

Commentary on the Model Trustees' Annual Report and Accounts: Arts Theatre Trust

This example is for a company limited by guarantee, operating a theatre with related activities and with one trading subsidiary, reporting for the first time under the Commission's guidance on public benefit. The charity is required to prepare group accounts under the Charities Act 1993 and has to comply with both the Companies Act 1985 (because the financial year began before 6 April 2008 the relevant provisions of the Companies Act 2006 had not yet come into effect), the SORP and new public benefit reporting requirements. The income of the group is £1.6m with total net group assets of £1.6m.

In preparing the accounts the trustees must first determine if group accounts are required by company law and if not, whether group accounts must be prepared under the Charities Act 1993. In this example the group is small for Companies Act purposes but above the £500,000 Charities Act group accounts income threshold. For convenience when preparing group accounts, which would count as 'voluntary group accounts' under company law, it is recommended that the accounts are always prepared as the statutory annual accounts for filing purposes with Companies House. The trustees, in this example, may claim exemption from an audit under subsection (1) of section 249A of the Companies Act 1985 provided the audit exemption statement required by 249B (4) is made on the balance sheet. An audit of the charity's and the group accounts will however still be required under the Charities Act 1993. The trustees, in this example, have therefore chosen not to claim audit exemption under the Companies Act and therefore no audit exemption statement is provided on the balance sheet. The group accounts are therefore audited under both the Companies Act 1985 and the Charities Act 1993. Auditors can find further guidance on the format of charity audit reports on the Auditing Practices Board's website - www.frc.org.uk/apb/publications/pub1891.html

The Trustees' Annual Report

The report departs from the order set out in the SORP (paras 41 to 58) and opens with a Chair's report followed by a summary of the charity's *Objectives and activities* undertaken for the public benefit. The *Achievements and performance* section includes data on performance and the *Financial review* includes an overview of its pricing policy including access for those on low incomes. Note the *Reserves policy* provides an explanation of the target level of reserves, the reserves held, and the charity's plans to restore its reserves (para. 55).

The charity has identified that its financial sustainability is challenged and has outlined the measures it is taking in the section *Plans for future periods*.

The report concludes with the administrative disclosures required, including *Trustee induction and training*. The trustees are mainly appointed by other bodies and these are considered to be related parties. The report includes a *Risk management* statement which identifies the major risks and the action taken to mitigate them. A statement of trustees' responsibilities in relation to the financial statements has been included in accordance with APB Audit Standards, although this statement is not a requirement of the SORP.

The accounts

The Statement of Financial Activities includes the results of the subsidiary consolidated on a line-by-line basis (para. 393), taking advantage of the concession to provide only a consolidated SOFA (para. 397) and so the results of the charity itself are shown in note 3. Although not a requirement of SORP, the charity has chosen to disclose the results of its subsidiary in note 5 to the accounts (para. 21).

The SOFA reports the charitable activities as single line with an expanded analysis in note 10 to the accounts (para. 89) and to illustrate the net funding requirement or contribution made by each activity, the costs and income of each activity have been compared in note 8 (para. 21).

Governance costs are disclosed in note 10 and support costs and their allocation is analysed in notes 8 and 10. The notes to the accounts include an explanation of donated services and facilities (note 4) and deferred income (note 21).



Arts Theatre Trust
(A company limited by guarantee)

Report and Financial Statements

Year ending 31 March 2009

Charity number 1234567

Company number: 8910102



Arts Theatre Trust

Report of the trustees for the year ending 31 March 2009

The trustees are pleased to present their annual report together with the consolidated financial statements of the charity and its subsidiary for the year ending 31 March 2009 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 1993, the Companies Act 1985, the Memorandum and Articles of Association, and the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005).

Chair's report

In taking over as chair this year from Ms Sonia Bloggs, I am very aware of the great strides forward made in the provision for the arts in our area during her three years as chair, the marvellous facilities we have developed and the loyalty of our main sponsors N Arts, B F Borough Council and B Town Council. The completion in 2008 of the major refurbishment programme, co-funded by the charity and N Arts improved our facilities and the first shows and exhibitions were staged this year in this enhanced environment. Good facilities for staging and seeing art is key but above all, arts is about humanity, the expression of the human condition in music, drama, poetry, writing, sculpture, painting and sheer creative endeavour. The arts are about people and creating our personal point of meaning in the greatness of time and space.

This year was a hugely exciting one as we explored, through our art installations, the theme of *man, God, time and meaning* and gave through voice, space and spectacle some dramatic interpretations of these eternal questions. The arts are also about variety, and alongside these deeper questions, the programme included dramatic productions, humour and comedy, passionate romance and political satire. We believe that the breadth and accessibility of our artistic programme will demonstrate without any doubt the public benefit that our work brings to the community.

At a time when the media has been focussed on economic hard times, we have seen the impact on attendances at some of our events. Working with the theatre team here at ATC Park we seek to ensure our programmes remain affordable and attractive. We are also seeking to run the theatre as economically as possible and have introduced water- and light-saving technology which reduces our demand for carbon fuels and so helps, in a modest way, in the struggle against global warming. We are particularly appreciative of increased financial support from N Arts at this challenging time which we believe is a vote of confidence in our future.

In closing, I would like to thank our sponsors, the theatre staff, and you our audience for your support in making our work possible and as you read our report, remember, as we do, that it's all about people: the performer, the artist and their audience. To know more visit our website www.artstheatreltd@all.com or telephone our booking office on 0011-987654.

