

COMPANY REGISTRATION NUMBER: 04027621
CHARITY REGISTRATION NUMBER: 1086471

**County Durham Arts In Education Agency trading as
The Forge**

Company Limited by Guarantee

Unaudited Financial Statements

31 March 2017

JFS TORBITT

Chartered Certified Accountants
58 Durham Road
Birtley
Co Durham
DH3 2QJ



**County Durham Arts In Education Agency trading as The Forge
Company Limited by Guarantee
Financial Statements
Year ended 31 March 2017**

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County Durham Arts In Education Agency trading as The Forge

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Directors' Report)

Year ended 31 March 2017

The trustees, who are also the directors for the purposes of company law, present their report and the unaudited financial statements of the charity for the year ended 31 March 2017.

Reference and administrative details

Registered charity name County Durham Arts In Education Agency trading as The Forge

Charity registration number 1086471

Company registration number 04027621

Principal office and registered office The Forge Stanley Education Centre
King Edward VIII Terrace
Stanley
County Durham
DH9 0HQ

The trustees

M Gilbey
B D Ebbatson
J Stirk
S Campbell
M Fleming
R Robson
S Dixon

Accountants

JFS Torbitt
Chartered Certified Accountants
58 Durham Road
Birtley
Co Durham
DH3 2QJ

County Durham Arts In Education Agency trading as The Forge

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Directors' Report) *(continued)*

Year ended 31 March 2017

Structure, governance and management

Governing Document

The organisation is a charitable company limited by guarantee, incorporated on 5th July 2000 and registered as a charity on 3rd 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 trustees shall retire by rotation, but they may offer themselves up for re-election.

Recruitment and Appointment of Trustees

The trustees of the company are also directors for the purpose of charity law and under the company's Articles are members of the Board of Trustees. The minimum number of board members is 3 and the maximum is 12. A number of methods will be used to source new trustees. These will include identifying potential trustees with the relevant skills and contacting directly. We would seek advice and support from peer organisations including Arts Council England and the Arts and Business Board Bank scheme.

Induction and training of new Trustees

Most trustees are familiar with the practical work of the charity, however the organisation also hold annual board development days and trustees are encouraged to take up training opportunities outside of the organisation when they become available. The board is heavily involved in the creation and implementation of key policy. Throughout the year the Executive Committee will receive further publications as they become available from such organisations as the Charity Commission and Arts Council England.

Organisational structure

The board meets on a quarterly basis. The Executive Director is in attendance and has no voting rights. Additional committees and working groups re-established to explore specific issues. Day to day management of the organisation is through the Executive Director, who is supported by two managers. Line management, supervision and appraisal is undertaken of all staff to ensure the team continue to develop their skills and working practices as part of our drive to ensure quality.

Related parties

The Forge works closely with many partners including cultural practitioners and cultural organisations. We also have close links with other organisations and individuals from both the voluntary, statutory and business sectors. Partnership development is an integral and fundamental element of the organisations work. We continue to receive core funding from Durham County Council and Arts Council England.

Risk Management

The board works with the Executive Director to identify any potential problems that the organisation may face. Risk review is built into all of the organisations planning on both an operational and strategic level. Rigorous procedures are in place to ensure compliance with health & safety, safeguarding and best practice in the employment of cultural practitioners and programme delivery.

Objectives and activities

Objectives and aims

To create participatory arts projects that inspire young people to become successful, confident individuals capable of reaching their full potential. The Forge will make cultural programmes that are courageous, relevant and excellent.

County Durham Arts In Education Agency trading as The Forge

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Trustees' Annual Report (Incorporating the Directors' Report) *(continued)*

Year ended 31 March 2017

Strategic report

The following sections for achievements and performance and financial review form the strategic report of the charity.

Achievements and performance

This has been an extremely strong year with an income of £242,482 for the year compared to £186,421 in 15/16 and £145,875 in 14/15. We have grown income across the programme, but the major area of growth has been income generated from Trusts and Foundations, national and international partners. We successfully secured funding from Heritage Lottery Foundation, Defiant Requiem Foundation, Paul Hamlyn Foundation, Durham and Darlington Police and Crime Commissioner's fund, and have secured other small pots of funding from Clore Duffield, and Stanley Area Action Partnership.

