

**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 2022**

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**ARCOLA THEATRE PRODUCTION COMPANY**  
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 MARCH 2022**

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

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**ARCOLA THEATRE PRODUCTION COMPANY**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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The Trustees present their Annual Report together with the audited financial statements of the Charity for the 1 April 2021 to 31 March 2022. 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.

Public performances restarted in the main (indoor) theatre in May 2022 and have continued to run throughout the summer and Autumn months. There are plans ahead to open the smaller Studio Two theatre in early 2023.

**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.

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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**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, plus selected off-site locations, 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

We continue to make environmental considerations central to our venue operations, and to disseminate our learning.

Venue Operation

Comprising the wide range of work required to provide a cultural and social space 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 2021/22 was £908k with an unrestricted deficit of £109k, reflecting the reduced capacity to generate income, and the investment in Arcola Outside necessary to continue operations during Covid-19 restrictions.

Income for the year was £987,851 (2021 - £1,407,838). This included £207,661 from charitable activities (2021 - £18,279) and £80,645 of donations (2021 - £101,386). Earned income was 21% (2021 - 1%).

Arts Council England regular (NPO) funding provided £307,290 (2021 - £307,290) (31% of income, 2021 - 22%).

Due to on-going restrictions caused by the pandemic, financial support was received in the form of the second round of the DCMS 'Culture Recovery Fund' (£148,080) and the Job Retention Scheme (£102,248 - ending 30 September 2021).

Expenditure for the year was £1,320,542 (2021 - £977,108) including £121,853 (2021 - £121,853) of depreciation funded by allocation to the capital fund. Direct spending on professional theatre amounted to £680,162 (2021 - £601,638), with a further £265,615 (2021 - £204,003) spent on support costs. Direct spending on Talent Development amounted to £17,204 (2021 - £16,092) with a further £13,872 (2021 - £12,873) spent on support costs.

The year-end unrestricted funds of £245,101 (2021 - £467,991) include fixed assets of £150,714, leaving £94,387 as free reserves. This represents 38% of the target level of £250k.

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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**Achievements and performance (continued)**

**b. Review of activities**

For the past 22 years Arcola Theatre has been widely lauded for its ambition and quality; striving always for the highest artistic quality in a programme which is relevant to its diverse local community, as well as being a notable contribution to the wider UK (and international) arts ecosystem.

In light of COVID19, we have reframed our ambition to focus on creating an organisation which is able to deliver a compelling programme in a manner which is resilient in the face of great uncertainty and likely financial austerity.

Reopening Arcola Outside

The new, outdoor performance space, Arcola Outside was completed in June 2021, ready for the programmed Today I'm Wiser festival. As an outdoor venue, it has excellent airflow and its larger footprint allows for more seats with social distancing than can be achieved in our main building. Designed by award winning theatre designer, Jon Bausor, and built by our freelance venue technicians, the space was celebrated on its opening by audiences and critics alike with FT saying Arcola's 'fresh-air vision spells hope for the future' (Sarah Hemming). Arcola Outside has planning permission to continue for a further two years which will provide an exciting new space in the warmer months, to capitalise on the renewed interest in outdoor entertainment created by COVID.

Today I'm Wiser Festival

After the hiatus caused by Covid-19, in June 2021 Today I'm Wiser was launched: Arcola's outdoor festival, inspired by the present and fuelled by our collective desire for change. Following a wide call-out for proposals, the festival supported and platformed emerging intersectional artists to create work post-pandemic: 64% of the artists and creative teams identify as Black and Global Majority; 30% as LGBTQ; 33% as disabled or with a long term health condition. Across six months, Arcola Outside played host to 38 shows from 31 visiting companies with over 10k tickets booked.

Two in-house productions were programmed in the festival, demonstrating our commitment to world theatre and new writing:

- A modern adaptation of French comedy, The Game of Love and Chance by Pierre de Marivaux, directed by Jack Gamble (four week run with 69% average capacity) was nominated for the Off West End Award for Best Company Ensemble and received 4 and 5 star reviews. The Hackney Gazette called it 'A glorious opening production... an absolute belter'.

