

Stockton Arts Centre
Annual Report and Consolidated Financial Statements
For the year ended 31 March 2020



Company Number: 04591795
Charity Number: 1095460

Stockton Arts Centre

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Stockton Arts Centre

Trustees' report

For the year ended 31 March 2020

The trustees present their report and accounts for the year ended 31 March 2020.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's governing documents, the Companies Act 2006 and the Statement of Recommended Practice, "Accounting and Reporting by Charities"

1. Structure, governance and management

Stockton Arts Centre is a registered charity number 1095460 governed by its memorandum and articles of association and a company limited by guarantee.

The number of trustees, who are also the directors for the purpose of company law, was increased to eight with an additional appointment during the year. The Trustees were:

	Board meetings attended
Aaron Bowman	2 out of 4
Kate Craddock	3 out of 4
Ishy Din	1 out of 4
Patrick Masheder	4 out of 4
John McCann	4 out of 4
Jane Robinson	2 out of 4
Lynne Snowball (Chair)	4 out of 4
Dan Mallaghan (appointed March 2020)	1 out of 1
Maria Crocker (appointed June 2020)	N/A

ARC's Board of Trustees is responsible for ensuring ARC's aims and objectives are achieved. It is responsible for forward strategy and direction, approving the annual business plan and budget, and monitoring performance and delivery, supporting the Chief Executive and her team. Board Trustees have a diverse range of skills, experience and backgrounds, bringing a broad range of perspectives to board discussions and decisions.

ARC is committed to continuing to increase the diversity of the Board and advertises widely to identify prospective trustees. Suitable candidates are then invited to meet the Chair, Chief Executive and other trustees to discuss the opportunity of joining ARC's Board. If it is decided to proceed with the appointment, prospective trustees are invited to observe a Board meeting before a final decision – by both parties – is made.

New trustees have a full induction process and are provided with an extensive package of information relating to the charity including job description, current and historical financial information, minutes of Board meetings, and the current business plan.

The Board of Trustees meets quarterly to administer the charity and formally considers ARC's mission, aims and objectives at least once a year. Ad hoc working groups or advisory groups are convened from time to time.

The Finance Sub-committee meets three times during the year to discuss in detail the annual budget forecast outturn and annual financial reporting to inform the Board's considerations and decision-making process. Monthly management accounts are circulated to the nominated Finance sub-committee representatives, who include the Chair of the Board, to ensure prompt review of performance. Terms of Reference were agreed by the Board in March 2019.

None of the trustees have any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

An executive director is appointed by the Trustees to manage the day to day operations of the charity. The Chief Executive and Artistic Director, Annabel Turpin, is supported by a deputy, Operations Manager Shaun Dowd, and a management team of seven.

2. Objectives and activities

The objects of the Charity are to promote, maintain, improve and advance the knowledge, understanding and appreciation of the arts and popular culture, primarily among the inhabitants of the Tees Valley.

To achieve its objects the charity has defined its mission as follows:

ARC is an organisation working from its venue to enhance the wellbeing of the whole community of Stockton and the Tees Valley, through arts and creative activity, through widening opportunities to experience and participate in the arts, and through partnership with other organisations.

To deliver this mission the charity has undertaken to achieve the following aims:

- To make an important contribution to the social and economic regeneration of Stockton and the Tees Valley
- To present a multi-artform programme of activity that is contemporary and relevant to our audiences
- To increase the number and range of people engaging with ARC
- To support and develop artists to create excellent work relevant to our audiences
- To support and develop a cultural workforce to support our ambitions
- To realise the creative potential of the local community
- To encourage the local community to invest in ARC through using its facilities
- To act as a catalyst for partnership and collaboration between public, private and voluntary sector organisations
- To increase our financial resilience and ability to adapt to economic change

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

This report has been prepared in unprecedented times. The COVID-19 pandemic resulted in the difficult decision to close ARC's doors to the public on 16 March 2020 to protect our users and staff. Most staff have been furloughed with a small number continuing to work remotely. ARC has a strong commitment to securing the survival of ARC and support the wider arts and culture community and all its decisions in this very difficult time aim to do this. The core staff retained have been working proactively to maintain relationships with customers and stakeholders, with the aim of ensuring support is in place for ARC's eventual reopening.

During 2019/20, ARC's work was aligned with priorities set out in its new Business Plan, which covers the period 2018/19 to 2021/22. The plan builds on ARC's success to date, and was produced in conjunction with the staff, Board and funding partners. It concentrates on the delivery of the above mission and aims, setting out a clear route map for the future of the charity. The Business Plan is used by the Management Team to inform and steer activity and monitor progress against the aims and objectives. The Board of Trustees monitors the delivery of the Business Plan at its quarterly meetings.

3. Achievements and performance

2019/20 has been another good year for ARC overall as it has continued to grow its programme of activities and audiences, as well as its regional and national reach and maintained a strong financial position. However, the impact of COVID-19 has clearly affected ARC's position in the final month of the year.

During 2019/20, ARC presented 226 professional performances, 88 community performances, 557 film screenings and live broadcasts, as well as delivering more than 1,035 workshops and classes. Audience figures exceeded 61,400, with c14,800 attendances at creative arts activities.

14 live performances, 15 cinema screenings and 56 creative learning sessions were cancelled in late March due to COVID-19.

Live programme

ARC has continued to deliver an exciting and diverse programme of activity, engaging and connecting people to each other and to new ideas.

Theatre and dance

ARC's theatre and dance programme included productions from nationally and internationally renowned artist and companies, including Christopher Green, Tangled Feet, Natasha Davies, Edalia Day and Third Angel, alongside the work of many artists at a much earlier stage of their career. ARC works with artists and companies during the development of their shows, which helps us to find ways of engaging audiences alongside the creative process, before presenting the final show. During their time developing work at ARC, artists often engage with potential audiences through the delivery of additional, wraparound activity. This is a critical part of ARC's audience engagement and development strategy and strengthens both the reach and depth of engagement within this area of our programme.

2019/20 has seen a number of performances come to fruition which have been commissioned and created in partnership with other organisations. These include the Slate commission *Plant Fetish* by Chanje Kunda, the Hodgkiss Prize winning *Wrestling the Walrus* by 154 Collective, *Boat-House-Theatre* co-commissioned with River Tees Rediscovered, and Chris Green's *The Home* and Natasha Davies' *Welcome Town*, both of which were co-commissioned with Future Arts Centre.

Stockton Arts Centre

Trustees' report (*continued*)

For the year ended 31 March 2020

Comedy

We continued to attract high profile comedians to ARC, including Mark Watson, Jack Dee, Bilal Zafar, Siobhan Phillips and Paul Sinha, while our music programme continues to flourish, with many sell outs through the year for artists including Martha Reeves and the Vandellas, The Sweet, China Crisis, Amelia Coburn, and local band The Wildcats of Kilkenny.

