

1844/67

Exeter Phoenix (Exeter & Devon Arts Centre) Limited
A Company Limited by Guarantee

Report and Accounts

31 March 2003

 **ERNST & YOUNG**



Exeter Phoenix (Exeter & Devon Arts Centre) Limited
A Company Limited by Guarantee

Registered No: 1844169

Registered Charity No: 290011

Directors

J Taylor MBE

D Phillips

K Steer

A Cotton

P Cunningham (appointed 29 September 2003, resigned 8 December 2003)

A Sands (appointed 29 September 2003)

S Hayward (appointed 8 December 2003)

Secretary

P Cunningham (appointed 9 June 2003)

A Doherty (resigned 9 June 2003)

Honorary Treasurer

K Steer FCA

Bankers

Bank of Scotland

17 Dix's Field

Exeter

EX1 1UZ

Auditors

Ernst & Young LLP

Broadwalk House

Southernhay West

Exeter

EX1 1LF

Registered Office

Bradninch Place

Gandy Street

Exeter

EX4 3LS

Directors' report

Legal status

The charity is governed by its Memorandum & Articles of Association and is registered at the Charity Commission under number 290011. It is constituted as a limited company by guarantee and is registered at Companies House under number 1844169.

Aims and objectives

The objects of the company are:

To promote, maintain, improve, encourage and provide public education in the arts including the arts of drama, music, singing, dance, painting, sculpture, literature, cinematography and handicrafts.

The provision of facilities in the interest of social welfare for the recreation and leisure time occupation of the public with particular regard to Exeter and its surrounding districts with the object of improving the conditions of life of the persons for whom the facilities are primarily intended.

The company carries out the objects through the promotion of arts events and exhibitions, the provision and film and video resources, the provision of community arts services, and arts development work.

Board of directors

The trustees who served as directors of the company during the year are as listed on page 2.

As currently set out in the Articles of Association the Board shall comprise sixteen Directors drawn from Exeter City Council, Devon County Council, the Arts Centre Association and up to seven Directors co-opted onto the Board by the invitation of the other Directors. The Articles of Association are in the process of being amended to reflect the agreement of the funding partners that there should be a reduced number of Directors on the Board.

Directors shall serve for a period of three years and at the end of this time will automatically cease to be Directors unless co-opted for a further three year period.

The Honorary Treasurer who advises the Board on financial matters who served during the year is as listed on page 2.

Organisation

A Board of Directors meeting monthly administer the charity. The day to day operations of the charity are administered by the Director of the Arts Centre, appointed by the Board of Directors.

Investment powers

Under the memorandum and articles of association, the charity has the power to make any investment which the Directors see fit.

Review of activities

The Exeter Phoenix is now firmly established as *the* multi-purpose venue in the South West. For fifty two weeks of the year the Phoenix hosts a range and depth of music, theatre, dance, literature and film events unrivalled in the region.

Alongside these events, the lifelong learning resource provided throughout the workshop programme continues to flourish and expand, providing increased opportunities for all ages.

In addition, the increased involvement in, and creation of, new festivals in various art forms by the Phoenix has helped to greatly enrich the cultural life of the city and region.

Financial management continues to be robustly asserted over all operational aspects of the Phoenix.

Directors' report

Results

The operating surplus for the year, before depreciation, amounts to £11,386. After allowing for a depreciation charge of £117,551, the net outgoing resources for the year amount to £106,165 and are dealt with as shown in the Statement of Financial Activities on page 6. The deficit is mainly due to the depreciation of building improvements amounting to £82,440. Exeter Phoenix meets the day to day running costs via generated income and grant from its funding partners.

Reserves policy and risk management

The Directors are currently carrying out a detailed assessment of the risks faced by the Arts Centre both financial and non-financial. As part of this process, the Directors are implementing a risk management strategy comprising of:-

- An annual review of the risks which the charity may face;
- The establishment of systems and procedures to mitigate those risks;
- The implementation of procedures designed to minimise any potential impact on the charity should any of those risks materialise.

The Directors have forecast the level of free reserves (that is those funds not tied up in fixed assets, and designated or restricted funds) the charity will require to sustain its operations over a period when its anticipated income generating from activities may be temporary curtailed. The Directors consider the most appropriate level of free reserves at 31 March 2003 would be £82,500. This represents three months overheads and should provide sufficient time to allow for an organised approach to the ongoing business of the Arts Centre.

At 31 March 2003 the charity did not have any free reserves and had a deficit on unrestricted funds of £79,087. The Directors have instigated a number of measures to resolve these difficulties including securing, since the year end, the write off of creditors balances in excess of £120,000. The accounts to 31 March 2004 will reflect the benefit of this write off.

