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Charity Commission Number: 286876
Company Registration Number: 1711502

THE SOUTHAMPTON NUFFIELD THEATRE
TRUST LIMITED
(limited by guarantee)
ANNUAL REPORT
FOR THE YEAR ENDED 31ST MARCH 2003



THE SOUTHAMPTON NUFFIELD THEATRE TRUST LIMITED
(limited by guarantee)

ANNUAL REPORT

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THE SOUTHAMPTON NUFFIELD THEATRE TRUST LIMITED
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ADMINISTRATIVE INFORMATION FOR THE YEAR ENDED 31ST MARCH 2003

Charity Commission Registered No.	286876
Company Registered No.	01711502
Registered and Principal Office	University Road Southampton Hampshire S017 1TR
Solicitors	Paris Smith and Randall 1 London Road Southampton Hampshire S015 2AE
Auditors	Fiander Tovell LLP Chartered Accountants Registered Auditors Stag Gates House 63/64 The Avenue Southampton Hampshire S017 1XS
Bankers	National Westminster Bank plc Woollen Hall Castle Way Southampton Hampshire S014 2DE

THE SOUTHAMPTON NUFFIELD THEATRE TRUST LIMITED
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CHAIRMAN'S REPORT FOR THE YEAR ENDED 31ST MARCH 2003

The Company's artistic work was hugely successful in 2002/2003. However, it was a year of considerable development, change, and indeed challenge, for the Nuffield. External changes to relationships with funding bodies and new developments in the Southampton arts environment, were matched by physical changes to Nuffield buildings, Board restructure, operational developments and financial challenges. The Company responded positively to these changes and it goes into 2003/04 with a firm operational base, solid financial plans, strong support from its key stakeholders, new structures and strategies in place, and further plans for sustainable development.

The beginning of the year was marked by uncertainty about the Nuffield's grant from Southampton City Council and a subsequent threat to the uplift in Arts Council funding following the Theatre Review. Whilst the Company managed to retain the same level of grant, albeit under an altered arrangement, its budget was not confirmed until May. As the year progressed, a number of factors including a poor Box Office return on *Epsom Downs*, ambitious developments to Hampshire Youth Theatre, and a reduction in the number of commercial hirers of the theatre, had a negative impact on income generation. A decision to postpone the aptly entitled new play, *When we are Rich*, until the new financial year, and to restructure staffing of the Touring and Projects and Administration departments helped to reduce the impact of this shortfall. However, by January the Company was projecting a deficit of £138,000. An in-depth exploration of its financial position over the last five years showed that a year-on-year increase in the cost of the Company's artistic and educational work had not been matched by the same level of increase in earned income. This had been partly masked in recent years by a series of one-off grants or windfalls. The Company responded to this situation quickly and effectively putting together a plan to trade out of the deficit over three years, and setting in place a process to develop the Company in the longer-term. Alterations to the next three years' programme included a small reduction in main house productions off-set by an increase in complementary visiting companies, a new vision for Sunday night programming, and the temporary replacement of two of the Company's youth theatre productions with a series of theatre skills workshops. Further integration of the Company's Touring and Project department allowed for further financial savings, and other operational changes to cut costs also improved practices and are a natural progression of the developmental work commenced last year. Following a difficult financial year, the staff and Board have embraced the opportunity to developing new plans for the Nuffield's future from a more solid base in 2003/04, and will be commencing this process with a Board awayday during the summer. The Board wishes to thank its key funders, Arts Council South East, Southampton City Council, the University of Southampton and Hampshire County Council, and Nat West Bank for their support during the year. It also particularly wishes to thank Roger McCann, Michael Fuller and Christine Rawnsley for their active help.

Despite its financial difficulties the Company was determined to continue with the development of its operations begun in 2001/02 and, where possible to modernise its outdated facilities as planned. In fact, the amount of changes to Nuffield buildings and operations in 2002/03 were unprecedented. The most significant changes to our premises were:

1. The Company exchanged its office space in Shirley Road for a new space to build sets, and store sets and costumes, thereby reducing both ongoing costs for set building and storage. The building at Shirley Road, which had been loaned to the Company by Hampshire County Council, was returned to the County. Instead, Hampshire generously granted the Nuffield £10,000 per year towards the new building, and in August the Company took out a 9-year lease on a property in Freemantle.

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CHAIRMAN'S REPORT FOR THE YEAR ENDED 31ST MARCH 2003
(continued)

2. The Company also received an anonymous donation of £10,000 in order to create a new studio space inside its restaurant. This space has not only housed our small-scale children's theatre more satisfactorily, but also provided the Nuffield with an experimental space for the first time.
3. In the spring, the Nuffield staff created and built a new café bar in the old restaurant, launching it as The Studio, Café Bar in March. This space has been a resounding success. Creating an atmosphere that is welcoming, contemporary, and lively, it complements the Company's image as a hub of theatre activity in the City. The investment has been added to the Company's fixed assets. The Nuffield particularly wishes to thank architect, Bob Chivers, who donated his time for this project, Assistant Director (Commissioning) for the University of Southampton's Estates and Buildings department, Yannis Roussos, who helped to steer it through, the staff that built it, and the many Friends of the theatre and audience members who took part in focus groups to help develop a new look and style for the space.
4. As we approach the financial year-end the Company has been preparing to move its accounts and production offices from 95 University Road into new office space created in the Nuffield building. This will not incur any costs to the Nuffield. In addition, the Company is looking to raise sponsorship in order to upgrading the 'old bar' to become *Studio 2* – a meeting and hospitality room.

Operational changes planned as part of the Company's ongoing development, were finely tuned as the year progressed. The Touring and Projects and Marketing departments incurred the most significant change. Daniel Buckroyd, the Associate Director, who joined the Company in 1996 resigned in March 2003, having been offered the post of Artistic Director of New Perspectives Theatre Company. Interviews for a new Associate Director will take place in May. Integration of the 'T&P' work with that of other departments in the theatre has continued this year with very positive results and financial savings. Production of all the theatre's work is now overseen by Nicky Wingfield, the Production Manager, and technical running of 'T&P' work in the theatre is managed by her team, similarly the Marketing department is responsible for all customer marketing of 'T&P' work.