We continued to work with Master Musicians International to present monthly daytime classical recitals.

Family

ARC's family programme presented some of the best companies in the UK, including Kitchen Zoo, The Gramophones, and Fidget Theatre, with shows for 3-7 year olds throughout the year as well as a Christmas show for this age range. We continue to support and commission family work in order to ensure we can present work that is relevant to, and reflective of, our local community.

In 2019/20 this included a new show by Can't Sit Still, *Oh No George!*, co-commissioned with The Civic in Barnsley and our third co-commissioned Christmas show with The Albany in Deptford, Stuff and Nonsense's *The Man Who Wanted to be a Penguin*, both of which were extremely well received by audiences.

Supporting artists

ARC's programme of support for performance-based artists continues to make a positive impact and become further integrated with our programme, audience development and creative learning activity. ARC supported the development of more than 50 new shows by some of the UK's most exciting artists including shows from North East based artists such as Lizzie Klotz, Aidan Moesby, Sean Burn and Michael Edwards, mid-career artists including Paul O'Donnell and Josh Coates and established artists and companies such as Tangled Feet, The Coney Project, Two Destination Language, and Fast Familiar. ARC's rental of a house in Stockton enabled us to offer free workspace and accommodation to artists across the year.

ARCADE, the performance artist network, continues to maintain c250 members from across the North East. During the year artists benefited from 2,500 hours of free space for R&D and rehearsals and 110+ one-to-one surgery sessions.

Five ARC Productions have toured the UK this year; a total of 35 performances in 32 venues, including the Traverse, York Theatre Royal, Northern Stage, Hull Truck Theatre, Newbury Corn Exchange, Camden Peoples' Theatre and Stratford Circus. Productions included Umar Butt's *Alex & Eliza*, Holly Gallagher's *Tensile Strength*, Vici Wreford Sinnott's *Another England* and Mike Edwards' *Damn Seagulls*.

Partnerships

ARC works both locally and nationally. Partnership working has remained key to ARC's artistic programme, as we continued to lead on initiatives including REACH, our strategic touring project bringing new theatre work to the North East; managing the North East Artist Development Network activity; and chairing Venues North, a network committed to supporting new and emerging artists from the North to get their work more widely seen regionally, nationally and internationally. This year we published an updated version of *Routes In: A Guide to Getting New Work Programmed in the North East of England*, and an Edinburgh Festival guide to work supported by member venues, which helped increase the exposure of work made in the North, particularly to other UK and international programmers. Membership continues to grow and now includes 40+ venues, as well as spawning similar networks in London (STAMP) and the South West (Venues South West) which we continue to advise. ARC also delivered an artist development programme for the Northern Consortium of rural touring venues, with a particular focus on diversity.

We have continued to co-chair the national Future Arts Centres network, working closely with eight founding partner venues and supporting a wider network of 100 arts centres from across the UK. This year we were commissioned to deliver Arts Council England's National Lottery 25th anniversary celebrations. This led to the development of Here and Now, a £1m national and local celebration of culture within communities. 40 new projects will take place in and around 40 arts centres across the country during 2020/21, led by artists and co-created with local people. Each project will tell the story of the place and the people, and a digital commission will tell the national story of the project, making it available to people across the UK and beyond. Alongside Here and Now, we have continued to explore new partnerships with support from the Esmée Fairbairn Foundation.

Equality and diversity

During this year, we have developed a new partnership with COMMON, an organisation that supports the creative industries to achieve greater intersectional, socio-economic diversity. In recognition of the work ARC already does to engage people from working class backgrounds, we were invited to join a group of venues brought together by COMMON to develop and share best practice in this field. We have adopted the COMMON framework that allows us to measure socio-economic background alongside other protected characteristics.

We were delighted to achieve an Arts Council England Outstanding rating for our work around the Creative Case for Diversity.

Overall, 32% of artists supported in 2019/20 identified as disabled, 38% as LGBTQIA including 11% transgender, 11% artists of colour and 14% from working class backgrounds. 44% of our theatre/dance programme was led by artists with these protected characteristics.

Stockton Arts Centre

Trustees' report (*continued*)

For the year ended 31 March 2020

ARC is committed to achieving equality and diversity in all aspects of our work and activities. Through our equality policy and action plan, approved by the Board, we have continued to embed diversity throughout our work. We have built on our experience around disability through the Cultural Shift programme, which officially concluded in March 2018. The programme made a significant long term impact on the organisation, in terms of our artistic programme, practice, workforce and audiences. Legacy work has continued including support for our resident learning disabled theatre company, Full Circle, regular disabled-led club nights and an ongoing commitment to supporting and presenting disabled artists, which this year included Maria Oshodi, Aidan Moesby and sean burn. Vici Wreford-Sinnott, who led our Cultural Shift programme, remains an Associate Artist, supported to make new work at ARC, and we toured her show, *Another England*, in 2019/20. We continued to improve access facilities and communication, offering relaxed performances and screenings, BSL interpreted performances, subtitled films and audio description on all film screenings where available.

Alongside this, we have used our Cultural Shift experience to continue to develop effective partnerships that are allowing us to further diversify our artistic programme and audiences. We work closely with Curious Arts to shift our practice in relation to those identifying as LGBTQIA, with our Artistic Associate Umar Butt in relation to engaging people of colour, particularly our local South Asian community, and with Displace Yourself to engage local refugees and asylum seekers.

Creative learning

We have continued to develop our creative learning programme, focussing on the quality of provision and a user-led ethos in terms of activity.

We work with a number of strategic partners to ensure we are reaching children and young people who have the least opportunity to engage in cultural activity. These include relationships with Eastern Ravens Trust (voluntary organisation supporting young carers), Bishopton Pupil Referral Unit, Cornerhouse Youth Project (We Are TS18 – a dance group of young people from deprived backgrounds), Let's Take Action (young people in care) and Matty's Bistro (a culinary programme for young people not in education, employment or training). We have also continued to work closely with Stockton Borough Council to deliver More Stuff Like This Please!, a programme of activity for children and young people in care.

We introduced a new work experience programme for young people, delivering a week of activity for 12 young people who worked with staff to develop and deliver an interactive film event. This was an effective way of streamlining the time and resources involved in offering work experience placements, whilst delivering a high quality, real life experience for young people.

ARC's 'Silver' programme of activity for older people continued engage more than 200 people per week. Alongside the regular workshops and classes, including creative art, ballet pilates and music, we showcased work by participants in the form of exhibitions and performances, reflecting the shift from participant to artist.

We continued to deliver Staying Out, an opportunity for older people either at risk of admission to or recently discharged from hospital. Funded by Stockton Borough Council through the Better Care Fund, its aim is to reduce hospital admissions/readmissions through improving people's social interaction and sense of wellbeing. Staying Out operates as an alternative to day care, providing a day long programme of creative activities such as arts and crafts, music and singing, creative use of technologies and creative writing, with professional care support and a healthy lunch and refreshments provided. This programme supported more than 400 attendances by older people, achieving an average improvement in wellbeing of 5.5 against a target of 5 (3-8 is considered meaningful improvement).