Statement of directors' responsibilities in respect of the accounts

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing those accounts, the directors are required to:

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

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

Directors' report

Auditors

A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

On behalf of the Board



K Steer
Director

23.1.09

Independent auditors' report

**to the members of Exeter Phoenix (Exeter & Devon Arts Centre) Limited
A Company Limited by Guarantee**

We have audited the company's accounts for the year ended 31 March 2003 which comprise Statement of Financial Activities, Balance Sheet and the related notes 1 to 20. These accounts have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.


Basis of audit 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company'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 our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the charitable company as at 31 March 2003 and of its outgoing resources and application of resources for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Exeter

23.11.2003

Statement of financial activities

for the year ended 31 March 2003

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2003 £	Total 2002 £
Incoming resources					
Revenue grants receivable		260,200	30,493	290,693	307,184
Income from activities:					
Events & Exhibitions		159,395	-	159,395	123,426
Film and video resource		29,540	-	29,540	28,555
Rental income from courses, classes and related activities		50,870	-	50,870	36,368
Other net income	4	124,419	-	124,419	131,358
		<u>624,424</u>	<u>30,493</u>	<u>654,917</u>	<u>626,891</u>
Resources expended					
Direct charitable expenditure:	5,6				
Events & Exhibitions		430,402	9,077	439,479	428,409
Film and video resource		63,940	38,609	102,549	125,228
Courses, classes and related income		29,371	-	29,371	22,659
		<u>523,713</u>	<u>47,686</u>	<u>571,399</u>	<u>576,296</u>
Other expenditure:					
Management and administration		106,812	82,871	189,683	205,606
Resources expended on ordinary activities		<u>630,525</u>	<u>130,557</u>	<u>761,082</u>	<u>781,902</u>
Net outgoing resources before exceptional item	7	(6,101)	(100,064)	(106,165)	(155,011)
Exceptional items	8	-	-	-	(3,941)
Net outgoing resources		<u>(6,101)</u>	<u>(100,064)</u>	<u>(106,165)</u>	<u>(158,952)</u>
Funds balances brought forward at 1 April 2002		(72,986)	1,832,319	1,759,333	1,918,285
Fund balances carried forward at 31 March 2003		<u>(79,087)</u>	<u>1,732,255</u>	<u>1,653,168</u>	<u>1,759,333</u>

Balance sheet

at 31 March 2003

	Notes	2003 £	2002 £
Fixed assets			
Tangible assets	10	1,768,763	1,866,827
Investments	11	48,461	48,461
		<u>1,817,224</u>	<u>1,915,288</u>
Current assets			
Debtors	12	90,036	122,485
Cash at Bank and in hand		31,092	55,917
		<u>121,128</u>	<u>178,402</u>
Creditors: amounts falling due within one year	13	(281,765)	(322,357)
Net current liabilities		<u>(160,637)</u>	<u>(143,955)</u>
Total assets less current liabilities		<u>1,656,587</u>	<u>1,771,333</u>
Creditors: amounts falling due after more than one year	14	(3,419)	(12,000)
		<u>1,653,168</u>	<u>1,759,333</u>
Funds			
Unrestricted	17	(79,087)	(72,986)
Restricted	17	1,732,255	1,832,319
Total funds		<u>1,653,168</u>	<u>1,759,333</u>

Approved by the Board of Directors on

23 January 2004

J Taylor
Director

K Steer
Director

Notes to the accounts

at 31 March 2003

1. Fundamental accounting concept

The company is dependent on the continuing support of its funding partners (Arts Council England South West, Devon County Council and Exeter City Council) to enable it to continue operating and to meet its liabilities as they fall due.

The funding partners have agreed initial grant levels for the years ending 31 March 2004 to 31 March 2006. In addition, since the year end negotiations have been concluded which will result in the write off of creditor balances in excess of £120,000.

The directors believe that it is therefore appropriate to prepare the accounts on a going concern basis.

The accounts do not include any adjustments which would result if continued support is not available.

2. Accounting policies

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards as modified by the revaluation of investments, and in accordance with the revised Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2000).

Investments

Investments are shown at market value for which purpose works of art are included at Directors' valuation.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Computer equipment	- 4 years
Fixtures, fittings and equipment	- 3 to 10 years
Motor vehicle	- 4 years
Gallery café equipment	- 2 years
Redevelopment costs	- remaining period of the lease/4%

Grants

Capital and revenue grants are recognised in the Statement of Financial Activities when received or receivable when the conditions of receipt of the grant have been complied with.

