

ARC

Stockton Arts Centre

Stockton Arts Centre Ltd

Annual Report and Consolidated Financial Statements

For the year ended 31 March 2021



Company Number: 04591795

Charity Number: 1095460

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Stockton Arts Centre

Trustees' report

For the year ended 31 March 2021

The trustees present their report and accounts for the year ended 31 March 2021.

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".

Reference and administrative details

Company number: 04591795 (England and Wales)
Charity Number: 1095460
Registered office: Dovecote Street, Stockton on Tees, TS18 1LL

Advisors

Bankers: HSBC, 136 High Street, Stockton on Tees, Cleveland, TS18 1LR
Yorkshire Bank, 56 High Street, Stockton on Tees TS18 1SB

Auditors: Haines Watts, 17 Queens Lane, Newcastle upon Tyne, NE1 1RN

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 trustees, who are also the directors for the purpose of company law, who served during the year were:

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

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.

Trustees' report (*continued*)

For the year ended 31 March 2021

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, and artists working with ARC are invited to observe Board meetings, introducing new perspectives.

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

Trustees' report (*continued*)

For the year ended 31 March 2021

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. The building reopened when restrictions permitted on Mon 7 Sept through to Wed 4 Nov 2020 and then remained closed for the rest of the financial year.

During this time, ARC's focus was on securing the long term survival of the organisation whilst continuing to deliver meaningful activities for our communities.

Initially, most staff were furloughed with a small number continuing to work remotely, but as the programme grew during the year, more programming, marketing and engagement staff were brought back to ensure relationships with customers and stakeholders were maintained to support ARC's eventual reopening.

Despite being displaced from the building, ARC's work remained aligned with priorities set out in the Business Plan 2018/19 – 2021/22. However, towards the end of the financial year, a new, two-year interim Business Plan was prepared and approved, which covers the period 2021/22 – 2022/23. It provides an up to date statement of activity for the final year of our 2018-2022 Plan, in light of the significant impact of the COVID-19 pandemic, and also a pathway into our next four year Business Plan, which will cover the period 2023/24 – 2026/27.

It sets out a clear plan for the organisation – reflecting our mission and aims - as we continue to steer a route through the pandemic. This plan will be agile, adapting to the continuing uncertainties caused by COVID.

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

"I've learned another way to do things. Zoom and streamed shows have made a massive difference during lockdown."
Regular participant

Despite ARC's building being closed for more than 43 weeks of the year, we have continued to connect with artists and communities, helping people to stay creative. Most engagements (86%) took place remotely – either online, or by phone and post for those people who weren't digitally connected.

Overall, we delivered 212 classes, either online or available online and in-person; 73 film screenings; 25 opportunities to see live work, including live streamed from ARC; and 8 brand new productions created to work within COVID measures.

"It's really kept us both going, cos if you don't want to be on a computer nowadays, you're stuck."
Staying Out participant

Full details of ARC in Lockdown can be found in here: <https://arconline.co.uk/arc-in-lockdown/>

Trustees' report (*continued*)

For the year ended 31 March 2021

Highlights include:

- Remote delivery of our Staying Out programme for socially isolated people aged 65+, providing creative activity as well as weekly welfare checks, with more than 750 engagements
- Monthly Creating Together sessions offering adults who have come to the UK seeking refuge or asylum, have experienced, or are at risk of homelessness, or have mental health support needs, opportunities to share and develop skills in different creative and arts activities
- Regular classes including arts and crafts, ukulele, ballet Pilates and creative writing with more than 2,000 engagements
- Relaunching More Stuff Like This Please, enabling care-experienced children and young people to engage in a wide range of creative workshops, both online and in-person, as guidance allowed
- We ARConnected, a COVID responsive community project designed to help people stay creative while self-isolating, shielding, or in lockdown by inviting them to contribute their creative work in response to a fortnightly theme. 144 pieces were submitted which were exhibited at ARC during the autumn re-opening and went on to join an exhibition at Flushings Town Hall in New York
- Providing 300+ free packed lunches for local children at risk of hunger poverty during October half term
- Celebrating with our communities, including our Festival of Light and Colour with a specially commissioned telling of the Diwali story – with more than 4,000 engagements, and marking Transgender Day of Remembrance with an online vigil
- Pizza and Pitches, the continuation of our community commissioning programme which supported Wild Vision Collective to curate and present LIGHT:space, a night time art trail exhibited in windows
- FAB! at ARC, a programme designed to engage families with ARC during lockdown, which resulted in 115 engagements, 35% of which were new to ARC and 26% reconnected after 2+ years. 11 participants joined from our refugee and asylum seeker community
- Tees Valley Young Creatives, a career starting programme of free support to help people completing further and higher education creative courses in 2020 and 2021 secure employment in the cultural industries, and unlock new opportunities in their fields
- Appointments of our three Artists of Change: Lizzie Lovejoy, a Northern creative practitioner whose work focuses on community, heritage and cultural identity; Symoné, a multi-disciplinary circus and performance artist; and Lauren Ververs, a multi-disciplinary artist who is exploring environmental responsibility
- Creation of new work including Natasha Davis' Your Story, My Story, Their Story Now (co-created film and online Q&A) and Yolanda Mercy's Unheard Stories (plays performed by phone)

