

Commentary on the Model Trustees' Annual Report and Accounts: Arts Theatre Trust (FRS 102 version)- Covid-19 version

This example is for a company limited by guarantee, operating a theatre and related activities with one trading subsidiary. The charity has prepared its accounts using the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102) and follow the Charities SORP (FRS 102).

This is a separate example to focus on the potential effects of Covid-19 on this fictional charity and how these effects could be reflected in the financial statements of the charity.

As a charity registered in England and Wales, the charitable company also reports in accordance with the Charity Commission for England and Wales' guidance on public benefit and the Charities Act 2011. The charity is required to prepare group accounts under the Charities Act 2011 and as a company prepare its accounts in accordance with the UK Companies Act 2006. The income of the group is £1.6m with total net group assets of £1.5m.

To assist preparers to identify the differences from the previous version, other than for illustrating the impact of the pandemic, the text and figures have been left unchanged as far as practical and so the story of the charity has not been moved on.

The previous example had the year end date of 31 March 2020 but to increase the amount of time Covid-19 may have impacted the charity the year end has been reset and moved back to 31 July 2020. The changing of the year end is not part of the fictional scenario. This still means the whole financial year was not subject to the effects of Covid-19. If we assume that the financial and business effect of Covid-19 on this charity begun to take effect from March 2020 then this gives 7 months unaffected by Covid-19.

This example is based on the second edition of the Charities SORP (FRS 102) dated October 2019. The second edition of the SORP is applicable to the accounts of relevant charities for reporting periods beginning on or after 1 January 2019 (this edition consolidates the changes to the SORP for Update Bulletins 1 and 2, Update Bulletin 1 has an earlier effective date).

In respect of the report, the trustees' annual report complies with section 13 of the Charities (Protection and Social Investment) Act 2016 which requires that the trustees of those charities that must have an audit by charity law are to provide a statement on specific areas of their fundraising in their trustees' annual report. In the prior year neither the charity nor the group currently actively fundraised and so these requirements did not apply, however the charity does receive unsolicited legacy giving and also unsolicited donations and so the trustees provided clarification as to their approach to fundraising.

In respect of the accounts, this reissued version includes further prior year comparatives which are required by an application of FRS 102 (paragraph 3.14) for all items presented in the current period's financial statements except where the FRS permits otherwise.

Summary of the changes made to the example scenario

Closure of the theatre:

The theatre was closed from mid-March (when the first Government lockdown came into place) to the year end. Post year end the theatre was able to temporarily reopen for the showing of the Merchant of Venice although this was with reduced capacity due to Government restrictions.

Government Coronavirus Job Retention Scheme:

While the theatre had to remain closed it has relied upon the Government Coronavirus Job Retention Scheme (also known as the furlough scheme) meaning that it has received grants of up to 80% or £2,500 a month for employees' wages. Grant money received from the Government was £277,000 (Face of the SOFA).

The income from the retention scheme is accounted for gross under charitable activity income as a separate line and is not netted against expenditure. It is not included as restricted funds as the funds are not received with restriction as to the charitable purposes for which they can be spent. The charity's staff can be paid to perform any role for the charity. The SORP is clear that of itself a condition cannot create a restriction as to charitable purpose (SORP module 5 paragraphs 5.6 and 5.7).

As the scheme is designed to compensate for staff costs, the amounts received are recognised in the SOFA over the same period as the costs to which they relate.

Trading subsidiary

The trading subsidiary turnover in the current year has been reduced from £479,000 to £279,000 due to it being closed from March to year-end but expenses only fell from £323,000 to £275,000 resulting in the profit gifted to charity falling from £158,000 to £7,000. (Note 6)

Income

Gross income from admission and programs in the current year has fallen from £480,000 to £280,000, concessions have fallen from £88,000 to £51,000 and income from visiting arts exhibitions and installations has fallen from £42,000 to £25,000. (Note 5)

This means that unrestricted income from the operation of theatre and arts centre has fallen from £1,105,000 to £924,000. (This can be seen on the face of the SOFA)

Contingent asset

N Arts (a main sponsor) (as explained in the Trustees' Annual Report) has responded to a grant application for additional support with a letter of intent to award £100,000 to the charity to enable it to continue its work despite the restrictions in place, but this support requires approval from a council meeting which at year end had not taken place. This has not been recognised as income as it is a possible asset that arises from a past event but is not recognised in the balance sheet as its existence can only be confirmed by future events which are not within the charity's control. It has been recognised as a contingent asset in the contingent asset note (Note 22).

Reduced deferred income

The deferred income has been reduced to reflect that when the theatre opened after year end it had reduced capacity due to the Government pandemic related operating restrictions in place.

Donations of cancelled tickets

An additional line has been added to Note 4 to show donations from people who donated their tickets from cancelled shows. The charity was able to claim gift aid on these donations in line with the guidance from HMRC.

Public Appeal

At the end of the year the trustees launched their first public appeal and so the disclosures required by charity law are given in the Trustees' Annual Report. In England and Wales, a voluntary scheme to regulate fundraising is overseen by the Fundraising Regulator:

<https://www.fundraisingregulator.org.uk/>

The Trustees' Annual Report

The report opens with a Chair's report (Charities SORP (FRS 102) paragraph 1.5) followed by a summary of the charity's *aims and activities* (paragraphs 1.17 and 1.36) undertaken for the public benefit (paragraph 1.18). The *achievements and performance* section (paragraphs 1.20 and 1.40) includes data on performance (paragraph 1.44) and the *financial review* (paragraphs 1.21 and 1.46) includes an overview of its pricing policy including discounts for those on low incomes. Note the *reserves policy and going concern section* provides an explanation of the target level of reserves, the reserves held, and the charity's plans to restore its reserves (paragraphs 1.22 and 1.48). The *risk management* (paragraph 1.46) section identifies the major risks and the action taken to manage them.

The charity has identified that its financial sustainability is challenged and has outlined the measures it is taking (paragraph 1.23) in the section *plans for future periods* (paragraph 1.49).

The report concludes with the administrative disclosures required (paragraph 1.25, 1.27, 1.51 and 1.52), including *trustee induction and training* (paragraph 1.51). The trustees are mainly appointed by other bodies and these are considered to be related parties. This section also discloses how the pay of senior managers is set and who the trustees consider the key management personnel to be (paragraph 1.51). The approach to setting key management pay is intended to be solely illustrative and is not to be taken as a pay norm or a pay benchmark set for regulatory purposes by the Charity Commission for England and Wales.

A statement of trustees' responsibilities in relation to the financial statements is required by paragraphs 33 to 36 of Financial Reporting Council audit standard (ISA 700). If not contained within the auditor's report, the practice is to include it within the Trustees' Annual Report instead. This statement is not a requirement of the Charities SORP (FRS 102). Since the group qualifies as small under section 383, the strategic report required of medium and large companies under: 'The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013' is not required. It should be noted that in England and Wales group accounts must be prepared under charity law if the group's gross income exceeds £1m (after consolidation adjustments).

It is custom and practice in the for-profit sector for the appointment or reappointment of auditors to be advised in the directors' report. There is no requirement under the Charities SORP (FRS 102) or in company law to make this disclosure.

The accounts

In preparing the accounts the trustees must first determine if group accounts are required by company law and if not, whether group accounts must be prepared under the Charities Act 2011. In this example the group is small for Companies Act purposes but above the threshold for preparing group accounts as set out in regulations made under the Charities Act 2011. It is recommended that if eligible for the small companies' regime and preparing group accounts for a charitable company the trustees exercise the option under section 398 of the Companies Act 2006 to prepare the group accounts as the 'annual accounts' for filing purposes with Companies House.

The trustees may claim exemption from Companies Act audit for the group under section 479(2) of the Companies Act 2006 provided the audit exemption statement required by section 475(3) is made on the balance sheet. However, a Charities Act audit of the charity's and the group accounts is still required under section 138 of the Charities Act 2011. In this example, the trustees have chosen to have the charity's audit under the provisions of company law and therefore no audit exemption statement is provided on the balance sheet. The group accounts are therefore audited under both the Companies Act 2006 and the Charities Act 2011. Auditors can find further guidance on the format of charity audit reports on the Financial Reporting Council's website: <https://www.frc.org.uk/auditors/audit-assurance/standards-and-guidance>

The Statement of Financial Activities includes the results of the subsidiary consolidated on a line-by-line basis (para. 24.25). The Statement of Financial Activities (SoFA) reports the main

charitable activities undertaken. FRS 102 (paragraph 3.14) requires comparatives to be given for all items in the financial statements (except where elsewhere permitted or required by FRS 102). A total funds figure is required for the prior year for each line heading (paragraph 4.8), but the comparatives for other items may be given in the notes (paragraph 4.2), which is the case here. The comparative breakdown of prior year fund balances for the Statement of Financial Activities is not shown on the face of these financial statements but included separately in note 31 to the accounts.

The trustees have exercised their discretion in not presenting funds separately in the cash flow and Balance sheet as it is not required by the Charities SORP.

