

Charity Registration No. 1032846

Company Registration No. 02848282 (England and Wales)

**THE CUSTOMS HOUSE TRUST LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 MARCH 2021**

# THE CUSTOMS HOUSE TRUST LIMITED

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	V C Wiggins G Thompson C E Cooke D G Cottam S J Mitchell D Hymers C Simmons J Blacklock S Fannon M Fay S Hatton Jr R Berkley
<b>Chair</b>	M Fay
<b>Arts Council observer</b>	A Henderson
<b>Local Authority observer</b>	R Jago (STC), K Dacres
<b>Key management personnel</b>	R Spencer (Executive Director)
<b>Charity number</b>	1032846
<b>Company number</b>	02848282
<b>Registered office</b>	The Customs House Mill Dam South Shields Tyne and Wear NE33 1ES
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants 1 St. James' Gate Newcastle upon Tyne United Kingdom NE1 4AD
<b>Bankers</b>	HSBC Bank Plc 110 Grey Street Newcastle upon Tyne NE1 6JG
<b>Solicitors</b>	PGS Law Law Court Chambers 20 - 22 Waterloo Square South Shields NE33 1AW

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# THE CUSTOMS HOUSE TRUST LIMITED

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

### FOR THE YEAR ENDED 31 MARCH 2021

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The trustees present their report and financial statements for the year ended 31 March 2021.

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 Trust's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2019).

#### **Mission and Vision Statement**

Through a broad, balanced and sustainable programme of high-quality arts and cultural activities for all, we will develop the range of our partnerships, the reach of our programming and awareness of our work. We will create and promote excellent arts and cultural programmes and events that engage and involve participants, enhance the wellbeing of the communities we work with, and encourage new and diverse audiences.

#### **Objectives and activities**

The Trustees have considered the Charities Commission guidance on public benefit. The Customs House relies on income from fees and charges from the public to cover its operating costs, together with grants from public and private trusts and organisations. The Trustees give careful consideration to the pricing structure of the fees for those on low incomes in the local and wider community.

The Customs House Trust is a registered charity and a company limited by guarantee. It has a wholly owned trading subsidiary, the Customs House Green Room Limited.

The Trust has two aims. The first relates to cultural activity, the second to managing cultural buildings and specifically the Customs House:

1. to promote, maintain, improve and advance the knowledge, understanding and appreciation of the arts and popular culture among the inhabitants of the borough of South Tyneside and its neighbourhood.
2. to establish and to secure the establishment of centres for the arts and popular culture throughout the borough of South Tyneside and, in particular, at the old Custom House building, Mill Dam, South Shields and to equip, maintain, manage and market the same, together with related capital projects within the Mill Dam area of South Shields.

# THE CUSTOMS HOUSE TRUST LIMITED

## TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2021

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### Achievements and performance

#### REVIEW OF THE YEAR 2020/2021

The Year under review was like no other we have ever faced at the Customs House, of course this was merely a reflection of what was going on, not just across the sector, but across the world as the Covid pandemic took its grip.

We closed our doors and reopened three times during the covid crisis.

We were unable to generate core activity income yet continued to face the need to meet our monthly outgoings for staffing and other fixed overheads.

The trust which is exemplary in its ability to earn over ninety per cent of its income, was left exposed by the reduction of the required income to pay staff, meet overheads whilst maintaining the Grade 2 listed building, Daltons Lane and our CustomSpace annex.

The Trust having utilised its reserves and with uncertainty as to when The Customs House would be able to reopen was facing its most challenging of times.

However, what could have been a very bleak position for the Trust turned in to a catalyst for action.

Working with our landlord and main funder, South Tyneside Council (STC), it was agreed it would be beneficial for both parties to reassess the current issues facing the Trust and determine a roadmap of action. This would help to secure its future and programme the necessary repairs and maintenance required on The Customs House, Dalton Lane buildings and Customs Space, which all remained the assets of STC..

As part of this review STC agreed that The Customs House could withdraw from its commitments to CustomSpace. This process was completed by the close of the year under review and the Trust is no longer liable for this building.

Naylor Gavin & Black were commissioned to undertake a complete review of the condition of the other buildings and prepared a Planned Preventative Maintenance Report which identified the works that were required over the next ten years and beyond. This report led to STC releasing funds to tackle some of the immediate issues and agree a plan for future maintenance. They also agreed to match fund the work required to stabilise the masonry of the main building and this work is being progressed with the aid of the advice and guidance of the appropriate local authority officers.

A second report was commissioned from Amion, an economic and financial advisory consultancy, to help formulate a New Strategic Plan and Operating Model.

This report framed the Trust's current operation within the wider national Theatre sector. Having benchmarked Customs House against similar organisations across England it concluded that The Customs House received proportionally less public funding than organisations of a similar size. It also recognised that the responsibility of an all repairing lease on the local authority's asset would continue to limit the potential of the Trust to be able to grow its reserves. The report went on to recommend a number of improvements in the Trust's operations which would bring it in to line with best practice in the sector.

However, its major recommendation was the suggestion that the Trust should actively look to identify suitable like-minded organisations with a view to form a close working relationships and potential partnerships that could generate overall cost reductions from economies of scale and income generation opportunities.

These two reports helped to persuade STC into providing the Trust with additional resource to help with building improvements. An advance of part of STC's 2021/22 funding also gave the Trust the opportunity to manage cash flow issues.

There was a sense that the tide was beginning to turn when Customs House was successful in a bid to Arts Council's Emergency Response Fund, this allowed the Trust to commit funds to the planning and development of our Christmas show.

# THE CUSTOMS HOUSE TRUST LIMITED

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

### FOR THE YEAR ENDED 31 MARCH 2021

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The Trust also benefitted from the wonderful response of the local community and honorary fellows to support The Customs House; a staggering £150k was raised during the year under review. The Trust is grateful to all those individuals and companies who were so generous in their donations of cash and kind during the pandemic.

The overwhelming support once again demonstrated the affection the Customs House is held in by the people of South Tyneside and the wider region.

The organisation was required to quickly reinvent the way it operated. Thanks to the generous support of Aspire Technology who waived set up fees and two months of charges to enable the workforce to operate from their own homes as technology became our only means of communicating internally.

Not only was our day-to-day activity conducted online but importantly the governance of the charity and the involvement of the trustees was able to be maintained. Through regular full board meetings and the continued monitoring of the financial position by that of the finance committee.

In late August, the venue reopened, operating with a significantly reduced capacity of just over 100 seats in the Theatre and with restricted cinema seating. In early September, the Trust was successful in its application to the Arts Council England Cultural Recovery Fund (CRF). However, despite this cash injection of £255k it was necessary to make 27 staff posts redundant which was a very difficult decision to make. In October 2020, South Shields was put into Tier 3 restrictions and, whilst it was possible for theatres and cinemas to operate during this time, the curfew and the severe restrictions on family segregation meant that it was not possible for the venue to continue trading cost effectively and, when the second national lockdown happened in November, the venue closed once again.

