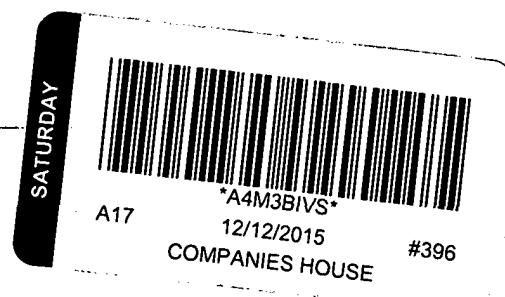


Company Registration No. 2060996 (England and Wales)
Registered Charity No. 1062085

HACKNEY EMPIRE LIMITED
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

Saffery Champness
CHARTERED ACCOUNTANTS



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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 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.

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 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. Hackney Empire Limited has a wholly own subsidiary company, Hackney Empire Trading Limited, This company was formed to generate commercial income at Hackney Empire for the benefit of the parent company to which it gift aids any profits made. For the first time group accounts have been prepared, recognising its increasing levels of activity.

Board of Directors

Victoria Aspden (resigned 3rd September 2014)
Delphine Brand
Jo Cottrell
Sean Egan
Colleen Harris (resigned 11th June 2014)
Franny Moyle
Jean Nicholson (Acting Chair from 30th September 2014 to 9th December 2014)
Jenny Pescod (resigned 3rd February 2015)
Nikhil Shah (resigned 9th June 2014)
Nicola Stanhope (Chair – from 9th December 2014)
Emma Williams (resigned 13th October 2015)
Jane Wilson (Chair – resigned 30th September 2014)
Caroline Yates

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.

HACKNEY EMPIRE LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

Sub-committees at 31 March 2015

Finance & General Purposes

Delphine Brand (Chair – from 9th December 2014)

Jo Cottrell

Jean Nicholson

Jenny Pescod (resigned 3rd February 2015)

Nicola Stanhope (Chair – until 9th December 2014)

Jane Wilson (resigned 30th September 2014)

Caroline Yates

Audit & Compliance

Jean Nicholson (Chair)

Nicola Stanhope

Board Development

Jo Cottrell

Jean Nicholson (Chair)

Nicola Stanhope

Participation & Learning Advisory Committee

Nicola Baboneau

Susie McKenna

Franny Moyle (Chair)

Orphy Robinson

Hardeep Singh Kohli

Emma Williams (resigned 13th October 2015)

Chief Executive

Clarie Middleton

Other Principal Officers

Director of Operations and Deputy Chief Executive

Creative Director

Finance Manager

Interim Finance Manager

Technical Manager

Producer

Head of Development

Programme Manager

Jo Hemmant

Susie McKenna

Roderick Bentley (resigned 31st March 2015)

Louisa Charles (appointed 28th May 2015)

Othman Reid

Joanne Benjamin (appointed 1 May 2014)

Sultan Fiappi (appointed 1st June 2015)

Jennie Jacques (resigned 8 January 2015)

Jane Walsh (appointed 5th February 2015)

Company number

2060996

Charity number

1062085

HACKNEY EMPIRE LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

Registered office The Hackney Empire
291 Mare Street
London E8 1EJ

Auditors Saffery Champness
Lion House
Red Lion Street
London WC1R 4GB

Bankers Barclays Bank Plc
27 Soho Square
London
W1D 3Q4

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 31 MARCH 2015

The Trustees present their report and the financial statements for the year ended 31 March 2015.

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 as a leading London theatre serving the widest possible range of audiences. Embracing both local and global communities of artists and audiences, it is determined to nurture and present work that is at once extraordinary, inclusive, inspirational and transformative.