Gerry R Gatsby
Chair



Our purposes and activities

The purposes of the charity are:

- to advance the education of the public in all aspects of dramatic art including the arts of drama, mime, opera, ballet, music, singing, dance and painting;
- the development of public appreciation of art by the provision of a theatre and the presentation of public performances; and
- to further the social and cultural welfare of the community of BF Borough.

The vision that shapes our annual activities remains the promotion and fostering of knowledge and the appreciation of the arts by the provision of facilities for the education and recreation of the public in the fields of art, music and drama. The charity also has the general aim of contributing to the quality of life of the people of BF Borough by expanding their horizons through the provision of exciting, challenging and accessible professional and community drama and arts events.

In shaping our objectives for the year and planning our activities, the trustees have considered the Charity Commission's guidance on public benefit, including the guidance on public benefit and fee charging. The theatre relies on grants and the income from fees and charges to cover its operating costs. In setting the level of fees, charges and concessions, the trustees give careful consideration to the accessibility of the theatre for those on low incomes.

The strategies employed to achieve the charity's aims and objectives are to:

- present a broad range of theatre productions and art exhibitions for the enjoyment and education of our local community;
- offer opportunities for a broad range of people to get involved in arts activity exploring their own creative powers;
- provide facilities for amateur and professional artists to develop. Groups in the borough are given discounted rates for hire of space and access to professional advice;
- concentrate on involving young people in the arts to help encourage a culture in which different age ranges play a complementary part;
- celebrate the diversity of cultures in our society by programming presentations by, and with, artists of different cultural backgrounds.

Putting these strategies into action we have three major areas of activity which are: concerts and stage performances; educational programmes, including residences; and art exhibitions, including installations. Our programme of activities described below focus very much on bringing the arts to the community of our Borough. As our strategy makes clear we endeavour to encourage all within our community to take part in our activities and to attendance our theatre and to view our exhibitions. The drama and art we provide is to be enjoyed by all from those attending local schools or the higher education colleges through to our programmes with particular appeal to our older residents. Affordability and access to our programme is important to us and is reflected in our pricing policy set out in detail later in this report.

The concerts and stage performances

We seek to combine amateur community events, including our annual event *BF Borough Scouts and Guides Christmas Concert* and the *BF Borough Amateur Dramatics Society Comedy Summer Season* alongside professional events including classic plays such as *Twelfth Night* and dramatic modern performances such as *My Lenin – a daughter's story* by Rubin Gossham. The programme achieves a mix of the arts to suit a range of public tastes with an emphasis on maintaining a popular programme which underpins the viability of the theatre combined with an exploratory and innovatory programme which reaches out to the community. Similarly the musical concerts have ranged from B Town's very own *Evening Players* to professional jazz, classical, rock and garage music with a repertoire that has reached out to a new generation of potential visitors to the theatre and the arts. We have also introduced Saturday matinees for children with our first staging for the Christmas Season of *White Christmas* and Tuesday and Thursday old folk afternoons with performances of *Inspector Hound*, *An Inspector Calls*, and *Tea with Fred and Ginger*.



The educational programmes

We involve local schools and the local higher education college in a range of expressive arts with professionals in residence. Our residences aim to develop students' confidence and expression across the range of arts from dance, drama, music, art with paints, textiles and objects, sculpture and creative writing. Where possible the programme is linked to the educational syllabus and special events are also provided for children with learning difficulties to encourage their freedom of expression and to enhance their communication skills through the creative arts.

Visiting exhibitions and artistic installations

The activity that produces least income but is of equal importance in the life of the Trust is the visiting exhibitions and artistic installations. This year's theme was *Man, God, time and meaning* with four separate 'seasonal' installations dealing with *Birth and new life*, *Coming of age*, *Reflections on a life lived* and closing at Christmas with *Visions of God, man and creation*. In addition to the visiting exhibitions and artistic installations, a free viewing gallery features periodic displays of work by local artists including photography, painting and sculpture. Overall these exhibitions enable the people and visitors to BF Borough to see major works and gain an insight into the creative history of the arts and to be aware of other major museums and galleries which they may wish to visit.

Our volunteers

The Trust is very involved in the community and relies on voluntary help. Besides those amateur performers and artists who display their talents at the Centre, over 40 volunteers assist with stewarding events and performances, enabling longer opening and lower staff costs than would otherwise be the case. Most volunteers are members of the company and it is at their suggestion that the 'Friends of the ATC Theatre' was formed in 2006 and we wish to thank our friends for their loyal support and service.

Our artistic values

We are aware that artistic tastes are not the same for everyone and that when addressing some of the more challenging themes the productions might give rise to offence. We take the views of our audiences very seriously and without compromising the integrity of the programme we seek to respect the diverse ethnic, faith, sexual orientation, and lifestyles of our community and audience. We therefore have a formal complaints policy with every complaint about the programme's content reviewed by the Chief Executive and a trustee and we have monthly 'How did we do?' workshops on the first Saturday afternoon in the month where the responsible creative director, the Chief Executive and our Chair meet with the audience, share our artistic values, hear their views and answer or address those views. We may not always agree but we do give complaints the dignity of a hearing and response.

