

Charity registration number 1165434

Company registration number 06373460 (England and Wales)

THE HEART OF THE CITY PARTNERSHIP
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022



THE HEART OF THE CITY PARTNERSHIP

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees

Mr GM Black	
Mr J Grundy	
Mr P Wood	
Mr E Jubb	
Dr RM Pears	
Ms T Cairns	(Appointed 9 June 2022)
Reverend P Dobson	(Appointed 30 November 2022)
Miss E Macrobert	(Appointed 23 March 2022)
Miss K Mountain	(Appointed 7 December 2022)
Ms M Williams	(Appointed 13 June 2022)

Charity number

1165434

Company number

06373460

Registered office

Fernwood House
Fernwood Road
Jesmond
Newcastle upon Tyne
United Kingdom
NE2 1TJ

Auditor

Robson Laidler Accountants Limited
Fernwood House
Fernwood Road
Jesmond
Newcastle Upon Tyne
Tyne and Wear
England
NE2 1TJ

Bankers

Handlesbanken
Earl Grey House
75-85 Grey Street
Newcastle upon Tyne
NE2 1TJ

Virgin Money
5 Cattle Market
Hexham
NE46 1NJ

THE HEART OF THE CITY PARTNERSHIP

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THE HEART OF THE CITY PARTNERSHIP

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2022

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 December 2022.

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

The charity aims to promote the advancement of education and learning in relation to the history and heritage of the area around Newcastle Cathedral; in particular Newcastle Castle, in Newcastle Upon Tyne. In addition, it seeks to promote the advancement of culture and heritage by the encouragement of the local community, and visitors to the City, to appreciate and enjoy the history and fabric of these buildings. It endeavours to preserve and protect Newcastle Castle as a building of historic interest and public importance and specifically the Grade 1 Listed Buildings and Scheduled Ancient Monuments known as the Black Gate and Castle Keep.

Background to Current Activities

The Heart of the City Partnership (HOCP) leases Newcastle Castle from Newcastle City Council at a peppercorn rent and operates the heritage asset as a predominantly paid-for visitor attraction. By following a 4-year rolling strategic plan, financial protocols and strict budget management safeguarding the future of Newcastle Castle is best achieved through ensuring the buildings remain in use and their significance, cultural and wider commercial benefits for the city are understood and appreciated by the public as well as the local businesses. As such, in 2022, Newcastle Castle looked to offer itself principally as a paid-for visitor attraction, open 7 days per week during school holidays and 5 days outside of these. Opening hours were normally 10am to 5pm and in any given year full closure of the attraction on a normal opening day is only permitted for a maximum of 10 days through the year this being to facilitate all-day venue hires e.g. weddings, as they occur but balancing the public benefit derived from being open as a place to visit.

Newcastle Castle is aware that admission fees can exclude people with low disposable incomes and is keen to ensure access to this heritage asset is possible for all. Our admission charges structure allows discounts for certain priorities e.g. unwaged, families, disabled, senior citizens, armed forces, NHS etc.. In non-pandemic years our doors have opened free of charge for at least 2 days (Heritage Open Days) and one evening (The Late Shows) and we plan to continue this from 2023. Admission fees are benchmarked against similar attractions in the region.

COVID-19 Impact

Due to the Coronavirus COVID-19 pandemic, HOCP temporarily closed Newcastle Castle operations prior to lockdown 1.0. This was to protect staff and volunteers as well as the public. Newcastle Castle re-opened to the public on 24th July 2020 with new safety measures, booking processes, additional staffing and kitemark qualification from VisitBritain's Good to Go Scheme and the COVID-19 Secure venue certification. A reasonable rate of customer return was experienced versus expectation however numbers were significantly down on 2019. Considering almost 54% of our paying admissions are overseas visitors alongside factoring in low customer sentiment and confidence across the industry, this is unsurprising. When local restrictions were introduced in September bookings fell to almost zero overnight and continued at a very low level throughout those restrictions until Lockdown 2.0 closed Newcastle Castle once again. Newcastle Castle re-opened for its first visitor after Lockdown 3.0 on 22nd May 2021. Newcastle Castle has, since then, been operating on a pre-COVID basis with free-flow visitor exploration reinstated and walk-in admissions being encouraged. During 2022 we increased our opening hours from that of 2021, moving back to 7 day per week opening during the holiday periods, and are looking to increase this further in 2023, where we will have 7 day per week operations from April – October.

A funding plan is in place, where we are actively seeking funding from several potential sources. We remain vigilant to new sources of funding becoming available and adapting and developing our offerings to bring in further business. This is important to build further resilience into the organisation and operations whilst we also continually review, revise, and adapt short, medium and long-term plans through our rolling 4-Year Strategic Plan.

