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Company Registration No. 2060996 (England and Wales)  
Registered Charity No. 1062085

**HACKNEY EMPIRE LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2014**

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## HACKNEY EMPIRE LIMITED

### LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Constitution</b>	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.
<b>Objects</b>	The company's main objects, as set out in the Articles, 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.
<b>Organisation</b>	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 charity, advise the management of the company, in particular on strategy. The Board appoints a Chief Executive who is responsible for policy and day to day management of the charity.
<b>Board of Directors</b>	<p>David Robins (Chair – resigned 22 January 2014) Jane Wilson (Chair – appointed 22 January 2014, resigned 30 September 2014) Victoria Aspden (resigned 3<sup>rd</sup> September 2014) Delphine Brand Jo Cottrell Sean Egan Colleen Harris (resigned 11<sup>th</sup> June 2014) Franny Moyle Jean Nicholson (Acting Chair from 30 September 2014) Jenny Pescod Nikhil Shah (resigned 9<sup>th</sup> June 2014) Nicola Stanhope Emma Williams Caroline Yates</p> <p>All directors are appointed in accordance with the Articles of Association. Except where indicated, the directors listed served throughout the year and up to the date of this report.</p>

#### Sub-committees at 31 March 2014

**Finance & General Purposes**  
Nicola Stanhope (Chair)  
Delphine Brand  
Jean Nicholson  
Jenny Pescod  
Jane Wilson  
Caroline Yates

## HACKNEY EMPIRE LIMITED

### LEGAL AND ADMINISTRATIVE INFORMATION

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#### Sub-committees at 31 March 2014 (Continued)

##### **Audit & Compliance**

Jean Nicholson (Chair)  
Nicola Stanhope

##### **Board Development**

Jean Nicholson (Chair)  
Nicola Stanhope  
Jo Cottrell

##### **Participation & Learning Advisory Committee**

Franny Moyle (Chair)  
Nicola Baboneau  
Susie McKenna  
Orphy Robinson  
Hardeep Singh Kohli  
Emma Williams

#### **Chief Executive**

Clarie Middleton

#### **Other Principal Officers**

Director of Operations and  
Deputy Chief Executive  
Creative Director  
Head of Finance

Jo Hemmant  
Susie McKenna  
Richard Huxtable (resigned 26<sup>th</sup> July 2013)  
Roderick Bentley (appointed 15<sup>th</sup> July 2013)  
Joanne Benjamin (appointed 1<sup>st</sup> May 2014)  
Othman Reid  
Jennie Jacques  
Nadia Hartley

Producer

Technical Manager

Programme Manager

Marketing Manager

#### **Company number**

2060996

#### **Charity number**

1062085

#### **Registered office**

The Hackney Empire  
291 Mare Street  
London E8 1EJ

## HACKNEY EMPIRE LIMITED

### LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Auditors</b>	Saffery Champness Lion House Red Lion Street London WC1R 4GB
<b>Bankers</b>	Barclays Bank Plc 27 Soho Square London W1D 3Q4
<b>Connected charities</b>	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 31 MARCH 2014**

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The Trustees present their report and the financial statements for the year ended 31 March 2014.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005).

#### **Objectives and Activities**

Hackney Empire Limited (HEL) seeks to develop and maintain the Hackney Empire Theatre as the leading popular theatre in London serving the widest possible range of audiences. It aspires to be a unique variety theatre for the 21<sup>st</sup> century and a bridge between the arts and popular culture. It has the world on its doorstep and the world on its stage, nurturing and presenting work that is at once extraordinary, inclusive, inspirational and transformative.

HEL encourages the individuality and creativity of artists, audiences, participants and communities; and through its commitment to diversity and access it strives to bring out the positive, creative potential within everyone with whom it engages.

Driven by its core values of quality, diversity and engagement the Empire

- Produces and presents an eclectic mix of high quality opera and musical theatre, pantomime and work for families, music, comedy, and youth and community engagement – all featuring local, national and international talent
- Holistically reflects the diversity of London today across the whole spectrum of its operation and connects with new and often hard to reach audiences and participants, as well as attracting regular theatre-goers and frequent participants locally, city-wide and beyond
- Produces and presents work that cannot be experienced anywhere else in the capital
- Nurtures and supports local and emerging artists and organisations
- Is an active partner with artists, cultural producers, commercial and subsidised arts managements in the creation of new pieces of work – particularly in the field of opera and musical theatre
- Develops work by, with and for young people as part of our core vision
- Is committed to being accessible and inclusive to Deaf and disabled artists, audiences, staff and participants
- Offers a launch pad for 100s of weeks of UK touring by a myriad of different companies to tens of thousands of regional audiences as well as aspiring to tour regularly with its own work
- Advocates the latest digital technology to reach the widest audiences and to offer a broader creative experience
- Is an important contributor to the social, cultural and economic regeneration of Hackney

## **HACKNEY EMPIRE LIMITED**

### **TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2014**

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- Makes ambitious decisions and initiates new ideas across the whole spectrum of its operation.

