

REGISTERED COMPANY NUMBER: 01310070 (England and Wales)
REGISTERED CHARITY NUMBER: 273785

**Report of the Trustees and
Financial Statements for the Year Ended 31 March 2019
for**

NEWLYN ART GALLERY LIMITED



Baldwins Audit Services
Unit A, Woodlands Court
Truro Business Park
Truro
Cornwall
TR4 9NH

NEWLYN ART GALLERY LIMITED

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for the year ended 31 March 2019**

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NEWLYN ART GALLERY LIMITED

Report of the Trustees for the year ended 31 March 2019

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2019. The trustees have adopted the provisions of 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 2015).

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.

Public benefit

Our main activities are described below. Our charitable activities focus on providing a stimulating series of exhibitions with education in the arts undertaken to further our charitable purposes for the public benefit.

ACHIEVEMENT AND PERFORMANCE

Charitable activities

Review of the Year

During the year we have continued to focus on our commitment to addressing social issues of immediate relevance in our communities and we explored strategies to increase the diversity of our teams and the programmes they deliver. We have also been successful in securing substantial funding and entered into new national partnerships to enable us to accelerate the pace of change in this area of our work, and sustain it over the medium term.

At a time of great economic uncertainty for the country, it is reassuring that we have been able to secure new funding and partnership commitments to 2022 and beyond, which should help us to strengthen our resilience. We have also presented ambitious exhibitions of consistently high quality, and continue to lead the way in our integrated approach to our exhibition and learning activities.

We further developed our work to engage broader audiences

In summer 2018 we presented the acclaimed work *Forty Part Motet* by Janet Cardiff at Richmond Chapel, Penzance, no longer a place of worship and in private ownership. This site is located in an area of high deprivation and so presented exciting opportunities for us to engage audiences that are often difficult to reach. We led on the preparation of the space and used our existing contacts with schools and community groups in the local area to plan for engagement by the broadest of audiences. The project was presented between June -August and attracted more than 8,000 visits over its three-month run, with audiences praising the work in the strongest terms.

Based on postcode analysis, we were able to prove the value of programming in non-gallery locations as a strategy for reaching more diverse audiences. 14% of visitors to the Janet Cardiff work, came from amongst the 10% most deprived in the population. This compares to our gallery attracting only 4% from the same audience segment.

NEWLYN ART GALLERY LIMITED

Report of the Trustees for the year ended 31 March 2019

We sought to reflect greater diversity in our programming

During the year we have continued to ensure that the artists we select to present, reflect the broad diversity of the UK population.

A highlight of the programme includes our main summer exhibition History Painting, by Rose Wylie. Wylie is best known for creating colourful, large-scale, figurative paintings that are intelligent, funny, and quietly political. These are usually made from memory and draw on a wide range of cultural references from history, fashion and cinema, to mythology, sport and literature. Rose, who was 83 at the time of the exhibition, received notification during the launch weekend that she had been honoured with an OBE, adding to a memorable weekend of celebration.

From March 2019 at Newlyn Art Gallery, we presented an important exhibition, curated by the Turner Prize-winning artist Lubaina Himid. The exhibition explored the work of three artists, Magda Stawarska-Beavan, Rebecca Chesney and Lubaina Himid, who considered the poetic investigation of place, space and time, through painting, sound installation and place-based research. Chesney in particular chose to respond to Newlyn specifically in her commission for the show, investigating the little-known Newlyn Tidal Observatory and its international importance.

We worked to increase the diversity of those curating our programmes

During the year, we developed a bid to join the Arts Council England National Partners Programme, structured around a desire to share programming decision-making with a more diverse group of individuals - to introduce 'new voices' into our programming. The bid was successful, enabling us to recruit new staff to help us deliver the programme. This gave us an opportunity to think afresh about our recruitment processes, successfully applying new best practice approaches to encourage applications from diverse candidates and specifically from those who identify as having protected characteristics.

We have continued to explore our wider civic responsibilities, focussing attention on the national issue of a diminishing creative curriculum in schools

During the year, we continued to forge new and deeper relationships with schools and colleges locally. Our new partnership with the Arts Council Collection will enable us to accelerate the pace of our work in this area in the coming months.

Our Gallery Director joined the Board of Truro & Penwith Academy Trust, which operates 28 schools across west Cornwall, in order to better understand the pressures and opportunities within the sector.

We have continued to inform national debate about the crisis in arts education through the Director's involvement in the Plus Tate Steering Group, arguing for Education to be one of three priorities for the network over the next five years.

We are reducing our environmental impact

We remain strongly committed to reducing our carbon footprint. Since 2012 we have achieved year-on-year reductions in our carbon emissions, a trend that continued this year.