Partnerships

ARC works both locally and nationally. Partnership working has remained key to ARC's activity, as we continued to lead on initiatives including 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, and Future Arts Centres (FAC), a network of more than 100 arts centres across the UK.

In 2019, FAC was 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 which were scheduled to take place in and around 40 arts centres across the country during 2020/21, led by artists and co-created with local people. Due to the pandemic, this project has been extended through to December 2021.

Equality and diversity

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 proactively find ways of embedding diversity in our programme, reach and workforce.

Despite the pandemic, we have continued to support artists making new work from a range of backgrounds, including disabled artists Vici Wreford-Sinnott and Aidan Moesby, LGBTQIA+ artists Bordello Collective and Melody Sproates and artists of colour, Umar Butt and Yolanda Mercy.

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

Whilst our focus in terms of audiences has been on maintaining existing relationships, we have paid particular attention to communities that we know face barriers to engagement. At the beginning of the pandemic, we prioritised re-imagining our older people's programme recognising that they were in some of the most vulnerable, isolated situations. Building on that, we were then able to bring back other programmes for our refugee and asylum seeker communities and care-experienced young people. Community celebration events such as the Festival of Light and Colour and Transgender Day of Remembrance, whilst delivered online, also gave us the opportunity to re-engage with these communities. Analysis of our ticket booking data using the arts segmentation tool Audience Finder shows that 34.5% of our bookers come from the four least-engaged audience segments, compared to c26% in previous years and 15% nationally.

Most of our workforce has been furloughed during the year, but we took the opportunity towards the end of 2020/21 to roll out a major diversity training programme for all staff and Board members. Working with our strategic partners, Little Cog and Curious Arts, we re-ran disability equality training and for the first time, delivered LGBTQIA+ training. We also started a series of conversations about anti-racism, in response to the North East's Culture Against Racism movement, resulting in an organisation-wide action plan. Anti-racism training was requested as part of this so we worked with Tees Valley-based One Community Link to deliver a series of sessions. Pledges and actions resulting from this training have fed into our plans for 2021/22 and beyond, including a commitment to review our recruitment processes to support further diversification of our workforce and Board membership.

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. In May 2020 she was asked by the Tees Valley Mayor to lead an independent Cultural Industries and Visitor Economy Task Force, which has overseen the Tees Valley Combined Authority's £1m cultural recovery programme. The Task Force also made recommendations around the Combined Authority's longer term investment plans which were adopted in November 2021.

No 60 – food and drink

ARC's wholly owned trading subsidiary company (Stockton Arts Centre (Trading) Ltd provides ARC's catering service under the brand 'No 60'. Apart from the Sept-Nov period when the building was open, it was unable to trade in 2020/21, resulting in an inevitable deficit at the end of the year of £29,150. This was mitigated to a large extent by use of the Job Retention Scheme.

ARC recognises that No 60 makes an important contribution to the way customers perceive the organisation, playing a key part in providing a safe, welcoming place where people enjoy positive, social interaction alongside creative activities and cultural experiences. For that reason, it is committed to supporting it through recovery during 2021/22, acknowledging that an immediate return to profit is unlikely given its dependence on the rebuilding of ARC's programme and footfall. This position will be kept under review.

