

THE CITIZENS THEATRE LIMITED

**DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS**

FOR

THE YEAR ENDED 31 MARCH 2002

Company No. SC022513



**WYLIE FRAME
CHARTERED ACCOUNTANTS**

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DIRECTORS AND OFFICERS

1

HONORARY PRESIDENT	Sir Thomas Risk , B.L, LL.D, F.R.S.E.
HONORARY VICE-PRESIDENTS:	The Rt. Hon. The Lord Provost of the City of Glasgow The Lord Dean of Guild, Merchants House, Glasgow The Deacon Convener of the Trades House of Glasgow The President of the Chamber of Commerce of Glasgow Thelma Holt C.B.E.
DIRECTORS:	Professor Janet B I McDonald, M.A., F.R.S.E., F.R.S.A.M.D. (Chairman) Councillor Robert Gray C.B.E., J.P., D.L., O.St.J., LL.D. Councillor Charles McCafferty Councillor Jean A McFadden, C.B.E., J.P.,D.L., M.A., LL.B. Councillor Irene Graham M.A., M.Phil Councillor William Butler B.A. (Hons.) (Resigned 17.05.01) Councillor James Mutter (Appointed 11.07.01) Russell G Boyce Dr. Adrienne Scullion Professor Joseph C Barbenel M.Sc., PH.D, F.I. Biol, F.Inst.P. F.R.S.E. Professor William T Scott O.M. (Resigned 3.08.01) Professor Malcolm T. Foley (Appointed 19.09.01) Ronda M Bayley M.A. (R.C.A.) (Resigned 13.02.02) Alison Harley (Appointed 17.04.02) Ian McIlhenny D.A, P.G.C.E, DIP. SE.(Appointed 12.07.00) J Michael L Smyth B.A. Mod. (Resigned 19.09.01) Robert A Mactaggart T.D., A.D.C., Ph.D. S.S.C. Margaret Tomlinson B.A., L.R.A.M. (Resigned 19.09.01) Rosemary Hobsbaum M.A. Hons (OXON) Donella Stirling M.A. Nick C D Kuenssberg B.A., F.C.I.S., C.I.Mgt., F.Inst.D., F.R.S.A. J H Forbes Macpherson C.B.E., D.Univ., C.A. R A Macpherson B.A. (OXON.) Professor William Scott O.M. (Appointed 19.09.01) Professor Edward Friel D. Univ., F.R.S.A., F.T.S. (Appointed 17.04.02)
SECRETARIES:	Wylie Frame, Chartered Accountants, Glasgow
BANKERS:	Bank of Scotland, Glasgow
AUDITOR:	Milne, Craig & Corson, Chartered Accountants, Paisley
REGISTERED OFFICE:	91 Mitchell Street, Glasgow G1 3LN

Introduction

Board membership remained fairly constant throughout the year although we were pleased to welcome two newcomers, Alison Harley who replaced Ronda Bailey as the nominee of Glasgow School of Art, and Professor Eddie Friel, President of Glasgow Chamber of Commerce, who had previously served on the Board's Development sub-committee.

We were sad to record the death of a former Board member of long standing, Marianne Adler-Bell whose loyalty to the Citizens' Theatre and to the Citizens' Theatre Society had been unfailingly over many years.

In my last report I intimated with regret the departure of Lorna Duguid, Marketing Manager of the Citizens'. Lorna has returned to the fold, as General Manager of TAG and the Board is delighted to have secured her services in this key position.

Her arrival, however, was the result of the resignation of Jon Morgan, who for several years has been an excellent General Manager of the Company and whose enthusiasm, industry and energy on TAG's behalf throughout Scotland and beyond did much to promote the high reputation which it enjoys.

TAG suffered a great loss with the sudden death of Carol Healas, the Education Officer, earlier this year. Her expertise and dedication to theatre for young people were publicly acknowledged by all who had the good fortune to work with her.