Leasing and hire purchase commitments

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Assets held under hire purchase contract are capitalised in the balance sheet and are depreciated over their useful lives. The capital element of future obligations under the hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the Statement of Financial Activities over the periods of the hire purchase contracts, and represent a constant proportion of the balance of capital repayments outstanding.

Income and Expenditure Account

The Statement of Financial Activities on page 5 is considered to be equivalent to an Income and Expenditure Account and comply with the reporting requirements and consequently no separate statement has been prepared.

Notes to the accounts

at 31 March 2003

3. Income

Income represents amounts derived from the provision of goods and services which fall within the company's ordinary activities.

The income and net resources are attributable to continuing activities, being the arrangement of educational and recreational activities together with bar sales and shop sales.

4. Other net income

	2003 £	2002 £
Bar franchise	60,037	58,854
Theatre lettings and conferences	22,671	30,127
Sundry	19,346	5,769
Membership	2,058	2,736
Property rental and maintenance recharge	15,866	22,859
Interest receivable	639	1,413
Building and car park management fee	1,500	9,600
Sponsorship	1,167	-
Profit on sale of fixed assets	1,135	-
	<u>124,419</u>	<u>131,358</u>

5. Total resources expended

	Staff Costs £	Other Direct Costs £	Depreciation £	Allocated Support Costs £	2003 Total £	2002 Total £
Events and exhibitions	87,660	230,259	8,090	113,470	439,479	428,409
Media centre	32,148	18,682	12,137	39,582	102,549	125,228
Courses, classes and related income	-	10,899	-	18,472	29,371	22,659
Direct charitable	119,808	259,840	20,227	171,524	571,399	576,296
Management and administration	95,352	168,531	97,324	(171,524)	189,683	205,606
Ordinary activities	215,160	428,371	117,551	-	761,082	781,902
Exceptional items	-	-	-	-	-	3,941
Total resources expended	<u>215,160</u>	<u>428,371</u>	<u>117,551</u>	<u>-</u>	<u>761,082</u>	<u>785,843</u>

Notes to the accounts

at 31 March 2003

6. Staff costs

	2003 £	2002 £
Wages and salaries	201,485	199,834
Social Security costs	13,675	13,955
Other pension costs	-	429
	<u>215,160</u>	<u>214,218</u>

The average weekly number of employees in the year was as follows:

	2003 No.	2002 No.
Events and Box Office	7	7
Film and video	2	2
Management and administration	5	5
	<u>14</u>	<u>14</u>

7. Net outgoing resources

a) This is stated after charging the following items:

	2003 £	2002 £
Auditors' remuneration	3,500	3,500
Depreciation of owned assets	116,078	112,498
Depreciation of assets held under hire purchase contracts	1,473	-
Operating lease rentals - computers	1,729	5,379
- other equipment	11,555	9,953
Finance charges under hire purchase contracts	596	-

b) Directors' remuneration

No emoluments have been paid to the directors during the year.

8. Exceptional items

	2003 £	2002 £
Revenue grants written off	-	8,225
Write back of accruals not required	-	(4,284)
	<u>-</u>	<u>3,941</u>

Revenue grants written off relates to grants negotiated by the previous artistic director that were no longer receivable as the company was unable to fulfil the grant terms.

Notes to the accounts

at 31 March 2003

9. Taxation

As a registered charity, the company is exempt from corporation tax.

10. Tangible fixed assets

	<i>Redevelopment Costs</i>	<i>Leasehold Improvements</i>	<i>Fixtures Fittings & Equipment</i>	<i>Computer</i>	<i>Motor Vehicle</i>	<i>Total</i>
	£	£	£	£	£	£
Cost:						
At 1 April 2002	2,060,936	6,393	260,777	26,638	8,390	2,363,134
Additions	-	-	11,687	2,772	5,890	20,349
Disposals	-	(799)	-	-	(8,390)	(9,189)
At 31 March 2003	2,060,936	5,594	272,464	29,410	5,890	2,374,294
Depreciation:						
At 1 April 2002	259,440	278	206,765	21,499	8,325	496,307
Provided during the year	82,440	256	29,576	3,804	1,475	117,551
Disposals	-	-	-	-	(8,327)	(8,327)
At 31 March 2003	341,880	534	236,341	25,303	1,473	605,531
Net book value:						
At 31 March 2003	1,719,056	5,060	36,123	4,107	4,417	1,768,763
At 31 March 2002	1,801,496	6,115	54,012	5,139	65	1,866,827

The net book value of motor vehicles includes an amount of £4,417 (2002 : £Nil) in respect of assets held under hire purchase contracts.

