**REGISTERED COMPANY NUMBER: 01458421 (England and Wales)**
**REGISTERED CHARITY NUMBER: 279690**

# REPORT OF THE TRUSTEES AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 FOR

# CLEVELAND INDEPENDENT THEATRE COMPANY LIMITED

CPT
Chartered Certified Accountants
Statutory Auditors
80 Victoria Road
Darlington
County Durham
DL1 5JG

THURSDAY
*A7L6QVWW*
A39 20/12/2018 #139
COMPANIES HOUSE

# CLEVELAND INDEPENDENT THEATRE COMPANY LIMITED

## CONTENTS OF THE FINANCIAL STATEMENTS for the Year Ended 31 March 2018


| | Page |
|---|---|
| Report of the Trustees | 1 to 9 |
| Report of the Independent Auditors | 10 to 11 |
| Statement of Financial Activities | 12 |
| Balance Sheet | 13 to 14 |
| Notes to the Financial Statements | 15 to 22 |
| Detailed Statement of Financial Activities | 23 to 25 |

# CLEVELAND INDEPENDENT THEATRE COMPANY LIMITED

## REPORT OF THE TRUSTEES
## for the Year Ended 31 March 2018

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2018. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

## CLEVELAND INDEPENDENT THEATRE COMPANY LIMITED

## REPORT OF THE TRUSTEES
## for the Year Ended 31 March 2018

### OBJECTIVES AND ACTIVITIES
**Objectives and aims**
The charity's aims including the changes or differences it seeks to make through its activities:-

Theatre Hullabaloo is a pioneering theatre company, based in the North East of England, creating quality work for young audiences. We believe that children deserve work of the highest quality and greatest artistic challenge, so we collaborate with artists working at the forefront of their art form, developing ideas with young people, to create excellent and inventive theatre.

Theatre Hullabaloo works to promote the rights of all children to full participation in cultural and artistic life. We believe that young people need theatre to help them understand an increasingly complicated world. Our work is made in a child-centred way, positioning young people at the heart of the artistic process to ensure the work we create is relevant to their lives.

An explanation of the charity's main objectives for the year:-

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

Our main objectives for the year were to deliver the following projects:

**TakeOff Festival 2017**, England's leading festival of theatre for children and young people. TakeOff 2017 was the 30th year of the festival and an opportunity to celebrate the success and reflect on the festival's journey over its three decades. 2017 festival included delegate events that saw sector specialists from the UK and abroad take part in curated routes of performances, discussions, panel discussions and networking opportunities.

**Bear & Butterfly**, a charming tale of friendship for everyone aged 4 and above. The production, originally created by the company in 2015, was a fitting opening show for The Hullabaloo, before setting off on a national tour in January and February 2018. Puppetry, live music and beautiful storytelling combine in this charming tale about love, loss and friendship.

**The Hullabaloo Opening and first Season** had work on offer for children aged 0 up to 12 year olds with a mix of performances, a free Creative Play installation, Storytelling sessions, participatory activities and a range of opportunities to see and feedback about work in progress.

**The Enchanted Forest Creative Play** installation at The Hullabaloo was the first in a series of specially commissioned play installations which are part of the free activities offered at The Hullabaloo for families to enjoy.

Strategically, objectives were to:

- Invest in new work with strong partnerships to support Theatre Hullabaloo's reputation nationally and as an exemplar organisation commissioning new work for young audiences
- Build regional, national and international partnerships, develop children's theatre regionally and expand the festival offer
- Diversify funding streams and secure new funding partnerships.
- Continue to review, develop and document best practice in all areas of the organisation.
- Deliver the plan outlined in the 2018-22 Arts Council England National Portfolio agreement for the period.
- Secure funds, oversee the build and deliver the opening of The Hullabaloo, a new flagship venue for children and families and a new home for Theatre Hullabaloo.

Theatre Hullabaloo is a learning organisation and the developments within company structure, funding portfolio and artistic work seek to promote our core aims:

- Creating a **diverse** programme of high quality theatre for young audiences
- Developing ideas through a **child-centred** approach
- Promoting experimentation and **innovation** in the development of form
- Investing in the development of artists and the sector and championing equality of opportunity
- Encouraging **collaboration** and forging meaningful relationships with our partners

## REPORT OF THE TRUSTEES
## for the Year Ended 31 March 2018

### OBJECTIVES AND ACTIVITIES

**Objectives and aims**

- Achieving high **quality** across all areas of production and practice

**An explanation of the charity's strategies for achieving its stated objectives**

We strive to deliver our mission by the following activities:

Commissioning, developing and touring a diverse programme of theatre for young audiences to schools and venues in the North East and to theatre venues and festivals nationally,

Working creatively with artists and investing in new ideas and partnerships,

Partnership working with public agencies, local authorities, education providers, arts funders and other organisations to develop projects which have greater value and benefit to our young people.

Positive advocacy and commitment to best practice for theatre for young people, both through our artistic work and our business practice.