I am, as ever, grateful to all members of the Board for their commitment, their regular attendance and their judicious contributions to our debates. My special thanks go to Donald Frame of Wylie Frame, secretaries to the Company, whose outstanding service to the Board and to the excellent financial management of both Citizens' and TAG is essential to our wellbeing.

CITIZENS' THEATRE

Artistic Programme

There were ten Citizens' company productions at the Theatre over this period, despite a £50,000 reduction in funds from Glasgow City Council, which led to the temporary closure of the Stalls Studio. Together with the Visiting Company season, the Citizens undertook a total of 286 performances attracting a total attendance of 61,868 (i.e. 57% capacity). In addition, the education and outreach programme undertook 124 events, with a total of 3,492 participants.

Two world premieres were staged in the Circle Studio and on the Main Stage. In the Circle Studio Mozart's *Nachtmusic*, by Rolf Hochhuth, was translated and directed by Robert David MacDonald. In the Main Theatre, Glue by Irvine Welsh, was adapted and directed by Harry Gibson, and played for six performances in December during the run of The Twits.

Highlights of the autumn season included a revival of Faithfull, directed and designed by Jon Pope, A Midsummer Night's Dream, directed Giles Havergal and Suddenly Last Summer by Tennessee Williams, directed and designed by Philip Prowse in the Circle Studio. It also included the return of the popular Citizens' Christmas production, a Scottish premiere of The Twits by Raoul Dahl, adapted by David Wood and directed and designed by Kenny Miller. The cast included students from the Royal Academy of Music & Drama. The production is part of the continuing partnership between the Theatre and the School of Drama.

The spring season in the Circle Studio included the Scottish premiere of Blasted by Sarah Kane, directed and designed by Kenny Miller and The Caretaker, by Harold Pinter, directed by Guy Hollands, his first production for the Theatre. On the Main Stage Giles Havergal directed Observe the Sons of Ulster Marching to the Somme by Frank McGuinness which was followed by The Cherry Orchard, directed and designed by Philip Prowse.

Death in Venice, directed and performed by Giles Havergal and adapted by Robert David MacDonald and David Luke, toured to Denmark, for two performances in Copenhagen and two in Odense.

Visiting Company Season

In April and September 2001, the Theatre was host to fourteen companies. The policy that shapes the Visiting Companies Season is that well-established groups, such as Theatre Babel, Scottish Youth Theatre and Borderline perform on the Main Stage, whilst emergent, more experimental or community groups, such as TRAM Direct and New Stage, play in the Circle Studio.

Highlights of the both seasons included 'Tis Pity She's A Whore and Medea by Theatre Babel, The Reader by New Stage, and Juno & the Paycock by The Arches.

The Scottish Youth Theatre

The annual visit of the Scottish Youth Theatre, which holds its Summer Festival at the Theatre for five weeks in July and August, is an important part of the programme. Over this period 300 young people attend courses which culminate in a week of one-off performances by the Foundation courses, and this year, six performances of The Boyfriend in the Main Theatre.

Education & Outreach

The season has seen a development of the Citizens' Theatre extensive education and outreach programme which operates on a year round basis. Free previews, a Citizens' institution, continued with tickets targeted to organisations within Social Inclusion Partnership areas, as did backstage tours for schools, colleges and community groups, some 366 visitors having a chance to see how the Theatre works. Audio-Described and Signed Performances were as usual available. Pre-show talks continued, involving distinguished speakers including Giles Havergal, Guy Hollands and David Grieg. An Open Day held in September as part of the Glasgow City Council's Open Doors Day attracted over 200 people into the Theatre and offered an opportunity to promote the Gorbals Card, which enables any resident in the area to attend a performance for £1.

Teachers' Masterclasses, Study Support sessions and workshops continued both at the Theatre and in schools. A Masterclass for teachers was held at the Theatre on A Midsummer Night's Dream led by Giles Havergal, who also led workshops for South Lanarkshire Council Drama Teachers, Birds of Paradise and the Theatre Studies Department of Glasgow University. Workshops in schools and at the Theatre continued involving some 1000 young people over the year. These included two special workshop projects for schools, under the umbrella title of *Curriculum Vitals*, focussing on productions of the set texts, Passing Places, by Stephen Greenhorn and The Letter Box by Ann Marie de Mambro, which involved twenty schools from across Scotland making visits to the theatre.