- A world premiere of Broken Lad, supporting freelance playwright, Robin Hooper and directed by Richard Speir, had an average 60% capacity across a three week run and made "great use of the theatre's new tented space" (The Stage).

For Today I'm Wiser, Arcola partnered with Hackney Council to deliver Arcola for Free, offering 300 free theatre tickets to those who are disadvantaged and marginalised in our local community. We worked with local partners, Immediate Theatre, Routes (supporting refugee and asylum seeking women), Age UK Hackney, Hackney CVS and Black Books Matter, to involve underserved communities in high-quality culture and develop an ongoing relationship. Flyers and leaflets were also distributed in the local area, such as in community centres, to reach those unconnected with our partners. In addition, 100 free tickets were distributed to NHS key workers through Tickets for Good.

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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**Achievements and performance (continued)**

Grimeborn 2021

This year we produced our biggest Grimeborn project to date, Wagner's Die Walkure at Hackney Empire. The increased audience capacity of the 1,200 seat auditorium allowed us to develop new audiences while building a lasting relationship with our closest neighbouring venue. Developed by the creative team behind Das Rheingold, the show received rave reviews and provided a second instalment of the 'Grimeborn Ring Cycle'.

Aside from Die Walkure, the Grimeborn 2021 festival was staged at Arcola Outside with a mix of established and up-and-coming opera companies playing to audiences averaging 74% capacity. The festival is now well established in the opera calendar and critically acclaimed (Fourth in 'The top 10 classical music performances of 2021' - Fiona Maddocks, The Guardian).

Renovation of Arcola Main Building

As it had been nearly 10 years since the last major renovation programme, during the winter period, we undertook improvements to our main building including progressing with the install of a new fire alarm system, refurbishment to the dressing rooms and improving the visitor journey from the street into the foyer, with a new levelled floor which now provides much safer access for our audience.

Arcola Participation

Arcola Participation delivered a reduced engagement program in 2021/22 due to the impacts of Covid 19 and the lockdowns imposed on such activities. Arcola provided 200 places in our community engagement project for this period. Over this period we were able to engage with the three Arcola Youth Theatre groups ages 9-16 years and the Arcola 50+ community theatre company, and hosted 162 audience members to Covid secure outdoor performances. In January 2022 we were awarded £14,671 from Westfield Foundation for Future London, Westfield East Bank, Creative Futures Fund, to run the summer 2022 mental health project.

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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**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.

**Arts Council of England investment and future activity**

In November 2022 the charity received the news that the theatre would remain as a National Portfolio Organisation (NPO) and receive regular Arts Council of England (ACE) financial support for the next three successive years, at the same investment level as previous years.

Plans for the year ahead include:

The presentation of a world class, international programme of diverse and socially engaged theatre presenting a mix of in-house shows and visiting companies in Studio 1 alongside a season of new work & emerging companies in Studio 2, with enhanced access provision

The return of the successful opera festival Grimeborn to take place for eleven weeks over the summer months.

A new programme of Associate Companies to support migrant-led companies reach their full potential. Offering rehearsal space, mentoring and networking; enhanced skills in professional theatre making, participation & outreach and funding & finance.

Community companies - currently Mental Health Company, Turkish Speaking company, Arcola 50+ with a new refugee company introduce in 2023 (in partnership with refugee specialists). Companies will stage their work at Arcola Outside and on tour.

Popular Arcola Youth Theatre will run current 3 youth theatre groups plus add two extras - Young AYT (ages 9-12) & Younger AYT (ages 7-11). Sessions run weekly during term time. Each group will devise and perform in Studio 2 twice a year.

Arcola Academy - professional level training for 16-25 year olds - prioritise NEET applicants - incl. training in lighting, set, stage design, SM, acting, directing & writing - will devise and perform 2 touring plays for local schools

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.



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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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**b. Reserves policy**

The Trustees 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.