Newlyn Art Gallery:

Energy 19.7 ton (2013/14)

8 ton (2018/19)

A 59% reduction over the five years

The Exchange:

44 ton (2013/14)

10 ton (2018/19)

77% reduction over same period

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 months of running costs are secured. During the year we have achieved some very significant fundraising successes, which, at a time of great uncertainty for the UK economy, will help to ensure financial stability for the gallery over a number of years.

NEWLYN ART GALLERY LIMITED

Report of the Trustees for the year ended 31 March 2019

FINANCIAL REVIEW

New funding secured and sources of funding diversified

Investment through the Catalyst Evolve programme has been used to strengthen the fundraising expertise across the organisation, and to focus new energy on generating income through individual philanthropy.

Following the official launch of our Patrons Scheme in November 2017, we have recruited 43 Patrons, each paying an annual subscription of £250. This in itself is a great achievement and compares very favourably to the performance of patrons schemes run by peer organisations nationally. In addition, 100% of those signing up in the first year of the scheme renewed, encouraging us to believe our offer to Patrons is strong and satisfaction levels amongst the group are high. In February, we launched a Development Board. The group has no governance powers or responsibilities, but has a focussed brief to support the organisation to generate new income from philanthropic sources. Its current membership includes Kim Conchie, CEO of Cornwall Chamber of Commerce, Sara Owen and Nigel Williams and is supported by the gallery's Development Manager, Tamsin Young and Director, James Green, and includes a Trustee representative, Dida Tait, who has specialist fundraising expertise. The group is chaired by Charles Hancock, President of the Patrons Scheme and a former Chair of the gallery.

We would like to record our special thanks to Tamsin Young, Development Manager at the gallery and to Charles Hancock, President of the Patrons Scheme, who have both devoted great energy and imagination to the promotion of the scheme and to our Trustees, who have embraced their expanded roles in directly supporting it.

In February, we had confirmation that our application to join the Arts Council England National Partner Programme, (ACC NPP) was successful. The gallery is one of only three organisations to have been successful, following a highly competitive process. The programme provides £550,000 of support to enable the gallery to deliver a programme of nine projects over three years, drawing on the ACC's outstanding collection of more than 8,000 works of contemporary art.

The focus of our application builds on the principles of Newlyn Art Gallery's 19th-century founder, John Passmore Edwards, the philanthropist and social reformer. He was committed to improving people's lives and felt that art had an important role to play. This vision has inspired us to think more ambitiously about our work with communities and how we might involve them more actively in shaping and leading our work. We are particularly interested in how the gallery might embrace its civic role and become relevant and important to more people, for example challenging and supporting schools to embrace a broader curriculum that positions creativity at its heart.

We plan to use the project to pioneer a more inclusive approach to programming. All the data shows that in spite of art organisations' best intentions, those shaping the exhibitions and learning programmes galleries present, fail to reflect the diversity of the UK population. We'd like to change that. We plan to deliver a programme curated by people never given this opportunity before, offering them a platform to share their perspectives in new ways, and making the Arts Council Collection, the 'people's collection'.

Our successful application was used to leverage an additional £50,000 from Cornwall Council, in addition to our existing revenue grant funding. This will help us build even stronger links with the council and raise our profile amongst key officers and councillors.

In July, we heard that our application to the Jerwood Foundation, to support an artists' residency programme, was successful. We had applied for £31,000 for up to three residency opportunities over 12 months. However, the funder was so impressed with the proposal that we were offered £62,000 to extend the project over a second year. The programme will be delivered from March 2020.

NEWLYN ART GALLERY LIMITED

Report of the Trustees for the year ended 31 March 2019

FINANCIAL REVIEW

Reserves policy

At 31st March 2019 the charity had total funds of £3,765,547. The Gallery had a cumulative deficit at 31st March 2019 of £166,119. This figure is known as free reserves and the calculation is shown at note 25. The calculation takes the total funds and removes the amount that is either restricted or tied up in property to arrive at the sum that is freely available to support the gallery's activities. It also shows the movement in free reserves between years - this year a modest deterioration (£3,109) between March 2018 and March 2019.

The reserves policy is to eliminate this deficit by 31st March 2023 and then to build up a reserve of between £50,000 and £100,000, which equates to running costs for a period of 3 months, by 31st March 2025. This requires the Gallery to make a surplus of £44,000 on average in each of the next 6 years. The board is confident that this can be achieved given future income streams and effective management of costs, and will monitor progress against this target as part of its regular financial monitoring at each meeting.

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. Our current National Partner Organisation (NPO) funding agreement extends to March 2022, with the value of the grant totalling £1,447,044. In 2017/18, Cornwall Council also confirmed their continuing support of the gallery with an annual grant of £25,000 until 2022, however from 2018/19 the award reduced to £21,936 as a consequence of budget saving Cornwall Council felt compelled to make.