This upturn has clearly been a result of the investment in staff training and development during the previous year. In addition to this we have successfully sustained our contractual agreements with Durham County Council and Culture Bridge North East. The two contracts generated income of £59,749 but also signify strong strategic partnerships and ongoing commitment to The Forge. Against this growth in income direct expenditure on delivery also grew to £234,451 reflecting a busier and more productive year.

We evaluate the impact of our work in order to attract further investment in the arts, which will in turn impact on a greater number of children and young people (CYP). Our "Seeing Things Differently" action research project has already begun to supply new evidence of the impact of the arts in the curriculum, and we will use this to lever further commitment and investment for participatory arts projects with CYP.

The Forge Officers and Board have continued to work hard to develop the sustainability of the organisation. This includes short, mid and long-term planning and financial modelling. The Finance and HR Sub group take a hands-on approach to resilience and feeds back to the full Board on a quarterly basis. Building on the training delivered last year we have appointed Pete O'Hara as a Financial advisor to the Board. He has undertaken an in-depth review of our accounts and has worked with staff and our auditors to develop new procedures to improve the clarity of our financial management and reporting. The outcome has not significantly changed the picture we had of our financial health, but has led to much greater clarity of financial processes and reports to the Board.

We have maintained our commitment to create challenging and innovative arts projects with, by and for children and young people (CYP) and their communities. Our work has included exhibitions, concerts, performances, discussion events, films, public art works and publications. Challenge, rather than compromise, drives our creative programme.

County Durham Arts In Education Agency trading as The Forge

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Year ended 31 March 2017

For example, our Defiant Voices programme produced and commissioned a large scale international, intergenerational programme. Using The Tin Ring and the UK premiere of "Verdi at Terezin: Defiant Requiem" at Durham Cathedral, we led an international partnership including the Defiant Requiem Foundation in Washington, Durham Cathedral, Durham University, Durham Choral Society, Durham Police and Crime Commission and five County Durham secondary schools to raise awareness of growing social, cultural and racial intolerance within this region. While the school programme used the arts to raise awareness of radicalisation and to prompt young people's creative responses around inclusion, tolerance and respect, the UK premiere performance shared the message about the transformational properties of the arts with a wider adult audience of opinion formers and influencers. The programme culminated with over 1000 people attending the UK Premiere of The Defiant Requiem: Verdi at Terezin in Durham Cathedral. It was a unique concert-drama that commemorated the remarkable story of Jewish prisoners in the Terezin Concentration Camp during World War II, who performed the ambitious Verdi Requiem while enduring the depths of human degradation. We worked with the Defiant Requiem Foundation from Washington DC and a range of UK partners including Durham Choral Society, Durham University, DUOS, Northumbria University and Durham County Council. The capacity audience enjoyed a uniquely moving and uplifting experience that represented a high point in our ambition and impact.

International touring of The Tin Ring saw invitations for performances in Lodz in Poland as part of a series of events to commemorate the liberation of the Lodz ghetto and a Gala performance to a high profile invited audience at the Czech Centre in New York. Through our work in the Durham International Brass festival and the DCC European office we ensure that children in Durham schools are engaging with artists and musicians from across Europe. Teachers often feedback to us that these opportunities for international exchange are important to the children especially in areas of Durham that are predominantly white.

The quality and innovation of our work has been widely recognised: for example, our Executive Director was invited to present The Forge's working practice and methodology at an international conference of academics and cultural practitioners at New York University.

Our artistic programmes engaged with 220 North East schools providing training for 305 adults across Artsmark and Arts Award. The increase in the number of school partners from County Durham and across the North East and the year on year increase in the number of participants engaging in our programme are evidence of the demand for our work. We have worked with 20455 children in the year directly through own programmes and 26901 children indirectly through Artsmark and wider programmes. We review and refine our schools programme to ensure it remains accessible and more young people have the opportunity to experience and participate in great art. We use a proactive multi-strand approach, which involves direct marketing to schools, individualised programme development and centralised marketing through Local Authority structures. This, coupled with the development of school friendly products, a knowledgeable staff team and extensive research work has helped us to grow our schools activity.