The year-end unrestricted funds of £245,101 (2021 - £467,991) include fixed assets of £150,714, leaving £94,387 as free reserves. This represents 38% of the target level of £250k. Part of the drop in unrestricted funds is due to increasing and converting the prior year designated fund (of £123,594) to a doubtful debt provision against funds advanced to Arcola Theatre Limited (primarily to support staff). This measure has been taken in light of the slow and uncertain recovery of the hospitality industry in the wake of the COVID pandemic.

Whilst free reserves are well below the target level, risk will be mitigated by tight control of fixed costs (particularly staffing) and conservative budgeting of variable costs (namely show-costs). Trustees aim to rebuild reserves over the next 3 years as the theatre industry recovers from the COVID pandemic.

**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, providing circa 30% 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.

**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.

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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**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. 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. From December 2021 the organisation was led by the Artistic Director and Executive Producer, with a new General Manager role introduced in February 2022. To facilitate effective operations, the Executive Director, and subsequently the Executive Producer, had/have delegated authority, within terms of delegation provided by the Trustees, for operational matters including finance, employment and artistic performance related activity.

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.

**e. Pay policy for key management personnel**

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

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**ARCOLA THEATRE PRODUCTION COMPANY**  
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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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**Structure, governance and management (continued)**

**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**

With the severity of the COVID-19 pandemic declining in 2022, we were able to reopen the main theatre studio in May 2022, whilst continuing with a seasonal programme in the new Arcola Outside space.

The financial impact of COVID-19 and other global events in 2022 resulted in a slow and volatile recovery of audience attendance in 2022 which, like many others, has put the organisation under significant financial pressure. Going forwards we will operate with a reduced staff team and carefully risk-managed artistic programme, which includes more visiting companies than pre-pandemic. We will also consolidate the Theatre Bar operations with the Theatre front of house team to realise efficiencies.

Fortunately we were successful in securing Arts Council NPO funding for the period 2023-26 and thus will deliver a plan of work agreed with and supported by Arts Council

**Small company exemptions**

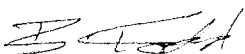
The Trustees Report has been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

**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:



.....  
**Ben Todd**

Trustee

Date: 31 January 2023

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**ARCOLA THEATRE PRODUCTION COMPANY**  
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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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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 . 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:



.....  
**Ben Todd**  
Trustee  
Date: 31 January 2023

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

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**Opinion**

We have audited the financial statements of Arcola Theatre Production Company (the 'charity') for the year ended 31 March 2022 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 2022 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 Companies Act 2006.

**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.

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

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**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.

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

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

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

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

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**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.

**Auditors' responsibilities for the audit of the financial statements**

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:

- Review of actual and potential litigation claims;
- Enquiries of entity staff to identify any instances of non-compliance with laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

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

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**Use of our report**

This report is made solely to the charitable 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 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.

*John Coverdale*

**John Coverdale BSc FCA (Senior Statutory Auditor)**

for and on behalf of  
**MHA MacIntyre Hudson**

Chartered Accountants

2 London Wall Place

London

EC2Y 5AU

31 January 2023



**ARCOLA THEATRE PRODUCTION COMPANY**  
**(A Company Limited by Guarantee)**

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)**  
**FOR THE YEAR ENDED 31 MARCH 2022**

	Note	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
<b>Income from:</b>					
Donations and grants	4	357,387	396,326	753,713	1,388,809
Charitable activities	5	207,661	-	207,661	18,279
Other income	6	26,477	-	26,477	750
<b>Total income</b>		<b>591,525</b>	<b>396,326</b>	<b>987,851</b>	<b>1,407,838</b>
<b>Expenditure on:</b>					
Charitable activities	7	814,415	506,127	1,320,542	977,108
<b>Total expenditure</b>		<b>814,415</b>	<b>506,127</b>	<b>1,320,542</b>	<b>977,108</b>
<b>Net movement in funds</b>		<b>(222,890)</b>	<b>(109,801)</b>	<b>(332,691)</b>	<b>430,730</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		467,991	2,076,320	2,544,311	2,113,581
Net movement in funds		(222,890)	(109,801)	(332,691)	430,730
<b>Total funds carried forward</b>		<b>245,101</b>	<b>1,966,519</b>	<b>2,211,620</b>	<b>2,544,311</b>

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 19 to 35 form part of these financial statements.