In order to ensure that the Empire continues to grow and flourish, the organisation has established five key strategic objectives to:

- Further strengthen and develop the artistic offer to provide public value and reflect commercial realities
- Continue to develop and extend relationships with a diverse range of customers
- Retain a robust but flexible staffing overhead that is responsive to the needs of the business and can facilitate growth
- Grow the company in terms of turnover and outputs whilst establishing sufficient cash reserves to both safeguard against future problems and to facilitate carefully structured development initiatives
- Ensure that the Empire and its infrastructure are maintained and developed to guarantee the very best customer experience and a heritage for future theatre goers.

During 2013/14 HEL further consolidated its successful and innovative business model, developed in 2010/11. The key impetus behind this continued to be the reduction/management of risk and the maximising of potential. Contractual deals with producers and promoters aimed to keep risk to a minimum and deliver a margin towards overheads of approximately £4,500 per performance day.

The small robust permanent staff structure was maintained and enhanced by specific contract-based and time-limited expertise, as appropriate.

#### **Strategic Report**

The Strategic Report, as required by the Companies Act includes the following sections from Achievements and Performance on Page 5 to Governance on Page 11.

#### **Achievements and Performance**

During the year the Empire continued to present a wide-ranging programme that attracted an audience that was diverse in terms of age and ethnic background, and truly representative both of the Borough of Hackney and of London as a whole. The Empire is proud to be a leading example of this level of engagement and inclusion.

## HACKNEY EMPIRE LIMITED

### TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2014

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#### Music

Interest from top-ranking popular music producers is growing steadily and continued to feature during the period. The regular programme to live audiences and for broadcast included:

- concerts – a mixture of fully seated and stalls standing events - by *Light Surgeons*, *Sila*, *Ghostpoet*, *London Gay Men's Chorus*, *Grand Union* and *Jonny Flynn* which continued to attract large numbers of new audiences to the Empire
- the *BBC Concert Orchestra* brought five very successful concerts to the Empire as part of their *Friday Night is Music Night* series on Radio 2. Particular highlights were *Idina Menzel* and *Friends* in April 2013 and *2Day* in May.

The Empire, as a venue for music events, received considerable acclaim from both audiences and the media. Interest in the venue from major music promoters continues to grow. Fourteen concerts (eleven in 2012/13) during the year delivered an average margin towards overheads of £7,018 per performance day (£5,166 in 2012/13).

#### Musical Theatre and Opera

The Empire's stage and auditorium are ideal for opera and musical theatre and these lyric forms demonstrate HEL's commitment to bridging the gap between "art" and "popular culture". During the year the selection of this work included:

- *English Touring Opera* (ETO) in Spring 2014 to launch their new national tour
- *Carnaby Street* – a new musical premiered at Hackney before a major national tour. HEL received an originating theatre royalty of 1% for this tour.
- A new production by Sasha Regan, an all-male *HMS Pinafore*, in February 2014 prior to a national tour.
- A semi-staged performance of the classic 80s musical *Rent* which sold out in both September and February.
- A season by *Co-Opera* showcasing the work of young opera singers at the beginning of their careers.

Commercial theatre managements continued to actively pursue the Hackney Empire as a viable development/try-out/co-production partner for appropriate work.

HEL had scheduled a season in September 2013 of *Molly Wobbly's Tit Factory*. Unfortunately the production company failed to produce and left HEL with a gap in the programme at the last minute. This gap proved impossible to fill at very short notice and this reduced the organisation's earned margins for the year.

HEL's programme of opera and musical theatre in 2013/14 delivered a total margin towards overheads of £131,914.

#### Family Work

The reputation of the Hackney pantomime has grown substantially over a number of years. For the London Borough of Hackney (LBH) the pantomime is a very important element of the Empire's programme. In 2013/14 the pantomime was *Puss in Boots*. Detailed analysis of audience data by Baker Richards again allowed the Empire to refine its schedule and pricing structures for the pantomime. This, coupled with strict control of expenditure, ensured that the production contributed a margin of £325,089 and played to over 46,000 people. Its total gross box office take was £831,539.

## HACKNEY EMPIRE LIMITED

### TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2014

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Other family work programmed for 2013/14 included:

- *Ben and Holly's Little Kingdom* in July 2013.
- *Peppa Pig's Big Splash* in March 2014.

#### Comedy

Black comedy continued to form a major plank of HEL's programming and to attract large audiences and deliver healthy margins. Our partners in this include *Geestor*, *Heartbeat*, *Blue Mountain* and *Touch of Class*.

As its profile rises the Empire is increasingly of interest to the larger "mainstream" comedy promoters.

- September 2013 saw a second visit by *Hitchhikers' Guide to the Galaxy Radio Show on Stage* which played to 1,875 people.
- *Micky Flanagan* performed for two nights and recorded his new DVD in May.
- *Jimmy Carr* performed his new stand-up show in October.

