

Charity registration number 273785

Company registration number 01310070 (England and Wales)

**NEWLYN ART GALLERY LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

# NEWLYN ART GALLERY LIMITED

## LEGAL AND ADMINISTRATIVE INFORMATION

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

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# NEWLYN ART GALLERY LIMITED

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# NEWLYN ART GALLERY LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

### FOR THE YEAR ENDED 31 MARCH 2023

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The trustees present their annual report and financial statements for the year ended 31 March 2023.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)".

#### Objectives and activities

##### Objectives and aims

The company is an educational charity with the object of advancing education in visual art. This object is met by the maintenance of Newlyn Art Gallery & The Exchange for the public exhibition of visual art, multi-year education programmes, the provision of lectures, classes, and conferences calculated to advance education in visual art.

##### Significant activities

Through a programme of exhibitions and ambitious education projects, exploring the role of arts in social change, Newlyn Art Gallery Ltd promotes the understanding and appreciation of contemporary art. In the course of the programme the gallery collaborates with other organisations in the area and nationally to promote visual art. This core activity has not changed during the year.

##### How our main activities deliver public benefit

Our main activities are described below. Our charitable activities focus on providing an ambitious programme of exhibitions, learning projects and other activities undertaken to further our charitable purposes for the public benefit.

#### Achievements and performance

##### Review of the Year

The year to 31 March 2023 continued to reflect a growing ambition in our gallery-based programming, built on partnerships with national organisations such as the Arts Council Collection and National Portrait Gallery. Alongside this ran equally important projects taking place beyond the gallery, most notably Think, Talk, Make Art delivering transformational training opportunities for primary school teachers, bringing a new found confidence in the teaching of art in their schools.

The financial year opened with the exhibitions Captured Beauty and Simple Truths. The two projects were made possible through our three-year partnership with the Arts Council Collection, and reflected our continuing exploration of new curatorial strategies that asked if we create opportunities for a broader cross-section of our communities to be the lead voices in curating our main gallery programme, will the diversity of our visitors increase?

Captured Beauty was curated by Abi Hutchinson, Artistic Director of Black Voices Cornwall, and featured works of art drawn from the Arts Council Collection, including paintings by Lynette Yiadom-Boakye, Denzil Forrester, Ryan Mosely, Mowbray Odonkor, and Caroline Walker. Vanley Burke, Tarik Chawdry, and Colin Jones presented photographic portraits of Britain in the 70s and 80s, alongside other artists using photography including Sunil Gupta, Ifeoma Onyefulu, Horace Ove, Tetsuya Noda, and Veronica Ryan.

Denzil Forrester led a mesmerising drawing workshop for 60 pupils at Newlyn School, as part of a supporting programme of events discussions and workshops.

The artworks for Simple Truths were chosen by dads from the WILD Young Parents Project, who we had worked with since March 2021, from their allotment in Pengogon, Camborne.

With each visit to the allotment, the dads were asked to select an artwork from the Arts Council Collection catalogues, which were kept in the allotment shed. Marking their choices with a Post-it note and a line about why they'd chosen it, an interesting collection of works steadily emerged. Choices reflect how the dads were feeling in that moment or spoke of a past experience or of future ambitions. Over a brew from a ghillie kettle, conversation flowed, exploring their choices and often providing the starting point for personal reflections around mental health or what was happening in their lives in that moment.

## **NEWLYN ART GALLERY LIMITED**

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

#### **FOR THE YEAR ENDED 31 MARCH 2023**

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Simple Truths included paintings, photographs, and sculptures by David Batchelor; Maeve Brennan; Shezad Dawood; Laura Ford; Dan Holdsworth; Seamus Nicolson; Richard Patterson; Liv Preston; Bob Robinson; Caroline Walker and Bedwyr Williams.

Over the summer we presented Creative Connections Cornwall, a project about people and place in partnership with the National Portrait Gallery, and Mounts Bay Academy in Penzance. The project connected young people from Cornwall with the award-winning artist, Joy Gregory, to explore the National Portrait Gallery's collection.

Together with portraits by Joy Gregory of people she has met in Cornwall, the students made new photographs of people significant to them, to be shown alongside the portraits from the National Portrait Gallery's collection, including two new acquisitions showing for the first time.

The students' final selection of portraits includes painters, writers, potters, actors, politicians, athletes, musicians and more, and formed the starting point for the exhibition. Subjects include Wilhelmina Barns-Graham, Helen Glover, Gluck, Barbara Hepworth, Roger Hilton, D.H. Lawrence, Daphne du Maurier, and Harold Wilson. The chosen works ranged from photography to painting and drawing and included portraits by artists such as Terry Frost, Yvonne Gregory, John Hedgecoe, E. O. Hoppé, Ida Kar, Sebastian Kim, Man Ray and Madame Yevonde.

The exhibition also included work and artefacts from local collections related to the sitters.

At Newlyn, over the summer, we presented the Jerwood Art Fund Makers Open, a biennial exhibition that recognises and promotes the significance of making practice and process within contemporary visual arts. It supports exceptional UK-based artists and makers within 10 years of beginning their practice to develop their creative ideas independently, enabling them to experiment, learn and take risks, with substantial curatorial support.

In the autumn we presented a major solo exhibition of the work of Sutapa Biswas, across both sites. The show reflected the artist's commitment to questions of identity, ideas of dislocation and belonging, and their vital contribution to the Black Arts Movement in Britain.

The upper gallery at Newlyn was dedicated to Biswas's most recent film work Lumen, 2021. Inspired by the artist's journey by sea with her family from Mumbai to Dover, the semi-fictional narrative told the stories of her mother and grandmother through a poetic and powerful monologue. The film evokes maritime histories of trade and transportation, with personal memories and stories of migration and displacement that unfold and overlap with colonial histories during the British Raj.

At The Exchange we presented a number of film works and a large series of delicate bird drawings, Time Flies, 2004–ongoing. Referencing taxidermy birds and colonial paintings in which birds were a familiar motif, the works considered loss, grief, and are a moving tribute to Biswas's late father.

We closed the year with We Are Floating in Space, a group exhibition of artists who have made work in Cornwall and Devon, using ideas of the coast, or the materials of the shoreline, to create their work.

The exhibition looked beyond the tradition of seascapes to showcase artists who use the coast to address themes within their art practice. In particular, the show explored the space between the tides; the area that is in constant flux between being land and being sea. It was this otherworldly place that the artists used to express ideas and themes within their work, whether it was grieving, gender identity, the queer body, childlessness not by choice, or concerns for the environment.

The exhibition also included artists who have used and transformed the materials of the coastline for their work; an oak stool from the submerged ancient woodland of Mount's Bay, a silver spoon cast from a rock pool, sculptural hybrids, and chemigrams soaked in seawater, amongst others.

