

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE PERIOD 1 AUGUST 2001 TO 31 MARCH 2002
FOR
COUNTY DURHAM ARTS IN EDUCATION AGENCY**



COUNTY DURHAM ARTS IN EDUCATION AGENCY

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FOR THE PERIOD 1 AUGUST 2001 TO 31 MARCH 2002**

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COUNTY DURHAM ARTS IN EDUCATION AGENCY
COMPANY INFORMATION
FOR THE PERIOD 1 AUGUST 2001 TO 31 MARCH 2002

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 1 AUGUST 2001 TO 31 MARCH 2002

The directors present their report with the financial statements of the company for the period 1 August 2001 to 31 March 2002.

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

This is the second set of accounts for the Forge and covers an eight-month period of activity. 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 and community 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 has built upon the success of its first year of operation and has continued to deliver its charitable aims. The continued success of the organisation stems from a flexible and creative management style and an enterprising approach to partnership development.

In this year we have seen the continuation of the delivery of the various elements of the Regional Arts Lottery Programme Arts Education Extend, the establishment of a number of arts based summer schools and the creation of Fortemis, a mentoring scheme for artists. We have continued with our commitment to cultural diversity with the tour of Indian micro artist Rice grain Venkatesh and built the foundations for the Small World Big Dream Arts Festival. This year has also seen the establishment of SPARKS a small grant scheme for schools and development work the Creation Project for early years children.

The work of the Forge continues to expand as the agency establishes itself as a major player in arts in education regionally and nationally.

RESERVE POLICY

The agency is carrying forward a reserve of £76,826 into the 2002/03 financial year. This is allocated to a number of ongoing projects including a project for special schools, SPARKS the small grant scheme, Fortemis 2002, work with the Family Learning Group, website development, a research programme for the Arts Council, the agency core costs and other creative initiatives.

COUNTY DURHAM ARTS IN EDUCATION AGENCY

**REPORT OF THE DIRECTORS
FOR THE PERIOD 1 AUGUST 2001 TO 31 MARCH 2002
(continued)**

DIRECTORS

The directors during the period under review were:

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

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

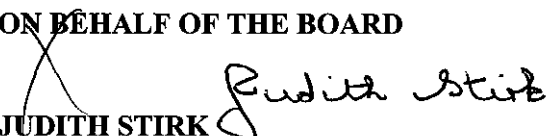
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- 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


JUDITH STIRK
Director

Dated: 24 June 2002

**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 March 2002 set out on pages 5 to 11.

Respective responsibilities of directors and reporting accountants

As described on page 3 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

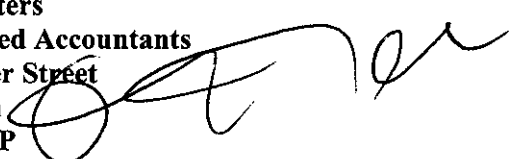
Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the accounts with the accounting records kept by the company, and making such limited enquiries of the officers of the company as we considered necessary for the 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**



Dated: 9 July 2002

COUNTY DURHAM ARTS IN EDUCATION AGENCY

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE PERIOD 1 AUGUST 2001 TO 31 MARCH 2002**

	Note	Unrestricted funds £	Restricted funds £	2002 Total £	2001 Total £
INCOMING RESOURCES					
Donations, grants and similar incoming resources		<u>40369</u>	<u>12412</u>	<u>52781</u>	<u>125356</u>
Activities in furtherance of the charity's objects					
Summer schools project		7804	-	7804	-
Fortemis project		9757	-	9757	-
Small World, Big Dream Festival		<u>10000</u>	<u>-</u>	<u>10000</u>	<u>-</u>
		<u>27561</u>	<u>-</u>	<u>27561</u>	<u>-</u>
Bank interest received		<u>236</u>	<u>-</u>	<u>236</u>	<u>-</u>
Total incoming resources	2	<u>68166</u>	<u>12412</u>	<u>80578</u>	<u>125356</u>
RESOURCES EXPENDED					
Charitable expenditure					
Costs of activities in furtherance of the objects of the charity	3	21707	31840	53547	19969
Management and administration of charity	3	<u>26894</u>	<u>-</u>	<u>26894</u>	<u>28698</u>
Total resources expended		<u>48601</u>	<u>31840</u>	<u>80441</u>	<u>48667</u>
Net income/(outgoing) resources before transfers		19565	(19428)	137	-
Transfer between funds		<u>(5446)</u>	<u>5446</u>	<u>-</u>	<u>-</u>
Net incoming/outgoing and resources and movement for the period		14119	(13982)	137	76689
Total funds brought forward 1 August 2001		<u>52772</u>	<u>23917</u>	<u>76689</u>	<u>-</u>
Total funds carried forward 31 March 2002	12	<u>66891</u>	<u>9935</u>	<u>76826</u>	<u>76689</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 MARCH 2002

