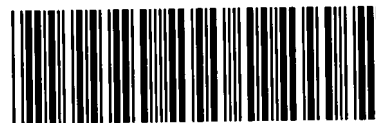


Company registered number: 05242988
Charity registered number: 1108613

ARCOLA THEATRE PRODUCTION COMPANY
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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ARCOLA THEATRE PRODUCTION COMPANY
(A Company Limited by Guarantee)

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ARCOLA THEATRE PRODUCTION COMPANY
(A Company Limited by Guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2021**

Trustees	Mehmet Ergen (Chair, resigned as Chair 11 November 2021) Abdullah Tercanli, Gabriel Gbadamosi Lynne McKenzie Jack Shepherd (resigned 15 May 2022) Ben Todd (appointed as Trustee and Chair 11 November 2021, resigned as Chair 15 May 2022) Andrew Cripps (appointed as Trustee and Chair 15 May 2022) Naz Yeni (appointed as Trustee 15 May 2022)
Company registered number	05242988
Charity registered number	1108613
Registered office	24 Ashwin Street London E8 3DL
Company secretary	Leyla Nazli (resigned 15 May 2022)
Chair of Trustees	Mehmet Ergen (resigned as Chair 11 November 2021) Ben Todd (appointed Chair 11 November 2021)
Independent auditors	MHA MacIntyre Hudson Chartered Accountants 2 London Wall Place London EC2Y 5AU

ARCOLA THEATRE PRODUCTION COMPANY
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2021

The Trustees present their Annual Report together with the audited financial statements of the Charity for the year 1 April 2020 to 31 March 2021. The Annual Report serves the purposes of both a Trustees' Report and a Directors' Report under company law. The Trustees confirm that the Annual Report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Since the Charity qualifies as small under section 382 of the Companies Act 2006, the Strategic Report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

Arcola Theatre Production Company is also known as Arcola Theatre.

The COVID-19 pandemic led to the theatre being shut since the commencement of the first lockdown in March 2020. Public performances recommenced in a new COVID-secure space "Arcola Outside" from June to November 2021. Public performances were then suspended until the planned reopening of the main (indoor) theatre building in May 2022.

Objectives and activities

a. Policies and objectives

Charitable objectives

The objectives for which the Charity is formed are to promote, maintain, improve and advance the education and appreciation of the public in the Arts and Sciences. In pursuing these objects, the Trustees have considered the Charity Commission's guidance on public benefit, including that related to fee charging.

Vision

Arcola Theatre's vision is of a genuinely radical theatre constantly reinventing itself to respond to, interpret and have relevance to an ever changing contemporary Britain.

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

b. Strategies for achieving objectives

Mission

Arcola Theatre's mission is to imagine and build a theatre that flourishes within a cultural and scientific centre for its diverse local community. One that builds new audiences, generates its own powerful productions, and creates a home for the very best of UK and international theatre companies to visit; whilst simultaneously developing, demonstrating and deploying technologies for a sustainable future.

c. Activities undertaken to achieve objectives

In putting the above mission into action we have four major areas of activity (discussed in more detail below), which are professional theatre, talent development, promotion of environmental sustainability and venue operations.

ARCOLA THEATRE PRODUCTION COMPANY
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Objectives and activities (continued)

d. Main activities undertaken to further the Charity's purposes for the public benefit

The main activities undertaken can be described in more detail as follows:

Off West End Professional Theatre

This activity includes the producing and receiving of theatre shows in our 200 and 100 seat studios, with a strong focus on socially and politically relevant works and diversity of voices.

Talent Development

This is an extensive programme that includes working with specific groups such as young people, older people, Turkish speaking, BAME and LGBTQ communities, as well as the development of specific skills areas such as new writing, facilitator training and general skills development.

Environmental Sustainability

Previously an area of extensive work, the focus now is on maintaining the highest standards and disseminating best practice.

Venue Operation

Comprising the wide range of work required to provide a cultural and scientific centre for the local community as well as rehearsal and performance spaces for a wide variety of professional and community uses.

Achievements and performance

a. Key performance indicators

Planned turnover for 2020/21 – our 20th Anniversary Year - was £2.279m with a £151k surplus. Covid-19 meant cancellation of virtually all income generating activity and a very different business plan.

Income for the year was £1,407,838 (2020 - £1,754,455). This included £18,279 from charitable activities (2020 - £1,113,211) and £101,386 of donations (2020 - £134,486). Earned income was 1% (2020 - 63%).

Arts Council England regular (NPO) funding provided £307,290 (2020 - £301,738) (22% of income, 2020 - 17%).

Due to near-total loss of regular income, financial support was received throughout the pandemic in the form of the Arts Council 'Emergency Response Fund' (£234,234), the DCMS 'Culture Recovery Fund' (£296,160) and the Job Retention Scheme (£326,033). This allowed us to delay and limit redundancies and to prepare the organisation for recovery.