## **NEWLYN ART GALLERY LIMITED**

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

#### ***FOR THE YEAR ENDED 31 MARCH 2023***

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The lower gallery at Newlyn hosted an exhibition-within-the-exhibition, curated by Fran Rowse, expanding on her Maids project and featuring other young female artists who explore the lived experiences of growing up in small coastal towns.

The twenty plus artists in the main exhibition include Delphi Baker, Simon Bayliss, Livvy Eden, Naomi Frears, Bryony Gillard, Christopher P Green, Anna Harris, Kitty Hillier, Fleur & Alastair Mackie, Rhys Morgan, Teân Roberts, Ro Robertson, Tanoa Sasraku, SHARP, Melanie Stidolph, Tom Stockley, Mary Trapp, Eleanor Turnbull, Huhtamaki Wab.

#### **Our work beyond the gallery**

During the year, we continued to deliver ambitious programmes working with targeted communities to address pressing societal objectives.

In 2021, the gallery secured an award of almost £150,000 from the Paul Hamlyn Foundation's Teacher Development Fund to deliver Think, Talk, Make Art, an ambitious two-year project to put works of art into nine local schools, along with a programme of continuing professional development and learning for teachers.

The Gallery partnered with schools in rural West Cornwall and on the Isles of Scilly, to create an in-school gallery at each location. Artworks were borrowed from the Arts Council Collection and Cornwall Council Schools Art Collection, to be displayed in each school for 18 months.

Catherine Sutton, Head of Programme – Education at Paul Hamlyn Foundation said: "Paul Hamlyn Foundation is delighted to support this programme which seeks to build teachers' skills and confidence in delivering a rich visual art curriculum and explores how the making and interpretation of art supports pupils' creativity, oracy and critical thinking."

As well as providing each school with its own gallery, the award also funded a programme of live and digital continuing professional development and learning for teachers and senior staff led by artist-educators. Teachers' learning focussed on practical sessions, exploring drawing, printmaking and 3D-construction, along with thinking and talking about art, enabling them to harness the full potential of art across their curriculum.

Jenny Blunden OBE, Chief Executive of Truro and Penwith Academy Trust:

"We are delighted to be part of this dynamic partnership that has been successful in our bid to Paul Hamlyn Teacher's Development Fund. We are really excited to get started on this new initiative to develop high-quality arts-based teaching and learning opportunities in the primary classroom, alongside our partners at Newlyn Art Gallery."

## **NEWLYN ART GALLERY LIMITED**

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

#### **FOR THE YEAR ENDED 31 MARCH 2023**

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The Partner Schools were Ludgvan, Nancledra, Newlyn, Pensans, St Hilary in West Cornwall, and St Agnes, St Martins, St Marys, Tresco on the Isles of Scilly, from Truro and Penwith Academy Trust, and Leading Edge Academies Partnership.

The programme proved to be transformational for teachers and pupils. Teachers gained new confidence in their personal creativity, and their ability to incorporate this into cross-curricular teaching in their schools. Pupils felt valued and were proud to be involved in a programme with national partners.

During the full year we attracted 33,639 gallery visits, a 20% increase on the prior year, but some way off a return to typical, pre-pandemic numbers, reflecting visitor patterns right across the sector. This number does not include the numbers engaged in our off-site programmes, including our exhibitions in nine primary schools in west Cornwall and on the Isles of Scilly. At the time of writing, we are reviewing our methodology for recording visits, to ensure our data is an accurate reflection of actual engagements achieved.

We have continued to see a modest cumulative rise in our social media reach this year [Facebook down by 9.5% and Instagram up by 12%]. Some of last year's spike in reach was driven by a visit to the gallery by the First Lady of the United States, in June 2021.

#### **We continue to seek to reduce our environmental impact**

We remain strongly committed to reducing our carbon footprint and have developed plans to use the platform of our exhibitions to explore the role of artists in contributing to debate and action on the issue. Our Green Team, its membership comprising of a diagonal slice through our organisation, including board and volunteer representation, continues to drive change across the business. A carbon reduction action plan has been developed and made public on our website.

We have taken action to reduce the volume of waste produced through our exhibitions programming, and developed innovative new approaches to exhibition design, with materials waste reduction in mind.

In 2021/22, we reported a significant rise in our energy consumption, directly attributable to the need to meet gallery environmental requirements stipulated by the Arts Council Collection (ACC), our principal lender of artworks during that period.

Whilst a number of exhibitions took place in 2022/23, continued to include loans from the ACC, we have seen a 20% reduction in energy consumption, compared to the prior year. (see the data below).

Newlyn Art Gallery & the Exchange combined:

Energy 64 tonnes CO<sub>2</sub>e (2013/14)

Energy 19 tonnes CO<sub>2</sub>e (2018/19)

Energy 39 tonnes CO<sub>2</sub>e (2020/21)

Energy 67 tonnes CO<sub>2</sub>e (2021/22)

Energy 54 tonnes CO<sub>2</sub>e (2022/23)

The main elements of our three-year partnership with ACC National Partners Programme, came to an end in summer, after which we were able to relax our gallery environment controls. We expect to see a further reduction in energy usage in 2023/24.

# **NEWLYN ART GALLERY LIMITED**

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

**FOR THE YEAR ENDED 31 MARCH 2023**

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### **Infrastructure**

Much of our work is delivered from our two buildings, Newlyn Art Gallery in Newlyn and The Exchange in Penzance. Both are historic buildings dating from 1895 and the 1930s (and significantly extended in the 1950s) respectively. Both buildings were substantially altered in 2006, as part of major capital works linked to the organisation's relaunch in 2007. 15 years on, both building now require modest investment to avoid the need for major works in the future, and to ensure we remain able to respond to the changing needs of our audiences.

In 2022 and early 2023, we began an ambitious remodeling of our principle learning space, the Engine Room, at The Exchange. During the Covid pandemic, we rapidly developed new digital practices to enable us to respond to the urgent needs of our audiences. Building on this experience, we recognised the need for larger, digitally-equipped learning facilities. With generous support from Garfield Weston Foundation, Bernard Sunley Foundation and Arts Council England, we extended the room, and equipped it with integrated audio-visual equipment, acoustic panels and blackout blinds, enabling us to deliver blended workshop sessions, piloted during the pandemic.

During the pandemic, we created a pop-up outdoor café in our garden at Newlyn. It proved so popular with users of the Newlyn/Penzance Promenade, that the Garden Cafe has now become a permanent feature. This has enabled us to repurpose the first-floor space it previously occupied, as a community, hires and learning space.

Over the coming months, we will develop funding bids to help us address other priority works to both builds, safeguarding these assets for the future.

### **Health & Safety**

The gallery regularly reviews health & safety issues across our activities. Health & Safety is a standing item at both our weekly Staff Meeting and regular Board Meetings. We contract the services of Peninsula, who provide expert advice and conduct an annual site visit to both galleries, and developing an action plan of works to be addressed.