Currently, HOCP have no other operational activities aside from Newcastle Castle, however, visioning for the future will take place over the next few years to inform the road ahead.

THE HEART OF THE CITY PARTNERSHIP

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

FOR THE YEAR ENDED 31 DECEMBER 2022

Principal Sources of Funding

As the tapering grant for Newcastle Castle ended in 2017, a strategy was developed allowing the business to work towards financial self-sufficiency between 2016 to 2019 and beyond. 2019 saw the organisation generate a small surplus, one year ahead of plan, which, when measured against previous years indicated the organisation was on a path to a stable and self-sustaining operational model, equally bolstered by the significant public benefit from its core activities through admissions, learning and outreach.

However, given the impact of the Coronavirus / COVID-19 pandemic in 2020 and 2021 performances, the principal sources of funding for 2021 were grant-aid and admissions, similar to 2020. During 2022 applications were made for both core funding and project-based work. The successful applications were for project-based work and include money towards working with a school on a British Values Project and the creation of a Medieval Tavern Night. The Medieval Tavern Night was a success with 5 of these events selling out. We are looking to continue these events into 2023, as well as develop the tavern night as a corporate offer.

Whilst our bids placed for core funding in 2022 were unsuccessful, we will be looking to apply to various other funding bodies to help cover these costs in 2023.

Notable Items from the Accounts

The organisation ends 2022 with a deficit but a reasonable cash balance. Whilst the organisation retains reasonable unreserved funds at the end of 2022 and with prudent and cautious budget and strategy measures in place for 2023 the organisation remains positive regarding the opportunities for further growth. Attracting grant funding to strengthen and maintain that position will be an area of focus for 2023 and beyond.

Our Staff & Volunteers

HOCP' currently have 22 staff members. Staff roles covered senior management, supervisory management, marketing, venue hire, retail display and purchasing, learning, informal learning, finance and front-of-house. The whole team was supported by strong leadership through management who were in turn supported by the board of trustees and a sub-committee of the board, the Business Management Committee (BMC). Staff were further supported by our team of volunteers. The volunteer-base has reduced in size over the last few years due to the pandemic, and is currently around 10 strong, with around 8 being very regularly active. The volunteers were involved in several aspects of the running of the Castle including delivering:

- Learning – around 10 volunteers came in regularly to deliver tours to schools, assist in workshops and carry out FREE family activities. Towards the end of 2022 we saw an uptick in volunteer applications for 2023 as well.
- Events – We have a small pool of around 5 volunteers assisting with the delivery of our events program.
- Re-enactment – We have a small group of around 10 volunteers called the Newcastle Array who provide live historical interpretation onsite at the Castle Keep. In 2022 we undertook 4 events both at the Castle itself, and at other sites such as Norham Castle. We are looking to expand this to 4 full onsite events in 2023 along with participation on at least one day in each week of every school holiday

Work Placements

In 2022 we restarted the practice of taking on students on work placements. In total we had 16 students complete a work placement at Newcastle Castle, including 3 long term placements from Universities.

THE HEART OF THE CITY PARTNERSHIP

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

FOR THE YEAR ENDED 31 DECEMBER 2022

Public Benefit

The trustees confirm that they have referred to the Charity Commission's guidance on public benefit when reviewing the Trust's aims and objectives and in planning future activities.

Referring to our objectives and activities, achieving and maintaining independent financial sustainability is core to preserving and protecting the buildings we operate. Keeping the buildings in the hearts and minds of local communities and those from further afield is a key engagement target. As in 2020, 2021 continued to be a challenging year for this and other areas of public benefit due to the challenges raised by the Coronavirus COVID-19 pandemic. The 4 years of performance including and prior to 2019 sees the organisation making progress towards achieving these and our proposed 2020 calendar of out-of-hours events as well as our actual general admissions, digital engagement through blogs, vlogs and social media following were proof of this. Nevertheless the core issue faced in 2022 was of ensuring survival of the organisation so that it could continue to deliver public benefit in the future. The organisation therefore struck a balance in direction of resources towards maintaining income through seeking core grant funding, project grant funding to upgrade experience and growing our other income-generating service offerings including education, outreach, events, and venue hire.