When able to open our doors with social distancing we did manage to safely stage 10 live performances however the restrictions on capacity and the increased requirements for covid safe measures made this very challenging to return a profit.

On a brighter note the lockdowns did encourage innovation and we developed new ways to connect with our audiences and participants:

- We successfully completed and moderated digitally almost 200 Arts Awards certificated by Trinity College.
- Working with partners we distributed 600 cardboard Toy Theatres and over 60 care packs to some of the most vulnerable young people in the borough.
- Thanks to Joe McElderry we became one of the first theatres to stream live performance with over 2,000 joining us for what would be the first of many streaming events.
- We followed this with a premiere showing of Dolly Mixtures which attracted over 2,300 streams.
- We lit up the building in support of the NHS and in support of our own industry and to mark the passing of one of our Corporate Fellow, our great supporter John Hays.
- Thanks to a grant from Garfield Weston Trust we were able to buy equipment to improve our digital output, building on our online output which was attracting over 5,000 views for each stream, with our Paranormal Tales attracting almost 35,000 live views.
- Our most ambitious project during Lockdown was to produce an original Christmas musical to be safely recorded and distributed. 35 schools took the opportunity of free access to the Christmas show over 650 DVDs and 100 USBs were purchased by the general public.
- The streaming of The Christmas Show attracted 3,096 downloads which equates to many more actual viewers. It was watched in USA, Belgium, Australia, Netherlands, New Zealand, Romania, Italy, Germany, Canada, Philippines, Turkey and Spain.
- By February Half Term we were broadcasting each day to families across the borough with over 9,000 engagements.
- In May 2020 we held a virtual Take Over festival with almost 12,000 engagements with young people.
- From Masterclasses to celebrity quizzes, from talent shows to outdoor gigs The Customs House managed to mount 157 live online events and it is a real testimony to our creatives and staff of The Customs House that this was achieved.
- Finally in Partnership with STC, The Customs House worked with Wycombe89 Media to produce a short film shot around South Tyneside as a virtual Christmas Lights Switch On. It was viewed by residents and expats across the world clocking up as amazing 176,000 engagements.
- We also, in partnership with the Local Authority, supported the promotion of Covid Safety messaging across our social media platforms.

# THE CUSTOMS HOUSE TRUST LIMITED

## TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2021

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During this period the Trust's trading arm, The Green Room Limited, effectively ceased to trade for most of 2020/2021 and unfortunately this resulted in the loss of all staff.

### **Volunteers & staff**

The Charity places a great value on the contributions that volunteers made to the organisation. Over the course of the year, the involvement of volunteers was significantly reduced due to the Covid-19 restrictions in place. We benefitted greatly from the considerable time, energy and expertise given by the Board of Trustees.

Volunteers make a positive and valued contribution to the Trust.

The Trust acknowledges the commitment and dedication of our loyal staff.

### **Financial review**

The Trust acknowledges the continued financial support given by South Tyneside Council and Arts Council England. The Trust recognises that standstill or reduced funding will present significant challenges in future years however additional funding has been applied for and received, and Trustees are considering ways to maximise funds.

The Customs House consolidated net income to 31 March 2021 was £479k (£558k increase on the previous year). The increase from the prior year is due to additional funding being received in the year including the Cultural Recovery Fund donation of £255k and other Covid-related donations of £218k whilst costs were reduced due to the building not being open for most of the year.

The Green Room profit to March 2021 was £1.3k (2020: loss £5.5k). The Green Room did not contribute a management charge or gift aid payment in the year.

The Consolidated Balance Sheet reflects an increase from the previous financial year with a total reserves balance of £698k, the previous year was £219k.

At the end of March, cash at bank was £596k with net current assets of £393k.

### **Funding**

Key funding sources can be found in the notes to the financial statements. The Trustees are grateful for the continued support of the Charity's key stakeholders the Arts Council England and our primary funder South Tyneside Council.

Additional funding of £255k has been received from the Arts Council England in the year through the Cultural Recovery Fund grant. The group has also made use of the government Coronavirus job retention scheme to furlough staff whilst the building was unable to open with £271k being received in the year.

We are grateful to all the trust and foundations who have supported us this year.

# THE CUSTOMS HOUSE TRUST LIMITED

## TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2021

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### Reserves policy

The Board of Trustees aim is to maintain a balance of Total Reserves in excess of £500k and Free Reserves in excess of £150k to ensure the normal running of the business in adverse economic conditions. As at the end of March there were designated funds of £130k (2020: £nil). £110k of funds were designated in the year for building works and a further £20k was designated for planned drama development spend. Available "Free" Reserves stood at £65k at 31 March 2021.

After a number of loss making years in succession current Reserve values have fallen below the policy target levels, however, the Board is confident that TCH will improve performance sufficiently, after recovery from the pandemic to restore Free Reserves to the Policy levels.

At the end of March 2021 Restricted reserves have a balance of £333k relating to capital improvements to be depreciated (£117k) and specific funding received in advance of utilisation (£216k). The Board is not aware of any funding opportunities being pursued that may materially increase this number in the immediate future.

The amount of tangible assets stood at £307k at the end of March 2021 (of which £189k was unrestricted).

### Long Term Strategy and going concern

The Covid-19 pandemic greatly impacted the group and meant that activities were significantly reduced from March 2020 to May 2021 when the building reopened. Management and Trustees have taken appropriate steps to reduce costs where possible and a redundancy programme was implemented during the year and the group also made use of the government furlough scheme where applicable. Further additional funding through the Arts Council Cultural Recovery Fund has been secured post year end.

The Board, based on the budgets and cash flow forecasts prepared to March 2023, believe that the group has sufficient funds to continue to trade for at least 12 months from the date of signing these financial statements and as such there are no material uncertainties over going concern.

### Risk management

The Trust established a risk register that identifies the major risks the charity faces.

Bi-annual reviews, monitor risks and controls used to mitigate them and suggests how the Trust would respond should any of the risks materialise.

Recovery from the Pandemic and its effect on audience attendance is to be closely monitored.

The age of the building and its increasing maintenance and repairs draws heavily on our resources.

A key risk identified in previous years was the loss of the Executive Director. This has been mitigated through the enhanced Senior Management Team which is now in place and an outline succession plan to be delivered over the next three years.

Loss of public sector funding has remained a risk. However, our two partners remain committed to the Trust.

