771,608	-	(412,892)	-	3,358,716
Arts Council	-	141,321	(124,275)	-	17,046
Project grants	-	241,260	(241,260)	-	-
	3,771,608	382,581	(778,427)	-	3,375,762
<b>Total funds</b>	<b>3,526,187</b>	<b>3,166,755</b>	<b>(3,440,765)</b>	<b>-</b>	<b>3,252,177</b>

The specific purposes for which the funds are to be applied are as follows:

General reserves - the general reserves represent the free funds of the charity which are not designated for any particular purpose.

Restricted funds:

Arts Council - revenue funding to support the digital and creative media arts programme at the Tyneside Cinema.



# TYNESIDE CINEMA

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

Capital development fund - capital funding utilised for restoration and refurbishment of Tyneside Cinema. The fund is reduced by the annual depreciation charge.

Project Grants fund – restricted funds related to a number of projects funded through grants awarded by various different funders.

#### 25 Analysis of net assets between funds

	Unrestricted	Restricted General	Total
	£	£	£
<b>Fund balances at 31 March 2020 are represented by:</b>			
Intangible fixed assets	43,090	-	43,090
Tangible assets	913,165	2,953,099	3,866,264
Investments	10,000	-	10,000
Current assets/(liabilities)	(506,788)	-	(503,218)
Long term liabilities	(485,276)	-	(485,276)
Provisions	(224)	-	(1,234)
	<u>(26,033)</u>	<u>2,953,099</u>	<u>2,927,066</u>
	Unrestricted	Restricted General	Total
	£	£	£
<b>Fund balances at 31 March 2019 are represented by:</b>			
Intangible fixed assets	17,860	-	17,860
Tangible assets	991,737	3,375,762	4,367,499
Investments	10,000	-	10,000
Current assets/(liabilities)	(524,878)	-	(524,878)
Long term liabilities	(548,572)	-	(548,572)
Provisions	(1,234)	-	(1,234)
	<u>(55,087)</u>	<u>3,375,762</u>	<u>3,320,675</u>

# TYNESIDE CINEMA

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2020

26	Cash generated from operations	2020 £	2019 £
	Deficit for the year	(393,609)	(366,891)
	Adjustments for:		
	Investment income recognised in statement of financial activities	(83)	(226)
	Taxation	2,561	62
	Amortisation of intangible fixed assets	9,030	10,845
	Impairment losses	-	17,400
	Depreciation of tangible fixed assets	517,564	521,914
	Movements in working capital:		
	Decrease/(increase) in stocks	14,812	18,060
	Decrease/(increase) in debtors	96,132	163,034
	(Decrease)/increase in creditors	(207,617)	(184,148)
	Increase/(decrease) in deferred income	100,715	21,893
	<b>Cash generated from operations</b>	<b>139,504</b>	<b>201,943</b>

### 27 Operating lease commitments

#### Lessee

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:

	2020 £	2019 £
Within one year	121,788	138,873
Between two and five years	217,074	357,191
In over five years	937	-
	<b>339,799</b>	<b>496,064</b>

### 28 Financial commitments, guarantees and contingent liabilities

Grants receivable from the European Regional Development Fund, Arts Council England, BFI and Heritage Lottery Fund are repayable if the charity fails to keep to the terms of the agreement with the grant funders, undergoes a significant change in status, ceases to operate or is declared insolvent within the period to 2028 for the European Regional Development Fund and 2031 for the Heritage Lottery Fund. The restricted funds relating to these grants are shown in note 24. Annual depreciation regarding the property is being charged annually against the restricted funds.

The agreement with Heritage Lottery Fund is secured by legal charges over the leasehold property at 10 Pilgrim Street, Newcastle upon Tyne.

# **TYNESIDE CINEMA**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 MARCH 2020**

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#### **29 Legal status of the charity**

The charity is a charity limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

#### **30 Taxation**

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

#### **31 Related party transactions**

The charity has taken the exemption contained within FRS 102 for disclosing transactions with its wholly owned subsidiary as consolidated financial statements are prepared.