

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE PERIOD 5 JULY 2000 TO 31 JULY 2001
FOR
COUNTY DURHAM ARTS IN EDUCATION AGENCY**



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COUNTY DURHAM ARTS IN EDUCATION AGENCY

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE PERIOD 5 JULY 2000 TO 31 JULY 2001**

	Page
Company information	1
Report of the directors	2
Accountants report	4
Statement of financial activities	5
Balance sheet	6
Notes to the financial statements	7

COUNTY DURHAM ARTS IN EDUCATION AGENCY

**COMPANY INFORMATION
FOR THE PERIOD 5 JULY 2000 TO 31 JULY 2001**

DIRECTORS:

K. Alexander
B.D. Ebbatson
P.J. James
J. Stirk
R.A. Hancock

SECRETARY:

A. Harrington

REGISTERED OFFICE:

DLI Museum and Arts Gallery
Aykley Heads
Durham

COMPANY NUMBER:

4027621 (England and Wales)

CHARITY NUMBER:

1086471

REPORTING ACCOUNTANT:

Ribchesters
Chartered Accountants
67 Sadler Street
Durham City
DH1 3NP

BANKERS:

Unity Trust plc
Nine Brindley Place
4 Oozells Square
Birmingham
B1 2HB

COUNTY DURHAM ARTS IN EDUCATION AGENCY

REPORT OF THE DIRECTORS FOR THE PERIOD 5 JULY 2000 TO 31 JULY 2001

The directors present their report with the financial statements of the company for the period 5 July 2000 to 31 July 2001.

COMMENCEMENT OF TRADING

The company was incorporated on 5 July 2000 but did not commence activities until 1 November 2000.

STATUS

The organisation is a charitable company limited by guarantee, incorporated on 5 July 2000 and registered as a charity on 3 May 2001. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. Under those Articles, at each annual general meeting, other than the first following the date of incorporation, one third of the directors shall retire by rotation, but they may offer themselves up for re-election.

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of fostering awareness, knowledge, understanding of and participation in arts education in County Durham. The Company operates under the trading name of The Forge.

REVIEW OF ACTIVITIES

The results for the period and financial position of the company are as shown in the annexed financial statements.

The Forge is the newly established independent Arts in Education Agency for County Durham. The agency launched in October 2000 with a special event at the DLI. It is a 'one stop shop' for design, delivery and advice for arts education in County Durham.

The work of the agency breaks down into a number of key areas:

- Producing high quality arts in education projects for young people throughout the County
- Brokering relationships between artists and educational settings
- Running training sessions for artists and teachers
- Acting as an advocate for the role of the arts in making creative, healthy individuals and communities
- Raising new money to deliver arts activity in the County.

The Forge is an innovative and successful organisation and has made significant advances in its first year of operation. The success of the organisation stems from a flexible and creative management and an enterprising approach to partnership development. This financial year has seen the development of a number of new projects including the ongoing delivery of the Regional Arts Lottery Programme Arts Education Extend, the tour of Indian dance company Natyanjali, the delivery of the Egg an early years arts programme, a number of summer schools and Dance Plus a contemporary dance programme for schools. In addition, the Forge has developed a range of training and professional development programmes for artists and teachers. The organisation has established itself as a key player in the arts in education infrastructure for the Northern region.

RESERVES POLICY

It was noted that the reserve of £76,689 carried forward had been allocated to a number of ongoing projects, which run over two financial years. This includes The Egg, The Locust - a project in special schools, training initiatives for artists and schools, the development of an artist database, the SPARKS grant scheme, agency core costs and other creative initiatives in development.

COUNTY DURHAM ARTS IN EDUCATION AGENCY

**REPORT OF THE DIRECTORS
FOR THE PERIOD 5 JULY 2000 TO 31 JULY 2001
(continued)**

DIRECTORS

The directors during the period under review were:

K. Alexander	- appointed 5.7.2000
B.D. Ebbatson	- appointed 5.7.2000
P.J. James	- appointed 5.7.2000
J. Stirk	- appointed 5.7.2000
R.A. Hancock	- appointed 25.6.2001

All the directors, being eligible, offer themselves for election at the forthcoming first Annual General Meeting.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- 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 company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report has been prepared in accordance with the special provisions of Part V11 of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD



DIRECTOR

Dated: 25.02.02

**ACCOUNTANTS' REPORT TO THE MEMBERS ON THE UNAUDITED
ACCOUNTS OF COUNTY DURHAM ARTS IN EDUCATION AGENCY**

We report on the accounts for the period ended 31 July 2001 set out on pages 5 to 12.