### **Staffing**

The gallery has a team averaging 31 during the year, both full and part-time. We are a Living Wage employer, and strive to ensure salaries keep as close as possible to inflation, to support all staff during a challenging economic period.

In addition, we are supported by an expert team of around 45 volunteers, who are the first point of contact for many of our visitors.

In autumn 2022, our Finance Manager left the organisation to take up a senior charity finance position. Recruiting a replacement proved challenging, so we were delighted to take up an offer from the Hall for Cornwall to provide interim financial services support. This solution proved very successful and we are now in discussion to make the purchase of financial services support a more permanent arrangement.

Trustees would like to thank the Director, staff and volunteers for their exceptional work over the period of this report. Their creativity and ambition has led to the gallery developing a growing national reputation for its work in support of communities in greatest need.



# NEWLYN ART GALLERY LIMITED

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

### FOR THE YEAR ENDED 31 MARCH 2023

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#### Financial review

##### Our focus on financial resilience

Over recent years we have managed to eliminate our historic deficit and build free reserves, in line with our Reserves Policy.

In Winter 2022, we secured £1.1m in unrestricted revenue support from Arts Council England's National Portfolio Programme, covering the period 2023-26.

This was a challenging funding round, with many previously funded organisations receiving smaller awards or no funding offer. The level of support secured reflects the gallery's recent successful work in engaging with more diverse audiences and our commitment to strengthening our organisation's governance and financial structures.

These successes come at just the right time, strengthening our financial resilience at a moment when we anticipated tested times ahead, with rising costs, including energy, wages and suppliers' costs, that all businesses faced.

Our prediction has been borne out, with increased supplier charges, including increasing energy and gas prices, presenting challenges, we are working hard to address.

Our work continues to be very highly regarded by funding bodies and our audiences, encouraging us to be confident a business model based on reduced investment from local government and DCMS sources, and greater contributions through earned income and multi-year grants from trusts and foundations is deliverable.

Our new entrance charging policy has enabled us to secure new unrestricted income from visitors, without compromising our values around making contemporary visual arts accessible to all, and in particular, those who face barriers to attending gallery-based art experiences. Our increasing focus on projects that achieve tangible social change, often delivered in partnership with educational and charity partners, will remain a driving strand of our work in the years ahead.

#### Key figures and movement of funds

Incoming resources at £814,744 (2022: £1,203,154) fell by £388,410 reflecting a reduction in the amount of restricted grant funding received as the gallery moved out of its four-year Arts Council Collection cycle, though trustees were pleased to note the booking of £73,000 restricted funds from the National Portrait Gallery in respect of Creative Connections Cornwall, which continued to expand our national-level cultural sector partnerships, bringing even greater national recognition to the gallery and its ability to deliver significant exhibitions and wraparound activities. Within our incoming resources we recorded an increase in earned income through our shops and café, though this reflected a return to full trading after the previous year of Covid-attributable disruption to commercial trading.

Total expenditure increased by £213,223 from £1,011,515 (2022) to £1,224,738 in the 2023 year. This reflected the spending of restricted resources booked to income in the previous year on an entitlement to receive basis that was then deployed in accordance with restrictions in the following year. Additionally it reflects the rise in the cost of sales of our café and shop offer as our earned income turnover rose after Covid. The spending of restricted funds was a key reason for an in-year deficit of £409,994 (2022: surplus of £191,639). This deficit is split between an operational (unrestricted) deficit of £66,992 before fund transfers, while the restricted expenditure against funds held was £343,002. Trustees note that the unrestricted deficit was impacted by an exceptional charge for forward-facing pension costs in the sum of £46,432, making a deficit of £20,560 before this exceptional charge (see note 11 for further detail)

## **NEWLYN ART GALLERY LIMITED**

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

#### **FOR THE YEAR ENDED 31 MARCH 2023**

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##### **Reserves policy**

The gallery had a cumulative surplus at 31st March 2023 of £135,497 (2022: £129,819). This figure is known as free reserves and the calculation is shown at note 26. The calculation takes the total funds and removes the amount that is either restricted or tied up in property to arrive at the sum that is freely available to support the gallery's activities. It also shows the movement in free reserves between years – this year an increase of £5,678 between March 2022 and March 2023 (2022: increase of £182,388).

Whilst the free reserves increased by £5,678 in the year ended 31st March 2023, the operational surplus on unrestricted funds was £56,360, after adjustments relating to historic pension liabilities.

The level of free reserves required to cover running costs for 3 to 6 months is £193,326 - £386,652, based on unrestricted expenditure within unrestricted funds in the period. The gallery currently holds free reserves below this target level. In order to ensure the organisation builds sufficient reserves to meet its policy requirements, the Gallery Director and Trustees are developing a recovery plan as part of its future financial planning. It is anticipated that it may take 3 to 5 years to rebuild reserves to the required levels, so a multi-year plan is needed.

##### **Principal funding sources**

The gallery's main source of funding during the year was the Arts Council of England, who provided funding in respect of core costs, and through a grant to support our involvement in the Arts Council Collection National Partners Programme (ACC NPP).

Our current ACE National Partner Organisation (NPO) funding agreement was extended by a further year to March 2023, in response to the Covid-19 pandemic, with the total value of that grant totalling £1,929,392. As reported above, in spring 2022, a new application for NPO three-year-funding was submitted, and an award provisionally agreed in November 2022, totalling £1,105,251. Similarly, Cornwall Council has offered continuing funding for the organisation, covering the next four years, their award totalling £75,000.

As reported above, we have been very successful in securing additional, multi-year restricted funding from other trusts and foundations. Individual philanthropy remains an important part of the organisation's income however, the economic impact of the Covid-19 pandemic continues to make fundraising generally more challenging.

##### **Risk management**

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

The trustees have conducted a review of the major risks to which the charity is exposed and systems have been established to mitigate those risks. Assessment is reviewed on a regular basis.

# NEWLYN ART GALLERY LIMITED

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

### FOR THE YEAR ENDED 31 MARCH 2023

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#### Plans for future periods

##### FUTURE PLANS

In spring 2017, we worked with staff and trustees to refresh our values, vision and mission. As part of that process, we reflected on the organisation's history and the principles of its founder, the philanthropist John Passmore Edwards.

He saw culture as 'a ladder the poor might climb', to help them rise out of deprivation and override a prevailing dearth of ambition in a place such as Newlyn at the end of the 19th century.

Our intention is to reactivate these founding principles, contributing to debate among contemporary arts organisations and curators as to how art and the art institution can perform both a societal and civic function and be relevant to prevailing social and political issues.

The following values, vision and mission emerged from this processes:

##### Values:

Change-making  
Rooted in place  
Part of a global art conversation

##### Vision:

We believe that art can inspire and drive change

##### Mission:

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

The impact of the Covid-19 pandemic on communities across Cornwall and further afield, has been huge. The murder of George Floyd and rise of the Black Lives Matter movement, has also profoundly affected many of the communities we work with and support. Our stand in supporting our immediate communities now seems more important than ever.

