

REGISTERED COMPANY NUMBER: SC022513
REGISTERED CHARITY NUMBER: SC001337

THE CITIZENS THEATRE LIMITED

**DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS**

**FOR
THE YEAR ENDED 31 MARCH 2011**



**MILNE CRAIG
CHARTERED ACCOUNTANTS**

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DIRECTORS AND OFFICERS

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HONORARY PRESIDENT:	The Rt. Hon. The Lord Provost of the City of Glasgow
HONORARY VICE-PRESIDENTS:	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. Professor Janet B I McDonald, M.A., F.R.S.E., F.R.S.A.M.D. D.D.M. Frame C.A.
DIRECTORS:	R A Macpherson B.A. (Oxon.) (Chair retired 29 September, 2010) Dr. William T Scott O.M. (Vice Chair retired 29 September, 2010) Murray Buchanan (Chair appointed 29 September, 2010) Prof. Adrienne Scullion (Vice Chair appointed 29 September, 2010) Colum Halferty Edward Harkins MBA Miss Helena Ward BA Hons (resigned 10 August, 2011) Councillor Jahangir Hanif Councillor Anne Marie Millar (resigned 28 June, 2011) Bailie James Scanlon Councillor Stephen Dornan (appointed 10 August 2011)
SECRETARIES:	Milne Craig, Chartered Accountants, Paisley
SENIOR MANAGEMENT TEAM:	Guy Hollands - Artistic Director Chris McDougall - Head of Production Anna Stapleton - Administrative Director
BANKERS:	Bank of Scotland, Glasgow
AUDITOR:	Hardie Caldwell LLP, Chartered Accountants, Glasgow
REGISTERED OFFICE:	Abercorn House, 79 Renfrew Road, Paisley PA3 4DA

CHAIRMAN'S STATEMENT

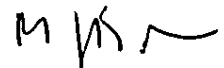
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My first experience of Citizens Theatre was thirty years ago when, as a boy, I saw a production of Hamlet. I can still recall the excitement of entering the auditorium and experiencing the drama unfolding live in front of me.

Thirty years later, I am honoured to have been elected Chairman of the Company at last year's AGM. In the last twelve months, the Company has received critical acclaim for many of its productions including *One Million Tiny Plays About Britain*, *The Girl In The Yellow Dress*, *The Monster In The Hall*, *Beauty & The Beast* and *Marilyn*. We have also been thrilled to host two dozen visiting productions by companies of the quality and diversity of National Theatre of Scotland, Scottish Opera, Headlong, Theatre Alibi and Wee Stories. The Company's pioneering work with Scotland's young people, minority ethnic groups and socially disadvantaged goes from strength to strength and – as the Company's name suggests – is at the heart of what we do. Two productions of which I am particularly proud are *The Grapes Of Wrath* by our Citizens Community Company and a new work called *Platform 2:10* that involved our Citizens Learning team collaborating with 65 male prisoners at Glasgow's Barlinnie Prison.

The Board is pleased to have appointed Dominic Hill as the Company's new Artistic Director, following a thorough recruitment process. Dominic, who will join us in October, is highly respected as a theatre director throughout the UK and internationally and is experienced at running theatre companies and buildings. The Board and Staff are thrilled to have attracted an Artistic Director with Dominic's track record, talents and reputation.

I would like to thank our entire Staff – full-time, part-time and freelance – for their extraordinary commitment to the Company, to each other and to visiting companies; time and again they demonstrate that they are among the very best in the industry. I would also like to thank my fellow Board members for their care and attention in carrying out their duties as directors of the Company. Finally, on behalf of the Company I thank Creative Scotland and Glasgow City Council for their continuing support which is greatly appreciated.



Murray Buchanan
Chair
18 August 2011

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 Meeting Room 1, Premier Inn, 80 Ballater Street, Glasgow on Wednesday 28th September 2011 at 5.30pm to transact the following business:

- 1 To receive and adopt the Directors Report and Financial Statements for the year ended 31 March 2011
- 2 To elect an Honorary President and Honorary Vice-Presidents.
- 3 To elect Directors.
- 4 To re-appoint Hardie Caldwell LLP, Chartered Accountants, Glasgow 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



Milne Craig
Secretaries
Abercorn House
79 Renfrew Road
Paisley
PA3 4DA

18 August 2011

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 2011 to the members.

STRUCTURE, GOVERNANCE AND MANAGEMENT

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 registered with OSCR under the reference SC001337. Details of the present directors of the Company and those who served during the year ended 31 March 2011, together with the officers of the Company and the situation of the Company's registered office are set out on page 1.

R A Macpherson and Dr William T Scott retired at the close of the AGM on the 29 September 2010. At the Board meeting following the AGM, Murray Buchanan and Professor Adrienne Scullion were appointed Chair and Vice Chair respectively of the Company.

Councillor Anne Marie Millar resigned from the Board on the 28th June, 2011 and Glasgow City Council nominated Councillor Stephen Dornan in her place.