Expenditure for the year was £977,108 (2020 - £2,037,742) including £121,853 (2020 - £121,853) of depreciation funded by allocation to the capital fund. Direct spending on professional theatre amounted to £601,638 (2020 - £1,312,743), which for 2021 mainly represents staff costs, with a further £204,003 (2020 - £562,343) spent on support costs. Direct spending on Talent Development amounted to £16,092 (2020 - £106,724) with a further £12,873 (2020 - £15,839) spent on support costs.

The year-end unrestricted funds of £467,991 (2020 - £20,788) include designated funds of £123,594 and fixed assets of £158,344, leaving £186,053 as free reserves. This represents 74% of the target level of £250k, restoring reserves to the 2019 pre-pandemic level ahead of another challenging year in 2021-22.

ARCOLA THEATRE PRODUCTION COMPANY
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Achievements and performance (continued)

b. Review of activities

The COVID-19 pandemic led to the theatre being closed from the commencement of the first lockdown in March 2020 until public performances recommenced in a new COVID-secure space "Arcola Outside" in June 2021. Hence during 2020-21 the ordinary programme of work was suspended and much focus placed on organisation survival, staff welfare and developing an appropriate means to deliver on our Mission through the pandemic.

Covid-19 caused the loss of nearly all earned income from theatre tickets to participation class fees to space hire. We furloughed all staff (12 full time, 35 casuals) early in the year. In September 2020, with emergency funding from Arts Council England (ACE) and DCMS, we were able to bring back a small team to work on future planning and fundraising to delay and minimise future redundancies.

The role of Arcola in the pandemic

In shaping our response to covid-19, Trustees and staff considered first and foremost our charitable objects and the communities we serve:

- We concluded that our first priority had to be to minimise our contribution to the spread of Covid-19, particularly among the more vulnerable members of our audiences and community groups.
- Next we considered our responsibility to ensure a successful recovery. This meant not taking excessive financial risks, planning for the risk of a prolonged pandemic, and taking seriously our duty of care to staff, both for their own and the organisation's successful post-pandemic recovery.
- The implications for our artistic output were tough, in particular since we concluded early on that going digital, e.g. streaming of plays from Arcola, was not true to our approach and was better left to better resourced organisations.
- In addressing the pandemic, we looked to utilise our strengths - access to science, access to an outside site and ability to deliver construction projects.

Understanding the implications of COVID-19

To determine how to recommence activities, we needed a proper understanding of how to mitigate the spread of Covid-19 in a theatre setting. Our scientist colleagues at Arcola Energy were quick to dispel the myth that distance and screens were the solution, and instead to focus primarily on ventilation. This led to collaboration with scientists from Imperial College London to explore air quality in theatres and how this affects aerosol transmission of viruses such as Covid-19.

The project aims were to:

- Explore ways in which Arcola Theatre can increase airflow in its indoor performance spaces;
- Use this exploration to facilitate conversations about airflow with other venues; and
- Inform the development of our new performance space, Arcola Outside, an outdoor performance space which mitigates the risk of Covid transmission among audiences.

The consulting lead at Imperial College London said: "Working with Arcola Theatre, we hope to use emerging knowledge and data-driven approaches to address the continuous challenges faced by indoor theatres and venues during the pandemic."

The learning taken from the Imperial College work led to:

- Decision not to reopen the main building until the pandemic waned, thus not losing money on an abortive attempt to reopen at Christmas 2020, nor contributing to the Christmas 2021 spike in the pandemic; and
- The idea for and design guidance for our new Covid-secure space, Arcola Outside.

ARCOLA THEATRE PRODUCTION COMPANY
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Achievements and performance (continued)

Designing and building Arcola Outside:

To maintain our organisation and activities in the short term, as well as to create long-term value from pandemic-era activities, in late-2020, we began developing Arcola Outside a new, outdoor performance space on an adjacent site. Being outdoors, it has excellent airflow and because of its larger footprint, it allows for more seats with social distancing than can be achieved in our main building. The venue opened in June 2021.

In the interest of supporting freelance artists and technicians, the venue was designed by multi-award-winning stage designer Jon Bausor (London 2012 Paralympics Opening Ceremony, *Bat Out of Hell: The Musical*, *The Grinning Man*), and built with the involvement of many of our freelance theatre and live events technicians.

The objectives were:

- to reimagine Arcola's performance spaces and bar, bringing them together under a "giant" roof;
- to create a flexible, multi-purpose space, able to host live performances, screenings, installations and more;
- to mitigate the risk of having to live with Covid-19 for a long-time by providing a safer way of working, enabling us to welcome audiences back, and to create new opportunities for freelance artists and workers; and
- to be environmentally sustainable - built with significant use of reclaimed and recycled materials, and designed to run without heating or mechanical ventilation.