Our formal (schools and groups) education provision, informal learning (outreach and early-years provision) and informal lifelong learning (interpretation, events, talks, lectures etc) is at the heart of delivering our ability to preserve and protect Newcastle Castle, by nurturing and fostering understanding of the building's historical significance, as well as promoting the advancement of culture and heritage. In 2022 we welcomed a total of 3667 pupils to the Castle as part of formal educational groups, with a total of 99 separate group bookings accounting for this. 71% of these visits were full day bookings between 10am and 2pm led by our learning staff and volunteers, using our workshops and resources, including the Harbottle Suite. We also saw a return to schools booking Outreach visits from the Castle into their classrooms, with a total of 13 Outreach visits booked in 2022. The Outreach Officer was also integral to the events program, delivering a successful pilot of Medieval Newcastle Walking Tours which we are continuing in 2023 and being integral to securing the funding and organising the Medieval Tavern Night events which proved extremely popular in the second half of 2022.

In addition to the primary offer, to ensure that those not engaged actively in visiting heritage attractions are included and drawn into the fold, we would normally offer a range of immersive, interactive experiences and events, such as film nights, talks, lectures, theatre shows and workshops on carefully selected days and evenings. These are usually aimed at children, families and adults and work towards attracting and involving different audiences to just the 'heritage consumers'. In 2020 and 2021 this income stream was largely dormant, but in 2022 we recruited a part time Events Programming Assistant for 2 days per week to restart our events program. This events program brought in just over £33,000 in income in 2022, giving an idea of how successful it was in engaging with audiences despite the lull from Covid and the fact that we only had a member of staff in place for 10 months of the year. We hope to build on this success in 2023, incorporating Tavern Nights and Walking Tours into our general range of film nights, theatre and other events.

Venue hire / private hire offered people a way to engage and interact with their heritage whilst providing an additional income stream to support the sustainability of Newcastle Castle and the delivery of the charitable objects. Some bookings which were due to take place in 2022, were moved into 2023 due to the continued impact Covid -19 had on client's finances.

Our retail offer, in the times we have been open in 2020, provided further educational resources (books, toys etc) relating to the Castle and its direct surroundings. By having local suppliers and crafters such as The Crafty Bag and Turn It Up sell their products via the retail store, Newcastle Castle involved local communities and displayed their culture to locals and people from afar, alike. Equally, money made from the retail offer supported the overall sustainability of Newcastle Castle and the delivery of the HOCP charitable objects.

We continue to explore avenues of partnership working with Newcastle Cathedral and some of the areas of current discussion include joint ticketing, staff resourcing and a joint learning offer.

THE HEART OF THE CITY PARTNERSHIP

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

FOR THE YEAR ENDED 31 DECEMBER 2022

The volunteers were involved in several aspects of the running of the Castle including delivering:

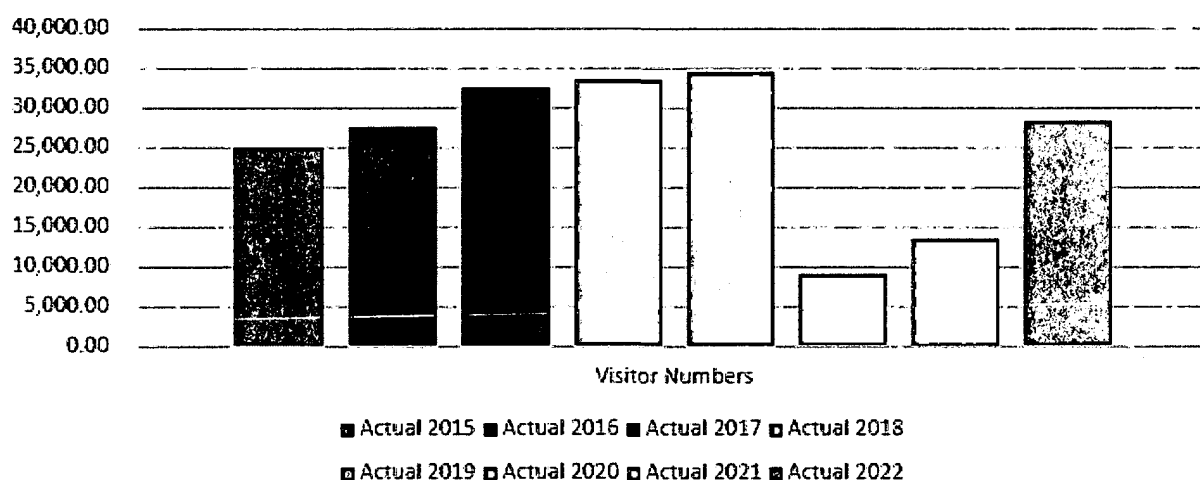
- **Learning** – around 8 volunteers came in regularly to deliver tours to schools, assist in workshops and carry out FREE family activities. (Pre-COVID-19 assisting with school session delivery and during COVID-19 the group of volunteers have kept together and supported each other using virtual meetings and the like. Most of this group have now returned to volunteering, with around 2 still primarily engaging through regular weekly online meetings)
- **Events** – Our events program has started back up, but we have yet to replace the small pool of volunteers who assisted with events. This will be a priority going forwards.
- **Re-enactment** – We have a small group of around 10 volunteers called the Newcastle Array who provide live historical interpretation including displays of medieval food, games, demonstration of trades such as leatherwork & portrayal of members of Newcastle's Town Militia. No re-enactment events were carried out in 2020 or 2021. These were put on hold until further notice due to COVID-19 safety measures on site. Most of the Newcastle Array are now actively volunteering again and we have a small number of events planned for 2022.