Achievements and performance

Attendances at the theatre fell marginally from 42,000 in the year ending 31 March 2008 to just over 40,000 in the current year. This was a major achievement given the economic backdrop and is a tribute to the quality of the artistic programme and the place the theatre has in the community and underpinned a challenging financial and creative year. Our staff deserve credit and praise for their skilful and enthusiastic efforts to provide a successful service to our customers.

The new Saturday matinees and weekday older people's programme proved very popular with average houses of 70% full. Our revised concession arrangements for people on low incomes meant that the level of income per attendance has been reduced but overall this has offset the trend of declining audience seen by other theatres nationally. Maintaining a balance between patrons paying full price, accessibility for those of modest means, the encouraging of new young audiences, and maintaining a financial balance is an ongoing challenge. Our key financial aim remains a financially sustainable theatre and we remain very grateful to our sponsors for their support, without which the theatre would close

Eighteen concerts and stage performances were held, including a very successful run of *Twelfth Night*. We maintained the mix established in 2006 of shows, plays, performances and concerts. *The Bristol Jazz Greats* were a sell-out and the highlight of the year was a return on his farewell tour of the famous Welsh tenor *Sir Roy Homes* whose *A Night for a Tender Heart* was a great Valentine's Night success. The repertoire combined a mixture of classical, jazz and popular rock and garage music with a combination of modern shows and a Shakespearian classic. Although ticket sales were below target for our contemporary play *Stuff Happens in LA* by David Hare, the performance was critically acclaimed following its opening in the West End of London.

The N Arts Trust sponsored residences programme included a residency for the famous artist Mr Keane Eye and our traditional residences from the *Shakespeare Travelling Company* and the *Roysdon Artists and Puppeteers* were all well received and financially successful. The number of schoolchildren and college students attending was 750 against a plan of 650 and the Christmas installation *Visions of God, man and creation* included a number of sculptures, textile art and audio exhibits especially designed programme for children and adults with learning difficulties which were very well received.

Volunteers from the *Friends* assist us in gaining the opinions of our patrons and customers through pre- and post-performance customer questionnaires and to identify the difference our events make to an individual's perception, enjoyment and involvement in the arts. Six surveys were carried out in 2009 and the overall result was an audience satisfaction rating with the performance of 85% compared to 75% in 2008.. In summary, as the Table below shows, the audience reaction has generally been very positive and has returned to pre-refurbishment levels. The results for 2008 were affected by the refurbishment programme.

Audience experience:	2009	2008
Value for money	85%	65%
Booking process	65%	65%
Exceeded my pre-performance expectations	10%	-
Met my pre-performance expectations	85%	88%
Seats and auditorium comfortable	85%	65%
Sound satisfactory	80%	80%
Clear sight of the stage	99%	75%
Overall satisfaction	85%	75%

The *Friends* also publicise our programme via displays in shopping centre surveys and through other initiatives to expand general awareness of the arts and our programmes.

Financial review and pricing policy

The completion of the building adaptations and staging alterations in 2008 with the assistance of N Arts enabled the Trust to provide the staging and auditorium facilities required by modern productions but did not add to our capacity for stage productions. Following the decision of BF Borough Council to withdraw its pledge of matched funding at a late stage, the Trust had to provide the matched funding and did so by taking out a bank loan and the repayments of the bank loan with interest fell due in 2009. Unfortunately this increased financial pressure coincided with an economic downturn and the continued freezing of our grant support in cash terms.

The Trust moved from a break-even position in 2008 to posting its first shortfall for six years of £161,000. The principal funding sources, aside from profits from HTC Ltd of £158,000, were admission fees and ticket sales of £392,000, public authority service and N Arts grants of £521,000, and a continuation of the separate grant award from N Arts Trust of £150,000 to finance the workshops and residences educational programme. Our art exhibitions and installations generated a further £42,000. The support of our partners continues to be essential to maintaining such a varied programme of creative arts since the concerts and performances are not all self-supporting and the performing arts rely on a mixed economy of funding to ensure a vibrant and comprehensive programme.



The charity's wholly owned trading subsidiary, HTC Ltd, continued to trade well but experienced a sales fall in line with the theatre at ATC park itself generating a profit of £158,000 (2008: £207,000) all of which was gift aided to the charity. The trustees are pleased with the commercial success of the venture which operates the bar, coffee shop, conferencing and catering facilities and the profits generated assist the charity in meeting its objectives.

On account of increasing constraints on public expenditure the support from our local authorities and N Arts will be kept at the current level of activity for at least the next three years. This means a fall in support in real terms, after allowing for inflation. To make good the shortfall the charity is expected to generate a larger proportion of funds from admission fees and income generation or cost savings.

Since introducing our revised discount policy on 1 April 2007 we have noticed a growth in new audiences who have not visited us before and as anticipated we broke even with the revised pricing structure in the year to 31 March 2008. However, with major local employers now on reduced hours work we have found that demand for concessionary tickets rose as a proportion of sales increasing from 20% of sales in 2008 to 30% of ticket sales this year. A seat taken is a contribution to the running costs of the theatre and playing to full houses undoubtedly enhances the performance and audience experience, however this is an unforeseen change which we hope will prove temporary once the economy recovers.

Our pricing policy

Our pricing policy reflects our strategy of enabling all within our community, whatever their means, to take part in our activities, to attend our theatre and to view our exhibitions. Our exhibitions and art installations offer an opportunity for the public to view, for a small fee or for free, works on loan from major collections and so to see first hand, the work of pre-eminent artists of our day and to gain experience of ground-breaking art. Concessionary tickets are available to all exhibitions on the same basis as that applying to theatre performances.