Miss Helena Ward resigned from the Board on the 10th August, 2011.

In terms of the Articles of Association Colum Halferty and Edward Harkins fall to retire by rotation at the Annual General Meeting and being eligible offer themselves for re-election.

Board Induction and Training

All new directors undertake Induction training to give them clear knowledge and understanding of the role and responsibilities of a director. There were no new directors appointed during the year.

Risk Management

The directors have examined the major strategic, business and operational risks which the Company faces and confirm an improved reporting procedure has been established so that the necessary steps can be taken to mitigate those risks.

The Company now has Charity and Charity Trustees Liability insurance cover for any alleged wrongful acts committed by the Company and/or its statutory directors that result in corporate or personal liability.

Organisational Structure

The Board of Directors of the Citizens Theatre Limited is responsible for the overall operation of the Company. The day to day responsibility for the management of the Company is delegated to the Artistic Director and the Senior Management Team.

OBJECTIVES AND ACTIVITIES

The objectives of the Company are to promote, maintain, improve and advance education particularly by the encouragement of the arts, including the arts of drama, dance, music and opera. During the year the Company's activities included producing and presenting theatre performances, an associated programme of workshops and events, an extensive programme of work with the community and a creative learning programme developed and delivered with a range of partners including Local Authorities and schools.

Measures used to assess the achievements included assessment of the artistic programme by the Board of Directors and senior staff, the principal funders, audiences and the press as well as consideration of final numbers of audience members and participants and the financial management of the Company.

ACHIEVEMENTS AND PERFORMANCE

The Company's principal activity during the year was the production and presentation of theatre performances both at the Citizens Theatre and on tour, and extensive learning work across much of Scotland.

This was a good year at the box office with overall attendances of 62% and earned income of £458,835, which is encouraging given the current economic climate and the transitional nature of this year for the Company.

At the end of 2009 the Board instructed Burns Owen Partnership ("BOP") to carry out internal and external reviews of the Company. BOP delivered its report on the Company in May 2010. In August 2010 the then Joint Artistic Directors stood down from their positions. At the Company's AGM in September 2010 the Chair and Vice Chair stood down from their positions and the Board elected Murray Buchanan and Professor Adrienne Scullion as Chair and Vice Chair respectively. Following a thorough recruitment process, the Board announced the appointment of Dominic Hill as the Company's new Artistic Director, starting in October 2011. The Company is looking forward to Dominic's arrival and to working with Dominic to realise the ambitions that Dominic and the Board have for the Company.

The Company has had a successful year, particularly when one considers the economic climate and the financial parameters within which it is operating. Highlights have included four World premieres of new plays: *One Million Tiny Plays About Britain* and *The Monster In The Hall*, both of which are being revived at the Edinburgh Festival 2011; *The Girl in the Yellow Dress*, a co-production with the Market Theatre, Johannesburg and LIVE Theatre, Newcastle, which premiered in South Africa at The Grahamstown Festival and the Baxter Theatre Capetown, prior to the Edinburgh Festival, then toured to Glasgow, Newcastle and the National Theatre of Sweden before returning for a final run at the Market Theatre; and *Marilyn*, a co-production with the Royal Lyceum Theatre, Edinburgh. Other highlights included *Meep & Moop*, a new show for Nursery schools; *A Clockwork Orange*; a new version of *Beauty and The Beast* for Christmas supported by the Glasgow Restaurant Association and *On The Rim of The World / Dr Ferret's Bad Medicine Show* a co production with Scottish Opera. In addition to this the Community Company celebrated its 10th anniversary with a main stage production of *The Grapes of Wrath*, in partnership with Turning Point Scotland and sponsored by Scott + Co. The Community Company also produced *Wicked Christmas - 12 Days of Xmas* and the Young Co.'s production of *Tall Tales for Small People*. The Company was nominated for two CATS Awards: *Beauty & The Beast* as Best Show for Children and Young People and Gemma McElhinney as Best Actress for her performance in *The Monster in the Hall*. *The Girl In The Yellow Dress* was nominated in The Stage Awards Best Actress Category and nominated for 4 Naledi Awards and 4 Fleur Du Cap Awards in South Africa. The production won 2 Naledi Awards for Best New South African Play and Best Performance By An Actress In A Lead Role (Play) for Marianne Oldham.

In addition, Citizens Learning and TAG led 51 different creative learning projects involving 1,507 workshops and a total of 27,532 participant sessions during the year. Each weekend nearly 300 children continue to attend the Kids@Citz workshops at the Theatre, Nightschool continues to sell out and a recent addition, Dayschool, for participants from the long term unemployed, continued into a new series. Over the year Citizens Learning and TAG worked on a wide range of projects in partnership with a range of organizations. Highlights include the following three pioneering projects: the Inspiring Change project working with Motherwell College and the Scottish Prison Service on *A Woman's Place* in HMS Greenock Prison and *Platform 2.10* with Barlinnie Prison; the Glow Project in partnership with Learning & Teaching Scotland and Strathclyde Police that produced *Don't Start Me* which toured Glasgow Schools and was also made available for viewing via the Internet; representatives of the Community Company were invited to present a new work at Rotterdam International Community Arts Festival in March and were able to take up the invitation with support from Glasgow Works and South East Alternatives.