Achievements and performance

Pre-COVID, 2019 visitor numbers for the 4th year running increased by 4.13% from 2018 to 34690 paying visitors. 2019 shows an increase of 5.7% in ticketed admissions numbers from 2017. 2016 saw a total 27664 paying visitors with 2019 figures representing a 20.25% increase on that year. Our UK to non-UK visitor split over 2018 and 2019 was 46% UK to 54% non-UK averaged across the years. Clearly this was significantly lower in 2020 and 2021 due to the major drop in visitors from overseas to the UK. 2021 ticketed admissions numbers (excludes learning programme admissions and out-of-hours events admissions) unsurprisingly, due to closure and impact from pandemic decreased significantly from previous years.

In 2022 we saw a significant increase in visitor numbers and a move back towards pre-covid levels. The total visitor numbers for 2022 was 28,279, a 77% increase on 2021. Whilst visitors numbers are down on 2019, this is to be expected due to a change in operations, and the introduction of seasonal opening hours. In 2022 we opened 81% of the days, and saw 81% of visitors compared to 2019. This shift back towards pre-covid levels we hope will continue into 2023, where we will look to increase 7 day per week operation to April – October (not just school holidays) and continue to increase our visitor numbers.

Annual Visitor Numbers



THE HEART OF THE CITY PARTNERSHIP

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

FOR THE YEAR ENDED 31 DECEMBER 2022

At the end of 2021 our newsletter subscribers numbered 2585. By the end of 2022 this had increased to 3344 subscribers. Generally, subscribers appear to be persons who are interested in Newcastle Castle's out-of-normal hours programme of events, talks, lectures, film nights and the like. We also introduced a Medieval Tavern Night newsletter following the success and regular sell out of these events. This is updated as and when tavern night events are put on sale. As of the end of 2021 our average open rate for newsletters was 38.2%, by the end of 2022 this had increased to 39.0%.

In 2020 the Newcastle Castle website was refreshed with a new online booking system added which also allowed people to purchase digital guidebooks and audio guides.

Unique visitors to the website in 2022 increased by 72%, rising from 45,000 to 77,000. This was accompanied by 159,000 page views a 56% increase on the previous year. Across the year social media engagement consisted of 12,288 Facebook business page followers (a rise of 923), 4450 twitter followers (a rise of 109) and 3876 Instagram followers (a rise of 442). We also looked to utilise our Tik Tok and LinkedIn accounts, each having a following of 243 and 266 respectively. This is something we are looking to grow and utilise more moving into 2023.

We also continued to use Google My Business in 2022. During the last quarter of 2022 we appeared in 93,936 searches and saw 153,000 visits to our business profile. We are currently ranked 11th out of 296 things to do in Newcastle on TripAdvisor, with an overall rating of 4.5 stars from 961 reviews. Our Castle podcast was released in 2021, with approximately 2000 subscribers. We were unable to maintain a regular podcast in 2022, and as such this is not a priority for marketing in 2023.

We believe that alternative, out-of-hours cultural event programming can attract a more diverse audience and introduce them to the history and heritage of the site. Whilst in 2019 we put on 56 film nights, 9 theatre nights (across 3 shows), 4 music nights across 4 local performers, 10 talks and several other cultural activities, out of hours, like workshops and tours the impact of the pandemic meant we were only able to put on one Valentine's film night in 2020. We were able to increase this level with the reintroduction of our events programme in late 2021, and hosted four talks and two evening tours, as well as some half term/ school holiday craft activities. In 2022 we hosted 16 talks, 25 films nights, 8 after hours tours, 9 city walking tours, 2 theatre nights, 2 music nights, 4 tavern nights and 6 other events. While this isn't at the same level as 2019 it has nonetheless been significantly higher than in the aftermath of the pandemic and shows a return to normal operations. It has also brought in a significant extra income of around £33,000 in total.