There were 22 evenings (20 in 2012/13) featuring comedy during 2013/14. The average margin delivered by these comedy performances was £6,658 (£6,903 in 2012/13).

#### Local and Community

These events are invaluable to the Empire as they ensure that the theatre is accessible to as many as possible of the different groups and communities in the borough, giving them "ownership" and making the venue a true local resource. For 2013/14 these events included:

- *Borough Beats V* in June and the *Music Services Gala Performance* showcasing the excellent work of the Hackney Music Education Hub.
- *Boroughs United 2014* in January with contributions by young people from across the East London boroughs.
- *The Apollo Schools Orchestra* concerts.

*Alter Ego* (as part of *Discover Young Hackney*) in February was particularly successful this year playing to an audience of 1,133 mostly made up of young people under the age of 18. The success of this event was in no small part due to the peer marketing efforts of HEL's very active Youth Forum.

#### Creative Learning and Participation

The Empire is an important contributor of many and varied arts experiences for the communities of Hackney and beyond. Fundamental to its role as a thriving cultural and creative hub was a partnership with LBH (Connecting Young Hackney), to deliver after school, half term and summer holiday activities for young people in Hackney. This programme, *Empire Next Generation*, is also generously supported by The Monument Trust. 2013/14 was the first year of a four year agreement with the Trust.



## HACKNEY EMPIRE LIMITED

### TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2014

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The Empire's programme of community engagement and participation in 2013/14 included:

- the *Artists' Development Programme (ADP)* in August
- the *Hackney Empire Community Choir* which undertook a number of performances during the year.
- *Hackney Village*, a music theatre project devised with young people about to go to secondary schools and who were considered potentially vulnerable.
- A very successful collaboration with *The Learning Trust* involving young people from the Roma/Traveller communities.

An interesting new event was the sell-out success of a showing of the film, *The Human Scale*, about the work of Danish architect and advocate of pedestrian-friendly cities, Jan Gehl which played to 1,189 people in January.

#### Capital Work

During the first half of 2013/14 HEL undertook a successful capital repair programme on its Grade II\* listed building to make it fully wind and watertight. This was achieved with a capital grant from the Arts Council and supported by the London Borough of Hackney together with trusts and commercial sponsorship. This activity contributed to our strategic aim to ensure that the Empire is available to future generations of theatre-goers.

#### Diversification of income streams

In addition to its artistic offer the Empire further diversified its income streams through filming and other location work ranging from television through to advertisements. Particularly pleasing was a four day booking from the BBC to film part of an episode of *Jonathan Creek* which earned a margin of £20,913. Channel 4 also used the stage and auditorium for their one day annual staff conference in June. Total margins earned from this type of work in 2013/14 were £61,391 (2012/13 £43,076).

#### Prioritising access

As well as being used as the hub for our Creative Learning and Participation programmes and for rehearsals for Foundation Projects, Empire 2 was made available for rehearsals and development work to external companies. An important example of this was the rehearsals of *Frozen*, a play by Bryony Lavery, by *Fingersmiths* prior to a highly-acclaimed national tour. The production was in English and British Sign Language. This use of the space was indicative of HEL's policy of prioritising the development of work by Deaf and disabled companies/artists in Empire 2.

This policy has also facilitated "hot-desk" spaces for small companies/artists in the Empire 2 complex.

#### Audience intelligence

HEL continued to work with Baker Richards on the structured gathering of audience intelligence to inform pricing and marketing strategies.

The capturing of data continues to be considerably enhanced through the use of the Patronbase box office system and the proper tracking of digital marketing impact. Approximately 60% of tickets are being booked online. Patronbase also facilitates considerable value added sales, donations and booking fees coming to HEL.

Paid attendances during 2013/14 (117,053 people) were slightly down (3.5%) on those for 2012/13 (121,723 people). This was attributable to the last minute cancellation of *Molly Wobbly* in the autumn which would have played for 13 days. But for this cancellation, audience numbers would certainly have seen an increase on those for 2012/13.

## HACKNEY EMPIRE LIMITED

### TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2014

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#### Financial Review

The financial statements show a surplus for the year on unrestricted funds of £108,201. The accumulated surplus on unrestricted funds is now £501,080, the balance at March 2013 was an accumulated surplus of £392,879.

There were fewer performance days excluding the pantomime than in 2012/13 – 84 as opposed to 124. The cancellation of *Molly Wobbly* meant the loss of 13 performance days.

Although the programme on stage produced the required margins per performance day, the year as a whole did not have sufficient performance days to reach the budgeted income. An overall margin on performances of £471,669 was achieved over the year.

The Board believes that the overall efficiency of the business model is demonstrated by the increased accumulated surplus on undesignated funds.

The interest-free loan of £230,000 from the London Borough of Hackney has a formal repayment structure and a further £50,000 was repaid at the beginning of 2013/14.