Full ticket prices to our theatre and concert performances vary between £10 and £25 with concessions limited on Friday and Saturday evenings to family tickets and pre-booked groups only as these are our most popular nights and a full house is key to our ongoing financial sustainability. Our 'off peak' concessions apply to Mondays through to Thursdays and to Saturday matinee performances.

Our 'anytime' concessions are:

- Family ticket discount – up to 2 adults and 5 children, a 10% discount on all tickets;
- Groups – pre-booked groups of 10 or more, a 10% discount on all tickets.

Our 'off peak' concessions are:

- 25% discount is available to full-time students on production of an NUS card and to concessionary bus pass holders;
- 50% discount is available to recipients of Jobseeker's Allowance, Income Support, Pension Credit and Disability Benefits;
- 50% discount is available to those aged 16 and under;
- Children aged under 12 go free – available on selected performances and when accompanied by an adult; and
- Standbys – any unsold tickets at half price.

To view our programme, and for fuller details of ticket prices and discount terms and conditions, or to e-book, visit our website www.artstheatre ltd@all.com or telephone our booking office 0011-987654 or visit our booking office, open 9am until 6.30pm Mondays to Fridays and 10am to 7pm Saturdays.



Investment powers and policy

The trustees, having regard to the liquidity requirements of operating the theatre and to the reserves policy have operated a policy of keeping available funds in an interest-bearing deposit account and seek to achieve a rate on deposit which matches or exceeds inflation as measured by the retail prices index.

The invested funds held on deposit achieved an average rate of 3.5% against the retail price index decline for the year to March 2009 of 0.4%.

Reserves policy

Reserves are needed to bridge the gap between the spending and receiving of resources and to cover unplanned emergency repairs and other expenditure. The trustees consider that the ideal level of reserves as at 31 March 2009 would be £225,000.

The actual reserves were negative (£285,000) which is largely attributable an operating deficit and the need to finance the interest on the bank loan required to match-fund the N Arts capital grant. The decision of B F Borough Council to withdraw their support to the refurbishment project in 2008 and the fall in income on account of the economic recession has resulted in an extremely difficult year financially. Whilst we understand the Council has had to prioritise its funds to urgent local needs, this has left the theatre in a difficult financial position. In calculating the reserves figure the trustees have excluded from total funds the restricted income funds (£28,000), the fixed assets (£1,700,000) and the designated funds (£111,000).

Whilst our reserves are negative the balance sheet remains strong with net current assets of £154,000 and boosted by the ownership of a long leasehold interest in our theatre. Given the support of our bank Crufts plc and our major donor partners, the trustees consider the theatre to be a sound commercial going concern.

The trustees are however fully aware that the lack of free level of reserves, together with the economic backdrop, will provide a challenging environment in the year to come. The trustees have plans in hand to address this situation and restore the reserves to nil balance before accumulating reserves from 2012.

Plans for future periods

The strategic plan envisages that a second stage refurbishment of the foyer and booking hall at a cost of £800,000 is carried out in 2009/10 but in the absence of grant support, the trustees have deferred a decision as to whether to proceed until early January 2010 when the extent of the recession's impact on the theatre's income is known. Until financial circumstances have improved the planned capital investment programme has also been deferred.

A major financial concern for the trust will be ongoing financial sustainability given the lower level of support from our donors, following the reduction in council funding over the past two years. The trustees have retained Goodshires & Co as advisers to assist in a restructuring of the theatre business and anticipate introducing a voluntary severance programme to reduce the staff complement by five posts to save £100,000 annually. Goodshires will also assist in a procurement and non-pay savings review. In total target savings of £170,000 are to be achieved. In addition, a review of the theatre programme with a return of popular favourites and an extended Pantomime season to boost revenue is in hand.

The trustees have also successfully concluded discussions with our bankers, Crufts Bank plc, to reschedule the loan repayment period by extending the repayment terms from five to eight years.

We continue to strengthen our links with the community, our patrons and customers through the *Friends of ATC Theatre*. The *Friends* are the members of the Company and have their own quarterly magazine and benefit from advanced ticket facilities with special discounts and *Friends* events. The *Friends* will also be key to the success of our plans for a public appeal in the summer of 2010 in support of the next phase of redevelopment of ATC Park which aims to ensure we remain a prestige arts venue.



Reference and administrative details

Charity number: 1234567
Company number: 89101X2
Principal Office: ATC Park, Anytown, Berkshire, BX56 7SG

Our advisers

Auditors	CEP & Co	23 High Street, Anytown, Berkshire, BX56 4TP
Bankers	Crufts Bank plc	10 High Street, Anytown, Berkshire, BX56 1SG
Solicitors	Backhouse & Co	15 Low Road, Anytown, Berkshire, BX56 3PS
Business Review	Goodshires & Co	35 Pound Lane, Anytown, Berkshire, BX58 4TW

Directors and trustees

The directors of the charitable company (the charity) are its trustees for the purpose of charity law. The trustees and officers serving during the year and since the year end were as follows:

N Arts Trust nominated chair:	S A Bloggs G R Gatsby	(resigned 10 July 2008) (appointed 10 July 2008)
BF Borough Council nominees:	F A Brown A D S Jones W M Smith M J Young C I West	
B Town Council nominees:	E R Allsop N Hindemith S M Barrett C Norfolk	(resigned 14 June 2008) (appointed 15 June 2008)
Elected trustees:	R Thomas D Drew F Lake N Towns S Richards E Towns	(retired 10 July 2008) (retired 10 July 2008) (elected 10 July 2008) (elected 10 July 2008)
Co-opted trustee:	D East	
Secretary	R P South	
Chief Executive Officer	S A North	

Structure, Governance and Management

Governing Document

Arts Theatre Trust is a company limited by guarantee governed by its Memorandum and Articles of Association dated 28 September 1950. It is registered as a charity with the Charity Commission. Anyone over the age of 18 can become a member of the Company and there are currently 137 members (145 in 2008), each of whom agrees to contribute £5 in the event of the charity winding up.