# THE CUSTOMS HOUSE TRUST LIMITED

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

### FOR THE YEAR ENDED 31 MARCH 2021

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#### **Future planning**

The Trust needs to prepare a submission to the next round of Arts Council England- National Portfolio Bids. We are encouraged by the Arts Council's announcement that South Tyneside has been named as a Priority Place 2021-24. It is up to the Trust to develop an exciting proposal to deliver an Art's programme that meets the needs of the population of South Tyneside.

The Trust will also continue to apply the recommendations suggested in Amion's report to improve our economic performance despite the on-going difficult trading conditions.

The Garfield Weston Foundation funding will allow us to continue to develop our digital offer and improve our outreach programme reaching a more diverse population across the borough.

We are looking forward to working towards connecting up to the Holborn District Energy Scheme. This will make a major improvement to our carbon footprint due to our current reliance on very old gas fired boilers to heat the building. This is one of a number of initiatives to improve our sustainability.

A new staffing structure has been put in place and recruitment of new staff will begin as soon as trading conditions warrant it. A new operating system has also been procured, ready for launch in early 2022 which should generate a significant improvement to our operational efficiencies and cost control.

The volatile nature of the business and the limited touring offer has suggested that more in-house productions will need to be developed. Our new programming advisory group will help shape our offer and how it is delivered.

We will become more diverse as an organisation through new community development roles, programming and audience development.

Working with STC we will formulate ambitious capital bids to reconfigure The Customs House and improve our accessibility and drive more trade in ancillary sales and hirers.

The Trust will continue to face trading challenges and will continue to put the health and safety of our audiences and participants first, but will, as it has done throughout the Pandemic, look to open fully as soon as quickly as it is possible to do so.

Full Recovery is expected to take a long time and we anticipate it will 2023/24 before the Trust is seeing the level of visitor numbers seen pre pandemic.

#### **Legal status**

The Customs House Trust Limited is a charitable company which was incorporated in England on 26 August 1993 as a company, number: 02848282 and on 8 February 1994 registered as a charity, number: 1032846.

# THE CUSTOMS HOUSE TRUST LIMITED

## TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2021

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### STRUCTURE, GOVERNANCE AND MANAGEMENT

The charity is constituted as a charitable company limited by guarantee and is governed by its Memorandum and Articles of Association dated 7 November 2006.

The liability of the members (who are also trustees) is limited. Every member of the Trust has undertaken to contribute an amount not exceeding £1 to the assets of the Trust in the event of it being wound up while he/she is a member or within one year after he/she ceases to be a member.

The directors of the charitable company (the charity) are its trustees for the purposes of charity law. The trustees serving during the year and since the year end are shown below. The company is limited by guarantee. The trustees have no shareholding, but each undertake to subscribe an amount not exceeding £1 in the event of a winding up.

V C Wiggins	
G Thompson	
A Kerr	(Resigned 22 June 2020)
C E Cooke	
D G Cottam	
S J Mitchell	
D Hymers	
C Simmons	
J Blacklock	
S Finnon	
K A Leng	(Resigned 8 November 2021)
M Fay	
S Alam	(Resigned 3 August 2020)
S Hatton Jr	(Appointed 26 April 2021)
R Berkley	(Appointed 14 July 2021)

# THE CUSTOMS HOUSE TRUST LIMITED

## TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2021

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The charity has made third party indemnity provisions for the benefit of its trustees during the year. The provisions remain in force at the reporting period end.

All strategic decisions are made at Board level. An annual budget is set and reviewed by the full Board. Day to day operational issues are delegated to the Executive Director. The Trust's terms allow for up to 15 Trustees with a minimum of 11. The current Board consists of twelve Trustees, most of whom were appointed between 2016 and 2019. The current Chair was appointed in 2018. One Trustee has been on the Board since 2012. The maximum term for Trustees is 6 years however they are eligible for reappointment at the end of the six years.

The Arts Council and South Tyneside Council are observers on the Board.

The Board meets every six weeks except in December and meetings are attended by the senior executive team.

There are currently four sub committees reporting to the Board:

- Finance, Staffing and Audit
- Marketing and Programming
- Learning and Participation
- Equality, Diversity and Inclusivity

A summary of the committee purposes are given below:

### ***Finance, Staffing & Audit***

Monitors and reviews the Trust's financial performance. Discusses personnel issues, audit findings and meets monthly. Membership comprises five Trustee members, including Chair of the Trust plus Executive Director, Finance Director and Interim Operations Director. Minutes are circulated to the full Board and a verbal report is given each month. Monthly management accounts are also forwarded to key funding partners.

### ***Marketing & Programming***

Monitors, reviews and informs the Trust's programmed events and develops and oversees delivery of a marketing strategy, meeting quarterly. Membership comprises three Trustees together with the Marketing & Brand Manager, Programming & Audience Development Manager, Director of Learning & Participation and Executive Director. Minutes are circulated to the full Board and a verbal update given at Board meetings.

### ***Learning & Participation***

Monitors, reviews and informs the Trust's cultural development programmes, meeting quarterly. Membership comprises three Trustees together with the Director of Learning & Participation, Programming & Audience Development Manager & members of the L&P team, Executive Director, South Tyneside Council observer and Arts Council Relationship Manager acting as observer.

### ***Equality, Diversity and Inclusivity***

Monitors, reviews and informs the Trust against the Trust policy and procedures. Membership comprises three Trustees together with, the Director of Learning & Participation, Interim Operations Director and members of the L&P team.

Other sub-committees may be formed at the Board's discretion to oversee specific special projects.

### **Appointment and training of trustees**

The Board comprises up to 15 members and minimum of eleven, one of which is a Local Authority observer. The charity Terms of Reference for trustees lays out the roles and responsibilities and period of service for all board members. The charity looks to have a Board which reflects the skills needed to deliver the charity's aims and objectives and is mindful of gender balance and attempts to reflect the community it serves.

# THE CUSTOMS HOUSE TRUST LIMITED

## TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2021

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Trustees are recruited through an open invitation placed in the local newspapers and social media. Interested parties are invited to meet informally with Board members, following which, those individuals identified as being able to contribute to the charity's work are invited to attend two full Board meetings as observers. With the agreement of a majority of the Board, those still wishing to join the Board are then invited to do so at their third meeting.

The Trustees meet for one or two Away Days per year. These events are designed as training and update sessions for Board members as well as a forum for the consideration of strategic policy choices.

### Related parties

The charity has a wholly owned subsidiary: The Customs House Green Room Limited, a company incorporated in England. The principal activities of The Customs House Green Room Limited during the year were to run the restaurant and bar and to provide catering for events and conferences at or on behalf of The Customs House. Directors of this company are Chair of Finance and Executive Director. See note 23 for details of transactions with related parties, including Trustees and Key Management Personnel.