The charity is taking advantage of the concession (available under company law) to provide only a consolidated SOFA (note 1). Although section 408(4) of the Companies Act only requires the disclosure of the net surplus/(deficit) of the parent, the charity has opted to disclose the performance of the charity itself as a note to the accounts (notes 3). In some jurisdictions the applicable regulations made under charity law requires the results of the charity as well as those of the group to be given.

The accounts are those that have been prepared for the members and because the UK charity regulators require full accounts to be prepared and submitted in accordance with the applicable regulations and SORP, the option for abridged accounts is not available.

Although, the group would constitute a small group for company law purposes (section 383) however Companies House expect the accounts filed to be those also filed with the charity regulator and consequently trustees cannot opt to file an abridged or 'filleted' version of small group accounts with Companies House (section 444). Further information can be found at: <https://www.gov.uk/government/news/accounts-filing-options-for-small-companies> (Please note that if referring to the guidance on options for filing that In respect of 'individual accounts' that the Companies, Partnership, and Groups (Accounts and Reports) Regulations in amending the Small Companies and Groups (Accounts and Directors' Report) Regulations 2008 disapplied the option of abridged accounts if the company is a charity.)

The SoFA reports the charitable activities in two lines as the charity understands the Coronavirus Job Retention Scheme grant to be material (paragraph 4.14 – 4.15). The expanded analysis is in note 8 to the accounts (paragraph 4.53) and to illustrate the net funding requirement or contribution by each activity, the costs and income of each activity have been compared in note 9 (paragraph 4.29).

The analysis of the material components of income (paragraph 4.42) is given in notes 4 to 7 to the accounts. The results of the subsidiary alone are required by the SORP and are disclosed in note 6 to the accounts (paragraph 24.36).

The accounts are prepared under FRS 102 (note 1a) and so a Statement of Cash Flows is required. The cash-flow statement is provided for the charity and the group but the charity could have opted to take the concession offered by section 1 of FRS 102 and disclosed only that of the group provided the required related party disclosures were made (see also Charities SORP (FRS 102) paragraph 24).

Charities are required to prepare a reconciliation of net debt as a note to the statement of cash flows (this reflects FRS 102 paragraph 7.22) this is included as note 30 to the accounts.

An explanation as to why the trustees believe the charity is a going concern given the financial situation at the balance sheet date is provided (paragraphs 3.14 and 3.39) in note 1b to the accounts.

Governance costs are disclosed in note 10 (paragraph 8.13) and the components of support costs and their allocation is analysed in notes 8 and 10. The notes to the accounts include an explanation of donated services and facilities in note 4 (paragraph 6.31) and the charity have provided a reconciliation of deferred income in note 23 (paragraph 5.59).

FRS 102 requires disclosures for financial instruments (financial assets and financial liabilities) and these are set out in module 11 of the Charities SORP (FRS 102). Rather than setting out these disclosures in a separate note, the disclosures are made by the charity in the context of the particular items in the accounts:

- The requirements of paragraph 11.35 are met in notes 1(j) re operating leases and note 1(p) re financial instruments including loans, note 7 (investment income), note 11 re total interest expense, and 27 (financial instruments at amortised cost);
- The significance of financial instruments (paragraph 11.35) is discussed in note 27 and in the financial review section of the Trustees' Annual Report which is referenced from note 27; and
- The discussion of credit risk (paragraph 11.38) in note 27 fulfils the requirements of section 11 of FRS 102 paragraph 11.48A(f).

Notice

The example Trustees' Annual Report and accounts are intended to assist preparers apply the 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), also known as the Charities SORP (FRS 102). Whilst every effort has been made to ensure that the example accords with UK company law and charity law as it applies in England and Wales, preparers should refer to the relevant regulations and the Charities SORP (FRS 102) when preparing a charity's accounts.

The example was updated by Clare Thomas, Accountancy Services, Charity Commission for England and Wales. Comments on the technical accuracy of the example and any observations should be submitted by email to: clare.thomas@charitycommission.gov.uk
However, if you have any enquiry about FRS 102 or the Charities SORP (FRS 102) please contact your professional advisor or professional body.



Arts Theatre Trust
(A company limited by guarantee)

Report and Financial Statements

Year ending 31 July 2020

Charity number 1234567

Company number: 8910102



Arts Theatre Trust

Report of the trustees (including Directors' Report) for the year ending 31 July 2020

The trustees (who are also the Directors of the Company for the purposes of company law) are pleased to present their annual directors' report together with the consolidated financial statements of the charity and its subsidiary for the year ending 31 July 2020 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and the Charities Statement of Recommended Practice ("Charities SORP") (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.

Chair's report

In taking over as chair this year from Ms Sonia Bloggs, I am very aware of the great strides forward made in the provision for the arts in our area during her three years as chair, the marvellous facilities we have developed and the loyalty of our main sponsors N Arts, B F Borough Council and B Town Council. The completion in early 2019 of the major refurbishment programme, co-funded by the charity and N Arts improved our facilities and the first shows and exhibitions were staged this year in this enhanced environment. Good facilities for staging and viewing art is key but above all, arts is about humanity, the expression of the human condition in music, drama, poetry, writing, sculpture, painting and sheer creative endeavour. The arts are about people and creating our personal point of meaning in the greatness of time and space.

This year started as a hugely exciting one as we explored, through our art installations, the theme of *man, God, time and meaning* and gave through voice, space and spectacle some dramatic interpretations of these eternal questions. The arts are also about variety, and alongside these deeper questions, the programme included dramatic productions, humour and comedy, passionate romance and political satire. We believe that the breadth and accessibility of our artistic programme will demonstrate without any doubt the public benefit that our work brings to the community.

The Coronavirus pandemic and the Covid-19 control measures have had a significant impact on the work of the charity and HTC Ltd in particular the lockdowns. The theatre was not able to open from the start of the first national lockdown in March to the year end (31 July 2020) this then had large impacts on the ability of the HTC Ltd to trade and subsequently the amount of donation from HTC Ltd to the charity.

Working with the theatre team here at ATC Park we seek to ensure our programmes remain affordable and attractive especially given that many people have struggled financially this year. During the time the theatre has been closed this year the trustees have taken this time to review ways the theatre can be run more economically, considered how the theatre could run if Covid-19 control measures are still in place when theatres are allowed to reopen and have introduced water- and light-saving technology which reduces our demand for carbon fuels and so helps, in a modest way, in the struggle against global warming. We are particularly appreciative of increased financial support from N Arts at this challenging time which we believe is a vote of confidence in our future.

In closing, I would like to thank our sponsors, the theatre staff, and you, our audience, for your support in making our work possible and as you read our report, remember, as we do, that it's all about people: the performer, the artist and their audience. To know more visit our website or telephone our booking office on 0011-987654.

Gerry R Gatsby
Chair



Our purposes and activities

The purposes of the charity are:

- To advance the education of the public in all aspects of dramatic art including the arts of drama, mime, opera, ballet, music, singing, dance and painting;
- The development of public appreciation of art by the provision of a theatre and the presentation of public performances; and
- To further the social and cultural welfare of the community of BF Borough.

The vision that shapes our annual activities remains the promotion and fostering of knowledge and appreciation of the arts by the provision of facilities for the education and recreation of the public in the fields of art, music and drama. The charity also has the general aim of contributing to the quality of life of the people of BF Borough by expanding their horizons through the provision of exciting, challenging and accessible professional and community drama and arts events.

In shaping our objectives for the year and planning our activities, the trustees have considered the Charity Commission's guidance on public benefit, including the guidance 'public benefit: running a charity (PB2)'. The theatre relies on grants and the income from fees and charges to cover its operating costs. Affordability and access to our programme is important to us and is reflected in our pricing policy set out in detail later in this report.

We endeavour to encourage all within our community to take part in our activities and to attend our theatre and/or to view our exhibitions (when the Government advises it is safe to do so). The drama and art we provide is to be enjoyed by all from those attending local schools or the higher education colleges through to our programmes with particular appeal to our older residents.

The strategies employed to achieve the charity's aims and objectives are to:

- Present a broad range of theatre productions and art exhibitions for the enjoyment and education of our local community;
- Offer opportunities for a broad range of people to get involved in arts activity exploring their own creative powers;
- Provide facilities for amateur and professional artists to develop. Groups in the Borough are given discounted rates for hire of space and access to professional advice;
- Concentrate on involving young people in the arts to help encourage a culture in which different age ranges play a complementary part; and
- Celebrate the diversity of cultures in our society by programming presentations by, and with, artists of different cultural backgrounds.

Putting these strategies into action we have three major areas of activity which are: concerts and stage performances; educational programmes, including residences; and art exhibitions, including installations. Our programme of activities described below focuses very much on bringing the arts to the community of our Borough.

The Government Coronavirus control measures put in place from March 2020 and which were still in place at year end meant that for a significant proportion of the year the theatre was not able to open. The activities described in this Trustees' Annual Report happened prior to the theatre closing.



The concerts and stage performances

We sought to combine amateur community events, including our annual event *BF Borough Scouts and Guides Christmas Concert* and the *BF Borough Amateur Dramatics Society Comedy Summer Season* alongside professional events including classic plays such as *Twelfth Night* and dramatic modern performances such as *My Lenin – a daughter's story* by Rubin Gossham.

