

HERNE BAY MUSICAL THEATRE SOCIETY
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

HERNE BAY MUSICAL THEATRE SOCIETY

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr A Cozens	(Appointed 22 June 2021)
	Mr M Greenstreet	(Appointed 22 June 2021)
	Ms L McCann	

Charity number	1053909
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Independent examiner	Claire Dean FCCA
	MMP Limited
	Chartered Certified Accountants
	64 High Street
	Broadstairs
	Kent
	England
	CT10 1JT

HERNE BAY MUSICAL THEATRE SOCIETY

CONTENTS

	Page
Trustees' report	1 - 2
Independent examiner's report	3
Statement of financial activities	4
Balance sheet	5
Notes to the financial statements	6 - 11

HERNE BAY MUSICAL THEATRE SOCIETY

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The trustees present their report and financial statements for the year ended 31 December 2021.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's [governing document], the Charities Act 2011 and "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)" (as amended for accounting periods commencing from 1 January 2016)

Objectives and activities

The charity's objects are:

- to educate the public in the dramatic and operatic arts
- to further the development of public appreciation and taste in the said arts
- to assist and further such charitable institutions and charitable purposes in line with the governing document.

Plans for future periods

The charity will continue to present shows and endeavour to raise funds through various fundraising opportunities and by increasing studio rental.

The Society shall continue to work very closely with Herne Bay Youth Theatre, there being a very useful symbiotic relationship which helps to increase potential audiences, whilst also providing a course of natural progression of older children to transition from the Youth Theatre on to Herne Bay Musical Theatre Society.

The Trustees are reassured that post pandemic lockdown, the future calendar is filling up with upcoming shows. The first of these events scheduled by Herne Bay Musical Theatre Society is *Guys & Dolls*, which is due to be performed in the week from 10 to 17 July 2022.

Work has also commenced on the upgrading of the quality of the rental space at Arkley Road, with the installation of air conditioning and internet to the building. Future remedial work is currently planned to bring the toilet facilities and waste systems up to an appropriate standard.

Additionally a hard clear up of the yard has removed the lean-to storage facility with the eventual aim of increasing the car parking facilities in order to reduce the impact of parking on the residents of Arkley Road.

The Trustees continue to look for ways to improve the Society's standing within the local community, both in the immediate vicinity and within the wider scope of Herne Bay and beyond, and seek the help from members who may have particular expertise and transferable skills in order to raise the profile of Herne Bay Musical Theatre Society.

Achievements and performance

The successful relationship between Herne Bay Youth Theatre and Herne Bay Musical Theatre Society was evident in the recent *Oliver* show, which was finally staged in November 2021, with sell out shows across all six of the performances.

Whilst it is difficult to quantify the exact gain from the show, due to the long run up as well as the various Covid-19 grants, insurance claims and returned tickets, the Trustees estimate the net revenue from the show to be in the region of £5,000.

Arkley Studios has been transformed into an on-site venue to stage small capacity shows, with upgrades to lighting, sound and technical availability within the space. A few smaller shows by Herne Bay Musical Theatre Society have already taken place at the studios, which have been successful and have proved the benefits gained of the expenditure on upgrading the systems.

HERNE BAY MUSICAL THEATRE SOCIETY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Financial review

During the year there was a net profit of £19,711 (2020: £7,841 loss). The cash position of the charity remains positive at £26,643 (2020: £7,776). The Society has received a Covid-19 business support grant of £17,717 (2020: £1334).

The trustees have assessed the going position over the next 12 months and are in a good position to continue and operate for the foreseeable future. Cash is currently in a strong position and the charity does hold a fixed asset at historical cost.

Structure, governance and management

The charity is governed by a constitution amended on 28 March 2011. The day to day management of the charity is also carried out by the committee which is elected annually at the AGM by the members of the charity.

The trustees who served during the year and up to the date of signature of the financial statements were:

Mr A Cozens (Appointed 22 June 2021)

Mr M Greenstreet (Appointed 22 June 2021)

Ms L McCann

The trustees' report was approved by the Board of Trustees.

Mr A Cozens

Trustee

Dated: 24 March 2022

HERNE BAY MUSICAL THEATRE SOCIETY

INDEPENDENT EXAMINER'S REPORT

TO THE TRUSTEES OF HERNE BAY MUSICAL THEATRE SOCIETY

I report to the trustees on my examination of the financial statements of Herne Bay Musical Theatre Society (the charity) for the year ended 31 December 2021.

Responsibilities and basis of report

As the trustees of the charity you are responsible for the preparation of the financial statements in accordance with the requirements of the Charities Act 2011 (the 2011 Act).

I report in respect of my examination of the charity's financial statements carried out under section 145 of the 2011 Act. In carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

Your attention is drawn to the fact that the charity has prepared financial statements in accordance with Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

I understand that this has been done in order for financial statements to provide a true and fair view in accordance with Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

- 1 accounting records were not kept in respect of the charity as required by section 130 of the 2011 Act; or
- 2 the financial statements do not accord with those records; or
- 3 the financial statements do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a true and fair view which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the financial statements to be reached.