Changes to the staffing structure of the Marketing department which began in 2001/02 were completed in 2002/03. New posts of Box Office Manager and Assistant Manager were created and staff recruited. The freelance post of Fundraiser was replaced with an in-house Development Officer in the first instance, and later in the year with a Development and Marketing Officer on a higher salary.

Significant progress was made in both marketing and fundraising during the year. Research was undertaken, plans to develop audiences and to increase income from fundraising were written, and in particular publicity materials and 'Nuffield branding' continued to be developed during the year. The Friends scheme, launched in 2001/02, began to grow steadily during the year and the Company hosted its first Christmas party for Friends, Company, Board and VIPs on the opening night of *101 Dalmatians*. Business sponsorship also increased. New relationships were made with the Portman Building Society and John Lewis, and we were delighted that Waitrose sponsored the Christmas show for the second year running.

Across the whole Company, three posts were made redundant during the year: Administrative Assistant, Touring and Projects Administrator and Touring and Projects Production Manager. Only one of these jobs had a member of staff in post at the time.

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CHAIRMAN'S REPORT FOR THE YEAR ENDED 31ST MARCH 2003
(continued)

As well as staff changes, four members of the Board resigned during 2002/03. Michael Arthur and Cora Kaplan, both University appointed members were replaced by Jo Doyle and Sally Keenan. Cllr D Simpson was replaced by Cllr P Wakeford as a Southampton City Council appointed member and an elected member, Terry Goddard, resigned. The other significant change to the Board took place in November, when we officially adopted a new committee structure. The previous system of an Executive Committee of five members was replaced by two committees, one dealing with finance, funding, strategy and personnel, the other with marketing, fundraising and customer care. All Board members are now on either one or the other committee. This system will be subject to review during the year.

Key external matters that concerned the Nuffield during the year included changes in Southampton, the restructure of the Arts Council, and new priorities for the arts announced by Hampshire County Council. During the year Southampton City Council facilitated the development of a cultural strategy for the City. The Company was closely involved in the development of the strategy, with both the Administrative Director and Marketing Manager taking part in task groups set up by the Council. The strategy has now been adopted and is a positive step forward for the arts in the City. In addition, plans for the Lottery funded new arts facilities in the City centre took a step forward with a series of positive bids by commercial developers to build the project. The Nuffield has continued to keep an open dialogue with the City about this development.

The Arts Council restructure continued this year, with Southern Arts amalgamating with South East Arts. The new regional office entitled Arts Council England South East moved to a new base in Brighton in March 2003. During the year, the Nuffield was lucky to benefit from advice of its Theatre Officer, Roger McCann, particularly concerning its financial position. Following the restructure and ACE:SE's move to Brighton, the Company has begun to develop a fruitful relationship with its new officer, Judith Hibberd, who is taking a lead in negotiations with the Southampton City Council concerning the Lottery funding of the new arts facilities. Whilst the Nuffield is pleased to be developing new relationships with ACE:SE officers and Regional Council members, it remains concerned that the enlarged new region will have a negative impact on the sustainability of a close relationship.

The Company is also concerned that new priorities for the arts, announced by Hampshire during the year, should not have a negative impact on the work that it has been developing in the County over a period of years. It will remain in close touch with Arts Officer, Michael Fuller concerning this issue.

The Board would like to extend their thanks to the Nuffield's staff and in particular the Artistic and Administrative Directors who have worked with great dedication in a difficult year to achieve significant artistic success, and positive managerial developments, that the Theatre and the City of Southampton can be rightly proud of.

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CHAIRMAN'S REPORT FOR THE YEAR ENDED 31ST MARCH 2003
(continued)

Artistic Work

In 2002/2003 the Nuffield's artistic work won acclaim at its Southampton base, nationally and internationally. The Company produced five new main house productions and one revival, three small-scale children's shows, and a significant participation programme including five youth theatre productions. The Company won a national award, toured the country at both small and middle-scale, and represented the UK in an international festival.

During the year, the Company hosted a placement from the Arts Council's Assistant Director Traineeship scheme. Georgia Bance assisted Artistic Director Patrick Sandford with two main house shows, worked with Associate Director Daniel Buckroyd, and led a number of education projects. Her main house debut, *Our Country's Good*, won significant praise.

Other key projects for the Company during the year included:

- The award-winning production of *Three Sisters*, which also toured regionally
- The Company's visit to the International Festival of Ancient Greek Drama with *King Oedipus*
- National touring of the Company's productions of *Not Now Bernard* and *Abomination*, both of which were new adaptations of children's stories
- The Hampshire Youth Theatre production of *Zigger Zagger* which was staged in the new St Mary's football stadium
- An ensemble company of ten actors in *Cyrano de Bergerac* and *Our Country's Good*
- A new intake for the Nuffield Writers Group
- The launch of the new studio space with two youth theatre productions, *After Juliet* and *Borders, Barriers and Bridges*.

Alongside the Company's production work, the Nuffield hosted a programme of visiting companies including the US company, The Riot Group with their award-winning show *Victory at the Dirt Palace*. The Company also continued to develop its relationship with Art Asia and its programme of South Asian work, and it won an award of £28,000 in order to develop this strand of work in 2003/04. The Sunday night programme continued during the year. However, it was decided that this strand of the programme should be altered from April 2003. A new, reduced programme will be more closely aligned to the Company's image for high definition work, and a key part of the programme will be specifically targeted at students and younger audiences. Saturday morning children's theatre completed the year's programme.