A major new initiative was the appointment of Guy Hollands and Neil Packham as job sharers to the post of Drama Worker for the Gorbals. The objective is to strengthen our links with the other agencies working in the Gorbals and to extend opportunities for people of all ages living in the area. Each year, the Gorbals programme will include the successful annual community performance project for the unemployed, a new cultural diversity performance project and a range of workshops including new writing, pantomime skills, story telling and theatre skills. Other new initiatives included a Survivors of Domestic Violence Project in partnership with Gorbals Addiction Service, Gorbals Drug Forum and other agencies, and two projects with Childcare Choices, Castlemilk; one a series of exploratory workshops with twenty pre-5 children from ethnic backgrounds including Afgani, Turkish, Romanian, Kurdish and Kuwaiti, and the other with the Young Family Violence Group.

Development

The Foyer: In October 2000 the Citizens' Theatre installed a new entrance system radically improving access into the theatre for all patrons and visitors. This project would not have been possible without the generous support we received from Trusts and Charitable Foundations: The Foundation for Sport and the Arts, Lloyds TSB Foundation for Scotland, The Robertson Trust and The Hugh Fraser Foundation, The Bellahouston Bequest Fund, The Merchants House of Glasgow, The Mary Andrew Charitable Trust, The James Wood Fund, The Saints and Sinners Club of Scotland and The Trades House of Glasgow.

Education & Outreach: With the support of the Esmeè Fairbairn Foundation and Northern Rock Foundation, the Citizens' was able in December to establish the new post of Drama Worker for the Gorbals for a period of three years. The project activities of this post throughout its three-year tenure received funding from The Community Fund.

Corporate Citizens and the Business Community: To celebrate and expand the links with the business community the Citizens' Theatre hosted a series of events at the Theatre; a lunch with the Scottish Council for Development and Industry on 2 November to inaugurate the Citizens' partnership with SCDI through the Corporate Citizens' scheme; on 8 November a reception linked to A Midsummer Night's Dream was co-hosted by the Citizens' Theatre and Arts & Business. Guests included Stuart Gulliver, Chair of Arts & Business and Alan Wilson MSP, Deputy Minister for Environment, Sport and Culture. This was shortly followed by a reception with Glasgow Chamber of Commerce, co-hosted by Eddie Friel, as President of Glasgow Chamber of Commerce, and Giles Havergal.

This year the Citizens' Theatre saw a resurgence of its Corporate Citizens' membership scheme attracting an expanded and diverse range of members from the business community. The funds raised from this scheme contributed to the artistic and education work of the Citizens'. The Citizens' is grateful for the continuing support of founder members of the scheme – the Bank of Scotland and The Weir Group. New members welcomed were Scottish Power, Mitchells Robertson, Rutherford & Macpherson, the Scottish Council for Development and Industry, Consignia, and Murgitroyd & Company, the last returning to the scheme having formerly been one of the founder members.

Funding

Continuing revenue support was received from the Scottish Arts Council (£735,297), which included an additional revenue grant of £25,000 at the end of the year. Glasgow City Council contributed a revenue grant of £520,500, a reduction of £50,000 on the previous year.

The theatre is grateful to the following local authorities for the continued support for projects and workshop fees: Argyll & Bute, Dumfries & Galloway, East Ayrshire, East Dunbartonshire, West Dunbartonshire, East Renfrewshire, Edinburgh District, Falkirk, Glasgow, Inverclyde, North Ayrshire, North Lanarkshire, South Ayrshire and South Lanarkshire.

The SAC Advancement Programme subvention for this year was £76,916. The Citizens' Theatre is currently at the end of the second year of a three-year agreed programme to develop a new audience development strategy, to increase earned income and to research the viability of an extended catering operation.