Throughout the pandemic we have supported DMOs, local authority other organisations within our sector, DCMS, the Bank of England and the Chamber of Commerce by giving timely and critical feedback and intelligence to help inform policymakers.

Focus for 2022

Prior to the outbreak of Coronavirus (COVID-19) and the UK's lockdowns, we had anticipated focusing on the below, as in 2019.

1. Increase visitor figures
2. Focus on raising awareness to local visitors and visitors from overseas
3. Become more family-friendly
4. Introduce Early Years provision
5. Raising awareness of Newcastle Castle as a wedding venue
6. Raising awareness of Newcastle Castle as a venue for hire
7. Make Newcastle Castle more personable using Castle Characters
8. Putting the Castle back into Newcastle as part of the lifeblood of the city
9. More targeted events schedule

THE HEART OF THE CITY PARTNERSHIP

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

FOR THE YEAR ENDED 31 DECEMBER 2022

As the environment has changed dramatically due to the Coronavirus outbreak and the post-lockdown business sphere is very different, we will be looking to focus on the following in 2023:

1. Growth of income streams reintroduced in 2021 and 2022 having been halted due to health and safety concerns during 2020.
2. Growth of our main source of income via admissions ticketing. We will introduce an annual pass and change our Gift Aid scheme to encourage repeat visits and offer better value for money.
3. Operational stabilisation through maximising revenue from income streams and grant funding
4. Maximise value for money through staff engagement on-site
5. Further develop the venue hire offer especially for weddings, corporate hire and corporate sponsorship
6. Actively seek core funding and community engagement funding
7. Longer-term planning

As with many visitor attractions, Newcastle Castle relies predominantly on visitor admissions income to fund operations and other areas of public benefit. We anticipate audience recovery towards near 2019 levels no earlier than end of 2023 but recognise that the situation is fluid. 2022 visitor numbers show a significant increase on 2021 figures, and 2023 figures to end of the first quarter show a positive outlook towards delivering a growth in admissions income and numbers. We know that we must communicate effectively to our audiences about our offer.

Financial review

The results for the year are shown on the Statement of Financial Activities. Incoming resources totalled £389,508 (2021: £310,283) of which £379,625 is considered to be unrestricted in nature.

Resources expended totalled £418,742 (2021: £396,828) such that overall the charity accrued a deficit of £29,324 (2021: £86,545 deficit). At 31 December 2022, the charity has closing reserves totalling £212,582 (2021: £241,816) of which £210,156 (2021: £239,390) are unrestricted. Free reserves, being unrestricted reserves less that tied up in fixed assets, stood at £202,591 (2021: £225,878).

Reserves and Investment Policy

The trustees have agreed that at all times they will endeavour to keep six months running costs of the charity to be held in reserve, readily available. They have also agreed to endeavour to generate a sustainable, low risk return through investments with an acceptable level of risk. Such returns to be drawn down to the trading account at the discretion of BMC or the board of trustees, to fund projects or business proceedings.

Structure, governance and management

Governing Document

HOCP is a Private Company Limited by Guarantee incorporated under the Companies Act 2006 and is a registered Charity. The objects for which HOCP was incorporated and its powers are contained within its Articles of Association.

Recruitment of Trustees

Trustees are recruited as per the Articles of Association. Trustees recruited, but not from the appointing bodies, are recruited around the skills, knowledge and experience required to help steer the organisation.

THE HEART OF THE CITY PARTNERSHIP

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

FOR THE YEAR ENDED 31 DECEMBER 2022

Organisational structure

The Articles of Association provide that; The business of HOCP shall be managed by the Trustees, being the Members of HOCP, who may exercise its powers. The number of Trustees to be appointed as Directors of HOCP shall not be less than 6 and shall not be more than 12 of whom:

- Up to two shall be appointed by Newcastle City Council
- Up to 2 shall be appointed by the Dean & Chapter of Newcastle Cathedral
- Up to 2 shall be appointed by the Society of Antiquaries of Newcastle upon Tyne

The most senior manager, the Chief Executive Officer, is appointed by the Trustees for the purpose of ensuring the future sustainability of Newcastle Castle and promoting and developing the wider objects of the charity. Trustee meetings are held quarterly with BMC meeting at minimum 6 times per year to specifically inform the direction of Newcastle Castle and to support the Chief Executive Officer.