Work during the year included:

Nuffield Theatre Company Productions

Three Sisters. A co-production with Theatre Royal Bath, *Three Sisters* was nominated as best touring production in the Barclays TMA awards and Simon Higlett won best design jointly for this production and Birmingham Rep's Elizabeth Rex. Directed by Patrick Sandford, *Three Sisters* toured regionally and won excellent national critical acclaim. '*Patrick Sandford's quietly impressive production...the evening has insight that is revealed in tiny moments: the little skip that Irina gives when she talks of Moscow, the greedy cake-eating that means they have their mouths full when Vershinin first arrives, or Masha so embarrassed by her husband that she comes over all itchy. The play's final quiet desperation is indicated by Irina left clutching the cup of coffee asked for by the doomed Baron, and Masha turning up with a suitcase as the army departs the town.*' The Guardian, **** The Times.

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CHAIRMAN'S REPORT FOR THE YEAR ENDED 31ST MARCH 2003
(continued)

Artistic Work (continued)

Nuffield Theatre Company Productions (continued)

Epsom Downs. Set on Derby Day in the year of the Silver Jubilee, *Epsom Downs* was programmed to coincide with Derby Day and the Golden Jubilee weekend. Disappointingly, factors including the World Cup and the Jubilee celebrations themselves, affected audience numbers. However, the show, directed by Daniel Buckroyd was praised as a highly enjoyable ensemble production. *'This is marvellous entertainment, masterfully directed by Daniel Buckroyd'* The Stage.

King Oedipus. Following last year's presentation in Southampton, the Nuffield's highly acclaimed production, directed by Patrick Sandford, was invited to represent England at the International Festival of Ancient Greek Drama in Cyprus. *'Sandford's great achievement is to turn a remote cultural artefact into a gripping, new minted drama that keeps everyone on the edge of their seats.'* The Daily Telegraph.

***Cyrano de Bergerac* and *Our Country's Good*.** An ensemble company of ten actors was brought together for *Cyrano de Bergerac* (directed by Patrick Sandford) and *Our Country's Good* (directed by Georgia Bance) which played in the Autumn 2003. *'Patrick Sandford and his brilliant cast – including Simon Robson as Cyrano, giving one of the best performances I've seen for ages...This is a must see show'* The Daily Echo on *Cyrano*, *'Once again The Nuffield has come up trumps'* The Daily Echo on *Our Country's Good*.

101 Dalmatians. Adapted by Debbie Isitt and directed by Patrick Sandford, *101 Dalmatians* was a hugely enjoyable Christmas show. Attracting 23,000 people it took more money at the box office than any previous Christmas show. However, in a return to a more 'Nuffield' brand of Christmas mayhem, we have decided to return to an adaptation by Patrick Sandford in the coming year. *'You'll be happy as a dog with two tails once you've seen Southampton's Nuffield Theatre Christmas production of 101 Dalmatians'*. Hampshire Chronicle.

Not Now Bernard* and *Abomination (Nuffield Theatre First tour no 1). Two popular children's books, *Not Now Bernard* was adapted for the stage by Daniel Buckroyd, whilst *Abomination* was adapted by Julie Wilkinson. Both were created for small-scale touring with a cast of three and were directed by Daniel Buckroyd. The shows toured to schools in the region and to theatres nationwide. They also played on the Nuffield's main stage. *'A brilliant show, superb acting, colourful, good use of music and language. Excellent Children's Theatre.'* The Lighthouse, Poole on *Not Now Bernard*. *'Staggering in its pace, energy and skill – in many years I have rarely seen such quality – my students were spellbound - they have been talking to me about it all day!'* Teacher - The Arc, Trowbridge on *Abomination*.

Macbeth. (Nuffield Theatre First tour no 2). A second company performed a special adaptation of *Macbeth* touring to local schools and arts centres. Accompanying SATS workshops proved very popular. *'Very original interpretation ... reinforced the value of text studied during literacy...inspiring'* Orchard Junior School.

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CHAIRMAN'S REPORT FOR THE YEAR ENDED 31ST MARCH 2003
(continued)

Artistic Work (continued)

Toured-in Theatre

The Company presented a selection of toured-in work in the main house, as follows:

- Three weeks of visiting companies including US company, The Riot Group's first English tour with its award-winning production, *Victory at the Dirt Palace*, Nottingham Playhouse's *Beautiful Thing*, and Claire Dowie's *Year of the Monkey*.
- Two performances of South Asian arts presented in association with Art Asia.
- A varied programme of special Sunday performances. In the second half of the year, the Company began to introduce big name stand-up comedians into the programme to attract student and younger audiences.
- An on-going programme of Saturday children's theatre was presented for 3-11 year olds. This continues to be a very popular part of the Nuffield's programme.

Projects and Participation

Hampshire Youth Theatre. Following the previous year's success with the World premiere stage version of The Who's concept album *Quadrophenia*, in 2002/03 HYT formed its largest ever group to stage Peter Terson's *Zigger Zagger* in the new St Mary's football stadium. The addition of a chorus of forty 12-15 year olds to the team of 16-25 year olds paved the way for the establishment of a regular junior HYT team for future years.

Nuffield Youth Theatres. Together with HYT, the Nuffield produced a record five youth theatre productions in 2002/03. Two pieces, *Sparkleshark* and *Playground Blues* were staged in the theatre, whilst two other Nuffield youth theatre projects, *After Juliet* and *Borders, Barriers and Bridges* were staged in the new studio space. Sadly, financial restrictions over the next three years will result in a temporary return to only two youth theatre productions per annum. However key activities for the age groups involved will remain, as will two HYT projects and participation in community choruses in main stage shows.

Workshops for Adults and Children. Theatre skills workshops for adults and a new ten-week course of workshops for children took place at the Company's teaching and rehearsal space in Swathling throughout the year. In addition, outreach work in schools including workshops and talks, and INSET, accompanied the small-scale touring shows.

The Writers Group. A new intake into the Writers Group in September launched a more tightly structured two-year course. Run by the Script Executive, John Burgess, the Writers Group has been significantly successful in developing the skills of professionally minded local writers and has led to the production of two plays by new Southampton writers on the main stage in the last two years.

Activities around main house shows. The Company continued to run this range of successful participatory activities including *Meet the Cast* sessions, *Play Days*, and *Party Nights*.

