

Charity Registration No. 1149284

Company Registration No. 6635326 (England and Wales)

**MERCURIAL ARTS LIMITED**  
**ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2021**

# MERCURIAL ARTS LIMITED

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	O J K Scott R Hayhow C L Hegenbarth N Dodzo
<b>Secretary</b>	O J K Scott
<b>Charity number</b>	1149284
<b>Company number</b>	6635326
<b>Registered office</b>	Studio 11a Canal Warehouse Leicester Row Coventry CV1 4LH
<b>Independent examiner</b>	Azets Audit Services 3Mc Middlemarch Business Park Siskin Drive Coventry CV3 4FJ

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# MERCURIAL ARTS LIMITED

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# MERCURIAL ARTS LIMITED

## TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT)

### FOR THE YEAR ENDED 31 JULY 2021

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

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)".

#### **Objectives and activities**

In accordance with the Memorandum of Association of Mercurial Arts Limited the company's objectives are:  
To promote, maintain, improve and advance education by the encouragement of the arts including, without limitation, the arts of drama, mime, dance, singing and music.

Mercurial Arts' current focus is primarily on enhancing the lives of Young People through the arts: as participants and audiences. We work with Young People who do not normally have access to the arts and are from areas identified as suffering from socio - economic deprivation.

- 1) To create ambitious performance and art in a variety of settings that mixes dance and technology, for and with young people
- 2) To advance practice; bringing inspiration, challenge, confidence and a sense of achievement into the lives of the young people we work with
- 3) To develop and promote physical and virtual spaces for the making and presenting a programme of work
- 4) To develop partnership working to promote ambition, amplify quality and maximise impact
- 5) To grow the charity in a sustainable & strategic way, placing our work on national & international platforms

The public benefits of the company are the promotion, maintenance and advancement of the arts. The public benefits directly relate to the company's key objectives. No detriment or harm arises from the company providing the public benefits.

In shaping the objectives for the year and planning the charity's activities, the trustees referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities.

#### **Achievements and performance**

2020-2021 has been a very busy year. We have delivered over 20,400 face to face participant experiences across the year, in areas of lowest cultural engagement; and accelerated our digital work. We have created a short dance film, are in process for the creation and launch of two new digital dance experiences that continue into 2021-22 year. Working through the Covid pandemic has been a challenge. However, continuing the rapid innovation, diligent project management, and taking a robust approach to 'Covid safe' practice, has meant we have managed to deliver a very successful year with limited disruption to our ambitions. Investment from two rounds of Arts Council Cultural Recovery Grants, has enabled us to shift up a gear. This continuity of support has contributed to all the activities of all the programmes. It has enabled the core team to dedicate time to evolving our business model, and innovate in digital technology. It has helped us to retain freelance talent, the artists and producers we regularly work with, and support individuals with work where they were ineligible for other types of Government financial support through the pandemic (SEIS, furlough).

Mercurial Arts has flourished through some exceptionally challenging times. Key to our work is the partnerships we have formed through our business model innovation, with links with digital sectors, which have enabled us to take a dynamic approach through the first and subsequent national lockdowns. These partnerships have extended the charity's reach and we have integrated the work more closely with our key delivery organisation Mercurial Dance. We have delivered over 20,400 face to face participant experiences across the year in education and outreach programmes to areas of lowest cultural engagement. The partners we established these programmes with include Coventry City Council Early Help, Coventry City of Culture Trust, and Oasis Community Learning which has enabled a substantial reach across the Midlands for the benefit of the young people and audiences involved.

# MERCURIAL ARTS LIMITED

## TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2021

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The Route 10 programme of work was established in response to health inequalities in Coventry, and prevalent across the country, taking its name from research in Coventry's Marmot City report and that tackling health inequalities are central to the city council strategy. Route 10 project has an overarching aim to research and address improvements to health and wellbeing through dance and the arts. Whilst the professional performance aspects of Route 10 were postponed due to the pandemic in the previous financial year, the much-needed creative community activity has continued across the groups we work with. The pandemic has negatively affected children's fitness, and mental health particularly in more vulnerable groups. Our face-to-face programmes took place as soon as the covid restrictions lifted, tier by tier. Therefore, Route 10 Leap Forward, created on the cusp of lockdown restrictions easing in March 2021, brought dance and creative activity to 29 'at risk' and vulnerable children, in partnership with Oasis Hub Shortheath Birmingham. Over the Easter holiday we co-created a short film Leap Forward which expressed the exuberance and hope the children felt at lockdown restrictions easing. Route 10 Leap Forward was created with support from National Lottery Fund Awards For All, and funds raised from trusts and foundations.