Driven by its core values of quality, diversity and engagement HEL aspires to make the Empire a creative hub and a first class international cultural destination for a very wide range of audiences by

- Offering its customers the highest quality performance work and creative learning activity undertaken within defined, value-led artistic and strategic imperatives
- Nurturing local and emerging artists and organisations whilst being attractive to the very best of national and international talent
- Consistently making ambitious decisions and initiating new ideas
- Being accessible and attractive to local Hackney audiences and a venue that can attract 80% of its audiences from across a city where the cultural offer is unsurpassed
- Holistically reflecting in all its activities the diversity of 21st century London
- Celebrating both the heritage and the potential of the glorious theatre building; and ensuring that the Empire and its infrastructure are maintained and developed to guarantee the very best customer experience and a heritage for future theatre-goers.
- Seeking to engage with and inspire its audiences and young people from all backgrounds
- Integrating digital activity across the whole spectrum of the organisation and its creative output
- Seeking out and developing wide-ranging partnerships with appropriate artists, cultural producers, commercial and subsidised arts managements, education, businesses and the public sector
- Pro-actively seeking new income streams
- Working closely with the London Borough of Hackney (LBH) on the cultural and physical regeneration of the borough.

Achievements and Performance

During the year the Empire continued to present a high quality 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 inclusivity.

Opera and Musical Theatre

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".

HEL's in-house productions in this field in 2014/15 were:

HACKNEY EMPIRE LIMITED

Blues in the Night which was revived in May 2014 to great critical acclaim

and

Rudy's Rare Records based on the popular Radio 4 series and starring Lenny Henry and Larrington Walker. This unique piece of theatre used dialogue with classics from the ska and reggae canon. A huge success, this co-production with the Birmingham Rep played to over 12,000 people across its Hackney run.

During the year the Empire presented *English Touring Opera* (ETO) in Autumn 2014 and Spring 2015 to launch their new national tours.

Empire 2 was also used as a development space during the year to explore new pieces of musical theatre such as *Eddie O* with music by Brian Protheroe and based on the Eugene Onegin story of Pushkin

Family Work

The Hackney Empire annual pantomime now boasts a superb reputation amongst both audiences and the media for being "London's Number 1 pantomime" (The Times). For the London Borough of Hackney (LBH) this production is a very important element of the Empire's programme. In 2014/15 the pantomime was *Mother Goose*. 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 and an excellent marketing and PR campaign, ensured that the production contributed a margin of £427,514 and played to almost 50,000 people. Its total gross box office take was £961,103 over 62 performances, making *Mother Goose* the Empire's most successful pantomime to date.

Other family work programmed for 2014/15 included:

- *Tom's Midnight Garden* in April 2014
- *Kidnapped* in May 2014.

Sadly, these two presentations did not prove popular with audiences and, in the future, HEL will look to exploring new and potentially more popular sources for family work.

Music

Gigs from top-ranking popular music producers continued to be a feature during the period. The regular programme to live audiences and for broadcast included:

- a mixture of fully seated and stalls standing events by *Ben Howard*, *FKA Twigs*, *The Antlers* and *The Staves* which continued to attract large numbers of new audiences to the Empire
- several Radio 2 broadcast concerts by the *BBC Concert Orchestra* featuring, for example, the music of the Gershwins (starring Michael Feinstein) and of Billie Holiday
- other events included the choral competition, *Time to Shine*, and *Mafikizolo* from South Africa

The Empire, as a venue for music events, continues to receive considerable acclaim from promoters, audiences and the media. Thirteen mainstage music gigs during the year delivered an average margin towards overheads of £6,768 per performance day.

Comedy

Black comedy forms a major plank of HEL's programming and continues to attract large audiences and deliver healthy margins, together with larger "mainstream" comedy performers. Key comedy artists who performed at the Empire during 2014/15 included *Bill Bellamy*, *Slim*, *David O'Doherty* and *Alan Davies*.

There were 11 evenings featuring comedy during 2014/15 which achieved an average margin per show of £6,062.

HACKNEY EMPIRE LIMITED

Local and Community Work

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 2014/15 these events included:

- *The Music Services Gala and Borough Beats* promoted by LBH and providing a platform for the work of the *Hackney Music Trust*
- *Boroughs United* which provides a unique platform for young people at risk
- *The Apollo Schools* music concerts.

Alter Ego (as part of *Discover Young Hackney*) in February was again very successful this year playing to a capacity audience

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 its ongoing partnership with *Connecting Young Hackney (LBH)* and *The Monument Trust*, to deliver after school, half term and summer holiday activities for young people in Hackney: *Empire Next Generation*

The Empire’s programme of creative learning and participation in 2014/15 included:

- the *Artists’ Development Programme (ADP)* for young people aged between 13 and 19 in August with a production called *Don’t Knock – Tap!*, a celebration of the Clark Brothers in collaboration with *Positive Steps*
- the *Hackney Empire Community Choir*
- *Hackney Village*, a week-long programme in July in collaboration with *Inspire* where young people under 12 create a new piece of musical theatre.