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CHAIRMAN'S REPORT FOR THE YEAR ENDED 31ST MARCH 2003
(continued)

Artistic Work (continued)

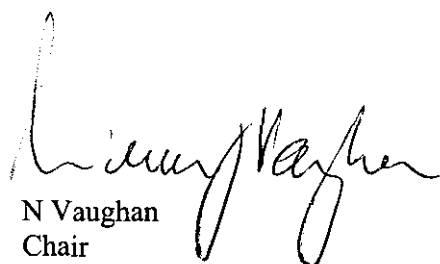
Projects and Participation (continued)

Work Experience weeks. These week-long educational projects for 14-18 year olds continued this year. The October project was particularly successful and took its themes from the main stage show, *Our Country's Good*. Southampton's Mayor, Cllr Brian Parnell, attended performances of the participants' own version of scenes from the show.

SATS workshops and Careers & Training evening. Two further educational projects completed this year's participation activities. The SATS workshops helped 13-14 years olds studying *Macbeth* and *Twelfth Night* to see the text brought to life on stage, whilst the Careers and Training evening helped young people who are considering a career in theatre to get further information about the various possibilities on offer.

Home for local amateur/community companies

The Nuffield continued its long-standing relationship with local amateur and community groups, hosting and supporting 7 weeks of work from local companies.



N Vaughan
Chair

THE SOUTHAMPTON NUFFIELD THEATRE TRUST LIMITED
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DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2003

The board members have pleasure in presenting their annual report and the financial statements for the year ended 31st March 2003. The administrative and legal information on page 1 forms part of this report. The financial statements comply with current statutory requirements and the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2000).

Trust Status

The Trust is a company limited by guarantee and is a registered charity. It is governed by its Memorandum and Articles of Association, which date from 1982.

Principal Activity

The principal activity of the Trust consists of the management and promotion of the Nuffield Theatre, its resident company and related services. The Southampton Nuffield Theatre Trust was established with the primary objectives of encouraging the Arts, the promotion and advancement of education and the cultivation and improvement of public education in the Arts.

Organisational Structure

A Board of up to 20 members administers the charity. The Board meets at least four times each year.

This Board comprises two appointed members from the University of Southampton, two appointed members from Southampton City Council and two appointed members from Hampshire County Council, together with independent members elected by the Board and described as elected members.

The Board operates through two sub-committees, the Marketing, Fundraising & Customer Care committee and the Finance, Funding, Strategy & Personnel committee. The sub-committees meet quarterly and report to the full Board.

An artistic director and administrative director are appointed by the Board to manage the day to day activities of the charity.

The charity has a wholly owned subsidiary company, operated for the purposes of bar and catering trading, Southampton Nuffield Theatre Trading Company Limited.

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DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2003
(continued)

Board Members

The members constitute directors for the purposes of the Companies Act 1985 and trustees for the purposes of charity law. The members who served during the year were:

Appointed Members

Cllr Mrs S Allbright
Mr M Arthur (resigned 20 February 2003)
Prof C Kaplan (resigned 13 March 2003)
Cllr C Cunio (appointed 27 May 2002, resigned 15 August 2003)
Cllr C R H Davidovitz
Ms J Doyle (appointed 26 March 2003)
Cllr T Holden-Brown (appointed 12 June 2003)
Dr S Keenan (appointed 26 March 2003)
Cllr D Simpson (resigned 8 May 2002)
Cllr P Wakeford (appointed 27 May 2002, resigned 12 June 2003)

Elected Members

Rear Admiral R G Baylis
Mr S Boyce
Mr A Black
Mr T Goddard (resigned 6 November 2002)
Mr C Gordon
Mr P Grinyer
Mr D Hill
Mr K Hooper
Ms A Pye (appointed 8 May 2002)
Mrs J Rattle
Ms P Robertson
Mrs T A Short
Mr N Vaughan (Chairman)
Ms Z Walker (deceased 24 August 2003)

Ex Officio

Mr K Spencer / Mr A Morgan (Amateur Users Group)
Mrs J Palmer (Friends of Nuffield Theatre)

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DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2003
(continued)

Review of Activities and Future Developments

Please see the Chairman's report for a full review of the Company's activities in 2002/03.

As shown in the Consolidated Statement of Financial Activities, total incoming resources decreased by 6% to £1.55 million while resources expended increased by 2% to £1.78 million, resulting in a deficit for the year across all funds of £234,000. Approximately 40% of this deficit related to planned movements in restricted funds due mainly to the annual depreciation of the 1990's theatre refurbishment costs. The results, including those of the Charity's trading subsidiary company which contributed a surplus of over £22,000, are fully detailed in the following financial statements.

The unrestricted funds' deficit at the 31st March 2003 was £155,000. As described in more detail in the Chairman's report, the Company is now working to a new financial plan to trade out of the deficit over the next three years.

The Chairman's report covers future developments in the Company's artistic programme. Other planned developments include:

- A period of organisational development leading to a new vision for the company.
- Further research and action to widen the range and number of people participating in the Company's activities.
- Action to sustain the Company's high national profile and seek opportunities to build further artistic collaborations.

Reserves Policy

The members believe that the charity should hold financial reserves because:

1. it is dependent for income upon grant funding from year to year, which is inevitably subject to fluctuation, and
2. it requires protection against and the ability to continue operating despite loss making shows.

The members believe that the minimum level of the reserves should be the equivalent of six months net operating costs calculated and reviewed annually and believe that the reserves should be built up to the desired level in stages consistent with the charity's overall financial position and its need to maintain and develop its charitable activities.

The accumulated deficit on unrestricted funds at 31st March 2003 amounts to £155,000. The Board has approved a policy of reducing this by £50,000 per annum and efforts will be made to continue this policy for at least five years.

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DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2003
(continued)

Risk Management

The major risks to which the charity is exposed are reviewed by the members and systems established to mitigate those risks.

The Finance, Funding, Strategy & Personnel committee is responsible to the Board for monitoring the charity's risk management system.