Over the last year the Company has presented 34 theatre productions, 4 comedy and music productions and has hosted the Glasgow Restaurant Awards. Overall there have been 297 performances and separate events within the theatre and 140 performances on tour

During the last year the Company's own professional productions were:

One Million Tiny Plays About Britain by Craig Taylor adapted by Ros Philips
 Meep & Moop
 The Girl in the Yellow Dress by Craig Higginson
 The Monster in the Hall by David Grieg (in partnership with Arts & Theatres Trust Fife)
 A Clockwork Orange by Anthony Burgess
 Beauty & The Beast by Alan McHugh
 Marilyn by Sue Glover

In addition the Company's non-professional productions were:

The Grapes of Wrath by John Steinbeck adapted by Tim Baker
 One the Rim of the World (Music by Orlando Gough and Libretto by Jehane Markham)
 Tall Tales for Small People by Gerry Mulgrew
 Wicked Christmas - 12 Days of Christmas by the Citizens Community Company
 Frost & Fire

The Company's visiting productions were:

Treasure Island by Robert Louis Stevenson retold by Andy Cannon & Iain Johnstone (Wee Stories)
 The Ministry of Fear by Graham Greene (Theatre Alibi)
 The Glass Menagerie by Tennessee Williams (A Shared Experience/Salisbury Playhouse production)
 Des Tells Tall Tales (Des Dillon)
 The Wee Man
 Blue Hen by Des Dillon (NLP Theatre Company)
 The Event by John Clancy (Theatre Tours International & Absurdum International)
 Morecambe by Tim Whitnall (Theatre Tours International & Feather Productions)
 Carmen by Georges Bizet (Scottish Opera)
 Hit Me! By Jeff Merrifield (Seabright Productions)
 Sarah Jane Morris
 The Tailor of Inverness (Dogstar Theatre)
 The Bookie by Douglas Maxwell (Cumbernauld Theatre)
 Panic Patterns by Louise Welsh and Zoe Strachan (Glasgay)
 Girl X (National Theatre of Scotland)
 Love Letters to the Public Transport System by Molly Taylor/Count Me In by Gary Mcnair/ Roman Bridge by
 Martin Travers (National Theatre of Scotland)
 Somersaults by Iain Finlay Macleod (National Theatre of Scotland)
 A Midsummer Nights Dream by William Shakespeare (a Headlong Theatre, Nuffield Theatre Southampton and
 Hull Truck production)
 Deaf Dumb, Blond (SeenUnseen)
 Jenny Éclair (Magners International Comedy Festival)

Highlights of the extensive activities by the Company's Citizens Learning and TAG departments included:

15 Minute Shakespeare
 Kids @ citz - Summer and Easter Academies
 Nightschool and Dayschool
 Inglefield Hostel Project
 Make it Work
 Off The Page

FINANCIAL REVIEW

The financial results in respect of The Citizens Theatre Limited are as disclosed by the Statement of Financial Activities (Including an Income and Expenditure Account) on page 11. The resultant funds of the Company are summarised in Notes 11 and 12 to the accounts on pages 19 to 21.

Principal Funding

The Company is in receipt of principal funds from Creative Scotland (Scottish Arts Council prior to 1st July 2010) and Glasgow City Council. These funds support the Company in meeting its key objectives to create an annual programme of theatre productions and pioneering education and outreach projects for audiences and participants in Glasgow and across Scotland. Artistic and financial partnerships remain essential to the Company's ability to grow its programme and to offer high quality work to our audience.

Reserves Policy

It is the policy of the Company to ensure that the balance of unrestricted reserves and committed unrestricted funds are at a level that 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.

Note 16 to the accounts indicates that there are net current liabilities of £315 on unrestricted funds. The directors have considered this, in light of the financial budget prepared for the financial year ending 31 March, 2012 and the timing and level of committed funding which is in place, and are satisfied that the Company can continue to meet its liabilities as they fall due. As such the directors are satisfied that the going concern basis is appropriate

PLANS FOR THE IMMEDIATE FUTURE

Dominic Hill, new Artistic Director, joins the Company on 3 October, 2011

A production of *A Day In The Death Of Joe Egg* by Peter Nichols

A Christmas production of *Hansel & Gretel* a new version by Alan McHugh

Gothic, a new performance project by the Young Co.

Wicked Christmas – Snow Funny, a new production by the Community Company

Little Ulla, a new co-production with Grinagog Theatre for Under Fives

A second tour of *Don't Start Me!* around Glasgow schools

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board is responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Board to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under company law the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the surplus or deficit of the Company for that period. In preparing these financial statements, the Board is required: to select suitable accounting policies and then apply them consistently; to make judgements and estimates that are reasonable and prudent; and to prepare the financial statements on the basis that the Company is a going concern, unless it is inappropriate to presume that the Company will continue in business.