A trading subsidiary, Hackney Empire Trading Limited (HETL), is in operation to generate commercial income from the bars and cafe operation plus photo shoots and film work and the like. All profits made by HETL are gift aided back to HEL. The bars and catering contract with Kudos Catering (UK) Ltd was terminated on 5<sup>th</sup> January 2014. They were replaced by Passa Parola London who continues to run the bars in the theatre.

The income from HEL charitable activities (£1,760,285) is lower than 2012/13 (£1,938,571). This is due, in the main, to fewer numbers of performances.

The costs of operating the theatre are £3,415,676 compared to costs of £3,590,576 in 2012/13. This is due in the main to careful control of expenditure across the operation of the organisation and slightly fewer performance days.

The Board gratefully acknowledges the valuable continuing and additional support from all of its major stakeholders (Arts Council England, London Borough of Hackney, CMS and Barclays Bank) through 2013/14. The Board and senior management are meeting regularly and frequently to review the business modelling and are in constant dialogue with the key stakeholders. HEL is a National Portfolio Organisation of the Arts Council.

David Robins resigned as Chair of HEL in January 2014. The organisation would like to express its thanks to him for his considerable work on behalf of the charity over the last ten years as a Board member and, more latterly, as Chair.

#### Reserves Policy

The company operates in a challenging environment and this has been exacerbated by the growing recession and cuts in public spending. The lack of any operating surpluses has meant that there are currently no undesignated cash reserves. Continued support from the Arts Council and the London Borough of Hackney (see above) has assisted the organisation through 2013/14. This income, together with regular margins earned from the artistic programme, have stabilised the theatre's operating position and the Board consider the organisation to be a sound going concern.

## HACKNEY EMPIRE LIMITED

### TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2014

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It is an intention of the Board to build up an undesignated cash reserve fund to approximately £350,000. The reserve fund will initially be in place for unforeseen but necessary expenditure as well as planned replacement of capital items as necessity dictates.

#### Plans for Future Periods

##### 2014/15

It is the aim throughout 2014/15 to maintain a wide and distinctive artistic programme to an extraordinarily diverse audience. The signature of the artistic offer of the Empire will continue to be an eclectic combination of genres – a variety theatre for the 21<sup>st</sup> century. It will aim to further build on the core values of quality, diversity and engagement; and be designed to contain risk and maximise the overall margin earned on events.

The overall aspiration for the period 2014/15 and beyond is for the Empire to continue to build on its hard-won stability and firmly establish its artistic and business model.

Some major artistic projects in development include:

- the annual hugely successful pantomime, *Mother Goose* (sponsored by CMS Cameron McKenna)
- a further season of the timeless *Blues in the Night* with Clive Rowe and Sharon D Clarke
- an extension of the opera offer to include a second season by ETO in the autumn
- a commission and new production of *Rudy's Rare Records* (an adaption with live music of the Radio 4 comedy) in collaboration with Birmingham Repertory Theatre and starring Lenny Henry
- a further extension of the music programme with contributions from collaborators ranging from the *BBC Concert Orchestra* to *FKA Twigs*
- *Empire Next Generation* further developing HEL's work with young people in partnership with LBH and the Monument Trust

New income sources such as film location and corporate work will be further developed through HETL.

HEL and HETL will collaborate in respect of claims to the new Theatre Tax Relief Scheme launched on 1<sup>st</sup> September 2014.

The Empire will continue to collaborate on the development of work with leading artists and companies. Artists and/or producers will be engaged to curate specific time-limited programming projects and to bring particular expertise to the Empire. Young, local and emerging artists will continue to share the stage with high profile established international artists.

## **HACKNEY EMPIRE LIMITED**

### **TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2014**

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#### **Risk Management**

The Directors 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 Audit & Compliance Committee conducts an annual review of the risk register which details the risks the charity may face; the risk register is subsequently reviewed by the Board annually. The committee reviews the systems and procedures in place to mitigate those risks, advises on improvements and monitors on a regular basis. The committee then ensures there is proper implementation of the procedures with the objective of minimising any potential impact on the charity should those risks materialise.

#### **Governance**

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

The trustees (who are also directors of Hackney Empire Limited for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees confirm that in planning the activities of the charity they have had due regard to the Charity Commission's guidance on public benefit and in particular the guidance for fee charging charities.

## HACKNEY EMPIRE LIMITED

### TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2014

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#### Trustee Induction

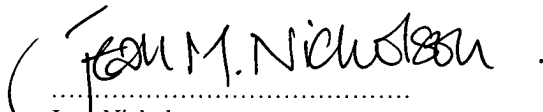
The Board Development Sub-Committee meets through the year as required. Board members and senior managers are able to make suggestions for new members when vacancies arise. These are considered against set criteria which relate to areas of expertise and experience required. The nominator provides the sub-committee with a biography or CV of the nominee and the reason for the nomination. The sub-committee contacts the nominee to inform them of the procedure and the biography or CV is circulated to the Board. Where the Board decides to proceed the sub-committee meets the nominee and if both sides wish to proceed after that the nominee is asked to tour the theatre buildings and meet the Chief Executive and other senior managers if available. If the response to this meeting is positive the sub-committee makes a formal proposal to the Board. If the main Board agrees, the nominee is informed and is sent an introductory pack of recent Board papers, current strategic planning documents and a history of the theatre. The nominee is then invited to the next Board meeting where a formal appointment is made.