Statement of Board Members' Responsibilities in relation to the Financial Statements

Law applicable to incorporated charities in England and Wales requires the board members, who are also directors of the company, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the group at the end of the year and of its financial activities during the year then ended. In preparing those financial statements, the board members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The board members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Auditors

A resolution will be proposed at the Annual General Meeting that Fiander Tovell LLP be re-appointed as auditors to the charity for the ensuing year.

This report was approved by the Board of Members and signed on its behalf by:



K Anderson
Company Secretary

23 October 2003

Date

THE SOUTHAMPTON NUFFIELD THEATRE TRUST LIMITED
(limited by guarantee)

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF THE
SOUTHAMPTON NUFFIELD THEATRE TRUST LIMITED (limited by guarantee)

We have audited the financial statements of The Southampton Nuffield Theatre Trust Limited for the year ended 31st March 2003 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein .

This report is made solely to the charity's trustees as a body, in accordance with the Companies Act 1985. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As described in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

We have been appointed as auditors under Section 43 of the Charities Act 1993 and report in accordance with regulations made under Section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards. We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit.

We read other information contained in the Trustees' Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming an opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

THE SOUTHAMPTON NUFFIELD THEATRE TRUST LIMITED
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REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF THE
SOUTHAMPTON NUFFIELD THEATRE TRUST LIMITED (limited by guarantee) (continued)

Going Concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the appropriateness of the going concern basis of their preparation, the validity of which depends upon sufficient funding being received to meet the financial commitments arising from the continuation of the group's activities. In view of the significance of this uncertainty, we consider that it should be drawn to your attention. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the charitable company's and group's state of affairs as at 31st March 2003 and of the group's incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Fiander Tovell up

Stag Gates House
63/64 The Avenue
SOUTHAMPTON

FIANDER TOVELL LLP
CHARTERED ACCOUNTANTS
REGISTERED AUDITORS

Date *23/10/03*

THE SOUTHAMPTON NUFFIELD THEATRE TRUST LIMITED
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CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST MARCH 2003

	<u>Notes</u>	<u>Restricted</u> <u>Funds</u> <u>£</u>	<u>Unrestricted</u> <u>Funds</u> <u>£</u>	<u>Total Funds</u> <u>2003</u> <u>£</u>	<u>Total Funds</u> <u>2002</u> <u>£</u>
<u>Incoming Resources</u>					
Operating Activities:					
Production Income	2	-	518,943	518,943	613,179
Commercial Trading	3	-	95,349	95,349	118,526
Grants	4	81,789	825,380	907,169	845,841
Donations & Sponsorship	5	203	23,663	23,866	62,948
Other Income		-	5,340	5,340	13,218
Total Incoming Resources		81,992	1,468,675	1,550,667	1,653,712
<u>Less: Cost of Generating Funds</u>					
Commercial Trading	6	-	72,866	72,866	84,476
Fundraising Expenses	6	-	26,919	26,919	21,886
Net Incoming Resources available for charitable application		81,992	1,368,890	1,450,882	1,547,350
<u>Charitable Expenditure</u>					
Production and Related Support Costs	6	87,924	1,198,135	1,286,059	1,234,022
Premises Costs	6	89,824	70,297	160,121	169,607
Management and Administration of the Charity	6	-	238,892	238,892	237,259
Total Charitable Expenditure		177,748	1,507,324	1,685,072	1,640,888
Total Resources Expended	6	177,748	1,607,109	1,784,857	1,747,250
Movement in Total Funds for the Year		(95,756)	(138,434)	(234,190)	(93,538)
Total Funds B/F as Previously Stated		1,071,663	(16,494)	1,055,169	1,129,307
Prior Year Adjustment	8	-	-	-	19,400
Total Funds B/Forward Restated		1,071,663	(16,494)	1,055,169	1,148,707
Total Funds carried forward	18,19	975,907	(154,928)	820,979	1,055,169

THE SOUTHAMPTON NUFFIELD THEATRE TRUST LIMITED
(limited by guarantee)
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2003

	<u>Notes</u>	2003 £	2002 £
OPERATING INCOME		619,452	744,239
GRANTS AND DONATIONS RECEIVABLE		<u>931,035</u>	<u>908,789</u>
<u>TOTAL INCOME</u>		1,550,487	1,653,028
OPERATING EXPENSES		<u>1,784,629</u>	<u>1,747,227</u>
<u>NET OPERATING (DEFICIT)</u>	9	(234,142)	(94,199)
Other Interest Receivable and Similar Income	10	180	684
Interest Payable and Similar Charges	11	<u>(228)</u>	<u>(23)</u>
<u>RETAINED (DEFICIT) FOR THE FINANCIAL YEAR</u>		<u><u>(234,190)</u></u>	<u><u>(93,538)</u></u>

There are no recognised gains and losses other than those passing through the income and expenditure account. The results for the years reported above relate to continuing activities.

THE SOUTHAMPTON NUFFIELD THEATRE TRUST LIMITED**(limited by guarantee)****BALANCE SHEET AS AT 31ST MARCH 2003**

		2003		2002	
	Notes	Group £	Company £	Group £	Company £
<u>FIXED ASSETS</u>					
Tangible Assets	12	1,064,096	1,064,096	1,141,052	1,141,052
Investments	13	-	2	-	2
		<u>1,064,096</u>	<u>1,064,098</u>	<u>1,141,052</u>	<u>1,141,054</u>
<u>CURRENT ASSETS</u>					
Stocks	14	13,498	9,617	15,919	10,492
Debtors	15	169,911	184,071	125,674	131,912
Cash at Bank and in Hand		20,748	10,467	57,171	56,358
		<u>204,157</u>	<u>204,155</u>	<u>198,764</u>	<u>198,762</u>
<u>CREDITORS: amounts falling due within one year</u>	16	<u>(447,274)</u>	<u>(447,274)</u>	<u>(284,647)</u>	<u>(284,647)</u>
<u>NET CURRENT (LIABILITIES)</u>		<u>(243,117)</u>	<u>(243,119)</u>	<u>(85,883)</u>	<u>(85,885)</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		820,979	820,979	1,055,169	1,055,169
<u>CREDITORS: amounts falling due after more than one year</u>	17	-	-	-	-
<u>NET ASSETS</u>		<u>820,979</u>	<u>820,979</u>	<u>1,055,169</u>	<u>1,055,169</u>
<u>RESERVES</u>					
Unrestricted Funds	19	(154,928)	(154,928)	(16,494)	(16,494)
Restricted Funds	18	975,907	975,907	1,071,663	1,071,663
	19	<u>820,979</u>	<u>820,979</u>	<u>1,055,169</u>	<u>1,055,169</u>

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities, and the Financial Reporting Standard for Smaller Entities (effective June 2002).