Following on from individual successes in previous years, in 2014/15 HEL further explored the showing of films at the venue. Two very different – but each highly successful – film presentations were part of the programme: *Singalong a Sound of Music* and *American Sharia*. The latter was a new film that proved enormously popular with Muslim audiences from across London.

HEL will continue to expand its film offer in 2015/16 through specially themed festivals that will also include appropriate work by live artists.

HEL has continued to programme specific work for specific communities. In 2014/15 this included *Embrace China* in September 2014, and *Mega Maalai* and *American Sharia* in February 2015.

HEL continued to work with Baker Richards to inform pricing and marketing strategies.

The capturing of data is still being considerably enhanced through the use of the Patronbase box office system and the proper tracking of digital marketing impact. Further capture of data has also been facilitated by the installation of a substantial broadband service throughout the venue. Over 50% of tickets are consistently being booked online. Patronbase also allows value added sales, donations and booking fees to come to HEL.

Attendances during 2014/15 were just over 125,000, very much at the same level as for 2013/14.

Financial Review

The group financial statements show a surplus on unrestricted funds for 2014/15 of £263,746 (£108,201 2013/14). The accumulated surplus on unrestricted funds is now £764,826 (£501,080 2013/14).

HACKNEY EMPIRE LIMITED

The loan of £230,000 from the London Borough of Hackney has a formal repayment structure and a further £50,000 was repaid in 2014/15. This leaves a payment of £50,000 to be repaid during 2015/16 and a last £50,000 during 2016/17.

The income from HEL charitable activities (£2,566,663) is considerably higher (36%) than 2013/14 (£1,883,337).

The costs of operating the theatre are £3,457,591 compared to costs of £3,538,728 in 2013/14. This reduction of approximately 2% has been achieved through careful cost-control during a year of organisational growth and increased resilience.

The Board of Trustees gratefully acknowledges the valuable continuing and additional support from all of its major stakeholders (Arts Council England, London Borough of Hackney and The Monument Trust) through 2014/15. 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 again a National Portfolio Organisation of the Arts Council (2015/16 to 2017/18).

Fundraising

£100,289 was raised from donations, trusts and foundation, gifts and legacies in 2014/15 (£89,429 2013/14). Although a good increase on the previous year, this was a lower amount than had been budgeted for. Particularly pleasing was the establishment of The Matcham Circle for individual donors.

In June 2015 a new Head of Development has been appointed to provide a reinvigorated strategic approach to this aspect of HEL's activity.

Hackney Empire Trading Limited

A wholly-owned trading subsidiary, Hackney Empire Trading Limited (HETL), is in operation to generate commercial income for the benefit of the parent charity, HEL.

The company has three distinct areas of activity:

Firstly, it deals with commercial opportunities such as photo shoots and film work.

Secondly, it manages service contracts with third-party suppliers to run the theatre bars and the catering operation.

Finally, it acts as a production company producing commissioned pieces of theatre.

All of HETL's profits are gift-aided back to the parent charity. This allows HEL to enhance its overall resilience through diversification of income streams. For 2014/15 HETL was commissioned to produce the pantomime, *Mother Goose*, and will be claiming Theatre Tax Relief of £53,413 in respect of this production.

The overall output from HETL was grew considerably in 2014/15 with highlights including some filming of *The Dresser* starring Ian McKellen and Anthony Hopkins (shown on BBC2 on 31st October 2015); the filming for broadcast of *Gospel Choir of the Year* by the BBC; the *ITV British Soap Awards*; and the rehearsals for the *2015 Olivier Awards*.

The total margin achieved for filming etc in 2014/15 was £113,288 (£43,076 2013/14).

The total gift-aided contribution from HETL to HEL in 2014/15 was £91,335 (£34,691 2013/14).

Bars and Catering

The relationship with Kudos Catering was ended at the beginning of January 2014.

HACKNEY EMPIRE LIMITED

The bars inside the theatre building are now run by Passa Parolla Limited who pay a fixed monthly rental and a rising percentage of turnover above £115,000. This relationship has proved extremely fruitful.