Community-led programme

ARC's community-led programme continues to make an important contribution to the overall life of the centre, enabling us to reach a wider cross-section of our local community, helping to realise their creative ambitions. During 2019/20 we supported more than 88 community performances, featuring more than 2,000 young people performing and attracting audiences in excess of 12,700. We also support local practitioners to lead adult workshops and classes on a profit-share basis, which attracted attendances of more than 1,000.

ARC is a key partner in the Great Place Tees Valley project, being managed by the Tees Valley Combined Authority. As part of this, we have delivered three training courses for arts and heritage practitioners, training 36 Tees Valley based people in sharing their practice with socially excluded groups, followed by community placements. This builds on ARC's commitment to workforce development, to ensure we have the skills and expertise available to us to fulfil our ambitions and meet the needs of our local community. We have also worked with Thinking Practice to carry out some evaluation work for the programme, focussed on the impact of Great Place on the partners involved.

Cinema

Our cinema programme continued to run throughout 2019/20 with mainstream and arthouse films supplemented by a number of live broadcasts from the National Theatre and Royal Shakespeare Company, as well as some live cinema events which included post-show discussions, Q&A's and performative responses such as *The Big Meeting*, *The Creek*, *Town of Runners* and *Truth*, co curated with Curious Arts.

We have continued regular screenings of family films, providing opportunities for families to see films together every Saturday morning.

Exhibitions

During 2019/20 we continued to deliver an exhibition programme in our top floor foyer Gallery. We use this space to help reflect our local community, through a series of exhibitions that are either locally curated or feature locally produced artworks. With a more coherent and consistent programme, we have been able to increase visitors as well as host a number of successful preview and launch events. Exhibitions included work by our own Silver participants, a community exhibition celebrating refugee week created with local people, and an exhibition of photography created by a group of young people through the More Stuff Like This Please! project.

Stockton Arts Centre

Trustees' report (*continued*)

For the year ended 31 March 2020

Strategic development

ARC continues to play an important role in strategic cultural development locally and nationally. Chief Executive & Artistic Director Annabel Turpin is a member of the Local Enterprise Partnership (LEP) and Theme Lead for Culture, and also an active member of the North East Culture Partnership, including the Case for Culture Steering Group.

Audiences and participants

More than 61,400 watched live performance and film screenings at ARC in 2019/20, with c14,800 attendances at creative learning activities. Despite cancellations due to COVID-19 in the second half of March, we achieved a 3.9% increase in live audiences, maintained creative learning attendances and only saw a very small decrease in cinema audiences.

We have continued to employ dynamic pricing (budget airline style), as well as the innovative 'Pay What You Decide' model, first introduced in 2015, to ensure we are maximising both audiences and income. PWYD has been phenomenally successful, leading to significant increases in audience and income for new work. We published a free toolkit in May 2016, updated in 2019, and continue to offer advice and support to venues around the world adopting our approach.

We continue to use our comedy and music programme to maintain our cross-subsidy model, enabling us to support the development of a significant amount of new theatre and dance work.

We have maintained the breadth of our audience reach. Analysis of our audience data for 2019/20 has shown that 27.2% fall into the least engaged Audience Spectrum categories (compared to 26.1% in 2018/19), against a target of 20%:

- 9.3% - Up our Street
- 10.9% - Facebook Families
- 3.1% - Kaleidoscope Creativity
- 3.9% - Heydays

This achievement in terms of the breadth of our audiences has been underpinned by strong and consistent programming as well as high quality, targeted marketing and development activity.

We continue to make improvements to access, with 92% of audiences either Totally Satisfied/Satisfied with access at ARC including information, staff knowledge/service, building accessibility and seating arrangements. 558 free companion tickets were issued during the year.

All our marketing and promotion is highly targeted and supported by excellent data capture, fully compliant with GDPR. We continue to develop our marketing and audience development activity, with a drive to increase frequency of attendance, as well as attract new audiences. Targeted work to reduce the number of once-only attenders has resulted in return rates of customers benefitting from the campaign averaging 24% within a year, 45% within two years compared to pre-campaign return rates of 17% and 30%.

Stockton Arts Centre

Trustees' report (*continued*)

For the year ended 31 March 2020

We continued to monitor feedback from audiences and artists via post-show talks, both formal/informal; social media; weekly discussions at staff meetings; Arts Council assessments and online surveys. Our annual survey for 2018/19 show 98% of customers rated their overall enjoyment as Good or Excellent; 98% rated the quality of the event as Good or Excellent and 96% rated value for money as Good or Excellent.

No 60 – food and drink

ARC wholly owned trading subsidiary company (Stockton Arts Centre (Trading) Ltd) which provides ARC's catering service under the brand 'No 60' continued to trade positively in 2019/20, delivering a high quality, flexible and profitable catering offer to a wide variety of customers and making a positive financial contribution to the parent company.

Fundraising

ARC's fundraising activity is led by the Chief Executive, supported by other staff, with only one specialist fundraiser employed part-time to support the A Theatre Trip for Every Child philanthropic giving campaign. ARC operates outside of the voluntary fundraising regulator scheme, as the organisation's fundraising expenditure is well below the limit requiring registration. However, we are aware of the code and ensure that we operate in accordance with it at all times. Our fundraising activity targeting individuals is almost exclusively carried out at the point of ticket sale, minimising the risk of any individual being approached in a persistent or intrusive way.

4. Financial review

Following a number of years achieving a trading surplus, ARC has used in success and continued growth to balance forward plans between continued investment in growth to further our aims and objectives and building reserves to an appropriate level. ARC set an investment budget for 2019/20, using surpluses from the previous year to invest in the areas of priority set out in our Business Plan, furthering our charitable aims, whilst maintaining our financial resilience.

The closure of ARC has had a major impact on the financial position, with the immediate loss of all our income from ARC's activities, which amounts to two-thirds of ARC's total income. ARC plans a phased reopening as conditions allow. Use of reserves, some emergency funding and public donations have provided financial support during the period of close. Reserves will be largely used to support ARC's continuing costs during closure, and to subsidise activities as the phased re-opening progresses. Financial plans and forecasts have been revised on the basis of expected scenarios going forward and Trustees are satisfied that ARC has adequate resources to continue as a going concern for the coming year, with a strong commitment to recovery in the future.

ARC's Statement of Financial Activities show a turnover of £2.25m in 2019/20, a small increase of £150k from c£2.1m in 2018/19.

The Trustees undertook a thorough review of the charity's reserves policy in 2018, considering both the risks to income and expenditure, as well as the ongoing operating costs. It was agreed that an appropriate level of working capital is an amount sufficient to fund three months of operational costs and offset risks, approximately £210,000. This was reviewed again in July 2020, and in light of the increased risks to future earned income posed by COVID-19, a new target level of £250,000 was agreed.

