

## HACKNEY EMPIRE LIMITED

Company Number 2060996  
Registered Charity Number 1062085

### FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST MARCH 2003



# Hackney Empire Limited

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# Hackney Empire Limited

## Legal and Administrative Information

**Constitution:** Hackney Empire Limited is a company limited by guarantee, not having a share capital. The company is a registered charity governed by its Memorandum and Articles of Association.

**Objects:** The company's main objects, as set out in the Memorandum, are to advance public education and appreciation of the arts and to provide the theatre facility for recreation and leisure time occupation in the interests of social welfare with the object of improving the conditions of life, particularly of the inhabitants of the London Borough of Hackney.

**Organisation:** The board of directors of the company and the sub-committees have overall responsibility for the running of the company. Through regular board meetings and sub-committee meetings the directors, who are the trustees for the company's charitable activities, advise the management of the company.

<b>Board of Directors:</b>	Ian Rushton (Chairman)	Nigel Fountain	David Robins
	Juliet Marlande Ash	Griff Rhys Jones	Beresford Trevor Romeo (Jazzie B)
	Jonathan Black	Helen Mackintosh	Nick Salmon
	Mark Burch	Jean Nicholson	Stephen Solley
	Colin Chambers	Sid Roberson	Sir Jack Zunz

All directors are appointed in accordance with the Articles of Association. The directors listed served throughout the year and up to the date of this report.

<b>Sub-committees:</b>	<i>Finance &amp; General Purposes</i> Ian Rushton (Chair) Jonathan Black Mark Burch Jean Nicholson David Robins Nick Salmon	<i>Marketing &amp; Development</i> Jonathan Black Nigel Fountain Helen Mackintosh Sid Roberson David Robins	<i>Project Committee</i> Stephen Solley (Chair) Peter Ahrens Helen Mackintosh Jean Nicholson Ian Rushton Frank Wood (Chair of HEPT) Sir Jack Zunz
	<i>Education:</i> Juliet Ash Colin Chambers	<i>Personnel:</i> Juliet Ash Ian Rushton	

<b>Artistic Director:</b>	Roland Muldoon	<b>General Manager:</b>	Simon Thomsett
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<b>Company Number:</b>	2060996	<b>Charity Number:</b>	1062085
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**Registered Office:** The Hackney Empire, 291 Mare Street, London E8 1EJ

<b>Auditors:</b>	Kingston Smith Chartered Accountants Devonshire House 60 Goswell Road London EC1M 7AD	<b>Bankers:</b>	Barclays Bank plc PO Box 15161R 50 Pall Mall London SW1A 1QA
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**Connected Charities:** Hackney Empire Limited is connected with the Hackney Empire Preservation Trust, which owns the theatre building. Hackney Empire Limited benefits from the continued occupation of this property at a peppercorn rental.

# Hackney Empire Limited

## Trustees' Report

### For the year ended 31st March 2003

#### Activities and Prospects

The company continued with its capital project which, although advancing at a slower pace than had been anticipated, is producing high quality work which should help to ensure the theatre has a secure future in years to come.

In the meantime, significant challenges have had to be met. When the construction phase of the project began in May 2001, it was planned for completion in September 2002. It became clear during the first year to work that this date was not achievable and with the administrative receivership of our main contractor in July 2003 further delays affected the project. Our plans for re-opening have constantly been frustrated and the subject of uncertainty.

It now seems likely that the period of delay will be in excess of 15 months and this has caused significant difficulties; at the time of writing we are planning for a January 2004 re-opening of the main theatre. The company has been fortunate to maintain the support of its core funders through this phase, in particular London Arts (now Arts Council England, London) actually increased their grant to £177,529; the London Borough of Hackney maintained theirs at the previous year's level of £100,000, as did London Boroughs' Grants at £56,448. This latter organisation has now been superseded by the Association of London Government and detailed discussions have been held in recent months to ensure this source of support remains in place. The Board recognises the vital role these funding bodies play in the organisation's viability and is grateful for their continued commitment.

During the period, we were fortunate to have the Bullion Room theatre available to us to continue to provide a programme of small scale events; these performances allowed the company to retain its core staff through the re-building period, making them available for planning of the future in particular for the re-opening of the main theatre.

