

**Appendix One**

**WINCHESTER THEATRE FUND**  
**TRUSTEES REPORT AND ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>TH</sup> APRIL 2004**

**Martin and Company**  
**Chartered Accountants**  
**25 St Thomas Street**  
**Winchester**  
**Hampshire**  
**SO23 9DD**

**WINCHESTER THEATRE FUND**

**TRUSTEES' REPORT AND ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30<sup>TH</sup> APRIL 2004**

<b>Registered Charity Number</b>	269970
<b>Governing Document</b>	Trust Deed dated 1 <sup>st</sup> July 1975
<b>Registered Office</b>	5a Jewry Street Winchester Hampshire SO23 8RZ
<b>Trustees</b>	Verena Cornwall Sarah LeMay – resigned 13 <sup>th</sup> October 2003 Nicole Penn-Symons
<b>Management Committee</b>	Verena Cornwall Sarah LeMay Nicole Penn-Symons
<b>Examining Accountants</b>	Martin and Company 25 St Thomas Street Winchester Hampshire SO23 9DD
<b>Bankers</b>	National Westminster Bank PLC Old Bank Branch Winchester SO23 9AW
<b>Solicitors</b>	Mackerness and Lunt 43 Southgate Street Winchester Hampshire SO23 9EH

**WINCHESTER THEATRE FUND**

**TRUSTEES' REPORT AND ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30<sup>TH</sup> APRIL 2004**

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# **WINCHESTER THEATRE FUND**

## **TRUSTEES' REPORT AND ANNUAL FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 30<sup>TH</sup> APRIL 2004**

#### **Objects**

The Fund has as its principal object: cultivating and improving public taste in the dramatic arts and providing or assisting in the provision of education therein by presenting or assisting in the presentation of professional or amateur performances in the City of Winchester of dramatic works of artistic merit.

#### **Review of the Year's Activities**

During the period the Charity undertook to maintain the Theatre Royal building. The Charity worked with the operating company plus stakeholders to ensure that the programme proposed was of benefit to the wider community.

The Charity operates by invoicing the operating company monthly for rental of the Theatre Royal. This money is earmarked for maintenance as stated in the agreed maintenance schedule which has recently been reviewed. Additional income comes through sponsorship of the rooms within the Theatre Royal, received from commercial companies, which is used to cover general charity running costs, including a paid member of staff.

The board meets on a quarterly and annual basis and can appoint new Trustees on a majority vote at these meetings.

Due to the timing of cashflows in the year an inter-fund borrowing has arisen and is shown in note 4. This is a temporary balance and measures are being taken to rectify this position.

A new charity Winchester Arts Trust Limited has now been formed. It is planned that all of Winchester Theatre Fund's assets and obligations will be transferred to the new charity within the next 12 months.

#### **Financial**

Results of transactions undertaken during the period, and the financial position at 30<sup>th</sup> April 2004 are adequately disclosed in the attached Statement of Financial Activities and Balance Sheet together with the notes thereto. In the opinion of the Trustees, given continued fund raising success, there are adequate assets to fulfil the obligations of the Fund.

#### **Examining Accountants**

Martin and Company have acted as independent examining accountants during the period and the Management Committee intend to reconfirm this appointment.

#### **Risk Management**

The Trustees have assessed the major risks to which the Charity is exposed, in particular those related to the operations and finances of the Trust, and are satisfied that systems are in place to mitigate our exposure to the major risks.

#### **Reserves**

It is the policy of the Charity to try and maintain the free reserves of the Charity at a level to provide sufficient funds to cover management, administration and support costs of the Charity. The 'free reserves' of the Charity are those unrestricted funds not committed or invested in tangible fixed assets.

.....  
Verena Cornwall  
Trustee

Dated .....

## **WINCHESTER THEATRE FUND**

### **THE REPORT OF THE INDEPENDENT EXAMINERS TO THE TRUSTEES OF**

### **THE WINCHESTER THEATRE FUND**

### **FOR THE YEAR ENDED 30<sup>TH</sup> APRIL 2004**

I report on the accounts of the Trust for the year ended 30<sup>th</sup> April 2004, which are set out on pages 4 to 10.

#### **Respective responsibilities of trustees and examiner**

The Charity's Trustees are responsible for the preparation of the accounts. The Charity's Trustees consider that an audit is not required for this year (under section 43(2) of the Charities Act 1993 (the 1993 Act) and that an independent examination is needed.