Appointment of trustees

As set out in the Articles of Association the chair of the trustees is nominated by N Arts Trust. BF Borough Council nominates five trustees and B Town Council nominates three trustees. Four trustees are elected annually by the members of the charitable company attending the Annual General Meeting and serve for a period of two years. The trustees have the power to co-opt up to two further members to fill specialist roles.

All members are circulated with invitations to nominate trustees prior to the AGM advising them of the retiring trustees and requesting nominations for the AGM. When considering co-opting trustees, the Board has regard to the requirement for any specialist skills needed, for example Mr D East is a qualified surveyor and joined the board to assist with the planned refurbishment programme and the recent bid to the Arts Council of England and BF Borough Council. Nominees appointed by B F Borough Council and B Town Council are subject to the appointment processes of those bodies and the guidelines on appointment to public office as they apply to Local Government nominees.

Trustee induction and training

New trustees undergo an orientation day to brief them on their legal obligations under charity and company law, the Charity Commission guidance on public benefit, content of the Memorandum and Articles of Association, the committee and decision-making processes, the business plan and recent financial performance of the charity. During the induction day they meet key employees and other trustees. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

Organisation

The board of trustees, which can have up to 15 members, administers the charity. The board meets quarterly and there are sub-committees covering development, membership, finance and audit which normally meet monthly. A Chief Executive is appointed by the trustees to manage the day-to-day operations of the charity. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the trustees, for operational matters including finance, employment and artistic performance related activity.

Related parties

None of our trustees receive remuneration or other benefit from their work with the charity. Any connection between a trustee or senior manager of the charity with a production company, contracted actor, performer or exhibitor must be disclosed to the full board of trustees in the same way as any other contractual relationship with a related party. In the current year no such related party transactions were reported.

The charity has a close relationship with N Arts Trust, a charity which shares the Trust's passion for education and through joint collaboration we have established several long-term residences and education programmes for the benefit of young people from local schools and colleges. B F Borough Council and B Town Council provide essential core funding in support of the artistic programme as an amenity for local residents and the public. Both organisations actively promote the work of the charity in their tourist information facilities and take an active interest in the educational programme by facilitating educational visits by schools. All three organisations nominate trustees and a summary of transactions with all three organisations is set out in note 14 to the financial statements.

The charity's wholly owned subsidiary, HTC Ltd was established to operate the commercial bar, catering and conferencing facilities at ATC Park and is in its second year of operation. HTC Ltd has a licence from the charity to operate those facilities and gift aids the majority of its profits to the charity (see note 5 to the accounts).



Risk management

The trustees have a risk management strategy which comprises:

- an annual review of the risks the charity and its subsidiary HTC Ltd may face;
- the establishment of systems and procedures to mitigate those risks identified in the plan; and
- the implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

This work has identified that financial sustainability is the major financial risk for both the charity and its subsidiary. Attention has also been focussed on non-financial risks arising from fire, health and safety of artists and audience, management of performing rights and food hygiene. A key element in the management of financial risk is via a reviewed reserves policy and the retention of sufficient working capital by the subsidiary company.

Trustees' responsibilities in relation to the financial statements

The charity trustees (who are also the directors of the Arts Theatre Trust for the purposes of company law) are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law and the law applicable to charities in England and Wales requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing the 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 1985, the Charities Act 1993, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the trustees

G R Gatsby (Chairman)

9 June 2009



Arts Theatre Trust
Consolidated Statement of Financial Activities
(including income and expenditure account)
for year ending 31 March 2009

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2009 £'000	Total Funds 2008 £'000
Incoming resources					
<i>Incoming resources from generated funds:</i>					
Voluntary income:					
Donations	4	35	25	60	44
Activities for generating funds:					
Commercial trading operations	5	479	-	479	595
Investment Income	6	18	-	18	16
<i>Incoming resources from charitable activities</i>					
Operation of theatre and art centre	7	1,105	-	1,105	1,163
Total incoming resources		1,637	25	1,662	1,818
Resources expended					
<i>Costs of generating funds:</i>					
Commercial trading operations		323	-	323	390
<i>Charitable activities:</i>					
Operation of theatre and arts centre	8	1,427	9	1,436	1,376
<i>Governance costs</i>	10	48	-	48	46
Total resources expended		1,798	9	1,807	1,812
Net incoming (outgoing) resources and net movement in funds for year		(161)	16	(145)	6
Reconciliation of funds					
Total Funds brought forward		1,687	12	1,699	1,693
Total funds carried forward		1,526	28	1,554	1,699

The statement of financial activities includes all gains and losses recognised in the year.
All incoming resources and resources expended derive from continuing activities.