Stockton Arts Centre

Trustees' report (*continued*)

For the year ended 31 March 2020

The organisation recognises the need to balance financial resilience with ongoing investment in the growth and stability of the charity and will continue to review this policy annually. At the end of 2019/20, the reserves level was £142,330 following continued investment in ARC's activities and the impact of COVID-19 on the final month of the year.

ARC's forward plans are focussed on rebuilding our income from all sources, particularly our earned income which has been reduced to zero during the closure. We will continue to seek funding from other sources, including charitable trusts and foundations, and invite the public to make donations to support our post-COVID recovery.

ARC is currently part of Arts Council England's National Portfolio, and in June 2017 secured funding for a further four years through to 2021/22, and has also agreed continued funding with Stockton Borough Council (SBC) for the same period, under an ongoing service level agreement. In the light of COVID-19, Arts Council England's funding has been extended to March 2023. Both SBC and ACE nominate observers to monitor the charitable objectives through attendance at the quarterly Board meetings.

Pay and remuneration for staff is approved as part of the annual budget review. The Chief Executive recommends any organisation-wide increase, taking into account current trends and levels of inflation, which is discussed and approved by the Board. The Chief Executive's pay sits outside of this process and is discussed and approved by the Board following an annual performance review. ARC regularly benchmarks salaries with other UK arts centres which feeds into these processes.

Going concern review

The Trustees have reviewed and considered relevant information, including the annual budget and future cash flows in making their assessment. In particular, in response to the COVID-19 pandemic, the Trustees have tested their cash flow analysis to take into account the impact on their business of possible scenarios brought on by the impact of COVID-19 including the measures that they can take to mitigate the impact. In making these assessments the Trustees have budgeted for the business to be operating with social distancing measures in place until the end of March 2021, with further financial projections based on this continuing until March 2022. This has a significant impact on earned income from live performances and associated bar sales as well as other areas, but mitigating actions include furloughing permanent staff, reducing zero-hour contracted staff hours, accessing emergency funding and reducing other costs. Our successful application to the Cultural Recovery Fund for £239,500 has also put us in a strong position for 2021-22. Based on these assessments, given the measures that could be undertaken to mitigate the current adverse conditions, and the current resources available, the Trustees have concluded that they can continue to adopt the going concern basis in preparing the annual report and accounts.

Risk management

The trustees monitor progress against ARC's Business Plan and have risk management processes in place. There is a comprehensive review of risks annually, as part of the business planning process, with ongoing review at each board meeting. As part of this process, the trustees have further improved the risk management strategy and process, categorising across four areas – governance and management, physical, financial and artistic. The likelihood and possible impact of risks are graded as high, medium or low. Specific action, systems, controls and procedures are in place to mitigate identified risks. There are three risks categorised as high.

The most significant risk emerging in early 2020 was the impact of COVID-19. A detailed plan and revised financial forecasts have been developed to manage closure and re-opening, utilising a large proportion of the reserves built up in previous years to mitigate financial impact. Local and national guidance has been monitored and acted upon as appropriate. Trustees have been kept fully updated on the developing situation, with regular detailed briefings from the Chief Executive on impact and forward plans.

Physical risks include failure of essential plant and equipment. To mitigate this risk ARC has successfully fundraised and invested more than £1m since 2013 in capital improvements, replacements and renewals. Alongside this, a more proactive repairs and maintenance programme is being developed.

The most significant governance and management risk is the loss of the Chief Executive/Artistic Director. ARC has made significant steps to build the resilience of the organisation, restructuring the staff team in 2016 to introduce an Operations Director & Deputy Chief Executive role, and reviewing organisational resilience annually. ARC's growth has facilitated the increase of the management team to seven, reducing the reliance on the Chief Executive. A comprehensive Business Plan and strategic planning processes also provides continuity.

5. Plans for future periods

ARC has now reopened, classes are back, we have screenings in our cinema Wednesday – Saturday, and No 60 is open for hot drinks, food and snacks. You can also visit our Creative Lockdown exhibition which features works from many of the creative groups that attend ARC as well other people from across the Tees Valley and beyond who took part in our We ARConnected project. You can find details about all of this and how we're staying COVID secure on our website.

We will be working to minimise costs during this period, whilst rebuilding our earned income as quickly as possible. This plan will require some use of ARC's reserves, to ensure that we are able to continue using arts and cultural activity to strengthen our local community, bringing people together.

As mentioned above, we developed a new Business Plan for the period 2018/19 – 2021/22, which set out how the charity would achieve its mission and aims. Whilst the impact of COVID-19 may limit and will affect the speed of progress against our aims, the key strategic objectives remain unchanged, although they will stay under review:

Artistic development

Present a programme of professional theatre, dance, work for families, music, comedy and film, including live broadcasts, rated Good or Excellent by 90% of our audiences.

- i. Continue to create, produce and tour work influenced by our audiences, with 75% of our theatre and dance programme developed in association with ARC
- ii. Seek to diversify the range of artists we support, aiming for 20% of supported artists to be either disabled, LGBTQIA, artists of colour or from challenging socio-economic backgrounds
- iii. Deliver a high quality programme of creative learning activity for early years, young people, adults, disabled and older people, rated Good or Excellent by 80% of our participants
- iv. Proactively develop our community-led programme, establishing two new partnerships per year
- v. Continue to provide sector leadership around arts centres, supporting artists and audience development, through regional, national and international partnerships and networks

Audience development

- i. Develop and implement an audience development plan to achieve a 12% increase in audiences for the live programme, 12% for cinema and 12% in participants over the four year period
- ii. Continue to attract hard to reach audiences, maintaining a minimum of 25% of our audience base drawn from the four least engaged Audience Spectrum categories

Organisational development

- iii. Identify resources to support a new workforce training and development programme, aiming to reach 10-20 people per year
- iv. Implement ARC's fundraising strategy to achieve our financial targets
- v. Develop No 60's service and offer, providing a high quality experience, rated Good or Excellent by 80% of customers, and achieve our financial targets
- vi. Increase our commercial activity to achieve our financial targets
- vii. Continue to raise ARC's profile locally, regionally, nationally and internationally, through partnership projects, networks and sector PR

Stockton Arts Centre

Trustees' report (*continued*)

For the year ended 31 March 2020

Statement of trustees' responsibilities

The trustees, who are also the directors of Stockton Arts Centre for the purposes of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Executive Committee to prepare financial statements for each financial year which give a true and fair view of both the charitable company's and the group's state of the incoming resources and application of resources, including the income and expenditure, of the charitable company for the year. In preparing these financial statements, the Executive Committee is required to:

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make adjustments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the trustees is aware at the time the report is approved:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

Following a competitive procurement process, Haines Watts were appointed auditors to the company for the 2019/20 financial year. The Board of Trustees have reappointed Haines Watts as auditors for 2020/21 in September 2020.