Policy Notes

Existing policies have been reviewed in line with our policy schedule:

- Trustee Code of Practice
- Reserves
- Safeguarding
- IT and Information Security
- Card Holder Information
- Health and Safety
- Financial Controls
- Operating Reserves & Investment Policy

and the following new policies have been introduced:

- Rehabilitation of Offenders
- Staff Welfare Policy

Key Management Remuneration

Key management remuneration is determined by the Trustees.

Related Parties

There are no related parties.

Risk Management

HOCP takes a comprehensive and systematic approach to risk-management, identifying significant risks under 6 main headings: strategic/business, HR / resources, property, operational, governance & financial. Procedures are in place to mitigate or otherwise manage the most significant risks identified and a Risk Register is in place. The Risk Register is regularly reviewed and updated and when new risks are identified policies and / or procedures are developed to mitigate the risk.

THE HEART OF THE CITY PARTNERSHIP

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

FOR THE YEAR ENDED 31 DECEMBER 2022

Statement of trustees' responsibilities

The trustees (who are also the directors of HOCP 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), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Company law requires the trustees to prepare financial statements for each financial year 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;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

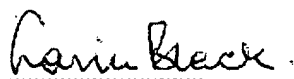
The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding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

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

Auditor

The auditors, Robson Laidler Accountants Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

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



Mr GM Black

Trustee

Date: 18.7.2023

THE HEART OF THE CITY PARTNERSHIP

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF THE HEART OF THE CITY PARTNERSHIP

Opinion

We have audited the financial statements of The Heart of the City Partnership (the 'charity') for the year ended 31 December 2022 which comprise the statement of financial activities, the balance sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

THE HEART OF THE CITY PARTNERSHIP

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF THE HEART OF THE CITY PARTNERSHIP

Responsibilities of trustees

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

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

The risk of material misstatement due to error or fraud is deemed to be low within the entity as the Trustees operate strong internal controls to mitigate any such risk. Substantive testing is performed on all material balances and therefore any irregularities should be identified or considered as insignificant. The audit was therefore considered capable of identifying irregularities only to the extent of the substantive testing performed and from discussions with management.

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Michael T Moran BA FCA (Senior Statutory Auditor)
for and on behalf of Robson Laidler Accountants Limited

Statutory Auditor

26 July 2023
.....

Fernwood House
Fernwood Road
Jesmond
Newcastle Upon Tyne
Tyne and Wear
England
NE2 1TJ

Robson Laidler Accountants Limited is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

THE HEART OF THE CITY PARTNERSHIP

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2022

Current financial year

	Notes	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £	Total 2021 £
<u>Income and endowments from:</u>					
Donations and legacies	2	10,770	9,883	20,653	153,771
<u>Charitable activities</u>					
Ticket sales		240,129	-	240,129	115,016
Investments	3	291	-	291	147
Other trading activities	4	128,435	-	128,435	41,349
Total income		379,625	9,883	389,508	310,283
<u>Expenditure on:</u>					
Raising funds	5	39,818	9,883	49,701	14,817
Charitable activities	6	369,041	-	369,041	382,011
Total resources expended		408,859	9,883	418,742	396,828
Net expenditure for the year/ Net movement in funds		(29,234)	-	(29,234)	(86,545)
Fund balances at 1 January 2022		239,390	2,426	241,816	328,361
Fund balances at 31 December 2022		210,156	2,426	212,582	241,816

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.

THE HEART OF THE CITY PARTNERSHIP

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

FOR THE YEAR ENDED 31 DECEMBER 2022

Prior financial year

		Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £
	Notes			
<u>Income and endowments from:</u>				
Donations and legacies	2	51,120	102,651	153,771
<u>Charitable activities</u>				
Ticket sales		115,016	-	115,016
Investments	3	147	-	147
Other trading activities	4	41,349	-	41,349
Total income		<u>207,632</u>	<u>102,651</u>	<u>310,283</u>
<u>Expenditure on:</u>				
Raising funds	5	12,049	2,768	14,817
Charitable activities	6	161,115	220,896	382,011
Total resources expended		<u>173,164</u>	<u>223,664</u>	<u>396,828</u>
Gross transfers between funds		1,019	(1,019)	-
Net expenditure for the year/ Net movement in funds		<u>35,487</u>	<u>(122,032)</u>	<u>(86,545)</u>
Fund balances at 1 January 2021		<u>203,903</u>	<u>124,458</u>	<u>328,361</u>
Fund balances at 31 December 2021		<u><u>239,390</u></u>	<u><u>2,426</u></u>	<u><u>241,816</u></u>