Arcola Conversations:

Having concluded that online is not the right way to present our theatrical works, we sought other means of maintaining connection with audiences ahead of the opening of Arcola Outside. Arcola Conversations was developed as a series of free, online discussions, providing a chance to reconnect with the community, explore big ideas and imagine the future together at a time of historic upheaval. Each hour-long conversation grapple with a big and vital issue, with one or more visiting speakers sharing their perspective, followed by an open discussion. All welcome to contribute their thoughts, or just to listen in. Arcola Conversations started in February 2021 and continued in to the early summer.

Today I'm Wiser Festival

In preparation for reopening in Spring 2021, work commenced during 2020-21 on developing and programming Today I'm Wiser. Starting with an open call to artists in Autumn 2020, with evaluation and selection from January 2021:

Empty streets. Buildings boarded over. Lone figures trudge the pavements, their faces covered. The city has fallen quiet. But inside flats and houses, in bedrooms and kitchens, something is stirring. People are shifting, questioning, creating. They join together in protest, innovation and debate. They look at the world as if for the first time. And they're no longer satisfied. Today I'm Wiser is an outdoor festival inspired by the present and fuelled by our collective desire for change.

Taking place in Arcola Outside, our new outdoor performance space in the heart of Dalston, Today I'm Wiser features work across different genres, including bold adaptations of classics, new writing and works-in-progress.

ARCOLA THEATRE PRODUCTION COMPANY
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Financial review

a. Going concern

The financial statements have been prepared on a going concern basis. The Trustees have considered relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment. The COVID-19 pandemic led to the theatre being shut since the commencement of the first lockdown in March 2020. Public performances recommenced in a new COVID-secure space "Arcola Outside" from June to November 2021. Public performances were then suspended until the planned reopening of the main (indoor) theatre building in May 2022.

Hence, during 2020-21, the organisation operated under a revised business model. Throughout the lockdown the theatre has utilised the furlough scheme for its employees and has been the recipient of a bounce back loan. The theatre secured additional grant funding available through the Arts Council of England (ACE) via the government backed Culture Recovery Fund, whilst maintaining its core revenue grant the ACE national portfolio. These sources of revenue have ensured that the theatre has been able to adequately resource its limited outgoings during lockdown whilst enabling it to maintain a level of cash reserves appropriate for the theatre to relaunch during the summer of 2021 and again in 2022. The Trustees have performed a robust analysis of forecast future cash flows taking into account the expected impact on the theatre's activities during the re-opening. This analysis also considers the effectiveness of management's access to cash resources during the re-opening of the theatre and a return to the new normal.

Based on these assessments and having regard to the resources available to the Charity, the Trustees have concluded that there is no material uncertainty and that they can continue to adopt the going concern basis in preparing the Annual Report and financial statements.

b. Reserves policy

The Trustees ordinarily believe the most appropriate level of free reserves required by the Charity to sustain it in the event of the Charity not receiving grants and other incoming resources is £250,000. This will not allow standard-scale productions to be staged and would require skeleton (cost-neutral) programming. At 31 March 2021, the Charity had free reserves of £186,053 representing 74% of the targeted level.

c. Material investments policy

The Charity has no financial investments. Under the Memorandum and Articles of Association, the Charity has the power to invest in any way the Trustees wish.

d. Principal funding

Arcola Theatre is a National Portfolio Organisation of Arts Council England, ordinarily providing circa 20% of income, but in 2020-21, with additional covid-19 mitigation funding, providing circa 60% of income.

There are no other significant funders, with the majority of the balance of funds being earned from charitable activities.

e. Pricing policy

Tickets are priced to maximise revenues without losing access for all. This was achieved through competitive pricing, with a wide range of discounts for target and under-represented groups. Charges are applied for Participation programme participants with bursaries for those less able to pay.

ARCOLA THEATRE PRODUCTION COMPANY
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

f. Fundraising

The Trustees have considered the implications of the Charities (protection and social investment) Act 2016 in relation to fundraising activities. The Act aims to protect the public, particularly the vulnerable, from inappropriate fundraising approaches. The primary scope of the Act is "commercial participators" and "professional fundraisers", which refers to commercial organisations engaged by larger charities to engage in direct fundraising from individuals via for example mail, phone and face to face. Since Arcola Theatre does not engage any of these types of organisation there is no direct impact. We have however reviewed our in-house activities in the spirit of the Act and concluded that there are no issues which we need to address.