It is my responsibility to:-

- examine the accounts (under section 43(3)(a) of the 1993 Act);
- to follow the procedures laid down in the General Directions given by the Charity Commissioners (under section 43(7)(b) of the 1993 Act); and
- to state whether particular matters have come to my attention.

#### **Basis of independent examiner's report**

My examination was carried out in accordance with the General Directions given by the Charity Commissioners. An examination includes a review of the accounting records kept by the Charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts and seeking explanations from you as Trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the accounts.

#### **Independent examiner's statement**

In connection with my examination, no matter has come to my attention.

- (1) which gives me reasonable cause to believe that in any material respect the requirements
  - to keep accounting records in accordance with section 41 of the 1993 Act; and
  - to prepare accounts which accord with the accounting records and comply with the accounting requirements of the 1993 Acthave not been met; or
- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Martin and Company  
Chartered Accountants and Registered Auditors  
25 St. Thomas Street  
Winchester  
SO23 9DD

Date:

# WINCHESTER THEATRE FUND

## TRUSTEES REPORT AND ANNUAL FINANCIAL STATEMENTS

### STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 30<sup>TH</sup> APRIL 2004

	Notes	General Funds £	Restricted Funds £	12 months to 30 April 2004 £	13 months to 30 April 2003 £
<b>Incoming resources</b>					
<u>Donations</u>					
Local authority grants		-	-	-	150,000
The Arts Council of England		-	-	-	331,229
Southern Arts		-	-	-	54,000
Donations		25,642	-	25,642	158,070
<u>Activities for generating funds</u>					
Events		-	-	-	4,043
Membership		-	-	-	(77)
'100' Club		252	-	252	960
Commissions		-	-	-	704
<u>Investment income and interest</u>					
Rental income		28,510	-	28,510	27,519
Interest on deposits		6	-	6	122
<b>Total incoming resources</b>		54,410	-	54,410	726,570
<b>Resources expended</b>					
<u>Costs of generating funds</u>					
Fund raising expenditure	2	515	-	515	21,696
<u>Charitable expenditure</u>					
Building maintenance		3,209	-	3,209	6,026
Management and administration	2	12,352	83,454	95,806	104,189
Interest paid		-	-	-	25,563
<b>Total resources expended</b>		16,076	83,454	99,530	157,474
<b>Net incoming/(outgoing) resources before transfers</b>		38,334	(83,454)	(45,120)	569,096
<b>Transfers between funds</b>		(7,329)	7,329	-	-
<b>Net movement in funds</b>		31,005	(76,125)	(45,120)	569,096
<b>Total funds at 30<sup>th</sup> April 2003</b>		18,891	3,995,376	4,014,267	3,445,171
<b>Total funds at 30<sup>th</sup> April 2004</b>		49,896	3,919,251	3,969,147	4,014,267

**WINCHESTER THEATRE FUND**

**TRUSTEES REPORT AND ANNUAL FINANCIAL STATEMENTS**

**BALANCE SHEET AT 30<sup>TH</sup> APRIL 2004**

	Notes	£	2004 £	£	2003 £
Fixed assets	6		3,924,048		4,010,619
Current assets					
Debtors and prepayments	7	6,796		1,924	
Cash and bank balances		43,100		22,843	
		-----		-----	
		49,896		24,767	
		-----		-----	
Current liabilities					
Accounts payable		420		18,619	
Sundry creditors and accruals		4,377		2,500	
		-----		-----	
		4,797		21,119	
		-----		-----	
Net current assets			45,099		3,648
			-----		-----
Total assets less liabilities			3,969,147		4,014,267
			-----		-----
Funds					
Unrestricted funds					
Designated funds		25,301		-	
General		24,595		18,891	
		-----		-----	
			49,896		18,891
Restricted funds	3		3,919,251		3,995,376
			-----		-----
Total funds	4		3,969,147		4,014,267
			=====		=====

The financial statements on pages 4 to 10 were approved by the Management Committee and signed on its behalf by:

.....

Verena Cornwall

Trustee

Dated:

# WINCHESTER THEATRE FUND

## TRUSTEES' REPORT AND ANNUAL FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> APRIL 2004

#### 1 Accounting Policies

##### **Basis of accounting**

The financial statements are prepared under the historical cost convention and are in accordance with applicable accounting standards. In preparing the financial statements the Charity follows best practice as laid down in the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2000) issued in October 2000.

