

Company registration number: 03589539

Charity registration number: 1076251

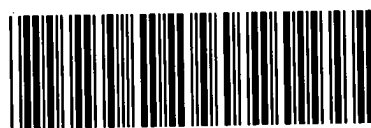
BALTIC FLOUR MILLS VISUAL ARTS TRUST

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 March 2019

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Baltic Flour Mills Visual Arts Trust

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Baltic Flour Mills Visual Arts Trust

Reference and Administrative Details

| | |
|------------------------------------|--|
| Chairman | K Lang |
| Trustees | S Bryson S Cordbridge (appointed 21 June 2018) C Donovan J Feeley T Gharavi M F Henry CBE L Hunter K Lang M D Martin J D Richardson M Saravanamuttu C Sexton G S Thrower L Wilson P Buchan (resigned 21 June 2018) |
| Key Management Personnel | S Munro S J Cleland |
| Principal Office | Baltic Centre For Contemporary Art Gateshead Quays South Shore Road Gateshead Tyne & Wear NE8 3BA The charity is incorporated in England and Wales. |
| Company Registration Number | 03589539 |
| Charity Registration Number | 1076251 |
| Bankers | Yorkshire Bank Northumberland Street 131 - 135 Northumberland Street Newcastle upon Tyne NE1 7AG |
| Auditor | MHA Tait Walker Chartered Accountants & Statutory Auditor Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS |

Baltic Flour Mills Visual Arts Trust

Trustees' Report

The Trustees present their strategic review for the year ended 31 March 2019.

Objectives and Activities

Objects of the Trust

The Trust's general objects are:

- The advancement of contemporary visual arts and the education of the public in the understanding and appreciation of the arts in general
- The provision and maintenance of the Baltic Flour Mills buildings in Gateshead as a base for the production and presentation of contemporary visual art and the arts in general and as a fully accessible centre in which the public may explore, understand and enjoy them.

Aims of the Trust

The Charity's principal aim is to enrich people's lives with a programme that deepens knowledge, understanding and the appreciation of contemporary visual art. This is captured in the mission statement:-

"To create exceptional access to important and innovative contemporary art in a unique setting, that encourages and enables learning and transformational thinking".

Significant activities

Access

During 2018/19 our commitment to general free admission and extensive 7 day per week opening hours for 362 days of the year has remained, attracting 504,397 visits with 474,007 of these visits made during gallery hours. This represents a 16.9% increase in visits from 2017/18, and reverses a pattern of declining visitor numbers which began in 2015/16. The Summer programme and its media coverage along with publicity for the Great Exhibition of the North contributed to drawing in lapsed visitors and attracted visitors from the wider North East area. We made improvements to the visitor welcome including the relocation of the main information desk, lighting of the street area, a significant refit of the shop, and the installation of new digital signage to make the entrance to BALTIC more welcoming.

We have continued to achieve success in our ambition to attract some of our least engaged communities. During 2018/19 18% of visits were made by people in Social Economic Group C2DE, an increase of 3% on the previous year; family visits grew from 23% to 32%; and 30% of all visits were made by young people under 25. We have maintained visits by people with a disability at 9% and Black, Asian and Minority Ethnic (BAME) visits at 5%. In real terms, visits by people with a disability increased from 35,100 to 42,700 and BAME visits from 19,500 to 23,650.

Local audiences grew by 4%, with 45% of visits to BALTIC in 2018/19 made by visitors from Tyne and Wear. In real terms, this translates to an increase of 54,000 visits from 160,000 in 2017/18 to 214,000 in 2018/19, the highest number of visits made by Tyne and Wear audiences in the past 6 years. The average number of visits that visitors make to BALTIC each year has also increased, from 4.5 visits in 2017 to 5 visits in 2018/19. This high level of visit frequency demonstrates BALTIC's success in cultivating a regular audience.

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During 2018/19 we saw a substantial 11% increase in visits made by families, reflecting our commitment to programming that is relevant to the needs of families across exhibitions, special events and learning and engagement activities. Pester and Rossi's *Infinity Pitch* exhibition attracted 19,136 visits during the first two weeks of April in 2018. Building on the success of BALTIC's first Family Day in August 2017, we held two Family Days this year, in October 2018 and February 2019. This programme of immersive and engaging activities across the whole building attracted 3,543 visits. The significant overall increase in family visits is driven by local families making repeat visits. This demonstrates the gallery's appeal as a family-friendly day out for local families, and indicates that BALTIC is building a core audience of young, local families who make regular visits.

Artistic programme

BALTIC's artistic programme during 2018/19 has continued to grow in scale and diversity, presenting 17 exhibitions and 5 off site commissions, which included 13 new commissions.

BALTIC played a key role in the delivery of The Great Exhibition of the North, a celebration of northern art, culture and design hosted by Newcastle and Gateshead over 9 weeks during summer 2018. During this time we presented an ambitious and diverse programme of exhibitions, off-site commissions and events.

Lubaina Himid's *Our Kisses are Petals* (11th May – 28th October) presented new paintings on cloth employing the patterns, colours and symbolism of the Kanga, a vibrant cotton fabric traditionally worn by East African women as a shawl, head scarf, baby carrier, or wrapped around the waist. Michael Dean's major new commission *Having you on* (22nd June – 30th September) used text as a starting point for exposing societal injustice through sculptural installations made from everyday materials such as concrete, plastic tape and metal.

Phil Collins' film *Ceremony* (22nd June – 30th September) examined the ways in which our society has been shaped by post-war influences of communism and the Russian Revolution of 1917. The group exhibition *Idea of North* (11th May – 30th September) presented a series of displays and projects that played with the convention of large scale exposition events. Pavilions, architectural constructions and guest curated displays converged in the exploration of northern imagination and identity.

In addition, Joanne Tatham and Tom Sullivan's commissioned work *A Successful Proposal for the Great North Exhibition* was presented across the building outside the gallery spaces, encompassing eight sculptural faces built into the internal walls at BALTIC that delivered a monologue reflecting on the role of contemporary art at such large scale events. At Baltic 39, our collaboration with Liverpool Biennial showcased 11 artists from across the North in the group exhibition *We Are Where We Are* at (15th June – 21st October).

A significant programme of off-site commissions was also presented during the Great Exhibition of the North, including Zoe Walker and Neil Bromwich's *Worker's Maypole* which transformed Grey's Monument in Newcastle city centre, and a large-scale site-specific LED text sculpture by Tim Etchells, *With/Against 2018*, which occupied a commanding position on Gateshead Quayside. Louise and Jane Wilson's first outdoor public commission, the video installation *Suspended Island*, was presented at Low Yard in Trinity House on Newcastle Quayside and explored lost urban geographies. *To Give Light (Northern Aspirational Charms)* by Ryan Gander was positioned outside our building on BALTIC Square. This commission comprised ten black concrete sculptures, each describing an object originally designed to emit or shine light, with a historical provenance from the North of England. The fifth outdoor commission, the *Raising the Flag* programme of events, was presented weekly throughout the Great Exhibition of the North, and included a commissioned flag that sat on top of BALTIC being raised each Sunday morning.

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An increasing commitment to diversity has been evident in the artistic programme throughout the year. BALTIC presented the only UK showing of *Rasheed Araeen: A Retrospective* (19th October 2018 – 27th January 2019), which was first presented at the Van Abbemuseum in Eindhoven. This first comprehensive survey of the artist's work, spanning more than 60 years, was exhibited across BALTIC's Level 2 and Level 3 galleries, presenting a body of work that has had a profound influence on generations of artists, writers and thinkers. Barby Asante's first major solo show *Declaration of Independence* (23rd February – 6th May 2019) reflected on how the cultural implications of historic declarations, policies and legislations impact on the lives of individuals. *Idea of North* created a significant platform for female artists' perspectives in *Women by Women* curated by Sirkka-Liisa Kontinen, an intimate collection exploring the representation of women and girls in the North East by women photographers from the 1970s to the present. In the same exhibition, a new film by David Blandy and Larry Achiampong combined footage of Hadrian's Wall with computer gaming visuals to generate a new immersive installation that contributed to the exploration of northern imagination.