There is a further meeting with the nominee, the Chairman and the Chief Executive which form a part of the induction process.

#### Auditors

A resolution proposing the re-appointment of Saffery Champness as auditors will be put to the Annual General Meeting.

The Trustees Report, which includes the Strategic Report, was approved by the board of directors on and signed on its behalf by:

  
.....  
Jean Nicholson  
Acting Chair

25<sup>th</sup> November 2014

## **HACKNEY EMPIRE LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS FOR THE YEAR ENDED 31 MARCH 2014**

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We have audited the financial statements on pages 15 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 trustees and auditors**

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report, including the Strategic Report, to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the charity's state of affairs as at 31 March 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Report, including the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

**HACKNEY EMPIRE LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (continued)  
FOR THE YEAR ENDED 31<sup>st</sup> March 2014**

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**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Cara Turlington (Senior Statutory Auditor)  
For and on behalf of

Saffery Champness  
Chartered Accountants  
Statutory Auditors  
Lion House  
Red Lion Street  
London  
WC1R 4GB

25<sup>th</sup> November 2014

# HACKNEY EMPIRE LIMITED

## STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31st MARCH 2014

	Note	Unrestricted funds £	Restricted funds £	Total funds 2014 £	Total funds 2013 £
<b>Incoming resources</b>					
<i>Incoming resources from generated funds</i>					
<i>Voluntary income</i>					
Donations, gifts and legacies		19,429	-	19,429	22,475
Grants receivable	3	467,025	665,048	1,132,073	755,202
Investment income	4	202	-	202	32
<i>Incoming resources from charitable activities</i>					
Income from trading activities	5	1,760,285	-	1,760,285	1,938,571
<b>Total incoming resources</b>		<u>2,246,941</u>	<u>665,048</u>	<u>2,911,989</u>	<u>2,716,280</u>
<b>Resources expended</b>					
<i>Cost of generating funds</i>					
Fundraising	6	57,043	-	57,043	68,789
<i>Charitable activity</i>					
Cost of operation of the theatre	7	2,093,675	1,322,001	3,415,676	3,590,576
Governance costs	8	15,250	-	15,250	14,500
<b>Total resources expended</b>		<u>2,165,968</u>	<u>1,322,001</u>	<u>3,487,969</u>	<u>3,673,865</u>
<b>Net incoming/(outgoing) resources for the year</b>		<b>80,973</b>	<b>(656,953)</b>	<b>(575,980)</b>	<b>(957,585)</b>
Exceptional item	9	59,406	-	59,406	1,146,232
Transfers between funds		(32,178)	32,178	-	-
<b>Net movement in funds</b>		<u>108,201</u>	<u>(624,775)</u>	<u>(516,574)</u>	<u>188,647</u>
Balances brought forward at 1 April 2013		392,879	11,462,137	11,855,016	11,666,369
<b>Balances carried forward at 31 March 2014</b>	18	<u><b>501,080</b></u>	<u><b>10,837,362</b></u>	<u><b>11,338,442</b></u>	<u><b>11,855,016</b></u>

There were no recognised gains or losses other than the movement of funds above. All operations are continuing.

The notes on pages 19 to 26 form part of the financial statements

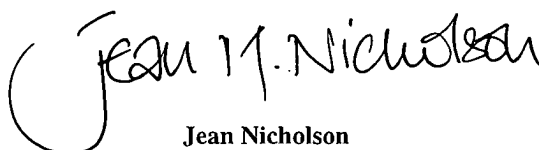


# HACKNEY EMPIRE LIMITED

## BALANCE SHEET AS AT 31st MARCH 2014

	Note	2014		2013	
		£	£	£	£
<b>Tangible fixed assets</b>	11		11,768,779		12,366,550
<b>Investment in subsidiary</b>	12		1		1
<b>Current Assets</b>					
Debtors	13	128,835		1,605,442	
Cash at bank and in hand		<u>47,124</u>		<u>3,825</u>	
		175,959		1,609,267	
Creditors: Amounts falling due within one year	14	<u>(506,297)</u>		<u>(1,966,640)</u>	
<b>Net current liabilities</b>			<u>(330,338)</u>		<u>(357,373)</u>
<b>Total assets less current liabilities</b>			11,438,442		12,009,178
Creditors: Amounts falling due after one year	15		(100,000)		(154,162)
<b>Net Assets</b>			<u>11,338,442</u>		<u>11,855,016</u>
<b>Funds</b>					
Unrestricted Funds	18		501,080		392,879
Restricted Funds	17		10,837,362		11,462,137
			<u>11,338,442</u>		<u>11,855,016</u>