The programme achieves a mix of the arts to suit a range of public tastes with an emphasis on maintaining a popular programme which underpins the viability of the theatre combined with an exploratory and innovatory programme which reaches out to the community. Similarly, the musical concerts have ranged from B Town's very own *Evening Players* to professional jazz, classical, rock and garage music with a repertoire that has reached out to a new generation of potential visitors to the theatre and the arts.

We introduced early in the year Saturday matinees for children, with our first staging for the Christmas Season of *White Christmas*, and Tuesday and Thursday old folk afternoons with performances of *Inspector Hound*, *An Inspector Calls*, and *Tea with Fred and Ginger*.

Sadly a number of planned performances had to be cancelled due to the closing of the theatre but we look forward to the future when we are able to share these performances with the public.

The educational programmes

We involve local schools and the local higher education college in a range of expressive arts with professionals in residence. Our residences aim to develop students' confidence and expression across the range of arts from dance, drama, music, art with paints, textiles and objects, sculpture and creative writing. Where possible the programme is linked to the educational syllabus and special events are also provided for children with learning difficulties to encourage their freedom of expression and to enhance their communication skills through the creative arts.

Visiting exhibitions and artistic installations

The activity that produces least income but is of equal importance in the life of the Trust, is the visiting exhibitions and artistic installations. This year's theme was *Man, God, time and meaning* with four separate installations dealing with *Birth and new life*, *Coming of age*, *Reflections on a life lived* and closing at Christmas with *Visions of God, man and creation*. In addition to the visiting exhibitions and artistic installations, a free viewing gallery features periodic displays of work by local artists including photography, painting and sculpture. Overall, these exhibitions enable the people and visitors to BF Borough to see major works and gain an insight into the creative history of the arts and to be aware of other major museums and galleries which they may wish to visit.

Our volunteers

The Trust is very involved in the community and relies on voluntary help. Besides those amateur performers and artists who display their talents at the Centre, over 40 volunteers assist with stewarding events and performances, enabling longer opening and lower staff costs than would otherwise be the case. Most volunteers are members of the company and it is at their suggestion that the 'Friends of the ATC Theatre' was formed in 2006 and we wish to thank our friends for their loyal support and service.

Our artistic values

We are aware that artistic tastes are not the same for everyone and in addressing some of the more challenging themes the productions might give rise to offence. We take the views of our audiences very seriously and without compromising the integrity of the programme we seek to respect the diverse ethnic, faith, sexual orientation, and lifestyles of our community and audience. We therefore have a formal



complaints policy with every complaint about the programme’s content reviewed by the Chief Executive and a trustee.

To maintain a dialogue with our public we have monthly ‘How did we do?’ workshops on the first Saturday afternoon in the month. These workshops are an opportunity for the responsible creative director, the Chief Executive and our Chair to meet with our audience, share our artistic values, hear their views and answer or address those views. We may not always agree but we do give our public the dignity of a hearing and response.

Achievements and performance

Attendances at the theatre fell from 42,000 in the year ending 31 July 2019 to just over 25,000 in the current year due to the closure of the theatre from March to the year end. This is still an achievement given the economic backdrop and is a tribute to the quality of the artistic programme and the place the theatre has in the community which is demonstrated by these numbers from the first part of the year. Our staff deserve credit and praise for their skilful and enthusiastic efforts to provide a successful creative programme for our patrons and for their resilience through these difficult times.

The new Saturday matinees and weekday older people’s programme proved very popular with average houses 70% full prior to closure. Our revised concession arrangements for people on low incomes meant that the level of income per attendance has been reduced but overall, this has offset the trend of declining audience seen by other theatres nationally. Maintaining a balance between patrons paying full price, accessibility for those of modest means, the encouraging of new young audiences, and maintaining a financial balance is an ongoing challenge. Our key financial aim remains a financially sustainable theatre which has been exceptionally difficult, and we remain very grateful to our sponsors for their support, without which the theatre would close.

Eleven concerts and stage performances were held, including a very successful run of *Twelfth Night*. We maintained the mix established in 2019 of shows, plays, performances and concerts. *The Bristol Jazz Greats* were a sell-out and the highlight of the year was a return on his farewell tour of the famous Welsh tenor *Sir Roy Homes* whose *A Night for a Tender Heart* was a great Valentine’s Night success. The repertoire combined a mixture of classical, jazz and popular rock and garage music with a combination of modern shows and a Shakespearian classic.

The N Arts Trust sponsored residences programme included a residency for the famous artist Mr Keane Eye and our traditional residences from the *Shakespeare Travelling Company* and the *Roysdon Artists and Puppeteers* were all well received and financially successful. The number of schoolchildren and college students attending was 469 against a plan of 650 and without the closure of the theatres looked set to exceed set targets. The Christmas installation *Visions of God, man and creation* included a number of sculptures, textile art and audio exhibits especially designed programme for children and adults with learning difficulties and these were very well received.

Volunteers from the *Friends* assist us in gaining the opinions of our patrons and customers through pre- and post-performance customer questionnaires and to identify the difference our events make to an individual’s perception, enjoyment and involvement in the arts. Four surveys were carried out in the year ended 31 July 2020 and the overall result was an audience satisfaction rating with the performance of 85% compared to 75% in the year ended 31 July 2019. In summary, as the Table below shows, the audience reaction has generally been very positive and has returned to pre-refurbishment levels. The results for the prior year were affected by the refurbishment programme.

Audience experience:	2020	2019
Value for money	85%	65%
Booking process	65%	65%
Exceeded my pre-performance expectations	10%	-



Audience experience:	2020	2019
Met my pre-performance expectations	85%	88%
Seats and auditorium comfortable	85%	65%
Sound quality satisfactory	80%	80%
Clear sight of the stage	99%	75%
Overall satisfaction	85%	75%

The *Friends* also publicise our programme via displays in shopping centre surveys and through other initiatives to expand general awareness of the arts and our programmes.

Financial review

The completion of the building adaptations and staging alterations in 2019, with the assistance of N Arts, enabled the Trust to provide the staging and auditorium facilities required by modern productions but did not add to our capacity for stage productions. Following the decision of BF Borough Council to withdraw its pledge of matched funding at a late stage, the Trust had to provide the matched funding and did so by taking out a secured bank loan. Unfortunately, this increased financial pressure coincided with the continued freezing of our grant support in cash terms.

The Trust moved from a break-even position in 2019 to posting its first shortfall for six years of £180,000. The principal funding sources of income to the Trust itself were admission fees and ticket sales of £229,000, income from art exhibitions and installations of £25,000, and grants of £948,000 including the separate grant award from N Arts Trust of £150,000 to finance the workshops and residences educational programme and Government Coronavirus Job Retention Scheme grants. The support of our partners continues to be essential to maintaining such a varied programme of creative arts. Not all the concerts and performances are self-supporting and the performing arts rely on a mixed economy of funding to ensure a vibrant and comprehensive programme.

While the theatre has remained closed it has relied upon the Government Coronavirus Job Retention Scheme meaning that we were able to receive grants for wages up to 80% or £2,500 a month, but the trustees considered it expedient to continue to pay 100% of wages to staff to keep the performing and creative company intact so that a prompt reopening would be possible.

The charity's wholly owned trading subsidiary, HTC Ltd, during the first part of the year continued to trade well but experienced a sales fall in line with the theatre at ATC park itself. When trading ceased but overhead expenses continued this led to a much smaller profit than anticipated of £7,000 (2019: £207,000) all of which was gift aided to the Trust. The trustees are pleased with the commercial success of the venture which operates the bar, coffee shop, conferencing and catering facilities when it is able to open but are looking to reduce overheads to enable the business to be more flexible to adapt to an uncertain future.

Despite the increasing pressure on public expenditure, the trustees understand that the support from our local authorities and N Arts will be kept at the current level of activity for at least the next year. In addition N Arts has responded to a request for support with a letter of intent to award an additional £100,000 grant to the charity to enable it to continue its work despite the restrictions in place. But this support requires approval from a council meeting which at year end had not taken place.

The charity along with many other theatres and charities faces an uncertain future but is taking measures to weather this uncertainty by:

- Regrettably reducing staff numbers;
- Reducing subsidiary operating overheads;
- Continue to secure support from grant makers; and
- Increase donations from public by setting up an appeal page.



After introducing our revised discount policy on 1 August 2018, we noticed a growth in new audiences who have not visited us before (prior to the closures) and the theatre looks to continue with the new discount policy if economically possible.

Our pricing policy

Our pricing policy reflects our strategy of enabling all within our community, whatever their means, to take part in our activities, to attend our theatre and to view our exhibitions. Our exhibitions and art installations offer an opportunity for the public to view, for a small fee or for free, works on loan from major collections and so to see first hand, the work of pre-eminent artists of our day and to gain experience of ground-breaking art. Concessionary tickets are available to all exhibitions on the same basis as that applying to theatre performances.