In Autumn 2018, Heather Phillipson's major solo exhibition *The Age of Love* (19th October 2018 – 24th March 2019) transformed the Level 4 gallery and Level 5 mezzanine, mapping a dynamic mindscape of video, sculpture, texture and sound. This multi-sensory environment created a fully immersive experience taking the audience into an alternate world to explore the environments we create and their impact on human and non-human animals. The transformation of the gallery spaces over the years was explored in *BALTIC Then & Now* (3rd November 2018 – 4th January 2019) which presented BALTIC's exhibition history through short film screenings, archive objects and books to browse. Over twenty films from the archive illustrated the breadth of artwork that has been presented by the artists who have worked with BALTIC over sixteen years of exhibition making.

Group exhibition *Digital Citizen - The Precarious Subject* (24th January – 16th June 2019) drew on the imagination of contemporary artists to inspire a conversation on ideas of citizenship in the digital age. The exhibition considered the role of sophisticated AI and CGI technologies in blurring the distinction between reality and simulation in an era of 'fake news', surveillance of online activity, and unprecedented speed in the production and circulation of information in the digital public space.

BALTIC's second Artists' Award opened in February 2019. The artist-judges for this biennial art award, Lubaina Himid, Michael Rakowitz and Haegue Yang, each selected an artist who presented new work in a four-month exhibition (15th February – 16th June 2019). Ingrid Pollard (selected by Lubaina Himid) used prints, moving image and audio in the exhibition *Seventeen of Sixty Eight*, investigating race, ethnicity and public space in the juxtaposition of landscape and portraiture to provide context for issues of migration, family and home. Aaron Hughes (selected by Michael Rakowitz) is an artist, activist, organiser, teacher, and Iraq War veteran based in Chicago. His exhibition *Poetry Despite/Music Despite* took the poetry of Wilfred Owen as a starting point for a series of large scale woodblock prints examining the historic and current state of endless war. Haegue Yang selected Kang Yunsuck, who presented *Game II: The Adventures of A Human, A Self-Driving Car, and a Lilliputian*. The exhibition combined videos, sculpture and paintings to create an installation which contemplated multiple realities in a data saturated environment.

BALTIC Live and Associate Artist programmes support the development of diverse artists' practice, and create opportunities for artists to raise their profile and reach new audiences. Our four year partnership with Siobhan Davis Dance seeks to advance the creation, presentation and development of audiences for experimental independent contemporary dance within visual arts contexts. For 2018/19 artists Zinzi Minott and Lucy Suggate were chosen following an open call for two commission opportunities to create new works which will premiere at BALTIC in Autumn 2019 and Spring 2020, following an 18 month development period.

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Other aspects of the BALTIC Live programme also contribute to supporting diversity and inclusion. Our collaboration with Curious Festival is now an embedded feature of our programme exploring gender through queer performance and screenings by celebrated local and national artists as part of the Curious Festival (July 2018). We worked once again this year with GemArts to support the annual Masala Festival, also in July, through a programme of AWAKE screenings profiling South Indian film-makers. A series of artist development opportunities were created through the 12 week *Raising the Flag* programme (24th June – 9th September 2018) which accompanied Lubaina Himid's exhibition *Our Kisses are Petals*. These weekly events presented work created by diverse artists and organisations including Northern Pride Voices, Equal Arts, Ladies of Midnight Blue and Degna Stone.

Along with Sage Gateshead and the Barbican, BALTIC collaborated with Sky Arts to present the Art 50 Weekender on February 24th 2019. Art 50 was a national programme of work commissioned in the wake of the Brexit referendum to explore British identity. Barby Asante presented a *Declaration of Independence* performance in the gallery, alongside new work by Jasleen Kaur and Kuba Ryniewicz. Kaur's film installation *Daughter of a Perpetual* investigated cultural inheritance and its influence in forming identities. Photographer and curator Kuba Ryniewicz worked with intergenerational groups to create a series of photographs and the short film *Sweet Dreams 2019* for the Art 50 Weekender.

Our commitment to developing talent is evident in significant residency opportunities. We continued our partnership with The Bothy project, supporting Newcastle based artist Julia Heslop to undertake a residency on the Isle of Eigg in September 2018. We launched BALTIC States with a month-long residency for composer and sound artist Andrius Arutiunian, further developing our commitment to extending the programme through diverse artistic practices. Our collaboration with Shape Arts supports mid-career disabled artists to develop their practice and profile through the *Adam Reynolds Memorial Bursary*. Sophie Hoyle's 3 month residency at BALTIC began in March 2019 as part of this collaboration.

BALTIC's strategic partnership with Northumbria University, the BxNU Institute, creates additional development opportunities for graduate and postgraduate artists to benefit from BALTIC's exhibitions, technical and curatorial expertise, and mentoring through the BxNU MFA programme. *You Kept Me Vaguely Sane*, the graduating exhibition of the fourth cohort BxNU MFA artists was presented at BALTIC 39 from 9th- 27th May 2018. The partnership also includes collaboration on *The Woon Foundation Painting and Sculpture Art Prize*, which provides a significant exhibition platform for ten shortlisted recent graduates and a year-long fellowship for the overall winner (2018 recipient Kara Chin).

BALTIC 39 has continued to play a pivotal role in supporting emerging artists, and increasingly acts a space for collaborations and partnerships that support experimentation. Artist Kathryn Elkin presented a new single-channel video work *Queen* (8th November – 16th December 2018), which she completed during her time as Warwick Stafford Fellow at Northumbria University. For *Setting the Table* (April 12th- 15th 2018), Jason E Bowman brought together artists and individuals from arts, education and community projects to explore exhibition-in-the-making through experimentation with organisational relationships and a script-in-hand performance of *Peace* by Aristophanes. Our collaboration with Grand Union, Birmingham, engaged with BALTIC 39 as a site for learning, providing a context for a programme of events, artworks and communal sharing of knowledge. *Ways of Learning* (12th February – 12th May 2019) encouraged dialogue and conversation about collaborative practice in a reconfiguration of a *Ways of Learning* project first developed by Grand Union in Birmingham in 2018.

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Learning & Civic Engagement

BALTIC's learning programmes provide opportunities for all visitors to BALTIC to discover new ways of seeing, thinking and learning through contemporary art. Beyond our gallery, targeted community programmes seek to expand creative participation, increase community and civic engagement, and create new social connections. Overall 273,916 people engaged with BALTIC's Learning and Civic Engagement programmes, a 4.4% increase on 2017/18. Significant engagements within this include:

- 21,012 children and young people engaged with BALTIC through their schools and colleges, a 29% increase on the previous year. This increase was driven by a substantial boost to school engagement during the Great Exhibition of the North.
- 49,371 children and families took part in the family learning programme, engaging with artist workshops, toddler tours, accessible sessions and gallery resources. This is a 122% increase on 2017/18. Of these 46,749 took part for free, meaning that 95% of our family learning offer was free of charge for our visitors, up from 85% in the previous year.
- 33,568 people used BALTIC's library, Quay library or archive independently.
- 7,278 young people took part outside of school in BALTIC's young people's programme using the Art Mix Hub, and participating in artists workshops, summers schools, trips and tours.
- 3,046 people took part in tours led by our Crew team. This includes Exhibition Spotlight Tours, Family Tours, Behind the Scenes Tours, Introduction to the Quayside Tours and Heritage Open Days.

At a time when cultural education continues to be under pressure in schools, BALTIC has increasingly supported teachers, children and young people to engage with culture and creativity. 546 teachers participated in bespoke teacher training and professional development opportunities this year, increasing from 297 in 2017/18.