Approved by the Board of Directors on 25th November 2014 and signed on its behalf



Jean Nicholson

Acting Chair of the Board

Company Number 2060996 (England and Wales)

The notes on pages 19 to 26 form part of the financial statements

# HACKNEY EMPIRE LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2014

	2014		2013	
	£	£	£	£
<b>Reconciliation of net income to cash inflow from operating activities</b>				
Net (outgoing)/incoming resources		(516,574)		188,647
Returns on investments and servicing of finance:				
Interest received	(202)		(32)	
Bank interest paid	778		3,186	
		576		3,154
<b>Adjustments for items not involving cash movements</b>				
Depreciation	638,813		650,200	
Decrease/(increase) in debtors	1,476,607		(1,320,941)	
(Decrease)/increase in creditors excluding cash loans and overdrafts	(783,189)		570,007	
		1,332,231		(100,734)
<b>Net cash (outflow)/inflow from operating activities</b>		816,233		91,067
<b>Returns on investments and servicing of finance (see above)</b>		(576)		(3,154)
<b>Capital items</b>				
Fixed assets additions		(41,042)		(8,062)
<b>Financing</b>				
Loan drawn down	-		82,000	
Loan repayments	(704,056)		(252,089)	
Net cash inflow/(outflow) from financing		(704,056)		(170,089)
Increase/(Decrease) in cash		70,559		(90,238)
<b>Reconciliation of net cash flow to movement in net debt</b>				
Increase/(decrease) in cash		70,559		(90,238)
Net cash outflow from financing		704,056		170,089
Change in net debt resulting from cash flows		774,615		79,851
Net funds at the beginning of the year		(881,314)		(961,165)
Net funds at the end of the year		(106,699)		(881,314)

**HACKNEY EMPIRE LIMITED**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31st MARCH 2014**

	At 31 March 2013 £	Cash flows £	Other changes £	At 31 March 2014 £
Cash at bank and in hand	3,825	43,299	-	47,124
Overdraft	(27,260)	27,260	-	-
	(23,435)	70,559	-	47,124
Loans due within one year	(703,717)	704,056	(44,894)	(44,555)
Loans due after one year	(154,162)	-	44,894	(109,268)
Actual cash movement	(881,314)	774,615	-	(106,699)

The notes on pages 19 to 26 form part of the financial statements

## **HACKNEY EMPIRE LIMITED**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2014**

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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. The company generated a deficit of £516,574 for the year ended 31 March 2014 after charging depreciation of £638,814. The balance sheet shows net current liabilities at 31 March 2014 of £330,338 compared to £357,373 at 31 March 2013.

The Directors believe that promised revenue 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 directors therefore believe that the going concern basis continues to be appropriate.

The financial statements have been prepared in accordance with applicable Accounting Standards and the Statement of Recommended Practice, "Accounting by Charities" issued in March 2005.

The financial information is presented for Hackney Empire Limited as an individual undertaking and not for the group. The Trustees have taken advantage of the SORP and of the Companies Act 2006 (S405(2)) exemption not to prepare group financial statements as they consider the effects of any changes would not be material to the financial statements of Hackney Empire Limited.

#### **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, including grants for the purchase of fixed assets, are recognised in full in the Statement of Financial Activities in the year in which they are receivable. 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. Interest is included when receivable by the company.

##### **2.2 Resources Expended**

The company has one "charitable activity" which is the operation of the theatre. This comprises all expenditure directly relating to the objects of the charity, specifically the costs of operating the Hackney Empire and includes promoters share of box office receipts and publicity for productions.

Fundraising and publicity includes the costs of fund-raising efforts and general publicity.

Governance costs comprises the cost of compliance with constitutional and statutory requirements.

Where possible expenditure has been allocated directly to the appropriate category, other expenditure has been apportioned between categories on the basis of the staff time.

## HACKNEY EMPIRE LIMITED

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2014

#### 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 the course of construction and freehold land	- Nil
Freehold Buildings	- 2% straight line
Theatre Improvements	- over 30 years straight line
Fixtures, Fittings and Equipment	- from 20% to 33% straight line

All items over £500 are capitalised.

#### 2.4 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.

#### 2.5 Unrestricted Funds

Unrestricted funds are donations and other incoming resources receivable or generated for the objectives of the charity without further specified purpose and are available as general funds

#### 3 Grants receivable

	Unrestricted Funds £	Restricted Funds £	Total Funds 2014 £	Total Funds 2013 £
<u>Core Funding</u>				
Arts Council England	367,025	-	367,025	366,391
London Borough of Hackney	100,000	-	100,000	100,000
<u>Project Funding</u>				
Harold Hyam Wingate Trust	-	-	-	10,000
Arts Council England	-	109,300	109,300	87,450
Comic Relief	-	-	-	9,800
LoCoG	-	-	-	110,000
London International Festival of Theatre	-	-	-	28,771
Columbia Foundation	-	-	-	22,790
Biffa	-	48,641	48,641	-
Monument Trust	-	70,000	70,000	-
Arts Council England - Capital	-	338,800	338,800	-
London Borough of Hackney	-	93,373	93,373	20,000
Theatres Trust	-	4,934	4,934	-
	<u>467,025</u>	<u>665,048</u>	<u>1,132,073</u>	<u>755,202</u>

#### Grant - London Borough of Hackney

In accordance with sub-section 37(4) of The Local Government and Housing Act 1989, this grant has been fully utilised in accordance with the terms under which it was originally granted and has been fully expended on revenue/capital items in the normal course of the charitable company's business.