The Board is responsible for ensuring that adequate accounting records are maintained that are sufficient to show and to explain the Company's transactions and to disclose with reasonable accuracy at any time the financial position of the Company and to enable the Board to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and for ensuring that such assets are applied in accordance with charity law, and for taking reasonable steps in the prevention and detection of fraud and other financial irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITOR

The auditors, Hardie Caldwell LLP, Chartered Accountants, have indicated their willingness to continue in office.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

BY ORDER OF THE BOARD



Milne Craig
Secretaries
Abercorn House
79 Renfrew Road
Paisley
PA3 4DA

18 August 2011

Registered No: SC022513

We have audited the financial statements of The Citizens Theatre Limited for the year ended 31 March 2011 which comprise the Statement of Financial Activities (including an Income and Expenditure Account), the Balance Sheet and the related notes numbered 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with section 44(1c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charitable company's trustees and 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 charitable 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 auditor

As explained more fully in the Statement of Directors' Responsibilities, the directors (who are also the trustees of the charitable company for the purpose of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1c) of the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006 and report in accordance with those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

We read all the information in the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2011 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Report of the Directors.



Marion Hopper
Senior Statutory Auditor
For and on behalf of
Hardie Caldwell LLP
Statutory Auditor
Glasgow

Date: 24 August 2011

Hardie Caldwell LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2011

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	<u>Note</u>	<u>Restricted Fund</u> £	<u>Unrestricted Designated Special Fund</u> £	<u>Unrestricted General Fund</u> £	<u>Total 2011</u> £	<u>Total 2010</u> £
Incoming Resources						
Incoming Resources from Generated Funds						
Voluntary income						
Donations and Grants	2	26,528	-	5,731	32,259	11,921
Activities for generating funds:						
Trading Income	3	-	-	101,999	101,999	129,415
Investment Income	3	23	-	688	711	2,002
Incoming Resources from Charitable Activities						
Grant & Investment Income	4	157,456	-	1,598,500	1,755,956	1,719,262
Theatre Income	5	-	-	653,136	653,136	825,749
Citizens Learning & TAG Income	6	161,391	-	77,369	238,760	281,976
Total Incoming Resources		345,398	-	2,437,423	2,782,821	2,970,325
Resources Expended						
Cost of Generating Funds						
Cost of generating voluntary income:	7	-	-	19,282	19,282	18,192
Cost of activities for generating funds:	7	-	-	86,922	86,922	100,272
Charitable Expenditure						
Theatre Costs	7	76,957	8,305	2,089,676	2,174,938	2,395,885
Citizens Learning & TAG	7	219,274	-	274,047	493,321	436,370
Governance costs	7	34,817	7,855	21,740	64,412	64,710
Total Resources Expended		331,048	16,160	2,491,667	2,838,875	3,015,429
Net Income/(Expenditure) for Year		14,350	(16,160)	(54,244)	(56,054)	(45,104))
Transfer between funds	11/12	(16,559)	-	16,559	-	-
		(2,209)	(16,160)	(37,685)	(56,054)	(45,104)
Fund Balances as at 1 April 2010		166,572	19,610	83,818	270,000	315,104
Fund Balances at 31 March 2011		164,363	3,450	46,133	213,946	270,000

All amounts relate to continuing activities.

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

The notes on pages 13 to 23 form part of these financial statements.

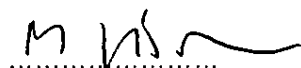
BALANCE SHEET AS AT 31 MARCH 2011

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	<u>Note</u>	£	<u>2011</u> £	£	<u>2010</u> £
FIXED ASSETS					
Tangible Assets	8		76,986		<u>71,851</u>
CURRENT ASSETS					
Stocks		8,971			9,008
Debtors	9	133,874			168,578
Deposits		155,688			420,596
Cash: On hand		3,682			3,125
In bank		83,250			6,101
			<u>385,465</u>		<u>607,408</u>
CREDITORS					
Amounts falling due within one year	10	(248,505)			<u>(409,259)</u>
NET CURRENT ASSETS					
			<u>136,960</u>		<u>198,149</u>
			<u>213,946</u>		<u>270,000</u>
FUNDS					
General Unrestricted Funds	11		46,133		83,818
Designated Special Fund					
Fixed Asset Fund	11		3,450		11,755
General Fund	11		-		7,855
Restricted Funds	12		164,363		166,572
			<u>213,946</u>		<u>270,000</u>

The accounts have been prepared in accordance with the special provisions of part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

These accounts were approved by the Board on 10 August 2011.



DIRECTOR – MURRAY BUCHANAN

Registered No: SC022513

The notes on pages 13 to 23 form part of these financial statements.

1 ACCOUNTING POLICIES

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and in the preceding year.