Other Achievements

Giles Havergal was awarded a C.B.E. in the New Year Honours.

TAG

Artistic Programme

During the year 2001/2 TAG undertook 115 performances of two productions, Dr Korczak's Example (81 performances with a total attendance of 4572) and King Matt (34 performances with a total attendance of 2790). 164 workshops were held as part of the programme, with a total attendance of 5302. Altogether, TAG's work reached 12,664 young people throughout Scotland.

2002 was the final year of TAG's 'Making the Nation' project, aimed at actively engaging young people in Scotland with the democratic process. It concluded with 'Making Changes', a participatory project which aimed actively to engage 13-14 years olds in issues influencing change in a democratic society.

The year's programme was highly successful artistically and resulted in excellent press coverage and very positive feedback from a variety of audiences.

Productions

Dr Korczak's Example by David Greig

The play explores the question of what happens when idealism and freedom are confronted by totalitarianism. It contrasts Korczak's advanced humanistic thinking on how we treat children and on children's rights with the inhuman reality of the holocaust.

Dr Korczak toured secondary schools (12-14 year olds) in Autumn 2001 and was complemented by educational resource material and a workshop programme. It formed a companion piece to Stephen Greenhorn's new version of Korczak's classic story, **King Matt**, which toured in Spring 2002.

King Matt adapted by Stephen Greenhorn from Janus Korczak's short story.

The story combines picaresque adventure with political satire as King Matt discovers there is a high economic and political price to pay if he wants to implement his idealistic but expensive reforms to education and children's welfare and to create a children's parliament.

This was a co-production with the MacRobert Centre, a new departure for TAG. The MacRobert built the set for the show which opened in Stirling.

King Matt was supported by workshops offered to all schools who booked for the public performances.

It received a high amount of press attention and universally positive feedback from both audiences.

Workshop Programme

The major workshop programme of the year was Making Changes. The first part of this project took place in January to March 2002, involving work in schools in Dumfries, Clackmannanshire, Fife, North Ayrshire, Dundee and Glasgow City. The second part of the project in late March 2002 culminated in a congress at the Hub in Edinburgh attended by speakers from the Scottish Parliament, Scottish CND, the Carbeth Hutters and the Scottish Youth Parliament. Pupils also visited the Scottish Parliament to view Question Time and First Minister's questions. They also had the opportunity to question directly a number of MSPs on various issues. The project received excellent feedback from teachers, pupils and MSPs.

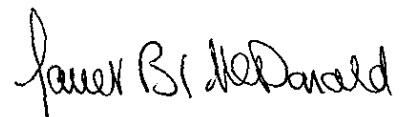
Funding

TAG received from the Scottish Arts Council a Fixed Term Grant of £208,884, in addition to grants to assist in the commissioning of King Matt and Dr Korczak's Example of £10,200. The Revenue Grant from Glasgow City Council was £28,000. Income was also received from other local authorities totalling £42,726. TAG also received a grant from Scotland Onstage towards the tour of King Matt to public venues.

TAG is grateful to the SAC National Lottery for funding towards Making the Nation.

Conclusion

The Board is pleased to acknowledge the artistic achievements of both Citizens' and TAG and is grateful for the unflagging endeavours of the Artistic Directors and General Managers, as well as the creativity and talent of participants, actors, backstage and front of house staff.


JANET B I MCDONALD

CHAIRMAN

22 August 2002

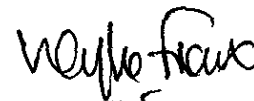
NOTICE OF MEETING

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NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Citizens Theatre Limited will be held within Gilmorehill Centre for Theatre, Film & Television, 9 University Avenue, Glasgow on Wednesday 25 September 2002 at 5.00pm to transact the following business:

- 1 To receive and adopt the Directors Report and Financial Statements for the year ended 31 March 2002.
- 2 To elect an Honorary President and Honorary Vice-Presidents.
- 3 To elect Directors.
- 4 To re-appoint Milne Craig & Corson, Chartered Accountants, Paisley, as Auditor of the Company.
- 5 To authorise the Directors to fix the remuneration of the Auditor for the ensuing year.