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

**BALANCE SHEET**  
**AS AT 31 MARCH 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	12	1,982,148	2,107,994
		<u>1,982,148</u>	<u>2,107,994</u>
<b>Current assets</b>			
Debtors	13	299,268	406,966
Cash at bank and in hand		84,115	295,493
		<u>383,383</u>	<u>702,459</u>
Creditors: amounts falling due within one year	14	(121,524)	(224,048)
<b>Net current assets</b>		<u>261,859</u>	<u>478,411</u>
<b>Total assets less current liabilities</b>		<u>2,244,007</u>	<u>2,586,405</u>
Creditors: amounts falling due after more than one year	15	(32,387)	(42,094)
<b>Total net assets</b>		<u><u>2,211,620</u></u>	<u><u>2,544,311</u></u>
<b>Charity funds</b>			
Restricted funds:			
Restricted funds	16	1,966,519	2,076,320
Total restricted funds	16	<u>1,966,519</u>	<u>2,076,320</u>
Unrestricted funds			
Designated funds	16	-	123,594
General funds	16	245,101	344,397
Total unrestricted funds	16	<u>245,101</u>	<u>467,991</u>
<b>Total funds</b>		<u><u>2,211,620</u></u>	<u><u>2,544,311</u></u>

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

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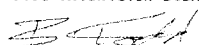
**BALANCE SHEET (CONTINUED)**  
**AS AT 31 MARCH 2022**

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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:



.....  
**Ben Todd**

Trustee

Date: 31 January 2023

**ARCOLA THEATRE PRODUCTION COMPANY**  
**(A Company Limited by Guarantee)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

	<b>Note</b>	<b>2022 £</b>	<b>2021 £</b>
<b>Cash flows from operating activities</b>			
<b>Net income / (expenditure) for the reporting period</b>		-	-
Net cash used in operating activities	18	(195,518)	294,860
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets	12	(7,954)	(1,606)
<b>Net cash used in investing activities</b>		(7,954)	(1,606)
<b>Cash flows from financing activities</b>			
Repayments of borrowing	15,14	(7,906)	(46,345)
<b>Net cash used in financing activities</b>		(7,906)	(46,345)
<b>Change in cash and cash equivalents in the year</b>		(211,378)	246,909
Cash and cash equivalents at the beginning of the year	19	295,493	48,584
<b>Cash and cash equivalents at the end of the year</b>	19	<b>84,115</b>	<b>295,493</b>

The notes on pages 19 to 35 form part of these financial statements

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**ARCOLA THEATRE PRODUCTION COMPANY**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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**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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

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**2. Accounting policies (continued)**

**2.2 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.

**2.3 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.

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**ARCOLA THEATRE PRODUCTION COMPANY**  
(A Company Limited by Guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

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**2. Accounting policies (continued)**

**2.4 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

**2.5 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.

**2.6 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.

**2.7 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

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**2. Accounting policies (continued)**

**2.8 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.

**2.9 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.

**2.10 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 2022**

**4. Income from donations and grants**

	<b>Unrestricted funds 2022 £</b>	<b>Restricted funds 2022 £</b>	<b>Total funds 2022 £</b>
Donations	42,597	38,048	<b>80,645</b>
Grants	314,790	358,278	<b>673,068</b>
<b>Total 2022</b>	<b>357,387</b>	<b>396,326</b>	<b>753,713</b>
	<i>Unrestricted funds 2021 £</i>	<i>Restricted funds 2021 £</i>	<i>Total funds 2021 £</i>
Donations	62,548	38,838	101,386
Grants	453,571	833,852	1,287,423
<i>Total 2021</i>	<i>516,119</i>	<i>872,690</i>	<i>1,388,809</i>

**5. Income from charitable activities**

	<b>Unrestricted funds 2022 £</b>	<b>Total funds 2022 £</b>
Professional Theatre	137,459	<b>137,459</b>
Talent Development	17,520	<b>17,520</b>
Environmental Sustainability	1,807	<b>1,807</b>
Venue Operation	50,875	<b>50,875</b>
<b>Total 2022</b>	<b>207,661</b>	<b>207,661</b>