	Notes	2002 £	2001 £
FIXED ASSETS			
Tangible assets	7	883	1070
CURRENT ASSETS			
Debtors	8	11769	100
Prepayments and accrued income		-	193
Cash at bank and in hand		<u>74702</u>	<u>90463</u>
		86471	90756
CREDITORS			
Amounts falling due within one year	9	<u>10528</u>	<u>15137</u>
NET CURRENT ASSETS		<u>75943</u>	<u>75619</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	11	<u>£76826</u>	<u>£76689</u>
Unrestricted funds		66891	52772
Restricted funds		<u>9935</u>	<u>23917</u>
TOTAL FUNDS	12	<u>£76826</u>	<u>£76689</u>

The company is entitled to exemption from audit under section 249A(1) of the Companies Act 1985 for the period ended 31 March 2002.

The members have not required the company to obtain an audit of its financial statements for the period ended 31 March 2002 in accordance with section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibilities for:

- a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- b) 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

JUDITH STIRK
Director

Judith Stirk

Approved by the Board on 24 June 2002

COUNTY DURHAM ARTS IN EDUCATION AGENCY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 AUGUST 2001 TO 31 MARCH 2002

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 1 AUGUST 2001 TO 31 MARCH 2002 (continued)

2. INCOMING RESOURCES

	Unrestricted funds £	Restricted funds £	Total 2002 £	Total 2001 £
The Arts Education Extend project – Regional Arts Lottery Grant	-	-	-	23314
Northern Arts	17259	2267	19526	27708
Local Arts Development Agency Contribution	270	-	270	730
Transfer from unincorporated project	-	-	-	40704
Northern Rock	-	-	-	24000
Donations from schools	800	1075	1875	900
DCC Arts, Library and Museum Department	15480	-	15480	5000
Derwentside District Council	-	-	-	1000
DCC Education Department	10000	-	10000	2000
Northern Cultural Skills Partnership	8957	-	8957	-
Family Learning Group	6000	-	6000	-
Bishop Auckland College	910	-	910	-
Sure Start	350	-	350	-
Chester le Street District Council	100	-	100	-
Summer Schools	7804	-	7804	-
Ragdoll Foundation	-	8070	8070	-
Wear Valley District Council	-	1000	1000	-
Bank interest received	<u>236</u>	<u>-</u>	<u>236</u>	<u>-</u>
	<u>68166</u>	<u>12412</u>	<u>80578</u>	<u>125356</u>

3. TOTAL RESOURCES EXPENDED Costs of activities in furtherance of the objects of the charity

	Unrestricted funds £	Restricted funds £	Total 2002 £	Total 2001 £
Egg project staffing expenditure	-	15245	15245	-
Egg project production expenditure	-	10339	10339	-
Egg project other expenditure	-	3045	3045	7967
Summer Schools project expenditure	2554	-	2554	3000
Natyanjali project expenditure	-	-	-	6208
Artstrain project expenditure	-	1786	1786	2035
Artists database	-	-	-	759
Fortemis project expenditure	8707	-	8707	-
Creative Partnerships	2926	-	2926	-
Impact project expenditure	910	-	910	-
Small World Big Dream	2000	-	2000	-
Time Travellers	1000	-	1000	-
Small projects expenditure	610	1425	2035	-
Grants paid	<u>3000</u>	<u>-</u>	<u>3000</u>	<u>-</u>
	<u>21707</u>	<u>31840</u>	<u>53547</u>	<u>19969</u>

COUNTY DURHAM ARTS IN EDUCATION AGENCY

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 AUGUST 2001 TO 31 MARCH 2002 (continued)