Full ticket prices to our theatre and concert performances vary between £10 and £25. Concessions on Friday and Saturday evenings are restricted to our 'anytime' concessions for family tickets and pre-booked groups as Friday and Saturday are our most popular nights. Concessions are intended to ensure a full house as a full house is associated with a better audience experience and is key to our ongoing financial sustainability. Our 'off peak' concessions apply to Mondays through to Thursdays and to Saturday matinee performances.

Our 'anytime' concessions are:

- Family ticket discount – up to 2 adults and 5 children, a 10% discount on all tickets; and
- Groups – pre-booked groups of 10 or more, a 10% discount on all tickets.

Our 'off peak' concessions are:

- 25% discount is available to full-time students on production of a NUS card and to concessionary bus pass holders;
- 50% discount is available to recipients of Jobseeker's Allowance, Income Support, Pension Credit and Disability Benefits;
- 50% discount is available to those aged 16 and under;
- Children aged under 12 go free – available on selected performances and when accompanied by an adult; and
- Standbys – any unsold tickets at half price.

To view our programme, and for fuller details of ticket prices and discount terms and conditions, or to e-book, visit our website or telephone our booking office 0011-987654 or visit our booking office, open 9am until 6.30pm Mondays to Fridays and 10am to 7pm Saturdays. The website is kept updated for developments relating to the pandemic.

Investment policy

The trustees, having regard to the liquidity requirements of operating the theatre, have kept available funds in an interest-bearing deposit account and seek to achieve a rate on deposit which matches or exceeds inflation as measured by the retail prices index. Due to wider economic circumstances deposit rates have been depressed and so this aim was not achieved in the year.

The invested funds held on deposit achieved an average rate of 0.5% against the retail price index of 2% for the year.



Reserves policy and going concern

Reserves are needed to bridge the gap between the spending and receiving of income and to cover unplanned emergency repairs and other expenditure. The trustees consider that the ideal level of reserves as at 31 July 2020 would be £225,000.

The Trust had no reserves with a negative balance (£330,000) (2019: £231,000) on unrestricted funds after allowing for those resources designated for property and props and setting aside funds to cover professional fees, the details of which are given in note 25 of the accounts. This situation is largely attributable to an operating deficit and the need to finance the interest on the bank loan required to match the N Arts capital grant. The decision of B F Borough Council to withdraw their support to the refurbishment project in 2018 and the fall in income has resulted in an extremely difficult year financially. Whilst we understand the Council has had to prioritise its funds to urgent local needs, this has left the theatre in a difficult financial position.

Without the support of Crufts Bank Plc it is doubtful that the Trust could continue operating. The trustees are endeavouring to ensure the success with a combination of measures by offering a creative programme that caters for broader audiences, rescheduling the secured loan and working with our local authority partners and N Arts to ensure their continued support. Our consolidated balance sheet remains adequate with consolidated net current assets of £81,000 (2019: £301,000) and the ownership of a long leasehold interest in our theatre. Our lender has indicated their ongoing support to the Trust in light of the way we have been controlling operational costs of the Trust in the pandemic and are the quality of our future plans. The trustees have reviewed the circumstances of the Arts Theatre Trust and group and consider that adequate resources continue to be available to fund the activities of the Trust and group for the foreseeable future. The trustees are of the view that Trust and group are a going concern.

The cash-flow outflows from operating activities of £131,000 from the charity in 2020 (2019: £41,000) reflected the difficult trading circumstances faced by the theatre due to a shortfall in box-office income. The trustees are aware that the lack of free reserves, together with the economic backdrop, will provide a very challenging environment in the year to come. The trustees have plans in hand to address this situation and restore the reserves to nil balance before starting to accumulate reserves.

Plans for future periods

The strategic plan envisaged a second stage refurbishment of the foyer and booking hall at a cost of £800,000 to be carried out in 2020/21 but in the current situation, the trustees have deferred a decision as to whether to proceed until early January 2022 when the extent of the economic recovery and the impact on the theatre's income is more likely to be known. Until financial circumstances have improved the planned capital investment programme has been deferred.

A major financial concern for the trust will be ongoing financial sustainability given the lower level of support from ticket sales and profit from the trading subsidiary. The trustees have retained Goodshires & Co as advisers to assist in a restructuring of the theatre business and anticipate introducing a voluntary severance programme to reduce the staff complement by five posts to save £100,000 annually (see Note 28). Goodshires will also assist in a procurement and non-pay savings review. In total target savings of £170,000 are to be achieved. In addition, a review of the theatre programme with a return of popular favourites and an extended Pantomime season to boost revenue is in hand. The charity has been given a statement of intent from N Arts that they will grant the charity an additional £100,000 subject to confirmation. The charity is also looking at other revenue streams and have set up an online donations platform as well as applying for grants available for charities/ theatres with varying success. The trustees are also exploring the Coronavirus Business Interruption Loan Scheme (CBILS).

The trustees have also successfully concluded discussions with our bankers, Crufts Bank plc, to reschedule the loan repayment period by extending the repayment terms from five to eight years.



We continue to strengthen our links with the community, our patrons and customers through the *Friends of ATC Theatre*. The *Friends* are the members of the Company and have their own quarterly magazine and benefit from advanced ticket facilities with special discounts and *Friends* events. The *Friends* will also be key to the success of our public appeal to support the next phase of redevelopment of ATC Park which aims to ensure we remain a prestige arts venue. At the very end of the year the trustees decided to launch the public appeal for donations with a press launch and dedicated appeals page on our website.

Reference and administrative details

Charity number: 1234567
Company number: 89101X2
Registered Office: ATC Park, Anytown, Berkshire, BX56 7SG

Our advisers

Auditors	CEP & Co	23 High Street, Anytown, Berkshire, BX56 4TP
Bankers	Crufts Bank plc	10 High Street, Anytown, Berkshire, BX56 1SG
Solicitors	Backhouse & Co	15 Low Road, Anytown, Berkshire, BX56 3PS
Business Review	Goodshires & Co	35 Pound Lane, Anytown, Berkshire, BX58 4TW

Directors and trustees

The directors of the charitable company (the charity) are its trustees for the purpose of charity law. The trustees and officers serving during the year and since the year end were as follows:

Key management personnel Arts Theatre Trust: Trustees' and Directors

N Arts Trust nominated chair:	S A Bloggs G R Gatsby	(resigned 10 November 2019) (appointed 10 November 2019)
BF Borough Council nominees:	F A Brown A D S Jones W M Smith M J Young C I West	
B Town Council nominees:	E R Allsop N Hindemith S M Barrett C Norfolk	(resigned 16 October 2019) (appointed 17 October 2019)
Elected trustees:	R Thomas D Drew F Lake N Towns S Richards E Towns	(retired 10 November 2019) (retired 10 November 2019) (elected 10 November 2019) (elected 10 November 2019)
Co-opted trustee:	D East	
Secretary	R P South	



Key management personnel:

Senior managers of Arts Theatre Trust:

Chief Executive Officer	S A North
Artistic Director	R Wagner
Finance Director	S Hamid

Senior management personnel HTC Ltd:

Chief Operating Officer	N Broom
Commercial Manager	H Purcell

Structure, Governance and Management

Governing Document

Arts Theatre Trust is a company limited by guarantee governed by its Memorandum and Articles of Association dated 28 September 1950. It is registered as a charity with the Charity Commission. Anyone over the age of 18 can become a member of the Company and there are currently 137 members (145 in 2019), each of whom agrees to contribute £5 in the event of the charity winding up.

Appointment of trustees

As set out in the Articles of Association the chair of the trustees is nominated by N Arts Trust. BF Borough Council nominates five trustees and B Town Council nominates three trustees. Four trustees are elected annually by the members of the charitable company attending the Annual General Meeting and serve for a period of two years. The trustees have the power to co-opt up to two further members to fill specialist roles.

All members are circulated with invitations to nominate trustees prior to the AGM advising them of the retiring trustees and requesting nominations for the AGM. When considering co-opting trustees, the Board has regard to the requirement for any specialist skills needed, for example Mr D East is a qualified surveyor and joined the board to assist with the planned refurbishment programme and the recent bid to the Arts Council of England and BF Borough Council. Nominees appointed by B F Borough Council and B Town Council are subject to the appointment processes of those bodies and the guidelines on appointment to public office as they apply to Local Government nominees.

Trustee induction and training

New trustees undergo an orientation day to brief them on: their legal obligations under charity and company law, the Charity Commission guidance on public benefit, and inform them of the content of the Memorandum and Articles of Association, the committee and decision-making processes, the business plan and recent financial performance of the charity. During the induction day they meet key employees and other trustees. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

Organisation

The board of trustees, which can have up to 15 members, administers the charity. The board normally meets quarterly and there are sub-committees covering development, membership, finance and audit which normally meet monthly. The Charity Governing document allows the trustees to meet and conduct meetings virtually which the trustees have done this year in line with Government restrictions and recommendations.



A Chief Executive is appointed by the trustees to manage the day-to-day operations of the charity. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the trustees, for operational matters including finance, employment and artistic performance related activity.