(a) Basis of Accounting

The financial statements have been prepared under the historical cost convention, and are in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), the Companies Act 2006 and the requirements of the Statement of Recommended Practice: Accounting and Reporting by Charities. They have been prepared on the going concern basis which the directors regard as appropriate having considered the level of reserves available, the financial budget for the year ending 31st March, 2012 and the timing and level of committed funding in place.

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

(b) Fund Accounting

- Unrestricted funds are available for use at the discretion of the Board of Directors to ensure the furtherance of the general objectives of the charity.
- Designated funds are unrestricted funds earmarked by the Board of Directors for particular purposes.
- Restricted funds are subjected to restrictions on their expenditure imposed by the donor or through the terms of an appeal.

(c) Incoming Resources

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Voluntary income is received by way of grants, donations, legacies and gifts and is included in full in the Statement of Financial Activities when receivable. Grants where entitlement is not conditional on the delivery of a specific performance by the charity are recognised when the charity becomes unconditionally entitled to the grant.
- Donated services and facilities are included at the value to the charity where this can be quantified. The value of services provided by volunteers has not been included in these accounts.
- Investment income is included when receivable.
- Incoming resources from charitable trading activity are accounted for when earned.
- Incoming resources from grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance.

(d) Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT that cannot be fully recovered, and is reported as part of the expenditure to which it relates.

- Costs of generating funds comprise the costs associated with attracting voluntary income and the costs of trading.
- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011 Cont'd

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1 ACCOUNTING POLICIES cont'd**(c) Resources expended cont'd.**

- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.
- All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis e.g. floor areas, per capita or estimated usage as set out in note 7

(e) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. Depreciation is 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%
Box Office Booking System	- 33 ^{1/3} %
All other fixed assets	- 20%

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.

(f) Stocks

Stocks are 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.

(g) 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 Statement of Financial Activities 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.

(h) Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the Statement of Financial Activities as they become payable in accordance with the rules of the scheme.

(i) Liabilities

Liabilities are recognised when the charity has an obligation (legal or otherwise unavoidable) to make payment to a third party.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011 Cont'd

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INCOMING RESOURCES FROM GENERATED FUNDS

	Restricted Fund £	Unrestricted General Fund £	Total 2011 £	Total 2010 £
2 VOLUNTARY INCOME				
Donations and Grants				
Seat Dedication	1,775	-	1,775	1,000
The Big Give	16,125	-	16,125	-
The Citizens Society	1,500	-	1,500	1,000
Seat Restoration Fund	966	-	966	-
Miscellaneous	6,162	5,731	11,893	9,921
	<u>26,528</u>	<u>5,731</u>	<u>32,259</u>	<u>11,921</u>
3 ACTIVITIES FOR GENERATING FUNDS				
Trading Income	-	101,999	101,999	129,415
	<u>-</u>	<u>101,999</u>	<u>101,999</u>	<u>129,415</u>
Investment Income	23	688	711	2,002
	<u>23</u>	<u>688</u>	<u>711</u>	<u>2,002</u>

INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Restricted Fund £	Unrestricted General Fund £	Total 2011 £	Total 2010 £
4 GRANT & INVESTMENT INCOME				
Scottish Arts Council:				
Revenue Grant	-	1,111,000	1,111,000	1,111,000
Project Grants:				
Made In Scotland	-	-	-	10,227
Organisational Review Consultancy	-	-	-	18,000
IETM Membership & Networking Costs	-	-	-	4,770
Resilience Fund	-	-	-	2,000
Chicago Exchange 2009	-	-	-	2,000
Professional Development	-	-	-	522
Promoters Fund	-	-	-	1,450
Creative Scotland				
Project Investments				
Spring Season	-	40,000	40,000	-
Winter Weather payment	-	3,000	3,000	-
Trainee Stage Manager	2,000	-	2,000	-
Organisational Review Consultancy	2,000	-	2,000	-
Touring Kit	15,082	-	15,082	-
Professional Development	1,568	-	1,568	-
Lottery Funding – YAS Consortium	5,000	-	5,000	15,000
C/Fwd	<u>25,650</u>	<u>1,154,000</u>	<u>1,179,650</u>	<u>1,164,969</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011 Cont'd

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INCOMING RESOURCES FROM CHARITABLE ACTIVITIES cont'd