##### Our Goals for 2018/19 to 2022/23

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

*We are driving up the quality of our product*  
*We are engaging more people*  
*We are taking a lead role in strengthening our sector*  
*We are improving our financial position*  
*Our staff, volunteers and trustees are getting even better at what they do*

From February 2020, we began delivery of our new ACC NPP programme, supported by a growing staffing team.

As we come to close a number of major grant-funded programmes, including the Arts Council Collection National Partner Programme and the Paul Hamlyn funded Think, Talk, Make Art teachers development project, we look to build on our achievement through new funding partnerships. Major funding applications are now in development to support an ambitious, three-year curriculum development programme with a major academy trusts; a three-year action research programme involving the co-commissioning of public artworks with community groups identified by social care agency partners as extremely vulnerable, including socially isolated younger people and refugees and/or the vulnerably housed/homeless, and an ambitious gallery-based project working with artist Melanie Manchot and people recovering from addiction.

#### 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.

## **NEWLYN ART GALLERY LIMITED**

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

#### **FOR THE YEAR ENDED 31 MARCH 2023**

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The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

M R Bird

N Scott

M Barrett

V Button

B Naughton-Rumbo

L Tait

C Rayment

(Resigned 26 September 2022)

R Dunlop

(Resigned 26 September 2022)

G Buenfeld-Murley

H Buckingham

J Bulman

N Williams

#### **Recruitment and appointment of new trustees**

The Board administers the charity and meets bi-monthly or as required. The Finance Committee meets regularly with the Director and Senior Finance Manager. Other working groups, such as a Public Programme Group meet as required. Their membership is drawn from the board. Members of the Board are elected at the Annual General Meeting and retire by rotation every three years. Elected members of the Board are trustees and directors of the charity.

#### **Induction and training of new trustees**

New trustees are provided with a tour of the organisation's two sites, where they have an opportunity to meet the gallery staff and volunteers. They also meet with the Chair and Gallery Director and are briefed on the history and the future plans of the organisation. New board members are also required to sign a Statement of Director's Obligations and Code of Conduct, which helps to clarify their individual and collective responsibilities to the company.

#### **Auditor**

In accordance with the company's articles, a resolution proposing that Azets Audit Services be reappointed as auditor of the company will be put at a General Meeting.

#### **Disclosure of information to auditor**

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

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

M R Bird

**Trustee**

29 November 2023

## **NEWLYN ART GALLERY LIMITED**

### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

***FOR THE YEAR ENDED 31 MARCH 2023***

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

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

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

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

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

# NEWLYN ART GALLERY LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE TRUSTEES OF NEWLYN ART GALLERY LIMITED

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#### Opinion

We have audited the financial statements of Newlyn Art Gallery Limited (the 'charity') for the year ended 31 March 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows 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, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2023 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Conclusions relating to going concern

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

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

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

#### Other information

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

We have nothing to report in this regard.

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

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

- the information given in the trustees' report for the financial year for which the financial statements are prepared, which includes the directors' report prepared for the purposes of company law, is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

## **NEWLYN ART GALLERY LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE TRUSTEES OF NEWLYN ART GALLERY LIMITED**

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

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

##### **Responsibilities of trustees**

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

##### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

# NEWLYN ART GALLERY LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE TRUSTEES OF NEWLYN ART GALLERY LIMITED

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#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

#### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Matthew Webb (Senior Statutory Auditor)**  
for and on behalf of Azets Audit Services

4 December 2023

**Chartered Accountants**  
**Statutory Auditor**

Woodlands Court  
Truro Business Park  
Truro  
Cornwall  
United Kingdom  
TR4 9NH



# NEWLYN ART GALLERY LIMITED

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2023

Current financial year						
		Unrestricted funds	Endowment funds designated	Restricted funds	Total	Total
	Notes	2023 £	2023 £	2023 £	2023 £	2022 £
<b>Income from:</b>						
Donations and legacies	3	66,960	-	928	67,888	92,300
Charitable activities	4	453,760	-	103,515	557,275	969,754
Other trading activities	5	182,381	-	3,989	186,370	139,611
Investments	6	3,211	-	-	3,211	1,489
<b>Total income</b>		<u>706,312</u>	<u>-</u>	<u>108,432</u>	<u>814,744</u>	<u>1,203,154</u>
<b>Expenditure on:</b>						
Raising funds	7	<u>163,058</u>	<u>-</u>	<u>1,212</u>	<u>164,270</u>	<u>123,272</u>
Charitable activities	8	<u>610,246</u>	<u>-</u>	<u>450,222</u>	<u>1,060,468</u>	<u>888,243</u>
<b>Total expenditure</b>		<u>773,304</u>	<u>-</u>	<u>451,434</u>	<u>1,224,738</u>	<u>1,011,515</u>
<b>Net (outgoing)/incoming resources before transfers</b>		(66,992)	-	(343,002)	(409,994)	191,639
Gross transfers between funds	23	<u>123,352</u>	<u>-</u>	<u>(123,352)</u>	<u>-</u>	<u>-</u>
<b>Net income/(expenditure) for the year/ Net movement in funds</b>		56,360	-	(466,354)	(409,994)	191,639
Fund balances at 1 April 2022		<u>2,572,084</u>	<u>527,373</u>	<u>1,398,244</u>	<u>4,497,701</u>	<u>4,306,062</u>
<b>Fund balances at 31 March 2023</b>		<u><u>2,628,444</u></u>	<u><u>527,373</u></u>	<u><u>931,890</u></u>	<u><u>4,087,707</u></u>	<u><u>4,497,701</u></u>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

# NEWLYN ART GALLERY LIMITED

## STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2023

Prior financial year					
		Unrestricted funds	Endowment funds designated	Restricted funds	Total
	Notes	2022 £	2022 £	2022 £	2022 £
<b>Income from:</b>					
Donations and legacies	3	89,511	-	2,789	92,300
Charitable activities	4	434,498	-	535,256	969,754
Other trading activities	5	139,302	-	309	139,611
Investments	6	1,489	-	-	1,489
<b>Total income</b>		<b>664,800</b>	<b>-</b>	<b>538,354</b>	<b>1,203,154</b>
<b>Expenditure on:</b>					
Raising funds	7	118,987	-	4,285	123,272
Charitable activities	8	404,467	-	483,776	888,243
<b>Total expenditure</b>		<b>523,454</b>	<b>-</b>	<b>488,061</b>	<b>1,011,515</b>
<b>Net (outgoing)/incoming resources before transfers</b>		<b>141,346</b>	<b>-</b>	<b>50,293</b>	<b>191,639</b>
Gross transfers between funds	23	102,355	-	(102,355)	-
<b>Net income/(expenditure) for the year/ Net movement in funds</b>		<b>243,701</b>	<b>-</b>	<b>(52,062)</b>	<b>191,639</b>
Fund balances at 1 April 2021		2,328,383	527,373	1,450,306	4,306,062
<b>Fund balances at 31 March 2022</b>		<b>2,572,084</b>	<b>527,373</b>	<b>1,398,244</b>	<b>4,497,701</b>