Our online learning videos continue to gather audience with over 12,000 impressions, 2200 views and a loyal following of weekly viewers as they were released as part of our learning at home programme for the UK coronavirus lockdowns (lockdown school closures 26.03.20-01.06.20; 05.11.20-02.12.20 and 04.01.21-08.03.21). From our initial swift move to digital streaming in the previous financial year (early March 2020) we have grown our capability and strategic direction of our audience facing digital work. Ambitious to create work that stretches the boundaries and meets our audience in formats and ways they are used to, our Arts Council Cultural recovery grants have supported the development of new digital work. We build on a strong foundation and previous experiences: The geolocative experience app 'Histories at Hobmoor', launched in 2019 on iOS and Android, and our Bubble Chamber series of interactive digital installations helped inform our new strategy, in to adopt an AGILE development process with the team. We have invested in team training, joining the highly competitive StoryFutures programme for immersive storytelling, and won an award for our Virtual Reality dance art health and wellbeing concept which will be pursued in the subsequent financial year.

The Arts Council Cultural Recovery Grants and project grant, with additional financial support leveraged by Mercurial Dance have supported the development of Fame Game. Fame Game is a gamified digital dance theatre experience, to be played in groups. Collaboration with a Games Designer with expertise in escape games, and a writer led to the development of a script, puzzles and approach. We tested a prototype version in early spring with a group from Birmingham Hippodrome's young advocates, representative of the city's demographic. They learned about our process and gave feedback on the prototype. We recruited a diverse cast, with over 70% of the actors and dancers in leading roles identifying as being from ethnic minority groups. The film production crosses into the 2021-22 financial year with filming completed at the end of July 2021, with support from Rep Birmingham and other venues across the city. We move into post production and the technical finalisation of the game management system with previews in October 2021. Opening up our creative process we supported two young volunteers on placement with the film production period, which gave them industry awareness and experience. Audience reach will be reported on in the 2021-2022 financial year.

Continuing our work with Health and Wellbeing, we initiated and delivered Route 10 DigiDance working across summer 2021 to co-author a new digital augmented reality prototype. Digi Dance is an arts-led, activism project that aims to improve health & wellbeing outcomes for children (aged 8+) through the use of dance & movement-responsive digital technologies. Phase 1 in summer 2021, was a dance participation project with a difference: a digitally-enhanced dance summer school. Children had the opportunity to co-create the choreography and prototype digital solution to movement-led wellbeing for a similar age group to themselves. Central to the delivery of the project was a focus on collaboration and developing partnerships. Mercurial Arts worked with Mercurial Dance and digital partners Arcade, Coventry City of Culture 2021 and Coventry City Council (CC). All participants of the project were identified by the CC Early Help teams based within Family Hubs across the city. This allowed outreach work and audience development to take place in underrepresented communities across the city.

# MERCURIAL ARTS LIMITED

## TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2021

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The Route 10 DigiDance project ran for four weeks in three locations across Coventry St Peters Church CV1 5NP, Northpoint Church CV2 1UT and Xcel Leisure Centre CV4 8DY, geographically dispersing activity geographically across the city. The sessions were twice weekly for two sessions totaling 3 hours. Our fed and fit model of delivery for vulnerable cohorts ensured that nutritional needs were met, alongside physical, emotional and creative authorship were met through the programme. The project had engagement with over 45 young people across the city that attended regularly, and an additional 8-10 young people that engaged in 1 or 2 sessions; totalling c.760 participant experiences. The participants took part in physical activity that supported health benefits. They were able to learn new dance styles, incorporating music choices and movement to reflect the cultural diversity of the group. They were actively encouraged to be creative and interact with each other to work as part of a group to develop social interaction, all of which was impacted negatively during the pandemic.

80% of participants had never taken part in any form of dance or movement sessions prior to engaging in the programme and 76% of Participants are more likely to take part in future physical activities as a result of participating in our programme. Within one of the groups, 23 participants out of 27 that were newly arrived to the UK (within one year), with very limited English language skills. The Mercurial Dance team designed the project with full accessibility in mind. Dance and digital teaching and learning strategies and communication techniques were implemented for the cohort. This included non-verbal and visual instructions, professional translation for some sessions, and peer led translation with the group, enabling the young people's engagement. The children and families said this helped improved their confidence and dealt with feelings that they had experienced before such as isolation.

