

CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED
(trading as Chilli Studios)

COMPANY LIMITED BY GUARANTEE

TRUSTEES' REPORT AND
UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

Company number 05028177

Charity number 1116957

CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED

(trading as Chilli Studios)

REFERENCE AND ADMINISTRATIVE INFORMATION

FOR THE YEAR ENDED 31 MARCH 2023

Trustees

The trustees serving during the year and since the year end were as follows:

Alisdair Cameron
Douglas Hunter
Nikki Gibbard
John Banks
Rachael Doyle-Hall
Nelli Stavropoulou (Resigned 11 July 2022)
Dr Victoria Armstrong (Resigned 11 July 2022)
Toby Brandon
Angela Main (Appointed 12 January 2023)
Thomas Lonsdale (Appointed 23 January 2023)

Company secretary

Carole Hall

Key management personnel

Robert Malpiedi – Studio Manager/CEO

Company number

05028177

Charity number

1116957

Registered office and principal place of business

The Blackfriars Centre
Newbridge St
Newcastle upon Tyne
Tyne and Wear
NE1 2TQ

Independent Examiner

Clarke's Chartered Accountants
176 Portland Road
Jesmond
Newcastle Upon Tyne
NE2 1DJ

Bankers

Unity Trust Bank
Nine Brindley place
Birmingham
B1 2HB

Santander UK Plc
Business Banking
301 St Vincent Street
Glasgow
G2 5NT

CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED

(trading as Chilli Studios)

TRUSTEES' REPORT AND INCORPORATED STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The trustees, who are also directors for the purposes of company law, have pleasure in presenting their report and the unaudited financial statements of the charity for the year ended 31 March 2023.

INTRODUCTION

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 Charities Act 2011, the Companies Act 2006 and the requirements of 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 (FRS 102).

The Charity's full name is Chilli Studios (Newcastle and Gateshead Arts Studio) Limited. In this report it will be referred to by its trading name, 'Chilli Studios'.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Chilli Studios is a company limited by guarantee (number 05028177), incorporated on 28 January 2004, and is governed by its articles. It is also a registered charity (number 1116957).

Our board as of 31st March 2023 consists of eight trustees. These trustees have strong representation from professionals working in key areas; within Disability, Education, Senior Management, Grants Management, Psychiatry, Service User Involvement, Influencing Mental Health Policy and Best Practice, Safeguarding and Arts Development.

Members of the Board recognise they cannot be experts in all areas of activity and regularly consider what skills may be valuable to add to the existing mix of knowledge and skills. Where a vacancy arises the Board and staff use existing networks to identify potential new trustees. Prospective trustees are invited to visit the studios to understand our vision and values and to establish if they wish to join the Board.

REFERENCE AND ADMINISTRATION DETAILS

Reference and administrative details are set out on page 1 and form part of this report.

OBJECTIVES OF THE CHARITY

To advance the education of the public, in particular persons suffering from the effects of mental illness and mental health problems, living in Newcastle and Gateshead through the use and promotion of art and artistic and creative activities.

PUBLIC BENEFIT

The trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission in determining the activities undertaken by the Charity.

The Charity Commission in its "Charities and Public Benefit" Guidance states that there are two key principles to be met in order to show that an organisation's aims are for the public benefit: first there must be an identifiable benefit and, secondly, that the benefit must be to the public or to a section of

the public. The trustees are satisfied that the aims and objectives of the charity, and the activities reported on above to achieve those aims, meet these principles.

STRATEGIC REPORT

REVIEW OF ACTIVITIES, DEVELOPMENTS AND ACHIEVEMENTS

Our service

Chilli Studios delivers services to those who are, or are at risk of, experiencing diagnosed mental health problems, and those who experience other forms of social exclusion within their communities.

Our Aim is: Improving Mental Health through Creativity.

