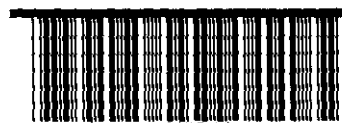


**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003
FOR
COUNTY DURHAM ARTS IN EDUCATION AGENCY**

4027621



A65	*A6342RJW*	0418
COMPANIES HOUSE		07/01/04
A54	*ASNMKR3P*	0062
COMPANIES HOUSE		22/12/03
nmw		0351
COMPANIES HOUSE		11/12/03

COUNTY DURHAM ARTS IN EDUCATION AGENCY

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003**

	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 YEAR ENDED 31 MARCH 2003**

DIRECTORS:	K. Alexander (resigned 1 November 2002) B.D. Ebbatson P.J. James J. Stirk R.A. Hancock
SECRETARY:	A. Harrington
REGISTERED OFFICE:	Stanley Education Centre King Edward VIII Terrace Stanley DH9 0HQ
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 YEAR ENDED 31 MARCH 2003

The directors present their report with the financial statements of the company for the year ended 31 March 2003.

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 and Sunderland. The Company operates under the trading name of The Forge.

REVIEW OF ACTIVITIES

This is the third set of accounts for the Forge and covers a twelve-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 County Durham and Sunderland
- 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 County Durham and Sunderland.

The Forge has built upon the success of its first year of operation and has continued to deliver its charitable aims.

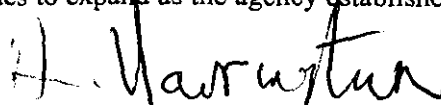
This year saw the development of a new two-year business plan which was presented to and agreed by the key stakeholders Durham County Council and Arts Council England, North East. This outlined the aspirations for the next phase of the development of the Forge to include:

- Consolidate its administration, funding and policy
- Expand services for which there is a clear demand
- Develop and extend the training programme
- Establish the research work of the Forge
- Continue to building strong partnerships with artists, funding bodies, local arts development agencies and arts organisations locally, nationally and internationally.

The business plan also reiterated the core mission for the Forge to promote a creative, learning environment through the arts for young people across County Durham and to create and promote participatory arts projects that are courageous and contemporary, involve artists of the highest calibre and challenge elitist perceptions of the arts and arts educational activities.

In this year we have seen the continuation of the commitment to work in Early Years settings with the Ragdoll Project, the extension of film and video work, the expansion of the cultural diversity programme, the continuation of the dance programme, the expansion of the ARTSTRAIN training programme in partnership with LEA, the development of the relationship with Creative Partnerships and the establishment of a research role for the organisation through a major commission from the Arts Council of England and the Teacher Training agency.

The continued success of the organisation stems from a flexible and creative management style and an enterprising approach to partnership development. The work of the Forge continues to expand as the agency establishes itself as a major player in arts in education regionally and nationally.



**ACCOUNTANTS' REPORT TO THE MEMBERS ON THE UNAUDITED
ACCOUNTS OF COUNTY DURHAM ARTS IN EDUCATION AGENCY** 7/

We report on the accounts for the period ended 31 March 2002 set out on pages 5 to 12.

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 .

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

Tony Harrington

TONY HARRINGTON 18.12.03

COMPANY SECRETARY

Dated: 8 December 2003

COUNTY DURHAM ARTS IN EDUCATION AGENCY

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2003**

	Note	Unrestricted funds £	Restricted funds £	2003 Total £	2002 Total £
INCOMING RESOURCES					
Donations, grants and similar incoming resources	2	<u>104178</u>	<u>47526</u>	<u>151704</u>	<u>52781</u>
Income from activities in furtherance of the charity's objects					
Arts Inc		3000	-	3000	-
Artists workshop fees		7600	-	7600	-
Artslink (Durham) Plug and Play		4720	-	4720	-
Summer schools project		-	-	-	7804
Fortemis project		-	-	-	9757
Small World, Big Dream Festival		<u>17650</u>	-	<u>17650</u>	<u>10000</u>
	2	<u>32970</u>	-	<u>32970</u>	<u>27561</u>
Investment income					
Bank interest received		<u>1033</u>	-	<u>1033</u>	<u>236</u>
Other income					
Creative Partnerships		<u>25171</u>	-	<u>25171</u>	-
Total incoming resources		<u>163352</u>	<u>47526</u>	<u>210878</u>	<u>80578</u>
RESOURCES EXPENDED					
Charitable expenditure					
Costs of activities in furtherance of the objects of the charity	3	136281	65912	202193	53547
Management and administration	3	<u>28225</u>	-	<u>28225</u>	<u>26894</u>
Total resources expended		<u>164506</u>	<u>65912</u>	<u>230418</u>	<u>80441</u>
Net incoming/outgoing resources		(1154)	(18386)	(19540)	137
Total funds brought forward 1 April 2002		<u>66891</u>	<u>9935</u>	<u>76826</u>	<u>76689</u>
Total funds carried forward 31 March 2003	12	<u>65737</u>	<u>(8451)</u>	<u>57286</u>	<u>76826</u>