# NEWLYN ART GALLERY LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2023

		2023	2022
	Notes	£	£
<b>Fixed assets</b>			
Tangible assets	12	3,342,765	3,382,842
Heritage assets	13	527,373	527,373
Investments	14	82,117	82,117
		<u>3,952,255</u>	<u>3,992,332</u>
<b>Current assets</b>			
Stocks	15	32,750	29,745
Debtors	16	182,163	160,161
Cash at bank and in hand		109,163	526,615
		<u>324,076</u>	<u>716,521</u>
<b>Creditors: amounts falling due within one year</b>	17	<u>(80,683)</u>	<u>(128,828)</u>
Net current assets		243,393	587,693
<b>Total assets less current liabilities</b>		<u>4,195,648</u>	<u>4,580,025</u>
<b>Creditors: amounts falling due after more than one year</b>	18	(107,941)	(82,324)
<b>Net assets</b>		<u><u>4,087,707</u></u>	<u><u>4,497,701</u></u>
<b>Income funds</b>			
Restricted funds	23	931,890	1,398,244
Endowment funds - designated		527,373	527,373
Unrestricted funds		2,628,444	2,572,084
		<u><u>4,087,707</u></u>	<u><u>4,497,701</u></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 29 November 2023

M R Bird  
Trustee

M Barrett  
Trustee

Company Registration No. 01310070

# NEWLYN ART GALLERY LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	20		(344,624)		222,709
<b>Investing activities</b>					
Purchase of tangible fixed assets		(66,014)		(63,436)	
Interest received		3,211		1,489	
<b>Net cash used in investing activities</b>			(62,803)		(61,947)
<b>Financing activities</b>					
Repayment of bank loans		(10,025)		(9,492)	
<b>Net cash used in financing activities</b>			(10,025)		(9,492)
<b>Net (decrease)/increase in cash and cash equivalents</b>			(417,452)		151,270
Cash and cash equivalents at beginning of year			526,615		375,345
<b>Cash and cash equivalents at end of year</b>			109,163		526,615

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 MARCH 2023**

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### **1 Accounting policies**

#### **Charity information**

Newlyn Art Gallery Limited is a charitable company limited by guarantee incorporated in England and Wales. The registered office is The Exchange, Princes Street, Penzance, Cornwall, TR18 2NL, United Kingdom.

#### **1.1 Accounting convention**

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

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

The financial statements have been prepared under the historical cost convention, modified to include investments at fair value and heritage assets at valuation. The principal accounting policies adopted are set out below.

#### **1.2 Going concern**

The financial statements have been prepared on the going concern basis. The Board has considered a period of twelve months from the date of approval of the financial statements and has a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. There are no material uncertainties which may create significant doubt over the charitable company's ability to continue as a going concern.

#### **1.3 Charitable funds**

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

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

Endowment funds, comprising a collection of paintings and artefacts held for the benefit of the charity, are subject to specific conditions by donors that the capital must be maintained by the charity.

#### **1.4 Income**

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

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

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Income from government and other grants is recognised when the charity has entitlement to the funds, any performance conditions attached to the grant have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income from other charitable activities is recognised when the goods or services have been provided.

Interest income is recognised using the effective interest rate method.

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 1 Accounting policies

(Continued)

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

#### 1.5 Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Costs of raising funds are the costs of trading for fundraising purposes.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Support costs comprise the costs of governance including audit fees and finance costs. These are wholly allocated to charitable activities on the basis that they are incurred in support of the charitable company's pursuance of its charitable activities.

#### 1.6 Tangible fixed assets

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

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

Freehold property	2% on cost
Leasehold land and buildings	2% on cost
Tools and equipment	10% on cost
Computer equipment	25% on cost

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

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 1 Accounting policies

(Continued)

#### 1.7 Heritage assets

Heritage assets are measured at valuation and comprise the collection of artworks held in support of the Gallery's primary objective of increasing knowledge, understanding and appreciation of art. These are primarily paintings and drawings, with some prints and medals.

The majority are housed at The Exchange, Princes Street, Penzance TR18 2NL and the remainder at Penlee House Gallery and Museum, Morrab Road, Penzance, TR18 4HE. These works are not for sale and comprise the Permanent Collection, Langley Medals and all items on loan to Penlee House Gallery and Museum.

The trustees consider the Heritage assets to have indeterminate lives and a high residual value, hence the trustees do not consider it necessary to charge depreciation.

#### 1.8 Fixed asset investments

The Gallery holds two collections of works as investments, the Reuss Collection and Reserve Collection. These are available for sale and held primarily for investment gain or income generation and thus cannot be classified as heritage assets. These investments are measured at fair value.

#### 1.9 Impairment of fixed assets

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

#### 1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

#### 1.11 Cash and cash equivalents

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

#### 1.12 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

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

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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

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

#### **1.13 Taxation**

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

#### **1.14 Employee benefits**

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.15 Retirement benefits**

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown within creditors in the balance sheet.

The charitable company also makes payments to a defined benefit scheme, the Pension Scheme for Administration and Technical Staff in the Arts ("the Scheme"), which has ceased to accrue pension benefits but which has a deficit in its fund. The company remains liable for its portion of the deficit in the Scheme funds. The assets of the Scheme are administered by a trustee, in a fund independent from those of the charitable company.

The Scheme is a multi-employer scheme and the charitable company is unable to identify its share of the underlying assets and liabilities. There is a funding agreement in place to eliminate that element of the deficit in the Scheme which is relative to the charitable company.

A liability has been recognised in the balance sheet equal to the net present value of the future deficit reduction payments. The payments are discounted to present value using the market yield on high quality corporate bonds which currently equates to 4.9% (2022: 2.4%). Further details relating to the pension schemes are set out in note 26.

#### **1.16 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease.



# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 2 Critical accounting estimates and judgements

In the application of the charitable company's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities include the inputs and estimates used in determining the fair value of investments and heritage assets and the estimates used in determining the carrying amount of the defined benefit scheme liability.