Our Mission is:

To provide a sustainable service that engages people in creative activity, which promotes social inclusion and interaction, develops skills and ability which builds resilience, enables potential and improves wellbeing.

Our Values are:

- **To promote creative freedom.**

Promote the power of creativity to empower individuals to challenge internal and external perceptions of mental health. Valuing everyone's unique personal expression, inspiring people to take creative chances, build skills and celebrate achievements.

- **To be a compassionate and safe service.**

Create a safe, inclusive place where everyone feels welcome, encouraged to participate and supported throughout involvement—developing a caring community through encouragement and support. Taking time to listen, learn and respect others and their privacy; when a difference exists, value it and find shared understanding within the community of interest.

Overview

Overview of delivery data

To show the breadth of our work for this financial year, we have included monitoring information from some of the activities detailed:

- Over the year, we have had 92 new referrals with 268 individual members in attendance.
- We provided: 1327 studio sessions to a total attendance of 18644
- Total audience (excluding social media reach) was: 52084
- We currently have 19 volunteers; over the year volunteers provided 2737 hours of input. The volunteer passport scheme partnership with the Volunteer Centre has dramatically supported our organisation in developing volunteer training opportunities and support. We have supported four volunteers to reach a range of training through this resource. Staff training also includes in-depth fire & safety training and welfare support in the power threat meaning frameworks.

TRUSTEES' REPORT AND INCORPORATED STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

- We held 73 events and, with support, delivered 83 publications & productions. Promoting our charitable activity has included numerous stalls, drop-in workshops, and conducted four lectures, including at Greggs, RECOCO, Newcastle County Council and Vita health events.
- We had 16 Exhibitions & screenings with our Annual show @ Vane 22nd Sept-1st Oct. This preview attracted 200 + attendees.
- We delivered 527 Training and empowering sessions to members and volunteers.
- Our creative outreach sessions included: Pottery in the Park, Partnership with Urban Green Newcastle and Newcastle Hospital Charity. These sessions with patience, family, and care staff, as well as the general public, were aimed at well-being through creativity and nature. As part of that partnership, we were commissioned to hold a Raku and ceramic glazing workshop at the community festival, Buzzfest, in February at Exhibition Park. Other Outreach includes a commission by Your Homes Newcastle and Newcastle Council Arts Development to run an artist in residency at Stapleford Centre, which provides supported housing for people with learning disabilities or autism.
- Our peer-based work has really taken off with 527 attendances in training and empowering sessions for members and volunteers. Finally, since the success of the Community darkroom kickstarter, we have held 11 peer group sessions in developing the dark room resources and management. "A safe place to develop".
- Because understanding how we support our members and how we can improve our work is critical, over the last six months, we completed a full-service evaluation by an independent consultant and two associate researchers who have personal experience with mental health issues.

Independent evaluation

Towards the end of the year, we employed an independent consultant and two researchers with lived experience to conduct a full-service evaluation. The final report clarifies how important creativity remains as the main driver for attendance. Whilst we hope to achieve mental health-based impacts, the glue that binds the organisation is a shared value of self-expression. Valuable social networks are nurtured through mutual interest, leading to meaningful and lasting friendships (connections) that support change. Indeed, the findings highlight how much positive change our members felt the studio provided, with beautiful descriptions of how that change occurred. Over the years, we have taken an approach focused on engagement, supportive participation, development and achievement. Assessing the report through these lenses, our members express that the engagement process is conducted in an inclusive, non-discriminatory fashion that attempts to be bespoke to the individual's needs. A learning point for improvement is our need to promote this further within our networks, particularly in our referral paperwork and process. Members describe the support we provide as responsive, authentic, intrinsic and empathetic, with members feeling respected equally and treated like grown-ups, setting their own goals and directions around well-being (support). Our evolving peer programme fits ideally with our development phase. We are supporting our members to gain a sense of purpose, responsibility, motivation, and progression onto opportunities like education and employment. As highlighted in the report's overview, utilising lived experience through co-production has enormous value, with already-established peers and paid therapeutic enablers providing tangible value to the service and the wider membership. What also comes across strongly in the report is that we offer an empowering self-determined sense of

TRUSTEES' REPORT AND INCORPORATED STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

achievement. Interestingly the report highlights how every member's expectations and subsequent journey towards positive change is unique and cannot be prescribed.