Claire Dean FCCA
MMP Limited
Chartered Certified Accountants
64 High Street
Broadstairs
Kent
CT10 1JT
England

Dated: 24 March 2022

HERNE BAY MUSICAL THEATRE SOCIETY

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2021

		Unrestricted funds 2021 £	Total 2020 £
	Notes		
<u>Income from:</u>			
Donations and legacies	4	17,997	1,354
Charitable activities	3	30,786	1,471
Investments	5	-	4
Total income		48,783	2,829
<u>Expenditure on:</u>			
Charitable activities	6	29,072	10,670
Net income/(expenditure) for the year/ Net movement in funds		19,711	(7,841)
Fund balances at 1 January 2021		91,652	99,493
Fund balances at 31 December 2021		111,363	91,652

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

HERNE BAY MUSICAL THEATRE SOCIETY

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	10		94,087		90,418
Current assets					
Debtors	11	365		4,044	
Cash at bank and in hand		26,643		7,776	
		<u>27,008</u>		<u>11,820</u>	
Creditors: amounts falling due within one year	12	<u>(9,732)</u>		<u>(10,586)</u>	
Net current assets			17,276		1,234
Total assets less current liabilities			<u>111,363</u>		<u>91,652</u>
Income funds					
Unrestricted funds - general			111,363		91,652
			<u>111,363</u>		<u>91,652</u>

The financial statements were approved by the Trustees on 24 March 2022

Mr A Cozens
Trustee

HERNE BAY MUSICAL THEATRE SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Charity information

Herne Bay Musical Theatre Society is a public benefit entity and a registered charity in England and Wales and is unincorporated. The address of the principal office is 28 Arkley Road, Herne Bay, CT6 5SL.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's [governing document], the Charities Act 2011 and "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)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

The charity has taken advantage of the provisions in the SORP for charities applying FRS 102 Update Bulletin 1 not to prepare a Statement of Cash Flows.

The financial statements have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

1.4 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

HERNE BAY MUSICAL THEATRE SOCIETY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	33% on straight line
Equipment	33% on straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.6 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.7 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

HERNE BAY MUSICAL THEATRE SOCIETY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.8 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Charitable activities

	Unrestricted funds 2021 £	Unrestricted funds 2020 £
Ticket sales	22,931	-
Merchandising	765	-
Hire of hall	3,933	1,471
Sundry income	3,157	-
	<u>30,786</u>	<u>1,471</u>

4 Donations and legacies

	Unrestricted funds general 2021 £	Unrestricted funds general 2020 £
Government grant income	17,717	1,334
Membership subscriptions	280	20
	<u>18,000</u>	<u>1,354</u>

HERNE BAY MUSICAL THEATRE SOCIETY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

5 Investments

	Unrestricted funds general 2021 £	Total 2020 £
Interest receivable	-	4
	<u> </u>	<u> </u>

6 Charitable activities

	Activities undertaken directly 2021 £	Activities undertaken directly 2020 £
Depreciation and impairment	2,132	523
Premises and Theatre costs	22,191	9,253
Establishment costs	3,137	-
Administration costs	1,473	-
	<u> </u>	<u> </u>
	28,933	9,776
Share of support costs (see note 7)	19	-
Share of governance costs (see note 7)	120	894
	<u> </u>	<u> </u>
	29,072	10,670
	<u> </u>	<u> </u>

7 Support costs

	Support costs	Governance costs	2021	2020
	£	£	£	£
Bank charges	19	-	19	-
Audit fees	-	120	120	894
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	19	120	139	894
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Analysed between Charitable activities	19	120	139	894
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

HERNE BAY MUSICAL THEATRE SOCIETY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

8 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

9 Employees

There were no employees during the year.

10 Tangible fixed assets

	Freehold land and buildings	Equipment	Total
	£	£	£
Cost			
At 1 January 2021	96,211	2,128	98,339
Additions	5,802	-	5,802
	<hr/>	<hr/>	<hr/>
At 31 December 2021	102,013	2,128	104,141
	<hr/>	<hr/>	<hr/>
Depreciation and impairment			
At 1 January 2021	6,211	1,711	7,922
Depreciation charged in the year	1,915	217	2,132
	<hr/>	<hr/>	<hr/>
At 31 December 2021	8,126	1,928	10,054
	<hr/>	<hr/>	<hr/>
Carrying amount			
At 31 December 2021	93,887	200	94,087
	<hr/>	<hr/>	<hr/>
At 31 December 2020	90,001	417	90,418
	<hr/>	<hr/>	<hr/>

The freehold of the premises at 28 Arkley Road is vested in the Trustees. The asset value stated in the Balance Sheet is the current in use value of the property as determined by the Trustees.

Other tangible assets held include a stock of scenery, wardrobe, lighting equipment, scores and libretti, office equipment and fixtures and fittings which have been charged to the income and expenditure account when purchased. there is no carrying value in the accounts for these items.

11 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	365	455
Prepayments and accrued income	-	3,589
	<hr/>	<hr/>
	365	4,044
	<hr/>	<hr/>

HERNE BAY MUSICAL THEATRE SOCIETY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

12 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	9,732	823
Other creditors	-	9,163
Accruals and deferred income	-	600
	<hr/>	<hr/>
	9,732	10,586
	<hr/>	<hr/>

13 Related party transactions

There were no disclosable related party transactions during the year (2020 - none).