This year BALTIC supported 80 schools working towards Artsmark, the creative quality standard for schools accredited by Arts Council England. This is a 60% increase on the previous year. We also achieved our highest ever number of Arts Awards for young people. Arts Award is the national accreditation programme for young people's individual creative learning. Taking advantage of the profile afforded by the Great Exhibition of the North, we increased Arts Awards for young people from 49 in 2017/18 to 949 this year. The quality of BALTIC's practice in this area has also been recognised; BALTIC is the only contemporary art gallery to have been awarded Champion Centre status by accreditation body Trinity College in recognition of good practice.

BALTIC's Learning & Civic Engagement programmes have continued to break down barriers and improve access for those who are most likely to be excluded, least engaged in the arts, and least likely to visit. BALTIC's Creating Change Programme, which launched in 2017, has focused on engaging with schools and young people who are impacted by socio-economic exclusion. Working with three secondary schools in Gateshead, 2,881 young people have engaged in 2018/19 through exploration of Baltic's exhibitions and participation with artists both in and out of schools, supporting young people to grow and develop as artists and active citizens. 96% of the young people who have been involved in this programme tell us they're more able to express their views and understand the world around them, and 88% say they feel more confident as a result of taking part in Creating Change.

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Our BALTIC Stars programme aims to increase access to the arts and creativity for children and young people with special needs. The programme is tailored to the individual needs of pupils and their families, supporting creativity and creating an environment that supports all children and young people, including those with profound and multiple learning disabilities. During 2018/19 we presented 5 BALTIC Stars exhibitions in our Quay Gallery, celebrating the work created by these young people and showcasing their diverse ideas, processes and skills. The BALTIC Stars programme worked with 76 young people based in 6 North East Special Needs Schools or Alternative Provisions. All of the pupils told us that their self-esteem had increased as a result of the programme, and 93% stated that their social skills had improved. Major, sustained impacts in confidence, collaboration and team-work were also reported by the teachers who work with the programme.

BALTIC's commitment to breaking down barriers has also been evident in activities outside the formal education sector. BALTIC's Artmix group for young people has grown by 22% to 435 young people, and is now more diverse and representative of our local communities. Of regular attenders, 78% live in areas of socio-economic challenge, 40% have a disability, and 10% identify as BAME (black, Asian and minority ethnic). We have continued to support adults living with dementia through BALTIC's Seven Bridges group, which is now self-organising and works with artists to co-develop projects that extend the role of creativity in their lives.

A significant part of all Learning and Civic Engagement programmes is the importance of building relationships, earning trust, and developing shared values that are shaped around the idea of mutual reciprocity. Our exhibitions often provide an inspiring starting point for this work. As part of *Digital Citizen – The Precarious Subject*, we worked with 'They Are Here' artist collective to connect with people affected by precarious citizenship including migrants, refugees and asylum seekers living in uncertain conditions. Creative workshops engaged people in developing work that contributed to the exhibition and created strong relationships built on trust, which will continue through further engagement that brings together established and newly arrived communities in Gateshead.

This work has also impacted on our Family Days, broadening engagement to include individuals from the local Syrian refugee community. Producing promotional materials translated into Polish and Arabic assisted in welcoming underrepresented communities, and targeted promotions in specific postcodes helped to achieve 17% of the Family Day audience coming from local areas of socio-economic disadvantage.

Digital engagement

This year, BALTIC's exhibition programme continued to harness digital innovation in the presentation and technical execution of exhibitions to enhance the visitor experience. Heather Phillipson's commission *Age of Love* extensively used multiple high-definition screens (6m tall) alongside sounds, smells and underfoot textures to create an immersive 4D environment. Phillipson collaborated with Hedgehog Labs to develop a free app adding an augmented reality experience for visitors which linked the exhibition's themes to the colony of kittiwakes that nest on BALTIC's north wall each year. Surveillance technology was explored using the gallery's height to fly a video camera across the space, returning a live-feed to a screen on the level 5 balcony, enabling alternative simultaneous views. Group exhibition *Digital Citizen* saw artist Alan Butler use the virtual worlds within video game *Grand Theft Auto* to create a shot-for-shot remake of seminal 1983 film *Koyaanisqatsi*. 230,000 visits were made to these two exhibitions alone.

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Digital engagement by visitors both inside and outside of the venue increased and diversified including a 700% increase of plays of our shortform films. In the past year we invested in equipment enabling us to simultaneously livestream and record artist events, developing new means of archiving and distribution, with 12,492 views. Livestreamed tours by BALTIC Crew introduced on Facebook resulted in greater reach (10,130 v 1,133 other platforms) and watch-again ability. All told, we achieved 212,500 visitors to our core site and 20,715 to our content-rich online archive. Our new live-to-digital content amassed 12,481 views comprising 11 digital exhibition tours, 39 live-to-digital broadcasts and 6 live streamed events, including a 2-hour commissioned artist performance by Barby Asante and a new subtitled BSL video tour of BALTIC.

Organisation-wide, adopting new digital systems contributed to efficiency and convenience. After piloting the Submittable digital platform for artist open calls, BALTIC adopted this technology for job applications and employee diversity questionnaires, making data collation more efficient. We also introduced FindMyShifts, an automated technology making staff rota administration more efficient, and iHasco online training to build an effective staff training plan.

Risk Management

BALTIC has adopted a risk management strategy. The risk management strategy forms part of BALTIC's overall internal control structure and corporate governance arrangements. The strategy provides definitions of relevant terminology and details responsibility and accountability within BALTIC. The strategy also describes the management process, including the identification and measurement of risk and the main reporting arrangements.

Risk Appetite is the term used to determine the amount of risk that is appropriate for BALTIC. Risks are considered on an individual basis using a risk model to determine the impact and likelihood of a potential risk and the appropriate response to the outcome of measuring each risk.

The Risk Register is reported to the Trust and Audit Committee as appropriate.

The significant risks identified are:

- Loss of stakeholder income – as Arts Council England's largest visual arts National Portfolio Organisation BALTIC is particularly exposed to changes in government policy for arts funding. Whilst BALTIC has been successful in minimising the impact of possible reductions in stakeholder funding, it remains a significant risk.
- The general economic climate remains a risk to BALTIC in terms of achieving appropriate and adequate levels of earned income, through its subsidiary Baltic Contemporary Visual Arts Trading Limited, to deliver planned levels of charitable activity.

Financial Review

The financial statements for the year to 31 March 2019 show net income of £98,499 (2018 - net income £71,240).

Principal funding sources

BALTIC meets its funding needs from the following principal sources: Arts Council England, Gateshead Council, charitable donations from individuals and trusts and foundations, and from earned income including sponsorship, corporate membership, retailing, catering, facility hire and car parking fees.

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Policy on reserves

The Trust has established sufficient reserves to ensure that it is in a robust financial position with the ability to respond to any immediate and unforeseen funding shortfalls or enforced changes in its underlying financial model in a planned way.

In addition the Trust has established a significant designated reserve to ensure we can fulfil our obligations to maintain the fabric of the BALTIC.

Financial risk management policy

The Trust's principal financial instruments comprise cash and cash equivalents. Other financial assets and liabilities, such as trade creditors and trade debtors, arise directly from the Trust's operating activities.

The main risks associated with the Trust's financial assets and liabilities are set out below. The Trust does not undertake any hedging activity and any significant financial risks are addressed on a case-by-case basis.

Interest rate risk

The Trust invests surplus cash in floating rate interest yielding bank accounts, therefore financial assets, interest income and cash flows can be affected by movements in interest rates. However, the Trustees do not consider there to be any significant exposure. The Trust has no bank borrowings.

Price risk

There is no significant exposure to changes in the carrying value of financial liabilities.

Credit risk

The Trust's policy is aimed at minimising such losses. Individual exposures and overdue debts are monitored with customers to ensure that the Trust's exposure to bad debts is not significant.

Liquidity risk

The Trust aims to mitigate liquidity risk by managing cash generated by its operations. Flexibility is maintained by retaining surplus cash in readily accessible bank deposit accounts. Limits on spending authority are in place.