As reported above, we have been very successful in securing additional, multi-year restricted funding from ACE and other trusts and foundations. Individual philanthropy has become a more important part of the organisation's income and our combined trading activities continue to generate useful levels of unrestricted income.

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

NEWLYN ART GALLERY LIMITED

Report of the Trustees for the year ended 31 March 2019

Mission:

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

Our Goals for 2018/19 to 2021/22

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

We are driving up the quality of our product

We are engaging more people

We are taking a lead role in strengthening our sector

We are improving our financial position

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

From February 2020, we will begin 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.

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.

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.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

01310070 (England and Wales)

Registered Charity number

273785

Registered office

The Exchange
Princes Street
Penzance
Cornwall
TR18 2NL

NEWLYN ART GALLERY LIMITED

Report of the Trustees for the year ended 31 March 2019

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

P A Brown		- resigned 03/12/18
A P Harper	Vice-Chair	
J K Lees		- resigned 01/11/18
P M B Shaw		- resigned 23/04/18
B Biscoe		
M R Bird	Chair	
N Scott		
M Barrett	Treasurer	- appointed 03/12/18
V Button		- appointed 03/12/18
C Mitchell		- appointed 03/12/18
B Naughton-Rumbo		- appointed 03/12/18
L Tait		- appointed 03/12/18

Company Secretary

N Scott

Auditors

Baldwins Audit Services
Unit A, Woodlands Court
Truro Business Park
Truro
Cornwall
TR4 9NH

Gallery Director

J Green

Observers

M Jivram, Arts Council England

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of Newlyn Art Gallery Limited for the purposes of company law) are responsible for preparing the Report of the Trustees 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

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

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and

NEWLYN ART GALLERY LIMITED

**Report of the Trustees
for the year ended 31 March 2019**

- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

Kelsall Steele Limited resigned as auditors on 20 September 2019 and Baldwins Audit Services were appointed on 20 September 2019 and will be proposed for reappointment at the forthcoming Annual General Meeting. Baldwins Audit Services, who have expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by order of the board of trustees on 17 Dec 2019 and signed on its behalf by:



.....
M R Bird - Trustee

Report of the Independent Auditors to the Members of Newlyn Art Gallery Limited

Opinion

We have audited the financial statements of Newlyn Art Gallery Limited (the 'charitable company') for the year ended 31 March 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes 1 to 29 to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (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 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors 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 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 Report of the Independent Auditors 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.

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

Matters on which we are required to report by exception

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

**Report of the Independent Auditors to the Members of
NEWLYN ART GALLERY LIMITED**

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, 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 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 the charitable company or to cease operations, or have no realistic alternative but to do so.

Our 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 a Report of the Independent Auditors 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

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 BA (Hons) BFP FCA (Senior Statutory Auditor)
for and on behalf of Baldwins Audit Services
Unit A, Woodlands Court
Truro Business Park
Truro
Cornwall
TR4 9NH

Date: 18 December 2019

NEWLYN ART GALLERY LIMITED

**Statement of Financial Activities
for the year ended 31 March 2019**

	Notes	Unrestricted funds £	Restricted funds £	Endowment fund £	2019 Total funds £	2018 Total funds £
INCOME AND ENDOWMENTS FROM						
Donations and legacies	3	45,911	5,166	-	51,077	46,346
Charitable activities	6					
Charitable Activities		425,085	6,643	-	431,728	463,652
Other trading activities	4	135,357	-	-	135,357	129,059
Investment income	5	5	-	-	5	3
Total		<u>606,358</u>	<u>11,809</u>	<u>-</u>	<u>618,167</u>	<u>639,060</u>
 EXPENDITURE ON						
Raising funds	7	127,911	-	-	127,911	130,781
Charitable activities	8					
Charitable activity costs		482,231	91,092	-	573,323	555,927
Total		<u>610,142</u>	<u>91,092</u>	<u>-</u>	<u>701,234</u>	<u>686,708</u>
 NET INCOME/(EXPENDITURE)		<u>(3,784)</u>	<u>(79,283)</u>	<u>-</u>	<u>(83,067)</u>	<u>(47,648)</u>
 RECONCILIATION OF FUNDS						
 Total funds brought forward		2,162,071	1,303,613	382,930	3,848,614	3,896,262
 TOTAL FUNDS CARRIED FORWARD		<u>2,158,287</u>	<u>1,224,330</u>	<u>382,930</u>	<u>3,765,547</u>	<u>3,848,614</u>

CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities.