Fundraising

ARC's fundraising activity is led by the Chief Executive, supported by other staff. ARC operates outside of the voluntary fundraising regulator scheme, as the organisation's fundraising expenditure is well below the limit of £100,000 that requires 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 and building reserves, ARC went into the pandemic in a reasonably strong financial position. This position has been maintained through effective use of the Job Retention Scheme alongside successful fundraising from a number of sources, including Arts Council England's Culture Recovery Fund, Stockton Borough Council's Small Business Support scheme, trusts and foundations such as the Weston Culture Fund and Esmée Fairbairn, and sector-specific support from Film Hub North.

ARC's Statement of Financial Activities shows a turnover of c£1.99m in 2020-21, a decrease of £264k from c£2.25m in 2019/20.

In June 2020, in light of the pandemic, the Trustees agreed an increase to the level of reserves set in our reserves policy from £210k (equivalent of three months operational costs) to £250k. 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 2020/21, the unrestricted reserves level was £247k. We will seek to rebuild to £250k in future years as recovery allows.

ARC recognises that recovery is going to take time and require additional subsidy whilst earned income is rebuilt, and have allocated £200k to a designated COVID recovery fund. This will allow us to continue delivering against our aims and objectives, furthering our charitable aims, whilst retaining a reasonable level of unrestricted reserves to mitigate further uncertainties.

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 is currently part of Arts Council England's National Portfolio with funding secured through to March 2022, with the opportunity to extend this to March 2023 due to the pandemic. Confirmation of 2022/23 funding will be received in Dec 2021. ARC has agreed funding with Stockton Borough Council (SBC) through to 2023/24, under an ongoing service level agreement. 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.

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 categorised risks 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 in 2020/21 was the impact of COVID-19, which has been well managed throughout the year. The likelihood of further disruption has been written into our risk register with appropriate controls and mitigations.

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

Despite the challenges posed by COVID-19, ARC is positive about its future. As mentioned above, we developed a new transition Business Plan for the 2021/22-2022/23, which sets out how the charity will achieve its mission and aims during recovery. Our key strategic objectives are:

Artistic objectives

- i. Work with artists and communities to commission, develop and present creative opportunities and cultural experiences that reflect our artistic policy
- ii. Ensure that at least 50% of supported artists are either disabled, lesbian, gay, bisexual, transgender, queer, intersex, asexual, artists of colour or from working class backgrounds, with at least 20% to be artists of colour
- iii. Present a programme of live music, comedy and work for families, exhibitions and films, including live broadcasts, rated Good or Excellent by 90% of our audiences
- iv. Deliver a high quality programme of creative learning for early years, young people, adults, disabled and older people, targeted at communities which have traditionally been least engaged by the cultural sector, rated Good or Excellent by 80% of participants
- v. Contribute to the wider development and sustainability of the arts and cultural sector through leadership of strategic projects

Audience objectives

- vi. Develop and implement creative re-engagement activity designed to reconnect to ARC's existing audiences, pre and post re-opening, aiming for 50% to have returned to ARC by March 2023
- vii. Continue to attract audiences from communities which have traditionally been least engaged by the cultural sector, maintaining a minimum of 25% of our audience base drawn from the four least engaged Audience Spectrum categories
- viii. Continue to offer online access to live events and creative learning activities post pandemic, aiming for at least 20% of events to be live streamed and 40% of creative learning activities to remain accessible online

Organisational objectives

- ix. Support the ongoing development of ARC's Board and staff team through training and other learning opportunities to further improve our practice, reach and impact
- x. Ensure equality is embedded in our policies and practices by working with diverse-led partners, and achieve a more representative workforce
- xi. Continue to reduce our environmental impact and meet our environmental responsibility in all areas of our work, including programme, behaviour, building and café bar
- xii. Achieve ARC's earned income, fundraising and cost control targets

Trustees' report (*continued*)

For the year ended 31 March 2021

- xiii. Reinstate No60's café and bar service, rated Good or Excellent by 80% of customers, and explore ways of achieving greater community impact through training activity

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

The auditors, Haines Watts, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by the board on 14/9/21 2021 and signed on their behalf by:

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L Snowball
Chair

Independent Auditors' Report to the members of Stockton Arts Centre
For the year ended 31 March 2021

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 2021 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 2021, 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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 throughout the trustees report and the accounting policies note.