As we have data available from our recent externally conducted evaluation, I have included some of the key findings

In the survey we asked 'How much positive change have you felt to your mental / emotional wellbeing through joining Chilli Studios?' Members were asked to place from 0 to 20 marbles into a pot to express a relative amount of change. The results were very impressive.

Answering this question 100% said that they had experienced an improvement, with half of those who responded returned the maximum score for change

This is particularly interesting given that on the first survey question members did not tend to rank change as the main driver for their initial attendance. The interviews and focus groups confirmed this finding. There really is no hype about change at Chilli Studios, quite the opposite. Staff and volunteers are careful not to describe Chilli as a place people come to 'get better'. Indeed, we even found resistance to use of the term 'recovery', despite its popularity in many mental health contexts.

The survey followed up the question about the extent of change experienced with a question asking about the possible contributing factors.

- 50% felt both contributed equally to the change.
- 34% felt creativity made the greater contribution.
- 16% felt community made the greater contribution.

It is apparent that the positive benefits members experience through their involvement with the studios vary greatly and are not limited to improving mental wellbeing. The interviews and focus groups revealed what change looks like for different people. Responses tended to cluster around 10 key areas that may be considered as 'outcomes':

1. Learning about their mental health and how to manage it.
2. Having people to talk to and opening up about challenges.
3. Gaining a sense of purpose and personal motivation.
4. Becoming more positive and overcoming negative patterns of thinking.
5. Gaining a new network of friends and feeling supported.
6. Progression into further educational and vocational opportunities.
7. Discovering new ways to express themselves.
8. Reduction in levels of anxiety.
9. Growing in confidence, especially in social contexts.
10. Development of new skills.

Some lovely language was used to describe what the change process looks like, or feels like:

- Like a flower opening – something natural and good is happening in response to 'light'.
- Like a dimmer switch rather than a light switch – it happens slowly not suddenly.
- Like osmosis – a gradual process of absorbing what is needed from the environment. This was linked to the idea of members learning about managing mental health from one another.

TRUSTEES' REPORT AND INCORPORATED STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

We asked people to tell us whether they thought there might be some kind of 'secret ingredient' that might be in some way catalysing or contributing to the change being experienced. As might be expected, whilst responses varied a number of important insights were revealed. Different combinations appear to be active for different people at different times. These were:

- Empathy & Encouragement
- Kindness & Compassion
- Empowerment & Creative agency
- Safety & Support
- Openness & Expression
- Acceptance & Inclusion
- Routine & Consistency

Staffing

In 2022 an external review of our staffing structure was completed, as part of a long-term strategy for sustainability and growth. The findings supported the development of four distinct leadership roles, which has flattened the original pyramid managerial structure, and enabled staff members to progress in areas best matched to their knowledge and experience through a skills audit. Staff wages and terms of employment were assessed and were appropriately increased to support increased responsibilities

Our core staff team are (new titles followed the restructure in November 2022);

- Development and Strategy Lead (previously the Studio Manager), is now focused on income generation and long-term strategy. Though still formally fulfilling the CEO role, they are now less burdened with day-to-day management within the studio and often work remotely to increase productivity. Their hours have decreased which supports increases in salary elsewhere.
- Business Relationship Lead (previously The Charity Officer) has greater authority and supports the CEO with management of day-to-day concerns.
- Creative Operation Lead (previously The Arts Coordinator) is in charge of all creative aspects and manages the freelance artists
- Inclusion and Progression Lead (previously The Support and Inclusion Coordinator) will now focus on peer development programme in line with key evaluation findings.