In June 2014 Platterform took over the running of the Empire Café which has been renamed Stage 3. Platterform also pay a fixed monthly rent together with a percentage of any profit. As well as providing a catering service through the day, Platterform promote small gigs and events in the space. Although slightly slower than the theatre bars to establish a business model, Platterform are now becoming an asset to the Empire.

The total net contribution from the bars and catering operation rose 97% to £86,807 from £44,117 in 2013/14.

Reserves Policy

The company operates in a challenging environment and this has been exacerbated by the growing recession and cuts in public spending. Despite this the organisation has succeeded in showing an annual surplus on unrestricted funds over the last few years. In 2014/15 this surplus was £263,746. It is particularly pleasing that 2014/15 has seen the establishment of small cash reserves; and it is the intention of the Board to build up these reserves to approximately £400,000. These reserves will strengthen the organisation's capacity to cope with unforeseen but necessary expenditure as well as planned work on the fabric of the building, the purchase/replacement of capital items, and the strategic development of the organisation as a whole.

In addition, the Trustees have designated specific reserves to support the maintenance of the building and strategic decision making around the artistic programme as set out in note 19.

Continued support from the Arts Council and the London Borough of Hackney has been invaluable to the organisation through 2014/15. This income, together with careful cost control, the revenue earned from its charitable activities and through gift aid from HETL has ensured the stability of HEL's operating position and the Board consider the organisation to be a sound going concern.

Plans for Future Periods

2015/16 and beyond

The overall aspiration for the period 2015/16 and beyond is for HEL to maintain and enhance the current stability and resilience of its business model and to further grow and develop its quality artistic offer – particularly within the continuum from opera to musical theatre.

Some major projects planned or in development include:

- The 2015/16 pantomime, *Jack and the Beanstalk*
- The Artist Development Programme 2015 – a new piece of musical theatre based on *Macbeth*
- Showcases of their new talent by the *Urdang Academy* and the *Royal Academy of Music*
- *Alter Ego 2016* in February
- A continuation of the relationship with the *BBC Concert Orchestra*
- Music gigs featuring bands as diverse as *King Crimson* and *Show of Hands*
- *Empire Next Generation* creative learning activity to run throughout the year
- A spring 2016 season by *English Touring Opera*
- Hosting *World without Borders*, a *TED* event in January 2016
- Comedy gigs featuring artists such as *Stephen K Amos*, *Slim*, *Richard Blackwood*, *David O'Doherty* and *Jimmy Carr*
- *Clocks*, a new opera, with *Brolly Productions*

HACKNEY EMPIRE LIMITED

- *Brilliant, the dinosaur*, a through-composed piece for families and young people aged 10 and under
- *Rastamouse*, an adaption for the stage of the hugely popular children's television show.

HETL will continue to seek partners for film and photo shoot work. A highlight of 2015/16 in this respect will be the filming on the Empire stage of the new *John Bishop Show* for the BBC.

The Empire will continue to collaborate on the development of work with appropriate artists, agencies and companies. Associate Producers will be engaged to curate specific time-limited programming projects and to bring particular expertise to the Empire.

Under the new Head of Development HEL's fundraising, profile and branding strategies will be revitalised.

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.

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. Where the sub-committee decides to proceed the sub-

HACKNEY EMPIRE LIMITED

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 and further circulate the appropriate CV(s). 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.

Risk Management

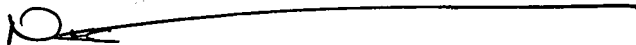
The Directors have examined the major strategic, business and operational risks that the company faces and confirm that systems have been established so that the necessary steps can be taken to mitigate these risks.

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.

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 in accordance with the Companies Act 2006, was approved by the board of directors on and signed on its behalf by:



.....
Nicola Stanhope
Chair

8 December 2015

HACKNEY EMPIRE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 13 to 28. 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 group's and the parent 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 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing our audit. 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 group's and the parent charity's state of affairs as at 31 March 2015 and of the group's 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report, which includes 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)

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:

- the parent charity has not kept adequate and sufficient accounting records, 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.