Respective responsibilities of directors and reporting accountants

As described on page 2 the directors of County Durham Arts in Education Agency are responsible for the preparation of the accounts and they consider that the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

Basis of opinion

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the accounts with the accounting records kept by the company, and making such limited enquiries of the officers of the company as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

Opinion

In our opinion:

- a) the accounts are in agreement with the accounting records kept by the company under section 221 of the Companies Act 1985;
- b) having regard only to, and on the basis of, the information contained in those accounting records:
 - i. the accounts have been drawn up in a manner consistent with the accounting requirements specified in section 249C(6) of the Act; and
 - ii. the company satisfied the conditions for exemption from an audit of the accounts for the period specified in section 249A(4) of the Act and did not, at any time within that year, fall within any of the categories of companies not entitled to the exemption specified in section 249B(1).



**Ribchesters
Chartered Accountants
67 Sadler Street
Durham
DH1 3NP**

7 March 2002

COUNTY DURHAM ARTS IN EDUCATION AGENCY

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE PERIOD 5 JULY 2000 TO 31 JULY 2001**

	Note	Unrestricted funds £	Restricted funds £	Total £
INCOMING RESOURCES				
Donations, grants and similar incoming resources	2	<u>88,437</u>	<u>36,919</u>	<u>125,356</u>
RESOURCES EXPENDED				
Charitable expenditure				
Costs of activities in furtherance of the objects of the charity		6,967	13,002	19,969
Management and administration of charity		<u>28,698</u>	—	<u>28,698</u>
Total resources expended	3	<u>35,665</u>	<u>13,002</u>	<u>48,667</u>
Net movement in funds for the period – and net income for the period		52,772	23,917	76,689
Total funds brought forward		—	—	—
Total funds carried forward 31 July 2001	13	<u>52,772</u>	<u>23,917</u>	<u>76,689</u>

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

All incoming resources and resources expended derive from continuing activities.

COUNTY DURHAM ARTS IN EDUCATION AGENCY

BALANCE SHEET AS AT 31 JULY 2001

	Notes	£	£
FIXED ASSETS			
Tangible assets	8		1,070
CURRENT ASSETS			
Debtors	9	100	
Prepayments and accrued income		193	
Cash at bank and in hand		<u>90,463</u>	
		90,756	
CREDITORS			
Amounts falling due within one year	10	<u>15,137</u>	
NET CURRENT ASSETS			<u>75,619</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	12		£ <u>76,689</u>
Unrestricted funds		52,772	
Restricted funds		<u>23,917</u>	
			<u>76,689</u>
TOTAL FUNDS	13		£ <u>76,689</u>

The company is entitled to exemption from audit under section 249A(1) of the Companies Act 1985 for the period ended 31 July 2001.

The members have not required the company to obtain an audit of its financial statements for the period ended 31 July 2001 in accordance with section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

ON BEHALF OF THE BOARD

.....*P. Smith*.....*Director*
Director

Approved by the Board on 25.02.02

The notes form part of these financial statements

COUNTY DURHAM ARTS IN EDUCATION AGENCY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 5 JULY 2000 TO 31 JULY 2001

1. ACCOUNTING POLICIES

a) **Accounting convention**

The financial statements have been prepared under the historic cost convention and in accordance with the Financial Reporting Standards for Smaller Entities (effective March 2000), the Companies Act 1985 and follow the recommendations and Reporting by Charities: Statement of Recommended Practice issued in October 2000.

b) **Tangible fixed assets**

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

Computer equipment	25% on cost
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c) **Incoming resources**

Voluntary income is received by way of donations and gifts and is included in the Statement of Financial Activities when receivable. The value of rent free accommodation has not been included. Grants, including grants for purchase of fixed assets, are recognised in full in the Statement of Financial Activities in the year in which they are receivable.

d) **Resources expended**

Resources expended are recognised in the period in which they are incurred and include attributable VAT which cannot be recovered.

e) **Unrestricted funds**

Unrestricted funds are donations and other incoming resources receivable or generated for the objects of the charity without further specified purpose and are available as general funds.

f) **Restricted funds**

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

g) **Deferred income**

Income is deferred in unrestricted fund incoming resources where the charity receives grants for core expenditure to be incurred in a future period.