COUNTY DURHAM ARTS IN EDUCATION AGENCY

BALANCE SHEET AS AT 31 MARCH 2003

	Notes	2003 £	2002 £
FIXED ASSETS			
Tangible assets	7	1673	883
CURRENT ASSETS			
Debtors	8	18797	11769
Cash at bank and in hand		<u>71886</u>	<u>74702</u>
		90683	86471
CREDITORS			
Amounts falling due within one year	9	<u>35070</u>	<u>10528</u>
NET CURRENT ASSETS		<u>55613</u>	<u>75943</u>
NET ASSETS LESS CURRENT LIABILITIES	11	<u>£57286</u>	<u>£76826</u>
RESERVES			
Unrestricted funds		65737	66891
Restricted funds		<u>(8451)</u>	<u>9935</u>
TOTAL FUNDS	12	<u>£57286</u>	<u>£76826</u>

The company is entitled to exemption from audit under section 249A(1) of the Companies Act 1985 for the period ended 31 March 2003.

The members have not required the company to obtain an audit of its financial statements for the period ended 31 March 2003 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 June 2002).

ON BEHALF OF THE BOARD

JUDITH STIRK
Director

Judith Stirk

Approved by the Board on 11.9.03

The notes form part of these financial statements

COUNTY DURHAM ARTS IN EDUCATION AGENCY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

1. ACCOUNTING POLICIES

a) **Basis of preparation**

The financial statements have been prepared under the historic cost convention and in accordance with the Financial Reporting Standards for Smaller Entities (effective June 2002), the Companies Act 1985 and in accordance with the recommendations in the Statement of Recommended Practice Accounting by Charities (SORP) 2000.

b) **Tangible fixed assets**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following basis.

Computer equipment	25% on cost
--------------------	-------------

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.

COUNTY DURHAM ARTS IN EDUCATION AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003
(continued)

2. INCOMING RESOURCES

	Unrestricted funds £	Restricted funds £	Total 2003 £	Total 2002 £
Donations, grants and similar incoming resources				
Northern Cultural Skills Partnership	-	13526	13526	-
Arts Council England	30200	-	30200	-
Arts Council England, North East	26178	-	26178	19526
Local Arts Development Agency Contribution	-	-	-	270
Lloyds TSB Foundation	-	20000	20000	-
DCC Cultural Services	15000	-	15000	15480
City of Sunderland	20000	-	20000	-
DCC Education Department	10000	6000	16000	-
Donations from schools	2800	-	2800	1075
Ragdoll Foundation	-	8000	8000	8070
Family Learning Group	-	-	-	6000
Bishop Auckland College	-	-	-	910
Sure Start	-	-	-	350
Chester le Street District Council	-	-	-	100
Wear Valley District Council	-	-	-	1000
	<u>104178</u>	<u>47526</u>	<u>151704</u>	<u>52781</u>
Income from activities in furtherance of the charity's objects				
Arts Inc	3000	-	3000	-
Artslink workshop	7600	-	7600	-
Artslink (Durham) Plug and Play	4720	-	4720	-
Northern Cultural Skills Partnership	-	-	-	8957
Income from schools	17650	-	17650	800
Summer Schools	-	-	-	7804
DCC Education Department	-	-	-	10000
	<u>32970</u>	<u>-</u>	<u>32970</u>	<u>27561</u>

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

	Unrestricted funds £	Restricted funds £	Total 2003 £	Total 2002 £
Plug and Play - Durham	4720	-	4720	-
SRB	-	46494	46494	-
Egg project staffing	-	-	-	15245
Egg project production	-	-	-	10339
Egg project other	(100)	-	(100)	3045
Summer Schools project	-	-	-	2554
Natyanjali project	-	-	-	6208
Artstrain project	-	-	-	1786
ACE/Initial Teacher Training	20518	-	20518	-
Forternis project	-	11360	11360	8707
Creative Partnerships	26325	-	26325	2926
Impact project	-	-	-	910
Small World Big Dream	20484	-	20484	2000
Time Travellers	-	-	-	1000
Small projects	-	-	-	2035
Family Learning	5328	-	5328	-