"My 2 boys really enjoyed the programme and made new friends. Whole experience was really good and was good integrate into the community." Parent/ Carer

"They enjoyed being able to practice their English as well as the physical activity" Parent/ Carer

The co-authored games design process was unique and the project also supported outcomes in digital literacy.

Prior to starting the project 85% of participants had never experienced Augmented Reality (AR) or Virtual Reality (VR). Over a very short period of time we brought children's knowledge to the forefront of current games design. This brought a focus on those that relate to dance, AR, XR and VR experiences in movement, health and wellbeing, where previously the children had had no experience. The children undertook games design approaches to development generating choreography, ideas and narrative. The process of weekly design sprints with Arcade, using paper prototypes developed by the children, and reflective artistic conversations, produced tangible outcomes for the children to test, respond to and build on. This enabled a closely co-authored process built around children's imagination and creativity, with actual games testing on the different concepts they came up with. Children were articulate in their approaches and critique of the prototypes.

Digi Dance is a co-authored digital wellbeing concept. It has given us a movement-led, digital wellbeing concept to take forward. We have created prototype app and a strong, evidenced approach to a scalable experience that will support's children's health and wellbeing in a fun, playful and engaging way. Their involvement in the design process ensures what we create will resonate and reach this cohort. Our next steps are to take the prototype forward into a fully working digital experience and develop the resources to continue the face to face. At the time of writing, March 2021, recent funding wins from Coventry City Council Project grants and National Lottery Awards for All, will enable some of these steps to be fulfilled in the following financial year.

# MERCURIAL ARTS LIMITED

## TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2021

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#### Diversity and Inclusion

Across our programmes we have a highly diverse cohort of young people we support, and through our casting processes, we actively seek to create opportunities for artists identifying as from ethnic minority backgrounds. In terms of ethnicity, in the partner schools programme over 80% of children and young people are from Asian backgrounds. In Digi Dance 73% identify as being from ethnic minority groups. In Leap forward 61% identify as being from ethnic minority groups. In Fame Game we consciously cast a diverse team of actors and dancers and over 70% identifying as being from ethnic minority backgrounds. The demographic profile of our organisation is more diverse than the national average for arts organisations at board and company's core (admin team). However, we recognize that there is always more to do. We continue to strive to lead best practice in this area and are well supported by our board of trustees and the expertise they bring. We serve young people from areas of socio-economic deprivation: all of the areas we worked in this year are in the lowest 10% MDPI most deprived wards. We serve needs holistically, including food provision as necessary, in recognition that the level of children's engagement is dependent upon how their multitude of needs are met. Through anecdotal information, we are mindful that in some individual situations our workshop spaces provide a safer, more inclusive and nurturing environment for the children than their homes do. It is a reminder that our work with vulnerable cohorts doesn't exist in a vacuum and is most beneficial when working through partnerships that support, and see the potential of each child in the whole. As we emerge from the pandemic, we continue to help our communities re-connect and recover their wellbeing through the arts. We are aware that some of the most vulnerable communities have been hit the hardest by the pandemic and will strive to continue to enable access and inclusion, so that all families can benefit from participation in the arts.

#### Financial review

During the current year the charity has returned a deficit of £9,300 (2020: £33,895 surplus) which has mainly arisen due to the timing of the receipt of emergency grants from the Arts Council in the previous year being fully utilised.

During the period of the Covid pandemic the charity has received Arts Council funding through the Cultural Recovery Fund to help deliver on specific aims and objectives of the charity. The charity did not benefit from any funding under the Job Retention Scheme (furlough), Covid related loans or related subsidy.

It is the policy of the charity that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three and six month's expenditure. The trustees considers that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the charity's current activities while consideration is given to ways in which additional funds may be raised. This level of reserves has been maintained throughout the year.

As of the 31 July 2021, the company's level of reserves amounted to £28,025. This comprises the balance on the unrestricted funds of £8,484 and the balance of £19,541 on the restricted funds which represents ongoing projects where grant income has been received in advance of the completion of the project.

The present level of funding is adequate to support the continuation of the company for the medium term and the Board consider the financial position of the company to be satisfactory.

The Board is aware of its responsibility to identify and review the major risks to which the company is exposed and to implement systems to mitigate those risks. The funding received during the year has helped to develop the charity and part of this has been to strengthen the charity's systems and procedures.