These financial statements were approved by the Board of Members on: 23 October 2003
and were signed on its behalf by:

Mr N Vaughan
Board Member

Mrs P Robertson
Board Member

THE SOUTHAMPTON NUFFIELD THEATRE TRUST LIMITED

(limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2003

The Southampton Nuffield Theatre Trust Limited is a company limited by guarantee and is registered with the Charity Commission No: 286876. Each member of the company has guaranteed the liabilities of the company to the extent of £100 each.

1. Principal Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements.

Basis of Preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), the Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2000) published in October 2000, and the Companies Act 1985. As the company is a charity, the wording of the statutory formats required by the Companies Act 1985 have been appropriately amended in order to give a true and fair view.

The financial statements have also been prepared on a going concern basis, which assumes that the group will continue to operate. The validity of this assumption is dependent upon the continued support of the funding bodies of the group. If the group were unable to continue to trade, adjustments would have to be made to reduce the value of assets to their recoverable amount, to provide for any further liabilities that might arise, and to reclassify fixed assets to current assets.

Basis of Consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertaking. In the company's financial statements, the investment in subsidiary is stated at cost.

Under Section 230(4) of the Companies Act 1985 the company is exempt from the requirement to present its own income and expenditure account.

THE SOUTHAMPTON NUFFIELD THEATRE TRUST LIMITED
(limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2003 (continued)

1. Principal Accounting Policies (continued)

Fund Accounting

In accordance with the Standard of Recommended Practice, income received for specific purposes is credited to separate restricted funds.

Capital grants are included in incoming resources. If there is a continuing restriction the appropriate annual depreciation charge is transferred from this fund each year. If there is no continuing restriction the whole cost is transferred from the restricted fund on purchase of the asset.

Revenue grants receivable by the theatre are matched against the expenditure towards which they are intended to contribute.

Incoming Resources

Production income represents the value of ticket and programme sales, lettings, royalties and similar related income, excluding value added tax, in the period in which the activity takes place. Commercial trading income is included in the period in which the group is entitled to receipt.

Grants and Donations

Income from grants and donations are included when receivable except when

- i) grants and donations are specified by the donor as for use in future accounting periods, or
- ii) conditions have not been fulfilled to entitle the charity to use the income.

In such cases the income is treated as deferred income.

Expenditure

Resources expended are included on an accruals basis, inclusive of any VAT which cannot be recovered. Production costs are stated net of co-production income which contributes towards these costs.

THE SOUTHAMPTON NUFFIELD THEATRE TRUST LIMITED
(limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2003 (continued)

1. Principal Accounting Policies (continued)

Premises costs

Premises costs exclude the value of the use of the main theatre building and offices at 95 University Road which are provided by the University of Southampton at a peppercorn rent. This donation in kind is excluded from the financial statements as due to the unique circumstances it is not possible to quantify its value.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of tangible fixed assets by equal instalments over their estimated useful lives as follows:

Motor Vehicles	- between 4 and 8 years
Office Equipment	- between 3 and 12 years
Theatre Equipment	- between 3 and 20 years
Leasehold improvements	- between 9 and 20 years

Assets costing more than £1,000 are capitalised.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Pension Costs

The charity participates in a defined benefit scheme which is underwritten by University of Southampton. Pension contributions are charged in the period in which they fall due (see also note 6).

Leases

Where the group enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the income and expenditure account and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

THE SOUTHAMPTON NUFFIELD THEATRE TRUST LIMITED

(limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2003 (continued)

2. PRODUCTION INCOME

	Restricted	Unrestricted	Total	Total
			2003	2002
	£	£	£	£
Tickets (including education sales)	-	459,847	459,847	546,031
Programme Sales	-	10,705	10,705	11,691
Theatre Hires	-	31,973	31,973	45,061
Other Project Income	-	16,418	16,418	10,396
	-	518,943	518,943	613,179

3. SUBSIDIARY UNDERTAKING

The charity has a wholly owned trading subsidiary (see note 13) which is incorporated in the UK. Southampton Nuffield Theatre Trading Company Limited provides bar and catering services at the Nuffield Theatre and transfers its taxable profits to the company as 'gift aid'. A summary of the trading results is shown below. Audited financial statements are filed with Companies House.

<u>Profit and Loss Account</u>	2003	2002
	£	£
Turnover	95,349	118,526
Cost of Sales	(42,605)	(55,768)
Gross Profit	52,744	62,758
Net Operating Expenses	(30,261)	(28,708)
Profit on Ordinary Activities	22,483	34,050
Gift Aid	(22,483)	(34,050)
Retained Profits	-	-

THE SOUTHAMPTON NUFFIELD THEATRE TRUST LIMITED**(limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31ST MARCH 2003 (continued)****4. GRANTS RECEIVABLE**