THE HEART OF THE CITY PARTNERSHIP

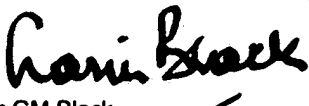
BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	11		7,565		13,512
Current assets					
Stocks	12	8,952		7,512	
Debtors	13	16,218		11,420	
Cash at bank and in hand		202,784		240,886	
		<u>227,954</u>		<u>259,818</u>	
Creditors: amounts falling due within one year	14	<u>(22,937)</u>		<u>(31,514)</u>	
Net current assets			205,017		228,304
Total assets less current liabilities			<u>212,582</u>		<u>241,816</u>
Income funds					
Restricted funds	15		2,426		2,426
Unrestricted funds - general			210,156		239,390
			<u>212,582</u>		<u>241,816</u>

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

The financial statements were approved by the Trustees on 18 July 2023


Mr GM Black
Trustee

Company registration number 06373460

THE HEART OF THE CITY PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Charity information

The Heart of the City Partnership is a private company limited by guarantee incorporated in England and Wales. The registered office is Fernwood House, Fernwood Road, Jesmond, Newcastle upon Tyne, NE2 1TJ, United Kingdom.

1.1 Accounting convention

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

The charity has taken advantage of the provisions in the SORP for charities not to prepare a Statement of Cash Flows.

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 £.

Heart of the City Partnership meets the definition of a public benefit entity entry under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

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

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

1.4 Income

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

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

Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.

Incoming resources from grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance.

THE HEART OF THE CITY PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.5 Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates:

- Costs of generating funds comprise the costs associated with attracting voluntary income.
- 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.

1.6 Tangible fixed assets

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

Depreciation 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:

Computers	33% on cost
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

1.7 Impairment of fixed assets

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

1.8 Stocks

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

1.9 Cash and cash equivalents

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

1.10 Taxation

As a charity, the company is exempt from tax on income and gains to the extent that these are applied to charitable objects. No tax charges have arisen in the charity.

1.11 Pension costs and other post-retirement benefits

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

1.12 Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

THE HEART OF THE CITY PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Donations and legacies

	Unrestricted funds general 2022 £	Restricted funds 2022 £	Total 2022 £	Unrestricted funds general 2021 £	Restricted funds 2021 £	Total 2021 £
Donations and gifts	329	-	329	218	-	218
Grants	10,441	9,883	20,324	50,902	102,651	153,553
	<u>10,770</u>	<u>9,883</u>	<u>20,653</u>	<u>51,120</u>	<u>102,651</u>	<u>153,771</u>
Grants receivable for core activities						
Government restart	-	-	-	20,000	-	20,000
HMRC Charities	-	-	-	2,477	-	2,477
Job retention scheme	-	-	-	4,129	-	4,129
Tiered restrictions	-	-	-	5,485	-	5,485
Winter business	-	-	-	18,811	-	18,811
Culture recovery fund	-	-	-	-	102,651	102,651
Omicron Hospitality and Leisure grant	6,667	-	6,667	-	-	-
NLHF steps to sustainability	-	9,883	9,883	-	-	-
Zedra Trust	1,500	-	1,500	-	-	-
Henry Riley LLP	875	-	875	-	-	-
Other	1,399	-	1,399	-	-	-
	<u>10,441</u>	<u>9,883</u>	<u>20,324</u>	<u>50,902</u>	<u>102,651</u>	<u>153,553</u>

3 Investments

	Unrestricted funds general 2022 £	Unrestricted funds general 2021 £
Interest receivable	<u>291</u>	<u>147</u>

THE HEART OF THE CITY PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

4 Other trading activities

	Unrestricted funds general 2022 £	Unrestricted funds general 2021 £
Other income	20,861	4,813
Event income	39,445	5,030
Venue income	34,904	17,120
Retail	33,225	14,386
	<u>128,435</u>	<u>41,349</u>

5 Raising funds

	Unrestricted funds general 2022 £	Restricted funds 2022 £	Total 2022 £	Unrestricted funds general 2021 £	Restricted funds 2021 £	Total 2021 £
<u>Raising funds</u>						
Operating charity shops	15,224	-	15,224	8,250	167	8,417
Other trading activities	24,594	9,883	34,477	3,799	2,601	6,400
	<u>39,818</u>	<u>9,883</u>	<u>49,701</u>	<u>12,049</u>	<u>2,768</u>	<u>14,817</u>