**Arts Theatre Trust
Consolidated Balance Sheet
as at 31 March 2009**

	Note	Group 2009 £'000	Group 2008 £'000	Charity 2009 £'000	Charity 2008 £'000
Fixed assets					
Tangible assets	16	1,700	1,760	1,700	1760
Investments	17	-	-	30	30
Total Fixed Assets		1,700	1,760	1,730	1790
Current assets					
Stock	18	87	83	73	82
Debtors	19	207	206	252	206
Cash at bank and in hand		202	345	84	316
Total Current Assets		496	634	409	604
Liabilities					
Creditors falling due within one year	20	(342)	(295)	(285)	(295)
Net Current assets		154	339	124	309
Total assets less current liabilities		1,854	2,099	1,854	2,099
Creditors: falling due after more than 1 year	22	(300)	(400)	(300)	(400)
Net assets		1,554	1,699	1,554	1,699
The funds of the charity:	23				
Unrestricted income funds		1,526	1,687	1,526	1,687
Restricted income funds		28	12	28	12
Total charity funds		1,554	1,699	1,554	1,699

The trustees have prepared group accounts in accordance with section 222A of the Companies Act and Schedule 5A of the Charities Act 1993. These accounts are prepared in accordance with the special provisions of Part VII of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 1985 and are for circulation to members of the company.

The notes at pages 12 to 22 form part of these accounts

Signed G R Gatsby

Name GERRY REGINALD GATSBY, Chair of trustees on behalf of the trustees

Approved by the trustees on 9 June 2009

Notes on the accounts

1 Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are as follows:

a) Basis of preparation

The financial statements have been prepared under the historic cost convention, as modified by the revaluation of investments at market value. The financial statements have been prepared in accordance with Accounting and Reporting by Charities – Statement of Recommended Practice (SORP 2005), applicable UK Accounting Standards and the Companies Act 1985.

b) Group financial statements

The financial statements consolidate the results of the charity and its wholly owned subsidiary HTC Ltd on a line-by-line basis. A separate Statement of Financial Activities, and income and expenditure account, for the charity itself are not presented because the charity has taken advantage of the exemptions afforded by section 230 of the Companies Act 1985 and paragraph 397 of the SORP.

c) Incoming resources

All incoming resources are accounted for when the charity has entitlement to the funds, certainty of receipt and the amount is measurable. Where income is received in advance of a performance or other specified service it is deferred until the charity is entitled to that income. For legacies, entitlement is taken as the earlier of the date on which the estate is finalised or when a distribution is received from the estate. Where material legacies have been notified but the requirements of income recognition have not been met, the details of the legacy are disclosed in note 25.

d) Donated services and facilities

Donated services or facilities are included in incoming resources when the benefit to the charity is reasonably quantifiable and measurable. They are valued by the trustees at the amount the charity would have been willing to pay for the services or facilities on the open market.

e) Interest receivable

Interest on funds held on deposit is included when receivable by the charity.

f) Fund accounting

Unrestricted funds are available to use to further any of the purposes of charity. Designated funds are unrestricted funds of the charity which have been set aside to funds particular future activities of the charity. Restricted funds are donated for particular areas of the charity work or specific projects undertaken.

g) Resources expended and irrecoverable VAT

All resources expended are recognised once there is a legal or constructive obligation to make a payment to a third party. All resources expended are classified under activity headings that aggregate all costs related to the category.

Costs of generating funds comprise the costs of commercial trading including the bar and coffee lounge;

Charitable activities include the costs of performances, exhibitions and other educational activities undertaken to further the purposes of the charity;

Governance costs represent those costs of the strategic management of the charity and of complying with constitutional and statutory requirements.

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

h) Allocation of support costs

Support costs are those costs which have not been directly allocated to an activity of the charity but nevertheless support those activities. These costs have been allocated between Charitable Activities and Governance Costs. The basis on which support costs have been allocated are set out in note 10.

i) Operating leases

The charity classifies the lease of printing, specialist lighting and audio equipment as operating leases; the title to the equipment remains with the lessor and the equipment is replaced every 5 years whilst the economic life of such equipment is normally 10 years. Rental charges are charged on a straight line basis over the term of the lease.

j) Tangible fixed assets

Individual fixed assets costing £1,000 or more are capitalised at cost and are depreciated on a straight line basis over their estimated useful lives as follows:

Asset Category	Annual rate
Long leasehold buildings	1–2%
Plant, equipment and motor vehicles	10–33%
Pianos	10%

k) Stock.

Stock is included at the lower of cost or net realisable value.

l) Pensions

Existing employees of the charity were entitled to join the County Pension Scheme which is funded by contributions from employee and employer or alternatively they may have opted to join the group stakeholder pension scheme operated by Reliable Insurances plc. Members of the County Pension Scheme may also contribute added years to that scheme or take out an Additional Voluntary Contribution scheme, each of which is funded by the employee alone. Anticipating new pensions legislation all employees were encouraged to opt into a pension arrangement in 2008 with new employees since 1 April 2008 only able to opt for the Money Purchase scheme.

The County Pension Scheme is a multi-employer defined benefit scheme administered for the benefit of Local Authorities and other bodies and is managed in accordance with the Local Government Pension Scheme Regulations 1997 (as amended). Past and present employees are covered by the provisions of the County Pension Scheme.