Related parties and co-operation with other organisations

None of our trustees receive remuneration or other benefit from their work with the charity. Any connection between a trustee or senior manager of the charity with a production company, contracted actor, performer or exhibitor must be disclosed to the full board of trustees in the same way as any other contractual relationship with a related party. Related party transactions are reported in note 14.

The charity has a close relationship with N Arts Trust, a charity which shares the Trust's passion for education. Through this joint collaboration we have established several long-term residences and education programmes for the benefit of young people from local schools and colleges. B F Borough Council and B Town Council provide essential core funding in support of the artistic programme as an amenity for local residents and the public. Both organisations actively promote the work of the charity in their tourist information facilities and take an active interest in the educational programme by facilitating educational visits by schools. All three organisations nominate trustees and a summary of transactions with all three organisations is set out in note 14 to the financial statements.

The charity's wholly owned subsidiary, HTC Ltd was established to operate the commercial bar, catering and conferencing facilities at ATC Park and is in its sixth year of operation. HTC Ltd has a licence from the charity to operate those facilities and gift aids the majority of its profits to the charity (see note 6 to the accounts).

Pay policy for senior staff

The directors consider the board of directors, who are the Trust's trustees, and the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the Trust on a day to day basis. All directors give of their time freely and no director received remuneration in the year. Details of directors' expenses and related party transactions are disclosed in note 14 to the accounts.

The pay of the senior staff is reviewed annually and normally increased in accordance with average earnings. In view of the nature of the charity, the directors benchmark against pay levels in other provincial theatres of a similar size run on a voluntary basis. The remuneration benchmark is the mid-point of the range paid for similar roles adjusted for a weighting of up to 30% for any additional responsibilities. If recruitment has proven difficult in the recent past a market addition is also paid with the pay maximum no greater than the highest benchmarked salary for a comparable role.

Risk management

The trustees have a risk management strategy which comprises:

- An annual review of the principal risks and uncertainties that the charity and its subsidiary HTC Ltd face;
- The establishment of policies, systems and procedures to mitigate those risks identified in the annual review
- Due to the variable interest rate on the charity's loan (see note 27) the charity does face exposure to increases in general interest rates on its variable interest rate debt which the trustees intend to manage through dialogue with creditors and financial supporters and as opportunity allows the building up of reserves; and
- The implementation of procedures designed to minimise or manage any potential impact on the charity should those risks materialise.



This work has identified that financial sustainability is the major financial risk for both the charity and its subsidiary. This risk has been intensified by the global pandemic of Covid-19 and continued uncertainty resulting in a loss to income from the trading subsidiary and a reduction in the cash balance. This reduction in the cash balance contributed to the credit risk for the charity. This risk has been managed by a negotiation post year end of the repayment of the Crufts Bank Plc loan.

The impact of the virus has also affected our operational activities with respect with the ability fill the auditorium and increased costs including hygiene products, signage and staffing. It also means our productions need to be produced in a Covid-19 safe manner which has affected the character of future performances. These risks will be managed through updated practice for government guidelines regarding the operation of theatre and conference venues and through dialogue with production teams and visiting performers and theatrical groups.

A key element in the management of financial risk is a regular review of available liquid funds to settle debts as they fall due, regular liaison with the bank, and active management of trade debtors and creditors balances to ensure sufficient working capital by the Trust and its subsidiary company.

Attention has also been focussed on non-financial risks arising from fire, health and safety of artists and audience, management of performing rights and food hygiene. These risks are managed by ensuring accreditation is up to date, having robust policies and procedures in place, and regular awareness training for staff working in these operational areas.

Our approach to fundraising activities

In the financial year the charity did not actively fundraise from the public or run legacy campaigns or undertake similar fundraising activities in its own right or via a trading subsidiary or third party. The trustees were though pleased to receive unsolicited gifts and legacies from patrons and supporters who generously support our artistic work. At the year-end the trustees made the decision that the public appeal should be launched.

Going forward with our fundraising appeal now will help secure the future of the theatre. We look forward to working with our *Friends of ATC Theatre* to make our appeal a success. As a larger charity required to have an audit, having now launched our public appeal, the charity is required to make the following additional disclosures. The trustees are pleased to confirm:

- The fundraising approach taken by the charity is to open a public appeal to raise funds to support the operational work of the charity. Currently the trustees have no plans to retain a professional fundraiser or commercial participator to assist with these fundraising activities;
- The trustees are pursuing registration with the Fundraising Regulator and will look to adhere to the practice this body recommends in addition to adhering to guidance issued by the Charity Commission;
- Since fundraising has only recently begun, the trustees have had no incidents of failure by the charity, or by any person acting on its behalf, to comply with fundraising standards;
- Since the trustees have not retained any person acting on its behalf no monitoring of fundraising activities by third parties is currently undertaken;
- The trustees did not receive in the year reported any complaints received about its fundraising activity;
- The trustees seek to protect vulnerable people and other members of the public by adhering to good practice and working through the friends and by complying with data privacy requirements to ensure that future fundraising events will be safeguarded from behaviour which:
 - Is an unreasonable intrusion on a person's privacy;
 - Is unreasonably persistent; and
 - Places undue pressure on a person to give money or other property.



Trustees' responsibilities in relation to the financial statements

The charity trustees (who are also the directors of the Arts Theatre Trust for the purposes of company law) are responsible for preparing a Trustees' Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The report and accounts have been prepared in accordance with the provisions in the Companies Act 2006 relating to small companies.

Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing the financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements 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 financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to disclosure to our auditors

In so far as the trustees are aware at the time of approving our Trustees' Annual Report:

- There is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and
- The trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the board of trustees

G R Gatsby (Chair)

9 October 2020



Arts Theatre Trust
Consolidated Statement of Financial Activities
(including consolidated income and expenditure account)
for year ending 31 July 2020

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2020 £'000	Total Funds 2019 £'000
Income:					
Donations and legacies	4	55	25	80	44
<i>Income from charitable activities:</i>					
Operation of theatre and arts centre	5	924	-	924	1,163
Coronavirus Job Retention Scheme	14	277	-	277	-
<i>Income from other trading activities:</i>					
Commercial trading operations	6	279	-	279	595
Investment income	7	18	-	18	16
Total income		1,554	25	1,579	1,818
Expenditure					
<i>Costs of raising funds:</i>					
Commercial trading operations		275	-	275	390
<i>Expenditure on charitable activities:</i>					
Operation of theatre and arts centre	8	1,475	9	1,484	1,422
Total expenditure		1,750	9	1,759	1,812
Net income/(expenditure) and net movement in funds for the year		(196)	16	(180)	6
Reconciliation of funds					
Total funds brought forward		1,649	12	1,661	1,655
Total funds carried forward		1,453	28	1,481	1,661

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

The prior year Consolidated Statement of Financial Activities is provided in note 31.



**Arts Theatre Trust
Consolidated Balance Sheet
as at 31 July 2020**

	Note	Group 2020 £'000	Group 2019 £'000	Charity 2020 £'000	Charity 2019 £'000
Fixed assets					
Tangible assets	17	1,700	1,760	1,700	1760
Investments	18	-	-	30	30
Total Fixed Assets		1,700	1,760	1,730	1790
Current assets					
Stock	19	87	83	73	82
Debtors	20	207	206	202	206
Cash at bank and in hand		147	345	79	316
Total Current Assets		441	634	354	604
Liabilities					
Creditors falling due within one year	21	(360)	(333)	(303)	(333)
Net Current Assets		81	301	51	271
Total assets less current liabilities		1,781	2,061	1,781	2,061
Creditors: falling due after more than 1 year	24	(300)	(400)	(300)	(400)
Net Assets		1,481	1,661	1,481	1,661
The funds of the charity:					
Unrestricted income funds	25	1,453	1,649	1,453	1,649
Restricted income funds		28	12	28	12
Total Charity Funds		1,481	1,661	1,481	1,661

The directors (trustees) have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and those prepared for circulation to members of the company.

The notes at pages 17 to 36 form part of these accounts

Signed G R Gatsby

Name GERRY REGINALD GATSBY, Chair of trustees on behalf of the trustees

Approved by the trustees on 9 October 2020



Arts Theatre Trust
Statement of Cash Flows and Consolidated Statement of Cash Flows
for year ending 31 July 2020

	Note	Group 2020 £'000	Group 2019 £'000	Charity 2020 £'000	Charity 2019 £'000
Cash used in operating activities	29	(94)	(41)	(131)	(41)
Cash flows from investing activities					
Interest income		18	16	16	16
Purchase of tangible fixed assets		(22)	-	(22)	-
Cash provided by / (used in) investing activities		(4)	16	(6)	16
Cash flows from financing activities					
Repayment of borrowing		(100)	(100)	(100)	(100)
Cash used in financing activities		(100)	(100)	(100)	(100)
Increase / (decrease) in cash at bank and in hand in the year		(198)	(125)	(237)	(125)
Cash at bank and in hand at the beginning of the year		345	470	316	441
Total cash at bank and in hand at the end of the year		147	345	79	316

Notes on the accounts

1 Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a) Basis of preparation

The financial statements have been prepared in accordance with the 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) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Arts Theatre Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

b) Preparation of the accounts on a going concern basis

The Trust reported a cash outflow of £237,000 for the year and £198,000 on a group basis. The trustees are of the view that the restructuring of secured debt and measures taken subsequent to the year-end to reduce operating costs (see note 28), the additional grant of £100,000 from N Arts, the reduced overheads of the trading subsidiary, the diversification of income (online donations platform) as well as the re-opening of the theatre post year-end have secured the immediate future of the Trust for the next 12 to 18 months and that on this basis the charity is a going concern.