The notes form part of these financial statements

Balance Sheet
At 31 March 2019

	Notes	2019 £	2018 £
FIXED ASSETS			
Tangible assets	15	3,569,664	3,663,701
Heritage assets	16	382,930	382,930
Investments	17	13,540	16,540
		<u>3,966,134</u>	<u>4,063,171</u>
CURRENT ASSETS			
Stocks	18	27,994	24,091
Debtors	19	38,003	59,794
Cash at bank and in hand		8,461	5,182
		<u>74,458</u>	<u>89,067</u>
CREDITORS			
Amounts falling due within one year	20	(139,339)	(153,404)
		<u>(139,339)</u>	<u>(153,404)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>(64,881)</u>	<u>(64,337)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,901,253	3,998,834
CREDITORS			
Amounts falling due after more than one year	21	(135,706)	(150,220)
		<u>(135,706)</u>	<u>(150,220)</u>
NET ASSETS		<u>3,765,547</u>	<u>3,848,614</u>
FUNDS	26		
Unrestricted funds		2,158,287	2,162,071
Restricted funds		1,224,330	1,303,613
Endowment funds		382,930	382,930
		<u>3,765,547</u>	<u>3,848,614</u>
TOTAL FUNDS		<u>3,765,547</u>	<u>3,848,614</u>

The notes form part of these financial statements

Balance Sheet - continued
At 31 March 2019

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

The financial statements were approved by the Board of Trustees on 17 Dec 2019 and were signed on its behalf by:



.....
M R Bird -Trustee



.....
M Barrett -Trustee

NEWLYN ART GALLERY LIMITED

**Cash Flow Statement
for the year ended 31 March 2019**

	Notes	2019 £	2018 £
Cash flows from operating activities:			
Cash generated from operations	1	18,504	18,019
Interest paid		(4,020)	(4,275)
		<hr/>	<hr/>
Net cash provided by (used in) operating activities		14,484	13,744
		<hr/>	<hr/>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(3,710)	(22,910)
Sale of fixed asset investments		4,279	5,700
Interest received		5	3
		<hr/>	<hr/>
Net cash provided by (used in) investing activities		574	(17,207)
		<hr/>	<hr/>
Cash flows from financing activities:			
New loans in year		-	100,000
Loan repayments in year		(8,814)	(52,625)
		<hr/>	<hr/>
Net cash provided by (used in) financing activities		(8,814)	47,375
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period		6,244	43,912
Cash and cash equivalents at the beginning of the reporting period	2	(7,749)	(51,661)
		<hr/>	<hr/>
Cash and cash equivalents at the end of the reporting period	2	(1,505)	(7,749)
		<hr/> <hr/>	<hr/> <hr/>

The notes form part of these financial statements

NEWLYN ART GALLERY LIMITED

**Notes to the Cash Flow Statement
for the year ended 31 March 2019**

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2019 £	2018 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(83,067)	(47,648)
Adjustments for:		
Depreciation charges	97,747	96,309
Profit on disposal of fixed assets	(1,279)	(840)
Interest received	(5)	(3)
Interest paid	4,020	4,275
(Increase)/decrease in stocks	(3,903)	2,324
Decrease/(increase) in debtors	21,791	(21,135)
Decrease in creditors	(16,800)	(15,263)
Net cash provided by (used in) operating activities	<u>18,504</u>	<u>18,019</u>

2. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2019 £	2018 £
Cash in hand	5,175	3,425
Notice deposits (less than 3 months)	3,286	1,757
Overdrafts included in bank loans and overdrafts falling due within one year	(9,966)	(12,931)
Total cash and cash equivalents	<u>(1,505)</u>	<u>(7,749)</u>

NEWLYN ART GALLERY LIMITED

Notes to the Financial Statements for the year ended 31 March 2019

1. GENERAL INFORMATION

Newlyn Art Gallery Limited is a charitable company limited by guarantee, incorporated in the United Kingdom (England and Wales). The Registered Office is shown in the Report of the Trustees, along with the nature of the charity's operations and details of its principal activities.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the exception of investments and heritage assets which are included at fair value.

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

Going Concern

Notwithstanding the net current liabilities of £64,881 (2018: £64,337), the accounts 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. The Board is of the view that there are no material uncertainties which may create significant doubt over the charitable company's ability to continue as a going concern.

Income

Income is shown net of Value Added Tax. In general, income is recognised once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably. The following accounting policies are applied to income:

Donations and legacies

Donations are recognised when receivable provided there are no donor-imposed restrictions as to the timing of related expenditure. Admission income is recognised on admission to the gallery.

Other trading activities

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

Investments

Interest income is recognised using the effective interest rate method.

Charitable activities

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.

NEWLYN ART GALLERY LIMITED

Notes to the Financial Statements - continued for the year ended 31 March 2019

2. ACCOUNTING POLICIES - continued

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.

Tangible fixed assets

Tangible assets are initially measured at cost. Such costs includes costs directly attributable to making the asset capable of operating as intended. Subsequent to initial recognition, tangible assets are stated at cost less accumulated depreciation and accumulated impairment.