Members of the County Scheme accrue an index linked pension of 1/80 of the best of the last three years pensionable service for each year of service. Additional benefits include a lump sum on retirement, continued (reduced) pensions for a spouse on the death of the member and benefits for dependents on death or permanent incapacity in service.

The trustees are unable to confirm the charity's share of the underlying assets and liabilities of the County Pension Scheme and therefore the Scheme is accounted for as a defined contribution scheme with the costs equal to the contributions made for the accounting period.

The employer's contributions made to the Scheme in 2008/09 were £47,000 (2007/08 £44,000) with an employer's contribution rate of 14% of pensionable pay and an employee's contribution of 6% of pensionable pay. The contribution rate was due to be reviewed at the next scheme valuation date, on 31 March 2008, but notification is still awaited of any revision. The trustees are satisfied that any foreseeable change in employer's contributions can be budgeted for without detriment to the charity's ongoing activities.

Employees joining the stakeholder pension scheme operated by Reliable Insurances plc, contract directly with the insurance company. The Trust now makes a matching contribution of between 4% and 8% of salary to this pension scheme and just acts as agent in collecting and paying over employee pension contributions.

2 Legal status of the Trust

The Trust is a company limited by guarantee and has no share capital. The liability of each member in the event of winding-up is limited to £5.

3 Financial Performance of the charity

The consolidated statement of financial activities includes the results of the charity's wholly owned subsidiary, HTC Ltd, which operates a bar and coffee lounge.

The summary financial performance of the charity alone is:

	2009	2008
	£'000	£'000
Incoming resources	1,181	1,428
Gift aid from subsidiary company	158	-
	<hr/> 1,339	<hr/> 1,428
Expenditure on charitable activities	(1,436)	(1,376)
Governance costs	(48)	(46)
Net incoming resources	<hr/> (145)	<hr/> 6
Total funds brought forward	1,699	1,693
Total funds carried forward	<hr/> 1,554	<hr/> 1,699
Represented by:		
Restricted income funds	28	12
Unrestricted income funds	1,526	1,687
	<hr/> 1,544	<hr/> 1,699

4 Incoming resources from voluntary income

	2009	2008
	£'000	£'000
Voluntary income		
Gifts	5	5
Legacies	25	34
Donated services	30	5
	<hr/> 60	<hr/> 44

The charity is grateful to Hampton Brown Consultancy for seconding a consultant to the charity to assist with redesigning its marketing literature and promotional posters. The value of this consultancy service to the charity is estimated at £30,000 (2008 £5,000). The estimated value of these services is recognised within incoming resources as a donation, and an equivalent charge included within promotional costs.

Legacy income included a restricted gift of £20,000 from the late Mr O. Yeats to fund poetry and creative writing courses at the theatre.

5 Incoming resources from activities for generating funds

The wholly owned trading subsidiary HTC Ltd is incorporated in the United Kingdom and pays all of its profits to the charity by gift aid. HTC Ltd operates the bars, coffee lounge and all commercial trading operations carried on at the Arts Theatre Trust premises. The charity owns the entire share capital of 30,000 ordinary shares of £1 each. A summary of the trading results is shown below.

The summary financial performance of the subsidiary alone is:

	2009 £'000	2008 £'000
Turnover	479	595
Cost of sales and administration costs	(323)	(390)
Interest receivable	2	2
Net profit	<u>158</u>	<u>207</u>
Amount gift aided to the charity	(158)	(207)
Retained in subsidiary	<u>-</u>	<u>-</u>
The assets and liabilities of the subsidiary were:		
Current assets	87	30
Current liabilities	(57)	-
Total net assets	<u>30</u>	<u>30</u>
Aggregate share capital and reserves	<u>30</u>	<u>30</u>

6 Investment Income

All the group's investment income arises from money held in interest bearing deposit accounts.

7 Incoming resources from charitable activities

	Unrestricted funds 2009 £'000	Unrestricted funds 2008 £'000
Income from concerts and stage performances:		
Gross income from admission charges and programmes	480	512
Less concessions	(88)	(72)
Subtotal : admission charges and programmes	<u>392</u>	<u>440</u>
Support from sponsors and local authorities	521	526
Subtotal: income from performances	<u>913</u>	<u>966</u>
Income from visiting arts exhibitions and installations	42	45
Education related income including residences	150	152
Total income from charitable activities	<u><u>1,105</u></u>	<u><u>1,163</u></u>

8 Analysis of expenditure on charitable activities

	Concerts and stage performances	Visiting arts exhibitions and installations	Education including residences	Total
	£'000	£'000	£'000	£'000
Artists' and exhibition fees	389	35	-	424
Production expenses	129	6	19	154
Courses and residences	-	-	68	68
Education and outreach	-	-	59	59
Box office and front of house	164	-	-	164
Promotion and marketing	76	5	4	85
Central premises costs	187	15	21	223
Bank loan interest	60	-	-	60
Depreciation	78	3	1	82
ATC Park – commissioning	12	-	-	12
Piano maintenance	1	-	-	1
Support costs (see note 10)	92	6	6	104
Total	1,188	70	178	1,436

9 Analysis of support for charitable activities

This table shows the cost of the three main charitable activities and the sources of revenue directly to support those activities

	Concerts and stage performances	Visiting arts exhibitions and installations	Education including residences	Total
	£'000	£'000	£'000	£'000
Costs	(1,188)	(70)	(178)	(1,436)
Educational grants	-	-	150	150
Admission charges	392	42	-	434
	(796)	(28)	(28)	(852)
Direct grant support	521	-	-	521
Net cost funded from other income	(275)	(28)	(28)	(331)

10 Analysis of governance and support costs

The charity allocates support costs to Governance and Charitable Activities as set out below and then further apportions the support costs between the three key charitable activities undertaken (see note 8).