	Restricted	Unrestricted	Total	Total
			2003	2002
	£	£	£	£
<u>Revenue Grants</u>				
Hampshire County Council – Core Grant	-	32,650	32,650	31,850
Hampshire County Council – Youth Theatre	16,100	-	16,100	13,800
Hampshire County Council – Property Grant	10,000	-	10,000	-
Regional Arts Lottery Programme	-	-	-	30,000
Southampton City Council	-	220,580	220,580	220,269
Southern Arts – Core Grant	-	443,900	443,900	382,400
Southern Arts – Special Awards	1,500	-	1,500	10,000
University of Southampton	-	128,250	128,250	119,100
Arts Council – Disability	-	-	-	3,569
Arts Council – Touring	39,489	-	39,489	30,353
Portsmouth City Council	14,500	-	14,500	4,500
Other	200	-	200	-
	<u>81,789</u>	<u>825,380</u>	<u>907,169</u>	<u>845,841</u>
Total	81,789	825,380	907,169	845,841

5. DONATIONS AND SPONSORSHIP

	Restricted	Unrestricted	Total	Total
			2003	2002
	£	£	£	£
Theatre Club (closed)	203	-	203	40,134
Spotlight Club	-	2,100	2,100	8,225
Sponsorship	-	14,388	14,388	10,305
Friends of Nuffield Theatre	-	2,722	2,722	1,481
Business Training	-	2,000	2,000	-
Sundry Donations	-	2,453	2,453	2,803
	<u>203</u>	<u>23,663</u>	<u>23,866</u>	<u>62,948</u>
Total	203	23,663	23,866	62,948

THE SOUTHAMPTON NUFFIELD THEATRE TRUST LIMITED
(limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2003 (continued)

6. TOTAL RESOURCES EXPENDED

	<u>Staff</u>	<u>Dep'n</u>	<u>Other</u>	<u>Total</u>	<u>Total</u>
				2003	2002
	£	£	£	£	£
Commercial Trading	17,092	-	55,774	72,866	84,476
Fundraising	15,512	-	11,407	26,919	21,886
	<u>32,604</u>	<u>-</u>	<u>67,181</u>	<u>99,785</u>	<u>106,362</u>
Production & Related Support Costs	707,877	17,196	560,986	1,286,059	1,234,022
Premises Costs	-	85,926	74,195	160,121	169,607
Management & Administration of the Charity	95,695	3,636	139,561	238,892	237,259
	<u>803,572</u>	<u>106,758</u>	<u>774,742</u>	<u>1,685,072</u>	<u>1,640,888</u>
Total Resources Expended	<u>836,176</u>	<u>106,758</u>	<u>841,923</u>	<u>1,784,857</u>	<u>1,747,250</u>

Premises costs exclude the value of the use of the main theatre building and offices at 95 University Road which are provided by the University of Southampton at a peppercorn rent. This donation in kind is excluded from the financial statements as due to the unique circumstances it is not possible to quantify its value.

7. STAFF NUMBERS AND COSTS

The average number of full-time equivalent employees (including casual and part time staff) employed by the group during the year was as follows:

	2003	2002
	Number of Employees	
Production	32	33
Administration	20	21
	<u>52</u>	<u>54</u>

THE SOUTHAMPTON NUFFIELD THEATRE TRUST LIMITED

(limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2003 (continued)

7. STAFF NUMBERS AND COSTS (continued)

The aggregate payroll costs were as follows:

	2003	2002
	£	£
Wages and Salaries	774,500	719,746
Social Security Costs	58,382	53,601
Other Pension Costs	3,294	2,971
	<u>836,176</u>	<u>776,318</u>

No employee earned more than £50,000 per annum (2002 - nil). No remuneration was paid to any trustee. No trustees received travelling expenses during this year.

Two employees are members of the University of Southampton 'Pension and Assurance Scheme for Non-Academic Staff', a defined benefit scheme to which contributions are made of 10.3% by the employer and 5% by the employee. The most recent triennial valuation available to the group was at 1st August 2001, and revealed that the scheme's liabilities were more than covered by its assets. Under the terms of the scheme the University is the sponsoring employer and therefore would be liable should any injection of funds be required. Similarly it is the University who benefit whenever there is a contributions holiday.

8. PRIOR YEAR ADJUSTMENT

An adjustment was made in the 2002 Accounts in respect of the timing of the receipt of the annual grant from the University of Southampton to reflect the charity's own accounting year, rather than the University's accounting year (which has been used previously for many years). The effect was to increase the reserves brought forward at 1st April 2001 by £19,400.

9. NET OPERATING (DEFICIT)/SURPLUS ON ORDINARY ACTIVITIES

	2003	2002
	£	£
The deficit on ordinary activities is stated after charging:		
Depreciation	106,758	112,743
Auditors' Remuneration - Audit Services (including subsidiary)	5,600	4,750
- Other Services	3,152	2,300
	<u>115,510</u>	<u>119,793</u>

THE SOUTHAMPTON NUFFIELD THEATRE TRUST LIMITED
(limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2003 (continued)

10. INTEREST RECEIVABLE

	2003 £	2002 £
On Bank Deposit Accounts	180	684

11. INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £	2002 £
Bank Overdraft Interest	228	23
Hire Purchase Interest	-	-
	228	23

12. TANGIBLE FIXED ASSETS

<u>Group and Company</u>	Theatre Equipment £	Office and Catering Equipment £	Leasehold Improve- ments £	Motor Vehicles £	Total £
<u>Cost</u>					
At beginning of year	128,507	131,319	1,603,857	37,850	1,901,533
Additions	7,155	196	22,452	-	29,803
At end of year	135,662	131,515	1,626,309	37,850	1,931,336
<u>Depreciation</u>					
At beginning of year	104,825	124,594	513,300	17,763	760,482
Charge for year	8,921	3,636	85,926	8,275	106,758
At end of year	113,746	128,230	599,226	26,038	867,240
<u>Net Book Value</u>					
At 31 st March 2003	21,916	3,285	1,027,083	11,812	1,064,096
At 31st March 2002	23,682	6,725	1,090,557	20,087	1,141,051

THE SOUTHAMPTON NUFFIELD THEATRE TRUST LIMITED
(limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2003 (continued)

13. INVESTMENTS

	2003 £	2002 £
<u>Company</u>		
Shares in Group Undertaking	2	2

<u>Name</u>	<u>Class of Shares</u>	<u>Group Interest</u>	<u>Registered</u>
			England and Wales
Southampton Nuffield Theatre Trading Company Ltd	Ordinary £1	100%	

The principal activity of the Southampton Nuffield Theatre Trading Company Ltd is the provision of bar and catering services at the Nuffield Theatre, Southampton.