The uncertain economic outlook and willingness of the public to purchase admission and theatre tickets is a significant area of financial uncertainty which the trustees have mitigated by reviewing the artistic programme and a pricing policy that encourages group bookings and provides discounts to the public willing to buy season tickets for performances. The trustees remain in regular contact with sponsoring local authorities (see note 14) to secure their on-going financial support.

c) Group financial statements

The financial statements consolidate the results of the charity and its wholly owned subsidiary HTC Ltd on a line-by-line basis. A separate Statement of Financial Activities and Income and Expenditure Account for the charity have not been presented because the Trust has taken advantage of the exemption afforded by section 408 of the Companies Act 2006. The directors have approved the omission of the company's individual income and expenditure account in accordance with section 414(1) from the company's annual accounts.

d) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from Government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred. In respect of the furlough grant; all conditions, with respect to the eligible costs being claimed, need to be met.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be



measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material (see note 22).

Income received in advance of a theatrical performance or provision of other specified service is deferred until the criteria for income recognition are met (see note 23).

e) Donated services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time of the Friends is not recognised in the financial statements. Further information regarding their contribution is included in the Trustees' Annual Report.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

f) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

g) Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of charity. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Trust's work or for specific artistic projects being undertaken by the Trust.

h) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the costs of commercial trading including the bar and coffee lounge and their associated support costs.
- Expenditure on charitable activities includes the costs of performances, exhibitions and other educational activities undertaken to further the purposes of the charity and their associated support costs.
- Other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

i) Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include administration costs, finance, personnel, payroll and governance costs which support the Trusts artistic programmes and activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in note 10.

j) Operating leases

The charity classifies the lease of printing, specialist lighting and audio equipment as operating leases; the title to the equipment remains with the lessor and the equipment is replaced every 5 years whilst the economic life of such equipment is normally 10 years. Rental charges are charged on a straight line basis over the term of the lease.

k) Tangible fixed assets

Individual fixed assets costing £1,000 or more are capitalised at cost and are depreciated over their estimated useful economic lives on a straight line basis as follows:

Asset Category	Annual rate
Long leasehold buildings	1–2%
Plant, equipment and motor vehicles	10–33%
Pianos	10%

l) Stock

Stock is included at the lower of cost or net realisable value. Donated items of stock are recognised at fair value which is the amount the charity would have been willing to pay for the items on the open market.

m) 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.

n) Cash at bank and in hand

Cash at bank and cash 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.

o) 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 amount after allowing for any trade discounts due.

p) Financial instruments

The trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

q) Pensions

Existing employees of the charity were entitled to join the County Pension Scheme which is funded by contributions from employee and employer or alternatively they may have opted to join the group money purchase defined contribution pension scheme operated by Reliable Insurances plc.

Members of the County Pension Scheme may also contribute added years to that scheme or take out an Additional Voluntary Contribution scheme, each of which is funded by the employee alone. Since 1 August 2008 new employees are only able to join the money purchase scheme and cannot join the County Pension Scheme. New and existing employees who are not in the County Pension Scheme were automatically enrolled into the money purchase scheme unless they have exercised their right to opt out of scheme membership.

The County Pension Scheme is a multi-employer defined benefit scheme administered for the benefit of Local Authorities and other bodies and is managed in accordance with the Local Government Pension Scheme Regulations 1997 (as amended). Past and present employees are covered by the provisions of the County Pension Scheme.

Members of the County Scheme accrue an index linked pension of 1/80 of the best of the last three years pensionable service for each year of service. Additional benefits include a lump sum on retirement, continued (reduced) pensions for a spouse on the death of the member and benefits for dependents on death or permanent incapacity in service.

The trustees are unable to confirm the charity's share of the underlying assets and liabilities of the County Pension Scheme and therefore the Scheme is accounted for as a defined contribution scheme. The County Pension Scheme provides that in the event that a single employer has individuals contributing to the scheme then any remaining liability for benefits payable under the scheme falls on that employer. Since the main participating employers are statutory bodies, the trustees consider it highly improbable that such a liability will ever fall to the Trust.

The employer's contributions made to the scheme in 2020 were £47,000 (2019: £44,000) with an employer's contribution rate of 14% of pensionable pay and an employee's contribution of 6% of pensionable pay. The contribution rate was due to be reviewed at the next scheme valuation date, on 31 July 2018, but notification is still awaited of any revision. The trustees are satisfied that any foreseeable change in employer's contributions can be budgeted for without detriment to the charity's ongoing activities.

Employees joining the money purchase pension scheme operated by Reliable Insurances Plc, contract directly with the insurance company. The Trust now makes a matching contribution of between 4% and 8% of salary to this pension scheme and acts as agent in collecting and paying over employee pension contributions. The contributions made for the accounting period are treated as an expense and were £39,000 (2019: £38,000).

2 Legal status of the Trust

The Trust is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £5 per member of the charity.

3 Financial Performance of the charity

The consolidated statement of financial activities includes the results of the charity's wholly owned subsidiary which operates the bar facilities and the Gleaming Globe Café.

The summary financial performance of the charity alone is:

	2020	2019
	£'000	£'000
Income	1,297	1,221
Amount gift aided from subsidiary company	7	207
	<hr/> 1,304	<hr/> 1,428
Expenditure on charitable activities	(1,484)	(1,422)
Net income	<hr/> (180)	<hr/> 6
Total funds brought forward	1,661	1,655
Total funds carried forward	<hr/> 1,481	<hr/> 1,661
Represented by:		
Restricted income funds	28	12
Unrestricted income funds	1,453	1,649
	<hr/> 1,481	<hr/> 1,661

4 Income from donations and legacies

Donations	2020	2019
	£'000	£'000
Gifts	5	5
Legacies	25	34
Donated services	30	5
Cancelled Show Donations	20	-
	<hr/> 80	<hr/> 44

The income from donations and legacies was £80,000 (2019: £44,000) of which £55,000 was unrestricted (2019: £39,000) and £25,000 restricted (2019: £5,000). Included within restricted funds, legacy income included a restricted gift of £20,000 from the late Mr O. Yeats to fund poetry and creative writing courses at the theatre.

The charity is grateful to Hampton Brown Consultancy for seconding a consultant to the charity to assist with redesigning its marketing literature and promotional posters. The value of this consultancy service to the charity is estimated at £30,000 (2019: £5,000). The estimated value of these services is recognised within incoming resources as a donation, and an equivalent charge included within promotional costs.

The Trust benefits greatly from the involvement and enthusiastic support of its many volunteers, details of which are given in our annual report. In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the accounts.

5 Income from charitable activities

	Unrestricted funds 2020 £'000	Unrestricted funds 2019 £'000
Income from concerts and stage performances:		
Gross income from admission charges and programmes	280	512
Less concessions	(51)	(72)
Subtotal : admission charges and programmes	299	440
Support from sponsors and local authorities	521	526
Subtotal: income from performances	750	966
Income from visiting arts exhibitions and installations	25	45
Education related income including residences	150	152
Sub- total income from charitable activities	924	1,163
Coronavirus Job Retention Scheme	277	-
Total income from charitable activities	1,202	1,163

6 Income earned from other activities

The wholly owned trading subsidiary HTC Ltd is incorporated in the United Kingdom (company number 8910110) and pays all of its profits to the charity under the gift aid scheme. HTC Ltd operates the bars, Gleaming Globe Café coffee lounge and all commercial trading operations carried on at the Arts Theatre Trust

A summary of the trading results is shown below.

The summary financial performance of the subsidiary alone is:

	2020 £'000	2019 £'000
Turnover	279	595
Cost of sales and administration costs	(275)	(390)
Interest receivable	2	2
Net profit	7	207
Amount gift aided to the charity	(7)	(207)
Retained in subsidiary	-	-
The assets and liabilities of the subsidiary were:		
Current assets	87	30
Current liabilities	(57)	-
Total net assets	30	30
Aggregate share capital and reserves	30	30

7 Investment income

All of the group's investment income of £18,000 (2019: £16,000) arises from money held in interest bearing deposit accounts.