Tangible assets are depreciated as follows:

Freehold property	- 2% on cost
Long leasehold	- 2% on cost
Tools and equipment	- 10% on cost
Computer equipment	- 25% on cost

Heritage assets and investments

Heritage assets are measured at fair value 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.

Additionally 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.

The Trustees consider both the Heritage Assets and Investments to have indeterminate lives and a high residual value; hence the Trustees do not consider it appropriate to charge depreciation.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

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

NEWLYN ART GALLERY LIMITED

Notes to the Financial Statements - continued for the year ended 31 March 2019

2. ACCOUNTING POLICIES - continued

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

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

The endowment capital fund represents a collection of paintings and artefacts held for the benefit of the charity.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Operating leases

Rentals payable under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

Pension costs

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. This funding liability, based on an updated actuarial valuation as at 31 March 2016, was agreed and revised payments commenced in July 2017.

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 1.4%. Further details relating to the pension schemes are set out in note 27.

NEWLYN ART GALLERY LIMITED

Notes to the Financial Statements - continued for the year ended 31 March 2019

2. ACCOUNTING POLICIES - continued

Financial instruments

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

Financial assets and liabilities are recognised in the charity's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are classified into specified categories. The classification depends on the nature and purpose of the financial asset or liability and is determined at the time of recognition.

Basic financial assets, which include trade and other receivables 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 constitute a financing transaction, where the transaction is measure at the present value of the future receipts discounted at a market rate of interest.

Basic financial liabilities, which include trade and other payables are initially measured 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 are derecognised when, and only when, the charity's obligations are discharged, cancelled, or they expire.

3. DONATIONS AND LEGACIES

	2019	2018
	£	£
Donations including admissions	46,376	42,575
Subscriptions	4,701	3,771
	<u>51,077</u>	<u>46,346</u>

4. OTHER TRADING ACTIVITIES

	2019	2018
	£	£
Shop and café income	115,031	114,959
Rental and other trading income	20,326	14,100
	<u>135,357</u>	<u>129,059</u>

5. INVESTMENT INCOME

	2019	2018
	£	£
Deposit account interest	<u>5</u>	<u>3</u>

NEWLYN ART GALLERY LIMITED

Notes to the Financial Statements - continued for the year ended 31 March 2019

6. INCOME FROM CHARITABLE ACTIVITIES

	Activity	2019 £	2018 £
Grant funding	Charitable Activities	423,735	453,146
Other charitable income	Charitable Activities	7,993	10,506
		<u>431,728</u>	<u>463,652</u>

Grants received, included in the above, are as follows:

	2019 £	2018 £
Arts Council of England	362,178	361,950
Other grant income	10,348	36,021
Cornwall Council	25,000	25,000
Arts Council Catalyst Scheme	26,209	30,175
	<u>423,735</u>	<u>453,146</u>

7. RAISING FUNDS

Other trading activities

	2019 £	2018 £
Opening stock	24,091	26,415
Purchases	76,621	55,730
Closing stock	(27,994)	(24,091)
Staff costs	44,021	54,559
Bad debt provision	-	10,001
Utilities and property maintenance	2,800	484
Consumables	4,916	4,556
Equipment hire	1,796	2,112
Cleaning materials	1,660	1,015
	<u>127,911</u>	<u>130,781</u>

8. CHARITABLE ACTIVITIES COSTS

	Direct costs £	Support costs (See note 9) £	Totals £
Charitable activity costs	<u>563,278</u>	<u>10,045</u>	<u>573,323</u>

9. SUPPORT COSTS

	Other £	Governance costs £	Totals £
Charitable activity costs	<u>4,020</u>	<u>6,025</u>	<u>10,045</u>

Support costs, included in the above, are as follows:

NEWLYN ART GALLERY LIMITED

**Notes to the Financial Statements - continued
for the year ended 31 March 2019**

9. SUPPORT COSTS - continued

	2019 Charitable activity costs £	2018 Total activities £
Interest payable	4,020	4,275
Auditors' remuneration	4,025	3,375
Auditors' remuneration for non audit work	2,000	2,653
	<u>10,045</u>	<u>10,303</u>

10. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2019 £	2018 £
Depreciation - owned assets	97,747	96,309
Hire of plant and machinery	8,037	8,185
Surplus on disposal of fixed asset	<u>(1,279)</u>	<u>(840)</u>

11. AUDITORS' REMUNERATION

	2019 £	2018 £
Fees payable to the charity's auditors for the audit of the charity's financial statements	4,025	3,375
Auditors' remuneration for non audit work	<u>2,000</u>	<u>2,653</u>

12. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2019 nor for the year ended 31 March 2018.

