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**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004
FOR
COUNTY DURHAM ARTS IN EDUCATION AGENCY**



COUNTY DURHAM ARTS IN EDUCATION AGENCY

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FOR THE YEAR ENDED 31 MARCH 2004**

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COUNTY DURHAM ARTS IN EDUCATION AGENCY

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2004**

DIRECTORS:

M. Fleming
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

AUDITOR:

Ribchesters
Chartered Accountants and Registered Auditors
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 2004

The directors present their report with the financial statements of the company for the year ended 31 March 2004.

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 fourth set of accounts for The Forge and covers a twelve month period of activity.

The Forge is a creative organisation specialising in developing participatory arts projects that work with young people, artists and educators throughout County Durham and Sunderland. Over the past three years The Forge has delivered and supported projects involving more than 15,000 young people, generated employment for 150 artists and cultural organisations and attracted more than £650,000 of additional funding to help support the arts and education in County Durham and Sunderland.

This year has seen the organisation continue to grow in both its ambition and output. The development of partnerships is integral to this way of working. We place a high priority on the maintaining of existing relationships and the cultivation of new partners. All our projects aim to develop a new relationship between artists, teachers and children. Building upon the core mission of the Forge to promote a creative learning environment through the arts for young people across County Durham and Sunderland we have identified the following core operational activities:

- Create and disseminate models of Best Practice
- Offer specialist advice and support regarding strategic development, planning and fundraising opportunities in relation to the arts and creative learning
- Support schools and artists in project development, delivery and management
- Continue to contribute to the Artslink scheme in Durham and Sunderland
- Act as a broker between professional artists, arts organisations and the education sector
- Offer access to the Artists Database
- Disseminate information regarding conferences, training days, practical workshops
- Assist in the strategic planning of a training programme for teachers and practitioners regarding arts policy and skills.

An extensive programme of work has been delivered in this financial year with a wide range of partners. 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.

COUNTY DURHAM ARTS IN EDUCATION AGENCY

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2004 (continued)

RESERVE POLICY

The agency is carrying forward a reserve of £138,455 into the 2004/05 financial year. This is allocated to a number of ongoing projects, website development, agency core costs and other creative initiatives. The reserves policy of the charity is to ensure that there is enough held to cover six months worth of running costs.

RISK REVIEW

The trustees have considered all reasonably foreseen risks to the company.

DIRECTORS

The directors during the period under review were:

M. Fleming appointed 11 September 2003
B.D. Ebbatson
P.J. James
J. Stirk
R.A. Hancock

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

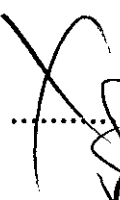
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- 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: 24-09-04

AUDITORS' REPORT

TO THE MEMBERS OF THE COUNCIL OF COUNTY DURHAM ARTS IN EDUCATION AGENCY (THE FORGE)

We have audited the financial statements of County Durham Arts In Education Agency (The Forge) for the year ended 31 March 2004 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on page 3 in the Statement of Directors' Responsibilities the Members of Council, who are also the directors of County Durham Arts In Education Agency (The Forge) for the purposes of company law, are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Report of the Members of the Council of Management, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

AUDITORS' REPORT

TO THE MEMBERS OF THE COUNCIL OF COUNTY DURHAM ARTS IN EDUCATION AGENCY
(THE FORGE)
(continued)

Opinion

In our opinion the financial statements give a true and fair view of the charitable company's state of affairs as at 31 March 2004 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ribchesters
Chartered Accountants & Registered Auditors
67 Sadler Street
Durham
DH1 3NP

Dated 29 September 2004 .

COUNTY DURHAM ARTS IN EDUCATION AGENCY

STATEMENT OF FINANCIAL ACTIVITIES (including income and expenditure account) FOR THE YEAR ENDED 31 MARCH 2004

	Note	Unrestricted funds £	Restricted funds £	2004 Total £	2003 Total £
INCOMING RESOURCES					
Donations, grants and similar incoming resources	2	<u>137,735</u>	<u>207,938</u>	<u>345,673</u>	<u>151,704</u>
Income from activities in furtherance of the charity's objects					
Arts Inc		250	-	250	3,000
Artists workshop fees		-	-	-	7,600
Artslink (Durham) Plug and Play		4,720	-	4,720	4,720
Sunderland Plug and Play		800	-	800	-
Youth Inclusion Programme		4,000	-	4,000	-
SSA		-	3,600	3,600	-
Small World, Big Dream Festival		22,515	-	22,515	17,650
SRB		-	750	750	-
	2	<u>32285</u>	<u>4350</u>	<u>36635</u>	<u>32970</u>
Investment income					
Bank interest received		<u>826</u>	<u>-</u>	<u>826</u>	<u>1,033</u>
Other income					
Creative Partnerships		<u>37,406</u>	<u>25,000</u>	<u>62,406</u>	<u>25,171</u>
Total incoming resources		<u>208,252</u>	<u>237,288</u>	<u>445,540</u>	<u>210,878</u>
RESOURCES EXPENDED					
Charitable expenditure					
Costs of activities in furtherance of the objects of the charity	3	158,817	180,743	339,560	202,193
Management and administration	3	<u>24,811</u>	<u>-</u>	<u>24,811</u>	<u>28,225</u>
Total resources expended		<u>183,628</u>	<u>180,743</u>	<u>364,371</u>	<u>230,418</u>
Net incoming/outgoing resources		24,624	56,545	81,169	(19,540)
Total funds brought forward 1 April 2003		<u>65,772</u>	<u>(8,486)</u>	<u>57,286</u>	<u>76,826</u>
Total funds carried forward 31 March 2004	12	<u>90,396</u>	<u>48,059</u>	<u>138,455</u>	<u>57,286</u>