Independent Auditors' Report to the members of Stockton Arts Centre (Continued)
For the year ended 31 March 2021

Other information

The other information comprises the information included in the trustees report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 9 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 year ended 31 March 2021

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory framework applicable to both the company itself and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the directors and other management. The most significant were identified as the Companies Act 2006, UK GAAP (FRS102) and relevant tax legislation. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements. Our audit procedures included:

- confirming with the directors and management whether they have any knowledge or suspicion of fraud;
- obtaining an understanding of the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- assessing the risk of management override including identifying and testing a sample of journal entries;
- challenging the assumptions and judgements made by management in its significant accounting estimates;
- confirmation received from the bank to verify the balance as on the last day of the accounting year; and
- review of minutes of meetings of those charged with governance.

Our audit did not identify any key audit matters relating to the detection of irregularities including fraud. However, despite the audit being planned and conducted in accordance with ISAs (UK) there remains an unavoidable risk that material misstatements in the financial statements may not be detected owing to inherent limitations of the audit, and that by their very nature, any such instances of fraud or irregularity likely involve collusion, forgery, intentional misrepresentations, or the override of internal controls.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our audit report.

Independent Auditors' Report to the members of Stockton Arts Centre (Continued)
For the year ended 31 March 2021

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.



Gillian Benjamin ACA

For and on behalf of Haines Watts North East Audit LLP

11th October 2021

Statutory Auditors

17 Queens Lane
Newcastle upon Tyne
NE1 1RN

Consolidated Statement of Financial Activities (Including Income and Expenditure Account)
For the year ended 31 March 2021

	Notes	Unrestricted funds £	Designated funds £	Restricted funds £	Total 2021 £	Total 2020 £
Income from:						
Donations	4	751,486	-	-	751,486	494,743
Charitable activities	5	459,086	-	768,396	1,227,482	1,434,790
Other trading activities	6	8,807	-	-	8,807	324,084
Investments	7	210	-	-	210	213
Total income		<u>1,219,589</u>	<u>-</u>	<u>768,396</u>	<u>1,987,985</u>	<u>2,253,830</u>
Expenditure on:						
Raising funds	8	103,284	-	-	103,284	290,593
Charitable activities	9	811,428	49,151	532,262	1,392,841	2,105,519
Total expenditure		<u>914,712</u>	<u>49,151</u>	<u>532,262</u>	<u>1,496,125</u>	<u>2,396,112</u>
Net income/expenditure		304,877	(49,151)	236,134	491,860	(142,282)
Transfers	18	(200,000)	208,764	(8,764)	-	-
Net movement in funds		<u>104,877</u>	<u>159,613</u>	<u>227,370</u>	<u>491,860</u>	<u>(142,282)</u>
Reconciliation of funds						
Fund balances brought forward		142,330	237,305	667,965	1,047,600	1,189,882
Fund balances carried forward		<u>247,207</u>	<u>396,918</u>	<u>895,335</u>	<u>1,539,460</u>	<u>1,047,600</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 2021**

	Notes	£	2021 £	£	2020 £
Fixed assets					
Tangible assets	14		588,055		639,508
Current assets					
Stocks		3,921		13,727	
Debtors	16	146,468		172,992	
Cash at bank and in hand		1,090,388		535,613	
		<u>1,240,777</u>		<u>722,332</u>	
Creditors: amounts falling due within one year	17	(289,372)		(314,240)	
Net current assets			951,405		408,092
			<u>1,539,460</u>		<u>1,047,600</u>
The funds of the charity:					
Restricted funds			895,335		667,965
Unrestricted funds:					
General fund		247,207		142,330	
Designated funds		396,918		237,305	
	18		<u>1,539,460</u>		<u>1,047,600</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 14 September 2021 and are signed on their behalf by:



L. Snowball
Chair

Company Registration Number: 04591795

The notes on pages 18 to 34 form part of these financial statements


Stockton Arts Centre

**Charity Balance Sheet
As at 31 March 2021**

	Notes	£	2021 £	£	2020 £
Fixed assets					
Tangible assets	14		588,055		639,508
Investments	15		1		1
			<u>588,056</u>		<u>639,509</u>
Current assets					
Debtors	16	224,365		246,701	
Cash at bank and in hand		1,044,063		465,993	
		<u>1,268,428</u>		<u>712,694</u>	
Creditors: amounts falling due within one year	17	(287,874)		(306,648)	
Net current assets			980,554		406,046
			<u>1,569,610</u>		<u>1,045,555</u>
The funds of the charity:					
Restricted funds	18		895,335		667,965
Unrestricted funds:					
General fund			277,357		140,285
Designated funds			396,918		237,305
			<u>1,569,610</u>		<u>1,045,555</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 14/9/21 2021 and are signed on their behalf by:


L. Snowball
Chair

Company Registration Number: 04591795

The notes on pages 18 to 34 form part of these financial statements

Consolidated Statement of Cash Flows
For the year ended 31 March 2021

	Notes	2021 £	2020 £
Cash flows from operating activities			
<i>Net cash (used in)/provided by operating activities</i>	24	578,099	(33,783)
Cash flows from investing activities			
Interest received		210	200
Purchase of tangible fixed assets		(23,534)	(54,590)
<i>Net cash provided by investing activities</i>		(23,324)	(54,390)
Change in cash and cash equivalents		554,775	(88,173)
Cash and cash equivalents at the beginning of the year		535,613	623,786
Cash and cash equivalents at the end of the year		1,090,388	535,613
Breakdown of cash and cash equivalents			
Cash at bank and in hand		1,090,388	535,613

**Notes to the financial statements
for the year ended 31 March 2021**

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 charitable company.

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 2021

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, including government 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

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is possible that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. 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 2021

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 2021

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:

	2021	2020
	£	£
Total incoming resources	1,917,859	1,974,874
Net movement in funds	523,055	(137,206)
	=====	=====

Notes to the financial statements (Continued)
for the year ended 31 March 2021

3. Comparatives for the Statement of Financial Activities

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

4. Donations

	2021 £	2020 £
Donations and gifts	18,787	23,129
Core grants	452,870	455,062
Government grants (HMRC Job Retention Scheme)	279,829	16,552
	751,486	494,743
Core grants analysis		
Arts Council England	311,723	306,091
Stockton Borough Council	141,147	148,971
	452,870	455,062

Notes to the financial statements (Continued)
for the year ended 31 March 2021

5. Income from charitable activities

	Artistic projects	Strategic projects	2021	2020
	£	£	£	£
Earned income	9,185	2,500	11,685	552,632
Project grants	758,366	-	758,366	118,412
Strategic grants	-	150,000	150,000	314,000
Other artistic projects	307,431	-	307,431	449,746
	<u>1,074,982</u>	<u>152,500</u>	<u>1,227,482</u>	<u>1,434,790</u>

	2021	2020
	£	£
Project grants analysis		
Arts Council England – Emergency Response Fund	79,943	-
Arts Council England – Culture Recovery Fund	239,500	-
Stockton Borough Council – COVID Support Grants	34,750	51,782
Tees Valley Combined Authority	72,557	51,650
River Tees Rediscovered	-	13,980
Esmee Fairbairn Foundation	22,500	-
Weston Garfield Culture Fund	240,000	-
Film Hub North	9,683	-
Stockton Borough Council	48,250	-
Hope & Pilkington	5,000	-
Weston Jerwood Creative Bursary	6,183	-
Other	-	1,000
	<u>758,366</u>	<u>118,412</u>

	2021	2020
	£	£
Strategic grants analysis		
Future Arts Centre Here & Now/NL25 project	150,000	216,000
Ambition for Excellence	-	98,000
	<u>150,000</u>	<u>314,000</u>

6. Other trading activities

	2021	2020
	£	£
Catering income	3,674	296,118
Other trading income	5,133	27,966
	<u>8,807</u>	<u>324,084</u>

Notes to the financial statements (Continued)
for the year ended 31 March 2021

7. Investments

	2021	2020
	£	£
Interest receivable	210	213
	<u> </u>	<u> </u>

8. Raising funds

	2021	2020
	£	£
Fundraising costs	1,963	6,561
Catering staff costs	89,342	155,784
Other catering costs	11,979	128,248
	<u> </u>	<u> </u>
	103,284	290,593
	<u> </u>	<u> </u>

9. Expenditure on charitable activities

	Directly attributable costs	Support costs	2021	2020
	£	£	£	£
Artistic projects	1,089,252	52,784	1,142,036	1,846,893
Strategic projects	248,606	2,199	250,805	258,626
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	1,337,858	54,983	1,392,841	2,105,519
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

	2021	2020
	£	£
Artistic programme costs	578,559	1,091,824
Wages and salaries	558,539	587,951
Building costs	80,632	136,429
Marketing	10,830	53,104
Irrecoverable VAT costs	14,254	44,675
Insurance	24,176	24,090
Office costs	6,424	11,214
IT costs	21,152	40,883
Legal and professional	11,260	10,293
Travel and training expenses	4,796	15,612
Other costs	7,232	19,443
Depreciation	74,987	70,001
	<u> </u>	<u> </u>
	1,392,841	2,105,519
	<u> </u>	<u> </u>

Notes to the financial statements *(Continued)*
for the year ended 31 March 2021

10. Support costs

	2021	2020
	£	£
Wages and salaries	50,483	53,347
Governance costs (note 11)	4,500	4,500
	<u>54,983</u>	<u>57,847</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. One member of staff time allocated to support costs has been supported through HMRC Job Retention Scheme scheme.