COUNTY DURHAM ARTS IN EDUCATION AGENCY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 5 JULY 2000 TO 31 JULY 2001 (continued)

2. INCOME RESOURCES

Donations, grants and similar income

	Unrestricted funds £	Restricted funds £	Total £
The Arts Education Extend project – Regional			
Arts Lottery Grant	23,314	-	23,314
Northern Arts	23,689	4,019	27,708
Local Arts Development Agency Contribution	730	-	730
Transfer from unincorporated project (see Note 7)	39,704	1,000	40,704
Northern Rock	-	24,000	24,000
Donations from schools	-	900	900
DCC Arts, Library and Museum Department	-	5,000	5,000
Derwentside District Council	1,000	-	1,000
DCC Education Department	<u>-</u>	<u>2,000</u>	<u>2,000</u>
	<u>88,437</u>	<u>36,919</u>	<u>125,356</u>

Included in incoming resources for the Arts in Education Extend Project is the grant from the Regional Arts Lottery Programme to underpin three flagship projects, i.e. Through Your Eyes, Natyanjali and the EGG projects, and also for the creation of an artists database and to contribute to the establishment and infrastructure of the agency.

3. TOTAL RESOURCES EXPENDED

Costs of activities in furtherance of the objects of the charity

	Unrestricted funds £	Restricted funds £	Total £
EGG project expenditure	-	7,967	7,967
Summer Schools project expenditure	-	3,000	3,000
Natyanjali project expenditure	6,208	-	6,208
Artstrain project expenditure	-	2,035	2,035
Artists database	<u>759</u>	<u>-</u>	<u>759</u>
	<u>6,967</u>	<u>13,002</u>	<u>19,969</u>

COUNTY DURHAM ARTS IN EDUCATION AGENCY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 5 JULY 2000 TO 31 JULY 2001 (continued)

3. Total resources expended (continued)

	Unrestricted funds £	Restricted funds £	Total £
Management and administration of charity			
Staff salaries and employers NI	23,596	-	23,596
Printing and stationery	768	-	768
Travel expenses	1,181	-	1,181
Staff training	526	-	526
Staff recruitment	710	-	710
Books and publications	9	-	9
Launch costs	440	-	440
Insurance	109	-	109
Computer running costs	90	-	90
Accountancy	1,175	-	1,175
Sundry	45	-	45
Depreciation of computer equipment	<u>49</u>	<u>-</u>	<u>49</u>
	<u>28,698</u>	<u>-</u>	<u>28,698</u>
Total resources expended	<u>35,665</u>	<u>13,002</u>	<u>48,667</u>

4. NET INCOMING RESOURCES FOR THE PERIOD

£

This is stated after charging:

Depreciation on owned assets	49
Directors remuneration	<u>-</u>

Travel costs amounting to £70 were reimbursed to one of the directors during the period.
None of the directors received remuneration during the period.

5. STAFF COSTS AND NUMBERS

£

Salaries and wages	21,149
Social security costs	<u>2,447</u>
	<u>23,596</u>

No employee received remuneration of more than £50,000 per annum.

The average number of employees during the period was as follows:

No.

Directors	5
Project director	1
Administration	<u>1</u>

7

COUNTY DURHAM ARTS IN EDUCATION AGENCY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 5 JULY 2000 TO 31 JULY 2001 (continued)

6. TAXATION

The charitable company is exempt from Corporation Tax on its charitable activities.