Approved by the board on 15 September 2020 and signed on their behalf by:



L. Snowball
Chair

Independent Auditors' Report to the members of Stockton Arts Centre
For the year ended 31 March 2020

Opinion

We have audited the financial statements of Stockton Arts Centre (the 'charitable company') and its subsidiary (the 'group') for the year ended 31 March 2020 which comprise the Statement of Financial Activities, Group and Charitable Company, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and charitable company's affairs as at 31 March 2020, and of the group's 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 requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, not all future events or conditions can be predicted. The COVID-19 viral pandemic is one of the most significant economic events for the UK with unprecedented levels of uncertainty of outcomes. It is therefore difficult to evaluate all of the potential implications on the charitable company's activity, customers, suppliers and wider economy. The Trustees' view on the impact of COVID-19 is disclosed on page 10 and the accounting policies note.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent Auditors' Report to the members of Stockton Arts Centre (Continued)
For the period ended 31 March 2020

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 13, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report to the members of Stockton Arts Centre (Continued)
For the period ended 31 March 2020

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Donna Bulmer BA (Hons) ACA (Senior Statutory Auditor)
For and on behalf of Haines Watts

.....5 November 2020

Statutory Auditors

17 Queens Lane
Newcastle upon Tyne
NE1 1RN

Stockton Arts Centre

Consolidated Statement of Financial Activities (Including Income and Expenditure Account)
For the year ended 31 March 2020

	Notes	Unrestricted funds £	Designated funds £	Restricted funds £	Total 2020 £	Total 2019 £
Income from:						
Donations	4	494,743	-	-	494,743	512,802
Charitable activities	5	600,782	-	834,008	1,434,790	1,275,165
Other trading activities	6	324,084	-	-	324,084	309,866
Investments	7	213	-	-	213	69
Total income		<u>1,419,822</u>	<u>-</u>	<u>834,008</u>	<u>2,253,830</u>	<u>2,097,902</u>
Expenditure on:						
Raising funds	8	290,593	-	-	290,593	295,678
Charitable activities	9	1,269,034	52,383	784,102	2,105,519	2,031,349
Total expenditure		<u>1,559,627</u>	<u>52,383</u>	<u>784,102</u>	<u>2,396,112</u>	<u>2,327,027</u>
Net income/expenditure		(139,805)	(52,383)	49,906	(142,282)	(229,125)
Transfers	18	2,067	(3,926)	1,859	-	-
Net movement in funds		<u>(137,738)</u>	<u>(56,309)</u>	<u>51,765</u>	<u>(142,282)</u>	<u>(229,125)</u>
Reconciliation of funds						
Fund balances brought forward		280,068	293,614	616,200	1,189,882	1,419,007
Fund balances carried forward		<u>142,330</u>	<u>237,305</u>	<u>667,965</u>	<u>1,047,600</u>	<u>1,189,882</u>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

Stockton Arts Centre

Consolidated Balance Sheet
As at 31 March 2020

	Notes	£	2020 £	£	2019 £
Fixed assets					
Tangible assets	14		639,508		654,919
Current assets					
Stocks		13,727		15,910	
Debtors	16	172,992		217,145	
Cash at bank and in hand		535,613		637,786	
		<u>722,332</u>		<u>856,841</u>	
Creditors: amounts falling due Within one year	17	<u>(314,240)</u>		<u>(321,878)</u>	
Net current assets			408,092		534,963
			<u>1,047,600</u>		<u>1,189,882</u>
The funds of the charity:					
Restricted funds			667,965		616,200
Unrestricted funds:					
General fund			142,330		280,068
Designated funds			237,305		293,614
	18		<u>1,047,600</u>		<u>1,189,882</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the Board of Trustees on 15 September 2020 and are signed on their behalf by:



L Snowball
Chair

Company Registration Number: 04591795

The notes on pages 21 to 36 form part of these financial statements

Stockton Arts Centre

Charity Balance Sheet
As at 31 March 2020

	Notes	£	2020 £	£	2019 £
Fixed assets					
Tangible assets	14		639,508		654,919
Investments	15		1		1
			<u>639,509</u>		<u>654,920</u>
Current assets					
Debtors	16	246,701		310,571	
Cash at bank and in hand		465,993		523,830	
		<u>712,694</u>		<u>834,401</u>	
Creditors: amounts falling due Within one year	17	(306,648)		(306,560)	
Net current assets			406,046		527,841
			<u>1,045,555</u>		<u>1,182,761</u>
The funds of the charity:					
Restricted funds	18		667,965		616,200
Unrestricted funds:					
General fund			140,285		272,947
Designated funds			237,305		293,614
			<u>1,045,555</u>		<u>1,182,761</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the Board of Trustees on 15 September 2020 and are signed on their behalf by:



L. Snowball
Chair

Company Registration Number: 04591795

The notes on pages 21 to 36 form part of these financial statements

Stockton Arts Centre

Consolidated Statement of Cash Flows
For the year ended 31 March 2020

	Notes	2020 £	2019 £
Cash flows from operating activities			
<i>Net cash (used in)/provided by operating activities</i>	24	(33,783)	(147,443)
Cash flows from investing activities			
Interest received		200	69
Purchase of tangible fixed assets		(54,590)	(14,638)
<i>Net cash provided by investing activities</i>		(54,390)	(14,569)
Change in cash and cash equivalents		(88,173)	(162,012)
Cash and cash equivalents at the beginning of the year		623,786	785,798
Cash and cash equivalents at the end of the year		<u>535,613</u>	<u>623,786</u>
Breakdown of cash and cash equivalents			
Cash at bank and in hand		<u>535,613</u>	<u>623,786</u>

1. Accounting Policies

Charity information

Stockton Arts Centre is a private company limited by guarantee incorporated in England and Wales. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

1.1. Accounting convention

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: 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) issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

Stockton Arts Centre meets the definition of a public benefit under FRS 102. The financial statements are prepared under the historical cost convention or transaction value unless otherwise stated in the relevant accounting policy note(s). The financial statements are prepared in Sterling which is the functional currency of the charity and rounded to the nearest £.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

1.2. Going concern

The financial statements have been prepared on a going concern basis. The Trustees have reviewed and considered relevant information, including the annual budget and future cash flows in making their assessment. In particular, in response to the COVID-19 pandemic, the Trustees have tested their cash flow analysis to take into account the impact on their business of possible scenarios brought on by the impact of COVID-19, alongside the measures that they can take to mitigate the impact. Based on these assessments, given the measures that could be undertaken to mitigate the current adverse conditions, and the current resources available, the Trustees have concluded that they can continue to adopt the going concern basis in preparing the annual report and accounts.

1.3 Basis of consolidation

The group financial statements consolidate the financial statements of the charitable company and its subsidiary undertaking. Stockton Arts Centre (Trading) Limited, drawn up to 31 March each year on a line-by-line basis. No income and expenditure account is presented for Stockton Arts Centre as permitted by section 408 of the Companies Act 2006.