FINANCIAL REVIEW

Our active supporters over the year where: The National Lottery Fund's Reaching Communities and The Jubilee fund, Newcastle Culture Investment Fund, Henry Smith Charitable trust, The Barbour Foundation, The Hospital of God, Lloyds Bank Foundation, Ringtons, Reeds Grassroot fund, Connected Voice, Prime fund, D'Oyly Carte Charitable Trust, Greggs Foundation, Enterprise Development Fund, Suicide Prevention Fund and the recently secured Newcastle Building Society, Joseph Brough Charitable Trust, The Joicey Trust and Garfield Weston Foundation grants.

TRUSTEES' REPORT AND INCORPORATED STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

Currently, numerous core and project-based funds are reaching the end of their offer. Our primary funder for running costs remains The National Lottery Reaching Communities fund, which runs until Oct 2023.

Commercial activities

Chilli Studios has continued to invest time and funds into developing new sources of income to support long term sustainability. Over this financial year this has been advanced through the work of our Research, Marketing and Sales Assistant who has, with the support of the team, developed our product range, promotional activity and sales online and in physical locations. All income generated is then allocated into our 'Chilli Direct' funds. 'Chilli Direct' reflects all our income from sales, fees and donations.

Over the last few years, we have managed to reallocated some of our Chilli Direct revenue back into our free reserves. We now have around 40% of running costs as security for managing the challenging period ahead.

Reserves

Reserves are that part of the charity's unrestricted funds that are freely available to spend on any of the charity's purposes. They exclude restricted income funds.

The trustees have considered the need for reserves to be maintained by the charity. The Charity does not have recurring obligations, other than the need to govern itself. The trustees have concluded therefore that an appropriate reserves policy is to hold at all times a minimum amount equivalent to one year's governance costs in the prior accounting year.

In addition, we have identified the need to allocate funds towards the research and development work in connection with our commercial activities. Therefore, part of our Unrestricted Reserves have been Designated as R&D funds.

Going concern

The trustees are satisfied that the charity is able to operate for the foreseeable future, on the basis of support for the charity. The going concern basis of accounting is therefore appropriate.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of 'Chilli Studios (Newcastle and Gateshead Arts Studio) Limited' for the purposes of company law) are responsible for preparing the Trustees' Annual 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 charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;

CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED

(trading as Chilli Studios)

TRUSTEES' REPORT AND INCORPORATED STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

INDEPENDENT EXAMINER

The members have agreed to have Clarke's Chartered Accountants as the Independent Examiner

By order of the Board

A.S. Cameron

Alisdair Cameron

Trustee

Approved by the Board on

5/12/23

**INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF
CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED**

I report to the charity trustees on my examination of the accounts of the company for the year ended 31 March 2023 which are set out on pages 10 to 19.

Responsibilities and basis of report

As the charity trustees of the company (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your company's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

Since the company's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of The Institute of Chartered Accountants in England and Wales, which is one of the listed bodies.

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 company as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act 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; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities [applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)].

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 accounts to be reached.

Signed:



Pamela M Clarke

Relevant Professional body: ICAEW
on behalf of Clarke's Chartered Accountants
176 Portland Road, Jesmond, Newcastle upon Tyne, NE2 1DJ

Date: 12 December 2023

CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED

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STATEMENT OF FINANCIAL ACTIVITIES (Incorporating Income and Expenditure Account)