### 3 Donations and legacies

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2023 £	2023 £	2023 £	2022 £	2022 £	2022 £
Donations including admissions	64,534	928	65,462	37,281	1,632	38,913
Government Covid related grants	-	-	-	48,430	1,157	49,587
Subscriptions	2,426	-	2,426	3,800	-	3,800
	<u>66,960</u>	<u>928</u>	<u>67,888</u>	<u>89,511</u>	<u>2,789</u>	<u>92,300</u>

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 4 Charitable activities

	Charitable Activities 2023 £	Charitable Activities 2022 £
Performance related grants	496,438	933,215
Other income	60,837	36,539
	<u>557,275</u>	<u>969,754</u>
Analysis by fund		
Unrestricted funds	453,760	434,498
Restricted funds	103,515	535,256
	<u>557,275</u>	<u>969,754</u>
<b>Performance related grants</b>		
Arts Council of England	368,435	373,173
Other grant income	89,827	74,445
Cornwall Council	28,750	21,936
Arts Council Catalyst Scheme	-	112,961
Arts Council Collection	-	170,000
Trusts and Foundations Project grants	4,426	100,000
Trusts and Foundations Capital Works grants	5,000	-
Other	-	80,700
	<u>496,438</u>	<u>933,215</u>

### 5 Other trading activities

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £
Fundraising events	386	4,020	4,406	4,401	278	4,679
Shop and café income	161,025	-	161,025	117,715	-	117,715
Rental and other trading income	20,970	(31)	20,939	17,186	31	17,217
Other trading activities	<u>182,381</u>	<u>3,989</u>	<u>186,370</u>	<u>139,302</u>	<u>309</u>	<u>139,611</u>

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 6 Investments

	Unrestricted funds	Unrestricted funds
	2023	2022
	£	£
Interest receivable	3,211	1,489

### 7 Raising funds

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2023	2023	2023	2022	2022	2022
	£	£	£	£	£	£
<u>Trading costs</u>						
Purchases	90,185	(38)	90,147	74,249	3,024	77,273
Stock movement	(3,006)	-	(3,006)	(9,861)	-	(9,861)
Cleaning	473	-	473	845	-	845
Utilities and property maintenance	1,466	-	1,466	3,017	392	3,409
Consumables	7,720	1,250	8,970	5,829	869	6,698
Equipment hire	1,969	-	1,969	1,545	-	1,545
Staff costs	64,251	-	64,251	43,363	-	43,363
	<u>163,058</u>	<u>1,212</u>	<u>164,270</u>	<u>118,987</u>	<u>4,285</u>	<u>123,272</u>
Trading costs	163,058	1,212	164,270	118,987	4,285	123,272

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 8 Charitable activities

	Charitable Activities 2023 £	Charitable Activities 2022 £
Staff costs	512,126	428,799
Depreciation and impairment	106,091	103,125
Telephone	4,826	2,777
Postage	2,649	4,407
Advertising	28,063	34,778
Utilities and property maintenance	66,210	61,718
Repairs and renewals	52,625	28,026
Event costs	17,089	12,542
Education	52,208	44,565
Exhibitions	107,961	102,635
Sundry expenditure	821	167
Travel and subsistence	11,603	8,895
Consultancy, legal and professional	17,035	28,439
Bank charges	5,794	3,459
Irrecoverable VAT	20,807	-
Hire of equipment	3,904	3,723
Insurance	13,764	7,405
Other charitable expenditure	240	(19,080)
	<u>1,023,816</u>	<u>856,380</u>
Share of support costs (see note 9)	2,580	2,580
Share of governance costs (see note 9)	34,072	29,283
	<u>1,060,468</u>	<u>888,243</u>
<b>Analysis by fund</b>		
Unrestricted funds	610,246	404,467
Restricted funds	450,222	483,776
	<u>1,060,468</u>	<u>888,243</u>

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 9 Support costs

	Support costs	Governance costs	2023	Support costs	Governance costs	2022
	£	£	£	£	£	£
Interest payable	2,580	-	2,580	2,580	-	2,580
Auditor's remuneration	-	12,750	12,750	-	8,000	8,000
Auditor's remuneration for non-audit work	-	7,324	7,324	-	6,956	6,956
Legal and professional	-	13,998	13,998	-	14,327	14,327
	<u>2,580</u>	<u>34,072</u>	<u>36,652</u>	<u>2,580</u>	<u>29,283</u>	<u>31,863</u>
Analysed between Charitable activities	<u>2,580</u>	<u>34,072</u>	<u>36,652</u>	<u>2,580</u>	<u>29,283</u>	<u>31,863</u>

### 10 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year nor for the year ended 31 March 2022.

During the year no trustees were reimbursed for expenditure (2022: £nil).

### 11 Employees

The average monthly number of employees during the year was:

	2023 Number	2022 Number
Employees	<u>31</u>	<u>27</u>
<b>Employment costs</b>	<b>2023 £</b>	<b>2022 £</b>
Wages and salaries	475,419	423,784
Social security costs	31,142	31,658
Other pension costs	69,816	16,720
	<u>576,377</u>	<u>472,162</u>

The pension costs include £46,432 relating to an increase in the defined benefit scheme liability following the most recent triennial valuation (see note 26).

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

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 12 Tangible fixed assets

	Freehold property	Leasehold land and buildings	Tools and equipment	Computer equipment	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 April 2022	2,675,829	1,961,127	93,919	86,857	4,817,732
Additions	62,575	-	1,336	2,103	66,014
At 31 March 2023	2,738,404	1,961,127	95,255	88,960	4,883,746
<b>Depreciation and impairment</b>					
At 1 April 2022	721,824	588,099	60,035	64,932	1,434,890
Depreciation charged in the year	53,312	39,223	5,141	8,415	106,091
At 31 March 2023	775,136	627,322	65,176	73,347	1,540,981
<b>Carrying amount</b>					
At 31 March 2023	1,963,268	1,333,805	30,079	15,613	3,342,765
At 31 March 2022	1,954,005	1,373,028	33,884	21,925	3,382,842

Contained within Freehold Property is The Engine Room. The Engine Room is a redevelopment of educational and hire space with The Exchange gallery allowing a multi-purpose facility with up-to-date IT communications equipment to further enhance the educational aims of the charity while also generating additional streams of earned income from workshops and hires. The Engine Room is funded with generous support from Arts Council England, The Garfield Weston Foundation and the Bernard Sunley Foundation.

The lease held on Newlyn Art Gallery was renegotiated in 2006. The revised lease term is 99 years. The freehold of The Exchange Building was also purchased in July 2006 with funds secured from a number of grant making bodies. The principal funders were ERDF Objective 1 and Arts Council England.

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 13 Heritage assets

£

At 1 April 2022 and at 31 March 2023

527,373

In 1979, John Halkes, Director of Newlyn Art Gallery, initiated the first serious review of Newlyn School painting between 1880 and 1900. By 1985 his work had resulted in a major showing at the Barbican Art Gallery in London, while in Newlyn a second survey show dealt with 1900 to 1930. Halkes set out to begin a collection, attracting gifts from collectors and heirs and soliciting bequests from the Gallery's supporters. The Gallery was built in 1895 and has been showing work by artists attracted to West Cornwall ever since then: under Halkes' Directorship it was established as a publicly funded contemporary art gallery. It has since achieved a high reputation for its programme of exhibitions and education work but the idea of building a collection was lost along the way. It proved an impossible task with extremely limited staff and resources, and while a concentration upon current work was a condition of revenue funding.