## REPORT OF THE TRUSTEES
## for the Year Ended 31 March 2018

### OBJECTIVES AND ACTIVITIES
**Significant activities**

2017/18 saw the continuation of Theatre Hullabaloo's regional and national leadership role in theatre for young audiences through the growth and delivery of the 2017 delegate year of TakeOff Festival and the continued strategic leadership work with regional partners.

The biggest strategic development for the organisation in 2017/18 was the final build stages and the opening of The Hullabaloo.

After an 18-month build phase, The Hullabaloo opened to the public on Tuesday 12 December 2017. The venue was delivered on time and is a new purpose-built venue specially created for young audiences. It is the only venue of its kind north of London and is a national centre of excellence in theatre for young audiences and an inspiring place to play and learn.

The building opened with one of Theatre Hullabaloo's own shows Bear & Butterfly for everyone aged 4 and above and a newly commissioned Creative Play installation The Enchanted Forest for 0 - 10 yr olds and their grown-ups.

Built within an Edwardian Fire Station on a site adjacent to Darlington's newly refurbished Darlington Hippodrome, The Hullabaloo presents world-class performances for children, houses mind-blowing creative play installations, offers a wide range of creative opportunities and classes for families and is already a focal point for creative education.

The Hullabaloo is also the meeting point for artists, educators and researchers, with children as creative collaborators, to generate new creative ideas for pioneering art or national policy into the role of the arts in childhood.

The development has also created a home for Theatre Hullabaloo where the organisation can develop its child-centred practice and become a power-house in the production of theatre for young audiences.

As a build, Theatre Hullabaloo in partnership with Darlington Borough Council, have achieved the design and vision of the project and created a venue with: A flexible Studio Theatre seating 150 end on with a max of 177 in thrust, Creative Play space - internal and external, a family friendly café with story corner, a rehearsal room, dressing rooms and green room, toilets and separate baby change and office space for the organisation.

The organisation continues to work closely with colleagues at Darlington Borough Council, especially on the operational delivery of the venue.

Alongside these key strategic developments, Theatre Hullabaloo also delivered an ambitious artistic programme of work including;-

**TakeOff Festival 2017**, England's leading festival of theatre for children and young people. The festival saw 108 performances, a range of workshops, sessions and talks take place in 25 venues across County Durham showcasing the work of 13 companies all culminating with the festival family day in Durham City centre. Audience attendance across the week was 8,962, made up of schools, families and sector delegates.

**Bear & Butterfly**, a charming tale of friendship for everyone aged 4 and above. The production was the opening show at The Hullabaloo and ran from the 11 to 31 December. The performance was adapted at The Hullabaloo to create a more immersive experience, creating a forest glade within the new auditorium. The show went onto have a successful national tour in January and February 2018 visiting venues across the UK. To ensure that we continue to reach a wide range of audiences the tour went to cities and urban areas but also visited smaller rural venues.

**The Enchanted Forest Creative Play** installation at The Hullabaloo was the first in a series of specially commissioned play installations which are part of the free activities offered at The Hullabaloo for families to enjoy. The installation was developed in collaboration with children and families. The interactive installation was especially created for children under 10 to play in with their grownups and inspired by children's ideas, stories and research in interactive theatre. The Forest was designed to evoke imaginary stories, fun and play through five interactive areas for children to touch and explore. This installation had an audience of 5058 from The Hullabaloo opening until the end of March 2018.

## REPORT OF THE TRUSTEES
## for the Year Ended 31 March 2018

### OBJECTIVES AND ACTIVITIES

**Significant activities**

Theatre Hullabaloo continues to pioneer a child-centred artistic process, positioning children and young people at the heart of the way we develop our work. The opening of the venue has meant that the organisations child-centred process can be delivered in the best possible way.

There continues to be a profound commitment to deliver against the organisation's Equalities Plan.

The focus of the Equalities Plan is the recognition that many areas of our region and its young people suffer significant socio-economic disadvantage and Theatre Hullabaloo will show a particular commitment to ensuring that our programme and practice extends opportunities to areas of low cultural activity. TakeOff Festival particularly continues to reach areas of low cultural engagement. In 2017, we placed work in a range of areas that suffer from high deprivation but also a lack of cultural offer. We continued to offer subsidised travel enabling schools in rural areas or smaller schools the chance to engage. The Hullabaloo is based within the one of the most deprived areas in the UK. Our Creative Play installations are free and has been a key offer to reach those who are least engaged to visit the venue, and visit on a regular basis. These are just some examples of how we are trying to address this priority.

We continue to offer and champion relaxed performances within our national tours and now at The Hullabaloo. We also work with venues to offer signed performances where there is demand, and delivered BSL performances of Bear & Butterfly at The Hullabaloo, with signing fully integrated within the show. This is also included within the organisations marketing where signed videos are created to target and speak to audiences.