Saffery Champness

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

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

8 December 2015

HACKNEY EMPIRE LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2015

	Notes	Unrestricted funds £	Restricted funds £	2015 Total £	2014 Total £
Incoming resources					
<i>Incoming resources from generated funds</i>					
<i>Voluntary income</i>					
Donations, gifts & legacies		30,289	-	30,289	19,429
Grants receivable	3	468,514	70,000	538,514	1,132,073
Investment income	4	66	-	66	202
<i>Incoming resources from charitable activities</i>					
Income from running theatre	5	2,491,753	74,910	2,566,663	1,883,337
Total incoming resources		<u>2,990,622</u>	<u>144,910</u>	<u>3,135,532</u>	<u>3,035,041</u>
Resources expended					
<i>Cost of generating funds</i>					
Fund-raising costs		64,289	-	64,289	57,043
<i>Charitable activity</i>					
Cost of operation of the theatre		2,695,173	762,418	3,457,591	3,538,728
Governance costs		<u>20,827</u>	<u>-</u>	<u>20,827</u>	<u>15,250</u>
Total resources expended	8	<u>2,780,289</u>	<u>762,418</u>	<u>3,542,707</u>	<u>3,611,021</u>
Net (outgoing)/ incoming resources in the year		210,333	(617,508)	(407,175)	(575,980)
Exceptional item	9	-	-	-	59,406
Corporation tax		53,413	-	53,413	-
Net movement in funds		<u>263,746</u>	<u>(617,508)</u>	<u>(353,762)</u>	<u>(516,574)</u>
Opening fund balances		501,080	10,837,362	11,338,442	11,855,016
Closing fund balances	20	<u>764,826</u>	<u>10,219,854</u>	<u>10,984,680</u>	<u>11,388,442</u>

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

The notes on pages 17 to 28 form part of the financial statements.

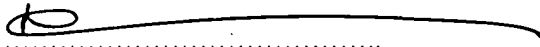
HACKNEY EMPIRE LIMITED

BALANCE SHEETS AS AT 31 MARCH 2015

		Group		Charity	
	Notes	2015 £	2014 £	2015 £	2014 £
Fixed assets					
Tangible assets	12	11,145,241	11,768,778	11,145,241	11,768,778
Investments	13	-	-	1	1
		<u>11,145,241</u>	<u>11,768,778</u>	<u>11,145,242</u>	<u>11,768,779</u>
Current assets					
Debtors	14	264,426	136,095	366,495	128,835
Cash at bank and in hand		177,137	49,495	70,535	47,125
		<u>441,563</u>	<u>185,590</u>	<u>437,030</u>	<u>175,960</u>
Creditors: Amounts falling due within one year	15	(552,124)	(515,926)	(547,592)	(506,297)
Net current assets		(110,561)	(330,336)	(110,562)	(330,337)
Total assets less current liabilities		<u>11,034,680</u>	<u>11,438,442</u>	<u>11,034,680</u>	<u>11,438,442</u>
Creditors: Amounts falling due after one year	16	(50,000)	(100,000)	(50,000)	(100,000)
Net assets		<u>10,984,680</u>	<u>11,338,442</u>	<u>10,984,680</u>	<u>11,338,442</u>
Represented by:					
Restricted Funds	18	10,219,854	10,837,362	10,219,854	10,837,362
Unrestricted Funds					
Designated funds	19	30,000	-	30,000	-
General funds	19	734,826	501,080	734,826	501,080
Total	20	<u>10,984,680</u>	<u>11,338,442</u>	<u>10,984,680</u>	<u>11,338,442</u>

Company number 2060996 (England and Wales)

Approved by the Board of Directors on ^{8 December} ~~xx November~~ 2015 and signed on its behalf.


.....
Nicola Stanhope
Chair

The notes on pages 17 to 28 form part of the financial statements.