The small group of art works John Halkes acquired are now on loan to the Penlee House Museum & Art Gallery in Penzance, where a specialisation in Newlyn School and related art has developed, and where this work is almost always on view. Other works given or bequeathed over the years have included works on paper by Charles Breaker and Bryan Wynter.

The Gallery's external valuer, David Lay FRICS, carried out a full valuation of the collection of artworks as at 31 March 2020. The valuation was based on commercial markets, including recent transaction information from auctions where similar types of paintings are regularly being purchased. The trustees are of the opinion that there was no material change in fair value during the year to 31 March 2023.

This valuation represents a significant estimate and the estimation uncertainties inherent in this valuation have a significant risk of resulting in a material adjustment to the carrying amount of these assets in a future period.

### 14 Fixed asset investments

Other  
investments

£

#### Valuation

At 1 April 2022 & 31 March 2023

82,117

#### Carrying amount

At 31 March 2023

82,117

At 31 March 2022

82,117

### 15 Stocks

2023

£

2022

£

Stock

32,750

29,745

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 16 Debtors

	2023	2022
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	2,964	11,959
Other debtors	7,903	19,073
Prepayments and accrued income	171,296	129,129
	<u>182,163</u>	<u>160,161</u>

### 17 Creditors: amounts falling due within one year

	Notes	2023	2022
		£	£
Bank loans	19	10,025	9,688
Other taxation and social security		8,055	8,330
Trade creditors		33,418	54,150
Other creditors		9,393	32,056
Accruals and deferred income		19,792	24,604
		<u>80,683</u>	<u>128,828</u>

Included in Other Creditors is the current element of the net present value of the future pension deficit reduction payments £9,447 (2022: £8,343) as required by FRS 102. (See note 26).

### 18 Creditors: amounts falling due after more than one year

	Notes	2023	2022
		£	£
Bank loans	19	38,413	48,775
Other creditors		69,528	33,549
		<u>107,941</u>	<u>82,324</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 26).

### 19 Loans and overdrafts

	2023	2022
	£	£
Bank loans	48,438	58,463
	<u>48,438</u>	<u>58,463</u>
Payable within one year	10,025	9,688
Payable after one year	38,413	48,775
	<u>48,438</u>	<u>48,775</u>



# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 19 Loans and overdrafts

(Continued)

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

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

The loan is repayable in 120 consecutive monthly installments representing principal and interest.

The rate of interest payable on the loan during the Capped Rate Period, which ran until 3 July 2022, was 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.

### 20 Cash generated from operations

2023

2022

£

£

(Deficit)/surplus for the year

(409,994)

191,639

Adjustments for:

Investment income recognised in statement of financial activities

(3,211)

(1,489)

Depreciation and impairment of tangible fixed assets

106,091

103,123

Movements in working capital:

(Increase) in stocks

(3,005)

(9,861)

(Increase) in debtors

(22,002)

(94,070)

(Decrease)/increase in creditors

(12,503)

33,367

**Cash (absorbed by)/generated from operations**

**(344,624)**

**222,709**

### 21 Analysis of changes in net funds

At 1 April 2022

Cash flows

At 31 March 2023

£

£

£

Cash at bank and in hand

526,615

(417,452)

109,163

Loans falling due within one year

(9,688)

(337)

(10,025)

Loans falling due after more than one year

(48,775)

10,362

(38,413)

**468,152**

**(407,427)**

**60,725**

## **NEWLYN ART GALLERY LIMITED**

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

***FOR THE YEAR ENDED 31 MARCH 2023***

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#### **22 Retirement benefit schemes**

##### **Defined contribution schemes**

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £21,968 (2022: 19,887).

At the end of the year the amount outstanding for pension contributions was £nil (2022: £2,886).

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2023**

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

- 32 -

## NEWLYN ART GALLERY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

#### 23 Restricted funds

(Continued)

##### Arts Council England

Arts Council England has an interest in the freehold property that houses the Exchange Gallery; this expires in 2026, which is 20 years after the building was acquired.

**Seaside Photographed** is a touring exhibition originated by Turner Contemporary, Margate, with Arts Council England Strategic Touring Fund to enable a commission for an artist to work with an early years group at each regional venue.

**Jerwood Newlyn Residency** creates six residencies at the galleries over a two year period for UK artists within the first 10 years of their practice, funded through Jerwood Arts' Development Programme Fund.

## NEWLYN ART GALLERY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

#### 23 Restricted funds

(Continued)

**Arts Council Collection National Partners Programme** is a three year partnership between ACC and Newlyn Art Gallery & The Exchange, Firstsite, Colchester and Sunderland Culture, with funding through Arts Council England for each venue to present nine exhibitions and accompanying programme featuring works from the Collection.

**Tea, Cake & Art** is a weekly artist-educator led creative social group for older or isolated people to meet and spend time with others. Running online and by post over the last 20 months, it is now also running as a blended in gallery session. Funded by Cornwall Social Inclusion Fund, Creative Cornwall Calling, Cllr McKenna's Community Fund and Cornwall Rural Community Charity (2020/21) and donations from individuals.

#### **Weston Culture**

The Weston Culture Fund aims to support the sector to restart its work, refresh activities and re-engage audiences following Covid-19 closures. We were awarded £128,544 in support of critical adoptions to physical and digital infrastructure: Engine room conversion; front door improvements; digital resource; Newlyn garden and café improvements; an outdoor classroom kit, and integrated booking and online shop. They also supported new activity: international exchange project and exhibition In Your Hands and digital exhibition Outside The Algorithm.

The Garfield Weston Trustees were 'particularly impressed by the entrepreneurial approach and creativity shown throughout the pandemic and in the ways you have adapted and engaged audiences and communities. We are delighted to be able to support your organisation.'

#### **Film Historic**

In 2020 we were one of 10 cultural organisations awarded £5,000 by Historic England to commission local, young film makers to capture High Streets as they respond to Covid-19. The aim of the COVID-19 Response Grants was to creatively gain an insight into the ways in which High Streets are readjusting, recovering and reimagining themselves for the future. The commissioned films may be included in the Historic England Archive, the nation's archive for records of England's historic buildings, archaeology and social history. We worked with animators from Falmouth university and local filmmaker Rachael Jones to oversee the creative direction of the film.

#### **Cultural Relief fund: Grants Second Round**

The aim of the Culture Recovery Fund: Grants second round is to support organisations as they transition back to a viable and sustainable operating model during April-June 2021. We were awarded £161,373 to cover additional staffing, operational and marketing required to reopen; fees for three consultation exercises including digital and earned income reviews and groundwork for a cultural strategy for Penzance and Newlyn, contribution to building reserves equivalent to eight weeks turnover.

#### **National Portrait Gallery Project**

In December 2018 we entered into a partnership with the National Portrait Gallery (NPG) involving pupils from Mount's Bay Academy, Penzance, in the curating of a main-gallery exhibition, drawing on the NPG's internationally important collection. The exhibition was presented at The Exchange in summer 2022. NPG provided grant support totalling £73,000.