# HACKNEY EMPIRE LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2014

### 4 Investment income

	2014 £	2013 £
Bank interest receivable	202	32

### 5 Income from trading activities

	2014 £	2013 £
Box office	941,271	1,174,020
Theatre hire	377,625	268,528
Bars and catering income	3,054	358
Merchandise	26,952	29,171
Education	4,467	2,868
Theatre recharges	195,729	233,044
Other income	184,768	219,137
Receivable from subsidiary under gift aid	26,419	11,445
	<u>1,760,285</u>	<u>1,938,571</u>
Empire 2 - Turnover	<u>77,298</u>	<u>75,190</u>

### 6 Fundraising costs

	2014 £	2013 £
Staff costs (note 10)	43,902	-
Fundraising expenses	13,141	68,789
	<u>57,043</u>	<u>68,789</u>

### 7 Costs of operation of the theatre

	Unrestricted Funds £	Restricted Funds £	Total Funds 2014 £	Total Funds 2013 £
Staff and staff-related costs	649,569	227,173	876,742	952,507
Depreciation	14,039	624,775	638,814	650,200
Promoters/production costs	728,491	-	728,491	1,107,660
Education	18,813	-	18,813	27,668
Publicity	234,558	-	234,558	398,996
Premises and general running costs	388,758	470,053	858,811	376,019
Overhead/administration costs	59,447	-	59,447	77,526
	<u>2,093,675</u>	<u>1,322,001</u>	<u>3,415,676</u>	<u>3,590,576</u>

### 8 Governance costs

	2014 £	2013 £
Staff costs (note 10)	6,000	6,000
Audit – current year provision	9,250	8,500
	<u>15,250</u>	<u>14,500</u>

# HACKNEY EMPIRE LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2014

### 9 Exceptional Item

	2014	2013
Amounts received and receivable on conclusion of litigation with Aviva	59,406	1,146,232
	<u>59,406</u>	<u>1,146,232</u>

### 10 Employees and Directors

	2014 £	2013 £
Aggregate staff costs are made up as follows:		
Salaries and wages (not incl. actors' wages)	800,152	819,698
Social security costs	<u>76,590</u>	<u>71,743</u>
	<u>876,742</u>	<u>891,441</u>

Employee costs are allocated as follows:

	Notes		
Fundraising costs	6	43,902	-
Operation of the theatre	7	801,796	878,242
Education	7	25,044	7,199
Governance costs	8	<u>6,000</u>	<u>6,000</u>
		<u>876,742</u>	<u>891,441</u>

### Employees and Directors

The number of staff receiving a salary over £60,000 was:	2014 No.	2013 No.
£70,000 - £79,999	1	1

The total number of employees was 126 (2013:108). The number of full time equivalent staff was 44 (2013: 35). No director received any remuneration nor were they reimbursed for expenses.

### 11 Tangible fixed assets

	Freehold land and buildings £	Theatre improve- ments £	Fixtures, fittings & equipment £	Total £
<b>Cost</b>				
At 1 April 2013	222,758	18,214,335	422,309	18,859,402
Additions during the year	-	16,674	24,368	41,042
<b>At 31 March 2014</b>	<u>222,758</u>	<u>18,231,009</u>	<u>446,677</u>	<u>18,900,444</u>
<b>Depreciation</b>				
At 1 April 2013	72,420	6,044,005	376,427	6,492,852
Charge for the year	4,455	607,700	26,658	638,813
<b>At 31 March 2014</b>	<u>76,875</u>	<u>6,651,705</u>	<u>403,085</u>	<u>7,131,665</u>
<b>Net Book Amount</b>				
<b>At 31 March 2014</b>	<u>145,883</u>	<u>11,579,304</u>	<u>43,592</u>	<u>11,768,779</u>
<b>At 31 March 2013</b>	<u>150,338</u>	<u>12,170,330</u>	<u>45,882</u>	<u>12,366,550</u>

# HACKNEY EMPIRE LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2014

### 12 Investment in subsidiary

	2014	2013
	£	£
Investment in subsidiary undertaking	1	1

#### Results of subsidiary

	2014	2013
	£	£
Turnover	157,743	143,067
Cost of sales	(20,825)	(17,072)
Premises costs and other overheads	(102,227)	(114,549)
Operating profit	34,691	11,446
Amount gifted to Hackey Empire Limited	(34,691)	(11,446)
Retained Profit	-	-