Mercurial Arts' business model of project based working and freelance employment structures, mean the trustees consider that the organisation is viable going forward. Mercurial Arts remains resilient and resourceful in responding to the needs and challenges our audiences, participants, partners and funders face as we emerge from this period and we will continue to take an innovative approach to delivering our work.



# MERCURIAL ARTS LIMITED

## TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

**FOR THE YEAR ENDED 31 JULY 2021**

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### **Structure, governance and management**

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

Mercurial Arts Limited is a charitable company limited by guarantee, incorporated on the 1st July 2008. The company is governed by a Memorandum and Articles of Association. It registered as a charity with the Charity Commission on the 11th October 2012 and on this date the charity took over the assets and liabilities of the limited company called Mercurial Arts Limited at this date. In the event of the company being wound up, all members present and 12 months past are required to contribute an amount not exceeding £10.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

O J K Scott

R Hayhow

C L Hegenbarth

N Dodzo

The directors of the company are also charity trustees for the purposes of charity law and under the company's Articles are known as members. Under the requirements of the Memorandum and Articles of Association members are appointed by applying for admission in writing to the Board of Directors who will decide whether to admit or reject the applicant. The number of directors shall not be less than three. At every subsequent AGM, one third of the directors must retire. The directors to retire by rotation are those who have been longest in office since their last appointment or re-appointment.

The charity structures its delivery by drawing together, coordinating and contracting teams of freelance individuals and small business to deliver the specific projects' needs. This brings agility, responsiveness and minimises financial risks associated with the project-based funding model in the arts sector. We develop relationships with our teams project to project, drawing in and benefiting from expertise they bring to our work. O. Scott works with the board of trustees to develop the leadership approach and articulate the programme. Through the partnerships we develop with key organisations, we extend the charity's reach and impact, benefiting from in-kind support, goodwill and intangibles that further advance the charities mission. There is a material link with Mercurial Dance Limited, owned by trustee O. Scott. His trustee role is voluntary, and as with all of the board, he brings in-kind and intangible benefits to the charity in terms of donated time, expertise and leadership. The charity benefits from cash flow support from Mercurial Dance Limited, detailed in the balance sheet loan of £7,323 outstanding at the balance sheet date. This relates to invoices deferred to support the cashflow management against financial end point payment releases, that cross the financial year and ensures that other contractors are paid promptly as funders conclude project evaluations. Fees paid to Mercurial Dance Limited relate to project artistic direction, choreography and delivery. Fees scale year to year according to outputs. This approach is reviewed annually by the board.

The trustees report was approved by the Board of Trustees.



**N Dodzo**

Trustee

Dated: 22/04/2022



# MERCURIAL ARTS LIMITED

## INDEPENDENT EXAMINER'S REPORT

### TO THE TRUSTEES OF MERCURIAL ARTS LIMITED

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I report to the trustees on my examination of the financial statements of Mercurial Arts Limited (the charity) for the year ended 31 July 2021.

#### **Responsibilities and basis of report**

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

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

#### **Independent examiner's statement**

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

- 1 accounting records were not kept in respect of the charity as required by section 386 of the 2006 Act; or
- 2 the financial statements do not accord with those records; or
- 3 the financial statements 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 financial statements 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 financial statements to be reached.



Robert Anderson FCA  
Azets Audit Services

3Mc Middlemarch Business Park  
Siskin Drive  
Coventry  
CV3 4FJ

Dated: 25/4/22

# MERCURIAL ARTS LIMITED

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 JULY 2021

	Notes	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
<b>Income from:</b>							
Donations and legacies	2	-	122,928	122,928	1,000	80,347	81,347
Charitable activities	3	200	-	200	-	-	-
<b>Total income</b>		<u>200</u>	<u>122,928</u>	<u>123,128</u>	<u>1,000</u>	<u>80,347</u>	<u>81,347</u>
<b>Expenditure on:</b>							
Charitable activities	4	-	132,428	132,428	1,189	46,263	47,452
<b>Net incoming/(outgoing) resources before</b>		200	(9,500)	(9,300)	(189)	34,084	33,895
Gross transfers between funds		<u>9,513</u>	<u>(9,513)</u>	<u>-</u>	<u>(2,326)</u>	<u>2,326</u>	<u>-</u>
<b>Net income/(expenditure) for the year/ Net movement in funds</b>		9,713	(19,013)	(9,300)	(2,515)	36,410	33,895
Fund balances at 1 August 2020		<u>(1,229)</u>	<u>38,554</u>	<u>37,325</u>	<u>1,285</u>	<u>2,145</u>	<u>3,430</u>
<b>Fund balances at 31 July 2021</b>		<u>8,484</u>	<u>19,541</u>	<u>28,025</u>	<u>(1,230)</u>	<u>38,555</u>	<u>37,325</u>