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Unrestricted funds	Restricted funds	31 March 2023 Total	31 March 2022 Total
		£	£	£	£
INCOME FROM:					
Donations and legacies	2	6,580	-	6,580	3,091
Charitable activities	3	15,533	224,260	239,793	207,700
Other income		3,896	1	3,897	-
Other trading activities	4	<u>3,824</u>	<u>-</u>	<u>3,824</u>	<u>4,620</u>
Total income		<u>29,833</u>	<u>224,261</u>	<u>254,094</u>	<u>215,411</u>
EXPENDITURE ON:					
Charitable activities	5	<u>20,462</u>	<u>227,967</u>	<u>248,429</u>	<u>192,623</u>
Total expenditure		<u>20,462</u>	<u>227,967</u>	<u>248,429</u>	<u>192,623</u>
Net income/(expenditure)	6	9,371	(3,706)	5,665	22,788
Transfers Between Funds		-	-	-	-
Total funds brought forward		<u>104,279</u>	<u>19,958</u>	<u>124,237</u>	<u>101,449</u>
Total funds carried forward	11	<u>113,650</u>	<u>16,252</u>	<u>129,902</u>	<u>124,237</u>

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

All income and expenditure relates to continuing activities.

The notes on pages 12 to 18 form part of these financial statements.

CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED

Company Registration Number 05028177

(trading as Chilli Studios)

BALANCE SHEET AS AT 31 MARCH 2023

	Notes	2023 £	2022 £
Current assets			
Debtors	8	2,486	2,445
Cash at bank and in hand		<u>205,586</u>	<u>194,154</u>
		208,072	196,599
Creditors: amounts falling due within one year	9	<u>(78,170)</u>	<u>(72,362)</u>
Net assets	12	<u>129,902</u>	<u>124,237</u>
The funds of the charity			
Restricted funds	11	16,251	19,958
Unrestricted funds	11	<u>113,651</u>	<u>104,279</u>
Total charity funds		<u>129,902</u>	<u>124,237</u>

For the year ended 31 March 2023 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies and its members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

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

These financial statements were approved by the members of the committee and authorised for issue on and are signed on their behalf by:

A. S. Cameron 5/12/23

Alisdair Cameron
Trustee

The notes on pages 12 to 18 form part of these financial statements. These unaudited financial statements have been subject to independent examination. See report on page 9.

CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED

(trading as Chilli Studios)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1. Accounting policies

Basis of preparation

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

Chilli Studios (Newcastle and Gateshead Arts Studio) Limited is a Charitable Company limited by Guarantee, registered in England. The charity meets the definition of public benefit entity under FRS 102.

Assets and liabilities are initially recognised at historical cost of transaction value unless otherwise stated in the relevant accounting policy note.

In accordance with FRS 102 (as revised by Update Bulletin 1) the charity has not presented a statement of cash flows, as the charity is small.

The financial statements are presented in sterling which is also the functional currency of the Charitable Company. The monetary amounts in these financial statements are rounded to the nearest £, except where otherwise indicated.

Going concern

Financial Reporting Standard 102 requires, if appropriate, the charity's financial statements are prepared on the going concern basis, which means that the charity is able to operate for the foreseeable future on the basis of known and reasonable projected resources. There are no material uncertainties in respect of the charity's ability to continue as a going concern. Although the nature of donations and grants can be difficult to forecast, the trustees believe there is sufficient support to the charity to enable the charity to continue to meet its liabilities as they fall due. As a result the going concern basis of accounting is appropriate.

Income

Income is recognised in the period in which the charitable company has entitlement to the funds, any conditions attached to the income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Donations and grants

Income from donations and grants, including capital grants, is included in income when these are receivable, except as follows:

- When the donors specify that donations and grants given to the charity must be used in future accounting periods, the income is deferred until those periods.
- When donors impose conditions which have to be fulfilled before the charity becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre-conditions for use have been met.
- When donors specify that donations and grants, including capital grants, are for particular restricted purposes, which do not amount to pre-conditions regarding entitlement, this income is included in income of restricted funds when receivable.

CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED

(trading as Chilli Studios)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1. Accounting policies (continued)

Income from charitable activities

Income from charitable activities is recognised in the Statement of Financial Activities as received.

Investment income

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Expenditure

Expenditure is all considered as expenditure on charitable activities. Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party; it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Resources expended are included in the Statement of Financial Activities on an accruals basis, inclusive of VAT. They include:

- Charitable expenditure which comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the costs linked to the strategic management of the charity.