**Public benefit**

Although heavily subsidised by Arts Council England and other funding, the company does need to make a charge for its activities to schools and venues. Schools and arts venues pay a very small proportion of the actual cost of a performance and, in the case of schools, this money generally comes from an allocated enrichment budget and venues rarely have significant budgets to programme innovative work for young audiences. In line with our equalities policy, the organisation champions the right of all young people to access to high quality theatre experiences as a vital part of childhood. We therefore pioneer an integrated travel and ticket subsidy for schools and nurseries in order not to discriminate against smaller rural schools with limited access to affordable transport or cultural opportunities.

It is the view of the trustees that performances in schools, theatres and other places where children are is the best way to deliver the benefit of our activity to young people and ensure it is situated within a wider educational remit.

### ACHIEVEMENT AND PERFORMANCE

**Charitable activities**

In 2017/18 Theatre Hullabaloo through its own productions and and projects, gave and presented 208 performances in theatres, arts centres, schools, village and community halls and The Hullabaloo, which were attended by 15,539 children and their grown-ups. The Creative Play installations and participatory activity at The Hullabaloo were also attended by a further 5,154 children and their grown-ups.

**Fundraising activities**

The charity relies on grant aid from donors identified in the accounts, whose support is valued. Fundraising activity has particularly focussed on capital investment in The Hullabaloo and revenue for the opening season.

**Factors relevant to the achievement of the charity's objectives**

We are grateful for the ongoing support of project funders and partners such as Darlington Borough Council, Creative Darlington, Durham County Council, Durham University, Teesside University, Esmée Fairbairn Foundation, Foyle Foundation, Garfield Weston Foundation, Gillian Dickinson Trust, Darlington Building Society, The Wolfson Foundation, Tees Valley Combined Authority, County Durham Community Foundation, our festival corporate supporters, volunteers and private donors and to our primary funder, Arts Council England.

## REPORT OF THE TRUSTEES
## for the Year Ended 31 March 2018

### FINANCIAL REVIEW

**Transactions and Financial Position**

The charitable company showed a surplus of income over expenditure for the year of £4,172 (2017 - £14,069), made up of a deficit on unrestricted funds of £25,082 (2017 - surplus of £17,855) and a surplus on restricted funds of £29,254 (2017 - deficit of £3,786). Total charitable income increased from £485,159 in 2017 to £493,526.

Reserves at the year end were £149,630 (2017 - £145,458) of which £120,376 (2017 - £145,458) was unrestricted funds and £29,254 (2017 - £nil) was restricted funds.

**The Hullabaloo**

There were ongoing discussions in 2017-18 with Darlington Borough Council regarding the lease between DBC and Theatre Hullabaloo for the new venue. It has been agreed that Theatre Hullabaloo will pay £16,000 per annum to DBC for use of the space. This figure is within the draft lease.

In addition, there is currently a funding shortfall of £210,000 between funds raised for the build of The Hullabaloo and the overall project cost. There is another 4 years to raise the funds. If this fundraising target cannot be met, Darlington Borough Council have committed to provide an interest free loan to cover the shortfall.

The Esmée Fairbairn Foundation has committed a grant of £140,000 across a 3 year period to support the The Hullabaloo and 0.5 of a Programme Coordinator post. The grant funds were restricted for this use. The annual amount is for use across two financial years, the grant runs from November to October each year.

Darlington Building Society also partnered The Hullabaloo in the opening season with £15,000.

**Principal funding sources**

Arts council England, North East provided a revenue grant of £250,318. These funds were used to support the core activity of the charity in its creation and touring of theatre for young audiences regionally, nationally and internationally.

**Investment policy and objectives**

The trustees have considered the most appropriate way for investing cash resources and have decided that term bank deposits meet their requirements of a reasonable rate of return, without capital risk, and with predictable accessibility to the funds. The trustees review this policy on a regular basis.

**Reserves policy**

During the year the charity's reserves were reviewed and the fund allocations confirmed as adequate in line with the Charity Commission guidelines. In accordance with best practice the reserves policy will be reviewed annually in line with new budget setting.

The level of reserves will be achieved by a review of salary and accommodation overheads for a three month period. For this year, the trustees set an acceptable reserve of £35,000 which we believe would adequately cover costs of the company if it had to be dissolved.

### FUTURE PLANS

The following projects begun this year and will come into fruition in 2018-19;-

**Lullabub**, a show for babies aged 0-12 months and toddlers aged 13-30 months. Lullabub will be created by specialists in the field of theatre for the very young and informed by the latest research in baby sensory development. Lullabub is the first show that will be made at The Hullabaloo.

**TakeOff Festival 2019** is another delegate year, delivering a packed programme of world-class theatre. Work have started on a programme that will deliver to areas of cultural deprivation and will include a programme with a majority of international companies.

## REPORT OF THE TRUSTEES
## for the Year Ended 31 March 2018

### STRUCTURE, GOVERNANCE AND MANAGEMENT

**Governing document**

The charity is constituted as a company limited by guarantee and is therefore governed by its Memorandum and Articles of Association. The directors of the company are also trustees of the charity. The company's registration number is 01458421. It is a registered charity with the Charity Commission, number 279690. There are currently eight members, each of whom agree to contribute £1 in the event of the charitable company winding up.