Notes to the financial statements (Continued)
for the year ended 31 March 2020

1.4 Fund structure

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Designated funds comprise funds which have been set aside at the discretion of the trustees for specific purposes. The purpose and uses of the designated funds are set out in the notes to the accounts.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

1.5 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid of deeds covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Income from grants is recognised when the performance conditions of the grant are met and when the charity becomes entitled to the income.

When donors specify that donations and grants given to the charity must be used in future accounting periods, the income is deferred until those periods.

When donors specify that donations and grants are for particular restricted purposes, which do not amount to pre-conditions regarding entitlement, this income is included in restricted funds income when receivable.

Other trading activities income is recognised when receivable by the charity.

Investment income is recognised when receivable by the charity.

1.6 Resources expended

Resources expended are included in the Statement of Financial Activities on an accruals basis, inclusive of any VAT which cannot be recovered.

Expenditure which is directly attributable to specific activities has been included in these cost categories.

Expenditure on raising funds represents those costs associated with generating the trading income.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries

Notes to the financial statements (Continued)
for the year ended 31 March 2020

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost of valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following basis:

Land and buildings	Nil
Equipment	2 – 10 years straight line
Computer Equipment	3 – 5 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/ (expenditure) for the year.

The trustees consider that the freehold building is maintained in such a state of repair that its residual value is at least equal to its net book value. As a result the corresponding depreciation would not be material and is therefore not charged in the Statement of Financial Activities.

1.8 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/ (expenditure) for the year. Transaction costs are expensed as incurred.

A subsidiary is an entity controlled by the charity. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.9 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.10 Stock

Stock is stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is comprised of direct materials.

1.11 Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.12 Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.13 Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement after allowing for any trade discounts due.

Notes to the financial statements (*Continued*)
for the year ended 31 March 2020

1.14 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors are initially recognised at transaction. Financial liabilities classified as payable within one year are not amortised.

1.15 Pensions

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease.

1.17 Corporation tax

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. The group companies relieve their tax liability by making Gift Aid payments to the parent charity within nine months of the year end.

2. Results of parent company

As permitted by section 408 of the Companies Act 2006, the results of the parent company are not presented as part of these financial statements. As required by the Charity SORP, the results of the parent company are as follows:

	2020	2019
	£	£
Total incoming resources	1,974,874	1,826,026
Net movement in funds	(137,206)	(236,246)
	=====	=====

Stockton Arts Centre

Notes to the financial statements (Continued) for the year ended 31 March 2020

3. Comparatives for the Statement of Financial Activities

	Notes	Unrestricted funds £	Designated funds £	Restricted funds £	Total 2019 £
Income from:					
Donations	4	512,802	-	-	512,802
Charitable activities	5	535,068	-	703,766	1,238,834
Other trading activities	6	346,197	-	-	346,197
Investments	7	69	-	-	69
Total income		1,394,136	-	703,766	2,097,902
Expenditure on:					
Raising funds	8	295,678	-	-	295,678
Charitable activities	9	1,167,701	61,883	801,765	2,031,349
Total expenditure		1,463,379	61,883	801,765	2,327,027
Net movement in funds		(69,243)	(61,883)	(97,999)	(229,125)
Reconciliation of funds					
Fund balances brought forward		349,311	355,497	714,199	1,419,007
Fund balances carried forward		280,068	293,614	616,200	1,189,882

4. Donations

	2020 £	2019 £
Donations and gifts	23,129	26,916
Core grants	455,062	485,886
Government grants	16,552	-
	494,743	512,802
Core grants analysis		
Arts Council England	306,091	306,091
Stockton Borough Council	148,971	179,795
	455,062	485,886

Government grants have been received from the JRS scheme.

Stockton Arts Centre

Notes to the financial statements (*Continued*)
for the year ended 31 March 2020

5. Income from charitable activities

	Artistic projects	Strategic projects	2020	2019
	£	£	£	£
Earned income	546,132	6,500	552,632	541,316
Project grants	118,412	-	118,412	260,009
Strategic grants	-	314,000	314,000	149,500
Other artistic projects	449,746	-	449,746	324,340
	<u>1,114,290</u>	<u>320,500</u>	<u>1,434,790</u>	<u>1,275,165</u>

	2020	2019
	£	£
Project grants analysis		
Arts Council England – Catalyst	-	42,933
Stockton Borough Council	51,782	75,464
Tees Valley Combined Authority – Great Place	51,650	55,581
River Tees Rediscovered	13,980	-
Esmee Fairbairn Foundation	-	45,000
Culture Bridge North East	-	20,000
Jerwood	-	10,000
Other	1,000	11,031
	<u>118,412</u>	<u>260,009</u>

	2020	2019
	£	£
Strategic grants analysis		
Future Arts Centre Here & Now/NL25 project	216,000	-
Ambition for Excellence	98,000	100,000
REACH strategic touring	-	49,500
	<u>314,000</u>	<u>149,500</u>

6. Other trading activities

	2020	2019
	£	£
Catering income	296,118	286,430
Other trading income	27,966	23,436
	<u>324,084</u>	<u>309,866</u>

Stockton Arts Centre

Notes to the financial statements (Continued)
for the year ended 31 March 2020

7. Investments

	2020	2019
	£	£
Interest receivable	213	69
	<u> </u>	<u> </u>

8. Raising funds

	2020	2019
	£	£
Fundraising costs	6,561	30,923
Catering staff costs	155,784	144,686
Other catering costs	128,248	120,069
	<u> </u>	<u> </u>
	290,593	295,678
	<u> </u>	<u> </u>

9. Expenditure on charitable activities

	Directly attributable costs	Support costs	2020	2019
	£	£	£	£
Artistic projects	1,791,360	55,533	1,846,893	1,828,894
Strategic projects	256,312	2,314	258,626	202,455
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	2,047,672	57,847	2,105,519	2,031,349
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

	2020	2019
	£	£
Artistic programme costs	1,091,824	1,077,296
Wages and salaries	587,951	527,732
Building costs	136,429	140,589
Marketing	53,104	61,938
Irrecoverable VAT costs	44,675	48,751
Insurance	24,090	21,706
Office costs	11,214	11,515
IT costs	40,883	30,090
Legal and professional	10,293	13,078
Travel and training expenses	15,612	18,847
Other costs	19,443	16,175
Depreciation	70,001	63,632
	<u> </u>	<u> </u>
	2,105,519	2,031,349
	<u> </u>	<u> </u>

Stockton Arts Centre

Notes to the financial statements (Continued) for the year ended 31 March 2020

10. Support costs

	2020	2019
	£	£
Wages and salaries	53,347	50,925
Governance costs (note 11)	4,500	4,521
	<u>57,847</u>	<u>55,446</u>

Where costs are incurred specifically for a charitable activity they have been allocated directly to the appropriate charitable activity. Where costs are not attributable to a single activity they have been apportioned between the two charitable activities. These costs have been split on the following basis: 96% to artistic and 4% to strategic projects. This apportionment has been determined according to the knowledge of the business in terms of ongoing support required for each of the activities.