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of resources.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless these costs are required to be capitalised as an intangible or tangible fixed asset.

Certain employees are entitled to carry forward unused holiday entitlement at the reporting date. The cost of any unused entitlement is recognised in the period in which the employee's services are required.

Retirement benefits

For defined contribution schemes the amount charged to income and expenditure is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Fund accounting

Restricted funds

Restricted funds have been provided to the charity for particular purposes. The trustees carefully monitor the application of these funds in accordance with the restriction placed upon them.

Unrestricted funds

The charity maintains a general unrestricted fund which represents funds which are expended at the discretion of the trustees in furtherance of the objectives of the charity.

Financial instruments

All of the charity's financial assets and financial liabilities qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED

(trading as Chilli Studios)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1. Accounting policies (continued)

Cash at bank and in hand

Cash at bank and in hand includes deposits held at call with banks.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of all funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount.

Critical accounting estimates and areas of judgment

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

2. Donations and legacies

	Unrestricted funds £	Restricted funds £	31 March 2023 £	31 March 2022 £
Donations	<u>6,580</u>	<u>-</u>	<u>3,091</u>	<u>3,091</u>

3. Income from charitable activities

	Unrestricted funds £	Restricted funds £	31 March 2023 £	31 March 2022 £
Grants	-	224,260	224,260	199,638
Members contributions	<u>15,533</u>	<u>-</u>	<u>15,533</u>	<u>8,061</u>
	<u>15,533</u>	<u>224,260</u>	<u>239,793</u>	<u>207,699</u>

Other income

	Unrestricted funds £	Restricted funds £	31 March 2023 £	31 March 2022 £
Other income	<u>3,896</u>	<u>1</u>	<u>3,897</u>	<u>-</u>

CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED

(trading as Chilli Studios)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

4. Income from other trading activities

	Unrestricted funds £	Restricted funds £	31 March 2023 £	31 March 2022 £
Sales of goods	3,824	-	3,824	4,620

5. Expenditure on charitable activities

	Direct costs £	Support costs £	31 March 2023 £	31 March 2022 £
Funding for the promotion of art and artistic and creative activities	137,365	104,165	241,530	188,018
Governance costs	-	6,899	6,899	4,605
	137,365	111,064	248,429	192,623

Expenditure on charitable activities was £248,429 (2022: £192,623) of which £20,462 (2022: £908) was unrestricted and £227,967 (2022: £191,715) was restricted.

Support costs are made up of:

	31 March 2023 £	31 March 2022 £
Support staff costs	47,986	48,816
Rent	30,962	19,866
Repairs and maintenance	1,104	460
Legal and professional fees	11,550	-
Promotion and marketing	920	319
Insurance	767	849
Other support costs	10,876	5,058
Governance costs	6,899	4,605
	111,064	79,973

Governance costs are made up as follows:

	31 March 2023 £	31 March 2022 £
Accountancy services	5,686	3,452
Independent examination	1,200	1,140
Companies House filing fees	13	13
	6,899	4,605

CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED

(trading as Chilli Studios)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

6. Net outgoing resources

	31 March 2023 £	31 March 2022 £
The net outgoing resources for the year is stated after charging:		
Clarke's fees:		
Independent examination	1,200	1,140

7. Staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs

	31 March 2023 £	31 March 2022 £
Wages and salaries	113,382	103,864
Social security costs	4,283	4,183
Other pension costs	5,757	4,294
	123,422	112,341

Particulars of employees

The average number of staff employed by the charity during the year amounts to:

	31 March 2023 £	31 March 2022 £
Management and administration staff	6	6

No employees earned in excess of £60,000 during the year (2022: nil).

No expenses were reimbursed to the trustees during the year (2022: nil).