### Pay policy for senior staff

The Board (who are the directors and Trustees of the Trust) determine the pay of senior staff. The Executive Director is charged by the Board with the management of personnel and directing and controlling, running and operating the charity on a day-to-day basis within the framework established by the Strategic Plan and the Articles of the Trust. All Trustees give of their time freely and no Trustee received remuneration in the year. Details of directors' expenses and related party transactions are disclosed in note 10 and 23 to the accounts. The pay of senior staff is reviewed on a timely basis.


### Auditor

In accordance with the company's articles, a resolution proposing that RSM UK Audit LLP 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 Fay

Trustee

Dated: 16 December 2021

# THE CUSTOMS HOUSE TRUST LIMITED

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

### FOR THE YEAR ENDED 31 MARCH 2021

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The trustees, who are also the directors of The Customs House Trust 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 Trust 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 Trust 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 Trust 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 Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CUSTOMS HOUSE TRUST LIMITED**

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### **Opinion on financial statements**

We have audited the financial statements of The Customs House Trust Limited (the 'parent charitable company') and its subsidiaries ('the group') for the year ended 31 March 2021 which comprise the Group Statement of Financial Activities, the Group and Company Balance Sheets, the Group Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs at 31 March 2021 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 and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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 group's or parent charitable company'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.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CUSTOMS HOUSE TRUST LIMITED (CONTINUED)

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

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

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

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

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

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

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

### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities, the trustees' (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees' determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CUSTOMS HOUSE TRUST LIMITED (CONTINUED)

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### **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.

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the group and parent charitable company operates in and how the group and parent charitable company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011, the parent charitable company's governing document and tax legislation. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting correspondence with tax authorities and evaluating advice received from external advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to food safety and health and safety. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations and inspected correspondence with regulatory authorities.

The group audit engagement team identified the risk of management override of controls and income recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates and reviewing income transactions around the year end to consider if it is recorded in the correct period.

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

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CUSTOMS HOUSE TRUST LIMITED (CONTINUED)

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### Use of our report

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

*Lucy Robson*

Lucy Robson (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
1 St. James' Gate  
Newcastle upon Tyne  
United Kingdom, NE1 4AD  
.....

# THE CUSTOMS HOUSE TRUST LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
<b><u>Income and endowments from:</u></b>					
Donations and legacies	3	914,760	164,400	1,079,160	393,286
Charitable activities	4	108,108	20,769	128,877	1,735,262
Other trading activities	5	41,773	-	41,773	660,739
Coronavirus job retention scheme		271,100	-	271,100	-
<b>Total income</b>		<b>1,335,741</b>	<b>185,169</b>	<b>1,520,910</b>	<b>2,789,287</b>
<b><u>Expenditure on:</u></b>					
Raising funds	6	166,549	-	166,549	532,954
Charitable activities	7	841,965	33,177	875,142	2,335,072
<b>Total resources expended</b>		<b>1,008,514</b>	<b>33,177</b>	<b>1,041,691</b>	<b>2,868,026</b>
<b>Net income/(expenditure) for the year/ Net movement in funds</b>		<b>327,227</b>	<b>151,992</b>	<b>479,219</b>	<b>(78,739)</b>
Total funds brought forward		57,411	161,581	218,992	297,731
<b>Total funds carried forward</b>		<b>384,638</b>	<b>313,573</b>	<b>698,211</b>	<b>218,992</b>

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

All income and expenditure derive from continuing activities.

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

**THE CUSTOMS HOUSE TRUST LIMITED**

Charity Registration No. 1032846

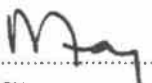
**CONSOLIDATED BALANCE SHEET**

Company Registration No. 02848282

**AS AT 31 MARCH 2021**

	Notes	2021		2020	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	11		306,725		348,628
<b>Current assets</b>					
Stocks	13	3,765		7,519	
Debtors	14	164,043		149,147	
Cash at bank and in hand		596,348		116,330	
		<u>764,156</u>		<u>272,996</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(371,646)</u>		<u>(401,258)</u>	
Net current assets/(liabilities)			392,510		(128,262)
<b>Total assets less current liabilities</b>			699,235		220,366
<b>Provisions for liabilities</b>	17		<u>(1,024)</u>		<u>(1,374)</u>
<b>Net assets</b>			<u>698,211</u>		<u>218,992</u>
<b>Income funds</b>					
Restricted funds	18		313,573		161,581
<u>Unrestricted funds</u>					
Designated funds		130,000		-	
General unrestricted funds		<u>254,638</u>		<u>57,411</u>	
			<u>384,638</u>		<u>57,411</u>
			<u>698,211</u>		<u>218,992</u>

The financial statements were approved by the Trustees on 16 December 2021

  
 M Fay  
 Trustee

Charity Registration No. 1032846

**THE CUSTOMS HOUSE TRUST LIMITED**

Company Registration No. 02848282

**COMPANY BALANCE SHEET****AS AT 31 MARCH 2021**

	Notes	2021		2020	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	11		300,362		338,940
Investments	12		100		100
			<u>300,462</u>		<u>339,040</u>
<b>Current assets</b>					
Debtors	14	234,743		192,673	
Cash at bank and in hand		521,641		76,161	
		<u>756,384</u>		<u>268,834</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(360,329)</u>		<u>(387,659)</u>	
Net current assets/(liabilities)			396,055		(118,825)
<b>Total assets less current liabilities</b>			696,517		220,215
<b>Provisions for liabilities</b>			-		-
<b>Net assets</b>			<u>696,517</u>		<u>220,215</u>
<b>Income funds</b>					
Restricted funds	18		313,573		161,581
<u>Unrestricted funds</u>					
Designated funds		130,000		-	
General unrestricted funds		252,944		29,312	
		<u>382,944</u>		<u>58,634</u>	
			<u>696,517</u>		<u>220,215</u>

As permitted by Section 408 of the Companies Act 2006, the statement of financial activities of the parent company is not presented as part of these accounts. The parent company's total income resources for the financial year amounted to £1,472,827 (2020: £2,335,203) and the net movement in funds for the financial year amounted to a deficit of £476,302 (2020: £49,417).

The financial statements were approved by the Trustees on 16 December 2021

  
 M Fay  
 Trustee

# THE CUSTOMS HOUSE TRUST LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

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	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	20		480,018		(146,930)
<b>Investing activities</b>					
Purchase of tangible fixed assets		-		(73,484)	
<b>Net cash used in investing activities</b>			-		(73,484)
<b>Net cash used in financing activities</b>			-		-
<b>Net increase/(decrease) in cash and cash equivalents</b>			480,018		(220,414)
Cash and cash equivalents at beginning of year			116,330		336,744
<b>Cash and cash equivalents at end of year</b>			596,348		116,330

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# THE CUSTOMS HOUSE TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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### 1 Accounting policies

#### Charity information

The Customs House Trust Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is The Customs House, Mill Dam, South Shields, Tyne and Wear, NE33 1ES.