The company's education work came to the fore during the year and grants from the Paul Hamlyn Foundation, the Performing Rights Society, Excellence in Cities, Standards Plus and Education Action Zone allowed us to provide a series of high quality, intensive projects working in schools including residencies and ensemble productions performed to the public which were developed and performed by young musicians, dancers, actors, singers and songwriters who had gone through the Artist Development Programme. This programme provided students with the unique opportunity to showcase their work at Buckingham Palace for the launch of *Arts and Kids* and at the prestigious Mont Blanc Awards. The success of this project and other areas of the *Real Life, Real Theatre* programme have allowed us to create a model that reflects the core elements of the theatre's programming whilst also providing for tomorrow's theatre practitioners and performers.

The building redevelopment project continues to be supported by the Arts Council (ACE) and the Heritage Lottery Funds (HLF); their respective contributions remain fundamental to the successful completion of the works. Indeed, both bodies made additional awards in recognition of the difficulties faced during the year; the Arts Council for £1.2m in March, of which £400,000 was set aside for revenue support and the Heritage Lottery Fund for £465,650 in January. In addition, the London Development Agency (LDA) made a further tranche of £351,282 of their award available. The Board is very grateful indeed for the essential contributions these agencies have made.

During the year, many individual donations helped to fund the building works and the Board is grateful for all such generous help. Amongst the larger donations, the Monument Trust (£50,000); the Esmée Fairbairn Foundation (£100,000) and the Garfield Weston Foundation (£50,000) provided valuable partnership funds which effectively levered lottery funds from both ACE and HLF. Sir Alan Sugar provided not just a further £400,000 (being the final instalments of his overall donation), but also his valuable time and expertise in brokering talks with the main contractor at the end of 2002. Sir Alan's continued interest and involvement is gratefully acknowledged by the Board. Finally, Griff Rhys Jones continued to lead the fundraising campaign by example making a further donation of £100,230, also gratefully acknowledged by his fellow Board members.

As we look forward to re-opening the theatre in early 2004, detailed planning and preparations are underway and the company faces one of its greatest challenges. Despite the difficulties the main contractor encountered both in a practical sense and internally, the quality of their work is seen to be very good and we have good reason to believe that the real improvements made to our buildings will bring rewards as we look ahead.

# **Hackney Empire Limited**

## **Trustees' Report**

### **For the year ended 31st March 2003 (Continued)**

#### **Reserves Policy**

At present the company carries an accumulated operating deficit; this is largely due to the significantly elongated period of redevelopment works which necessarily have involved closing the main building completely; thus limiting activities to the small Bullion Room Theatre in Wilton Way.

This deficit and the absence of any opportunities to generate operating surpluses has meant that there are currently no reserves nor immediate prospect of creating any. It is anticipated however, that the company will be able to stabilise its position within 18 months of re-opening and consequently remove any operating deficit. A reserve fund will be built up gradually. The level of reserves required has not been defined but this will be a matter for the Board in its planning. The reserve fund will initially be in place for unforeseen expenditure as well as for planned replacement of capital items as necessity dictates.

#### **Risk Management**

The trustees have examined the major strategic, business and operational risks that the company faces and confirm that systems have been established so that the necessary steps can be taken to mitigate these risks.

#### **The Financial Position**

The financial position has been made more difficult by the significant delays encountered during the building works limiting the company's ability to generate revenue.

There are sums awarded by the major funders for the capital project which are not yet claimed and which, together with sums being raised by the Development department are expected to be sufficient to complete the works to the main theatre building and allow it to re-open in early 2004.

The next challenge will be to secure sufficient funds to complete the new Marie Lloyd building (formerly the Samuel Pepys) and this is the subject of applications in process at the time of writing. If there is a delay in instruction for these works, the main theatre can continue to operate.

The directors acknowledge the considerable support that the Arts Council has given in recent months and in particular, there has been a willingness to consider the company overall and to look to the future operations. There has been a question over viability raised since the year end and uncertainty has been expressed regarding the short term prospects following the re-opening. The company has prepared detailed financial projections looking ahead to the first three years following re-opening and these indicate that the theatre can operate within the expected levels of funding.

The directors believe that, subject to continuing support from the Arts Council and other funding bodies, the level of funding committed for the forthcoming financial year, along with the projected levels of income expected from the main theatre following re-opening will be sufficient to enable the company to continue to meet its obligations as they arise.