	Restricted Fund £	Unrestricted General Fund £	Total 2011 £	Total 2010 £
B/Fwd	25,650	1,154,000	1,179,650	1,164,969
Glasgow City Council:				
Revenue Grant	-	444,500	444,500	453,500
Organisational Review Consultancy	-	-	-	20,000
Measured Building Survey	27,025	-	27,025	15,675
Divided City	23,000	-	23,000	-
Esmée Fairbairn – Trainee Director 33,129	-	34,281	-	34,281
The Craignish Trust – Trainee Director	-	-	-	2,000
The Robertson Trust – Actor Internship	20,000	-	20,000	20,000
The Robertson Trust – Drama Workers	15,000	-	15,000	-
Big Lottery Fund - Awards For All Scotland	-	-	-	9,989
Creative Apprenticeship in Technical Theatre:				
Creative Cultural Skills	10,000	-	10,000	-
Scottish Opera	2,500	-	2,500	-
	<u>157,456</u>	<u>1,598,500</u>	<u>1,755,956</u>	<u>1,719,262</u>
	Restricted Fund £	Unrestricted General Fund £	Total 2011 £	Total 2010 £
5 THEATRE INCOME				
Box Office Receipts	-	458,835	458,835	592,782
Tour Income	-	42,106	42,106	15,801
Co-production Income	-	51,341	51,341	146,113
Tottori Prefecture Foundation	-	5,293	5,293	-
Theatre, Workshop & Other Hires	-	69,563	69,563	46,013
Miscellaneous Receipts:				
Sponsorship	-	23,702	23,702	24,738
Miscellaneous	-	2,296	2,296	302
	<u>-</u>	<u>653,136</u>	<u>653,136</u>	<u>825,749</u>
	Restricted Fund £	Unrestricted General Fund £	Total 2011 £	Total 2010 £
6 CITIZENS LEARNING & TAG INCOME				
Grants: Learning & Teaching Scotland	21,000	-	21,000	-
The Prince's Trust Foundation	2,306	-	2,306	-
Scottish Executive	-	-	-	22,000
National Library of Scotland	-	-	-	20,000
Class Fees & Workshop	-	75,070	75,070	77,953
Project Fees: Local Authorities	57,550	-	57,550	69,060
Others	72,335	-	72,335	47,190
Donations: Young Co.	1,950	-	1,950	2,000
Others	-	2,299	2,299	4,275
Sponsorship	-	-	-	10,000
YAS Consortium	6,250	-	6,250	29,498
	<u>161,391</u>	<u>77,369</u>	<u>238,760</u>	<u>281,976</u>
	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011 Cont'd

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7 TOTAL RESOURCES EXPENDED

Bases of allocation	Voluntary	Generating	Theatre	Citizens Learning & TAG		Governance	2011	2010
	Income £	Funds £	Costs £	Costs £	Costs £	Costs £	Total £	Total £
Costs directly allocated to activities								
Direct	-	21,247	1,108,576	148,455	-	-	1,278,278	1,398,636
Direct	-	-	-	82,479	-	-	82,479	50,277
Direct	-	-	970	-	-	-	970	-
Direct	-	36,806	-	-	-	-	36,806	46,442
Direct	-	-	308,609	-	-	-	308,609	372,899
Direct	-	-	19,121	-	-	-	19,121	17,206
Direct	-	-	27,475	-	-	-	27,475	6,567
Direct	-	-	-	151,945	-	-	151,945	148,192
Direct	-	-	-	12,910	-	-	12,910	17,008
Direct	9,573	-	-	-	-	-	9,573	10,190
	9,573	58,053	1,464,751	395,789	-	-	1,928,166	2,067,417
Support costs allocated to activities								
Direct	-	-	-	-	-	3,858	3,858	3,631
Direct & Staff costs	27	825	5,664	791	-	31,955	39,262	24,193
Direct	-	-	-	-	-	15,646	15,646	32,208
Staff time	6,012	3,655	171,840	30,199	-	3,319	215,025	213,172
Floor area	2,685	12,025	226,682	5,369	-	-	246,761	272,279
Staff time	439	1,820	93,589	13,058	-	243	109,149	116,782
Usage	-	7,800	110,363	40,591	-	-	158,754	166,030
Usage	103	428	22,000	3,069	-	8,400	34,000	29,500
Usage	83	636	42,713	2,253	-	-	45,685	47,454
Usage	360	1,680	37,336	2,202	-	991	42,569	42,763
	9,709	28,869	710,187	97,532	-	64,412	910,709	948,012
	19,282	86,922	2,174,938	493,321	-	64,412	2,838,875	3,015,429

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011 Cont'd

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8 TANGIBLE ASSETS

	<u>Leasehold Improvements</u> £	<u>Theatre & Office Furnishings</u> £	<u>Fixtures, Fittings & Equipment</u> £	<u>TAG Equipment</u> £	<u>Total</u> £
<u>Cost</u>					
At 1 April 2010	2,049,172	60,058	487,000	2,162	2,598,392
Additions	-	-	50,820	-	50,820
Less: Disposals	-	-	-	-	-
Grants and Donations received prior to 31 March 1996	(794,817)	(12,486)	(39,891)	-	(847,194)
At 31 March 2011	<u>1,254,355</u>	<u>47,572</u>	<u>497,929</u>	<u>2,162</u>	<u>1,802,018</u>
<u>Depreciation</u>					
At 1 April 2010	1,247,911	47,248	382,244	1,944	1,679,347
Provided during year	6,443	159	38,865	218	45,685
Disposals	-	-	-	-	-
At 31 March 2011	<u>1,254,354</u>	<u>47,407</u>	<u>421,109</u>	<u>2,162</u>	<u>1,725,032</u>
<u>Net Book Value</u>					
At 31 March 2011	<u>1</u>	<u>165</u>	<u>76,820</u>	<u>-</u>	<u>76,986</u>
At 31 March 2010	<u>6,444</u>	<u>324</u>	<u>64,865</u>	<u>218</u>	<u>71,851</u>