14. STOCKS

	<u>2003</u> Group £	<u>2003</u> Company £	<u>2002</u> Group £	<u>2002</u> Company £
Consumables and Production	13,498	9,617	15,919	10,492

15. DEBTORS

	<u>2003</u> Group £	<u>2003</u> Company £	<u>2002</u> Group £	<u>2002</u> Company £
Trade Debtors	36,556	36,556	26,726	26,726
Amounts Owed by Subsidiary Undertaking	-	14,160	-	6,238
Other Debtors	18,373	18,373	22,304	22,304
Prepayments	114,982	114,982	76,644	76,644
	169,911	184,071	125,674	131,912

All amounts are due within one year from the balance sheet date.

THE SOUTHAMPTON NUFFIELD THEATRE TRUST LIMITED

(limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2002 (continued)

16. CREDITORS: amounts falling due within one year

	<u>2003</u>	<u>2003</u>	<u>2002</u>	<u>2002</u>
	Group	Company	Group	Company
	£	£	£	£
Trade Creditors	146,573	146,573	90,346	90,346
Taxation and Social Security	9,705	9,705	33,540	33,540
Other Creditors	40,282	40,282	22,441	22,441
Accruals	122,796	122,796	55,909	55,909
Deferred Income	127,918	127,918	82,411	82,411
	<u>447,274</u>	<u>447,274</u>	<u>284,647</u>	<u>284,647</u>

Deferred income comprises:

	<u>2003</u>	<u>2002</u>
	£	£
Advance ticket sales	36,646	36,561
Grants for future productions or periods	72,080	45,650
Other	19,192	200
	<u>127,918</u>	<u>82,411</u>

All the brought forward deferred income was released during the year.

17. CREDITORS: amounts falling due after more than one year

<u>Group and Company</u>	<u>2003</u>	<u>2002</u>
	£	£
Loans	<u>-</u>	<u>-</u>

THE SOUTHAMPTON NUFFIELD THEATRE TRUST LIMITED

(limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2003 (continued)

18. RESTRICTED FUNDS

	<u>Notes</u>	<u>Balance b/f</u>	<u>Income</u>	<u>Expenditure</u>	<u>Balance c/f</u>
		£	£	£	£
Refurbishment Fund	(i)	1,047,856	-	(79,824)	968,032
Youth Theatre	(ii)	-	16,100	(16,100)	-
Property Grant	(iii)	-	10,000	(10,000)	-
Touring	(iv)	-	39,489	(39,489)	-
RALP	(v)	-	-	-	-
Productions	(vi)	23,807	203	(16,135)	7,875
Education	(vii)	-	14,500	(14,500)	-
Other		-	1,700	(1,700)	-
		<u>1,071,663</u>	<u>81,992</u>	<u>(177,748)</u>	<u>975,907</u>

(i) The refurbishment fund represents the external funding received specifically towards the theatre's capital refurbishment project undertaken from 1996 to 1999. Each year an amount is transferred to general fund reserves in respect of the depreciation charge for the year (in proportion to the total cost).

(ii) The Youth Theatre fund is a specific grant from Hampshire County Council towards the theatre's youth programme.

(iii) The Property Grant is a specific grant from Hampshire County Council towards the theatre's running costs in connection with a property used to build and store theatrical sets.

iv) The Touring Fund represents money received from the Arts Council of England towards the theatre's national touring programme.

v) Lottery funding was obtained towards touring of a children's production in 2002.

vi) The Production Fund was created by the donations from the Nuffield Theatre Club, following its closure, and is for production sponsorship over a five year period.

vii) The Education Fund represents money received from Portsmouth City Council towards the theatre's educational work.

THE SOUTHAMPTON NUFFIELD THEATRE TRUST LIMITED

(limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2003 (continued)

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Fixed Assets £	Net Current Assets/ (Liabilities) £	Total £
<u>Restricted Funds</u>			
Refurbishment Fund	968,032	-	968,032
Production Fund	-	7,875	7,875
	<u>968,032</u>	<u>7,875</u>	<u>975,907</u>
<u>Unrestricted Funds</u>			
General Fund	96,064	(250,992)	(154,928)
	<u>1,064,096</u>	<u>(243,117)</u>	<u>820,979</u>

20. FUTURE COMMITMENTS

Under the terms of an agreement with the University of Southampton there is a commitment to pay £18,088 per annum towards the repair and maintenance costs of the building occupied by the group to the year 2009, and thereafter an amount to be determined at that time by review under the terms of the agreement until 2017. This fund is to be held by the University towards the cost of future building maintenance repairs.

Under the terms of a lease that expires in September 2011 there is a commitment to pay rent for another building occupied by the group. The annual rent, which is currently £18,000, is determined by 3-yearly rent reviews the most recent of which was carried out on 24th June 2002.

21. RELATED PARTY TRANSACTIONS

a) During the year the charity incurred legal fees of £1,219 (2003: £2,000) with its solicitors, Paris, Smith and Randall, of which N Vaughan, trustee is a partner.

b) At the balance sheet date a loan balance of £23 (2002: £750) was due from P Sandford, the artistic director, and £300 (2002: £500) from K Anderson, the administrative director. The maximum amounts outstanding during the year were £750 and £500 respectively.

22. CONTINGENT LIABILITY

Following a visit by a VAT Officer a query has been raised re partial exemption calculations being potentially needed. No formal assessment has yet been raised by Customs and Excise. As a result of a recent European Court VAT case it is highly likely that this issue will be superceded. In the circumstances it is considered not worthwhile to attempt to quantify any potential liability, (which would be a lengthy and costly exercise), as Customs and Excise's final ruling is expected by the end of 2003.