**Recruitment and appointment of new trustees**

Trustees are elected to Cleveland Independent Theatre Company Limited based on discussions and recommendations offered by board members and external advisors to the organisation. The company also has an open application process for recruitment of board members, the terms of which are available via the website.

***Organisational structure***

The board meets five times a year to administer the charity. The board also operates a finance sub-group which meets quarterly and also subgroups in areas of personnel, income generation and the capital development. These groups feed into themed board meetings. The Executive Officers are appointed by the board to manage the day to day operations of the charity.

**Induction and training of new trustees**

New trustees are inducted by the Chair of the Board and the Executive Officers. This includes a briefing on the aims and objectives of the organisation, a written induction pack stating the roles and responsibilities of trustees, an invitation to view a performance and then to observe a board meeting. The board operates a 'buddy system' for newly recruited trustees and holds annual away days to address training needs and the company's strategic aims.

**Wider network**

Theatre Hullabaloo is a member of the Independent Theatre Council (ITC), the International Association of Theatre for Children and Young People (TYA), Action for Children's Arts (ACA) and the European Small Size Network.

**Relationships between the charity and related parties**

The charity has a close relationship with Arts Council England in the North East as it is currently part of its National Portfolio of funded organisations. The organisation nominates an observer to the board and provides funding to enable the charity to carry out its charitable objectives. The charity received revenue core funding grants amounting to £250,318 (2017: £250,318) from Arts Council England North East during the year. Amounts outstanding at 31 March 2018 were £NIL (2017: £NIL).

**Relationships with other groups, charities and individuals**

Valuable partnerships this year included those with Darlington Borough Council, Creative Darlington, Durham County Council and Arts Team, Event Durham and Durham University, Teesside University, Theatre by the Lake and the North East Children's Theatre Consortium.

**Risk management**

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

### REFERENCE AND ADMINISTRATIVE DETAILS

**Registered Company number**

01458421 (England and Wales)

**Registered Charity number**

279690

## REPORT OF THE TRUSTEES
## for the Year Ended 31 March 2018

### REFERENCE AND ADMINISTRATIVE DETAILS

**Registered office**
The Hullabaloo
Borough Road
Darlington
County Durham
DL1 1SG

**Trustees**
Mrs A I Holt
Ms E Gaudern
Mrs P Moger
Ms S A Paterson
T J Courtney
J M Jarratt
Ms E Morris
Mrs K E Race

**Auditors**
CPT
Chartered Certified Accountants
Statutory Auditors
80 Victoria Road
Darlington
County Durham
DL1 5JG

**Bankers**
The Co-Operative Bank
Delf House
Southway
Skelmersdale
WN8 6WT

The full name of the charity is Cleveland Independent Theatre Company Limited. The charity is also known by the name Theatre Hullabaloo.

At the Annual General Meeting three trustees retire on a rotational basis, but are eligible for reappointment if they have served fewer than three terms.

All trustees are members of the charity.

### EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

## CLEVELAND INDEPENDENT THEATRE COMPANY LIMITED

## REPORT OF THE TRUSTEES for the Year Ended 31 March 2018

### STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of Cleveland Independent Theatre Company Limited for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

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

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

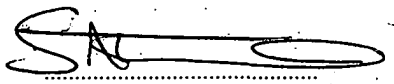
In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

### AUDITORS

The auditors, CPT, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the board of trustees on 12/12/18 and signed on its behalf by:



Ms S A Paterson - Trustee

## REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF CLEVELAND INDEPENDENT THEATRE COMPANY LIMITED

**Opinion**

We have audited the financial statements of Cleveland Independent Theatre Company Limited (the 'charitable company') for the year ended 31 March 2018 which comprise the Statement of Financial Activities, the Balance Sheet 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 (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2018 and of its 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'; 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 Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the 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 the provisions available for small entities, in the circumstances set out in note 14 to the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

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

**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements ; or
- the charitable company has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; 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.

## REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF CLEVELAND INDEPENDENT THEATRE COMPANY LIMITED

**Responsibilities of trustees**

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 charitable company or to cease operations, or have no realistic alternative but to do so.

**Our 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 a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

**Use of our report**

This report is made solely to the charitable company's trustees, as a body, in accordance with Section 144 of the Charities Act 2011 and regulations made under Section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

CPT

CPT
Chartered Certified Accountants
Statutory Auditors
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
80 Victoria Road
Darlington
County Durham
DL1 5JG