Foreign currency risk

There are minimal transactions in foreign currency. As a result, no hedging activity is undertaken to mitigate this risk.

Investment policy

The Trust ensures that any investment strategy it adopts does not put at adverse risk any of the assets it is responsible for.

Funds are placed on deposit at the highest possible interest rates, consistent with cash flow requirements.

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Plans for future periods

In 2017 BALTIC prepared a detailed Business Plan for the period 2018-22, reflecting the ambitions of our successful National Portfolio Organisation application for £12.6m to Arts Council England. This plan was reviewed in 2018, confirming our core mission which will shape planning over the coming year. Our mission is to create greater understanding of the world through outstanding, experimental and inspiring contemporary art which has power, relevance and meaning for individuals and communities.

The focus for planning going forward will be to retain our position as a flagship arts institution for contemporary arts practice, while developing a more explicit social purpose embedded in the delivery of future vision. This will be expressed through an artistic programme that is of exceptional quality and has relevance and meaning in people's lives; a civic programme that brings artists, individuals and communities together to examine the world and explore societal challenges; and a focus on ensuring that a more diverse range of people experience the artistic programme both at BALTIC and in local communities.

The strategic objectives for BALTIC going forward are:

Strategic Objective 1: Develop and enhance BALTIC's reputation as an outstanding international art space, commissioning producing and presenting innovative new work by a diverse range of artists that is conceptually rigorous, inspired by new perspectives and practices, has relevance and meaning for a wide range of audiences, and has the power to inspire new ways of understanding the world.

Strategic Objective 2: Deepen engagement, appreciation and enjoyment of international contemporary art, continuing to develop BALTIC's position as an international leader not only in contemporary art production and presentation, but in creating innovative approaches that deepen engagement with diverse audiences and communities across all of our activities.

Strategic Objective 3: Increase BALTIC's resilience and deliver positive financial results.

Strategic Objective 4: Advance BALTIC's sectoral leadership through sustainable and dynamic networks, partnerships and collaborations that embrace innovation, diversity and excellence.

Strategic Objective 5: Enhance the capacity for children and young people from diverse backgrounds to engage with and affect their world through their involvement with BALTIC's programmes.

The Trust's strategy for achieving the strategic objectives

- Deliver and monitor the organisational Business Plan in line with Arts Council England's National Portfolio funding agreement
- Maintain open and regular communication with Gateshead Council, Arts Council England and Northumbria University as a basis for ensuring mutually supportive and beneficial relationships
- Further strengthen the artistic programme by working with significant and internationally acclaimed artists and by establishing relationships with major international institutions
- Ensure that financial resources are used as effectively as possible and strive for greater efficiency across the organisation
- Maximise self-generated income across trading activities, trusts and foundations, individual giving and corporate and strategic partnerships thereby making the organisation more resilient to fluctuations in public funding

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- Develop the Environmental Action Plan to ensure that the organisation's impact on the environment is monitored and minimised
- Continue to promote and prioritise equality and diversity across all areas of BALTIC's activities and operations by implementing and monitoring effective action plans
- Continue to deliver learning and engagement programmes that create demonstrable impact with individuals and communities
- Continue to build intelligence on audience motivations, expectations and needs to inform the implementation of BALTIC's audience development strategy
- Provide a consistent and excellent service for all visitors and users of BALTIC

Fundraising

The charity is required to report how it deals with fundraising from the public. The charity does not use a professional fundraiser or commercial participator to raise funds. Any monies raised direct from the public follows all guidelines set out by the Charity Commission and UK law in every respect. We respect the privacy and contact preferences of all public donors

Structure, governance and management

Governing document

The Trust is a charitable company limited by guarantee and was incorporated on 29 June 1998. It is governed by Memorandum and Articles of Association as amended and adopted on 15 July 2013.

Recruitment and appointment of new Trustees

From time to time it is necessary for the Trust to recruit new Trustees to replace those that have either resigned during their term of office, or by way of anticipating planned retirements after the completion of either a single term of three years, or a maximum period of six years, being two terms of three years.

It is the Trust's normal practice to place regional and national advertisements which invite interested and suitably experienced people to apply to be a Trustee, alongside making informal approaches to individuals who are already known to the Trust and who appear to have the necessary qualities and interest in what we do. Although not strictly a *public appointment*, when setting out the essential requirements of potential Trustees, the Trust chooses to make it known that it expects appointees to follow the seven principles of public life as defined by the Committee on Standards in Public Life.

Short-listed applicants are interviewed and assessed by a panel of existing Trustees chaired by the Chair of the Board. Appointments are subsequently recommended to the Board and approved by members of the company at the next General Meeting.

Induction and training of Trustees

The induction and training of Trustees is the responsibility of the Chairman and is arranged on an individual or collective basis as appropriate. The Board of Trustees has introduced formal training sessions for the Board as a whole as and when appropriate.

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All Trustees, as well as certain senior staff and the directors of the trading company, are required to declare, and maintain as continuing to be accurate, a declaration of interests. The Audit Committee review the Register of Interests on an annual basis.

Arrangements for setting key management personnel remuneration

The board, who give their time freely and no trustees received remuneration in the year, have considered who the Key Management Personnel (KMP) of the charity, as noted in the reference and administration section. Together with the board, these KMP are those in charge of directing and controlling, running and operating the activities of the charity on a day to day basis.

The pay of the KMP is reviewed annually and potentially increased in accordance with pay proposals considered by the trustees for the salary structure of the whole organisation. The trustees' benchmark against pay levels of other charities and similar organisations within the sector and the region. Pay levels are set using this information together with budget and forecast information, ensuring that the charity can afford any proposed increases. The board then agree any uplift to remuneration.

Organisational structure

BALTIC is governed by a Board of Trustees. The Chairman of the Board is selected and elected by the Board, provided always that he/she shall be a director nominated by BALTIC's stakeholders; being Gateshead Council and Arts Council England. In determining its organisational structure, BALTIC has distinct duties for the Chairman, Board of Trustees, and Director (who is the Chief Executive).

The Board meets four times a year, or as is required to deal with any specific issues. Issues concerning finance, including financial regulations, premises, asset management, the letting of significant contracts are scrutinized and overseen by the Finance and Administration Committee, which meets three times a year, or more frequently as required.

BALTIC has constituted an Audit Committee, under the chairmanship of a co-opted member, independent of the Board of Trustees. This committee is required, as set out in its terms of reference, to maintain a majority of its membership independent of the Board of Trustees.

BALTIC has a wholly owned trading subsidiary, independent of the Board of Trustees to oversee and scrutinize the management of commercial enterprises.

Relationships with related parties

The Trust has a wholly owned subsidiary company, Baltic Contemporary Visual Arts Trading Limited, the principal activity of which is the provision of catering, retail, corporate sponsorship and room hire services. The surplus generated by the company is gifted to the Trust (see note 2 to the financial statements).

Going concern

The trustees have considered the company's current and future prospects and its availability of financing, and are satisfied that the company can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. For this reason the trustees continue to adopt the going concern basis of preparation for these financial statements.

Baltic Flour Mills Visual Arts Trust

Trustees' Report

Disclosure of information to the auditor

So far as each person who was a trustee at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow trustees and the company's auditor, each trustee has taken all the steps that he/she is obliged to take as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Statement of Trustees' Responsibilities

The trustees (who are also the directors of Baltic Flour Mills Visual Arts Trust for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

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

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

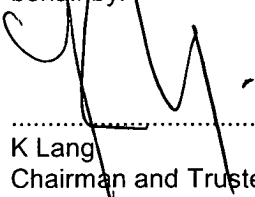
Disclosure of information to auditor

Each trustee has taken steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information. The trustees confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditor

MHA Tait Walker were appointed as auditors to the charitable company during the year.