11. Governance costs

	2021	2020
	£	£
Auditors' remuneration	4,500	4,500
	<u>4,500</u>	<u>4,500</u>

12. Net income/(expenditure) for the year

	2021	2020
	£	£
This is stated after charging:		
Depreciation	74,987	70,001
Fees payment to the auditors'		
Audit fees for the charitable company's accounts	4,500	4,500
Accounts fees for the subsidiary	1,500	1,500
Taxation compliance for the subsidiary	300	300
	<u>80,287</u>	<u>76,301</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:

	2021	2020
	£	£
Wages and salaries	682,417	672,070
Social security costs	41,617	43,189
Pension costs	9,819	10,113
	<u>733,853</u>	<u>725,372</u>

Notes to the financial statements *(Continued)*
for the year ended 31 March 2021

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:

	2021 Number	2020 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:

	2021 No.	2020 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 £124,711 (2020 - £123,946).

Staff costs were supported through HMRC Job Retention Scheme grant received in the year.

Trustees' remuneration and expenses

The trustees were not paid, nor waived, any remuneration during the year (2020 - £nil). No trustees were reimbursed travel expenses during the year (2020 - £nil). No charity trustee received payment for professional services supplied by the charity (2020 - £nil).

Notes to the financial statements *(Continued)*
for the year ended 31 March 2021

14. Tangible fixed assets
Group and Company

	Land and Buildings £	Equipment £	Computer Equipment £	Total £
Cost				
At 1 April 2020	350,000	705,745	81,655	1,137,400
Additions	-	11,833	11,701	23,534
At 31 March 2021	350,000	717,578	93,356	1,160,934
Depreciation and impairment				
At 1 April 2020	-	423,857	74,035	497,892
Depreciation charged in the year	-	59,450	15,537	74,987
At 31 March 2021	-	483,307	89,572	572,879
Carrying amount				
At 31 March 2021	350,000	234,271	3,784	588,055
At 31 March 2020	350,000	281,888	7,620	639,508

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

	2021 £	Group 2020 £	2021 £	Charity 2020 £
Shares in subsidiary undertaking	-	-	1	1

Notes to the financial statements (Continued)
for the year ended 31 March 2021

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:-

	2021 £	2020 £
Turnover	3,674	296,118
Costs of sales	(11,979)	(116,637)
Administrative expenses	(92,938)	(182,808)
Other income	72,093	5,372
Profits	(29,150)	2,045
Assets	51,918	90,214
Liabilities	(81,067)	(88,168)
Net assets	(29,149)	2,046

16. Debtors

	2021 £	Group 2020 £	2021 £	Charity 2020 £
Trade debtors	41,009	36,536	39,337	36,536
Prepayments and accrued income	98,499	135,606	98,499	128,739
Other debtors	6,960	850	6,960	850
Amounts owed by group undertakings	-	-	79,569	80,576
	146,468	172,992	224,365	246,701

17. Creditors: amounts falling due within one year

	2021 £	Group 2020 £	2021 £	Charity 2020 £
Trade creditors	98,668	120,288	98,257	119,470
Taxes and social security costs	9,831	12,061	9,831	12,061
Accruals and deferred income	162,392	165,942	161,306	159,168
Other creditors	18,481	15,949	18,480	15,949
	289,372	314,240	287,874	306,648

Notes to the financial statements *(Continued)*
for the year ended 31 March 2021

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 2020	81,378
Amounts released to income	(81,378)
Additions during the year	94,820
	<hr/>
At 31 March 2021	94,820
	<hr/>