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**ARCOLA THEATRE PRODUCTION COMPANY**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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**5. Income from charitable activities (continued)**

	<i>Unrestricted funds 2021 £</i>	<i>Total funds 2021 £</i>
Professional Theatre	335	335
Talent Development	2,280	2,280
Venue Operation	15,664	15,664
<i>Total 2021</i>	<u>18,279</u>	<u>18,279</u>

**6. Other income**

	<i>Unrestricted funds 2022 £</i>	<i>Total funds 2022 £</i>
Theatre tax credit claim	<u>26,477</u>	<u>26,477</u>

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

ARCOLA THEATRE PRODUCTION COMPANY  
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022

7. Analysis of expenditure on charitable activities - by fund

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £
Professional Theatre	518,497	427,280	945,777
Talent Development	19,246	11,830	31,076
Venue Operation	276,672	67,017	343,689
<b>Total 2022</b>	<b>814,415</b>	<b>506,127</b>	<b>1,320,542</b>
	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 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
<b>Total 2021</b>	<b>87,945</b>	<b>889,163</b>	<b>977,108</b>

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**ARCOLA THEATRE PRODUCTION COMPANY**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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**8. Analysis of expenditure by activities**

	<b>Activities undertaken directly 2022 £</b>	<b>Support costs 2022 £</b>	<b>Total funds 2022 £</b>
Professional Theatre	680,162	265,615	<b>945,777</b>
Talent Development	17,204	13,872	<b>31,076</b>
Venue Operation	194,861	148,828	<b>343,689</b>
<b>Total 2022</b>	<b>892,227</b>	<b>428,315</b>	<b>1,320,542</b>

	<i>Activities undertaken directly 2021 £</i>	<i>Support costs 2021 £</i>	<i>Total funds 2021 £</i>
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
<i>Total 2021</i>	<i>642,868</i>	<i>334,240</i>	<i>977,108</i>

**ARCOLA THEATRE PRODUCTION COMPANY**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

**8. Analysis of expenditure by activities (continued)**

**Analysis of support costs**

	<b>Total funds 2022 £</b>	<b>Total funds 2021 £</b>
Depreciation	133,800	134,066
Front of House	29,687	7,724
Comms and marketing	19,451	119
Technical services	9,647	3,641
Governance costs	8,000	8,000
Utilities	13,916	11,813
Insurance	6,080	5,734
Telecomms	3,088	3,096
Professional fees	14,778	17,382
Bank interest	968	3,569
Memberships	3,960	3,840
Office and admin	23,087	21,179
Travel and subsistence	368	843
Premises costs	33,653	22,535
Building costs	127,832	90,699
	<b>428,315</b>	<b>334,240</b>

**9. Governance costs - Auditors' remuneration**

	<b>2022 £</b>	<b>2021 £</b>
Fees payable to the Charity's auditor for the audit of the Charity's annual accounts	<b>8,000</b>	<b>8,000</b>

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**ARCOLA THEATRE PRODUCTION COMPANY**  
(A Company Limited by Guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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**10. Staff costs**

	2022 £	2021 £
Wages and salaries	453,635	529,833
Social security costs	29,220	33,118
Pension costs	13,556	14,644
	<u>496,411</u>	<u>577,595</u>

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

	2022 No.	2021 No.
Full time staff	10	13
Equivalent full time staff from casual worker pool	5	7
	<u>15</u>	<u>20</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 is £76,732 (2021 - £84,666). 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 (2021 - £NIL).

During the year ended 31 March 2022, no Trustee expenses have been incurred (2021 - £NIL).