All operations of the company are continuing operations.

All recognised gains and losses are included in the statement of financial activities.

COUNTY DURHAM ARTS IN EDUCATION AGENCY

BALANCE SHEET AS AT 31 MARCH 2004

	Notes	2004 £	2003 £
FIXED ASSETS			
Tangible assets	7	6,259	1,673
CURRENT ASSETS			
Debtors	8	49,548	18,797
Cash at bank and in hand		<u>114,031</u>	<u>71,886</u>
		163,579	90,683
CREDITORS			
Amounts falling due within one year	9	<u>31,383</u>	<u>35,070</u>
NET CURRENT ASSETS		<u>132,196</u>	<u>55,613</u>
NET ASSETS LESS CURRENT LIABILITIES	11	<u>£138,455</u>	<u>£57,286</u>
RESERVES			
Unrestricted funds		90,396	65,737
Restricted funds		<u>48,059</u>	<u>(8,451)</u>
TOTAL FUNDS	12	<u>£138,455</u>	<u>£57,286</u>

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

.....*Rudith Stirk*..... Director

Approved by the Board on 24.09.04

The notes on pages 8 to 13 form part of these financial statements

COUNTY DURHAM ARTS IN EDUCATION AGENCY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

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 Accounting and Reporting by Charities: Statement of Recommended Practice (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
Fixtures, fittings and equipment	25% reducing balance

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 2004
(continued)

2. INCOMING RESOURCES

	Unrestricted funds £	Restricted funds £	Total 2004 £	Total 2003 £
Donations, grants and similar incoming resources				
Northern Cultural Skills Partnership	-	-	-	13,526
Arts Council England	10,385	-	10,385	30,200
Arts Council England, North East	16,000	31,765	47,765	26,178
Lloyds TSB Foundation	-	-	-	20,000
DCC Cultural Services	15,000	-	15,000	15,000
City of Sunderland	55,000	-	55,000	20,000
DCC Education Department	10,000	-	10,000	16,000
Donations from schools	-	-	-	2,800
Ragdoll Foundation	-	-	-	8,000
Sunderland Education Action Zone	31,350	6,000	37,350	-
DCC SRB	-	123,173	123,173	-
DCC	-	47,000	47,000	-
	<u>137,735</u>	<u>207,938</u>	<u>345,673</u>	<u>151,704</u>
Income from activities in furtherance of the charity's objects				
Arts Inc	250	-	250	3,000
Artslink workshop	-	-	-	7,600
Artslink (Durham) Plug and Play	4,720	-	4,720	4,720
Income from schools	<u>27,315</u>	<u>4,350</u>	<u>31,665</u>	<u>17,650</u>
	<u>31,535</u>	<u>4,350</u>	<u>36,635</u>	<u>32,970</u>

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

	Unrestricted funds £	Restricted funds £	Total 2004 £	Total 2003 £
Plug and Play - Durham	4,720	-	4,720	4,720
Plug and Play - Sunderland	9,230	-	9,230	-
SRB	-	133,818	133,818	46,494
SSA project	-	13,425	13,425	-
Restoration project	-	8,500	8,500	-
EKG project other	-	-	-	(100)
Roots/Routes	-	19,000	19,000	-
Sunderland EAZ	15,400	-	15,400	-
ACE/Initial Teacher Training	6,179	-	6,179	20,518
Fortemis project	-	-	-	11,360
Creative Partnerships	22,746	-	22,746	26,325
Sun and Shadows	3,900	-	3,900	-
Small World Big Dream	22,465	6,000	28,465	20,484
Family Learning	-	-	-	5,328

COUNTY DURHAM ARTS IN EDUCATION AGENCY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004**

(continued)

3. Total resources expended (continued)

Ragdoll project	-	-	-	8,058
World Premiere	-	-	-	11,442
Artslink Project	8,700	-	8,700	7,800
Sparks 01/02	-	-	-	1,000
Sparks 02/03	400	-	400	800
Sparks 03/04	4,038	-	4,038	-
Staff salaries and employers NI	<u>61,018</u>	-	<u>61,018</u>	<u>37,964</u>
	<u>158,817</u>	<u>180,743</u>	<u>339,560</u>	<u>202,193</u>