# **Hackney Empire Limited**

## **Trustees' Report**

### **For the year ended 31st March 2003 (Continued)**

#### **Statement of Trustees' Responsibilities**


Law applicable to incorporated charities requires the Board of Directors, who are directors under the Companies Acts and trustees for the company's charitable activities, to prepare financial statements for each financial year which give a true and fair view of the company's financial activities during the year and of its financial position at the year end. In preparing financial statements giving a true and fair view, the directors should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards and Statements of Recommended Practice have been followed subject to any departure disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Board of 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 financial statements comply with the Companies Act 1985. 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.

The financial statements comply with current statutory requirements, the Memorandum & Articles of Association and The Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2000).

Approved by the Board of Directors on 27/11/2003  
and signed on its behalf by:

  
**Ian Rushton**  
Director

# Independent Auditors Report to the Members of Hackney Empire Limited

We have audited the financial statements of Hackney Empire Limited for the year ended 31st March 2003 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the charity's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken for no purpose other than to draw to the attention of the charity's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charity and charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective Responsibilities of Trustees and Auditors

The responsibilities of the trustees' (who are also the directors of Hackney Empire Limited for the purposes of company law) for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Trustees' Responsibilities.

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 Companies Act 1985. 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, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

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 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees 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 our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

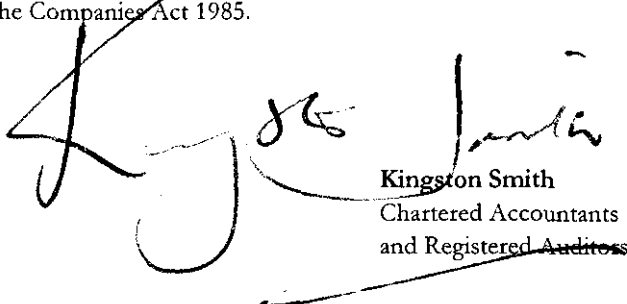
## Opinion

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

Devonshire House  
60 Goswell Road  
London EC1M 7AD

Date:

27/11/03

  
Kingston Smith  
Chartered Accountants  
and Registered Auditors

**Hackney Empire Limited**  
**Statement of Financial Activities**  
**For the year ended 31st March 2003**

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2003 £	Total Funds 2002 £
<b>Income and Expenditure</b>					
<b>Incoming Resources</b>					
Donations and gifts	3	5,000	766,088	771,088	1,617,761
Grants receivable	4	551,072	4,275,409	4,826,481	4,969,226
Activities in furtherance of the charity's objects:					
Income from trading activities		191,254	35,849	227,103	429,337
Investment income	5	-	47,852	47,852	14,071
Other incoming resources		27,872	-	27,872	67,937
<b>Total Incoming Resources</b>		<u>775,198</u>	<u>5,125,198</u>	<u>5,900,396</u>	<u>7,098,332</u>
<b>Resources Expended</b>					
Cost of generating funds:					
Fundraising and publicity	7	-	77,726	77,726	68,492
Charitable Expenditure:					
Cost of activities in the furtherance of the charity's objects:					
Operation of the theatre	6	688,393	171,766	860,159	1,043,965
Additional Building Costs	16	-	750,000	750,000	-
Management and administration of the charity	8	35,014	-	35,014	42,031
<b>Total Resources Expended</b>		<u>723,407</u>	<u>999,492</u>	<u>1,722,899</u>	<u>1,154,488</u>
<b>Net Movement in Funds/Net Income for the Year</b>		51,791	4,125,706	4,177,497	5,943,844
Balances brought forward at 1st April 2002		(104,729)	8,293,413	8,188,684	2,244,840
<b>Balances Carried Forward at 31st March 2003</b>		<u>(52,938)</u>	<u>12,419,119</u>	<u>12,366,181</u>	<u>8,188,684</u>
 Changes in resources available for charity use:					
		Unrestricted Funds £	Restricted Funds £	Total Funds 2003 £	Total Funds 2002 £
Net movement in funds for the year		51,791	4,125,706	4,177,497	5,943,844
Net (increase) in tangible fixed assets for direct charitable purposes		13,478	(6,217,604)	(6,204,126)	(4,135,438)
Net movement in funds available for future activities		<u>65,269</u>	<u>(2,091,898)</u>	<u>(2,026,629)</u>	<u>1,808,406</u>

There were no recognised gains and losses other than the movements in funds shown above. All operations are continuing.