Key management personnel

The key management personnel of the charity is listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the charity was £29,138 (2022: £32,762).

CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED

(trading as Chilli Studios)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

8. Debtors

	31 March 2023 £	31 March 2022 £
Prepayments and accrued income	<u>2,486</u>	<u>2,445</u>
	<u>2,486</u>	<u>2,489</u>

9. Creditors: amounts falling due within one year

	31 March 2023 £	31 March 2022 £
Trade creditors	5,647	4,096
Accruals and deferred income	<u>72,523</u>	<u>68,266</u>
	<u>78,170</u>	<u>72,362</u>

10. Deferred income

	31 March 2023 £	31 March 2022 £
Deferred income at 1 April 2022	65,416	65,321
Released from previous years	(65,416)	(65,321)
Amounts deferred in the year	<u>67,431</u>	<u>65,416</u>
Deferred income at 31 March 2023	<u>67,431</u>	<u>65,416</u>

11. Analysis of charitable funds

	As at 1 April 2022 £	Income £	Expenditure £	Transfers £	As at 31 March 2023 £
Restricted funds					
National Lottery Fund	17,157	94,475	(93,563)	-	18,069
Newcastle Cultural Investment Fund	(1,297)	21,767	(20,470)	-	-
Enterprise Development Fund	-	13,501	(9,076)	-	4,425
Lloyds Bank Foundation	-	1,721	(1,712)	-	9
Others	<u>4,098</u>	<u>92,796</u>	<u>(103,146)</u>	-	<u>(6,252)</u>
	19,958	224,260	(227,967)	-	16,251
Unrestricted funds					
Designated - Governance	-	-	-	70,000	70,000
Designated - R&D	-	-	-	20,000	20,000
General	<u>104,279</u>	<u>29,833</u>	<u>(20,461)</u>	<u>(90,000)</u>	<u>23,651</u>
Total funds	<u>124,237</u>	<u>254,093</u>	<u>(248,428)</u>	-	<u>129,902</u>

CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED

(trading as Chilli Studios)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

11. Analysis of charitable funds (continued)

Chilli Studios would like to extend a big thank you to all our supporters over the year. These include: The National Lottery Fund's Reaching Communities and The Jubilee fund, Newcastle Culture Investment Fund, Henry Smith Charitable trust, The Barbour Foundation, The Hospital of God, Lloyds Bank Foundation, Ringtons' fund, Reeds Grassroot fund, Connected Voice, Prime fund, D'Oyly Carte Charitable Trust, Greggs Foundation, Enterprise Development Fund, Suicide Prevention Fund, Newcastle Building Society, Joseph Brough Charitable Trust, The Joicey Trust and Garfield Weston Foundation grants.

Unrestricted funds

The trustees have identified the need to hold sufficient contingency funds to meet its liabilities in the event of a winding up. At 31 March 2023 these were estimated at £70,000.

12. Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total 2023 £	Total 2022 £
Current assets	6,537	201,535	208,072	196,599
Current liabilities	<u>(5,647)</u>	<u>(72,523)</u>	<u>(78,170)</u>	<u>(72,362)</u>
	890	129,012	129,902	124,237
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

13. Retirement benefits

The charity operates a defined contribution pension scheme for all qualifying employees in the United Kingdom. The assets of the scheme are held separately from those of the charity in an independently administered fund. The contributions payable by the charity expensed to income and expenditure amounted to £5,757 (2022: £4,294). There were no outstanding amounts payable at the year end.

14. Legal status of charity

The charity is a company limited by guarantee and has no share capital. 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.

15. Taxation

The charity is exempt from tax on income and gains falling within Section 505 of the Taxes Act 1988 or Section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the charity.

16. Volunteer Time

The charity places great value on the contributions that volunteers make to the organisation. We benefited greatly, not only from the considerable time, energy and expertise given by the Board of Trustees, but other volunteers as well. Last year the studio benefited from 21 volunteers being engaged in the service.