## NEWLYN ART GALLERY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 MARCH 2023

#### 23 Restricted funds

(Continued)

##### Kickstart Grant

The UK government introduced the Kickstart Scheme to provide funding to create new jobs for 16 to 24 year olds on Universal Credit, who are at risk of long term unemployment. For each participant on the scheme the employer received an initial payment of £1,860, including a payment to the scheme gateway organization of £360 and £1500 going to the employer to support set up costs. An additional sum was provided to cover 100% of the employee's salary (at National Minimum Wage or National Living Wage, depending on the age of the employee), NI and pensions costs for their employment for 25 hours per week of a 6 month period. The gallery provided opportunities for three employees through this scheme. One programme participant, Joe Bulman, later joined the gallery as a Trustee.

##### JAFMO

In Spring/Summer 2022 we received awards totalling £3,339 from Cultivator and Jerwood Arts/Art Fund to support the delivery of the Jerwood Art Fund Makers Open (JAFMO). The exhibition was presented at Newlyn Art Gallery in summer 2022

##### Paul Hamlyn

In April 2021, we secured an award totalling £149,700 from the Paul Hamlyn Foundation, as part of their Teacher's Development Fund. The programme aims to support delivery of effective arts-based teaching and learning opportunities in the primary classroom, and to embed learning through the arts in the curriculum. The project is expect to conclude by June 2023.

##### Peer to Peer

In September 2022 we received an award of £5,298 originating from Arts Council England, and distributed by Open Eye Gallery, to deliver our part of the Peer to Peer programme. The Programme sought to build new partnerships between artists and arts organisations in the UK and Hong Kong. Funds were used to deliver a partnership project involving arts student at Falmouth University and academic partner in Hong Kong, resulting in public delivery of a series of online programme and workshops for audiences based in both countries.

##### ACC Workforce Development Grant

In May 2021 we received a grant of £50,000 from Arts Council England, linked to our involvement in the Arts Council Collection National Partner Programme. The purpose of the grant was to support the fixed-term appointment of staff from diverse backgrounds to enhance the delivery of that programme. Funds were used to support the appointment and retention of staff with protected characteristics, their input proving invaluable in the delivery of new projects that successfully engaged diverse audiences.

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 24 Endowment funds

Endowment funds represent assets which must be held permanently by the charity. Income arising on the endowment funds can be used in accordance with the objects of the charity and is included as unrestricted income. Any capital gains or losses arising on the assets form part of the fund.

This fund relates to the Heritage assets valued at £527,372 by David Lay FRICS in March 2020.

### 25 Analysis of net assets between funds

	Unrestricted funds		Endowment funds		Restricted funds		Total		Unrestricted funds		Endowment funds		Restricted funds		Total	
	2023	£	2023	£	2023	£	2023	£	2022	£	2022	£	2022	£	2022	£
Fund balances at 31 March 2023 are represented by:																
Tangible assets	2,492,948		-		849,817		3,342,765		2,442,265		-		940,577		3,382,842	
Heritage assets	-		527,373		-		527,373		-		527,373		-		527,373	
Investments	82,117		-		-		82,117		82,117		-		-		82,117	
Current assets/(liabilities)	161,320		-		82,073		243,393		130,026		-		457,667		587,693	
Long term liabilities	(107,941)		-		-		(107,941)		(82,324)		-		-		(82,324)	
	2,628,444		527,373		931,890		4,087,707		2,572,084		527,373		1,398,244		4,497,701	

# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 26 Defined benefit scheme

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

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

The scheme is classified as a 'last-person standing arrangement'. Therefore, the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

The triennial valuation as at 31 March 2022 was agreed on 23 June 2023 and showed a funding shortfall of £2,947,000 (2019 valuation: £2,299,000). An updated recovery plan was approved at the same time to account for the updated valuation as well as a decrease in the number of remaining participating employers. Under the updated recovery plan Newlyn Art Gallery, as one of several employers responsible for funding this shortfall, has agreed to pay monthly contributions of £1,220 from 1 July 2023 to 31 March 2031 (previous plan: £779 from 1 July 2017 to 31 May 2027).

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 4.9% (2022: 2.4%). The net present value of the sum of the remaining monthly contributions as at 31 March 2023 is £78,975 (2022: £41,892) and this has been recorded as a liability in the balance sheet with £9,447 (2022: £8,343) in creditors falling due within one year and £69,528 (2022: £33,549) in creditors falling due after one year.

### 27 Operating lease commitments

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2023 £	2022 £
Within one year	2,707	2,787
Between two and five years	4,657	1,690
	<u>7,364</u>	<u>4,477</u>



# NEWLYN ART GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 28 Free reserves

Of funds held at the year end, £2,628,444 (2022: 2,572,084) were unrestricted. Restricted funds comprise £931,890 (2022: 1,398,244) consisting of the funds disclosed in note 23. 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 2023 the charity's free reserves were in surplus by £135,497 (2022: £129,819).

Free reserves are calculated as follows:

	2023	2022
	£	£
Total funds at 31 March	4,087,707	4,497,701
Less: endowment funds	(527,373)	(527,373)
Less: Freehold property	(1,963,268)	(1,954,005)
Less: Leasehold property	(1,333,805)	(1,373,028)
Less: Tools and equipment	(30,079)	(33,884)
Less: Computer equipment	(15,613)	(21,925)
Less: Tea, Cake & Art restricted fund	6,535	9,689
Less: Seaside restricted fund	-	(2,957)
Less: Jerwood restricted fund	(12,456)	(44,754)
Less: Arts Council Collection restricted fund	25,694	(219,277)
Less: Weston Culture restricted fund	(11,091)	(93,409)
Less: Film Historic restricted fund	-	(3,461)
Less: National Portrait Gallery Project	18	6,386
Less: Kickstarter grant	(10,292)	(10,159)
Less: JAFMO	289	289
Less: Paul Hamlyn	(46,167)	(100,014)
Less: Peer to Peer	(3,293)	-
Less: ACC Workforce Development Grant	(31,309)	-
	<u>135,497</u>	<u>129,819</u>

As the Arts Council restricted funds of £849,817 (2022: £940,577) 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:

	2023	2022
	£	£
<b>Balance at start of year</b>	129,819	(52,569)
Fixed asset additions	(66,014)	(73,676)
Fixed asset depreciation in the year	106,091	103,123
Surplus / (Deficit) for the year	(409,994)	191,638
Less: revaluation of heritage assets	-	-
Decrease/(increase) in restricted funds (excl. property)	375,595	(38,697)
Balance at end of year	<u>135,497</u>	<u>129,819</u>

## NEWLYN ART GALLERY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2023**

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#### **29 Related party transactions**

##### **Remuneration of key management personnel**

The remuneration of key management personnel is as follows.

	2023 £	2022 £
Aggregate compensation	144,745	137,793

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.