The company operates from a short leasehold building owned by Exeter City Council, Devon County Council and South West Arts. The company has entered into a 20 year lease from 1 April 1984 with four yearly rent reviews. The Councils have purchased various fixed assets which the company uses without charge or title.

The Bradninch Place Property Group has agreed to extend the lease for a further 20 years from its current expiry date of 31 March 2004 to the year 2024.

Notes to the accounts

at 31 March 2003

11. Investments

Works of art

£

At market value at 31 March 2002 and 31 March 2003

48,461

Historical cost at 31 March 2003

40,261

12. Debtors: amounts falling due within one year

2003

2002

£

£

Trade debtors

28,240

39,910

Other debtors

34,308

64,085

Prepayments and accrued income

27,488

18,490

90,036

122,485

13. Creditors: amounts falling due within one year

2003

2002

£

£

Current instalments on loans (note 14)

13,000

14,000

Obligations under hire purchase contracts (note 15)

1,217

-

Trade creditors

191,476

189,131

Other taxes and social security costs

3,378

6,090

Other creditors

5,774

7,572

Accruals and deferred income

66,920

105,564

281,765

322,357

14. Creditors: amounts falling due after more than one year

2003

2002

£

£

Loan from Exeter City Council

6,000

12,500

Loan from Devon County Council

7,000

13,500

13,000

26,000

Obligations under hire purchase contracts (note 15)

3,419

-

Less: Included in creditors: amounts falling due within one year (note 13)

(13,000)

(14,000)

3,419

12,000

Notes to the accounts

at 31 March 2003

15. Obligations under hire purchase contracts

The maturity of these amounts is as follows:

	2003 £	2002 £
Amounts payable:		
Within one year	1,800	-
In two to five years	3,912	-
	<u>5,712</u>	<u>-</u>
Less: Finance charges allocated to future periods	(1,076)	-
	<u>4,636</u>	<u>-</u>
Hire purchase contracts are analysed as follows:		
Current obligations (note 13)	1,217	-
Non-current obligations (note 14)	3,419	-
	<u>4,636</u>	<u>-</u>

16. Called up share capital

The company is limited by guarantee and has no share capital. The limit of each members' guarantee is £10.

17. Statement of funds

	Balance 01/04/02 £	Movement in Resources		Transfers between funds £	Balance 31/03/03 £
		Incoming £	Outgoing £		
Unrestricted Funds:					
General Funds	(72,986)	624,424	(630,525)	-	(79,087)
Restricted Funds:					
Capital Funds: Redevelopment	1,845,387	-	(82,871)	(17,193)	1,745,323
Revenue Projects:					
Media centre	-	28,293	(38,609)	10,316	-
Artform Activities	(13,068)	2,200	(9,077)	6,877	(13,068)
Total Restricted Funds	<u>1,832,319</u>	<u>30,493</u>	<u>(130,557)</u>	<u>-</u>	<u>1,732,255</u>
Total funds	<u>1,759,333</u>	<u>654,917</u>	<u>(761,082)</u>	<u>-</u>	<u>1,653,168</u>

Notes to the accounts

at 31 March 2003

18. Analysis of net assets between funds

	<i>Tangible Fixed assets</i>	<i>Investment assets</i>	<i>Net Current liabilities</i>	<i>Long term liabilities</i>	<i>Total</i>
	£	£	£	£	£
Unrestricted Funds:					
General funds	30,050	11,560	(117,278)	(3,419)	(79,087)
Restricted Funds:					
Capital Redevelopment	1,738,713	36,901	(30,291)	-	1,745,323
Artform activities	-	-	(13,068)	-	(13,068)
Total net assets	<u>1,768,763</u>	<u>48,461</u>	<u>(160,637)</u>	<u>(3,419)</u>	<u>1,653,168</u>
Unrealised Gains included in above unrestricted funds	-	8,200	-	-	8,200

There have been no movements in the year in respect of unrealised gains on investment assets.

19. Pension commitments

For certain employees the company contributes to a group defined benefit scheme. The assets of the scheme are held separately from those of the company in a separate trustee administered fund known as the Devon County Council Superannuation Fund. Particulars of the actuarial valuation of the scheme can be found in the accounts of the group scheme.

20. Other financial commitments

At 31 March 2003 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Other equipment</i>		<i>Computers</i>	
	2003	2002	2003	2002
	£	£	£	£
Operating leases which expire:				
Within one year	-	-	-	5,379
In two to five years	11,555	11,555	-	-