Allocation of support costs to activities and governance

Support Cost	Theatre and Arts Centre Operation £'000	Allocated to		Total Support costs £'000	Basis of apportionment
		Governance £'000			
Catering and venue hire for trustee and other business meetings	21	1		22	Invoiced events
Salaries, wages and related costs	64	22		86	Allocated on time
General office	19	6		25	Pro rata to staff full time equivalents
Audit fees	-	10		10	Governance
Accountancy services	-	5		5	Governance
Legal and other professional fees	-	4		4	Governance
Total	104	48		152	

11 Net incoming / (outgoing) resources for the year

This is stated after charging:	2009 £'000	2008 £'000
Operating leases – equipment	13	13
Depreciation	82	66
Bank interest payable	60	-
Auditor's remuneration:		
Audit fees	10	10
Accountancy services	5	5

12 Analysis of staff costs

	2009	2008
	£'000	£'000
Salaries and wages	699	672
Social security costs	53	51
Pension costs	86	82
	838	805

No employees had emoluments in excess of £60,000 (2008: nil).

The charity trustees were not paid or reimbursed expenses during the year and no charity trustee received any emolument or payment for professional or other services (2008: nil).

13 Staff Numbers

The average number of full-time equivalent employees (including casual and part time staff) during the year was as follows:

	2009	2008
	Number	Number
Trading	7	7
Concerts and stage performances	21	20
Visiting arts exhibitions and installations	1	1
Education including residences	7	7
Governance	1	1
	37	36

14 Related party transactions

The charity enjoys a close working relationship with N Arts Trust, which is a charity, BF Borough Council and B Town Council. Together these entities nominate the majority of our trustees (see the trustees' annual report) and provide funding to enable the charity to carry out its charitable objectives. The following is a summary of funding provided by these entities:

Revenue funding	2009	2008
	£'000	£'000
BF Borough Council	281	281
B Town Council	90	95
N Arts Trust Core Grant	150	150
N Arts Educational Grant	150	152
	671	678

All the above funding was received to provide services, e.g. training in drama and theatrical productions, and has been included in the financial statements under incoming resources from charitable activities.

There were no outstanding balances with related parties as at 31 March 2009 (2008: £nil).

15 Corporation 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.

16 Tangible fixed assets – group and charity

	Long leasehold land and buildings £'000	Plant, machinery and motor vehicles £'000	Pianos £'000	Total £'000
Cost:				
As at 1 April 2008	2,597	981	32	3,610
Additions	-	22	-	22
As at 31 March 2009	2,597	1,003	32	3,632
Depreciation:				
As at 1 April 2008	891	927	32	1,850
Charge for the year	33	49	-	82
As at 31 March 2009	924	976	32	1,932
Net book value				
As at 1 April 2008	1,706	54	-	1,760
As at 31 March 2009	1,673	27	-	1,700

17 Investments

The charity holds 30,000 shares of £1 each in its wholly owned trading subsidiary company HTC Ltd which is incorporated in the United Kingdom. The activities and results of this company is summarised in note 5.

18 Stock

	Group		Charity	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Props, staging and costumes	73	82	73	82
Bar	14	1	-	-
	87	83	73	82

19 Debtors

	Group		Charity	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Trade debtors	33	20	21	20
Other debtors	119	128	119	128
Prepayments and accrued income	55	58	55	58
Amount due from subsidiary undertaking	-	-	57	-
	207	206	252	206

20 Creditors: amounts falling due within one year

	Group		Charity	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Trade creditors	117	88	80	88
Other taxes and social security costs	18	19	18	19
Other creditors and accruals	52	42	32	42
Deferred income	55	46	55	46
Bank loan	100	100	100	100
	342	295	285	295

21 Deferred income

Deferred income comprises advance ticket sales relate to the advance ticket sales for the performance of the *Merchant of Venice* which begins its run on 10 April 2009.

	Group £'000	Charity £'000
Balance as at 1 April 2008	46	49
Amount released to incoming resources	(46)	(49)
Amount deferred in year	55	46
Balance as at 31 March 2009	55	46

22 Creditors: amounts falling due after more than one year

	Group		Charity	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Secured bank loan (falling due in less than 5 years)	250	400	250	400
Secured bank loan (falling due after 5 years)	50	-	50	-
	300	400	300	400

The secured bank loan is secured on the Theatre property (the repayment schedule for this loan was re-negotiated subsequent to the year end - see note 27).

23 Analysis of charitable funds

Analysis of movements in unrestricted funds

	Balance 1 April 2008 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Funds 31 March 2009 £'000
General fund	(205)	1637	(1,704)	(13)	(285)
Designated development fund	50	-	(12)	-	38
Designated props and costumes	82	-	-	(9)	73
Designated property assets fund	1760	-	(82)	22	1700
Total	1,687	1637	(1798)	0	1,526

Analysis of movements in restricted fund

	Balance at 1 April 2008 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Funds 31 March 2009 £'000
Piano fund	9	-	(1)	-	8
Book festival	3	5	(3)	-	5
Poets course	-	20	(5)	-	15
Total	12	25	(9)	-	28