**ARCOLA THEATRE PRODUCTION COMPANY**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

**12. Tangible fixed assets**

	Long-term leasehold property £	Plant and machinery £	Computer equipment £	Total £
<b>Cost or valuation</b>				
At 1 April 2021	3,389,541	105,805	12,114	3,507,460
Additions	3,637	4,317	-	7,954
Disposals	(104,506)	(98,856)	(9,018)	(212,380)
At 31 March 2022	<u>3,288,672</u>	<u>11,266</u>	<u>3,096</u>	<u>3,303,034</u>
<b>Depreciation</b>				
At 1 April 2021	1,288,128	101,635	9,703	1,399,466
Charge for the year	131,359	1,822	619	133,800
On disposals	(104,506)	(98,856)	(9,018)	(212,380)
At 31 March 2022	<u>1,314,981</u>	<u>4,601</u>	<u>1,304</u>	<u>1,320,886</u>
<b>Net book value</b>				
At 31 March 2022	<u>1,973,691</u>	<u>6,665</u>	<u>1,792</u>	<u>1,982,148</u>
At 31 March 2021	<u>2,101,413</u>	<u>4,170</u>	<u>2,411</u>	<u>2,107,994</u>

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

**13. Debtors**

	2022 £	2021 £
Trade debtors	15,842	14,861
Other debtors	263,926	387,605
Prepayments and accrued income	19,500	4,500
	<u>299,268</u>	<u>406,966</u>

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**ARCOLA THEATRE PRODUCTION COMPANY**  
(A Company Limited by Guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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**14. Creditors: Amounts falling due within one year**

	2022 £	2021 £
Bank loans	9,707	7,906
Trade creditors	23,082	39,263
Other taxation and social security	5,467	95,741
Other creditors	40,023	69,138
Accruals and deferred income	43,245	12,000
	<u>121,524</u>	<u>224,048</u>
	2022 £	2021 £
Deferred income at 1 April 2021	12,000	94,787
Resources deferred during the year	25,442	12,000
Amounts released from previous periods	(12,000)	(94,787)
	<u>25,442</u>	<u>12,000</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.

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

	2022 £	2021 £
Bank loans	32,387	42,094

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 2022**

**16. Statement of funds**

**Statement of funds - current year**

	Balance at 1 April 2021 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2022 £
<b>Unrestricted funds</b>					
<b>Designated funds</b>					
Arcola Theatre Ltd	123,594	-	(123,594)	-	-
<b>General funds</b>					
General Fund	344,397	591,525	(690,821)	-	245,101
<b>Total Unrestricted funds</b>	<b>467,991</b>	<b>591,525</b>	<b>(814,415)</b>	<b>-</b>	<b>245,101</b>
<b>Restricted funds</b>					
Capital fund	1,949,648	-	(121,853)	3,637	1,831,432
Participation	5,042	6,220	(2,823)	-	8,439
Artistic Programming	15,545	86,083	(68,633)	-	32,995
Joseph Rowntree Charitable Trust	1,590	40,585	(19,612)	-	22,563
Green Arcola	12,741	2,000	-	-	14,741
Covid-19 Funds	-	250,328	(250,328)	-	-
Facilities	91,754	11,110	(42,878)	(3,637)	56,349
	2,076,320	396,326	(506,127)	-	1,966,519
<b>Total of funds</b>	<b>2,544,311</b>	<b>987,851</b>	<b>(1,320,542)</b>	<b>-</b>	<b>2,211,620</b>

**ARCOLA THEATRE PRODUCTION COMPANY**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

**16. Statement of funds (continued)**

**Statement of funds - prior year**

	<i>Balance at 1 April 2020 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Balance at 31 March 2021 £</i>
<b>Unrestricted funds</b>					
<b>Designated funds</b>					
Arcola Theatre Ltd	-	-	-	123,594	123,594
<b>General funds</b>					
General Fund	20,788	535,148	(87,945)	(123,594)	344,397
<b>Total Unrestricted funds</b>	<u>20,788</u>	<u>535,148</u>	<u>(87,945)</u>	<u>-</u>	<u>467,991</u>
<b>Restricted funds</b>					
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
	<u>2,092,793</u>	<u>872,690</u>	<u>(889,163)</u>	<u>-</u>	<u>2,076,320</u>
<b>Total of funds</b>	<u><u>2,113,581</u></u>	<u><u>1,407,838</u></u>	<u><u>(977,108)</u></u>	<u><u>-</u></u>	<u><u>2,544,311</u></u>

**ARCOLA THEATRE PRODUCTION COMPANY**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

**16. Statement of funds (continued)**

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 represented a contingency, set aside to match the debt due from Arcola Theatre Ltd. The full debt, amounting to £185,385, was provided for as irrecoverable at the year end. The full designated fund was offset against this doubtful debt provision; the remainder was offset against the general fund. The doubtful debt provision is included in Venue Operation expenses, amounting to £194,861, per note 8.