Trustees' expenses

During the year one trustee was reimbursed for travel expenses of £92. There were no trustees' expenses paid for the year ended 31 March 2018.

NEWLYN ART GALLERY LIMITED

**Notes to the Financial Statements - continued
for the year ended 31 March 2019**

13. STAFF COSTS

	2019 £	2018 £
Wages and salaries	282,512	278,266
Social security costs	18,611	17,474
Other pension costs	25,490	15,629
	<u>326,613</u>	<u>311,369</u>

The average monthly number of employees during the year was as follows:

	2019	2018
Employees	<u>21</u>	<u>23</u>

No employees received emoluments in excess of £60,000.

Total remuneration and benefits received by key management personnel during the year totalled £114,106 (2018: £108,928).

14. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	Restricted funds £	Endowment fund £	Total funds £
INCOME AND ENDOWMENTS FROM				
Donations and legacies	46,346	-	-	46,346
Charitable activities				
Charitable Activities	463,652	-	-	463,652
Other trading activities	129,059	-	-	129,059
Investment income	3	-	-	3
Total	<u>639,060</u>	<u>-</u>	<u>-</u>	<u>639,060</u>
EXPENDITURE ON				
Raising funds	130,781	-	-	130,781
Charitable activities				
Charitable activity costs	465,167	90,760	-	555,927
Total	<u>595,948</u>	<u>90,760</u>	<u>-</u>	<u>686,708</u>
NET INCOME/(EXPENDITURE)	<u>43,112</u>	<u>(90,760)</u>	<u>-</u>	<u>(47,648)</u>

NEWLYN ART GALLERY LIMITED

**Notes to the Financial Statements - continued
for the year ended 31 March 2019**

14. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted funds £	Restricted funds £	Endowment fund £	Total funds £
RECONCILIATION OF FUNDS				
Total funds brought forward				
As previously reported	2,206,997	1,394,373	382,930	3,984,300
Prior year adjustment	(88,038)	-	-	(88,038)
As Restated	<u>2,118,959</u>	<u>1,394,373</u>	<u>382,930</u>	<u>3,896,262</u>
TOTAL FUNDS CARRIED FORWARD	<u><u>2,162,071</u></u>	<u><u>1,303,613</u></u>	<u><u>382,930</u></u>	<u><u>3,848,614</u></u>

15. TANGIBLE FIXED ASSETS

	Freehold property £	Long leasehold £	Tools and equipment £	Computer equipment £	Totals £
COST					
At 1 April 2018	2,610,456	1,961,127	78,388	53,195	4,703,166
Additions	-	-	3,710	-	3,710
At 31 March 2019	<u>2,610,456</u>	<u>1,961,127</u>	<u>82,098</u>	<u>53,195</u>	<u>4,706,876</u>
DEPRECIATION					
At 1 April 2018	511,680	431,209	45,895	50,681	1,039,465
Charge for year	52,209	39,222	5,305	1,011	97,747
At 31 March 2019	<u>563,889</u>	<u>470,431</u>	<u>51,200</u>	<u>51,692</u>	<u>1,137,212</u>
NET BOOK VALUE					
At 31 March 2019	<u>2,046,567</u>	<u>1,490,696</u>	<u>30,898</u>	<u>1,503</u>	<u>3,569,664</u>
At 31 March 2018	<u>2,098,776</u>	<u>1,529,918</u>	<u>32,493</u>	<u>2,514</u>	<u>3,663,701</u>

The lease held on Newlyn Art Gallery was renegotiated in 2006. The term of the new lease 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.

16. HERITAGE ASSETS

	Total £
MARKET VALUE	
At 1 April 2018 and 31 March 2019	<u>382,930</u>
NET BOOK VALUE	
At 31 March 2019	<u>382,930</u>
At 31 March 2018	<u>382,930</u>

NEWLYN ART GALLERY LIMITED

Notes to the Financial Statements - continued for the year ended 31 March 2019

16. HERITAGE ASSETS

Further information on heritage assets

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 2017. The valuation was based on commercial markets, including recent transaction information from auctions where similar types of paintings are regularly being purchased.

Five-year financial summary of heritage-asset transactions

	2018- 19 £	2017-18 £	2016-17 £	2015-16 £	2014-15 £
Revaluations	-	-	134,165	-	-
Disposals	-	-	(6,619)	-	(92)
Total movement	-	-	27,546	-	(92)

17. FIXED ASSET INVESTMENTS

	2019 £	2018 £
Other investments	13,540	16,540

The investment assets consist of artworks and were valued by David Lay FRICS in March 2017 and are included at this valuation.

There were no investment assets outside the UK.