The annual report was approved by the trustees of the charity on 17/10/19 and signed on its behalf by:


.....
K Lang
Chairman and Trustee

Baltic Flour Mills Visual Arts Trust

Independent Auditor's Report to the Members of Baltic Flour Mills Visual Arts Trust

Opinion

We have audited the financial statements of Baltic Flour Mills Visual Arts Trust (the 'charitable parent company') and its subsidiaries (the 'group') for the year ended 31 March 2019, which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31 March 2019 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Baltic Flour Mills Visual Arts Trust

Independent Auditor's Report to the Members of Baltic Flour Mills Visual Arts Trust

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the financial statements and Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the financial statements and Trustee's Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the financial statements and the Trustee's Report.

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 13), the trustees 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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Baltic Flour Mills Visual Arts Trust

Independent Auditor's Report to the Members of Baltic Flour Mills Visual Arts Trust

Use of our report

This report is made solely to the charitable parent company's trustees, 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 group'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 charitable parent company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Simon Brown BA ACA DChA (Senior Statutory Auditor)
For and on behalf of MHA Tait Walker
Chartered Accountants
Statutory Auditor
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

Date: 22.10.19

MHA Tait Walker is a trading name of Tait Walker LLP.

Baltic Flour Mills Visual Arts Trust

Consolidated Statement of Financial Activities for the Year Ended 31 March 2019

(Including Consolidated Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

| | | Unrestricted funds £ | Restricted funds £ | Total 2019 £ | (As restated) Total 2018 £ |
|------------------------------------|------|----------------------------|--------------------------|--------------------|-------------------------------------|
| | Note | | | | |
| Income and Endowments from: | | | | | |
| Donations and legacies | 3 | 3,814,436 | 131,815 | 3,946,251 | 3,609,274 |
| Charitable activities | 4 | 247,394 | - | 247,394 | 357,832 |
| Other trading activities | 5 | 1,627,573 | - | 1,627,573 | 1,379,045 |
| Investment income | 6 | 11,215 | - | 11,215 | 7,435 |
| Other income | | 115,334 | - | 115,334 | 106,999 |
| Total Income | | <u>5,815,952</u> | <u>131,815</u> | <u>5,947,767</u> | <u>5,460,585</u> |
| Expenditure on: | | | | | |
| Raising funds | | (802,254) | - | (802,254) | (799,272) |
| Charitable activities | 7 | <u>(4,908,145)</u> | <u>(138,869)</u> | <u>(5,047,014)</u> | <u>(4,590,073)</u> |
| Total Expenditure | | <u>(5,710,399)</u> | <u>(138,869)</u> | <u>(5,849,268)</u> | <u>(5,389,345)</u> |
| Net income/(expenditure) | | <u>105,553</u> | <u>(7,054)</u> | <u>98,499</u> | <u>71,240</u> |
| Net movement in funds | | 105,553 | (7,054) | 98,499 | 71,240 |
| Reconciliation of funds | | | | | |
| Total funds brought forward | | <u>2,421,086</u> | <u>51,155</u> | <u>2,472,241</u> | <u>2,401,001</u> |
| Total funds carried forward | 20 | <u>2,526,639</u> | <u>44,101</u> | <u>2,570,740</u> | <u>2,472,241</u> |

All of the group's activities derive from continuing operations during the above two periods.

The funds breakdown for 2018 is shown in note 20.

Baltic Flour Mills Visual Arts Trust

Comparative Consolidated Statement of Financial Activities for the Year Ended 31 March 2018 (Including Consolidated Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

| | Note | Unrestricted funds £ | Restricted funds £ | Total 2018 £ |
|------------------------------------|------|-------------------------|-----------------------|-------------------------|
| Income and Endowments from: | | | | |
| Donations and legacies | 3 | 3,537,739 | 71,535 | 3,609,274 |
| Charitable activities | 4 | 357,832 | - | 357,832 |
| Other trading activities | 5 | 1,379,045 | - | 1,379,045 |
| Investment income | 6 | 7,435 | - | 7,435 |
| Other income | | 106,999 | - | 106,999 |
| Total income | | <u>5,389,050</u> | <u>71,535</u> | <u>5,460,585</u> |
| Expenditure on: | | | | |
| Raising funds | | (799,272) | - | (799,272) |
| Charitable activities | 7 | <u>(4,505,623)</u> | <u>(84,450)</u> | <u>(4,590,073)</u> |
| Total expenditure | | <u>(5,304,895)</u> | <u>(84,450)</u> | <u>(5,389,345)</u> |
| Net income/(expenditure) | | <u>84,155</u> | <u>(12,915)</u> | <u>71,240</u> |
| Net movement in funds | | 84,155 | (12,915) | 71,240 |
| Reconciliation of funds | | | | |
| Total funds brought forward | | <u>2,336,931</u> | <u>64,070</u> | <u>2,401,001</u> |
| Total funds carried forward | 20 | <u><u>2,421,086</u></u> | <u><u>51,155</u></u> | <u><u>2,472,241</u></u> |

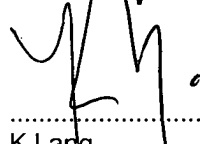
Baltic Flour Mills Visual Arts Trust

(Registration number: 03589539)

Consolidated Balance Sheet as at 31 March 2019

| | Note | 2019 £ | (As restated) 2018 £ |
|---|------|------------------|-------------------------------|
| Fixed assets | | | |
| Tangible assets | 14 | 901,006 | 639,549 |
| Current assets | | | |
| Stocks | 16 | 106,762 | 101,543 |
| Debtors | 17 | 489,903 | 504,824 |
| Cash at bank and in hand | | <u>1,552,403</u> | <u>1,736,312</u> |
| | | 2,149,068 | 2,342,679 |
| Creditors: Amounts falling due within one year | 18 | <u>(479,334)</u> | <u>(509,987)</u> |
| Net current assets | | <u>1,669,734</u> | <u>1,832,692</u> |
| Net assets | | <u>2,570,740</u> | <u>2,472,241</u> |
| Funds of the group: | | | |
| Restricted funds | | 44,101 | 51,155 |
| Unrestricted income funds | | | |
| Unrestricted funds | | <u>2,526,639</u> | <u>2,421,086</u> |
| Total funds | 20 | <u>2,570,740</u> | <u>2,472,241</u> |

The financial statements on pages 17 to 38 were approved by the trustees, and authorised for issue on 17/04/19 and signed on their behalf by:



 K Lang
 Chairman and Trustee

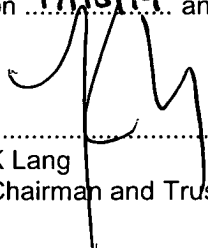
Baltic Flour Mills Visual Arts Trust

(Registration number: 03589539)

Balance Sheet as at 31 March 2019

| | Note | 2019 £ | (As restated) 2018 £ |
|---|------|------------------|-------------------------------|
| Fixed assets | | | |
| Tangible assets | 14 | 514,422 | 316,485 |
| Investments | | <u>2</u> | <u>2</u> |
| | | <u>514,424</u> | <u>316,487</u> |
| Current assets | | | |
| Debtors | 17 | 402,900 | 656,538 |
| Cash at bank and in hand | | <u>1,403,395</u> | <u>1,359,679</u> |
| | | 1,806,295 | 2,016,217 |
| Creditors: Amounts falling due within one year | 18 | <u>(359,328)</u> | <u>(389,419)</u> |
| Net current assets | | <u>1,446,967</u> | <u>1,626,798</u> |
| Net assets | | <u>1,961,391</u> | <u>1,943,285</u> |
| Funds of the charity: | | | |
| Restricted funds | | 44,101 | 51,155 |
| Unrestricted income funds | | | |
| Unrestricted funds | | <u>1,917,290</u> | <u>1,892,130</u> |
| Total funds | 20 | <u>1,961,391</u> | <u>1,943,285</u> |

The financial statements on pages 17 to 38 were approved by the trustees, and authorised for issue on 17/05/19 and signed on their behalf by:



 K Lang
 Chairman and Trustee

Baltic Flour Mills Visual Arts Trust

Consolidated Statement of Cash Flows for the Year Ended 31 March 2019

| | Note | 2019 £ | (As restated) 2018 £ |
|--|------|------------------|-------------------------------|
| Cash flows from operating activities | | | |
| Net cash income | | 98,499 | 71,240 |
| Adjustments to cash flows from non-cash items | | | |
| Depreciation | | 62,675 | 51,758 |
| Investment income | 6 | <u>(11,215)</u> | <u>(7,435)</u> |
| | | 149,959 | 115,563 |
| Working capital adjustments | | | |
| Increase in stocks | 16 | (5,219) | (15,575) |
| Decrease/(increase) in debtors | 17 | 14,921 | (164,399) |
| Decrease in creditors | 18 | <u>(30,655)</u> | <u>(187,636)</u> |
| Net cash flows from operating activities | | <u>129,006</u> | <u>(252,047)</u> |
| Cash flows from investing activities | | | |
| Interest receivable and similar income | 6 | 11,215 | 7,435 |
| Purchase of tangible fixed assets | 14 | <u>(324,130)</u> | <u>(380,617)</u> |
| Net cash flows from investing activities | | <u>(312,915)</u> | <u>(373,182)</u> |
| Net decrease in cash and cash equivalents | | (183,909) | (625,229) |
| Cash and cash equivalents at 1 April | | <u>1,736,312</u> | <u>2,361,541</u> |
| Cash and cash equivalents at 31 March | | <u>1,552,403</u> | <u>1,736,312</u> |

All of the cash flows are derived from continuing operations during the above two periods.

Baltic Flour Mills Visual Arts Trust

Notes to the Financial Statements for the Year Ended 31 March 2019

1 Charity status

The charity is limited by guarantee, incorporated in England and Wales, and consequently does not have share capital. Each of the trustees is liable to contribute an amount not exceeding £Nil towards the assets of the charity in the event of liquidation.

The address of its registered office is: Baltic Centre For Contemporary Art, Gateshead Quays, South Shore Road, Gateshead, Tyne & Wear, NE8 3BA

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The financial statements have been prepared in accordance with 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) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). They also comply with the Companies Act 2006 and Charities Act 2011.

Basis of preparation

Baltic Flour Mills Visual Arts Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The financial statements are prepared in sterling which is the functional currency of the entity.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the charity and its subsidiary undertakings drawn up to 31 March 2019.

No statement of financial activities is presented for the charity as permitted by section 408 of the Companies Act 2006. The charity made a surplus after tax for the financial year of £18,106 (2018 - surplus of £143,501).

Going concern

The trustees consider that there are no material uncertainties about the group's ability to continue as a going concern nor any significant areas of uncertainty that affect the carrying value of assets held by the group.

Baltic Flour Mills Visual Arts Trust

Notes to the Financial Statements for the Year Ended 31 March 2019

2 Accounting policies (continued)

Estimation uncertainty and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported.

There are considered to be no significant judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies which effect the amounts recognised in the financial statements.

Income and endowments

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of the income receivable can be measured reliably.

Donations and legacies

Donations are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance by the charity before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that these conditions will be fulfilled in the reporting period.

Grants receivable

Grants are recognised when the group has an entitlement to the funds and any conditions linked to the grants have been met. Where performance conditions are attached to the grant and are yet to be met, the income is recognised as a liability and included on the balance sheet as deferred income to be released.

Other trading activities

Income from trading activities is accounted for when earned.

Investment income

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

Charitable activities

Income from Chaitable activities is accounted for when earned.

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

All resources expended are inclusive of irrecoverable VAT.

Baltic Flour Mills Visual Arts Trust

Notes to the Financial Statements for the Year Ended 31 March 2019

2 Accounting policies (continued)

Raising funds

These are costs incurred in attracting voluntary income, the management of investments and those incurred in trading activities that raise funds.

Charitable activities

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

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, for example, allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.

Governance costs

These include the costs attributable to the charity's compliance with constitutional and statutory requirements, including audit, strategic management and trustees's meetings and reimbursed expenses.

Irrecoverable VAT

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Tangible fixed assets

Individual fixed assets costing £2,500.00 or more are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

| Asset class | Depreciation method and rate |
|---------------------------------|-------------------------------------|
| Fixtures & Fittings | over 5 to 10 years straight line |
| Computer Equipment | 3 years straight line |
| Leasehold Property Improvements | over the life of the lease |

Impairment of fixed assets

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Baltic Flour Mills Visual Arts Trust

Notes to the Financial Statements for the Year Ended 31 March 2019

2 Accounting policies (continued)

Stock

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less any further costs to be incurred on disposal.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the charity will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Fund structure

Unrestricted income funds are general funds that are available for use at the trustees's discretion in furtherance of the objectives of the group.

Designated funds are unrestricted funds set aside for specific purposes at the discretion of the trustees.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

Operating leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged in the Statement of Financial Activities on a straight line basis over the lease term.

Pensions and other post retirement obligations

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided.

Baltic Flour Mills Visual Arts Trust

Notes to the Financial Statements for the Year Ended 31 March 2019

2 Accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

Debt instruments are subsequently measured at amortised cost.

3 Income from donations and legacies

| | Unrestricted funds | Restricted funds | Total 2019 | Total 2018 |
|-----------|--------------------|------------------|------------------|------------------|
| | General £ | £ | £ | £ |
| Donations | 46,887 | - | 46,887 | 39,963 |
| Grants | 3,767,549 | 131,815 | 3,899,364 | 3,569,311 |
| | <u>3,814,436</u> | <u>131,815</u> | <u>3,946,251</u> | <u>3,609,274</u> |

4 Income from charitable activities

| | Unrestricted funds | Total 2019 | Total 2018 |
|----------------------------|--------------------|----------------|----------------|
| | General £ | £ | £ |
| Charitable activity income | <u>247,394</u> | <u>247,394</u> | <u>357,832</u> |

5 Income from other trading activities

| | Unrestricted funds | Total 2019 | Total 2018 |
|--|--------------------|------------------|------------------|
| | General £ | £ | £ |
| Sales of goods and services | 1,237,585 | 1,237,585 | 1,123,640 |
| Sponsorship income | 202,935 | 202,935 | 204,695 |
| Other income from other trading activities | 187,053 | 187,053 | 50,710 |
| | <u>1,627,573</u> | <u>1,627,573</u> | <u>1,379,045</u> |

Baltic Flour Mills Visual Arts Trust

Notes to the Financial Statements for the Year Ended 31 March 2019

6 Investment income

| | Unrestricted funds | Total 2019 | Total 2018 |
|--------------------------------------|--------------------|---------------|--------------|
| | General | | |
| | £ | £ | £ |
| Interest receivable on bank deposits | <u>11,215</u> | <u>11,215</u> | <u>7,435</u> |

7 Expenditure on charitable activities

| | Unrestricted funds | | Restricted funds | Total 2019 | Total 2018 |
|--------------------|--------------------|------------------------------|------------------------|------------------|------------------|
| | Designated | General | | | |
| | £ | £ | £ | £ | £ |
| Arts Programme | - | 1,735,248 | 90,354 | 1,825,602 | 1,419,344 |
| Learning Programme | - | 562,463 | 39,927 | 602,390 | 581,307 |
| Support costs | <u>28,215</u> | <u>2,582,219</u> | <u>8,588</u> | <u>2,619,022</u> | <u>2,589,422</u> |
| | <u>28,215</u> | <u>4,879,930</u> | <u>138,869</u> | <u>5,047,014</u> | <u>4,590,073</u> |
| | | Activity undertaken directly | Activity support costs | Total 2019 | Total 2018 |
| | | £ | £ | £ | £ |
| Arts Programme | | 1,825,602 | 1,949,770 | 3,775,372 | 3,243,337 |
| Learning Programme | | 602,390 | 643,361 | 1,245,751 | 1,328,341 |
| Governance costs | | <u>-</u> | <u>25,891</u> | <u>25,891</u> | <u>18,395</u> |
| | | <u>2,427,992</u> | <u>2,619,022</u> | <u>5,047,014</u> | <u>4,590,073</u> |

£4,908,145 (2018 - £4,505,623) of the above expenditure was attributable to unrestricted funds and £138,869 (2018 - £84,450) to restricted funds.