The charity's principal activities are disclosed in the Trustees' Report.

#### Accounting convention

The financial statements have been prepared in accordance with the Trust's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2019). The Trust is a Public Benefit Entity as defined by FRS 102.

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

This is the first period in which the company has applied the Triennial Review amendments to FRS 102. There have been no changes to accounting policy in the current or prior year as a result of this.

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the charity and its wholly owned subsidiary, The Customs House Green Room Limited, on a line by line basis.

#### Going concern

FRS 102 requires that, if appropriate, the charity's financial statements are prepared on the going concern basis, which means that the organisation is able to operate for the foreseeable future on the basis of known and projected resources. Free reserves have increased as at 31 March 2021 due to Covid related support and reduced costs. Budgets and cash flow forecasts have been prepared to March 2023 based on prudent assumptions which show the group will have sufficient funds and cash to continue to operate for the next 12 months. On this basis, the trustees believe that the charity is well placed to manage its risks successfully and thus have adopted the going concern basis of accounting.

#### Charitable funds

Restricted funds are to be used for specified purposes as laid down by the donor. Expenditure which meets these criteria is identified to the fund, together with a fair allocation of overheads and support costs.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

#### Incoming resources

Incoming resources are recognised in the Statement of Financial Activities when the charity has entitlement to the funds; any conditions attached to the income have been met; it is probable that the income will be received and the amount can be measured reliably.

Income from donations and legacies includes sponsorship, donations and grants that provide core funding or are of a general nature.

Income from trading activities is recognised as earned as the related goods and services are provided.

Investment income is recognised on a receivable basis.

# THE CUSTOMS HOUSE TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

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#### 1 Accounting policies (Continued)

Income for charitable activities relating to events is recognised on delivery of the performance. Income is deferred when theatre or cinema sales are received or invoiced in advance of the performances or event to which they relate. Grant income included in this category provides funding to support performance activities as is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Other income from charitable activities is recognised as earned, as the related services are provided. Grant income included in this category provides funding to support education activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

#### Resources expended

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party; it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Resources expended are included in the Statement of Financial Activities on an accruals basis, inclusive of irrecoverable VAT. They include:

Charitable activities include all costs relating to activities where the primary aim is part of the objects of the charity along with the indirect costs. All of the direct costs have been included within this cost heading and the comparatives have been restated to this effect. The indirect costs have been apportioned on a reasonable basis.

Cost of raising funds comprises the costs associated with the conferences, friends and rents receivable.

Governance costs include audit and accountancy fees, along with professional indemnity insurance.

#### Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. All items of £100 and over are capitalised.

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

Leasehold improvements	50 years' straight line
Fixtures and fittings	3 or 10 years' straight line

Depreciation is not charged on artwork as under normal circumstances the residual values are considered to be greater than cost. However, the carrying values of artwork are viewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

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 net income/(expenditure) for the year.

Subsequent costs, including replacement parts, are capitalised only when it is probable that such costs will generate future economic benefits. Any replaced parts or remaining carrying amounts are then derecognised. All other costs of repairs and maintenance are charged to the Statement of Financial Activities.

# THE CUSTOMS HOUSE TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

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#### 1 Accounting policies (Continued)

##### **Impairment of fixed assets**

At each reporting end date, the Trust 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).

##### **Donated goods and services**

The charity leases the premises from which it operates from South Tyneside Council at a peppercorn rent. It is not considered possible to determine the market value of the donated facility and therefore neither income nor corresponding rental charge have been recognised in the Statement of Financial Activities.

##### **Stocks**

Stocks are valued on a first in first out basis and stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stock to its present location and condition.

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

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

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairment losses are recognised immediately in expenditure.

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

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

##### **Financial instruments**

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

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

##### **Debtors**

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid.

##### **Creditors and provisions**

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

# THE CUSTOMS HOUSE TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

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#### 1 Accounting policies (Continued)

##### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless these costs are required to be capitalised as an intangible or tangible fixed asset.

Employees are only entitled to carry forward unused holiday entitlement in exceptional circumstances, and only by agreement with management. The cost of any unused entitlement is recognised in the period in which the employee's services are required.

##### **Termination benefits**

Termination benefits are accounted for when the group terminates employment. Amounts are recognised when the group has communicated its plan of termination to the affected employees.

##### **Retirement benefits**

The charity operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the charitable company. The amount charged to the Statement of Financial Activities is the contributions payable in the year. Differences between contributions payable in the year and actually paid are shown as either prepayments or accruals.

##### **Leases**

An asset and corresponding liability are recognised for leasing agreements that transfer to the charity substantially all of the risks and rewards incidental to ownership ('finance leases'). All other leases are operating leases.

##### *Operating leases - the group as a lessee*

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

Rent free periods or other incentives received for entering into an operating lease are accounted for as a reduction to the expense and are recognised, on a straight line basis over the lease term.

##### **Reduced disclosures**

In accordance with FRS 102, the charity has taken advantage of the exemptions from the following disclosure requirements, in relation to the charity's own accounts. Disclosure is still presented on a consolidated basis.

- Section 7 'Statement of Cash Flows' - Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 'Basis Financial Instruments' - Interest income/expense and net gains/losses for each category of financial instrument
- Section 33 'Related Party Disclosures' - Compensation for key management personnel

# THE CUSTOMS HOUSE TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

#### 2 Critical accounting estimates and judgements

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

##### *Critical accounting estimates and assumptions*

The charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

##### *Critical areas of judgement*

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

In recognising revenue from performance related grants, the trustees make judgements about the entitlement to the income, based upon level of projected completion.

#### 3 Donations and legacies

	Unrestricted funds	Restricted funds	Total 2021	Total 2020
	£	£	£	£
South Tyneside Council	280,086	-	280,086	157,400
Arts Council England (North East)	121,620	-	121,620	100,678
Arts Council Cultural Recovery Fund	255,000	-	255,000	-
Sponsorship	-	-	-	5,000
Covid related	54,022	-	54,022	-
Other donations	204,032	164,400	368,432	112,424
Ticketing levy	-	-	-	12,780
Other grants	-	-	-	5,004
	<u>914,760</u>	<u>164,400</u>	<u>1,079,160</u>	<u>393,286</u>
<b>For the year ended 31 March 2020</b>	<u>393,286</u>	<u>-</u>		<u>393,286</u>

# THE CUSTOMS HOUSE TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

#### 4 Charitable activities

	Theatre £	Cinema £	Learning and participation £	Gallery activity £	Total 2021 £	Total 2020 £
Sales within charitable activities	108,108	1,961	18,808	-	128,877	1,735,262
Analysis by fund						
Unrestricted funds	108,108	-	-	-	108,108	
Restricted funds	-	1,961	18,808	-	20,769	
	108,108	1,961	18,808	-	128,877	
<b>For the year ended 31 March 2020</b>						
Unrestricted funds	1,288,966	123,341	-	1,142		1,413,449
Restricted funds	-	-	321,813	-		321,813
	1,288,966	123,341	321,813	1,142		1,735,262