County Durham Arts In Education Agency trading as The Forge

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Year ended 31 March 2017

We work closely with partner schools and consult on programme development on a regular basis. This coupled with a knowledgeable staff team means we have been more targeted in the development and timing of our schools workshop programme. We set targets including growing our work in secondary schools and developing programmes around specific curriculum areas. We continue with our established and successful Connections programme, and supply CPD for teachers in order to spread best practice and develop a deeper relationship. In addition our comprehensive database of schools detailing their Ofsted grading, numbers on roll, league table performance, and all contextual variables has enhanced our ability to speak meaningfully to schools and to target our messages effectively.

We have established data sharing agreements with Tin Arts, Beamish and Culture Bridge North East. We work with other organisations on the County Durham Cultural Partnership and LCEP to support our reach and impact, by sharing market information in order to grow arts engagement in the county. We work with grassroots partners to maximise ownership and impact of our work in communities including local AAPs, the Tommy Armstrong Society, Just For Women and Go North East.

We have always focused activity in areas of the most severe deprivation within County Durham and we use census data and information from the indices of deprivation to target our work more precisely. At least 95% of the schools programme happens in places with the least engagement as defined by the Active People data. An example is the "Re-imagining Beowulf" programme which engaged a school serving the most deprived ward in County Durham with 86% pupil premium. It challenged year 6 pupils to write their own version of Beowulf and to perform it in the chapel at Bishop Auckland Castle. The Head was delighted with the impact on pupils and on staff: "For our teaching staff, it was incredible to see some of the potential stored within the children we teach, both in terms of writing ability and performance ability." The project was a success, contributing to the improvement of literacy levels in the school and engaging pupils who score highly in all measures of deprivation in a high quality artistically driven programme.

A further example, Northern Writes, focused on and celebrated our base town of Stanley, where 31.6% of children live in poverty. It engaged the community in a range of activities, including a poetry competition, and the first year ended in the production of a poetry anthology and a gala performance of poetry and music in Stanley. This project attracted much local sponsorship, including a magnificently decorated bus celebrating the project and outcomes, thanks to Go North East. This work is ongoing.

This project also illustrated how we extend the reach of our work by integrating the principle of cascading within our project plans. By working with grassroots community organisations as well as larger cultural organisations, we are able to reach across their networks and improve access for audiences. We also extend the reach of our work by sharing artistic outcomes across a range of platforms, creating performances in working men's clubs, pubs, civic spaces and schools and sharing newly created work through an anthology, photographic exhibition, recordings and on the bus. As the poetry anthology is now part of County Durham Libraries' lending stock, and the bus is still in service, these artistic outcomes are guaranteed longevity and wide dissemination.

In addition our exemplary press relations supports increased access for our work which is regularly featured in the region's two main daily papers – the Northern Echo and the Journal. Our Executive Director has continued in his role of Critical Friend for East Durham Creates, the CPP scheme in Durham. He has supported the staff delivery team, facilitated whole programme development days and has worked extensively with the community through his involvement in the locally driven grant programme Lets Create.

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Trustees' Annual Report (Incorporating the Directors' Report) *(continued)*

Year ended 31 March 2017

We have a close working partnership with Culture Bridge North East. We identified this as an important strategic partnership in our business plan and have continued to nurture this relationship. The main focus is through the delivery of Artsmark in the North East, where we are CBNE's primary delivery partner. As well as recruiting schools to Artsmark, we now create and deliver training to selected pilot cultural organisations so that they are able to amplify recruitment and delivery across their own contexts. We continue to support CBNE through delivering Artsmark and Quality Principles training sessions at conference and training events. Additionally, we have been commissioned by CBNE and Curious Minds to deliver the Artsmark 6th Form College pilot, recruiting college leaders to advisory groups and then developing new branding to appeal to the sector. Alongside this, we have delivered Arts Award support and training and have contributed to the regional delivery of the programme.

Tony Harrington sits on the Durham LCEP and continues to work with the area manager to ensure the LCEP represented on the County Durham Cultural Partnership. This has significantly raised the profile of CYP work across Durham.