	Unrestricted funds £	Restricted funds £	Total 2004 £	Total 2003 £
Management and administration of charity				
Staff salaries and employers NI	13,161	-	13,161	14,844
Printing and stationery	1,171	-	1,171	3,509
Travel expenses	2,305	-	2,305	1,424
Staff training	-	-	-	1,298
Staff recruitment	-	-	-	1,651
Books and publications	95	-	95	143
Marketing	70	-	70	873
Legal and professional	-	-	-	747
Insurance	699	-	699	649
Computer running costs	-	-	-	152
Accountancy and audit	2,221	-	2,221	925
Bank interest	20	-	20	20
Telephone and postage	1,407	-	1,407	638
Sundry	1,371	-	1,371	825
Depreciation	<u>2,291</u>	-	<u>2,291</u>	<u>527</u>
	<u>24,811</u>	<u>-</u>	<u>24,811</u>	<u>28,225</u>
Total resources expended	<u>183,628</u>	<u>180,743</u>	<u>364,371</u>	<u>230,418</u>

4. NET INCOMING RESOURCES FOR THE YEAR

2004

2003

This is stated after charging:

Directors remuneration (project work)	-	2,665
Depreciation on owned assets	2,291	527
Auditors/Reporting accountants fee	<u>2,221</u>	<u>925</u>

COUNTY DURHAM ARTS IN EDUCATION AGENCY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004**

(continued)

5. STAFF COSTS AND NUMBERS	2004	2003
Salaries and wages	67,157	47,301
Social security costs	<u>7,022</u>	<u>4,507</u>
	<u>74,179</u>	<u>51,808</u>

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

The average number of employees during the period was as follows:	2004	2003
Directors	5	5
Project director	2	2
Administration	<u>1</u>	<u>1</u>
	<u>8</u>	<u>8</u>

6. TAXATION

County Durham Arts In Education Agency is a registered charitable company and has no liability to corporation tax.

7. TANGIBLE FIXED ASSETS

	£
Cost	
At 1 April 2003	2,436
Additions	<u>6,877</u>
At 31 March 2004	<u>9,313</u>
Depreciation	
At 1 April 2003	763
Charge for year	<u>2,291</u>
At 31 March 2004	<u>3,054</u>
Net Book Value	
At 31 March 2004	<u>883</u>
At 31 March 2003	<u>6,259</u>

8. DEBTORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004	2003
Trade debtors	49,399	18,637
Prepayments	<u>149</u>	<u>160</u>
	<u>49,548</u>	<u>18,797</u>

COUNTY DURHAM ARTS IN EDUCATION AGENCY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004
(continued)**

9. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004	2003
Trade creditors	9,438	2,524
Accruals	<u>21,945</u>	<u>32,546</u>
	<u>31,383</u>	<u>35,070</u>

10. ULTIMATE CONTROLLING PARTY

The charitable company is controlled by its directors.

11. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	Total £
Tangible fixed assets	6,259	-	6,259
Current assets	115,520	48,059	163,579
Current liabilities	<u>(31,383)</u>	<u>-</u>	<u>(31,383)</u>
	<u>90,396</u>	<u>48,059</u>	<u>138,455</u>

12. MOVEMENTS IN FUNDS

	Balance 31/3/03	Incoming Resources	Resources Expended	Transfer Between Funds	Balance 31/3/04
Restricted funds					
Roots/Routes	20,000	-	19,000	-	1,000
Artstrain project	1,865	-	-	-	1,865
Small World, Big Dream	6,000	-	6,000	-	-
Ragdoll	8,012	-	-	-	8,012
Fortemis	2,131	-	-	-	2,131
SRB Forging the future	(46,494)	123,923	133,818	-	(56,389)
Creative Partnerships					
Bursary	-	25,000	-	-	25,000
ACE Professional					
Development Research	-	8,500	-	-	8,500
Spaces for Sports and Arts	-	26,865	13,425	-	13,440
Sun and Shadows	-	6,000	-	-	6,000
Restoration	-	47,000	8,500	-	38,500
	<u>(8,486)</u>	<u>237,288</u>	<u>180,743</u>	<u>-</u>	<u>48,059</u>
Unrestricted funds					
General funds	<u>65,772</u>	<u>208,252</u>	<u>183,628</u>	<u>-</u>	<u>90,396</u>
Total funds	<u>57286</u>	<u>445,540</u>	<u>364,371</u>	<u>-</u>	<u>138,455</u>

COUNTY DURHAM ARTS IN EDUCATION AGENCY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004
(continued)**

12. MOVEMENTS IN FUNDS (continued)

A grant was received in May 2004 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.

Small World, Big Dream

A series of multi cultural artists in residence.

Under 5's Creation and Ragdoll Projects

A series of artists residencies in early years settings.

Fortemis

A professional development programme for artists.

SRB

A cultural education programme.

Creative Partnerships Bursary

A professional development bursary for creative practitioners.

ACE Professional Development Research

Research commissioned to analyse artists training needs.

Spaces for Sports and Arts

An Artist In Residence programme.

Sun And Shadows

A digital arts residency programme in early years settings.

Restoration

A drama and video based creative project that involved young people.