Structure, governance and management

a. Constitution

Arcola Theatre Production Company Limited is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association.

b. Methods of appointment or election of Trustees

The management of the Charity is the responsibility of the Trustees who are elected and co-opted under the terms of the Memorandum of Association.

c. Organisational structure and decision-making policies

The Board of Trustees administers the Charity. The Board normally meets quarterly, addressing all aspects of the charitable operations including programming, development, quality & safety, finance and audit. Until restructuring in November 2021, an Executive Director was appointed by the Trustees to manage the day to day operations of the Charity. To facilitate effective operations, the Executive Director has delegated authority, within terms of delegation provided by the Trustees, for operational matters including finance, employment and artistic performance related activity.

The Executive Director worked with the Artistic Director and Executive Producer to lead the Charity. Charitable activities are structured into departments, each having a Manager, working to a Business Plan which includes detailed plans for all business activities. These plans cascade organisational objectives and Key Performance Indicators through departments to individual staff job descriptions. Plans are developed with input from all staff, Trustees, artists, participants, volunteers and advisors. Plans and associated budgets are reviewed and approved by the Board of Trustees through regular meetings. Additional advice and oversight is provided via Arts Council England National Portfolio management systems.

d. Policies adopted for the induction and training of Trustees

Upon declaration of their interest to be a Trustee, a new Trustee receives the Charity's governing documents, most recent Financial Report and Management Accounts. They meet with the Chair and Senior Management Team for briefing on the organisation and the responsibilities of Trustees.

New Trustees are provided with the Charity's governing documents, minutes of previous meetings and current business plans. They meet the Chair and senior managers for briefing on the objectives, values, ethos, programme and day-to-day activities of the organisation. New Trustees and existing Trustees are provided with up-to-date information on the responsibilities of Trustees and associated best practice, drawing resources provided by Charity Commission and other professional organisations supporting charities.

ARCOLA THEATRE PRODUCTION COMPANY
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Structure, governance and management (continued)

e. Pay policy for key management personnel

Senior staff pay is approved by Trustees. Rates of pay are benchmarked against peer organisations.

f. Financial risk management

The Trustees have assessed the major risks to which the Charity is exposed, in particular those related to the operations and finances of the Charity, and are satisfied that systems and procedures are in place to mitigate exposure to the major risks.

Plans for future periods

The COVID-19 pandemic led to the theatre being shut since the commencement of the first lockdown in March 2020. Public performances recommenced in a new COVID-secure space "Arcola Outside" from June to November 2021. Public performances were then suspended until the planned reopening of the main (indoor) theatre building in May 2022.

From May 2022 the theatre returns to a near-normal operation with a full programme of work in Studio 1 and a seasonal programme in the new Arcola Outside space. In light of volatility in the global economy, a risk-reduced business plan has been put in place with a higher level of visiting companies than pre-pandemic in order to share financial risks. Arts Council funding is in place until March 2023 and an application for continued Arts Council funding until 2026 is being submitted in May 2022.

Small company exemptions

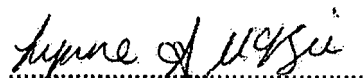
The Trustees Report has been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

Disclosure of information to auditors

Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charity's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Approved by order of the members of the Board of Trustees and signed on their behalf by:



Lynne McKennie
Trustee & Treasurer

Date: 1st June 2022

ARCOLA THEATRE PRODUCTION COMPANY
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2021

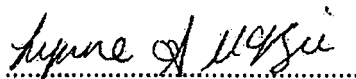
The Trustees (who are also the directors of the Charity for the purposes of company law) are responsible for preparing the Trustees' Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare Financial Statements for each financial year. Under company law, the Trustees must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charity and of its incoming resources and application of resources, including its income and expenditure, 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 of the Charities SORP (FRS 102);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Charity 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 Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by order of the members of the Board of Trustees and signed on its behalf by:



Lynne McKennie
Trustee & Treasurer

Date: 1st June 2022

ARCOLA THEATRE PRODUCTION COMPANY
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARCOLA THEATRE PRODUCTION COMPANY

Opinion

We have audited the financial statements of Arcola Theatre Production Company (the 'charitable company') for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 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 requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

ARCOLA THEATRE PRODUCTION COMPANY
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARCOLA THEATRE PRODUCTION COMPANY (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The Trustees are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Trustees' Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the charitable 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, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

ARCOLA THEATRE PRODUCTION COMPANY
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARCOLA THEATRE PRODUCTION COMPANY (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditor under section 145 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

[Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud.]

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

ARCOLA THEATRE PRODUCTION COMPANY
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARCOLA THEATRE PRODUCTION COMPANY (CONTINUED)

MHA MacIntyre Hudson
MHA MacIntyre Hudson

Chartered Accountants

2 London Wall Place

London

EC2Y 5AU

Date: *6/6/22*

MHA MacIntyre Hudson are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

ARCOLA THEATRE PRODUCTION COMPANY
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2021**

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:					
Donations and grants	4	516,119	872,690	1,388,809	550,716
Charitable activities	5	18,279	-	18,279	1,113,211
Other income	6	750	-	750	90,528
Total income		535,148	872,690	1,407,838	1,754,455
Expenditure on:					
Charitable activities	7,8	87,945	889,163	977,108	2,037,742
Total expenditure		87,945	889,163	977,108	2,037,742
Net movement in funds		447,203	(16,473)	430,730	(283,287)
Reconciliation of funds:					
Total funds brought forward		20,788	2,092,793	2,113,581	2,396,868
Net movement in funds		447,203	(16,473)	430,730	(283,287)
Total funds carried forward		467,991	2,076,320	2,544,311	2,113,581

The Statement of Financial Activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The notes on pages 17 to 34 form part of these financial statements.