Investments (neither listed nor unlisted) were as follows:

	2019 £	2018 £
Other investments cost/valuation	16,540	21,400
Other investments Disposals	(3,000)	(4,860)
	13,540	16,540

NEWLYN ART GALLERY LIMITED

**Notes to the Financial Statements - continued
for the year ended 31 March 2019**

18. STOCKS

	2019	2018
	£	£
Stock	<u>27,994</u>	<u>24,091</u>

19. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Trade debtors	32,608	35,774
VAT	-	694
Prepayments and accrued income	<u>5,395</u>	<u>23,326</u>
	<u>38,003</u>	<u>59,794</u>

20. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Bank loans and overdrafts (see note 22)	18,780	21,367
Trade creditors	58,200	51,105
Social security and other taxes	5,556	12,163
VAT	798	-
Other creditors	29,437	47,073
Accruals and deferred income	<u>26,568</u>	<u>21,696</u>
	<u>139,339</u>	<u>153,404</u>

Included in Other Creditors is the current element of the net present value of the future pension deficit reduction payments £9,348 (2018: £9,348) as required by FRS 102. (See note 27).

21. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019	2018
	£	£
Bank loans (see note 22)	76,748	85,940
Other creditors	<u>58,958</u>	<u>64,280</u>
	<u>135,706</u>	<u>150,220</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 27).

NEWLYN ART GALLERY LIMITED

Notes to the Financial Statements - continued for the year ended 31 March 2019

22. LOANS

An analysis of the maturity of loans is given below:

	2019 £	2018 £
Amounts falling due within one year on demand:		
Bank overdrafts	9,966	12,931
Bank loans	8,814	8,436
	<u>18,780</u>	<u>21,367</u>
Amounts falling between one and two years:		
Bank loans - 1-2 years	<u>8,814</u>	<u>8,436</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>26,442</u>	<u>25,308</u>
Amounts falling due in more than five years:		
Repayable by instalments:		
Bank loans - over 5 years payable by installments	<u>41,492</u>	<u>52,196</u>

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.

23. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2019 £	2018 £
Within one year	4,679	5,043
Between one and five years	5,197	9,877
	<u>9,876</u>	<u>14,920</u>

NEWLYN ART GALLERY LIMITED

Notes to the Financial Statements - continued for the year ended 31 March 2019

24. SECURED DEBTS

The following secured debts are included within creditors:

	2019 £	2018 £
Bank loans	<u>85,562</u>	<u>94,376</u>

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

25. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	Endowment fund £	2019 Total funds £	2018 Total funds £
Fixed assets	2,356,807	1,212,857	382,930	3,952,594	4,046,631
Investments	13,540	-	-	13,540	16,540
Current assets	62,648	11,810	-	74,458	89,067
Current liabilities	(139,002)	(337)	-	(139,339)	(153,404)
Long term liabilities	(135,706)	-	-	(135,706)	(150,220)
	<u>2,158,287</u>	<u>1,224,330</u>	<u>382,930</u>	<u>3,765,547</u>	<u>3,848,614</u>

Of funds held at the year end, £2,158,287 were unrestricted. Restricted funds comprise £1,212,857 relating to Arts Council grants made in respect of the freehold and leasehold properties and £11,473 in respect of the Tea, Cake & Art project (note 26). 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 2019 the charity's free reserves were in deficit by £166,119 (2018: deficit by £163,010).

Free reserves are calculated as follows:

	2019	2018
Total funds at 31 March	3,765,547	3,848,614
Less: endowment funds	(382,930)	(382,930)
Less: Freehold property	(2,046,567)	(2,098,776)
Less: Leasehold property	(1,490,696)	(1,529,918)
Less: Tea, Cake & Art restricted fund	(11,473)	-
Total free reserves	<u>(166,119)</u>	<u>(163,010)</u>

As the Arts Council restricted funds of £1,212,857 (2018: £1,303,613) 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:

	2019	2018
Balance at start of year	(163,010)	(206,794)
Property depreciation in the year	91,431	91,432
Deficit for the year	(83,067)	(47,648)
Increase in restricted fund (Tea, Cake & Art)	(11,473)	-
Balance at end of year	<u>(166,119)</u>	<u>(163,010)</u>

NEWLYN ART GALLERY LIMITED

**Notes to the Financial Statements - continued
for the year ended 31 March 2019**

26. MOVEMENT IN FUNDS

	At 1/4/18 £	Net movement in funds £	At 31/3/19 £
Unrestricted funds			
General fund	2,162,071	(3,784)	2,158,287
Restricted funds			
Arts Council	1,303,613	(90,756)	1,212,857
Tea, Cake & Art	-	11,473	11,473
	<u>1,303,613</u>	<u>(79,283)</u>	<u>1,224,330</u>
Endowment funds			
Paintings and artefacts	382,930	-	382,930
TOTAL FUNDS	<u><u>3,848,614</u></u>	<u><u>(83,067)</u></u>	<u><u>3,765,547</u></u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	606,358	(610,142)	(3,784)
Restricted funds			
Tea, Cake & Art	11,809	(336)	11,473
Arts Council	-	(90,756)	(90,756)
	<u>11,809</u>	<u>(91,092)</u>	<u>(79,283)</u>
TOTAL FUNDS	<u><u>618,167</u></u>	<u><u>(701,234)</u></u>	<u><u>(83,067)</u></u>