11. Governance costs

	2020	2019
	£	£
Auditors' remuneration	4,500	4,500
Trustee travel costs	-	21
	<u>4,500</u>	<u>4,521</u>

12. Net income/(expenditure) for the year

	2020	2019
	£	£
This is stated after charging:		
Depreciation	70,001	63,632
Fees payment to the auditors'		
Audit fees for the charitable company's accounts	4,500	4,500
Audit fees for the subsidiary	1,500	1,500
Taxation compliance for the subsidiary	300	300
	<u></u>	<u></u>

13. Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

The total staff costs and employees benefits is as follows:

	2020	2019
	£	£
Wages and salaries	672,070	655,320
Social security costs	43,189	40,224
Pension costs	10,113	6,453
	<u>725,372</u>	<u>701,997</u>

Notes to the financial statements *(Continued)*
for the year ended 31 March 2020

13. Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel *(Continued)*

The average monthly number of employees during the year was:

	2020 Number	2019 Number
Administration, marketing and commercial staff	19	19
Operational staff	36	36
Catering staff	13	13
	<u>68</u>	<u>68</u>

The number of employees who received total employee benefits (excluding employer pension costs) of more than £60,000 is as follows:

	2020 No.	2019 No.
£60,001 - £70,000	1	1
	<u>1</u>	<u>1</u>

The key management personnel of the charity comprise the trustees, the Chief Executive Officer and Operations Director. The total employee benefits of the key management personnel of the charity were £123,946 (2019 - £118,439).

Trustees' remuneration and expenses

The trustees were not paid, nor waived, any remuneration during the year (2019 - £nil). No trustees were reimbursed travel expenses during the year (2019 - £21). No charity trustee received payment for professional services supplied by the charity (2019 - £nil).

Notes to the financial statements (*Continued*)
for the year ended 31 March 2020

14. Tangible fixed assets
Group and Company

	Land and Buildings £	Equipment £	Computer Equipment £	Total £
Cost				
At 1 April 2019	350,000	660,622	72,188	1,082,810
Additions	-	44,642	9,948	54,590
Transfers	-	481	(481)	-
At 31 March 2020	350,000	705,745	81,655	1,137,400
Depreciation and impairment				
At 1 April 2019	-	367,644	60,247	427,891
Depreciation charged in the year	-	56,213	13,788	70,001
At 31 March 2020	-	423,857	74,035	497,892
Carrying amount				
At 31 March 2020	350,000	281,888	7,620	639,508
At 31 March 2019	350,000	292,978	11,941	654,919

The freehold and buildings is included in the financial statements at the amount paid to the liquidators of ARC Trust Limited. The professional valuation obtained by the liquidators reflected the market value of the facility, at March 2005, as adjusted for the covenants as detailed in note 21.

15. Fixed asset investment

	2020 £	Group 2019 £	2020 £	Charity 2019 £
Shares in subsidiary undertaking	-	-	1	1

Notes to the financial statements (Continued)
for the year ended 31 March 2020

15. Fixed asset investment (Continued)

Investments held by the charity represent a £1 investment in the subsidiary company which represents 1 £1 ordinary share being 100% of the issued share capital of Stockton Arts Centre (Trading) Limited (company number 09490242). The subsidiary is used for non-primary purpose trading activities. The principal activity of this company is the provision of a food and drink service at ARC. A summary of the trading results are shown below:-

	2020	2019
	£	£
Turnover	296,118	286,430
Costs of sales	(116,637)	(111,185)
Administrative expenses	(182,808)	(168,124)
Other income	5,372	-
Profits	2,045	7,121
Assets	90,214	117,046
Liabilities	(88,168)	(109,924)
Net assets	2,046	7,122

16. Debtors

	2020	Group	2020	Charity
	£	2019	£	2019
	£	£	£	£
Trade debtors	36,536	54,059	36,536	54,059
Prepayments and accrued income	135,606	162,236	128,739	161,056
Other debtors	850	850	850	850
Amounts owed by group undertakings	-	-	80,576	94,606
	172,992	217,145	246,701	310,571

17. Creditors: amounts falling due within one year

	2020	Group	2020	Charity
	£	2019	£	2019
	£	£	£	£
Trade creditors	120,288	140,059	119,470	129,497
Taxes and social security costs	12,061	15,149	12,061	15,149
Accruals and deferred income	165,942	147,788	159,168	143,032
Other creditors	15,949	18,882	15,949	18,882
	314,240	321,878	306,648	306,560

Notes to the financial statements *(Continued)*
for the year ended 31 March 2020

17. Creditors: amounts falling due within one year *(Continued)*

Deferred income

Deferred income relates to income received for events held post year end.

	£
At 1 April 2019	94,409
Amounts released to income	(94,409)
Additions during the year	81,378
At 31 March 2020	<u>81,378</u>

18. Statement of funds

For the year ended 31 March 2020

	Balance at 1 April 2019 £	Income £	Expenditure £	Transfers £	Balance at 31 March 2020 £
Unrestricted funds					
General fund	280,068	1,419,822	(1,559,627)	2,067	142,330
Designated funds					
Capital fund (2013)	66,818	-	(25,057)	-	41,761
Capital fund (2017)	178,116	-	(20,505)	-	157,611
Capital fund (2020)	-	-	-	37,933	37,933
Repairs fund	40,000	-	-	(40,000)	-
Audience development	8,680	-	(6,821)	(1,859)	-
	<u>293,614</u>	<u>-</u>	<u>(52,383)</u>	<u>(3,926)</u>	<u>237,305</u>
Total unrestricted funds	<u>573,682</u>	<u>1,419,822</u>	<u>(1,612,010)</u>	<u>(1,859)</u>	<u>379,635</u>

Notes to the financial statements *(Continued)*
for the year ended 31 March 2020

18. Statement of funds *(Continued)*

	Balance at 1 April 2019 £	Income £	Expenditure £	Transfers £	Balance at 31 March 2020 £
Restricted funds					
Arts Council England	350,000	-	-	-	350,000
Arts Council England – Ambition for Excellence	74,872	97,999	(104,668)	-	68,203
Arts Council England – Catalyst Evolve	35,995	-	(35,995)	-	-
Artistic projects	56,242	473,230	(418,469)	1,859	112,862
Jerwood	6,200	-	-	-	6,200
Arts Council England - Strategic Touring – REACH Project	51,537	6,500	(39,844)	-	18,193
Staying Out project	5,220	36,247	(26,467)	-	15,000
Young People's projects	34,207	25,032	(46,173)	-	13,066
Future Arts Centre Here & Now/NL25 project	-	195,000	(111,800)	-	83,200
Other funds	1,927	-	(686)	-	1,241
Total restricted funds	<u>616,200</u>	<u>834,008</u>	<u>(784,102)</u>	<u>1,859</u>	<u>667,965</u>
	<u>1,189,882</u>	<u>2,253,830</u>	<u>(2,396,112)</u>	<u>-</u>	<u>1,047,600</u>