ARCOLA THEATRE PRODUCTION COMPANY
(A Company Limited by Guarantee)
REGISTERED NUMBER: 05242988

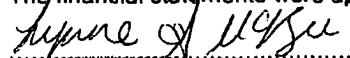
BALANCE SHEET
AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	12	2,107,994	2,240,454
		<u>2,107,994</u>	<u>2,240,454</u>
Current assets			
Debtors	13	406,966	381,990
Cash at bank and in hand		295,493	48,584
		<u>702,459</u>	<u>430,574</u>
Creditors: amounts falling due within one year	14	(224,048)	(475,362)
Net current assets / liabilities		<u>478,411</u>	<u>(44,788)</u>
Total assets less current liabilities		<u>2,586,405</u>	<u>2,195,666</u>
Creditors: amounts falling due after more than one year	15	(42,094)	(82,085)
Total net assets		<u><u>2,544,311</u></u>	<u><u>2,113,581</u></u>
Charity funds			
Restricted funds	16	2,076,320	2,092,793
Unrestricted funds	16	467,991	20,788
Total funds		<u><u>2,544,311</u></u>	<u><u>2,113,581</u></u>

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:


Lynne McKennie
 Trustee & Treasurer

Date: 1 June 2022

ARCOLA THEATRE PRODUCTION COMPANY
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash used in operating activities	18	294,860	42,722
Cash flows from investing activities			
Purchase of tangible fixed assets	12	(1,606)	(8,439)
Net cash used in investing activities		(1,606)	(8,439)
Cash flows from financing activities			
Repayments of borrowing	15,14	(46,345)	(11,288)
Net cash used in financing activities		(46,345)	(11,288)
Change in cash and cash equivalents in the year		246,909	22,995
Cash and cash equivalents at the beginning of the year	19	48,584	25,589
Cash and cash equivalents at the end of the year	19	295,493	48,584

The notes on pages 17 to 34 form part of these financial statements

ARCOLA THEATRE PRODUCTION COMPANY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

1. General information

Arcola Theatre Production Company is a Charitable Company limited by guarantee and is registered with the Charity Commission (Charity Registered Number 1108613) and Registrar of Companies (Company Registered Number 05242988) incorporated in England and Wales.

The address of the registered office is given in the Charity information on page 1 of these accounts. The Members of the Charity are the Trustees named on page 1.

In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per Member of the Charity.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Arcola Theatre Production Company meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The financial statements are presented in Sterling which is the functional currency of the Charity and rounded to the nearest £1.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

ARCOLA THEATRE PRODUCTION COMPANY
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.2 Going concern

The financial statements have been prepared on a going concern basis. The Trustees have considered relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment. The COVID-19 pandemic led to the theatre being shut since the commencement of the first lockdown in March 2020. Public performances recommenced in a new COVID-secure space "Arcola Outside" from June to November 2021. Public performances were then suspended until the planned reopening of the main (indoor) theatre building in May 2022.

Hence, during 2020-21, the organisation operated under a revised business model. Throughout the lockdown the theatre has utilised the furlough scheme for its employees and has been the recipient of a bounce back loan. The theatre secured additional grant funding available through the Arts Council of England (ACE) via the government backed Culture Recovery Fund, whilst maintaining its core revenue grant the ACE national portfolio. These sources of revenue have ensured that the theatre has been able to adequately resource its limited outgoings during lockdown whilst enabling it to maintain a level of cash reserves appropriate for the theatre to relaunch during the summer of 2021 and again in 2022. The Trustees have performed a robust analysis of forecast future cash flows taking into account the expected impact on the theatre's activities during the re-opening. This analysis also considers the effectiveness of management's access to cash resource during the re-opening of the theatre and a return to the new normal.

Based on these assessments and having regard to the resources available to the Charity, the Trustees have concluded that there is no material uncertainty and that they can continue to adopt the going concern basis in preparing the Annual Report and financial statements.

ARCOLA THEATRE PRODUCTION COMPANY
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.3 Income

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Where the donated good is a fixed asset, it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset class and depreciated over the useful economic life in accordance with the Charity's accounting policies.

On receipt, donated professional services and facilities are recognised on the basis of the value of the gift to the Charity which is the amount it would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

2.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Charity's objectives, as well as any associated support costs.