#### 5 Other trading activities

	2021 Unrestricted £	2020 Unrestricted £
Other sales	7,500	40,475
Friends membership	2,145	3,590
Screen advertising	-	8,837
CustomSpace	-	62,051
Facilitation fee	8,403	10,400
Conference hire	-	13,911
Food and drink	23,725	520,010
Shows / entertainment	-	1,465
Other trading activities	41,773	660,739

# THE CUSTOMS HOUSE TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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### 6 Raising funds

	2021	2020
	Unrestricted	Unrestricted
	£	£
<u>Raising funds</u>		
Other fundraising costs	14,583	232,249
Staff costs	129,735	258,653
Depreciation and impairment	-	5,768
Support costs	22,231	36,284
Total	<u>166,549</u>	<u>532,954</u>

# THE CUSTOMS HOUSE TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

#### 7 Charitable activities

	Theatre £	Cinema £	Learning & participation £	Gallery activity £	Governance costs £	Total 2021 £	Total 2020 £
Staff costs	393,191	-	49,835	11,065	-	454,091	702,390
Depreciation and impairment	41,903	-	-	-	-	41,903	35,502
Direct costs	93,513	2,663	14,140	-	-	110,316	1,273,568
	<u>528,607</u>	<u>2,663</u>	<u>63,975</u>	<u>11,065</u>	<u>-</u>	<u>606,310</u>	<u>2,011,460</u>
Share of support costs (see note 8)	216,014	-	12,783	3,954	-	232,751	303,188
Share of governance costs (see note 8)	-	-	-	-	36,081	36,081	20,424
	<u>744,621</u>	<u>2,663</u>	<u>76,758</u>	<u>15,019</u>	<u>36,081</u>	<u>875,142</u>	<u>2,335,072</u>
<b>Analysis by fund</b>							
Unrestricted funds	725,584	2,663	62,618	15,019	36,081	841,965	
Restricted funds	19,037	-	14,140	-	-	33,177	
	<u>744,621</u>	<u>2,663</u>	<u>76,758</u>	<u>15,019</u>	<u>36,081</u>	<u>875,142</u>	
<b>For the year ended 31 March 2020</b>							
Unrestricted funds	1,724,798	144,305	127,509	30,153	20,424		2,047,189
Restricted funds	-	-	287,883	-	-		287,883
	<u>1,724,798</u>	<u>144,305</u>	<u>415,392</u>	<u>30,153</u>	<u>20,424</u>		<u>2,335,072</u>

# THE CUSTOMS HOUSE TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

8 Support costs	Support costs	Governance costs	2021	2020	Basis of allocation
	£	£	£	£	
Legal and professional	1,539	-	1,539	6,375	*
Cleaning & refuse	-	-	-	13,240	*
Postage, stationery & printing	8,113	-	8,113	15,846	*
Computer costs	54,848	-	54,848	39,817	
Utilities	59,767	-	59,767	89,122	*
Vehicle costs	161	-	161	1,836	*
Travel & entertainment	-	-	-	4,810	*
Insurance	20,445	-	20,445	21,365	*
Repairs and maintenance	39,623	-	39,623	70,531	*
Sundries	(1,264)	-	(1,264)	3,939	*
Subscriptions	1,117	-	1,117	38	*
Disallowable VAT	23,982	-	23,982	45,000	*
Telephones	-	-	-	4,354	*
Training	6,166	-	6,166	4,819	*
Consultants	19,875	-	19,875	275	*
Finance charges	17,909	-	17,909	18,105	*
Professional indemnity insurance	-	581	581	699	Governance
Audit and accountancy fees	-	35,500	35,500	19,725	Governance
	<u>252,281</u>	<u>36,081</u>	<u>288,362</u>	<u>359,896</u>	
Analysed between					
Fundraising	22,231	-	22,231	36,284	
Charitable activities	230,050	36,081	268,832	323,612	
	<u>252,281</u>	<u>36,081</u>	<u>288,362</u>	<u>359,896</u>	

\* The support costs have been split as follows:

- Marketing and operations costs are included within the various benefitting activities on an estimated basis.
- Bar and conference consists of Green Room expenditure which is based on actual expenditure incurred.
- The remaining expenditure is split according to income proportion, i.e. Theatre, Cinema, Gallery and Learning and Participation.

Governance costs includes payments to the auditors of £13,000 (2020: £16,200) for audit fees.

# THE CUSTOMS HOUSE TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

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<b>9 Net movement in funds</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Net movement in funds is stated after charging/(crediting)		
Fees payable to the company's auditor for the audit of the company's financial statements	13,000	16,200
Depreciation of owned tangible fixed assets	41,903	41,270
Operating lease charges	4,066	4,066
	<u>          </u>	<u>          </u>

# THE CUSTOMS HOUSE TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 10 Employees

#### Number of employees

The average monthly number of employees during the year was:

	2021 Number	2020 Number
Total	46	67

#### Employment costs

	2021 £	2020 £
Wages and salaries	540,578	879,987
Social security costs	30,546	59,322
Other pension costs	12,702	21,734
	<u>583,826</u>	<u>961,043</u>

Included within the above employment costs is redundancy payments of £23,508 (2020: £8,715).

No employees earned between £60,001 and £70,000 during the year (2020: 1)

Total pension contributions paid on behalf of the above employee are £nil (2020: £2,680).

#### Trustee remuneration

No trustee received remuneration during the year (2020: £nil) and one trustee received payment for professional or other services supplied to the charity to the value of £200 (2020: £3,926)

The aggregate amount of travelling and subsistence expenses reimbursed to the trustees during the year was £nil (2020: £nil).

The charitable company has paid for professional indemnity policy to protect it from loss arising from the neglect or defaults of its employees at a cost of £669 (2020: £669).