# Hackney Empire Limited

## Balance Sheet at 31st March 2003

	Note	2003 £	2003 £	2002 £	2002 £
<b>Tangible Fixed Assets</b>	11		12,636,478		6,432,352
<b>Current Assets</b>					
Stock	12	1,390		3,585	
Debtors	13	362,955		195,402	
Cash at bank and in hand		<u>291,338</u>		<u>2,372,062</u>	
		655,683		2,571,049	
<b>Creditors: Amounts falling due within one year</b>	14	<u>(783,058)</u>		<u>(671,795)</u>	
<b>Net Current Assets</b>			<u>(127,375)</u>		<u>1,899,254</u>
			12,509,103		8,331,606
<b>Creditors: Amounts falling due after one year</b>	15		<u>(142,922)</u>		<u>(142,922)</u>
<b>Net Assets</b>			<u>12,366,181</u>		<u>8,188,684</u>
<b>Funds</b>					
Unrestricted Funds			(52,938)		(104,729)
Restricted Funds	16		<u>12,419,119</u>		<u>8,293,413</u>
			<u>12,366,181</u>		<u>8,188,684</u>

Approved by the Board of Directors on 27/11/2003  
and signed on its behalf by



**Ian Rushton**  
Director

The attached notes form part of these financial statements.

**Hackney Empire Limited**  
**Cash Flow Statement**  
**For the year ended 31st March 2003**

	Note	2003 £	2002 £
Net cash inflow from operating activities	20	4,149,038	6,223,591
Returns on investments and servicing of finance	21	42,073	12,670
Capital expenditure	21	(6,271,835)	(4,190,147)
Financing	21	<u>-</u>	<u>-</u>
<b>(Decrease)/Increase in Cash</b>	22	<u><u>(2,080,724)</u></u>	<u><u>2,046,114</u></u>

# Hackney Empire Limited

## Notes to the Financial Statements

### For the year ended 31st March 2003

Hackney Empire Limited is a company limited by guarantee with no share capital. In the event of a winding up, members' liability is limited to £1 each. The company is a registered charity.

#### 1 Basis of Preparation of the Financial Statements

The financial statements have been prepared under the historical cost convention and on the going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The Directors believe that promised special grants together with the continued support of recurrent funders will provide adequate financial support to enable the company to continue in operational existence for the foreseeable future.

The financial statements have been prepared in accordance with applicable Accounting Standards and the Statement of Recommended Practice: "Accounting by Charities" (1995); accordingly the format of the Income and Expenditure Account has been adapted from that prescribed by the Companies Act 1985. The accounting policies remain unchanged from the previous year.

#### 2 Accounting Policies

##### 2.1 Incoming Resources

All incoming resources becoming available to the company are recognised in the Statement of Financial Activities when there is reasonable assurance of receipt. Grants given to finance activities over a specified period of time are recognised over that period. Income from trading activities comprises gross box office receipts, theatre rents and bar and catering takings, and excludes value added tax accounted for by the company.

##### 2.2 Resources Expended

"Charitable expenditure" comprises all expenditure directly relating to the objects of the charity, specifically the costs of operating the Hackney Empire and the Samuel Pepys and includes promoters share of box office receipts, bar and catering purchases and publicity for productions. "Fundraising and publicity" includes the costs of fund-raising efforts and general publicity. "Management and Administration" comprises the cost of compliance with constitutional and statutory requirements and any other costs which should not be treated as direct charitable expenditure. Where possible expenditure has been allocated directly to the appropriate category; other expenditure has been apportioned between categories as seems reasonable.

##### 2.3 Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets over their expected useful lives on the following bases:

Assets in course of construction and freehold land	nil
Freehold buildings	2% straight line
Theatre improvements	4% straight line
Fixtures, fittings and equipment	20% straight line

All assets over £1,000 are capitalised.

##### 2.4 Stocks

Bar and catering stocks are included on the balance sheet at the lower of direct cost or net realisable value.

##### 2.5 Restricted Funds

Incoming resources given for a specific purpose are credited to a restricted fund, against which revenue expenditure for that purpose is charged. In the case of grants given to fund capital expenditure, the assets acquired are capitalised as fixed assets in the balance sheet, and the grant is credited to a restricted fund; the depreciation provided on the funded asset each year is charged against the restricted fund.