HACKNEY EMPIRE LIMITED**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015**

Notes	2015		2014	
	£	£	£	£
Net cash inflow from operating activities				
Net outgoing resources	(407,175)		(516,574)	
Depreciation	634,102		638,813	
Interest received	66		202	
Interest paid	(2,215)		(77)	
Decrease /(increase) in debtors	(74,917)		1,461,671	
(Decrease)/increase in creditors (excluding loans)	40,020		(766,918)	
Net cash inflow resulting from operating activities		189,881		817,117
Return on investment and servicing of finance				
Interest received	(66)		(202)	
Interest paid	2,215		77	
		2,149		(125)
Capital expenditure				
Payments to acquire tangible fixed assets		(10,565)		(41,042)
Loan repayments		(53,822)		(704,056)
Increase/ (decrease) in cash in the year		127,643		71,894
Reconciliation of net cash flow to movement in net funds				
Increase/(decrease) in cash		127,642		71,894
Net funds at 1 April 2014		49,495		(22,399)
Net funds at 31 March 2015	23	177,137		49,495

HACKNEY EMPIRE LIMITED**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015****Analysis of change in net funds**

	At 31 March 2014 £	Cash flows £	Other Changes £	At 31 March 2015 £
Cash at bank and in hand	49,495	127,642	-	177,137
Overdrafts	-	-	-	-
Loans due within one year	(44,555)	44,555	(50,000)	(50,000)
Loans due after one year	(109,268)	9,268	50,000	(50,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Actual Cash Movement	<u>(104,325)</u>	<u>181,465</u>	<u>-</u>	<u>77,137</u>

This note forms part of the cash flow statement on page 15.

HACKNEY EMPIRE LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

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 charity generated a surplus before depreciation of the capital project of £263,746. This is a significant improvement on previous years. However after charging depreciation to the restricted fund of £613,508 the group recorded a deficit for the year of £353,762. The balance sheet shows net current liabilities at 31 March 2015 of £110,564 compared to £330,338 at 31 March 2014.

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 statements consolidate the results of Hackney Empire Limited with the results of its wholly owned subsidiary Hackney Empire Trading 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.

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	-	over 30 years straight line
Fixtures, fittings and equipment	-	from 20% to 33% straight line

All assets over £1,000 are capitalised.

HACKNEY EMPIRE LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

2 Accounting policies (continued)

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.

In addition the Trustees have designated funds for specific future purposes as set out in Note 19.

2.6 Pension costs

The group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

3 Grants receivable

	Unrestricted Funds	Restricted Funds	Total 2015	Total 2014
	£	£	£	£
<u>Core funding</u>				
Arts Council England	368,514	-	368,514	367,025
London Borough of Hackney	100,000	-	100,000	100,000
<u>Project Funding</u>				
Arts Council England	-	-	-	109,300
Biffa	-	-	-	48,461
Monument Trust	-	70,000	70,000	70,000
Arts Council England - Capital	-	-	-	338,800
London Borough of Hackney	-	-	-	93,373
Theatres Trust	-	-	-	4,934
	<u>468,514</u>	<u>70,000</u>	<u>538,514</u>	<u>1,132,073</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 31 MARCH 2015**

4 Investment income

	2015	2014
	£	£
Interest receivable	66	202

5 Income from trading activities

	2015	2014
	£	£
Box office	1,271,333	941,271
Theatre hire	639,084	482,979
Grants	74,910	-
Bars and catering income	121,610	47,171
Merchandise	24,894	26,952
Booking fees	91,872	59,907
Theatre recharges	144,123	195,729
Other income	123,927	129,318
	<u>2,491,753</u>	<u>1,883,337</u>

6 Fundraising costs

	2015	2014
	£	£
Staff costs (note 10)	48,232	43,902
Fundraising expenses	16,057	13,141
	<u>64,289</u>	<u>57,043</u>

HACKNEY EMPIRE LIMITED**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2015****7 Costs of operation of the theatre**

	Unrestricted Funds	Restricted Funds	Total Funds 2015	Total Funds 2014
	£	£	£	£
Staff and staff-related costs	1,031,329	75,410	1,106,739	967,679
Depreciation	16,595	617,508	634,103	638,814
Promoters/production costs	1,056,996	-	1,056,996	901,445
Education	15,546	-	15,546	18,813
Publicity	227,407	-	227,407	234,558
Premises & general running costs	299,181	69,500	368,681	717,969
Overhead/administrative costs	48,118	-	48,118	59,447
	<u>2,695,172</u>	<u>762,418</u>	<u>3,457,590</u>	<u>3,538,728</u>

8 Governance costs

	2015 £	2014 £
Staff costs (note 10)	6,000	6,000
Audit – current year provision	12,250	9,250
Other costs	2,577	-
	<u>20,827</u>	<u>15,250</u>

9 Exceptional Item

	2015 £	2014 £
Amounts received and receivable on conclusion of litigation with Aviva	<u>-</u>	<u>59,406</u>

The final legal costs linked to the litigation have been included in general expenditure and the matter has now been closed.