8 Analysis of expenditure on charitable activities – Current year

	Concerts and stage performances £'000	Visiting arts exhibitions and installations £'000	Education including residences £'000	Total £'000
Artists' and exhibition fees	389	35	-	424
Production expenses	129	6	19	154
Courses and residences	-	-	68	68
Education and outreach	-	-	59	59
Box office and front of house	164	-	-	164
Promotion and marketing	76	5	4	85
Central premises costs	187	15	21	223
Bank loan interest	60	-	-	60
Depreciation	78	3	1	82
ATC Park – commissioning	12	-	-	12
Piano maintenance	1	-	-	1
Governance costs (see note 10)	42	3	3	48
Support costs (see note 10)	92	6	6	104
Total	1,230	73	181	1,484

Analysis of expenditure on charitable activities – Prior year

	Concerts and stage performances £'000	Visiting arts exhibitions and installations £'000	Education including residences £'000	Total £'000
Artists' and exhibition fees	378	35	-	413
Production expenses	129	6	19	154
Courses and residences	-	-	68	68
Education and outreach	-	-	59	59
Box office and front of house	162	-	-	162
Promotion and marketing	80	6	5	91
Central premises costs	187	15	21	223
Bank loan interest	62	-	-	62
Depreciation	88	3	1	93
ATC Park – commissioning	-50	-	-	-50
Piano maintenance	1	-	-	1
Governance costs (see note 10)	41	3	3	47
Support costs (see note 10)	88	6	6	99
Total	1,166	74	182	1,422

Expenditure on charitable activities was £1,484,000 (2019: £1,422,000) of which £1,475,000 was unrestricted (2019: £1,417,000) and £9,000 was restricted (2019: £5,000).

9 Summary analysis of expenditure and related income for charitable activities

This table shows the cost of the three main charitable activities and the sources of income directly to support those activities.

	Concerts and stage performances	Visiting arts exhibitions and installations	Education including residences	Total
	£'000	£'000	£'000	£'000
Costs	(1,230)	(73)	(181)	(1,484)
Educational grants	-	-	150	150
Admission charges	229	25	-	253
	(1,001)	(49)	(31)	(1,081)
Direct grant support	521	-	-	521
Net cost funded from other income	(480)	(49)	(31)	(560)

Summary analysis of expenditure and related income for charitable activities – prior year

	Concerts and stage performances	Visiting arts exhibitions and installations	Education including residences	Total
	£'000	£'000	£'000	£'000
Costs	-1,166	-74	-182	-1,422
Educational grants	0	0	152	152
Admission charges	440	45	0	485
	-726	-29	-30	-785
Direct grant support	526	0	0	526
Net cost funded from other income	-200	-29	-30	-259

10 Analysis of governance and support costs

The Trust initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the three key charitable activities undertaken (see note 8) in the year. Refer to the table below for the basis for apportionment and the analysis of support and governance costs.

Analysis of support and governance costs

	General support £'000	Governance function £'000	Total £'000	Basis of apportionment
Catering and venue hire for trustee and other business meetings	21	1	22	Invoiced events
Salaries, wages and related costs	64	22	86	Allocated on time Pro rata to staff full time equivalents
General office	19	6	25	
Audit fees	-	10	10	Governance
Accountancy services	-	5	5	Governance
Legal and other professional fees	-	4	4	Governance
Total	104	48	152	

Analysis of support and governance costs – Prior year

	General support £'000	Governance function £'000	Total £'000	Basis of apportionment
Catering and venue hire for trustee and other business meetings	18	1	19	Invoiced events
Salaries, wages and related costs	62	20	82	Allocated on time Pro rata to staff full time equivalents
General office	19	6	25	
Audit fees	-	10	10	Governance
Accountancy services	-	5	5	Governance
Legal and other professional fees	-	5	5	Governance
Total	99	47	146	

11 Net income/(expenditure) for the year

This is stated after charging:	2020	2019
	£'000	£'000
Operating leases – equipment	13	13
Depreciation	82	93
Bank interest payable	60	62
Auditor's remuneration:		
Audit fees	10	10
Non audit services – advice on accounting matters unrelated to the audit and provision of accounting services with respect to formatting the accounts.	5	5
	<hr/> <hr/>	<hr/> <hr/>

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

	2020	2019
	£'000	£'000
Salaries and wages	699	672
Social security costs	53	51
Pension costs	86	82
	<hr/> <hr/> 838	<hr/> <hr/> 805

No employees had employee benefits in excess of £60,000 (2019: nil). Pension costs are allocated to activities in proportion to the related staffing costs incurred and are wholly charged to unrestricted funds.

The charity trustees were not paid or received any other benefits from employment with the Trust or its subsidiary in the year (2019: £nil) neither were they reimbursed expenses during the year (2019: £nil). No charity trustee received payment for professional or other services supplied to the charity (2019: £nil).

The key management personnel of the parent charity, the Trust, comprise the trustees, the Chief Executive Officer, Finance Director and Artistic Director of Arts Theatre Trust. The total employee benefits of the key management personnel of the Trust were £165,301 (2019: £162,060).

The key management personnel of the group comprise those of the Trust and the key management personnel of its wholly owned subsidiary HTC Ltd. The key management personnel of HTC Ltd are the Chief Operating Officer and the Commercial Manager whose employee benefits total £73,001 (2019: £70,002). The employee benefits of key management personnel for the group were therefore £238,302 (2019: £232,062).

13 Staff Numbers

The average monthly head count was 41 staff (2019: 40 staff) and the average monthly number of full-time equivalent employees (including casual and part-time staff) during the year was as follows:

	2020	2019
	Number	Number
Trading	7	7
Concerts and stage performances	21	20
Visiting arts exhibitions and installations	1	1
Education including residences	7	7
Governance	1	1
	37	36

14 Related party transactions

The charity enjoys a close working relationship with N Arts Trust, which is a charity, BF Borough Council and B Town Council. Together these entities nominate the majority of our trustees (see the Trustees' Annual Report) and provide funding to enable the charity to carry out its charitable objectives. The following is a summary of funding provided by these entities:

	2020	2019
	£'000	£'000
Revenue funding		
BF Borough Council	281	281
B Town Council	90	95
N Arts Trust Core Grant	150	150
N Arts Educational Grant	150	152
	671	678

All the above funding was received to provide services, e.g. training in drama and theatrical productions, and has been included in the financial statements under incoming resources from charitable activities.

The charity has a contingent asset of a grant of £100,000 from N Arts for unrestricted purposes which at year end it had received a letter of intent but N Arts had not formally agreed to grant the charity this money.

In 2020 the following transactions took place between the Trust and its wholly owned subsidiary HTC Ltd:

- The provision of an operating licence renewable annually by the Trust to HTC Ltd as a concession to occupy the space used for the Globe Café and make use of bar related equipment of £37,500 (2019: £36,000); and
- The transfer under gift aid of the trading profits of HTC Ltd to the Trust of £7,000 (2019: £207,000) of which £7,000 was outstanding as at 31 July 2020 (2019: £nil).

There were no other outstanding balances with related parties as at 31 July 2020 (2019: £nil).

The Trust considers its key management personnel comprise the trustees, the Chief Executive Officer, Finance Director and Artistic Director of Arts Theatre Trust. The key management personnel of HTC Ltd are the Chief Operating Officer and the Commercial Manager. The total employment benefits are disclosed in note 12.

15 Government Grants

Income from Government grants comprises grants received under the Government Coronavirus Job Retention Scheme (see note 5) and performance related grants made by local authorities to fund the artistic and theatrical programme of the Arts Theatre Trust (see note 14 for more information as to the amount and source of these grants).

16 Corporation Taxation

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.

17 Tangible fixed assets – charity (also comprising that of the group)

	Long leasehold land and buildings £'000	Plant, machinery and motor vehicles £'000	Pianos £'000	Total £'000
Cost:				
As at 1 August 2019	2,597	981	32	3,610
Additions	-	22	-	22
As at 31 July 2020	<u>2,597</u>	<u>1,003</u>	<u>32</u>	<u>3,632</u>
Depreciation:				
As at 1 August 2019	891	927	32	1,850
Charge for the year	33	49	-	82
As at 31 July 2020	<u>924</u>	<u>976</u>	<u>32</u>	<u>1,932</u>
Net book value				
As at 1 August 2019	<u>1,706</u>	<u>54</u>	<u>-</u>	<u>1,760</u>
As at 31 July 2020	<u>1,673</u>	<u>27</u>	<u>-</u>	<u>1,700</u>

18 Investments

The charity holds 30,000 shares of £1 each in its wholly owned trading subsidiary company HTC Ltd which is incorporated in the United Kingdom. These are the only shares allotted, called up and fully paid. The activities and results of this company is summarised in note 6.

19 Stock

	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Props, staging and costumes	73	82	73	82
Bar	14	1	-	-
	<u>87</u>	<u>83</u>	<u>73</u>	<u>82</u>

20 Debtors

	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade debtors	33	20	21	20
Other debtors	119	128	119	128
Prepayments and accrued income	55	58	55	58
Amount due from subsidiary undertaking	-	-	7	-
	207	206	202	206

21 Creditors: amounts falling due within one year

	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Bank loan	100	100	100	100
Trade creditors	117	88	80	88
Short-term compensated absences (holiday pay)	38	38	38	38
Other creditors and accruals	52	42	32	42
Deferred income	35	46	35	46
Taxation and social security costs	18	19	18	19
	360	333	303	333

22 Contingent assets – legacy income and grant from N Arts

As at 31 July the charity had been notified of one residuary legacy the value of which is uncertain as the executor is awaiting confirmation of other claims on the estate, but it is unlikely to exceed £20,000. As at 9 October 2020 no further information had been received and so this legacy has not been accrued.