**Hackney Empire Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st March 2003 (Continued)**

**3 Donations and Gifts**

	Unrestricted Funds	Restricted Funds	Total Funds 2003	Total Funds 2002
	£	£	£	£
Alan Sugar Foundation	-	400,000	400,000	900,000
Barings Charitable Trust	-	-	-	300,000
Bridge House Estates Trust Fund	-	-	-	100,000
Monument Trust	-	50,000	50,000	50,000
Orr MacKintosh	-	100,230	100,230	100,000
Paul Hamlyn Foundation	-	-	-	20,000
Pilgrim Trust	-	-	-	45,564
Garfield Weston Foundation	-	50,000	50,000	-
Esmee Fairbairn Foundation	-	100,000	100,000	-
Other donations	5,000	65,858	70,858	102,197
	<u>5,000</u>	<u>766,088</u>	<u>771,088</u>	<u>1,617,761</u>

**4 Grants Receivable from Government and Other Public Bodies**

	Unrestricted Funds	Restricted Funds	Total Funds 2003	Total Funds 2002
	£	£	£	£
London Arts	177,529	-	177,529	152,941
London Borough of Hackney	100,000	-	100,000	100,000
London Boroughs Grants Scheme	56,448	-	56,448	56,448
Arts Council England Capital Services	200,000	2,274,621	2,474,621	1,267,488
Renaissi/SRB	-	-	-	2,388,827
Heritage Lottery Fund	-	1,641,026	1,641,026	612,794
URBAN	-	8,480	8,480	1,971
London Development Agency	17,095	351,282	368,377	388,757
	<u>551,072</u>	<u>4,275,409</u>	<u>4,826,481</u>	<u>4,969,226</u>

**5 Investment Income**

	Unrestricted Funds	Restricted Funds	Total Funds 2003	Total Funds 2002
	£	£	£	£
Bank interest receivable	-	47,852	47,852	14,071

# Hackney Empire Limited

## Notes to the Financial Statements

### For the year ended 31st March 2003 (Continued)

<b>6</b>	<b>Cost of Activities in Furtherance of the Charity's Objects</b>	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total Funds 2003</b>	<b>Total Funds 2002</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
	Operation of the Theatre:				
	Staff costs	368,276	84,523	452,799	508,034
	Depreciation	19,573	32,654	52,227	54,709
	Promoters/production costs	101,171	54,005	155,176	168,852
	Bar and catering purchases	21,634	-	21,634	52,757
	Publicity	43,699	-	43,699	32,437
	Other overheads	134,040	584	134,624	227,176
		<u>688,393</u>	<u>171,766</u>	<u>860,159</u>	<u>1,043,965</u>
<b>7</b>	<b>Fundraising and Publicity</b>	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total Funds 2003</b>	<b>Total Funds 2002</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
	Staff costs	-	60,872	60,872	34,718
	Fundraising expenses	-	16,854	16,854	33,774
		<u>-</u>	<u>77,726</u>	<u>77,726</u>	<u>68,492</u>
<b>8</b>	<b>Management and Administration of the Charity</b>	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total Funds 2003</b>	<b>Total Funds 2002</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
	Staff costs	12,256	-	12,256	12,000
	Legal and professional fees	3,195	-	3,195	8,073
	Audit	11,800	-	11,800	18,800
	Bank interest payable	5,779	-	5,779	1,401
	Finance charges	1,984	-	1,984	1,757
		<u>35,014</u>	<u>-</u>	<u>35,014</u>	<u>42,031</u>
<b>9</b>	<b>Employees</b>			<b>2003</b>	<b>2002</b>
				<b>£</b>	<b>£</b>
	Aggregate staff costs are made up as follows:				
	Salaries and wages			504,598	515,254
	Social security costs			33,939	39,498
				<u>538,537</u>	<u>554,752</u>

The average number of employees was 42, being 18 full-time and 24 casual (2002: 19 full-time; 13 casual). No director received any remuneration nor were they reimbursed for expenses.

No employees earned over £50,000 (2002: none).

# Hackney Empire Limited

## Notes to the Financial Statements

### For the year ended 31st March 2003 (Continued)

#### 10 Taxation

No charge to corporation tax is expected to arise on the surplus for the year due to the company's charitable status.