HACKNEY EMPIRE LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

10 Employees and Directors

	2015 £	2014 £
Aggregate staff costs are made up as follows:		
Salaries and wages (not incl. actors' wages)	1,039,130	937,389
Social security costs	86,657	80,193
Pension costs	16,224	-
	<u>1,142,021</u>	<u>1,017,581</u>

Employee costs are allocated as follows:	Notes		
Fundraising costs	6	29,282	43,902
Operation of the theatre	7	1,081,883	942,635
Education	7	24,856	25,044
Governance costs	8	6,000	6,000
		<u>1,142,021</u>	<u>1,017,581</u>

The number of staff receiving a salary over £60,000 was:	2015 No.	2014 No.
£70,000 - £79,999	1	1
£60,000 - £69,999	1	0

There were no contributions made to a defined contribution pension scheme on behalf of either employee during the year.

The total number of employees was 122 (2014: 126). The number of full time equivalent staff was 37 (2014: 44).

Two directors received remuneration in the form of fees for services totalling £2,165. Such remuneration is allowed for within the company's memorandum and articles.

11 Taxation

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

HACKNEY EMPIRE LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

12 Tangible fixed assets

	Freehold land and buildings	Theatre Improve- ments	Fixtures fittings and equipment	Total
Group and Charity	£	£	£	£
Cost				
At 1 April 2014	222,758	18,231,009	446,677	18,900,444
Additions			10,565	10,565
At 31 March 2015	222,758	18,231,009	457,242	18,911,009
Depreciation				
At 1 April 2014	76,876	6,651,705	403,085	7,131,666
Charge for the year	4,455	607,700	21,947	634,102
At 31 March 2015	81,331	7,259,405	425,032	7,765,768
Net book value				
At 31 March 2015	141,427	10,971,604	32,210	11,145,241
At 31 March 2014	145,882	11,579,304	43,592	11,768,778

All assets are in use for charitable purposes. Legal charges exist over the freehold properties to secure the interests of the public bodies, bankers and other lenders funding their purchase and the cost of theatre improvements.

13 Investment in subsidiary

	2015 £	2014 £
Investment in subsidiary undertaking	1	1

The charity holds 100% of the issued ordinary share capital of the following company:

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

HACKNEY EMPIRE LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

13 Investment in subsidiary (continued)

The principal activity of the subsidiary is to generate commercial income for Hackney Empire Limited. The subsidiary started trading in February 2011. A summary of the results of the subsidiary is set out below.

	2015 £	2014 £
Income	1,232,642	157,743
Cost of sales	(755,461)	(20,825)
Administrative expenses	(439,259)	(102,227)
Profit on ordinary activities before taxation	37,922	34,691
Corporation tax	53,413	-
Profit on ordinary activities after taxation	91,335	34,691
Amount gifted to Hackney Empire Limited	(91,335)	(34,691)
Retained profit	-	-
Turnover comprised:		
Catering operations	86,807	44,118
Pantomime production	811,508	-
Location & filming fees	133,289	79,123
Other income	201,038	34,502
	1,232,642	157,743

Hackney Empire Limited and the subsidiary have a group VAT registration. Any profit made by the subsidiary is paid under gift aid to Hackney Empire Limited.

The assets and liabilities of the subsidiary were:

	2015 £	2014 £
Current assets	234,049	14,585
Creditors: amounts falling due within one year	(234,048)	(14,584)
Net assets	1	1
Shareholder's funds	1	1

Consolidated accounts are not produced on the basis of immateriality.