Date: 18/12/18

## CLEVELAND INDEPENDENT THEATRE COMPANY LIMITED

## STATEMENT OF FINANCIAL ACTIVITIES
## for the Year Ended 31 March 2018

| | Notes | Unrestricted funds £ | Restricted funds £ | 2018 Total funds £ | 2017 Total funds £ |
|---|---|---|---|---|---|
| **INCOME AND ENDOWMENTS FROM** | | | | | |
| Donations and legacies | | 270,381 | 129,166 | 399,547 | 405,937 |
| **Charitable activities** | | | | | |
| Theatre activities | | 69,283 | - | 69,283 | 32,398 |
| TakeOff Festival | | - | - | - | 6,644 |
| Capital Project management | | 23,226 | - | 23,226 | 27,353 |
| Investment income | 2 | 303 | - | 303 | 428 |
| Other income | | 1,167 | - | 1,167 | 12,399 |
| **Total** | | 364,360 | 129,166 | 493,526 | 485,159 |
| **EXPENDITURE ON** | | | | | |
| Raising funds | | 42,230 | - | 42,230 | 34,815 |
| **Charitable activities** | | | | | |
| Theatre activities | | 323,986 | 99,912 | 423,898 | 367,618 |
| TakeOff Festival | | - | - | - | 49,510 |
| Capital Project management | | 23,226 | - | 23,226 | 19,147 |
| **Total** | | 389,442 | 99,912 | 489,354 | 471,090 |
| **NET INCOME/(EXPENDITURE)** | | (25,082) | 29,254 | 4,172 | 14,069 |
| **RECONCILIATION OF FUNDS** | | | | | |
| **Total funds brought forward** | | 145,458 | - | 145,458 | 131,389 |
| **TOTAL FUNDS CARRIED FORWARD** | | 120,376 | 29,254 | 149,630 | 145,458 |

The notes form part of these financial statements

## CLEVELAND INDEPENDENT THEATRE COMPANY LIMITED

## BALANCE SHEET
## At 31 March 2018

| | Notes | Unrestricted funds £ | Restricted funds £ | 2018 Total funds £ | 2017 Total funds £ |
|---|---|---|---|---|---|
| **FIXED ASSETS** | | | | | |
| Intangible assets | 7 | 14,873 | - | 14,873 | - |
| Tangible assets | 8 | 8,901 | - | 8,901 | 7,560 |
| | | 23,774 | - | 23,774 | 7,560 |
| **CURRENT ASSETS** | | | | | |
| Debtors | 9 | 56,138 | - | 56,138 | 57,111 |
| Cash at bank and in hand | | 59,863 | 29,254 | 89,117 | 131,222 |
| | | 116,001 | 29,254 | 145,255 | 188,333 |
| **CREDITORS** | | | | | |
| Amounts falling due within one year | 10 | (19,399) | - | (19,399) | (50,435) |
| **NET CURRENT ASSETS** | | 96,602 | 29,254 | 125,856 | 137,898 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | 120,376 | 29,254 | 149,630 | 145,458 |
| **NET ASSETS** | | 120,376 | 29,254 | 149,630 | 145,458 |
| **FUNDS** | 12 | | | | |
| Unrestricted funds | | | | 120,376 | 145,458 |
| Restricted funds | | | | 29,254 | - |
| **TOTAL FUNDS** | | | | 149,630 | 145,458 |

The notes form part of these financial statements



continued...

## CLEVELAND INDEPENDENT THEATRE COMPANY LIMITED

## BALANCE SHEET - CONTINUED
## At 31 March 2018

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2018.

The members have not deposited notice, pursuant to Section 476 of the Companies Act 2006 requiring an audit of these financial statements.

The trustees acknowledge their responsibilities for

(a) ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006 and

(b) preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charitable company.

These financial statements have been audited under the requirements of Section 144 of the Charities Act 2011.

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to charitable small companies.

The financial statements were approved by the Board of Trustees on 17/12/18 and were signed on its behalf by:

Ms S A Paterson -Trustee

The notes form part of these financial statements

## NOTES TO THE FINANCIAL STATEMENTS
## for the Year Ended 31 March 2018

### 1. ACCOUNTING POLICIES

**Basis of preparing the financial statements**
The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Advantage has been taken of Section 396(5) of the Companies Act 2006 to allow the format of the financial statements to be adapted to reflect the special nature of the charity's operation and in order to comply with the requirements of the SORP.

The particular accounting policies adopted are set out below.

**Income**
All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

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

Grants offered subject to conditions which have not been met at the year end date are noted as a commitment but not accrued as expenditure.

**Raising funds**
Raising funds includes all expenditure incurred by the charity to raise funds for its charitable purposes and includes costs of all fundraising activities, events and non-charitable trading.

**Charitable activities**
Charitable expenditure includes all expenditure directly related to the objects of the charity including the following:

The costs of activities in furtherance of the charity's objectives represents the project costs that have been incurred in the charitable activities.

Support costs of activities of charitable purposes includes the relevant proportion of staff salaries appropriate to the amounts of time spent on project development and management, and promotion and marketing costs.

**Governance costs**
Governance costs include all expenditure directly related to the administration of the charity including expenditure incurred in the management of the charity's assets, organisational administration and compliance with charitable and statutory requirements.

1. ACCOUNTING POLICIES - continued

**Tangible fixed assets**
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

| | |
|---|---|
| Fixtures and fittings | - 20% on cost |
| Computer equipment | - 33% on cost |

All tangible fixed assets are stated at cost less depreciation. Items of less than £100 are not capitalised.