BY ORDER OF THE BOARD


Wylie Frame
Secretaries

91 Mitchell Street
GLASGOW
G1 3LN
22 August 2002

NOTE

A Member of the Company who is entitled to be present and vote at the Meeting may appoint a Proxy to attend and vote in his/her stead and any Proxy so appointed need not be a Member. Forms of Proxy must be deposited at the Registered Office not less than 48 hours before the time of the meeting.

REPORT OF THE DIRECTORS

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The directors have pleasure in presenting their Report and Financial Statements for the year ended 31 March 2002 to the members.

STATUS

The Citizens Theatre Limited is a company limited by guarantee without a share capital. The members of the company have each guaranteed its liabilities up to £1. The company was incorporated in Scotland on 19 August 1943. The affairs of the company are administered by a board of directors who are appointed and act in accordance with the Memorandum and Articles of Association of the company. The company is registered in Scotland with the number SC022513 and is recognised by the Inland Revenue as having charitable status under the reference SC001337. Details of the directors and officers together with the situation of the company's registered office are set out on page 1.

ACTIVITIES

The principal activities of the company during the year were those of theatre proprietors and managers, providing dramatic performances conducive to the promotion, maintenance, improvement and advancement of education or to the encouragement of the Arts.

FINANCIAL RESULTS

The financial results in respect of the Citizens Theatre Limited are as disclosed by the Consolidated Statement of Financial Activities (Including an Income and Expenditure Account) on page 13. The resultant funds of the company are summarised in Notes 5 and 6 to the accounts on pages 16 and 17.

DIRECTORATE

The present directors of the company and those who served during the year ended 31 March 2002 are set out on page 1.

On 17 May 2001 Councillor William Butler resigned as a nominated Director of the City of Glasgow Council and on 11 July 2001 Councillor James Mutter was appointed as a nominated Director in his stead.

On 3 August 2001 Professor William T Scott resigned as the nominated Director of Glasgow Caledonian University and on 19 September 2001 Professor Malcolm T Foley was appointed as a nominated Director in his stead.

On 19 September 2001 Mr Michael L Smyth and Ms Margaret Tomlinson resigned as Directors and Professor William T Scott was appointed a Director in his own right.

On 13 February 2002 Ms Ronda M Bayley resigned as the nominated Director of The Glasgow School of Art and on 17 April 2002 Ms Alison Harley was appointed as the nominated Director in her stead.

On 17 April 2002 Professor Edward Friel was co-opted as a Director of the Company.

In terms of the Articles of Association, Professor Edward Friel, Nick Kuenssberg and R A Macpherson fall to retire from the Board at the forthcoming Annual General Meeting. Being eligible, all of the retiring directors offer themselves for re-election.

RESERVES POLICY

It is the policy of the company to ensure that there are committed unrestricted funds at a level which equates to the annual budgeted unrestricted expenditure. This ensures there are sufficient funds to cover management and administration and support costs in addition to the costs of the various budgeted productions throughout the year.

RISK MANAGEMENT

The directors have examined the major strategic, business and operational risks which the company faces and confirm that systems have been established to enable regular reports to be produced so that the necessary steps can be taken to lessen these risks.

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.

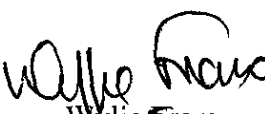
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

AUDITOR

A Resolution will be proposed at the Annual General Meeting to re-appoint Milne Craig & Corson, Chartered Accountants, as Auditor.

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

BY ORDER OF THE BOARD


Wylie Frame
Secretaries

REPORT OF THE AUDITOR

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We have audited the financial statements on pages 12 to 18 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities and the accounting policies set out on page 14.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As described on page 10 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

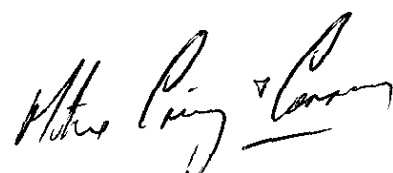
BASIS OF OPINION

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, 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.