COUNTY DURHAM ARTS IN EDUCATION AGENCY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

(continued)

3. Total resources expended (continued)

Ragdoll project	-	8058	8058	-
World Premiere	11442	-	11442	-
Artslink Project	7800	-	7800	-
Sparks 01/02	1000	-	1000	3000
Sparks 02/03	800	-	800	-
Staff salaries and employers NI	<u>37964</u>	-	<u>37964</u>	-
	<u>136281</u>	<u>65912</u>	<u>202193</u>	<u>53547</u>

	Unrestricted funds £	Restricted funds £	Total 2003 £	Total 2002 £
Management and administration of charity				
Staff salaries and employers NI	14844	-	14844	22697
Printing and stationery	3509	-	3509	870
Travel expenses	1424	-	1424	532
Staff training	1298	-	1298	209
Staff recruitment	1651	-	1651	-
Books and publications	143	-	143	16
Marketing	873	-	873	-
Legal and professional	747	-	747	-
Insurance	649	-	649	426
Computer running costs	152	-	152	210
Accountancy	925	-	925	881
Bank interest	20	-	20	-
Telephone and postage	638	-	638	300
Sundry	825	-	825	566
Depreciation of computer equipment	<u>527</u>	-	<u>527</u>	<u>187</u>
	<u>28225</u>	-	<u>28225</u>	<u>26894</u>
Total resources expended	<u>164506</u>	<u>65912</u>	<u>230418</u>	<u>80441</u>

4. NET INCOMING RESOURCES FOR THE YEAR

2003

2002

This is stated after charging:

Directors remuneration (project work)	2665	-
Depreciation on owned assets	527	187
Reporting accountants fee	<u>925</u>	<u>881</u>

COUNTY DURHAM ARTS IN EDUCATION AGENCY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003**

(continued)

5. STAFF COSTS AND NUMBERS	2003	2002
Salaries and wages	47301	20926
Social security costs	<u>4507</u>	<u>1771</u>
	<u>51808</u>	<u>22697</u>

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

The average number of employees during the period was as follows:	2003	2002
Directors	5	5
Project director	2	1
Administration	<u>1</u>	<u>1</u>
	<u>8</u>	<u>7</u>

6. TAXATION

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

7. TANGIBLE FIXED ASSETS

	Computer Equipment £
Cost	
At 1 April 2002	1119
Additions	<u>1317</u>
At 31 March 2003	<u>2436</u>
Depreciation	
At 1 April 2002	236
Charge for year	<u>527</u>
At 31 March 2003	<u>763</u>
Net Book Value	
At 31 March 2003	<u>1673</u>
At 31 March 2002	<u>883</u>

8. DEBTORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003	2002
Trade debtors	18637	11769
Prepayments	<u>160</u>	<u>-</u>
	<u>18797</u>	<u>11769</u>

COUNTY DURHAM ARTS IN EDUCATION AGENCY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003**

(continued)

9. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003	2002
Trade creditors	2524	1135
Accruals	<u>32546</u>	<u>9393</u>
	<u>35070</u>	<u>10528</u>

10. ULTIMATE CONTROLLING PARTY

The company is controlled by all the directors of the company.

11. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	Total £
Tangible fixed assets	1673	-	1673
Current assets	99134	(8451)	90683
Current liabilities	<u>(35070)</u>	<u>-</u>	<u>(35070)</u>
	<u>65737</u>	<u>(8451)</u>	<u>57286</u>

12. MOVEMENTS IN FUNDS

	Balance 31/7/02	Incoming Resources	Resources Expended	Transfer Between Funds	Balance 31/3/03
Restricted funds					
Roots/Routes	-	20000	-	-	20000
Artstrain project	1865	-	-	-	1865
Multi Cultural	-	6000	-	-	6000
Ragdoll	8070	8000	(8058)	-	8012
Fortemis	-	13526	(11395)	-	2131
SRB	<u>-</u>	<u>-</u>	<u>(46494)</u>	<u>-</u>	<u>(46494)</u>
	<u>9935</u>	<u>47526</u>	<u>(65947)</u>	<u>-</u>	<u>(8486)</u>
Unrestricted funds					
General funds	<u>66891</u>	<u>163352</u>	<u>(161301)</u>	<u>-</u>	<u>68942</u>
Total funds	<u>76826</u>	<u>210878</u>	<u>(227248)</u>	<u>-</u>	<u>60456</u>

A grant was received in May 2003 which covered the deficit carried forward on the SRB restricted fund balance.

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

Roots/Routes	An arts programme exploring cultural identity and place.
Artstrain Project	A professional development programme for artists and teachers.