All expenditure is inclusive of irrecoverable VAT.

ARCOLA THEATRE PRODUCTION COMPANY
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. Accounting policies (continued)

2.5 Tangible fixed assets and depreciation

Tangible fixed assets costing £500 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

Long-term leasehold property	- 4% to 20% on cost
Plant and machinery	- 20% to 50% on cost
Computer equipment	- 20% on cost

2.6 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

2.7 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.8 Liabilities and provisions

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Statement of Financial Activities as a finance cost.

ARCOLA THEATRE PRODUCTION COMPANY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. Accounting policies (continued)

2.9 Financial instruments

The Charity holds basic financial instruments. The financial assets and financial liabilities of the Charity are as follows:

Debtors - trade and other debtors (including accrued income) are basic financial instruments and a debt instruments measured at amortised cost as detailed in Note 13. Prepayments are not financial instruments.

Cash at bank - is classified as a basic financial instrument and is measured at cost.

Liabilities - trade creditors, accruals and other creditors will be classified as financial instruments and are measured at amortised cost as detailed in Notes 14 and 15. Taxation and social security are included in the financial instruments disclosure. Deferred income is not deemed to be a financial liability, as in the cash settlement has already taken place and there is simply an obligation to deliver charitable services rather than cash or another financial instrument.

2.10 Pensions

The Charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Charity to the fund in respect of the year.

2.11 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

3. Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. There are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

ARCOLA THEATRE PRODUCTION COMPANY
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

4. Income from donations and grants

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Donations	62,548	38,838	101,386
Grants	453,571	833,852	1,287,423
Total 2021	516,119	872,690	1,388,809

	<i>Unrestricted funds 2020 £</i>	<i>Restricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Donations	132,486	2,000	134,486
Grants	301,739	114,491	416,230
<i>Total 2020</i>	<i>434,225</i>	<i>116,491</i>	<i>550,716</i>

5. Income from charitable activities

	Unrestricted funds 2021 £	Total funds 2021 £
Professional Theatre	335	335
Talent Development	2,280	2,280
Environmental Sustainability	-	-
Venue Operation	15,664	15,664
Total 2021	18,279	18,279

ARCOLA THEATRE PRODUCTION COMPANY
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

5. Income from charitable activities (continued)

	<i>Unrestricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Professional Theatre	994,382	994,382
Talent Development	55,026	55,026
Environmental Sustainability	3,091	3,091
Venue Operation	60,712	60,712
<i>Total 2020</i>	<u>1,113,211</u>	<u>1,113,211</u>

6. Other income

	Unrestricted funds 2021 £	Total funds 2021 £
Theatre tax credit claim	<u>750</u>	<u>750</u>

	<i>Unrestricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Theatre tax credit claim	<u>90,528</u>	<u>90,528</u>

ARCOLA THEATRE PRODUCTION COMPANY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

7. Analysis of expenditure on charitable activities - by fund

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Professional Theatre	76,545	729,096	805,641
Talent Development	9,706	19,259	28,965
Environmental Sustainability	(1,647)	2,678	1,031
Venue Operation	3,341	138,130	141,471
Total 2021	87,945	889,163	977,108

	<i>Unrestricted funds 2020 £</i>	<i>Restricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Professional Theatre	1,709,649	165,437	1,875,086
Talent Development	57,075	65,488	122,563
Environmental Sustainability	5,045	-	5,045
Venue Operation	24,684	10,364	35,048
<i>Total 2020</i>	<i>1,796,453</i>	<i>241,289</i>	<i>2,037,742</i>

ARCOLA THEATRE PRODUCTION COMPANY
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

8. Analysis of expenditure by activities

	Activities undertaken directly 2021 £	Support costs 2021 £	Total funds 2021 £
Professional Theatre	601,638	204,003	805,641
Talent Development	16,092	12,873	28,965
Environmental Sustainability	1,031	-	1,031
Venue Operation	24,107	117,364	141,471
Total 2021	642,868	334,240	977,108

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £
Professional Theatre	1,312,743	562,343	1,875,086
Talent Development	106,724	15,839	122,563
Environmental Sustainability	5,045	-	5,045
Venue Operation	13,930	21,118	35,048
Total 2020	1,438,442	599,300	2,037,742

ARCOLA THEATRE PRODUCTION COMPANY
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2021 £	<i>Total funds 2020 £</i>
Depreciation	134,066	134,728
Front of House	7,724	79,336
Comms and marketing	119	109,563
Technical services	3,641	63,419
Governance costs	8,000	8,000
Utilities	11,813	21,060
Insurance	5,734	5,253
Telecomms	3,096	5,560
Professional fees	17,382	8,817
Bank interest	3,569	4,508
Memberships	3,840	4,488
Office and admin	21,179	26,071
Travel and subsistence	843	4,056
Rent and rates	22,535	49,441
Bad debt	-	75,000
Building costs	90,699	-
	334,240	599,300