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

9 DEBTORS

	<u>2011</u> £	<u>2010</u> £
Amounts receivable within one year:		
Trade debtors	75,176	85,800
Prepayments	57,402	81,322
Other debtors	1,296	1,456
	<u>133,874</u>	<u>168,578</u>

10 CREDITORS: Amounts falling due within one year

	<u>2011</u> £	<u>2010</u> £
Bank overdraft	-	71,214
Trade creditors	39,037	55,939
Other creditors	67,500	81,215
Creditors for taxation and social security	35,000	38,412
Accruals	17,838	25,513
Deferred income -Theatre Income	67,393	46,847
- Citizens Learning & TAG Income	21,737	16,036
GCC Core Grant 2010/11	-	74,083
	<u>248,505</u>	<u>409,259</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011 Cont'd

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11 UNRESTRICTED FUNDS:

General Unrestricted Fund

	<u>2011</u> £	<u>2010</u> £
Balance at 1 April 2010	83,818	120,608
Deficit for the year	(54,244)	(65,772)
Transfer between funds	16,559	28,982
Balance at 31 March 2011	<u>46,133</u>	<u>83,818</u>

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

Transfer between funds

Transfers from Restricted Funds – see Note 12

Trainee Director's Fund – One Million Tiny Plays

Actor's Internship

SAC Resilience Fund

12,874

1,685

2,000

16,559

From the Restricted Development Funds donated by Friends of the Citizens Theatre the sum of £1,000 has been utilised towards the acquisition of the Touring Kit which is included within the Fixed Assets Fund.

Designated Special Fund

	Balance as at <u>01/04/10</u> £	Incoming <u>Resources</u> £	Outgoing <u>Resources</u> £	Transfers <u>between funds</u> £	Balance as at <u>31/03/11</u> £
Fixed Assets	11,755	-	(8,305)	-	3,450
General Fund	7,855	-	(7,855)	-	-
	<u>19,610</u>	<u>-</u>	<u>16,160</u>	<u>-</u>	<u>3,450</u>

The **Designated Special Fund**, made up of the Designated Fixed Assets Fund and the Designated General Fund, was set up from the windfall receipt, in the year to 31 March 2000, of National Insurance of £110,936 reclaimed in respect of the Citizens Theatre. The original fund together with further funds raised has been expended over the years on various capital items and special projects designated by the Board to be met from the fund.

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 balance on the **Designated General Fund** at 31 March 2010 being the sum required to meet the Theatre's contribution to the cost of the Organisational Review was expended during the year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011 Cont'd

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12 RESTRICTED FUNDS

	Balance 01/04/10 £	Incoming Resources £	Outgoing Resources £	Transfers between funds £	Balance as at 31/03/11 £
Fixed Assets Fund	19,656	21,744	(15,312)	1,000	27,088
The Community Fund	29,008	-	(29,008)	-	-
Writers Grant	2,719	-	(2,719)	-	-
The Young Co. Fund	10,078	1,950	(5,525)	-	6,503
Consultancy Organisational Review	5,792	2,000	(7,792)	-	-
Trainee Directors Fund	21,980	-	(9,106)	(12,874)	-
Trainee Director 2010/11	-	34,281	(12,559)	-	21,722
Trainee Stage Manager Fund	-	2,000	(2,000)	-	-
Actors Internship	9,486	-	(7,801)	(1,685)	-
Trainee Actor 2010/11	-	20,000	(12,532)	-	7,468
Creative Apprenticeship	-	12,500	(12,291)	-	209
Drama Workers	-	15,000	(15,000)	-	-
Brass Plaque Fund	-	1,000	-	-	1,000
GCC – Measured Building Survey	-	27,025	(27,025)	-	-
IETM Membership & Networking	2,244	-	(1,569)	-	675
Professional Development	-	1,068	(1,068)	-	-
Project Funds					
Community Company	-	3,000	(3,000)	-	-
The Princes Trust	-	2,306	(2,306)	-	-
Dragonfly Project	2,189	2,700	(4,889)	-	-
SAC Resilience Fund	2,000	-	-	(2,000)	-
Issue Based Projects	2,498	29,500	(31,998)	-	-
Global Citizens	3,000	15,600	(4,805)	-	13,795
Prisons Project	5,124	52,355	(57,479)	-	-
Stammering/Outspoken	-	400	(400)	-	-
ISMS Project	10,391	-	(1,950)	-	8,441
International Exchange	4,061	2,900	(6,961)	-	-
Literacy Project	1,206	-	(1,206)	-	-
Divided City	-	37,000	(1,703)	-	35,297
Glow Project	5,000	30,930	(24,298)	-	11,632
Fife Young Carers	3,018	-	(3,018)	-	-
Development Fund:					
Seat Dedication	4,991	1,775	-	-	6,766
Friends of the Citizens Theatre	5,313	-	-	(1,000)	4,313
Miscellaneous	2,196	23	-	-	2,219
Seat restoration	-	966	-	-	966
The Big Give Fund - Christmas 2011	-	16,125	-	-	16,125
YAS Consortium	14,622	11,250	(25,728)	-	144
	<u>166,572</u>	<u>345,398</u>	<u>(331,048)</u>	<u>(16,559)</u>	<u>164,363</u>

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

The **Community Fund** is a fund to develop projects within the East Pollokshields & South Side Central Community Partnership Planning area and also to support a production to celebrate the tenth anniversary of the Community Company.