We have worked extensively with the Durham & Darlington Music Education hub. Tony Harrington is the chair of the strategic advisory group for the hub and works closely with the director Mike Summers to support the growth of the hub. We have jointly developed project bids and were partners in two bids that were submitted by the MEH in the year. We continue to work alongside the MEH and Durham County Council to deliver the International Brass Festival Education programme. In 2016 this involved 70 schools across the county.

Our supporters have continued to take this journey of development with us and we are grateful for their confidence and commitment to our work and the cause of the charity. We acknowledge that the economic and fiscal climate continue to make for challenges to the sector, but we are confident that the last year has helped us build a robust, efficient and highly effective organisation that continues to make a real, positive difference to the lives of the young people we work with and the communities in which they live.

Reserves Policy

The trustees have established the levels of reserves for the organisation. The benefits of the policy are as follows:

- Strategic planning and the ability to meet current commitments or start new activities
- A focus on fundraising activities to maintain excellent delivery of activity in a challenging financial climate
- Clear, transparent policy for stakeholders and other interested parties to illustrate that funds are prudently managed.

The trustees consider it prudent that unrestricted funds should be subject to:

- Sustain the organisation for a nine month period to enable it to meet contractual liabilities and maintain service provision in the event of delays with receipt of funding or should it have to close: £90,000
- Maintaining performance despite an economic downturn and serve public sector cutbacks: £20,000
- Provide for in the event of redundancy: £10,000
- Provide funds that can be designated to specific projects including digital innovation, international collaboration and staff development: £40,000

Because the current level of reserves is in excess of the sum needed to cover the reserves policy, Directors are discussing how the additional reserves can be designated as investments to support the ongoing development of the company.

County Durham Arts In Education Agency trading as The Forge

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Trustees' Annual Report (Incorporating the Directors' Report) *(continued)*

Year ended 31 March 2017

Public Benefit

From April 2008, section 4 of the Charities Act 2006 requires all charities to meet the legal requirement that its aims are for the public benefit. The trustees confirm that they have complied with the duty to have due regards to the Charity Commission's general guidance on public benefit.

The Charity Commission states that there are two principles to be met in order to show that an organisation's aims are for the public benefit: firstly there must be an identifiable benefit or benefits; and secondly that the benefit must be to the public, or a section of the public.

The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have regard to the Charity Commission's general guidance on public benefit, 'Charities and Public Benefit'. We have referred to the guidance 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 and align with the company's mission, vision and values.

Mission

To grow our core business by sustaining and extending our range of partnerships and engaging with young people to continue to deliver a wide range of creative and cultural products and opportunities that are of significant cultural interest.

Vision

To create participatory arts projects that inspire young people to become successful, confident individuals capable of reaching their full potential. We will make cultural programmes that are courageous, relevant and excellent.

Values

Excellence – We are a specialist organisation leading the field in arts education

Collaboration – We develop and maintain long-term partnerships listening to customers, partners and funders

Passion – We create inspirational, transformative art works with and for young people and a belief that high quality participatory art works makes a difference to the lives of young people

Experience – We have an outstanding track-record with an outstanding team

Inclusion – We promote diversity, equalities and access working with local, national and global partners

Resilience – We ensure efficiency and value for money, maximising our opportunities to generate income, and building and maintaining a sustainable organisation for the future

Plans for future periods

The transformational nature of high quality art experiences and strong partnerships will drive our key goal for 2018-2022 which is:

- To raise creative engagement of children, young people, and their communities across County Durham, the North East of England, nationally and internationally through an holistic approach to arts participation, which includes a high **challenge artistic stimulus**, a **multi-agency creative** approach, and a community-sensitive **participatory programme**.