9. Governance costs - Auditors' remuneration

	2021 £	<i>2020 £</i>
Fees payable to the Charity's auditor for the audit of the Charity's annual accounts	8,000	8,000

ARCOLA THEATRE PRODUCTION COMPANY
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

10. Staff costs

	2021 £	2020 £
Wages and salaries	529,833	603,283
Social security costs	33,118	36,505
Pension costs	14,644	16,798
	<u>577,595</u>	<u>656,586</u>

The average number of persons employed by the Charity during the year was as follows:

	2021 No.	2020 No.
Full time staff	13	14
Equivalent full time staff from casual worker pool	7	8
	<u>20</u>	<u>22</u>

No employee received remuneration amounting to more than £60,000 in either year.

The total amount of employee benefits, including employers social security costs and employers pension contributions, received by Key Management Personnel in £84,666 (2020 - £91,846). The Charity considers its Key Management Personnel to be the Trustees, the Chief Executive Officer and the Executive Producer.

11. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2020 - £NIL).

During the year ended 31 March 2021, no Trustee expenses have been incurred (2020 - £NIL).

ARCOLA THEATRE PRODUCTION COMPANY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

12. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Computer equipment £	Total £
Cost or valuation				
At 1 April 2020	3,389,541	105,805	10,508	3,505,854
Additions	-	-	1,606	1,606
At 31 March 2021	<u>3,389,541</u>	<u>105,805</u>	<u>12,114</u>	<u>3,507,460</u>
Depreciation				
At 1 April 2020	1,157,599	98,634	9,167	1,265,400
Charge for the year	130,529	3,001	536	134,066
At 31 March 2021	<u>1,288,128</u>	<u>101,635</u>	<u>9,703</u>	<u>1,399,466</u>
Net book value				
At 31 March 2021	<u>2,101,413</u>	<u>4,170</u>	<u>2,411</u>	<u>2,107,994</u>
At 31 March 2020	<u>2,231,942</u>	<u>7,171</u>	<u>1,341</u>	<u>2,240,454</u>

The leasehold improvements are secured against a charge in favour of The Arts Council of England.

13. Debtors

	2021 £	2020 £
Trade debtors	14,861	43,051
Other debtors	387,605	327,004
Prepayments and accrued income	4,500	11,935
	<u>406,966</u>	<u>381,990</u>

ARCOLA THEATRE PRODUCTION COMPANY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

14. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank loans	7,906	14,260
Trade creditors	39,263	144,648
Other taxation and social security	95,741	95,780
Other creditors	69,138	125,887
Accruals and deferred income	12,000	94,787
	<u>224,048</u>	<u>475,362</u>
	2021 £	2020 £
Deferred income at 1 April 2020	94,787	48,165
Resources deferred during the year	12,000	94,787
Amounts released from previous periods	(94,787)	(48,165)
	<u>12,000</u>	<u>94,787</u>

Deferred income comprises grants where the resources were not applied to charitable purposes until subsequent to the year-end and studio hire paid in advance. Movements in deferred income have been analysed above.

The above bank loan relates to a Bounce Back Scheme facility for £50,000 with interest chargeable at the rate of 2.5% per annum. The loan is repayable in equal instalments over five years, with repayments comprising both capital and interest.

Security for the bank loan as been provided as detailed in Note 22.

15. Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Bank loans	<u>42,094</u>	<u>82,085</u>

Security for the bank loan above has been provided as detailed in Note 22.

The above bank loan relates to a Bounce Back Scheme facility for £50,000 with interest chargeable at the rate of 2.5% per annum. The loan is repayable in equal instalments over five years, with repayments comprising both capital and interest.

ARCOLA THEATRE PRODUCTION COMPANY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

16. Statement of funds

Statement of funds - current year

	Balance at 1 April 2020 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2021 £
Unrestricted funds					
Designated funds					
Arcola Theatre Ltd	-	-	-	123,594	123,594
General funds					
General Fund	20,788	535,148	(87,945)	(123,594)	344,397
Total Unrestricted funds	20,788	535,148	(87,945)	-	467,991
Restricted funds					
Capital fund	2,071,501	-	(121,853)	-	1,949,648
Participation	5,042	-	-	-	5,042
Artistic Programming	14,250	17,000	(15,705)	-	15,545
Joseph Rowntree Charitable Trust	-	10,766	(9,176)	-	1,590
Green Arcola	2,000	13,275	(2,534)	-	12,741
Covid-19 Funds	-	721,998	(721,998)	-	-
Facilities	-	109,651	(17,897)	-	91,754
	2,092,793	872,690	(889,163)	-	2,076,320
Total of funds	2,113,581	1,407,838	(977,108)	-	2,544,311