#### Turnover comprised:

Catering operations	44,118	55,113
Location & filming fees	79,123	82,583
Other income	34,502	5,371
	157,743	143,607

#### Net assets of subsidiary

	2014	2013
	£	£
Current assets	14,585	28,184
Creditors: amounts falling due within one year	(14,584)	(28,183)
Net assets	1	1

#### Shareholder's funds

	1	1
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#### Shares in subsidiary

Subsidiary	Country of registration	Class	Shares held
Hackney Empire Trading Limited	England and Wales	Ordinary	100%

### 13 Debtors

	2014	2013
	£	£
Due within one year:		
Trade debtors	28,155	58,277
Other debtors	-	74,998
Amounts due from Aviva	-	901,852
Prepayments and accrued income	95,725	545,465
Inter company balance	4,955	24,850
	128,835	1,605,442



# **HACKNEY EMPIRE LIMITED**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2014**

### **14 Creditors within one year**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Trade creditors	285,324	287,687
Bank overdraft	-	27,260
Box Office advance seats	39,492	144,397
Taxation and social security	37,524	42,205
Other creditors and accruals	90,135	761,375
Inter company balance	-	-
Interest free loan (unsecured without fixed repayment terms)	-	605,000
Bank loan (secured on property) (note 15)	3,822	48,716
Loan from London Borough of Hackney (note 15)	50,000	50,000
	<u>506,297</u>	<u>1,966,640</u>

### **15 Creditors after one year**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Bank loan	-	4,162
Loan from London Borough of Hackney	100,000	150,000
	<u>100,000</u>	<u>154,162</u>

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
The loans are repayable by instalments as follows:		
Bank loan:		
Within one year	3,822	48,716
In more than one year but not more than two years	-	4,162
In more than two years but not more than five years	-	-
In more than five years	-	-
	<u>3,822</u>	<u>52,878</u>
Loan from London Borough of Hackney:		
Within one year	50,000	50,000
In more than one year but not more than two years	50,000	50,000
In more than two years but not more than five years	50,000	100,000
In more than five years	-	-
	<u>150,000</u>	<u>200,000</u>

### **16 Future financial commitments**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Land and buildings:		
Within one year	-	-
Between two and five years	50,000	76,634
Other than land and buildings:		
Within one year	-	-
Between two and five years	8,258	4,994

# HACKNEY EMPIRE LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2014

### 17 Restricted funds

	Balance at Apr 2013 £	Movement in resources			Balance at Mar 2014 £
		Incoming £	Outgoing £	Transfers £	
<b>Capital</b>					
Freehold property	150,338	-	(4,455)	-	145,883
Capital projects	11,311,799	-	(620,320)	-	10,691,479
<b>Revenue</b>					
Arts Council England	-	109,300	(109,300)	-	-
Biffa	-	48,641	(48,641)	-	-
Monument Trust	-	70,000	(71,588)	1,588	-
Arts Council England - Capital	-	338,800	(369,390)	30,590	-
London Borough of Hackney	-	93,373	(93,373)	-	-
Theatres Trust	-	4,934	(4,934)	-	-
	<u>11,462,137</u>	<u>665,048</u>	<u>(1,322,001)</u>	<u>32,178</u>	<u>10,837,362</u>

#### Freehold Property

These funds represents resources held in the form of a building.

#### Capital projects

These represent funds provided for major re-development and refurbishment of the theatre.

#### Revenue projects

##### Arts Council England

Funds to support our fundraising and development activities.

##### Biffa

Funding to improve facilities in Empire 2.

##### Monument Trust

A mix of funding, mostly devoted to the support of youth development programmes in the theatre.

##### Arts Council England - Capital

Arts Council England supported our refurbishment and repairs programme.

##### London Borough of Hackney

London Borough of Hackney supported our 'Connecting Young Hackney' and other youth involvement programmes.

##### Theatres Trust

Theatres Trust supported our refurbishment and repairs programme.

# **HACKNEY EMPIRE LIMITED**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2014**

### **18 Analysis of net assets between funds**

	<b>Tangible fixed assets</b>	<b>Net current liabilities</b>	<b>Other liabilities</b>	<b>Total</b>
	£	£	£	£
Restricted Funds	10,837,362	-	-	10,837,362
Unrestricted Funds	931,417	(330,337)	(100,000)	501,080
	<u>11,768,779</u>	<u>(330,337)</u>	<u>(100,000)</u>	<u>11,338,442</u>

### **19 Future Financial Commitments**

#### **Operating leases**

At 31st March 2014 the company had annual commitments under operating leases as set out below:

	<b>2014</b>	<b>2013</b>
	£	£
Land and Buildings		
Within one year	-	-
Between two and five years	<u>50,000</u>	<u>76,634</u>
Other than Land and Buildings		
Within one year	-	-
Between two and five years	<u>8,258</u>	<u>4,994</u>