THE HEART OF THE CITY PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

6 Charitable activities

	Charitable activities 2022 £	Charitable activities 2021 £
Staff costs	268,256	257,607
Depreciation and impairment	7,750	8,807
Rates and water	1,379	571
Insurance	6,605	6,263
Light and heat	9,651	5,199
Telephone	2,003	1,749
Postage and stationery	1,038	1,205
Marketing and publicity	29,415	35,968
Sundries	3,008	10,614
Travelling	289	304
Training	1,575	872
Repairs	23,842	40,595
Card machine charges	7,160	4,151
	<u>361,971</u>	<u>373,905</u>
Share of support costs (see note 7)	3,470	4,866
Share of governance costs (see note 7)	3,600	3,240
	<u>369,041</u>	<u>382,011</u>
Analysis by fund		
Unrestricted funds - general	369,041	161,115
Restricted funds	-	220,896
	<u></u>	<u></u>

7 Support costs

	Support costs £	Governance costs £	2022 £	Support costs £	Governance costs £	2021 £
Payroll fees	1,570	-	1,570	1,112	-	1,112
Professional fees	1,900	-	1,900	3,754	-	3,754
Audit fees	-	3,600	3,600	-	3,240	3,240
	<u>3,470</u>	<u>3,600</u>	<u>7,070</u>	<u>4,866</u>	<u>3,240</u>	<u>8,106</u>
Analysed between Charitable activities	<u>3,470</u>	<u>3,600</u>	<u>7,070</u>	<u>4,866</u>	<u>3,240</u>	<u>8,106</u>

THE HEART OF THE CITY PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

8 Trustees' remuneration and benefits

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

There were no trustee's expenses paid for the year ended 31 December 2022 nor for the year ended 31 December 2021.

9 Employees

The average monthly number of employees during the year was:

	2022 Number	2021 Number
Management and administration	20	17

Employment costs

	2022 £	2021 £
Wages and salaries	247,556	237,502
Social security costs	12,133	12,106
Other pension costs	8,567	7,999
	268,256	257,607

Key management remuneration totalled £46,968 (2021: £45,600)

There were no employees whose annual remuneration was more than £60,000.

10 Taxation

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

THE HEART OF THE CITY PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

11 Tangible fixed assets

Computers
£

Cost

At 1 January 2022

33,313

Additions

1,803

At 31 December 2022

35,116

Depreciation and impairment

At 1 January 2022

19,801

Depreciation charged in the year

7,750

At 31 December 2022

27,551

Carrying amount

At 31 December 2022

7,565

At 31 December 2021

13,512

12 Stocks

2022
£

2021
£

Finished goods and goods for resale

8,952

7,512

13 Debtors

2022
£

2021
£

Amounts falling due within one year:

Trade debtors

2,186

3,976

Other debtors

1,184

-

Prepayments and accrued income

12,848

7,444

16,218

11,420

14 Creditors: amounts falling due within one year

2022
£

2021
£

Other taxation and social security

3,914

-

Trade creditors

474

4,681

Other creditors

3,139

15,124

Accruals and deferred income

15,410

11,709

22,937

31,514

THE HEART OF THE CITY PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

15 Restricted funds

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

	Balance at 1 January 2022	Movement in funds		Balance at 31 December 2022
	£	Incoming resources	Resources expended	£
CCTV	218	-	-	218
Defibrillator	1,644	-	-	1,644
Explorers	430	-	-	430
Costumes	134	-	-	134
A Medieval Tavern Experience	-	9,883	(9,883)	-
	<u>2,426</u>	<u>9,883</u>	<u>(9,883)</u>	<u>2,426</u>

CCTV

The charity received a grant of £1,000 in 2018 from Wm Webster Trust and a grant of £4,000 in 2020 from Newcastle City Council for the installation of a CCTV system.

Defibrillator

The charity received a grant of £1,644 in 2019 from Monument Ward Committee for the installation of a defibrillator in the castle and cathedral area.

Explorers Road

The charity is working to become part of a multi-stop touring route through the cultural and historical heart of England by Visit Britain and received a grant of £595 from NGI.

Costumes for Live Interpretations

The charity received a grant of £1,243 from CO-OP to buy costumes for live interpretations and relevant events.

Tavern Note

The charity received a grant from The Social Enterprise Academy as part of their Steps to Sustainability funding for the creation of a medieval tavern night, to help generate income through paid for events, and corporate venue hire

16 Analysis of net assets between funds

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total Unrestricted funds 2022 £	Restricted funds 2021 £	Total 2021 £
Fund balances at 31 December 2022 are represented by:					
Tangible assets	7,565	-	7,565	13,512	13,512
Current assets/(liabilities)	202,591	2,426	205,017	225,878	228,304
	<u>210,156</u>	<u>2,426</u>	<u>212,582</u>	<u>2,426</u>	<u>241,816</u>

THE HEART OF THE CITY PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

17 Related party transactions

There were no disclosable related party transactions during the year (2021 - none).