ARCOLA THEATRE PRODUCTION COMPANY
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

16. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 April 2019 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Balance at 31 March 2020 £</i>
Unrestricted funds				
General Fund	179,277	1,637,964	(1,796,453)	20,788
Restricted funds				
Capital fund	2,193,354	-	(121,853)	2,071,501
Participation	7,237	64,722	(66,917)	5,042
Artistic Programming	17,000	49,769	(52,519)	14,250
Joseph Rowntree Charitable Trust	-	2,000	-	2,000
	<u>2,217,591</u>	<u>116,491</u>	<u>(241,289)</u>	<u>2,092,793</u>
Total of funds	<u>2,396,868</u>	<u>1,754,455</u>	<u>(2,037,742)</u>	<u>2,113,581</u>

The Capital Fund relates to fixed assets funded from restricted income. Depreciation is offset against the funds as the asset is consumed by the charitable objectives.

The Project funds (Participation, Artistic Programming, Green Arcola, Covid-19 and Facilities funds) relate to a specific activity where the use of the funds has been stipulated by the donor.

The designated fund represents a contingency, set aside to match the debt due from Arcola Theatre Ltd, the repayment of which is not expected to take place within the immediate future.

ARCOLA THEATRE PRODUCTION COMPANY
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

17. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Tangible fixed assets	158,344	1,949,650	2,107,994
Current assets	562,177	140,282	702,459
Creditors due within one year	(252,530)	(13,612)	(266,142)
Total	467,991	2,076,320	2,544,311

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2020 £</i>	<i>Restricted funds 2020 £</i>	<i>Total funds 2020 £</i>
Tangible fixed assets	168,953	2,071,501	2,240,454
Current assets	409,282	21,292	430,574
Creditors due within one year	(475,362)	-	(475,362)
Creditors due in more than one year	(82,085)	-	(82,085)
Total	20,788	2,092,793	2,113,581

18. Reconciliation of net movement in funds to net cash flow from operating activities

	2021 £	2020 £
Net income/expenditure for the year (as per Statement of Financial Activities)	430,730	(283,287)
Adjustments for:		
Depreciation charges	134,066	134,728
(Increase)/decrease in debtors	(24,976)	54,983
(Decrease)/increase in creditors	(244,960)	136,298
Net cash provided by operating activities	294,860	42,722

ARCOLA THEATRE PRODUCTION COMPANY
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

19. Analysis of cash and cash equivalents

	2021 £	2020 £
Cash in hand	295,493	48,584
Total cash and cash equivalents	295,493	48,584

20. Analysis of changes in net debt

	At 1 April 2020 £	Cash flows £	At 31 March 2021 £
Cash at bank and in hand	48,584	246,909	295,493
Debt due within 1 year	(14,260)	6,354	(7,906)
Debt due after 1 year	(82,085)	39,991	(42,094)
	(47,761)	293,254	245,493

21. Pension commitments

The Charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Charity in an independently administered fund. The pension cost charge for the year was £14,644 (2020 - £16,798) and at the year end £1,335 (2020 - £1,530) was payable to the fund and have been included in Creditors falling due within one year - Other creditors.

ARCOLA THEATRE PRODUCTION COMPANY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

22. Related party transactions

Mr M Ergen, an elected Trustee, is also a Director and shareholder of the Company Arcola Theatre Limited. As such, Arcola Theatre Limited is considered to be a party related to the Charity.

At the balance sheet date, included within other debtors, is an amount of £149,284 (2020 - £123,594) owed to the Charity by Arcola Theatre Limited. During the year the Charity was recharged £626 (2020 - £63,073) of costs incurred by Arcola Theatre Limited and recharged costs of £Nil (2020 - £25,000) to Arcola Theatre Limited. During the year, Arcola Theatre Limited received income of £Nil (2020 - £277) and met costs totalling £360 (2020 - £5,427) on behalf of the Charity. Net cash transfers of £25,956 (2020 - £64,391) were made by the Arcola Theatre Limited.

Arcola Theatre Limited also provided security to the Charity in relation to its bank loan (Notes 14 and 15). Arcola Energy Limited is under the joint control of Dr B Todd and Ms L Nazli, both members of Key Management Personnel of the Charity.

At the balance sheet date, included within other creditors, is an amount of £Nil (2020 - £Nil) due to Arcola Energy Limited. During the year the Charity was recharged £Nil (2020 - £42,028) of costs incurred by Arcola Theatre Limited and recharged costs of £Nil (2020 - £20,000) to Arcola Energy Limited. During the year Arcola Energy Limited received income of £Nil (2020 - £Nil) and net costs totalling £Nil (2020 - £NIL) on behalf of the Charity. Net cash transfers of £Nil (2020 - £22,028) were made by Arcola Energy Limited.