A regular review of the likelihood of asset impairment is undertaken.

**Taxation**
As a registered charity, the company is exempt from income and corporation tax to the extent that its income and gains are applicable to charitable purposes only.

Value Added Tax is partially recoverable by the charity. The recovered amounts are excluded from the relevant income and expenditure in the Statement of Financial Activities and tangible fixed assets on the Balance Sheet.

**Fund accounting**
Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

There is no formal policy for transfers between funds or on the allocation of funds to designated funds, other than that described above. Any other proposed transfer between funds would be considered on the particular circumstances.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

**Pension costs and other post-retirement benefits**
The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

**Deferred income**
In accordance with the SORP, grants received in advance and specified by the donor as relating to specific accounting periods or alternatively which are subject to conditions which are still to be met and which are outside the control of the charity or where it is uncertain whether the conditions can or will be met, are deferred on an accruals basis to the period to which they relate. Such deferrals are shown in the notes to the accounts and the sums involved are shown as creditors in the accounts.

**Finance and operating lease**

Rentals payable in respect of operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities as incurred.

2. INVESTMENT INCOME

| | 2018 | 2017 |
|---|---|---|
| | £ | £ |
| Deposit account interest | 303 | 428 |

## 3. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

| | 2018 | 2017 |
|---|---|---|
| | £ | £ |
| Auditors' remuneration | 2,000 | 2,000 |
| Depreciation - owned assets | 4,371 | 4,363 |
| Website development amortisation | 2,627 | - |

## 4. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2018 nor for the year ended 31 March 2017.

**Trustees' expenses**

There were no trustees' expenses paid for the year ended 31 March 2018 (2017: £NIL).

## 5. STAFF COSTS

The average monthly number of employees during the year was as follows:

| | 2018 | 2017 |
|---|---|---|
| Management | 2 | 1 |
| Charitable activities | 5 | 5 |
| | 7 | 6 |

No employees received emoluments in excess of £60,000.

## 6. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

(for the year ended 31 March 2017)

| | Unrestricted funds | Restricted funds | Total funds |
|---|---|---|---|
| | £ | £ | £ |
| **INCOME AND ENDOWMENTS FROM** | | | |
| Donations and legacies | 262,335 | 143,602 | 405,937 |
| **Charitable activities** | | | |
| Theatre activities | 32,398 | - | 32,398 |
| TakeOff Festival | - | 6,644 | 6,644 |
| Capital Project management | 27,353 | - | 27,353 |
| Investment income | 428 | - | 428 |
| Other income | 12,399 | - | 12,399 |
| **Total** | 334,913 | 150,246 | 485,159 |

## 6. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

| (for the year ended 31 March 2017) | Unrestricted funds | Restricted funds | Total funds |
|---|---|---|---|
| | £ | £ | £ |
| **EXPENDITURE ON** | | | |
| Raising funds | 34,815 | - | 34,815 |
| **Charitable activities** | | | |
| Theatre activities | 232,230 | 135,388 | 367,618 |
| TakeOff Festival | 30,866 | 18,644 | 49,510 |
| Capital Project management | 19,147 | - | 19,147 |
| **Total** | 317,058 | 154,032 | 471,090 |
| **NET INCOME/(EXPENDITURE)** | 17,855 | (3,786) | 14,069 |
| **RECONCILIATION OF FUNDS** | | | |
| **Total funds brought forward** | 127,603 | 3,786 | 131,389 |
| **TOTAL FUNDS CARRIED FORWARD** | 145,458 | - | 145,458 |

## 7. INTANGIBLE FIXED ASSETS

| | Website development £ |
|---|---|
| **COST** | |
| Additions | 17,500 |
| **AMORTISATION** | |
| Charge for year | 2,627 |
| **NET BOOK VALUE** | |
| At 31 March 2018 | 14,873 |
| At 31 March 2017 | - |

## 8. TANGIBLE FIXED ASSETS

| | Fixtures and fittings £ | Computer equipment £ | Totals £ |
|---|---|---|---|
| **COST** | | | |
| At 1 April 2017 | 5,839 | 16,971 | 22,810 |
| Additions | 1,313 | 4,399 | 5,712 |
| At 31 March 2018 | 7,152 | 21,370 | 28,522 |
| **DEPRECIATION** | | | |
| At 1 April 2017 | 5,177 | 10,073 | 15,250 |
| Charge for year | 425 | 3,946 | 4,371 |
| At 31 March 2018 | 5,602 | 14,019 | 19,621 |
| **NET BOOK VALUE** | | | |
| At 31 March 2018 | 1,550 | 7,351 | 8,901 |
| At 31 March 2017 | 662 | 6,898 | 7,560 |

## 9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2018 £ | 2017 £ |
|---|---|---|
| Trade debtors | 17,962 | 19,072 |
| Tax | 10,429 | 19,822 |
| VAT | 6,272 | - |
| Prepayments and accrued income | 21,475 | 18,217 |
| | 56,138 | 57,111 |

## 10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2018 £ | 2017 £ |
|---|---|---|
| Trade creditors | 6,445 | 16,570 |
| VAT | - | 4,734 |
| Other creditors | 254 | 16,631 |
| Accrued expenses | 12,700 | 12,500 |
| | 19,399 | 50,435 |

## 11. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

| | 2018 | 2017 |
|---|---|---|
| | £ | £ |
| Within one year | 16,000 | 9,580 |
| Between one and five years | 5,234 | 16,480 |
| | 21,234 | 26,060 |

The charity is in the process of committing to a 25 year lease to move into a creative play area, office and meeting rooms at the newly refurbished Darlington Hippodrome. The expected cost of the lease is £16,000 per annum.