7. TRANSFER FROM PROJECT MANAGED BY DURHAM COUNTY ARTS & LIBRARY MUSEUM PRIOR TO THE COMPANY, COUNTY DURHAM ARTS IN EDUCATION AGENCY, BEING FORMED AND ORGANISED

	Unrestricted funds £	Restricted funds £	Total £
INCOME			
Arts in Education Extend Programme			
Regional Arts Lottery Grant	29,142	-	29,142
EGG Project			
Wear Valley District Council Grant	-	1,000	1,000
Other Grants			
DCC Education	5,000	-	5,000
DCC Arts Development	15,000	-	15,000
Schools	2,400	-	2,400
Northern Arts	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total income	<u>61,542</u>	<u>1,000</u>	<u>62,542</u>
EXPENDITURE			
Arts in Education Extend Programme			
Artists fees and materials	7,840	-	7,840
Documentation	394	-	394
Transport	2,826	-	2,826
Evaluation	1,000	-	1,000
Project management	1,350	-	1,350
Travelling expenses	1,021	-	1,021
Training	200	-	200
Launch administration fees	736	-	736
Printing	280	-	280
Sundry	<u>50</u>	<u>-</u>	<u>50</u>
	<u>15,697</u>	<u>-</u>	<u>15,697</u>
Management and administration expenses			
Project director's salary	5,592	-	5,592
Employers NI	<u>549</u>	<u>-</u>	<u>549</u>
	<u>6,141</u>	<u>-</u>	<u>6,141</u>
Total expenditure	<u>21,838</u>	<u>-</u>	<u>21,838</u>
Transfer to Durham Arts in Education Agency (see Note 2)	<u>39,704</u>	<u>1,000</u>	<u>40,704</u>

COUNTY DURHAM ARTS IN EDUCATION AGENCY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 5 JULY 2000 TO 31 JULY 2001
(continued)**

8. TANGIBLE FIXED ASSETS

	Computer Equipment £
Cost	
Additions	<u>1,119</u>
At 31 July 2001	<u>1,119</u>
Depreciation	
Charge for period	<u>49</u>
At 31 July 2001	<u>49</u>
Net Book Value	
At 31 July 200	<u>1,070</u>

9. DEBTORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	£
Trade debtors	<u>100</u>

10. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	£
Trade creditors	3,000
Deferred income	6,930
Accruals	<u>5,207</u>
	<u>15,137</u>

The deferred income relates to grants received in Unrestricted Funds incoming resources for core fund expenditure for the following year.

11. ULTIMATE CONTROLLING PARTY

In the opinion of the Board, the company is controlled by all the directors of the company.

COUNTY DURHAM ARTS IN EDUCATION AGENCY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 5 JULY 2000 TO 31 JULY 2001 (continued)

12. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds	Restricted funds	Total
	£	£	£
Tangible fixed assets	1,070	-	1,070
Current assets	62,839	27,917	90,756
Current liabilities	(11,137)	(4,000)	(15,137)
	<u>52,772</u>	<u>23,917</u>	<u>76,689</u>

13. MOVEMENTS IN FUNDS

	Incoming Resources	Resources Expended	Balance c/fwd at 31.7.01
	£	£	£
Restricted funds			
EGG Project	33,900	(7,967)	25,933
Artstrain project	3,019	(2,035)	984
Summer schools project	-	(3,000)	(3,000)
	<u>36,919</u>	<u>(13,002)</u>	<u>23,917</u>
Unrestricted funds			
General funds	<u>88,437</u>	<u>(35,665)</u>	<u>52,772</u>
Total funds	<u>125,356</u>	<u>(48,667)</u>	<u>76,689</u>

The incoming resources for the EGG and Artstrain projects in restricted funds includes grants received as follows:

EGG Project

Wear Valley District Council	1,000
Northern Rock	24,000
Schools	900
Durham County Council	5,000
Northern Arts	<u>3,000</u>
	<u>33,900</u>

Artstrain Project

Durham County Council	2,000
Northern Arts	<u>1,019</u>
	<u>3,019</u>

The incoming resources for the general unrestricted fund includes a grant received from the Regional Arts Lottery Programme as described in Note 2.

The Summer Schools project is carrying forward a deficit balance of £3,000 in restricted funds because the grant relating to that project was not receivable from The New Opportunities Fund until after the year end.