11 Tangible Fixed Assets	Assets in Course of Construction	Freehold Land & Buildings	Theatre Improvements	Fixtures, Fittings & Equipment	Total
<b>Cost</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1st April 2002	5,479,468	604,630	453,065	209,644	6,746,807
Additions during the year	6,270,626	-	-	1,209	6,271,835
Disposals	-	-	-	(61,061)	(61,061)
At 31st March 2003	11,750,094 -	604,630 -	453,065	149,792 -	12,957,581
<b>Depreciation</b>					
At 1st April 2002	-	64,557	82,538	167,360	314,455
Charge for the year	-	12,093	18,123	22,012	52,228
On disposals	-	-	-	(45,580)	(45,580)
At 31st March 2003	-	76,650	100,661	143,792	321,103
<b>Net Book Value</b>					
At 31st March 2003	11,750,094	527,980	352,404	6,000	12,636,478
At 31st March 2002	5,479,468	540,073	370,527	42,284	6,432,352

All assets are in use for charitable purposes.

Legal charges exist over the freehold properties to secure the interests of the public bodies funding their purchase.

Included in fixed assets is equipment with a net book value of £16,903, which was acquired under a hire purchase agreement.

12 Stock	2003 £	2002 £
Bar and catering stocks for resale	1,390	3,585
13 Debtors	2003 £	2002 £
Due within one year:		
Trade debtors	40,228	12,578
Grants receivable	233,876	134,646
Other debtors	82,598	45,857
Prepayments and accrued income	6,253	2,321
	362,955	195,402

# Hackney Empire Limited

## Notes to the Financial Statements

### For the year ended 31st March 2003 (Continued)

14 Creditors: Amounts falling due within one year	2003	2002
	£	£
Bank overdraft	1,491	7,920
Trade creditors	44,821	35,738
Amounts due in respect of the building scheme	665,665	568,191
Box Office advance seats	152	1,404
Taxation and social security	13,126	7,944
Other creditors and accruals	53,045	41,518
Hire purchase agreement (note 18)	-	4,322
Loan from Greene King (note 15)	4,758	4,758
	<u>783,058</u>	<u>671,795</u>

15 Creditors: Amounts falling due after one year	2003	2002
	£	£
Loan from Greene King	<u>142,922</u>	<u>142,922</u>

A loan totalling £147,680 from Greene King is secured by way of a first charge over 289 Mare Street. It carries no interest in any financial year in which the company purchases at least 600 composite barrels from Greene King.

The loan is repayable by instalments as follows:

	2003	2002
	£	£
Within one year	4,758	4,758
In more than one year but not more than two years	18,000	18,000
In more than two years but not more than five years	54,000	54,000
In more than five years	70,922	70,922
	<u>147,680</u>	<u>147,680</u>

16 Restricted Funds	Balance at 1 April 2002	Movement in Resources Incoming	Outgoing	Balance at 31 March 2003
	£	£	£	£
<b>Capital expenditure funding:</b>				
Freehold property	540,073	-	(12,093)	527,980
Theatre improvements	210,961	-	(18,123)	192,838
Arts Council England Capital Services	2,136,460	2,294,719	-	4,431,179
Renaissi SRB - capital project	2,921,178	-	-	2,921,178
Heritage Lottery Fund - capital project	612,794	1,668,780	-	2,281,574
Monument Trust - capital project	50,000	50,000	-	100,000
Bridge House Estates Trust Fund - capital project	100,000	-	-	100,000
London Development Agency - capital project	388,757	351,282	-	740,039
Esmee Fairbairn Foundation - capital project	-	100,000	-	100,000
Amshold - capital project	-	400,000	-	400,000
ORR Mackintosh - capital project	-	100,230	-	100,230
Garfield Weston Foundation - capital project	-	50,000	-	50,000
<b>Revenue expenditure funding:</b>	-	-	-	-
Capital project donations and fundraising	1,305,668	65,858	(908,763) *	462,763
Education	27,522	44,329	(60,513)	11,338
	<u>8,293,413</u>	<u>5,125,198</u>	<u>(999,492)</u>	<u>12,419,119</u>

# Hackney Empire Limited

## Notes to the Financial Statements

### For the year ended 31st March 2003 (Continued)

#### 16 Restricted Funds (Continued)

##### Arts Council England Capital Services

These are lottery funds and are made up of monthly sums drawn down against eligible invoices relating to the Capital Project. Payments are made at 30% of sums expended.

##### Heritage Lottery Fund

Once again these funds are drawn down monthly against eligible invoices. Payments are made at approximately 69% of sums expended but only against certain items related to the Heritage Lottery Fund "approved purposes".