County Durham Arts In Education Agency trading as The Forge

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Trustees' Annual Report (Incorporating the Directors' Report) *(continued)*

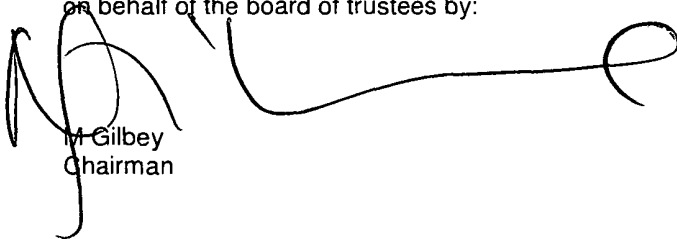
Year ended 31 March 2017

We will build upon the planning undertaken by the Board to support the organisation's successful bid for National Portfolio status for the period 2018-22. We will work with the board and stakeholders to undertake a review of current activity in Autumn 2017. This will be part of a process to create a new plan to guide the organisations development from 2018. This will include agreeing strategic objectives and KPI's for the period 2018-2022. It is envisaged that the company will retain its commitment to ensuring that The Forge remains the principal provider of arts education in the North East including affordable high quality mass access products and flagship programmes and that children, young people and those working with them are central to the programme, and their participation is key to the achievement of all strategic objectives. We remain committed to sustaining our partnerships; however we also recognise the need to diversify beyond public sector funding sources, developing new partnerships to ensure the work of the organisation is sustained.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

The trustees' annual report and the strategic report were approved on and signed on behalf of the board of trustees by:



M Gilbey
Chairman

County Durham Arts In Education Agency trading as The Forge

Company Limited by Guarantee

Independent Examiner's Report to the Trustees of County Durham Arts In Education Agency trading as The Forge

Year ended 31 March 2017

I report on the financial statements for the year ended 31 March 2017, which comprise the statement of financial activities (including income and expenditure account), statement of financial position and the related notes.

Respective responsibilities of trustees and examiner

The trustees are also the directors of the company for the purposes of company law are responsible for the preparation of the financial statements. The trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

- examine the accounts under section 145 of the 2011 Act;
- to follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act; and
- to state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the next statement.

County Durham Arts In Education Agency trading as The Forge

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Independent Examiner's Report to the Trustees of County Durham Arts In Education Agency trading as The Forge *(continued)*

Year ended 31 March 2017

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

(1) which gives me reasonable cause to believe that in any material respect the requirements:

- to keep accounting records in accordance with section 386 of the Companies Act 2006, and
- to prepare accounts which accord with the accounting records, comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities

have not been met, or

(2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.



Jane Freeman
FCCA
Independent examiner
58 Durham Road
Birtley
Co Durham
DH3 2QJ

County Durham Arts In Education Agency trading as The Forge

Company Limited by Guarantee

Statement of Financial Activities (including income and expenditure account)

31 March 2017

		Unrestricted funds £	2017 Restricted funds £	Total funds £	2016 Total funds £
	Note				
Income					
Voluntary income	5	72,664	—	72,664	88,396
Charitable activities	6	56,982	111,714	168,696	95,641
Investment income	7	1,122	—	1,122	2,384
Total income		<u>130,768</u>	<u>111,714</u>	<u>242,482</u>	<u>186,421</u>
Expenditure					
Expenditure on raising funds:					
Costs of raising voluntary income		23,533	—	23,533	23,533
Expenditure on charitable activities		144,318	66,600	210,918	157,902
Total expenditure		<u>167,851</u>	<u>66,600</u>	<u>234,451</u>	<u>181,435</u>
Net income		<u>(37,083)</u>	<u>45,114</u>	<u>8,031</u>	<u>4,986</u>
Transfers between funds		147,845	(147,845)	—	—
Net movement in funds		<u>110,762</u>	<u>(102,731)</u>	<u>8,031</u>	<u>4,986</u>
Reconciliation of funds					
Total funds brought forward		147,848	112,951	260,799	255,813
Total funds carried forward		<u>258,610</u>	<u>10,220</u>	<u>268,830</u>	<u>260,799</u>

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

The notes on pages 12 to 21 form part of these financial statements.