18. Statement of funds

For the year ended 31 March 2021

	Balance at 1 April 2020 £	Income £	Expenditure £	Transfers £	Balance at 31 March 2021 £
Unrestricted funds					
General fund	142,330	1,219,589	(914,712)	(200,000)	247,207
Designated funds					
COVID Recovery Fund	-	-	-	200,000	200,000
Capital fund (2013)	41,761	-	(25,057)	-	16,704
Capital fund (2017)	157,611	-	(20,505)	-	137,106
Capital fund (2020)	37,933	-	(3,449)	-	34,484
Capital fund (2021)	-	-	(140)	8,764	8,624
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	237,305	-	(49,151)	208,764	396,918
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total unrestricted funds	379,635	1,219,589	(963,863)	8,764	644,125

Notes to the financial statements (Continued)
for the year ended 31 March 2021

18. Statement of funds (Continued)

	Balance at 1 April 2020 £	Income £	Expenditure £	Transfers £	Balance at 31 March 2021 £
Restricted funds					
Arts Council England	350,000	-	-	-	350,000
Future Arts Centre Here & Now/NL25 project	83,200	150,000	(168,400)	-	64,800
Artistic projects	119,062	307,431	(240,765)	(8,764)	176,964
Jerwood Charitable Foundation	-	6,143	(2,275)	-	3,868
Arts Council England -					
Strategic Touring – REACH Project	18,193	9,901	(28,094)	-	-
Staying Out project	15,000	31,750	(29,750)	-	17,000
Young People's projects	13,066	23,171	(10,180)	-	26,057
Arts Council England – Ambition for Excellence	68,203	-	(52,112)	-	16,091
Weston Garfield Foundation	-	240,000	-	-	240,000
Other funds	1,241	-	(686)	-	555
Total restricted funds	667,965	768,396	(532,262)	(8,764)	895,335
	1,047,600	1,987,985	(1,496,125)	-	1,539,460

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)	-
	293,614	-	(52,383)	(3,926)	237,305
Total unrestricted funds	573,682	1,419,822	(1,612,010)	(1,859)	379,635

Notes to the financial statements *(Continued)*
for the year ended 31 March 2021

18. Statement of funds *(Continued)*

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 Charitable Foundation	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	616,200	834,008	(784,102)	1,859	667,965
	1,189,882	2,253,830	(2,396,112)	-	1,047,600

Description of funds

Designated funds

COVID Recovery Fund – reserves have been designated to support against future deficits and costs impacted by the COVID pandemic.

Capital fund – relates to other fixed assets which are shown as designated funds. Depreciation is charged against this fund so that it equals the net book value of these assets.

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 was a capital spend of £37,933 during 2019-20 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 2021

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.

Weston Garfield Foundation – this generous grant was awarded to support the recovery of ARC's artistic activities during 2021 from the Foundation's Weston Culture Fund scheme, created to support the sector to restart its work, refresh activities and re-engage audiences following Covid-19 closures.

Weston Jerwood Creative Bursary – ARC is currently funded by Jerwood to host a Weston Jerwood Creative Fellow, one of our Artists of Change, as part of a scheme to support salaried positions in arts and cultural organisations for people from low socio-economic backgrounds.

19. Analysis of net assets between funds

For the year ended 31 March 2021

	Unrestricted Funds £	Designated funds £	Restricted funds £	Total £
Fund balances at 31 March 2021 are represented by:				
Tangible assets	41,137	196,918	350,000	588,055
Net current assets	206,270	200,000	545,335	951,405
	<u>247,407</u>	<u>396,918</u>	<u>895,335</u>	<u>1,539,460</u>

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>

Notes to the financial statements *(Continued)*
for the year ended 31 March 2021

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 £9,819 (2020 - £10,113).

The defined contribution liability is allocated to unrestricted funds.

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, equivalent 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 (2020 – none).

Notes to the financial statements *(Continued)*
for the year ended 31 March 2021

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:

	2021	2020
	£	£
Within one year	1,800	1,800
Between two and five years	-	1,800
	<u>1,800</u>	<u>3,600</u>

24. Cash generated from operations

	2021	2020
	£	£
Surplus for the year	491,860	(142,282)
Adjustments for:		
Investment income recognised in statement of financial activities	(210)	(200)
Depreciation and impairment of tangible fixed assets	74,987	70,001
Movements in working capital:		
(Increase)/ decrease in stocks	9,806	2,183
Decrease/ (increase) in debtors	26,524	44,153
Increase/ (decrease) in creditors	(24,868)	(7,638)
Cash generated from operations	<u>579,099</u>	<u>(33,783)</u>

25. Analysis of changes in net funds

The charity has no debt during the year.