For the year ended 31 March 2019

	Balance at 1 April 2018 £	Income £	Expenditure £	Transfers £	Balance at 31 March 2019 £
Unrestricted funds					
General fund	349,311	1,394,136	(1,463,379)	-	280,068
Designated funds					
Capital fund (2013)	91,876	-	(25,058)	-	66,818
Capital fund (2018)	198,621	-	(20,505)	-	178,116
Repairs fund	40,000	-	-	-	40,000
Audience development	25,000	-	(16,320)	-	8,680
	<u>355,497</u>	<u>-</u>	<u>(61,883)</u>	<u>-</u>	<u>293,614</u>
Total unrestricted funds	<u>704,808</u>	<u>1,394,136</u>	<u>(1,525,262)</u>	<u>-</u>	<u>573,682</u>

Notes to the financial statements (*Continued*)
for the year ended 31 March 2020

18. Statement of funds (*Continued*)

Restricted funds

Arts Council England	350,000	-	-	-	350,000
Arts Council England – Ambition for Excellence	119,665	119,548	(164,341)	-	74,872
Arts Council England – Catalyst Evolve	44,078	42,933	(51,016)	-	35,995
Artistic projects	74,581	381,821	(400,160)	-	56,242
Jerwood	-	10,000	(3,800)	-	6,200
Arts Council England -					
Strategic Touring – REACH Project	33,413	54,000	(35,876)	-	51,537
Staying Out project	18,121	19,482	(32,383)	-	5,220
Young People's projects	38,705	75,982	(80,480)	-	34,207
Paul Hamlyn Foundation – Every Child	33,023	-	(33,023)	-	-
Other funds	2,613	-	(686)	-	1,927
Total restricted funds	714,199	703,766	(801,765)	-	616,200
	1,419,007	2,097,902	(2,327,027)	-	1,189,882

Description of funds

Designated funds

Capital fund – relates to fixed assets other than property, which is shown as a restricted fund. Depreciation is charged against this fund so that it equals the net book value shown in note 14.

Repairs fund – this fund was established with support from Stockton Borough Council to provide a designated fund for essential repairs and renewals, to increase ARC's resilience. There has been capital spend of £37,933 incurred during the year with the remaining balance being transferred back into unrestricted funds.

Audience development – this fund was established in 2018 to support audience development activities to enable us to increase our reach in line with our mission, aims and objectives.

Restricted funds

Arts Council England – this equals the value of the property, further details of the valuation are in note 14 and 21.

Arts Council England Ambition for Excellence – this grant was awarded to support Future Arts Centres, a national network co-chaired by ARC, to develop their practice internationally.

Arts Council England Catalyst Evolve – this grant supports the development of ARC's fundraising capacity.

Artistic projects - relates to monies received from artists to be spent delivering specific tours or performances and the balance carried forward represents tours which are not yet complete.

Arts Council England – Strategic Touring - REACH project– building on the success of the initial three year programme delivered 2013-2016, this second phase of REACH, managed by ARC, continues to support contemporary theatre to tour to six venues across the North East.

Notes to the financial statements (Continued)
for the year ended 31 March 2020

18. Statement of funds (Continued)

Staying Out project – funded by Stockton Borough Council Public Health, Staying Out is an ongoing programme of weekly creative arts sessions aimed at people aged 65+ who are socially isolated.

Young People's projects - this includes funding for More Stuff Like This Please, our partnership project with Stockton Borough Council for care-experienced children and young people, and a project in association with Stockton International Riverside Festival.

Future Arts Centres Here & Now - in partnership with the Albany, ARC leads Future Arts Centres, which is currently in receipt of Arts Council England funding for Here and Now, a national project celebrating the National Lottery's 25th anniversary.

Paul Hamlyn Foundation Every Child – this grant was awarded to support a two year pilot of a new philanthropic giving scheme, A Theatre Trip for Every Child, at ARC and the Albany in Deptford.

19. Analysis of net assets between funds

For the year ended 31 March 2020

	Unrestricted Funds £	Designated funds £	Restricted funds £	Total £
Fund balances at 31 March 2020 are represented by:				
Tangible assets	50,962	237,305	351,241	639,508
Net current assets	91,368	-	316,724	408,092
	<u>142,330</u>	<u>237,305</u>	<u>667,965</u>	<u>1,047,600</u>

For the year ended 31 March 2019

	Unrestricted Funds £	Designated funds £	Restricted funds £	Total £
Fund balances at 31 March 2019 are represented by:				
Tangible assets	58,058	244,934	351,927	654,919
Net current assets	222,010	48,680	264,273	534,963
	<u>280,068</u>	<u>293,614</u>	<u>616,200</u>	<u>1,189,882</u>

20. Defined contribution retirement benefit scheme

The group operates a defined contribution pension plan for its employees. The amount recognised as an expense in the period was £10,113 (2019 - £6,453).

The defined contribution liability is allocated to unrestricted funds.

Notes to the financial statements *(Continued)*
for the year ended 31 March 2020

21. Financial commitments, guarantees and contingent liabilities

In the event of Stockton Arts Centre property at Dovecot Street, Stockton on Tees being sold and the net proceeds of sale not being used for the furtherance of the company's charitable purposes, then an amount of £200,000 (which is to be index linked from February 1997) would have to be paid to the Young Men's Christian Association and £81,000 (which is to be index linked from January 2004) to the Stockton Borough Council.

There is also a chattel mortgage on the property and certain equipment between Stockton Arts Centre and The Arts Council of England which states that a novated debt, equipment to the purchase price of the land and freehold property would have to be repaid to The Arts Council of England on the occurrence of certain events, such as the organisation ceasing to be a charity.

22. Related party transactions

There have been no related party transactions during the year (2019 – none).

23. Commitments under operating leases

Group and Charity

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020	2019
	£	£
Within one year	1,800	1,800
Between two and five years	1,800	3,600
	<u>3,600</u>	<u>5,400</u>

24. Cash generated from operations

	2020	2019
	£	£
Surplus for the year	(142,282)	(229,125)
Adjustments for:		
Investment income recognised in statement of financial activities	(200)	(69)
Depreciation and impairment of tangible fixed assets	70,001	63,632
Movements in working capital:		
(Increase)/ decrease in stocks	2,183	(2,315)
Decrease/ (increase) in debtors	44,153	10,778
Increase/ (decrease) in creditors	(7,638)	9,656
Cash generated from operations	<u>(33,783)</u>	<u>(147,443)</u>