County Durham Arts In Education Agency trading as The Forge

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Statement of Financial Position

31 March 2017

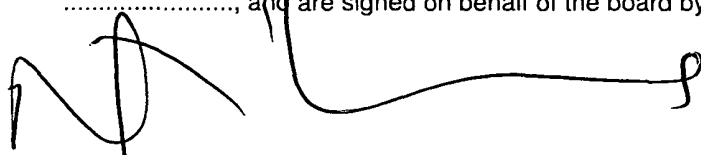
		2017 £	2016 £
Fixed assets			
Tangible fixed assets	12	4,392	3,710
Current assets			
Debtors	13	18,525	5,071
Cash at bank and in hand		264,162	286,208
		<u>282,687</u>	<u>291,279</u>
Creditors: amounts falling due within one year	14	18,249	34,190
Net current assets		<u>264,438</u>	<u>257,089</u>
Total assets less current liabilities		<u>268,830</u>	<u>260,799</u>
Net assets		<u>268,830</u>	<u>260,799</u>
Funds of the charity			
Restricted funds		10,220	112,951
Unrestricted funds		<u>258,610</u>	<u>147,848</u>
Total charity funds	17	<u>268,830</u>	<u>260,799</u>

For the year ending 31 March 2017 the charity was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Trustees' responsibilities:

- The members have not required the charity to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

These financial statements were approved by the board of trustees and authorised for issue on and are signed on behalf of the board by:



M Gilbey
Chairman

The notes on pages 12 to 21 form part of these financial statements.

County Durham Arts In Education Agency trading as The Forge

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Notes to the Financial Statements

Year ended 31 March 2017

1. General information

The charity is a private company limited by guarantee, registered in England and Wales and a registered charity in England and Wales. The address of the registered office is The Forge Stanley Education Centre, King Edward VIII Terrace, Stanley, County Durham, DH9 0HQ.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the 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) (Charities SORP (FRS 102)) and the Charities Act 2011.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through income or expenditure.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

There are no material uncertainties about the charity's ability to continue.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) Disclosures in respect of financial instruments have not been presented.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

County Durham Arts In Education Agency trading as The Forge

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Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

3. Accounting policies *(continued)*

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular future project or commitment.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal, and fall into one of two sub-classes: restricted income funds or endowment funds.

Incoming resources

All incoming resources are included in the statement of financial activities when entitlement has passed to the charity; it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- legacy income is recognised when receipt is probable and entitlement is established.
- income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. No amounts are included for the contribution of general volunteers.
- income from contracts for the supply of services is recognised with the delivery of the contracted service. This is classified as unrestricted funds unless there is a contractual requirement for it to be spent on a particular purpose and returned if unspent, in which case it may be regarded as restricted.

County Durham Arts In Education Agency trading as The Forge

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Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

3. Accounting policies *(continued)*

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.
- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities they contribute to on a reasonable, justifiable and consistent basis.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Fixtures and fittings - 25% reducing balance

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

County Durham Arts In Education Agency trading as The Forge

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Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

3. Accounting policies *(continued)*

Financial instruments

A financial asset or a financial liability is recognised only when the charity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

Debt instruments are subsequently measured at amortised cost.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as an expense in the period in which it arises.

4. Limited by guarantee

County Durham Arts in Education Agency is a company limited by guarantee and accordingly does not have a share capital.

Every member of the company undertakes to contribute such amount as may be required not exceeding £1 to the assets of the charitable company in the event of its being wound up while he or she is a member, or within one year after he or she ceases to be a member.

5. Donations and legacies

	Unrestricted Funds £	Total Funds 2017 £	Unrestricted Funds £	Total Funds 2016 £
Donations				
Arts Council England, North East	57,496	57,496	57,496	57,496
DCC Adult and Community Services	15,168	15,168	30,900	30,900
	<u>72,664</u>	<u>72,664</u>	<u>88,396</u>	<u>88,396</u>