##### **Income recognition**

Voluntary income such as grants, donations, membership fees etc is recognised in the accounting period of receipt, with due regard to the restriction imposed by the donor, although the related expenditure may take place in future accounting periods.

This treatment conflicts with Statement of Standard Accounting Practice 4 which requires that such income should be accounted for so as to match the expenditure to which it relates. However it is considered that the treatment in these accounts, which is in accordance with the Statement of Recommended Practice, is more appropriate to the operations of a Charity.

Rental income is accounted for on an accruals basis. On 1<sup>st</sup> October 2001 The Live Winchester Theatre Company (who operate the theatre) entered a ten year lease with the Winchester Theatre Fund. Rental income is received monthly in advance at predetermined annual rates.

##### **Expenditure**

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for the expenditure. All costs have been directly attributed to one of the functional categories of resources expended in the SOFA. Grants payable are charged in the period when the offer is conveyed to the recipient. Costs of generating funds comprise those costs directly attributable to raising funds for the Charity. The allocation of expenses to the various funds has been set out in notes 2 and 3 to the accounts.

##### **Fixed assets and depreciation**

Land and buildings are included at cost at date of acquisition. Additional expenditure is included at invoiced cost to date after due consideration of an impairment review carried out in the period as disclosed in note 6 to the accounts.

Depreciation has been provided on buildings as the Theatre is now in use. Depreciation of tangible fixed assets is provided at annual rates estimated to reduce the cost of each asset to its residual value over the term of its useful life as follows:-

Buildings	2% pa straight line
Office equipment	33.33% pa straight line

##### **Taxation**

Taxation is provided at current rates on any trading income, which is not exempted by statute or extra statutory concession, and on any investment income.



# WINCHESTER THEATRE FUND

## TRUSTEES' REPORT AND ANNUAL FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> APRIL 2004

#### Funds

Unrestricted funds are donations and other incoming resources receivable or generated for the objects of the Charity without specified purpose and are available as general funds.

Designated funds are unrestricted funds earmarked by the management committee for particular purposes.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

#### 2 Analysis of resources expended

	General Fund £	Restricted Fund £	Year to 30 April 2004 Total £	13 months to 30 April 2003 Total £
<b>Fundraising expenditure</b>				
Salaries and fees	-	-	-	20,797
'100' Club prizes	160	-	160	580
Marketing and advertising	355	-	355	189
Printing and distribution	-	-	-	482
Office establishment	-	-	-	(352)
	-----	-----	-----	-----
	515	-	515	21,696
	-----	-----	-----	-----
<b>Administration expenses</b>				
Salaries and fees - Gross	823	-	823	2,805
- Employers NIC	56	-	56	-
Bookkeeping fees	671	-	671	-
Recruitment costs	1,679	-	1,679	-
Office and general admin costs	4,979	-	4,979	-
Bank charges	-	-	-	45
Professional fees	1,955	-	1,955	7,553
Independent examination costs	1,900	-	1,900	1,615
Travel and subscriptions	-	-	-	-
Depreciation – Office equipment	-	-	-	1,510
Buildings	-	83,454	83,454	90,661
Loss on disposal – office equipment	289	-	289	-
	-----	-----	-----	-----
	12,352	83,454	95,806	104,189
	-----	-----	-----	-----

In previous years general overheads were allocated on a 50/50 basis between the General Fund and the Restricted Fund with the exception of the depreciation on the building which was allocated in full to the Restricted Fund. The Trustees believed this to be a fair apportionment of the costs.

Now that the building has been completed all general overheads are allocated to the General Fund, with building maintenance costs allocated against the Designated Fund. Only the depreciation of the building is allocated to the Restricted Fund.

# WINCHESTER THEATRE FUND

## TRUSTEES' REPORT AND ANNUAL FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> APRIL 2004

#### 3 Restricted Fund

	Balance 1 May 2003 £	Movement in Resources Incoming £	Outgoing £	Balance 30 April 2004 £
Renovation and refurbishment of Theatre fund	3,869,469	-	74,655	3,794,814
Forestage elevator fund	71,907	-	1,470	70,437
Enhanced operational capability fund	54,000	-	-	54,000
	-----	-----	-----	-----
	3,995,376	-	76,125	3,919,251
	-----	-----	-----	-----

The renovation and refurbishment of theatre fund relates to the fundraising campaign to carry out major refurbishment work on the Theatre Royal. The expenditure incurred in raising these funds is allocated against the income as are the project costs.