## 12. MOVEMENT IN FUNDS

| | At 1.4.17 | Net movement in funds | At 31.3.18 |
|---|---|---|---|
| | £ | £ | £ |
| **Unrestricted funds** | | | |
| General fund | 140,458 | (25,082) | 115,376 |
| Designated fund | 5,000 | - | 5,000 |
| | 145,458 | (25,082) | 120,376 |
| **Restricted funds** | | | |
| Capital project | - | 10,000 | 10,000 |
| Hullabaloo Project | - | 19,254 | 19,254 |
| | - | 29,254 | 29,254 |
| **TOTAL FUNDS** | 145,458 | 4,172 | 149,630 |

Net movement in funds, included in the above are as follows:

| | Incoming resources | Resources expended | Movement in funds |
|---|---|---|---|
| | £ | £ | £ |
| **Unrestricted funds** | | | |
| General fund | 364,360 | (389,442) | (25,082) |
| **Restricted funds** | | | |
| Takeoff festival | 16,500 | (16,500) | - |
| Capital project | 60,000 | (50,000) | 10,000 |
| Hullabaloo Project | 52,666 | (33,412) | 19,254 |
| | 129,166 | (99,912) | 29,254 |
| **TOTAL FUNDS** | 493,526 | (489,354) | 4,172 |

## 12. MOVEMENT IN FUNDS - continued

**Comparatives for movement in funds**
(for the year ended 31 March 2017)

| | At 1.4.16 £ | Net movement in funds £ | Transfers between funds £ | At 31.3.17 £ |
|---|---|---|---|---|
| **Unrestricted Funds** | | | | |
| General fund | 119,603 | 17,855 | 3,000 | 140,458 |
| Designated fund | 8,000 | - | (3,000) | 5,000 |
| | 127,603 | 17,855 | - | 145,458 |
| **Restricted Funds** | | | | |
| ACE - NECTC | 1,226 | (1,226) | - | - |
| Capital project | 2,560 | (2,560) | - | - |
| | 3,786 | (3,786) | - | - |
| **TOTAL FUNDS** | 131,389 | 14,069 | - | 145,458 |

Comparative net movement in funds, included in the above are as follows:

| (for the year ended 31 March 2017) | Incoming resources £ | Resources expended £ | Movement in funds £ |
|---|---|---|---|
| **Unrestricted funds** | | | |
| General fund | 334,913 | (317,058) | 17,855 |
| **Restricted funds** | | | |
| ACE - NECTC | 16,602 | (17,828) | (1,226) |
| Takeoff festival | 18,644 | (18,644) | - |
| Capital project | 115,000 | (117,560) | (2,560) |
| | 150,246 | (154,032) | (3,786) |
| **TOTAL FUNDS** | 485,159 | (471,090) | 14,069 |

## 12. MOVEMENT IN FUNDS - continued

**Takeoff Festival**
Durham County Council awarded £12,000 (2017: £12,000) to assist with the funding of the festival. Delegate, visitor and schools contributed income of £31,297 (2017: £6,644) towards the costs of the festival.

**The Esmée Fairbairn Foundation** has committed a grant of £47,000 per annum for the next 3 years to support the The Hullabaloo and 0.5 of a Programme Coordinator post. The grant funds were restricted for this use. The annual amount is for use across two financial years, the grant runs from September to August each year.

**Capital Project**
Arts Council England and Darlington Council, through Creative Darlington, provided consultancy fees to support the charity's business planning and feasibility for the capital project.

**Designated Funds**
Included within unrestricted reserves is a designated fund of £5,000 (2017 - £5,000) towards adaptations.

## 13. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 March 2018.

## 14. APB ETHICAL STANDARD - PROVISIONS AVAILABLE FOR SMALL ENTITIES

In common with many other businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

## 15. POST BALANCE SHEET EVENTS

The charity has secured continued National Portfolio Funding from Arts Council England at the level of £250,318 per year for the period April 2018 - March 2022. This will support the ambitious expansion of TakeOff Festival into rural areas of County Durham and create more opportunities for younger children and families in areas of low engagement.

The Board of Trustees has made prudent plans to invest unrestricted reserves into specific projects over the period 2018 - 2022, including significant investment into the transition into the new offices and the growth of TakeOff Festival into areas of greatest need.