County Durham Arts In Education Agency trading as The Forge

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

6. Charitable activities

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £
Artsmark Pilot	–	–	–
Artsmark Strategy	–	8,000	8,000
Artsmark Development Days	–	36,581	36,581
Artsmark Marketing	–	–	–
Arts Award	2,200	–	2,200
Education Programme	12,782	–	12,782
Festivals Programme	–	–	–
Training	1,255	–	1,255
Commissions	30,307	–	30,307
Northern Writes	–	23,300	23,300
Seeing Things Differently	–	20,550	20,550
EQUIPP	–	–	–
Defiant Requiem	10,438	23,283	33,721
	<u>56,982</u>	<u>111,714</u>	<u>168,696</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £
Artsmark Pilot	–	12,523	12,523
Artsmark Strategy	–	22,113	22,113
Artsmark Development Days	–	17,758	17,758
Artsmark Marketing	–	1,500	1,500
Arts Award	–	4,196	4,196
Education Programme	–	14,397	14,397
Festivals Programme	–	5,000	5,000
Training	–	475	475
Commissions	–	10,506	10,506
Northern Writes	–	–	–
Seeing Things Differently	–	–	–
EQUIPP	–	5,400	5,400
Defiant Requiem	–	1,773	1,773
	<u>–</u>	<u>95,641</u>	<u>95,641</u>

7. Investment income

	Unrestricted Funds £	Total Funds 2017 £	Unrestricted Funds £	Total Funds 2016 £
Bank interest receivable	<u>1,122</u>	<u>1,122</u>	<u>2,384</u>	<u>2,384</u>

County Durham Arts In Education Agency trading as The Forge

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

8. Net income

Net income is stated after charging/(crediting):

	2017	2016
	£	£
Depreciation of tangible fixed assets	<u>1,464</u>	<u>1,014</u>

9. Independent examination fees

	2017	2016
	£	£
Fees payable to the independent examiner for: Independent examination of the financial statements	<u>960</u>	<u>960</u>

10. Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	2017	2016
	£	£
Wages and salaries	90,838	95,819
Social security costs	7,025	8,842
Employer contributions to pension plans	<u>7,097</u>	<u>6,202</u>
	<u>104,960</u>	<u>110,863</u>

The average head count of employees during the year was 3 (2016: 3). The average number of full-time equivalent employees during the year is analysed as follows:

	2017 No.	2016 No.
Fundraising	1	1
Charitable Activities	<u>2</u>	<u>2</u>
	<u>3</u>	<u>3</u>

No employee received employee benefits of more than £60,000 during the year (2016: Nil).

11. Trustee remuneration and expenses

No remuneration or other benefits from employment with the charity or a related entity were received by the trustees.

**County Durham Arts In Education Agency trading as The Forge
Company Limited by Guarantee**

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

12. Tangible fixed assets

	Fixtures and fittings £
Cost	
At 1 April 2016	19,489
Additions	2,146
At 31 March 2017	<u>21,635</u>
Depreciation	
At 1 April 2016	15,779
Charge for the year	1,464
At 31 March 2017	<u>17,243</u>
Carrying amount	
At 31 March 2017	<u>4,392</u>
At 31 March 2016	<u>3,710</u>

13. Debtors

	2017 £	2016 £
Trade debtors	16,919	4,080
Prepayments and accrued income	1,606	991
	<u>18,525</u>	<u>5,071</u>

14. Creditors: amounts falling due within one year

	2017 £	2016 £
Bank loans and overdrafts	–	7
Trade creditors	1,606	17,711
Accruals and deferred income	16,643	16,472
	<u>18,249</u>	<u>34,190</u>

15. Deferred income

	2017 £	2016 £
Deferred income	–	2,700

16. Pensions and other post retirement benefits

Defined contribution plans

The amount recognised in income or expenditure as an expense in relation to defined contribution plans was £7,097 (2016: £6,202).

**County Durham Arts In Education Agency trading as The Forge
Company Limited by Guarantee**

Notes to the Financial Statements (continued)

Year ended 31 March 2017

17. Analysis of charitable funds

Unrestricted funds

	At 1 April 2016	Income	Expenditure	Transfers	At 31 March 2017
	£	£	£	£	£
General Funds	(12,152)	130,768	(167,851)	147,845	98,610
Designated Fund	160,000	-	-	-	160,000
	<u>147,848</u>	<u>130,768</u>	<u>(167,851)</u>	<u>147,845</u>	<u>258,610</u>