3. Total resources expended (continued)

	Unrestricted funds £	Restricted funds £	Total 2002 £	Total 2001 £
Management and administration of charity				
Staff salaries and employers NI	22697	-	22697	23596
Printing and stationery	870	-	870	768
Travel expenses	532	-	532	1181
Staff training	209	-	209	526
Staff recruitment	-	-	-	710
Books and publications	16	-	16	9
Launch costs	-	-	-	440
Insurance	426	-	426	109
Computer running costs	210	-	210	90
Accountancy	881	-	881	1175
Telephone and postage	300	-	300	-
Sundry	566	-	566	45
Depreciation of computer equipment	<u>187</u>	<u>-</u>	<u>187</u>	<u>49</u>
	<u>26894</u>	<u>-</u>	<u>26894</u>	<u>28698</u>
Total resources expended	<u>48601</u>	<u>31840</u>	<u>80441</u>	<u>48667</u>

4. NET INCOMING RESOURCES FOR THE PERIOD

2002 2001

This is stated after charging:

Depreciation on owned assets	187	49
Directors remuneration	<u>-</u>	<u>-</u>

None of the directors received remuneration or were reimbursed any expenses during the period.

5. STAFF COSTS AND NUMBERS

2002 2001

Salaries and wages	20926	21149
Social security costs	<u>1771</u>	<u>2447</u>
	<u>22697</u>	<u>23596</u>

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

The average number of employees during the period was as follows: **2002 2001**

Directors	5	5
Project director	1	1
Administration	<u>1</u>	<u>1</u>
	<u>7</u>	<u>7</u>

COUNTY DURHAM ARTS IN EDUCATION AGENCY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 AUGUST 2001 TO 31 MARCH 2002
(continued)**

6. TAXATION

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

7. TANGIBLE FIXED ASSETS

	Computer Equipment £
Cost	
At 1 August 2001	1119
Additions	<u>—</u>
At 31 March 2002	<u>1119</u>
Depreciation	
At 1 August 2001	49
Charge for period	<u>187</u>
At 31 March 2002	<u>236</u>
Net Book Value	
At 31 March 2002	<u>883</u>
At 31 July 2001	<u>1070</u>

8. DEBTORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002	2001
Trade debtors	<u>11769</u>	<u>100</u>

9. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002	2001
Trade creditors	1135	3000
Deferred income	-	6930
Accruals	<u>9393</u>	<u>5207</u>
	<u>10528</u>	<u>15137</u>

The deferred income relates to the previous year grants received in Unrestricted Funds incoming resources for core fund expenditure , no deferred income has been provided this year.

10. 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 1 AUGUST 2001 TO 31 MARCH 2002 (continued)

11. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds	Restricted funds	Total
	£	£	£
Tangible fixed assets	883	-	883
Current assets	76536	9935	86471
Current liabilities	(10528)	-	(10528)
	<u>66891</u>	<u>9935</u>	<u>76826</u>

12. MOVEMENTS IN FUNDS

	Balance 31/7/01	Incoming Resources	Resources Expended	Transfer Between Funds	Balance 31/3/02
Restricted funds					
Egg Project	25933	1000	(28629)	1696	-
Artstrain project	984	2667	(1786)	-	1865
Summer schools project	(3000)	-	-	3000	-
Under 5's Creation project	-	8070	-	-	8070
Small projects	-	<u>675</u>	<u>(1425)</u>	<u>750</u>	-
	<u>23917</u>	<u>12412</u>	<u>(31840)</u>	<u>5446</u>	<u>9935</u>
Unrestricted funds					
General funds	<u>52772</u>	<u>68166</u>	<u>(48601)</u>	<u>(5446)</u>	<u>66891</u>
Total funds	<u>76689</u>	<u>80578</u>	<u>(80441)</u>	<u>-</u>	<u>76826</u>

Deficits on the Egg project, Summer Schools project and Small projects have been transferred to be met from unrestricted funds.

Project activities relating to the above restricted funds are detailed below:

Egg Project	A project for nursery aged children for a series of artists residencies.
Artstrain Project	A professional development programme for artists and teachers.
Summer Schools	A dance and drama summer school in County Durham for young people.
Under 5's Creation Project	A series of artists residencies in early years settings.