#### Key management personnel

The key personnel of the charity comprise the Executive Director. Total employee benefits of the key management personnel were:

	2021 £	2020 £
Gross pay	54,606	61,285
Employers national insurance	6,324	7,266
Pension costs	2,680	2,680
	<u>63,610</u>	<u>71,231</u>

# THE CUSTOMS HOUSE TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

#### 11 Tangible fixed assets

Group	Leasehold improvements £	Fixtures and fittings £	Total £
<b>Cost</b>			
At 1 April 2020	227,016	532,358	759,374
At 31 March 2021	227,016	532,358	759,374
<b>Depreciation and impairment</b>			
At 1 April 2020	54,549	356,197	410,746
Depreciation charged in the year	4,540	37,363	41,903
At 31 March 2021	59,089	393,560	452,649
<b>Carrying amount</b>			
At 31 March 2021	167,927	138,798	306,725
At 31 March 2020	172,467	176,161	348,628

# THE CUSTOMS HOUSE TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

#### 11 Tangible fixed assets (Continued)

Charity	Leasehold improvements £	Fixtures and fittings £	Total £
<b>Cost</b>			
At 1 April 2020	227,016	485,109	712,125
Additions	-	-	-
At 31 March 2021	<u>227,016</u>	<u>485,109</u>	<u>712,125</u>
<b>Depreciation and impairment</b>			
At 1 April 2020	54,549	318,636	373,185
Depreciation charged in the year	4,540	34,038	38,578
At 31 March 2021	<u>59,089</u>	<u>352,674</u>	<u>411,763</u>
<b>Carrying amount</b>			
At 31 March 2021	<u>167,927</u>	<u>132,435</u>	<u>300,362</u>
At 31 March 2020	<u>172,467</u>	<u>166,473</u>	<u>338,940</u>

#### 12 Fixed asset investments

	Other investments £
<b>Cost</b>	
At 1 April 2020 & 31 March 2021	100
<b>Carrying amount</b>	
At 31 March 2021	<u>100</u>
At 31 March 2020	<u>100</u>

Summary Statement of Comprehensive Income	2021 £	2020 £
Turnover	26,372	535,051
Expenses	(48,096)	(540,527)
	<u>(21,724)</u>	<u>(5,476)</u>
Taxation	350	-
Other income	22,686	-
	<u>1,312</u>	<u>(5,476)</u>

# THE CUSTOMS HOUSE TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 12 Fixed asset investments (Continued)

	2021 £	2020 £
<b>The assets and liabilities of the subsidiary were:</b>		
Fixed assets	6,363	9,688
Current assets	80,915	49,941
Creditors: amounts falling due within one year	(84,463)	(57,776)
Deferred tax	(1,024)	(1,374)
Total net assets	<u>1,791</u>	<u>479</u>
Aggregated share capital and reserves	<u>1,791</u>	<u>479</u>

13 Stocks	Group 2021 £	2020 £	Charity 2021 £	2020 £
	Finished goods and goods for resale	3,765	7,519	-
	<u>3,765</u>	<u>7,519</u>	<u>-</u>	<u>-</u>
14 Debtors	Group 2021 £	2020 £	Charity 2021 £	2020 £
	<b>Amounts falling due within one year:</b>			
Trade debtors	43,490	43,763	41,047	41,510
Amounts due from group undertakings	-	-	73,143	45,779
Other debtors	76,436	89,101	76,436	89,101
Prepayments and accrued income	44,117	16,283	44,117	16,283
	<u>164,043</u>	<u>149,147</u>	<u>234,743</u>	<u>192,673</u>

# THE CUSTOMS HOUSE TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

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

	Notes	Group 2021 £	2020 £	Charity 2021 £	2020 £
Trade creditors		32,123	49,402	30,876	43,408
Other taxation and social security		7,797	63,444	7,797	60,869
Other creditors		127,387	227,114	124,825	227,114
Accruals		43,578	32,221	36,070	27,191
Deferred income	16	160,761	29,077	160,761	29,077
		<u>371,646</u>	<u>401,258</u>	<u>360,329</u>	<u>387,659</u>

Other creditors include £100,077 (2020: £157,284) of monies received in advance for box office bookings.

### 16 Deferred income

	2021 £	2020 £
<b>Group</b>		
Balance as at 1 April 2020	29,077	126,589
Released from previous years	(13,476)	(126,589)
Resources deferred in the year	145,160	29,077
	<u>160,761</u>	<u>29,077</u>
	<u>160,761</u>	<u>29,077</u>
<b>Charity</b>		
Balance as at 1 April 2020	29,077	126,589
Released from previous years	(13,476)	(126,589)
Resources deferred in the year	145,160	29,077
	<u>160,761</u>	<u>29,077</u>
	<u>160,761</u>	<u>29,077</u>

Deferred income comprises grant income and other funding relating to future accounting periods. It is anticipated the majority of income deferred will be realised within 12 months.

### 17 Provisions for liabilities

	2021 £	2020 £
Deferred tax liabilities	1,024	1,374
	<u>1,024</u>	<u>1,374</u>
	<u>1,024</u>	<u>1,374</u>

# THE CUSTOMS HOUSE TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

#### 18 Restricted funds

For the year ended 31 March 2021:

Group	Balance at 1 April 2020	Movement in funds			Balance at 31 March 2021
		Incoming resources	Resources expended	Transfers	
	£	£	£	£	£
<b>Unrestricted funds</b>					
General funds	57,411	1,335,741	(1,008,514)	(130,000)	254,638
Designated funds	-	-	-	130,000	130,000
	57,411	1,335,741	(1,008,514)	-	384,638
Leasehold improvements	120,606	-	(3,325)	-	117,281
Other activities	88	-	-	-	88
Gallery and gallery outreach	6,166	1,961	-	-	8,127
Garfield Weston	-	164,400	(15,712)	-	148,688
Learning and Participation	34,721	18,808	(14,140)	-	39,389
	161,581	185,169	(33,177)	-	313,573
<b>Total funds</b>	218,992	1,520,910	(1,041,691)	-	698,211

Charity	Balance at 1 April 2020	Movement in funds			Balance at 31 March 2021
		Incoming resources	Resources expended	Transfers	
	£	£	£	£	£
<b>Unrestricted funds</b>					
General funds	58,634	1,287,658	(963,348)	(130,000)	252,944
Designated funds	-	-	-	130,000	130,000
	58,634	1,287,658	(963,348)	-	382,944
<b>Restricted funds</b>					
Leasehold improvements	120,606	-	(3,325)	-	117,281
Other activities	88	-	-	-	88
Gallery and gallery outreach	6,166	1,961	-	-	8,127
Garfield Weston	-	164,400	(15,712)	-	148,688
Learning and Participation	34,721	18,808	(14,140)	-	39,389
	161,581	185,169	(33,177)	-	313,573
<b>Total funds</b>	220,215	1,472,827	(996,525)	-	696,517

# THE CUSTOMS HOUSE TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

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#### 18 Restricted funds (Continued)

**Leasehold improvements** - funding from South Tyneside Council and Northern Rock Foundation towards the capital redevelopment. Costs incurred were capitalised and depreciation is charged annually to the fund.

**Other activities** - monies received for ticket income and spent on the cost of various projects such as UKES.

**Gallery and gallery outreach** - funding received from various sources for outreach classes.

**Cultural Spring** - funding received for Cultural Spring project. The project ended in the prior year.

**Learning and participation** - grants and invoice income from various grant funding sources which include The Arts Council plus earned income from the Community and Education Programmes.