Restricted funds

	At 1 April 2016	Income	Expenditure	Transfers	At 31 March 2017
	£	£	£	£	£
Connections	(153)	-	-	153	-
The Tin Ring/Suitcase of Survival	10,704	-	-	(10,704)	-
My Village	(537)	-	-	537	-
Bridge North East					
Artsmark	15,974	-	-	(15,974)	-
Arts Award	1,807	-	-	(1,807)	-
Teaching Schools	535	-	-	(535)	-
RISE	15,677	-	-	(15,677)	-
Northumberland					
Artsmark and Dance	5,039	-	-	(5,039)	-
Creative Case North					
Dialogue	300	-	-	(300)	-
Critical Friend	1,000	-	-	(1,000)	-
BFI Project	600	-	-	(600)	-
Artsmark Pilot	9,154	-	(199)	(8,955)	-
Artsmark Strategy	19,064	8,000	(106)	(26,958)	-
Artsmark Development					
Days	13,263	36,581	(4,382)	(40,462)	5,000
Artsmark Marketing	465	-	-	(465)	-
Education Programme	2,404	-	-	(2,404)	-
Festivals Programme	3,751	-	-	(3,751)	-
Training	3	-	-	(3)	-
Seeing Things					
Differently	-	20,550	(15,330)	-	5,220
Commissions	6,728	-	-	(6,728)	-
EQUIPP	5,400	-	-	(5,400)	-
Defiant Voices	1,773	-	-	(1,773)	-
Northern Writes	-	23,300	(23,300)	-	-
Defiant Requiem	-	23,283	(23,283)	-	-
	<u>112,951</u>	<u>111,714</u>	<u>(66,600)</u>	<u>(147,845)</u>	<u>10,220</u>

County Durham Arts In Education Agency trading as The Forge

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

18. Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £
Tangible fixed assets	4,392	—	4,392
Current assets	272,467	10,220	282,687
Creditors less than 1 year	(18,249)	—	(18,249)
Net assets	<u>258,610</u>	<u>10,220</u>	<u>268,830</u>

**County Durham Arts In Education Agency trading as The Forge
Company Limited by Guarantee
Management Information
Year ended 31 March 2017**

The following pages do not form part of the financial statements.

County Durham Arts In Education Agency trading as The Forge

Company Limited by Guarantee

Detailed Statement of Financial Activities

31 March 2017

	2017 £	2016 £
Income		
Voluntary income		
Arts Council England, North East	57,496	57,496
DCC Adult and Community Services	15,168	30,900
	<u>72,664</u>	<u>88,396</u>
 Charitable activities		
Artsmark Pilot	—	12,523
Artsmark Strategy	8,000	22,113
Artsmark Development Days	36,581	17,758
Artsmark Marketing	—	1,500
Arts Award	2,200	4,196
Education Programme	12,782	14,397
Festivals Programme	—	5,000
Training	1,255	475
Commissions	30,307	10,506
Northern Writes	23,300	—
Seeing Things Differently	20,550	—
EQUIPP	—	5,400
Defiant Requiem	33,721	1,773
	<u>168,696</u>	<u>95,641</u>
 Investment income		
Bank interest receivable	1,122	2,384
	<u>1,122</u>	<u>2,384</u>
 Total income	<u>242,482</u>	<u>186,421</u>

County Durham Arts In Education Agency trading as The Forge

Company Limited by Guarantee

Detailed Statement of Financial Activities *(continued)*

31 March 2017

	2017 £	2016 £
Expenditure		
Costs of raising voluntary income		
Wages and salaries	19,609	19,609
Employer's NIC	1,580	1,580
Pension costs	2,344	2,344
	<u>23,533</u>	<u>23,533</u>
Expenditure on charitable activities		
Purchases	108,887	55,275
Wages and salaries	71,229	76,210
Employer's NIC	5,445	7,262
Pension costs	4,753	3,858
Rent	4,505	4,862
Training and development	945	3,090
Marketing	1,200	195
Insurance	1,029	769
Sundries	1,030	156
Bad debt write off	457	—
Postage and Stationery	673	602
Travelling	2,816	626
Refreshments and board expenses	782	555
Independent examination	960	960
Finance support	2,713	1,248
Telephone	1,039	1,088
Software and IT support	839	131
Depreciation	1,464	1,015
Bank charges	152	—
	<u>210,918</u>	<u>157,902</u>
Total expenditure	<u>234,451</u>	<u>181,435</u>
Net income	<u>8,031</u>	<u>4,986</u>