Comparatives for movement in funds

	At 1/4/17 £	Prior year adjustment £	Net movement in funds £	At 31/3/18 £
Unrestricted Funds				
General fund	2,206,997	(88,038)	43,112	2,162,071
Restricted Funds				
Arts Council	1,394,373	-	(90,760)	1,303,613
Endowment funds				
Paintings and artefacts	382,930	-	-	382,930
TOTAL FUNDS	<u><u>3,984,300</u></u>	<u><u>(88,038)</u></u>	<u><u>(47,648)</u></u>	<u><u>3,848,614</u></u>

NEWLYN ART GALLERY LIMITED

Notes to the Financial Statements - continued for the year ended 31 March 2019

26. MOVEMENT IN FUNDS - continued

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	639,060	(595,948)	43,112
Restricted funds			
Arts Council	-	(90,760)	(90,760)
TOTAL FUNDS	<u>639,060</u>	<u>(686,708)</u>	<u>(47,648)</u>

Arts Council (Capital Project) Fund

This fund was provided to co-fund the expansion of the gallery, including the extension to the Newlyn building and the purchase and development of the Exchange. This fund is being released by the yearly depreciation charge on the property.

Endowment Fund

This fund relates to the Heritage assets valued at £382,930 by David Lay FRICS in March 2017.

All other funds were provided to assist with either the general costs of exhibitions and educational activities, or specific projects.

27. PENSION COMMITMENTS

DEFINED CONTRIBUTION SCHEME

The charitable company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the charity to the scheme and amounted to £25,490 (2018: £21,043).

At the end of the year the amount outstanding for pension contributions was £2,707 (2018:£2,438).

DEFINED BENEFIT SCHEME

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

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

The triennial valuation as at 31 March 2016 was agreed during the year on 23 June 2017 and showed a funding shortfall of £8,243,000 (2013: £3,174,000). The Trustee of the scheme having taken into account a section 75 payment by one of the employers after the 31 March 2016 triennial valuation has agreed a recovery plan with the remaining employers. Newlyn Art Gallery has agreed to pay monthly contributions of £779 from 1 July 2017 for a period of 9 years and 11 months. Under the previous agreement monthly contributions were £603 commencing in July 2014 and expected to run until 31 May 2029.

NEWLYN ART GALLERY LIMITED

Notes to the Financial Statements - continued for the year ended 31 March 2019

27. PENSION COMMITMENTS - continued

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 1.4%. The net present value of the sum of the remaining monthly contributions as at 31 March 2019 is £68,306 (2018: £73,628) and this has been recorded as a liability in the balance sheet with £9,348 (2018: £9,348) in creditors falling due within one year and £58,958 (2018: £64,280) in creditors falling due after one year.

28. RELATED PARTY DISCLOSURES

During the year Newlyn Art Gallery made a payment of £nil (2018: £1,743) to J K Lees, a trustee, in payment for artistic services supplied in the prior year. At the balance sheet date Newlyn Art Gallery owed J K Lees £nil (2018: £nil).

During the year loans were made to Newlyn Art Gallery from A P Harper, a trustee, of £nil (2018: £5,000). Repayments were made in the year totalling £5,000 (2018: £1,440). There was a balance outstanding at 31 March 2019 of £nil (2018: £5,000).

Repayments of loans made to Newlyn Art Gallery from M Grandage, a trustee, were made in the year totalling £nil (2018: £2,000). There was a balance outstanding at 31 March 2019 of £nil (2018: £nil).

During the year loans were made to Newlyn Art Gallery from Central Futures Limited, a company in which the trustee P A Brown is director, of £nil (2018: £5,000). Repayments were made in the year totalling £5,000 (2018: £2,000). There was a balance outstanding at 31 March 2019 of £nil (2018: £5,000).

During the year loans were made to Newlyn Art Gallery from J Green, the gallery director, of £25,000 (2018: £nil). Repayments were made during the year totalling £10,000 (2018: £nil). At the balance sheet date Newlyn Art Gallery owed J Green £15,000 (2018: £nil).

All balances noted above are interest free and at call.

29. SECURITY / DEBENTURES

In addition to the charge disclosed in note 25, the Arts Council England holds a debenture securing £1,200,000 and all other monies due or to become due from the charitable company to the Arts Council England. This is secured by a charge over the freehold property in Penzance and the leasehold property in Newlyn.