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 2002 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.



Milne Craig & Corson
Registered Auditor

Abercorn House
79 Renfrew Road
Paisley PA3 4AD

22 August 2002

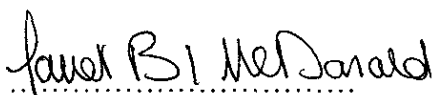
BALANCE SHEET AS AT 31 MARCH 2002

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	<u>Note</u>	£	<u>2002</u> £	£	Restated <u>2001</u> £
FIXED ASSETS					
Tangible Assets	2		849,612		946,590
CURRENT ASSETS					
Stocks		4,550		6,634	
Debtors	3	204,054		100,072	
Term Deposit		313,438		286,290	
Cash: On hand		3,107		3,097	
In bank		169,460		7,397	
		<u>694,609</u>		<u>403,490</u>	
CREDITORS					
Amounts falling due within one year	4	486,782		249,893	
NET CURRENT ASSETS					
			207,827		153,597
			<u>1,057,439</u>		<u>1,100,187</u>
FUNDS					
General Unrestricted Funds	5		192,191		152,686
Designated Special Fund					
Fixed Asset Fund	5		103,429		38,594
General Fund	5		26,811		54,819
Restricted Funds	6		735,008		854,088
			<u>1,057,439</u>		<u>1,100,187</u>

The accounts 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.

These accounts were approved by the Board on 22 August 2002.


 DIRECTOR

The notes on pages 14 to 18 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2002

13

	Note	Restricted Fund £	Unrestricted Designated Special Fund £	Unrestricted General Fund £	Total 2002 £	Restated 2001 £
Incoming Resources						
Grant Income		85,566	-	1,614,494	1,700,060	1,605,680
Theatre Income		-	41,750	371,258	413,008	356,886
Trading Income		-	-	86,343	86,343	73,648
Touring Income		-	-	5,863	5,863	12,794
Interest Receivable		-	-	18,574	18,574	19,932
Exceptional Income - NI		-	19,264	3,734	22,998	(406)
Total Incoming Resources		<u>85,566</u>	<u>61,014</u>	<u>2,100,266</u>	<u>2,246,846</u>	<u>2,068,534</u>
Resources Expended						
Cost of Generating Funds						
Trading Costs		-	-	54,335	54,335	44,442
Advancement Costs		52,889	-	-	52,889	32,277
		<u>52,889</u>	<u>-</u>	<u>54,335</u>	<u>107,224</u>	<u>76,719</u>
Charitable Expenditure						
Theatre Costs		-	-	1,617,889	1,617,889	1,513,363
Touring Costs		-	-	4,030	4,030	13,452
Community Fund Costs		1,109	-	-	1,109	-
Depreciation		150,648	24,187	13,577	188,412	177,703
Management & Administration		-	-	370,403	370,403	332,774
Interest Payable		-	-	527	527	438
		<u>151,757</u>	<u>24,187</u>	<u>2,006,426</u>	<u>2,182,370</u>	<u>2,037,730</u>
Total Resources Expended		<u>204,646</u>	<u>24,187</u>	<u>2,060,761</u>	<u>2,289,594</u>	<u>2,114,449</u>
Net Income/Expenditure for Year						
		(119,080)	36,827	39,505	(42,748)	(45,915)
Fund Balances as restated at 1 April 2001						
		854,088	93,413	152,686	1,100,187	1,146,102
Fund Balances at 31 March 2002						
	5/6	<u>735,008</u>	<u>130,240</u>	<u>192,191</u>	<u>1,057,439</u>	<u>1,100,187</u>

All amounts relate to continuing activities.

All recognised gains and losses are included in the revenue account.