Baltic Flour Mills Visual Arts Trust

Notes to the Financial Statements for the Year Ended 31 March 2019

8 Analysis of governance and support costs

Support costs allocated to charitable activities

| | Arts Programme £ | Learning Programme £ | Governance costs £ | Total 2019 £ | Total 2018 £ |
|---------------------------------------|------------------------|----------------------------|--------------------------|--------------------|--------------------|
| Finance costs | 662 | 218 | - | 880 | 1,260 |
| Information technology | 36,108 | 11,915 | - | 48,023 | 32,334 |
| Staff costs | 567,971 | 187,412 | - | 755,383 | 762,782 |
| Premises costs including depreciation | 960,428 | 316,910 | - | 1,277,338 | 1,249,376 |
| Other support costs | 384,601 | 126,906 | 25,891 | 537,398 | 543,670 |
| | <u>1,949,770</u> | <u>643,361</u> | <u>25,891</u> | <u>2,619,022</u> | <u>2,589,422</u> |

9 Net incoming/outgoing resources

Net incoming resources for the year include:

| | 2019 £ | 2018 £ |
|------------------------------|---------------|---------------|
| Audit fees | 10,700 | 10,400 |
| Depreciation of fixed assets | <u>62,675</u> | <u>51,578</u> |

10 Trustees remuneration and expenses

£274 (2018: Nil) of expenses were reimbursed to Trustees during the year.

No trustees, nor any persons connected with them, have received any remuneration from the group during the year.

No trustees have received any other benefits from the charity during the year.

Baltic Flour Mills Visual Arts Trust

Notes to the Financial Statements for the Year Ended 31 March 2019

11 Staff costs

The aggregate payroll costs were as follows:

| | 2019 £ | 2018 £ |
|--|------------------|------------------|
| Staff costs during the year were: | | |
| Wages and salaries | 1,851,681 | 1,799,285 |
| Social security costs | 150,939 | 151,193 |
| Pension costs | 123,337 | 117,813 |
| | <u>2,125,957</u> | <u>2,068,291</u> |

The monthly average number of persons (including senior management team) employed by the group during the year was as follows:

| | 2019 No | 2018 No |
|----------------------|------------|------------|
| Administrative staff | <u>89</u> | <u>92</u> |

The number of employees whose emoluments fell within the following bands was:

| | 2019 No | 2018 No |
|--------------------|------------|------------|
| £80,001 - £90,000 | 1 | 1 |
| £90,001 - £100,000 | <u>1</u> | <u>1</u> |

The total employee benefits of the key management personnel of the group were £183,232 (2018 - £183,725).

12 Auditors' remuneration

| | 2019 £ | 2018 £ |
|-----------------------------------|---------------|---------------|
| Audit of the financial statements | <u>10,700</u> | <u>10,400</u> |

13 Taxation

The group is a registered charity and is therefore exempt from taxation.

Baltic Flour Mills Visual Arts Trust

Notes to the Financial Statements for the Year Ended 31 March 2019

14 Tangible fixed assets

Group

| | Furniture and equipment £ |
|-----------------------|------------------------------------|
| Cost | |
| At 1 April 2018 | 893,150 |
| Additions | <u>324,130</u> |
| At 31 March 2019 | <u>1,217,280</u> |
| Depreciation | |
| At 1 April 2018 | 253,599 |
| Charge for the year | <u>62,675</u> |
| At 31 March 2019 | <u>316,274</u> |
| Net book value | |
| At 31 March 2019 | <u>901,006</u> |
| At 31 March 2018 | <u>639,551</u> |
| Charity | |
| | Furniture and equipment £ |
| Cost | |
| At 1 April 2018 | 565,853 |
| Additions | <u>241,541</u> |
| At 31 March 2019 | <u>807,394</u> |
| Depreciation | |
| At 1 April 2018 | 249,368 |
| Charge for the year | <u>43,604</u> |
| At 31 March 2019 | <u>292,972</u> |
| Net book value | |
| At 31 March 2019 | <u>514,422</u> |
| At 31 March 2018 | <u>316,485</u> |

Baltic Flour Mills Visual Arts Trust

Notes to the Financial Statements for the Year Ended 31 March 2019

15 Fixed asset investments

Charity

| | 2019 £ | 2018 £ |
|--|-----------|-----------|
| Shares in group undertakings and participating interests | <u>2</u> | <u>2</u> |

Shares in group undertakings and participating interests

| | Subsidiary undertakings £ | Total £ |
|-----------------------|---------------------------------|------------|
| Cost | | |
| At 1 April 2018 | <u>2</u> | <u>2</u> |
| At 31 March 2019 | <u>2</u> | <u>2</u> |
| Net book value | | |
| At 31 March 2019 | <u>2</u> | <u>2</u> |
| At 31 March 2018 | <u>2</u> | <u>2</u> |

Details of undertakings

Details of the investments in which the charity holds 20% or more of the nominal value of any class of share capital are as follows:

| Undertaking | Country of incorporation | Holding | Proportion of voting rights and shares held | | Principal activity |
|---|--------------------------|----------|---|------|--|
| | | | 2019 | 2018 | |
| Subsidiary undertakings | | | | | |
| Baltic Contemporary Visual Arts Trading Limited | England and Wales | Ordinary | 100% | 100% | The provision of catering, retail, business sponsorship and room hire services |

The profit for the financial period of Baltic Contemporary Visual Arts Trading Limited was £609,349 (2018: £528,956) and the aggregate amount of capital and reserves at the end of the period was £609,351 (2018: £528,958)

Baltic Flour Mills Visual Arts Trust

Notes to the Financial Statements for the Year Ended 31 March 2019

16 Stock

| | Group | | Charity | |
|----------------|----------------|----------------|----------|----------|
| | 2019 | 2018 | 2019 | 2018 |
| | £ | £ | £ | £ |
| Finished goods | <u>106,762</u> | <u>101,543</u> | <u>-</u> | <u>-</u> |

Group

The cost of stock recognised as an expense in the year amounted to £371,380 (2018 - £301,476).

Impairment of stocks

The amount of impairment loss included in the statement of financial activities is £1,160 (2018 - £4,092).

17 Debtors

| | Group | | Charity (As restated) | |
|--------------------------------|----------------|----------------|--------------------------|----------------|
| | 2019 | 2018 | 2019 | 2018 |
| | £ | £ | £ | £ |
| Trade debtors | 128,481 | 262,653 | 23,544 | 118,464 |
| Due from group undertakings | - | - | 27,985 | 303,371 |
| Prepayments and accrued income | <u>361,422</u> | <u>242,171</u> | <u>351,371</u> | <u>234,703</u> |
| | <u>489,903</u> | <u>504,824</u> | <u>402,900</u> | <u>656,538</u> |

18 Creditors: amounts falling due within one year

| | Group | | Charity | |
|------------------------------------|----------------|----------------|----------------|----------------|
| | 2019 | 2018 | 2019 | 2018 |
| | £ | £ | £ | £ |
| Trade creditors | 170,810 | 188,176 | 122,134 | 114,610 |
| Other taxation and social security | 60,689 | 31,859 | 37,334 | 31,859 |
| Accruals and deferred income | <u>247,835</u> | <u>289,952</u> | <u>199,860</u> | <u>242,950</u> |
| | <u>479,334</u> | <u>509,987</u> | <u>359,328</u> | <u>389,419</u> |

Baltic Flour Mills Visual Arts Trust

Notes to the Financial Statements for the Year Ended 31 March 2019

18 Creditors: amounts falling due within one year (continued)

Deferred income

Group

| | 2019 £ | 2018 £ |
|--|------------------|------------------|
| Deferred income at 1 April 2018 | 170,722 | 107,673 |
| Resources deferred in the period | 127,674 | 170,722 |
| Amounts released from previous periods | <u>(170,722)</u> | <u>(107,673)</u> |
| Deferred income at year end | <u>127,674</u> | <u>170,722</u> |

Charity

| | 2019 £ | 2018 £ |
|--|------------------|-----------------|
| Deferred income at 1 April 2018 | 125,933 | 65,728 |
| Resources deferred in the period | 86,192 | 125,933 |
| Amounts released from previous periods | <u>(125,933)</u> | <u>(65,728)</u> |
| Deferred income at year end | <u>86,192</u> | <u>125,933</u> |

19 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £123,337 (2018 - £117,813).