The charity is in the process of committing to a 25 year lease to move into a creative play area, office and meeting rooms at the newly refurbished Darlington Hippodrome. The expected cost of the lease is £16,000 per annum.

## 16. ULTIMATE CONTROLLING PARTY

The charity is under the control of the trustees.

## 17. LIMITED BY GUARANTEE

The charity is incorporated under the Companies Act 2006 and is limited by guarantee. Each member has undertaken to contribute such amounts not exceeding one pound as may be required in the event of the company being wound up whilst he or she is still a member or within one year thereafter.

There are currently 8 members of the charity (2017: 8 members).

## CLEVELAND INDEPENDENT THEATRE COMPANY LIMITED

## DETAILED STATEMENT OF FINANCIAL ACTIVITIES
### for the Year Ended 31 March 2018

| | 2018 £ | 2017 £ |
|---|---|---|
| **INCOME AND ENDOWMENTS** | | |
| **Donations and legacies** | | |
| Grant income | 133,924 | 155,602 |
| Donated services and facilities | 15,305 | 17 |
| Core funding | 250,318 | 250,318 |
| | 399,547 | 405,937 |
| **Investment income** | | |
| Deposit account interest | 303 | 428 |
| **Charitable activities** | | |
| Production income | 69,283 | 32,414 |
| Earned income | - | 6,628 |
| Capital Project management | 23,226 | 27,353 |
| | 92,509 | 66,395 |
| **Other income** | | |
| Other income | 1,167 | 12,399 |
| **Total incoming resources** | 493,526 | 485,159 |
| **EXPENDITURE** | | |
| **Raising donations and legacies** | | |
| Wages | 39,638 | 32,720 |
| Social security | 2,592 | 2,095 |
| | 42,230 | 34,815 |
| **Charitable activities** | | |
| Wages | 57,031 | 61,440 |
| Social security | 3,475 | 3,162 |
| Pensions | 732 | 29 |
| Production costs | 9,660 | 1,027 |
| Directors and designers | 27,386 | 13,862 |
| Sets and props | 29,734 | 9,107 |
| Actors fees | 18,421 | 17,300 |
| Musicians fees | 3,962 | 4,654 |
| Marketing | 33,082 | 18,642 |
| Takeoff festival | - | 49,510 |
| Touring company fees | 43,658 | - |
| Touring travel and subsistence | 31,195 | 16,037 |
| Carried forward | 258,336 | 194,770 |

## CLEVELAND INDEPENDENT THEATRE COMPANY LIMITED

## DETAILED STATEMENT OF FINANCIAL ACTIVITIES
### for the Year Ended 31 March 2018

| | 2018 £ | 2017 £ |
|---|---|---|
| **Charitable activities** | | |
| Brought forward | 258,336 | 194,770 |
| Management fees | 8,015 | 5,440 |
| NECTC direct expenses | - | 27,145 |
| Grants to institutions | 50,000 | 115,000 |
| | 316,351 | 342,355 |
| **Support costs** | | |
| **Management** | | |
| Wages | 13,485 | 11,754 |
| Social security | 607 | 553 |
| Rates and water | 317 | 930 |
| Insurance | 1,612 | 1,489 |
| Light and heat | 1,221 | 2,118 |
| Telephone | 5,694 | 1,917 |
| Print, post and stationery | 2,654 | 479 |
| Sundries | 3,226 | 1,547 |
| Rent | 9,300 | 7,072 |
| Subscriptions | 3,708 | 1,520 |
| IT support and maintenance | 6,377 | 3,288 |
| Bank charges | 180 | - |
| Leasing of equipment | 4,899 | 3,825 |
| Repairs and maintenance | 26 | 58 |
| Cleaning | 812 | 880 |
| Professional fees | 5,808 | 8,032 |
| Consultancy fees | 3,672 | - |
| Training and welfare | 2,099 | 972 |
| Travel and subsistence | 4,359 | 4,225 |
| Recruitment expenses | 220 | 396 |
| Refreshments | 2,494 | 1,097 |
| VAT manual adjustments | 17,154 | 1,906 |
| Lease negotiation fees | - | 4,006 |
| Amortisation of website | 2,627 | - |
| Fixtures and fittings | 425 | 723 |
| Computer equipment | 3,946 | 3,641 |
| | 96,922 | 62,428 |
| **Finance** | | |
| Wages | 28,240 | 26,280 |
| Social security | 1,862 | 1,712 |
| | 30,102 | 27,992 |
| **Governance costs** | | |
| Auditors' remuneration | 2,000 | 2,000 |
| Accountancy fees | 1,749 | 1,500 |
| | 3,749 | 3,500 |
| **Total resources expended** | 489,354 | 471,090 |

## CLEVELAND INDEPENDENT THEATRE COMPANY LIMITED

## DETAILED STATEMENT OF FINANCIAL ACTIVITIES
### for the Year Ended 31 March 2018

| | 2018<br>£ | 2017<br>£ |
|---|---|---|
| **Net income** | 4,172 | 14,069 |