The notes on pages 14 to 18 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2002

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1 ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, and are in accordance with SORP 2000. Prior to compliance with SORP 2000 capital grants were deferred and released over the life of the assets for which they were received. These grants are now recognised as restricted incoming resources in the year in which they are received and the depreciation is recognised as an expense of the restricted fund. The effect of this is to increase the prior period opening reserves by £847,591 to recognise the restricted fund and increase the loss for the current and prior periods by £174,835 and £150,648 respectively in respect of depreciation no longer matched by transfer from deferred income.

The principal accounting policies which have been adopted in the preparation of the financial statements are set out below.

(a) Turnover

Turnover represents grants and theatre income receivable and is stated exclusive of value added tax.

(b) Depreciation

Depreciation has been provided on the cost of acquisition of tangible fixed assets, less capital grants and donations received, where relevant, on the straight line basis at the following annual rates:

Leasehold Improvements	- 10%
All other fixed assets	- 20%

(c) Stocks

Stocks have been valued at the lower of cost and net realisable value. In the opinion of the management replacement cost does not materially differ from its balance sheet value.

(d) Grants

Grants in respect of capital expenditure incurred up until 31 March 1995 were deducted from the cost of the relevant assets. Grants in respect of capital expenditure are now recognised as restricted incoming resources in the year in which they are received. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

(e) Legacies

Legacies are credited to the revenue account in the year in which they are received.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2002 Cont'd

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1 ACCOUNTING POLICIES (Cont'd)

f) Leasing Commitments

Assets held under finance leases are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of the capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

(g) Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

(h) Designated Funds

Sums designated by the Directors to be used for particular purposes are accounted for as part of the company's unrestricted funds.

2 TANGIBLE ASSETS

	<u>Leasehold Improvements</u>	<u>Theatre & Office Furnishings</u>	<u>Fixtures, Fittings & Equipment</u>	<u>TAG Van</u>	<u>TAG Equipment</u>	<u>Total</u>
	£	£	£	£	£	£
<u>Cost</u>						
At 1 April 2001	1,990,203	57,617	349,689	38,112	50,359	2,485,980
Additions	62,392	-	27,905	-	1,137	91,434
Less:						
Grants and Donations received prior to 31 March 1995	(796,316)	(12,486)	(44,891)	-	(3,479)	(857,172)
At 31 March 2002	1,256,279	45,131	332,703	38,112	48,017	1,720,242
<u>Depreciation</u>						
At 1 April 2001	401,696	41,749	187,068	22,763	28,942	682,218
Provided during year	118,867	1,710	51,404	7,622	8,809	188,412
At 31 March 2002	520,563	43,459	238,472	30,385	37,751	870,630
<u>Net Book Value</u>						
At 31 March 2002	735,716	1,672	94,231	7,727	10,266	849,612
At 1 April 2001	792,191	3,382	117,730	15,349	17,938	946,590

All fixed assets held by the company are for use in its continuing charitable activities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2002 Cont'd

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3	DEBTORS	<u>2002</u>	<u>2001</u>
	Amounts receivable within one year:	£	£
	Trade debtors	10,050	9,321
	Prepayments	85,646	52,861
	Other debtors	108,358	37,890
		<u>204,054</u>	<u>100,072</u>

4	CREDITORS: Amounts falling due within one year	<u>2002</u>	<u>2001</u>
		£	£
	Bank overdraft	-	39,631
	Trade creditors	56,539	20,481
	Other creditors	25,411	51,565
	Creditors for taxation and social security	29,594	16,875
	Accruals and deferred income	375,238	121,341
		<u>486,782</u>	<u>249,893</u>

5 **UNRESTRICTED FUNDS:**
General Unrestricted Fund

	Theatre About Glasgow Fund £	Citizens Theatre Fund £	Total 2002 £	Restated 2001 £
Balance at 1 April 2001	80,903	71,783	152,686	93,387
Surplus/(Deficit) for the year	(12,253)	51,758	39,505	59,299
Balance at 31 March 2002	<u>68,650</u>	<u>123,541</u>	<u>192,191</u>	<u>152,686</u>