Baltic Flour Mills Visual Arts Trust

Notes to the Financial Statements for the Year Ended 31 March 2019

20 Funds

Group

| | Balance at 1 April 2018 £ | Incoming resources £ | Resources expended £ | Transfers £ | Balance at 31 March 2019 £ |
|--|------------------------------------|----------------------------|----------------------------|----------------|--|
| Unrestricted funds | | | | | |
| <i>General</i> | | | | | |
| General fund | 1,317,815 | 5,815,952 | (5,682,184) | (100,000) | 1,351,583 |
| <i>Designated</i> | | | | | |
| Capital replacement and renewal | <u>1,103,271</u> | <u>-</u> | <u>(28,215)</u> | <u>100,000</u> | <u>1,175,056</u> |
| Total unrestricted funds | <u>2,421,086</u> | <u>5,815,952</u> | <u>(5,710,399)</u> | <u>-</u> | <u>2,526,639</u> |
| Restricted funds | | | | | |
| Capital expenditure | 51,155 | - | (7,510) | - | 43,645 |
| Rootstein Hopkins Foundation | - | 9,364 | (8,908) | - | 456 |
| The Virgin Money Foundation Big Lottery Fund #iwill fund Grant | - | 49,514 | (49,514) | - | - |
| Liverpool Biennial | - | 44,100 | (44,100) | - | - |
| BBC Children in Need | <u>-</u> | <u>28,837</u> | <u>(28,837)</u> | <u>-</u> | <u>-</u> |
| Total restricted funds | <u>51,155</u> | <u>131,815</u> | <u>(138,869)</u> | <u>-</u> | <u>44,101</u> |
| Total funds | <u>2,472,241</u> | <u>5,947,767</u> | <u>(5,849,268)</u> | <u>-</u> | <u>2,570,740</u> |

Baltic Flour Mills Visual Arts Trust

Notes to the Financial Statements for the Year Ended 31 March 2019

20 Funds (continued)

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

Capital replacement and renewal

The trustees have designated £1,175,056 of general reserves for the purpose of maintaining the fabric of the BALTIC building.

Capital expenditure

This fund represents the element of funding received from the Arts Council that is restricted for capital expenditure.

Rootstein Hopkins Foundation supported the purchase of equipment and materials for activity in our Learning Lounge (what was Quay) This has included digital equipment, furniture, sensory equipment and library materials. This space is about ensuring everyone has a place that feels like 'home' at the heart of the building, where they can access information, explore creativity and build social connections.

The Virgin Money Foundation Big Lottery Fund #Iwill fund grant supports a three year programme called Creating Change. Creating Change embeds a culture of social action in three Gateshead Secondary Schools; Cardinal Hume, Grace College (formerly Joseph Swan Academy) and Heworth Grange School. The grant has paid predominantly for artists to deliver workshops and ongoing residencies, a freelance Producer to oversee the delivery of the project, programme materials; everything from football kit through to cameras and food.

Liverpool Biennial supported Baltic Centre for Contemporary Art to act as Executive Producers for the Arts Council England-ARKO Artistic Collaboration & Exchange Programme, managing and monitoring an international residency exchange programme between artists in England and Korea.

BBC Children in Need supported the delivery of a series of artist residencies with SEND schools across the region. The grant paid for artist fees, materials, transport for school groups to and from the gallery and the development of an exhibition (including preview event) for each school. A Family Day, bringing all participants, artist and teachers together was also held.

Baltic Flour Mills Visual Arts Trust

Notes to the Financial Statements for the Year Ended 31 March 2019

21 Analysis of net assets between funds

Group

| | Unrestricted funds | | Restricted funds | Total funds |
|----------------------------------|--------------------|-----------------|------------------|-------------|
| | General £ | Designated £ | £ | £ |
| Tangible fixed assets | 515,739 | 342,279 | 42,988 | 901,006 |
| Net current assets/(liabilities) | 835,844 | 832,777 | 1,113 | 1,669,734 |
| Total net assets | 1,351,583 | 1,175,056 | 44,101 | 2,570,740 |

| | Unrestricted funds | | Restricted funds | Total funds at 31 March 2018 |
|----------------------------------|--------------------|-----------------|------------------|------------------------------|
| | General £ | Designated £ | £ | £ |
| Tangible fixed assets | 377,787 | 210,607 | 51,155 | 639,549 |
| Net current assets/(liabilities) | 940,028 | 892,664 | - | 1,832,692 |
| Total net assets | 1,317,815 | 1,103,271 | 51,155 | 2,472,241 |

Baltic Flour Mills Visual Arts Trust

Notes to the Financial Statements for the Year Ended 31 March 2019

22 Analysis of net funds

Group

| | At 1 April 2018 £ | Cash flow £ | At 31 March 2019 £ |
|--------------------------|----------------------|------------------|--------------------------|
| Cash at bank and in hand | 1,033,694 | (183,909) | 849,785 |
| Liquid resources | 702,618 | - | 702,618 |
| | <u>1,736,312</u> | <u>(183,909)</u> | <u>1,552,403</u> |
| Net funds | <u>1,736,312</u> | <u>(183,909)</u> | <u>1,552,403</u> |

Group

| | At 1 April 2017 £ | Cash flow £ | At 31 March 2018 £ |
|--------------------------|----------------------|------------------|--------------------------|
| Cash at bank and in hand | 1,658,923 | (625,229) | 1,033,694 |
| Liquid resources | 702,618 | - | 702,618 |
| | <u>2,361,541</u> | <u>(625,229)</u> | <u>1,736,312</u> |
| Net funds | <u>2,361,541</u> | <u>(625,229)</u> | <u>1,736,312</u> |

Liquid resources represents a balance deposited with Gateshead Council.

23 Related party transactions

Group

During the year the group made the following related party transactions:

L Wilson

(Trustee)

The group was charged £4,000 (2018 - £Nil) in relation to artist fees. At the balance sheet date the amount due to/from L Wilson was £Nil (2018 - £Nil).

Gardiner Richardson Limited

(Directors in common)

The group made purchases from Gardiner Richardson Limited amounting to £1,100 (2018 - £Nil) in relation to staff event planning services. At the balance sheet date the amount due to/from Gardiner Richardson Limited was £Nil (2018 - £Nil).

Baltic Flour Mills Visual Arts Trust

Notes to the Financial Statements for the Year Ended 31 March 2019

24 Prior year adjustment

The accounts have been restated to reflect the gift aid distribution being recognised in the period it was paid, rather than being accrued in the period the subsidiary profit was made, in line with FRS 102 and SORP 2015 (2018).

Charity

The restatement has resulted in an increase of income within the 2018 year of £72,261 (2017: decrease of £601,217) a decrease in debtors within the 2018 year of £528,956 (2017: £601,217) and an increase in net assets and reserves within the 2018 year of £72,261 (2017: decrease of £601,217).

Group

The restatement has had no impact on the consolidated position given that the gift aid distribution is eliminated during the consolidation process.