N Arts has responded to a request for additional support with a letter of intent to award a £100,000 grant to the charity to enable it to continue its work despite the restrictions in place, but this support requires approval from a council meeting which at 9 October 2020 had not taken place.

23 Deferred income

Deferred income comprises advance ticket sales related for the performance of the *Merchant of Venice* which began its run on 15 August 2020.

	2020		2019	
	Group £'000	Charity £'000	Group £'000	Charity £'000
Balance as at 1 August 2019	46	49	43	46
Amount released to income earned from charitable activities	(46)	(49)	(43)	(46)
Amount deferred in year	35	35	46	49
Balance as at 31 July 2020	35	35	46	49

24 Creditors: amounts falling due after more than one year

	Group		Charity	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Secured bank loan (falling due in less than 5 years)	250	400	250	400
Secured bank loan (falling due after 5 years)	50	-	50	-
	300	400	300	400

The secured bank loan is secured on the theatre property which has a carrying value of £1,673,000. The terms of the security provide for the lender to claim title to the property in the event of a default on principal and interest payments of more than 6 months duration in the event that a restructuring of the loan is not agreed. The repayment schedule for this loan was re-negotiated subsequent to the year end - see note 28.

25 Analysis of charitable funds

Analysis of movements in unrestricted funds

	Balance 1 August 2019 £'000	Income £'000	Expenditure £'000	Transfers £'000	Balance 31 July 2020 £'000
General fund	(243)	1,554	(1,656)	(13)	(358)
Designated development fund	50	-	(12)	-	38
Designated props and costumes	82	-	-	(9)	73
Designated property assets fund	1,760	-	(82)	22	1,700
Total	1,649	1,554	(1,750)	-	1,453

Analysis of movements in unrestricted funds- previous year

	Balance 1 August 2018 £'000	Income £'000	Expenditure £'000	Transfers £'000	Balance 31 July 2019 £'000
General fund	(284)	1,814	(1,714)	(59)	(243)
Designated development fund	-	-	50	-	50
Designated props and costumes	83	-	-	(1)	82
Designated property assets fund	1,843	-	(93)	10	1,760
Total	1,642	1,814	(1,807)	-	1,649

Name of unrestricted fund	Description, nature and purposes of the fund
---------------------------	--

General fund	The 'free reserves' after allowing for all designated funds.
Designated funds:	<p>a) Designated development fund for the continuing refurbishment of ATC Park and further expenditure is anticipated on professional fees within the coming year.</p> <p>b) Property assets fund is the value of unrestricted funds represented by the tangible fixed assets owned and used by the charity on an on-going basis for artistic activities.</p> <p>c) The value of props and costumes are essential for future productions and are designated and so are excluded from reserves.</p>

Analysis of movements in restricted funds

	Balance at 1 August 2019 £'000	Income £'000	Expenditure £'000	Transfers £'000	Balance 31 July 2020 £'000
Piano fund	9	-	(1)	-	8
Book festival	3	5	(3)	-	5
Poets course	-	20	(5)	-	15
Total	12	25	(9)	-	28

Analysis of movements in restricted funds- previous year

	Balance at 1 August 2018 £'000	Income £'000	Expenditure £'000	Transfers £'000	Balance 31 July 2019 £'000
Piano fund	10	-	(1)	-	9
Book festival	3	4	(4)	-	3
Total	13	4	(5)	-	12

Name of restricted fund	Description, nature and purposes of the fund
Piano fund	To purchase and refurbish concert standard pianos.
Book festival	To support the annual Summer Sundays' series of book festivals where a guest writer talks about their work and is available for book signings.
Poets course	Created in 2019, this new course of poetry and creative writing is funded from the legacy of Mr O. Yeats and funds a weekly poet's residence with evening poetry and creative writing sessions.

26 Analysis of group net assets between funds

	General Fund £'000	Designated Funds £'000	Restricted Funds £'000	Total £'000
Tangible fixed assets	-	1,700	-	1,700
Cash at bank and in hand	81	38	28	147
Other net current assets/(liabilities)	(139)	73	-	(66)
Creditors of more than one year	(300)	-	-	(300)
Total	(358)	1,811	28	1,481

Analysis of group net assets between funds- previous year

	General Fund £'000	Designated Funds £'000	Restricted Funds £'000	Total £'000
Tangible fixed assets	-	1760	-	1760
Cash at bank and in hand	283	50	12	345
Other net current assets/(liabilities)	(126)	82	-	(44)
Creditors of more than one year	(400)	-	-	(400)
Total	(243)	1,892	12	1,661

27 Financial instruments

Financial instruments measured at amortised cost comprise the loan financing provided by Crufts Bank Plc to the Trust.

	2020	2019
	£'000	£'000
Loan payable falling due within 1 year	100	100
Loan payable falling due in more than 1 year but less than 5 years	250	400
Loan payable falling due after 5 years)	50	-
Total	400	500

The loan financing is in the form of a secured loan with a variable interest rate. The market risk facing the Trust is that it is widely expected that interest rates will rise as the economic recovery gains momentum. Refer to the risk management section of the directors' report for information as to how this risk is managed and to note 28 for information as to how the liquidity risk is being managed by rescheduling the loan.

28 Post-balance sheet events

Post year end the theatre was able to open on 15 August but with reduced capacity due to the need to follow social distancing rules. Food and drink at the interval can be ordered by pre order only as social distancing for bar staff has reduced the amount of staff able to be behind the bar at the same time and so it would not be possible to serve everyone during the interval.

Reopening has not been without challenge and there have been further costs related to various virus control measures at the venue. The trustees continue to monitor whether it is financially viable to open with social distancing measures in place.

The charity's bankers Crufts Bank Plc agreed on 28 September 2020 to the rescheduling of the secured bank loan. The loan has been rescheduled so that the repayment of capital due in 2021 and 2022 remains £100,000 but thereafter it is reduced to £50,000 with the overall loan term extended from 5 years to 8 years. The variable interest rate of base rate plus 7% is to be increased to base rate plus 8% from 1 October 2020. The trustees anticipate that the extra interest cost incurred will be £5,000 of the remaining life of the loan. Crufts Bank plc has also agreed an overdraft facility of £300,000 on their normal commercial terms, reviewable six monthly.

On 7 October 2020 the trustees agreed with staff representatives a voluntary severance programme and optional reduction in hours programme, for booking office, administrative, hospitality and premises related staff, with a view to reducing the establishment by five whole-time equivalent staff, as part of the business recovery programme. The savings from the staffing are anticipated to amount to at least £100,000 annually and will make a major contribution to the business efficiency review being conducted for the charity by Goodshires & Co.

29 Reconciliation of net movement in funds to net cash flow from operating activities

	Group		Charity	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Net movement in funds	(180)	6	(180)	6
Add back depreciation charge	82	93	82	93
Deduct interest income shown in investing activities	(18)	(16)	(16)	(16)
Decrease / (increase) in stock	(4)	1	9	1
Decrease / (increase) in debtors	(1)	(68)	4	(68)
Increase / (decrease) in creditors	27	(57)	(30)	(57)
Net cash used in operating activities	(94)	(41)	(131)	(41)

30 Net debt reconciliation

Net debt reconciliation for the Group 2020

	At start of year	Cashflows	Other non-cash changes	At year end
Cash at bank and in hand	345	(198)		147
Bank loan falling due within 1 year	100	(100)	100	100
Secured bank loan (falling due in less than 5 years)	400	-	(150)	250
Secured bank loan (falling due after 5 years)	-	-	50	50

Net debt reconciliation for the Charity 2020

	At start of year	Cashflows	Other non- cash changes	At year end
Cash at bank and in hand	316	(237)	-	79
Bank loan falling due within 1 year	100	(100)	100	100
Secured bank loan (falling due in less than 5 years)	400	-	(150)	250
Secured bank loan (falling due after 5 years)	-	-	50	50



31 Prior year Consolidated Statement of Financial Activities

Arts Theatre Trust
Consolidated Statement of Financial Activities
 (including consolidated income and expenditure account)
 for year ending 31 July 2019

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2019 £'000
Income:				
Donations and legacies	4	39	5	44
<i>Income from charitable activities:</i>				
Operation of theatre and arts centre	5	1,163	-	1,163
<i>Income from other trading activities:</i>				
Commercial trading operations	6	595	-	595
Investment income	7	16	-	16
Total income		1,813	5	1,818
Expenditure				
<i>Costs of raising funds:</i>				
Commercial trading operations		390	-	390
<i>Expenditure on charitable activities:</i>				
Operation of theatre and arts centre	8	1,417	5	1,422
Total expenditure		1,807	5	1,812
Net income/(expenditure) and net movement in funds for the year		6	0	6
Reconciliation of funds				
Total funds brought forward		1,643	12	1,655
Total funds carried forward		1,649	12	1,661