Designated Special Fund

	Designated Special Fund			
	Fixed Assets Fund £	General Fund £	Total 2002 £	Restated 2001 £
Balance of 1 April 2001	38,594	54,819	93,413	98,343
Incoming Resources	61,014	-	61,014	7,893
Resources Expended	(24,187)	-	(24,187)	(12,823)
Transfer between Funds	28,008	(28,008)	-	-
	<u>103,429</u>	<u>26,811</u>	<u>130,240</u>	<u>93,413</u>

General Unrestricted Funds are expendable at the discretion of the Board in furtherance of the objects of The Citizens Theatre.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2002 Cont'd

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5 **UNRESTRICTED FUNDS cont'd**

The Designated Special Fund, made up of the Designated Fixed Assets Fund and the Designated General Fund, was set up from the windfall receipt of NI of £110,936 reclaimed in respect of Citizens Theatre. The amount transferred to the Designated Fixed Assets Fund was utilised to purchase a year 2000 compliant computer system and the balance of that fund together with the further funds raised has to date been utilised to finance the refurbishment of the foyer and installation of new doors.

The Designated Fixed Assets Fund represents the net book value of these tangible fixed assets. Each year an amount is expended from the fund representing the movement in the net book value of the designated tangible fixed assets in the year.

The Designated General Fund represents the balance of funds raised but not expended as at 31 March 2002.

6 **RESTRICTED FUNDS**

	Fixed Assets Fund £	SAC Adv'ment Fund £	Community Fund £	Total 2002 £	Restated 2001 £
Balance at 1 April 2001	847,591	6,497	-	854,088	954,372
Incoming Resources	-	76,916	8,650	85,566	101,258
Expenditure & Transfers	(150,648)	(52,889)	(1,109)	(204,646)	(201,542)
	<u>696,943</u>	<u>30,524</u>	<u>7,541</u>	<u>735,008</u>	<u>854,088</u>

The Restricted Fixed Assets Fund reflects the book value of assets funded by donations and grants given for the purchase of specific assets.

The SAC Advancement Fund is a fund to develop opportunities to increase the Theatres' income base from sources other than statutory revenue funds.

The Community Fund is a fund to develop projects within the Gorbals area.

7 **SHARE CAPITAL**

The company is limited by guarantee in terms of the Companies Act 1985 and does not have a share capital.

8 **PENSION COMMITMENTS**

The company operated a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The unpaid contributions outstanding at the year end included in "Other Creditors" are £Nil. (2000: £Nil)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2002 Cont'd

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9 **OTHER FINANCIAL COMMITMENTS**

At 31 March 2002 the company had annual commitments under non-cancellable operating leases as set out below:

	<u>2002</u>	<u>2001</u>
	£	£
Operating leases which expires:		
Less than one year	-	-
Within two to five years	13,783	12,015
	<u>13,783</u>	<u>12,015</u>

10 **SURPLUS/(DEFICIT) FOR YEAR**

	<u>2002</u>	<u>2001</u>
	£	£
The deficit of the company for the year is arrived at as follows:		
Citizens Theatre		
Unrestricted General Fund	51,758	
Unrestricted Designated Special Fund	36,827	
Restricted Fund	<u>(104,108)</u>	
	(15,523)	(50,025)
Theatre About Glasgow		
Unrestricted General Fund	(12,253)	
Restricted Fund	<u>(14,972)</u>	
	(27,225)	4,110
	<u>(42,748)</u>	<u>(45,915)</u>
After charging:	£	£
Auditor's remuneration	2,400	2,300
Depreciation: of owned assets	188,412	177,703
	<u>190,812</u>	<u>180,003</u>
Operating lease rentals – equipment and vehicle	12,210	12,116
	<u>12,210</u>	<u>12,116</u>
Total employee emoluments	496,746	451,307
	<u>496,746</u>	<u>451,307</u>

The average number of employees under a contract of service during the year was 25. The number of employees earning £40,000 or more were as follows:

40,000 - 50,000	3	3
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