##### Monument Trust

This is towards the refurbishment of historical items.

##### London Development Agency

This contribution is towards elements on the old "Samuel Pepys" site.

##### Esmee Fairbairn Foundation

This was a contribution towards the capital works.

##### Garfield Weston Foundation

This was a contribution towards the capital works.

##### Armshold

This was Sir Alan Sugar's donation made through Armshold.

##### ORP Mackintosh

This was Griff Rhys Jones' donation.

\* Included in the £908,763 expenditure relating to the Capital Project donations and fundraising fund is an amount of £750,000. This amount represents two "on account" payments; these payments were made in respect of a proportion of the claims for losses made by the main contractor, Sunely Turriff Construction Limited (STCL), on the contract which it was expected that they would substantiate for approval and agreement by the Contract Administrator in due course. In making the payments the Directors considered that they would facilitate the more timely completion of the contract. In the event STCL went into administrative receivership in July 2003 with no substantiation by STCL of the claims being forthcoming. Accordingly the payment has been expensed. HEL is pursuing its claim for recovery of loss experienced as a result of STCL's receivership under insurance arrangements taken out at the start of the construction contract.

#### 17 Analysis of Net Assets Between Funds

	Tangible Fixed Assets	Net Current Assets	Other Liabilities	Total
	£	£	£	£
Restricted Funds	12,630,478	(211,359)	-	12,419,119
Unrestricted Funds	6,000	83,984	(142,922)	(52,938)
	<u>12,636,478</u>	<u>(127,375)</u>	<u>(142,922)</u>	<u>12,366,181</u>



**Hackney Empire Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st March 2003 (Continued)**

**18 Future Financial Commitments**

**Operating Leases**

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

	2003 £	2002 £
Other than land and buildings:		
Within one year	567	-
Between two and five years	879	3,147
	<u>1,446</u>	<u>3,147</u>

**Finance Leases**

At 31st March 2003 the company had obligations under finance leases and hire purchase contracts which are set out below:

	2003 £	2002 £
Gross amount payable:		
within one year	-	5,055
between one and two years	-	-
between two and five years	-	-
	<u>-</u>	<u>5,055</u>
Deduct: Finance charges allocated to future periods	-	(733)
	<u>-</u>	<u>4,322</u>

**19 Capital Commitments**

Refurbishment of the Hackney Empire Theatre:

	2003 £	2002 £
Contracted for	<u>3,100,000</u>	<u>8,000,000</u>
Authorised but not contracted for	<u>2,500,000</u>	<u>-</u>

**20 Reconciliation of Net Movement in Funds to Net Cash Inflow from Operating Activities**

	2003 £	2002 £
Net movement in funds	4,177,497	5,943,844
Net interest received	(42,073)	(12,670)
Loss on disposal of fixed assets	15,481	-
Depreciation	52,228	54,709
Decrease in stock	2,195	9,394
(Increase)/ Decrease in debtors	(167,553)	(113,262)
Increase/ (Decrease) in creditors	111,263	341,576
	<u>4,149,038</u>	<u>6,223,591</u>

**Hackney Empire Limited**  
**Notes to the Financial Statements**  
**For the year ended 31st March 2003 (Continued)**

<b>21 Gross Cash Flows</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Returns on investments and servicing of finance		
Interest received	47,852	14,071
Interest paid	<u>(5,779)</u>	<u>(1,401)</u>
	<u>42,073</u>	<u>12,670</u>
Capital expenditure		
Payments to acquire tangible fixed assets	<u>(6,271,835)</u>	<u>(4,190,147)</u>
Financing		
Proceeds/(Repayment) from Borrowings	<u>-</u>	<u>-</u>
<b>22 Reconciliation of Net Cash Flow to Movement in Net Funds</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
(Decrease)/Increase in cash in the period	(2,074,295)	2,046,114
Net funds at the beginning of the year	<u>2,364,142</u>	<u>318,028</u>
Net funds at the end of the year	<u>289,847</u>	<u>2,364,142</u>
<b>23 Analysis of Changes in Net Funds</b>	<b>At</b>	<b>At</b>
	<b>1st April</b>	<b>31st March</b>
	<b>2002</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Cash in hand and at bank	2,372,062	291,338
Overdrafts	<u>(7,920)</u>	<u>(1,491)</u>
	<u>2,364,142</u>	<u>289,847</u>