The forestage elevator fund was set up to allow the procurement and installation of the forestage elevator.

The enhanced operational capability fund (RALP) was set up to provide a crew room under the atrium of the Theatre.

#### 4 Analysis of Net Assets between Funds

	Tangible Fixed Assets £	Current Assets £	Current Liabilities £	Total £
<b>Restricted Fund</b>				
Renovation and refurbishment of Theatre	3,836,245	-	(41,431)	3,794,814
Forestage elevator fund	70,437	-	-	70,437
Enhanced operational capability fund - RALP	17,366	36,634	-	54,000
Inter fund balances	-	(36,634)	36,634	-
	-----	-----	-----	-----
	3,924,048	-	(4,797)	3,919,251
<b>Unrestricted Fund</b>				
Designated fund	-	25,301	-	25,301
General fund	-	24,595	-	24,595
	-----	-----	-----	-----
	3,924,048	49,896	(4,797)	3,969,147
	-----	-----	-----	-----

Designated Funds: The management committee has designated funds for the maintenance of the building.

# WINCHESTER THEATRE FUND

## TRUSTEES' REPORT AND ANNUAL FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> APRIL 2004

#### 5 Post balance sheet event

A new charity was incorporated on 10<sup>th</sup> February 2003 under the name of Winchester Arts Trust Limited. This company is limited by guarantee. All assets and activities of Winchester Theatre Fund should be transferred to this company within the next 12 months. All the trustees are directors of the company.

#### 6 Fixed Assets

	<b>Theatre Building £</b>	<b>Office Equipment £</b>	<b>Total £</b>
<b><u>Cost</u></b>			
at 1 <sup>st</sup> May 2003	4,184,346	6,931	4,191,277
Additions	8,829	-	8,829
Disposals	(11,657)	(6,931)	(18,588)
	-----	-----	-----
<b>At 30<sup>th</sup> April 2004</b>	4,181,518	-	4,181,518
	=====	=====	=====
<b><u>Depreciation</u></b>			
At 1 <sup>st</sup> May 2003	174,016	6,642	180,658
Charge for the period	83,454	-	83,454
Eliminated on disposal	-	(6,642)	(6,642)
	-----	-----	-----
<b>At 30<sup>th</sup> April 2004</b>	257,470	-	257,470
	=====	=====	=====
<b><u>Net Book Value</u></b>			
<b>At 30<sup>th</sup> April 2004</b>	3,924,048	-	3,924,048
	=====	=====	=====
At 30 <sup>th</sup> April 2003	4,010,330	289	4,010,619
	=====	=====	=====

It is the opinion of the Trustees that the Theatre building should be treated as a functional asset of the Charity and not an investment asset on the basis that the building is used for the Charity's main purpose.

An impairment review has been carried out in the period in accordance with the requirements of Financial Reporting Standard 11 (Impairment of tangible fixed assets). FRS 11 requires the asset to be valued at its recoverable amount if this is less than the net book value. The recoverable amount is the higher of the net realisable value and the value in use. Value in use is normally the present value of future cash flows obtainable as a result of an asset's continued use but this would be inappropriate for the Charity. In the Charity's case a more appropriate measure would be the replacement cost of the asset.

As the replacement cost of the building is in excess of the net book value, the Trustees are of the opinion that the building should be valued at its current net book value.

The property is encumbered i) by a legal charge as security for the due performance of the building improvements undertaken in 1985 and for which a capital grant was received from Winchester City Council; and ii) by a legal charge ranking pari passu a security for the bank overdraft.

**WINCHESTER THEATRE FUND**

**TRUSTEES' REPORT AND ANNUAL FINANCIAL STATEMENTS**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> APRIL 2004**

**7 Debtors**

	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
H M Customs and Excise	-	964
Other	6,796	960
	-----	-----
	6,796	1,924
	-----	-----

**8 Employees**

There was one full-time equivalent employee of the Fund (2003: two).

**9 Trustees' remuneration**

The Trustees received no remuneration or expenses during the current period or previous year.