**17. Analysis of net assets between funds**

**Analysis of net assets between funds - current year**

	<b>Unrestricted funds 2022 £</b>	<b>Restricted funds 2022 £</b>	<b>Total funds 2022 £</b>
Tangible fixed assets	150,714	1,831,434	<b>1,982,148</b>
Current assets	237,938	145,445	<b>383,383</b>
Creditors due within one year	(111,164)	(10,360)	<b>(121,524)</b>
Creditors due in more than one year	(32,387)	-	<b>(32,387)</b>
<b>Total</b>	<b>245,101</b>	<b>1,966,519</b>	<b>2,211,620</b>

**Analysis of net assets between funds - prior year**

	<b>Unrestricted funds 2021 £</b>	<b>Restricted funds 2021 £</b>	<b>Total funds 2021 £</b>
Tangible fixed assets	158,344	1,949,650	<b>2,107,994</b>
Current assets	562,177	140,282	<b>702,459</b>
Creditors due within one year	(210,436)	(13,612)	<b>(224,048)</b>
Creditors due in more than one year	(42,094)	-	<b>(42,094)</b>
<b>Total</b>	<b>467,991</b>	<b>2,076,320</b>	<b>2,544,311</b>

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

	2022 £	2021 £
Net income/expenditure for the year (as per Statement of Financial Activities)	(332,691)	430,730
<b>Adjustments for:</b>		
Depreciation charges	133,800	134,066
(Increase)/decrease in debtors	107,698	(24,976)
(Decrease)/increase in creditors	(104,325)	(244,960)
<b>Net cash provided by/(used in) operating activities</b>	<b>(195,518)</b>	<b>294,860</b>

**19. Analysis of cash and cash equivalents**

	2022 £	2021 £
Cash at bank and in hand	84,115	295,493
<b>Total cash and cash equivalents</b>	<b>84,115</b>	<b>295,493</b>

**20. Analysis of changes in net debt**

	At 1 April 2021 £	Cash flows £	At 31 March 2022 £
Cash at bank and in hand	295,493	(211,378)	84,115
Debt due within 1 year	(7,906)	(1,801)	(9,707)
Debt due after 1 year	(42,094)	9,707	(32,387)
	<b>245,493</b>	<b>(203,472)</b>	<b>42,021</b>

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**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 £14,140 (2021 - £14,644) and at the year end £1,470 (2021 - £1,335) was payable to the fund and have been included in Creditors falling due within one year - Other creditors.

**22. Related party transactions**

Mr M Ergen was a trustee of Arcola Theatre Production Company until his resignation on 11th November 2021. As a Director and shareholder of Arcola Theatre Limited, this company is considered to be a party related to the Charity until this date.

Until 11th November 2021, the charity was recharged £4,692 (2021 - £626) of costs incurred by Arcola Theatre Limited and recharged costs of £1,274 (2021 - £Nil) to Arcola Theatre Limited. Arcola Theatre Limited included net costs totalling £Nil (2021: £360) on behalf of the Charity. Net cash transfers of £35,812 (2021: 25,956) were paid by the Charity in the period to 11th November 2021.

Arcola Energy Limited was under the joint control of Dr B Todd and Ms L Nazli, both members of Key Management Personnel of the Charity, until it was sold on 11th November 2021 and renamed Ballard Motive Solutions Limited. It is considered a related party to the charity until this date.

Until 11th November 2021, the Charity was recharged £16,237 (2021: £42,028) of costs incurred by Arcola Energy Limited and recharged costs of £7,000 (2021: £20,000) to Arcola Energy Limited. Net cash transfers of £259,237 (2021: £22,028) were made by the Charity in the period to 11th November 2021.