**Unrestricted funds** - free reserves after allowing for restricted funds.

**Transfer between funds** - funds are transferred when expenditure incurred is capitalised within general funds, or when a top up/refund is required from/to unrestricted funds.

**Designated funds** - funds have been designated in the year totalling £130k which consists of £110k for building improvement works and £20k for planned drama development work.

# THE CUSTOMS HOUSE TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

#### 18 Restricted funds (Continued)

For the year ended 31 March 2020:

Group	Balance at 1 April 2019 £	Movement in funds			Balance at 31 March 2020 £
		Incoming resources £	Resources expended £	Transfers £	
<b>Unrestricted funds</b>					
General funds	152,408	2,467,474	(2,580,143)	17,672	57,411
	<u>152,408</u>	<u>2,467,474</u>	<u>(2,580,143)</u>	<u>17,672</u>	<u>57,411</u>
<b>Restricted funds</b>					
Leasehold improvements	123,841	-	(3,235)	-	120,606
Other activities	(160)	373	(125)	-	88
Gallery and gallery outreach	7,311	-	(1,145)	-	6,166
Cultural Spring	11,221	202,053	(195,602)	(17,672)	-
Learning and Participation	3,110	119,387	(87,776)	-	34,721
	<u>145,323</u>	<u>321,813</u>	<u>(287,883)</u>	<u>(17,672)</u>	<u>161,581</u>
<b>Total funds</b>	<u>297,731</u>	<u>2,789,287</u>	<u>(2,868,026)</u>	<u>-</u>	<u>218,992</u>

Charity	Balance at 1 April 2019 £	Movement in funds			Balance at 31 March 2020 £
		Incoming resources £	Resources expended £	Transfers £	
<b>Unrestricted funds</b>					
General funds	124,309	2,013,390	(2,096,737)	17,672	58,634
	<u>124,309</u>	<u>2,013,390</u>	<u>(2,096,737)</u>	<u>17,672</u>	<u>58,634</u>
<b>Restricted funds</b>					
Leasehold improvements	123,841	-	(3,235)	-	120,606
Other activities	(160)	373	(125)	-	88
Gallery and gallery outreach	7,311	-	(1,145)	-	6,166
Cultural Spring	11,221	202,053	(195,602)	(17,672)	-
Learning and Participation	3,110	119,387	(87,776)	-	34,721
	<u>145,323</u>	<u>321,813</u>	<u>(287,883)</u>	<u>(17,672)</u>	<u>161,581</u>
<b>Total funds</b>	<u>269,632</u>	<u>2,335,203</u>	<u>(2,384,620)</u>	<u>-</u>	<u>220,215</u>

# THE CUSTOMS HOUSE TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

#### 19 Analysis of net assets between funds

<b>Group</b>	<b>Unrestricted £</b>	<b>Restricted £</b>	<b>Total £</b>
Fund balances at 31 March 2021 are represented by:			
Tangible assets	189,444	117,281	306,725
Current assets/(liabilities)	196,218	196,292	392,510
Provisions	(1,024)	-	(1,024)
	<u>384,638</u>	<u>313,573</u>	<u>698,211</u>
	<u><u>384,638</u></u>	<u><u>313,573</u></u>	<u><u>698,211</u></u>
	<b>Unrestricted £</b>	<b>Restricted £</b>	<b>Total £</b>
Fund balances at 31 March 2020 are represented by:			
Tangible assets	228,022	120,606	348,628
Current assets/(liabilities)	(169,237)	40,975	(128,262)
Provisions	(1,374)	-	(1,374)
	<u>57,411</u>	<u>161,581</u>	<u>218,992</u>
	<u><u>57,411</u></u>	<u><u>161,581</u></u>	<u><u>218,992</u></u>
	<b>Unrestricted £</b>	<b>Restricted £</b>	<b>Total £</b>
<b>Charity</b>			
Fund balances at 31 March 2021 are represented by:			
Tangible assets	183,181	117,281	300,462
Current assets/(liabilities)	199,763	196,292	396,055
	<u>382,944</u>	<u>313,573</u>	<u>696,517</u>
	<u><u>382,944</u></u>	<u><u>313,573</u></u>	<u><u>696,517</u></u>
	<b>Unrestricted £</b>	<b>Restricted £</b>	<b>Total £</b>
Fund balances at 31 March 2020 are represented by:			
Tangible assets	218,434	120,606	339,040
Current assets/(liabilities)	(159,800)	40,975	(118,825)
	<u>58,634</u>	<u>161,581</u>	<u>220,215</u>
	<u><u>58,634</u></u>	<u><u>161,581</u></u>	<u><u>220,215</u></u>

# THE CUSTOMS HOUSE TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

20 Cash generated from operations	2021 £	2020 £
Surplus/(deficit) for the year	479,219	(78,739)
Adjustments for:		
Taxation	(350)	-
Depreciation and impairment of tangible fixed assets	41,903	41,270
Movements in working capital:		
Decrease in stocks	3,754	4,483
(Increase)/decrease in debtors	(14,896)	45,446
(Decrease) in creditors	(161,296)	(61,878)
Increase/(decrease) in deferred income	131,684	(97,512)
<b>Cash generated from/(absorbed by) operations</b>	<u>480,018</u>	<u>(146,930)</u>

### 21 Analysis of changes in net debt

	1 April 2020	Cash flows 31 March 2021	
	£	£	£
Cash at bank and in hand	116,330	480,018	596,348
	<u>116,330</u>	<u>480,018</u>	<u>596,348</u>

# THE CUSTOMS HOUSE TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

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#### 22 Operating lease commitments

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

	2021 £	2020 £
Within one year	7,070	9,765
Between one and five years	2,179	9,040
	<u>9,249</u>	<u>18,805</u>

#### 23 Related party transactions

During the year, Ray Spencer (Executive Director) was paid £1,450 (2020: £12,838) in total for his services (as writer, director and performer) for the pantomime.

There were no amounts outstanding at the year-end in relation to the above related party (2020: £nil).

A Trustee was paid £200 (2020: £3,946) for providing workshop sessions.

A Trustee made a donation of £1,000 in the year (2020: £nil).

#### 24 Retirement benefits

The group operates a defined contribution scheme for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund. The contributions payable by the group charged to income and expenditure amounted to £12,702 (2020: £21,734). Contributions totalling £7,797 (2020: £7,959) were payable to the fund at the year end and are included in creditors.

#### 25 Taxation

The charity is exempt from tax on income and gains falling within Section 505 of the Taxes Act 1988 or Section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the charity.

#### 26 Volunteers

Information relating to volunteers has been included within the Trustees' Report on page 4.