HACKNEY EMPIRE LIMITED**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2015****14 Debtors**

	Group		Charity	
	2015	2014	2015	2014
	£	£	£	£
Trade debtors	111,296	40,370	74,550	28,155
Prepayments and accrued income	99,716	95,725	94,716	95,725
Amounts owed by subsidiary undertakings	-	-	197,228	4,955
Corporation tax	53,413	-	-	-
	<u>264,425</u>	<u>136,095</u>	<u>366,494</u>	<u>128,835</u>

15 Creditors: Amounts falling due within one year

	Group		Charity	
	2015	2014	2015	2014
	£	£	£	£
Trade creditors	66,071	285,324	65,286	285,324
Box office advance seats	170,607	39,492	170,607	39,492
OTSS	(1,076)	37,524	31,213	37,524
Other creditors and accruals	266,522	99,764	230,486	90,135
Bank loan secured on property	-	3,822	-	3,822
Loan from London Borough of Hackney (note 15)	50,000	50,000	50,000	50,000
	<u>555,124</u>	<u>515,926</u>	<u>547,592</u>	<u>506,297</u>

HACKNEY EMPIRE LIMITED**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2015****16 Creditors: Amounts falling due after one year**

	Group		Charity	
	2015	2014	2015	2014
	£	£	£	£
Loan from London Borough of Hackney	50,000	100,000	50,000	100,000
	<u>50,000</u>	<u>100,000</u>	<u>50,000</u>	<u>100,000</u>

The loan is repayable by instalments as follows:

	2015	2014
	£	£
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 one year but not more than five years	-	50,000
In more than five years	-	-
	<u>100,000</u>	<u>150,000</u>

17 Future financial commitments

	2015	2014
	£	£
Land and buildings:		
Within one year	-	-
Between two and five years	50,000	50,000
	<u>50,000</u>	<u>50,000</u>
Other than land and buildings:		
Within one year	-	-
Between two and five years	8,258	8,258
	<u>8,258</u>	<u>8,258</u>

HACKNEY EMPIRE LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

18 Restricted Funds

Charity and Group	Balance 1 April 2014	Incoming resources	Resources used	Transfers between funds	Balance 31 March 2015
	£	£	£	£	£
Capital					
Freehold property	145,883	-	-	-	145,883
Capital projects	10,691,479	-	(617,508)	-	10,073,971
Revenue					
Monument trust	-	70,000	(70,000)	-	-
Alterego	-	24,000	(24,000)	-	-
London Borough of Hackney	-	50,910	(50,910)	-	-
Total restricted funds	<u>10,837,362</u>	<u>144,910</u>	<u>(762,418)</u>	<u>-</u>	<u>10,219,854</u>

Freehold Property

These funds represent resources held in the form of building.

Capital projects

These represents funds provided for major re-developments of the theatre.

Monument Trust

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

Alterego

Funds were received from London Borough of Hackney to fund this specific youth engagement programme.

London Borough of Hackney

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

19 Unrestricted funds

Charity and Group	Balance 1 April 2014	Incoming resources	Resources used	Transfers between funds	Balance 31 March 2015
	£	£	£	£	£
General funds	501,080	2,990,622	(2,780,289)	(30,000)	734,826
Designated funds					
Buildings reserve	-	-	-	15,000	15,000
Project reserve	-	-	-	15,000	15,000
Total restricted funds	<u>501,080</u>	<u>2,990,622</u>	<u>(2,780,289)</u>	<u>-</u>	<u>764,826</u>

HACKNEY EMPIRE LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

19 Unrestricted funds (Continued)

The Trustees have elected to create two designated funds to represent their future intentions

The Buildings reserve reflects the significant drain that can be placed on resources by managing a substantial specialist building. It is their intention to build this reserve up to reflect the long term capital and maintenance plan they have in place.

The Project reserve is intended to provide strategic funds to invest in the development of the artistic programme and the organisation including, but not necessarily limited to, commissioning, rights purchase and development of intellectual property.

20 Analysis of net assets between funds

	Tangible Fixed assets £	Net current liabilities £	Other liabilities £	Total £
Group				
Restricted funds	10,219,854	-	-	10,219,854
Designated funds	-	30,000	-	30,000
Unrestricted funds	925,387	(140,561)	(50,000)	734,826
	<u>11,145,241</u>	<u>(110,561)</u>	<u>(50,000)</u>	<u>10,984,680</u>
Charity				
Restricted funds	10,219,854	-	-	10,219,854
Designated funds	-	30,000	-	30,000
Unrestricted funds	925,388	(140,562)	(50,000)	764,826
	<u>11,145,242</u>	<u>(110,562)</u>	<u>(50,000)</u>	<u>10,984,680</u>