The **Writers Grant** is a fund to commission new plays for the Theatre.

The **Young Co. Fund** is a fund to support the work of the Young Co.

12 RESTRICTED FUNDS cont'd

The **Organisational Review** is grants to cover the costs of a review undertaken by the Burns Owen Partnership Consultancy.

The **Trainee Directors Fund** is a fund to support a Trainee Director over a period of three years.

The **Trainee Stage Manager Fund** is a fund to support a Trainee Assistant Stage Manager over a period of two years and which concluded this year.

The **Actors Internship** is a grant to support the costs of a twelve month actor internship which concluded during the year. The **Trainee Actor 2010/11 Fund** is a Fund to support the cost of a new Trainee for a twelve month period.

The **Creative Apprenticeship** is a fund to support an apprenticeship in Technical Theatre skills.

The **Drama Worker Fund** is a fund to help support the annual costs of one drama worker over three years.

The **Brass Plaque Fund** is a donation to enable brass plaques to be placed with the past Artistic Directors photographs in the foyer.

GCC – Measured Building Survey and Conservation Management Plan is a grant to support the costs of developing a detailed set of drawings of the theatre and a conservation management plan.

IETM Membership & Networking is a grant to support the two year costs of membership of IETM and international networking opportunities.

Professional Development is to support staff in attending a professional development course.

The **Project Fund** represents funds received for specific projects. The restricted funds have been released in line with specific projects undertaken in the year and unexpended income at 31 March 2011 is held in the fund.

The **Development Fund** represents unexpended donations received under the Seat Dedication scheme, Friends of the Citizens Theatre scheme and other donations received for development of the artistic activities.

The **Big Give Fund** is a fund to support the Christmas 2011 production.

The **Seat Restoration Fund** is a Fund to cover the cost of renovating the seats in the auditorium.

Young Audiences Scotland (YAS) is a grant to support twelve months operational costs of the pilot audience development project for the children and young peoples theatre sector established by a consortium of companies including the Citizens Theatre.

13 SHARE CAPITAL

The company is limited by guarantee in terms of the Companies Act 2006 and does not have a share capital.

14 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 "Accruals" are £nil. (2010: £nil)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011 Cont'd

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15 OTHER FINANCIAL COMMITMENTS

At 31 March 2011 the company had annual commitments as set out below:

	<u>2011</u> £	<u>2010</u> £
Non-cancellable Operating leases which expire:		
Less than one year	-	2,821
Within two to five years	15,579	15,968
Extended credit agreement payable		
Within two to five years	3,898	-
	<u>19,477</u>	<u>18,789</u>

16 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	<u>Tangible</u> <u>Fixed Assets</u>	<u>Net Current</u> <u>Assets</u>	<u>Total</u>
Unrestricted funds	49,898	(315)	49,583
Restricted funds	27,088	137,275	164,363
	<u>76,986</u>	<u>136,960</u>	<u>213,946</u>

17 (DEFICIT) FOR YEAR

	<u>2011</u> £	<u>2010</u> £
The deficit of the company for the year is arrived at as follows:		
Citizens Theatre: Unrestricted General Fund	(37,685)	(36,790)
Unrestricted Designated Special Fund	(16,160)	(4,532)
Restricted Fund	(2,209)	(3,782)
	<u>(56,054)</u>	<u>(45,104)</u>
After charging:		
Auditor's remuneration	3,858	3,500
Depreciation: of owned assets	<u>45,685</u>	<u>47,454</u>
Operating lease rentals – equipment and vehicle	<u>16,798</u>	<u>19,951</u>
Wages and salaries	1,277,012	1,359,999
Social security costs	116,400	121,366
Pension costs	13,654	14,408
	<u>1,407,066</u>	<u>1,495,773</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011 Cont'd

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17 (DEFICIT) FOR YEAR (cont'd)

No Director received any remuneration from the company during the year.

The average number of full time employees under a contract of service during the year was 27 (2010: 27). The number of employees earning £60,000 or more were as follows Nil (2010: Nil)

The full time equivalent number of employees during the year was 55 (2010: 58) as follows:

	<u>2011</u>	<u>2010</u>
Generating Funds	2	2
Theatre Cost	47	50
Citizens Learning & TAG Costs	6	6
	<u>55</u>	<u>58</u>