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

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

# MERCURIAL ARTS LIMITED

## BALANCE SHEET

AS AT 31 JULY 2021

	Notes	2021 £	£	2020 £	£
<b>Current assets</b>					
Debtors	8	16,140		3,484	
Cash at bank and in hand		<u>42,757</u>		<u>50,313</u>	
		58,897		53,797	
<b>Creditors: amounts falling due within one year</b>	9	<u>(30,872)</u>		<u>(16,472)</u>	
Net current assets			<u>28,025</u>		<u>37,325</u>
<b>Income funds</b>					
Restricted funds	10		19,541		38,555
Unrestricted funds			<u>8,484</u>		<u>(1,230)</u>
			<u>28,025</u>		<u>37,325</u>

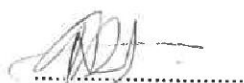
The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 July 2021.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

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

The financial statements were approved by the Trustees on 22/04/2022



N Dodzo  
Trustee

Company Registration No. 6635326

# MERCURIAL ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 JULY 2021**

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### **1 Accounting policies**

#### **Charity information**

Mercurial Arts Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is Studio 11a Canal Warehouse, Leicester Row, Coventry, CV1 4LH, United Kingdom.

#### **1.1 Accounting convention**

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

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

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### **1.2 Going concern**

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

#### **1.3 Charitable funds**

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

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

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

#### **1.4 Income**

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

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

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

# MERCURIAL ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2021

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#### 1 Accounting policies

##### 1.5 Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, 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 accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

##### 1.6 Tangible fixed assets

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

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

Plant and machinery	20% on cost
Fixtures, fittings & equipment	33% on cost

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

##### 1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### 1.8 Financial instruments

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

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

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

##### **Basic financial assets**

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

# MERCURIAL ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2021

#### 1 Accounting policies

##### **Basic financial liabilities**

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

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

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

##### **Derecognition of financial liabilities**

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

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

#### 2 Donations and legacies

	Restricted funds	Unrestricted funds	Restricted funds	Total
	2021	2020	2020	2020
	£	£	£	£
Donations and gifts	2,500	-	400	400
Grants receivable	116,828	1,000	69,867	70,867
Donated goods and services	3,600	-	10,080	10,080
	<u>122,928</u>	<u>1,000</u>	<u>80,347</u>	<u>81,347</u>
<b>Grants receivable for core activities</b>				
Arts Council	116,828	-	51,792	51,792
Awards for All	-	-	10,000	10,000
Heart of England Community Foundation	-	1,000	-	1,000
Sir John Middlemore Charitable Trust	-	-	2,500	2,500
Coventry 2021 Change Makers	-	-	1,885	1,885
Edward Gostling Foundation	-	-	2,000	2,000
The Sir Barry Jackson Foundation	-	-	990	990
Other	-	-	700	700
	<u>116,828</u>	<u>1,000</u>	<u>69,867</u>	<u>70,867</u>

##### **Donated goods and services**

Donated goods and services represents the costs of rehearsal space hire.



# MERCURIAL ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

### 3 Charitable activities

	2021 £	£
Other income	200	-

### 4 Charitable activities

	2021 £	2020 £
Consultancy and project management	70,864	15,390
Artists and performance costs	49,481	28,083
Sundries	681	69
Marketing	5,739	371
	126,765	43,913
Share of support costs (see note 5)	3,658	1,688
Share of governance costs (see note 5)	2,005	1,851
	132,428	47,452
<b>Analysis by fund</b>		
Unrestricted funds	-	1,189
Restricted funds	132,428	46,263

# MERCURIAL ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

### 5 Support costs

	Support costs	Governance costs	2021	Support costs	Governance costs	2020
	£	£	£	£	£	£
Rent	2,112	-	2,112	792	-	792
Insurance	826	-	826	896	-	896
Training	720	-	720	-	-	-
Accountancy	-	1,680	1,680	-	1,560	1,560
Clerical assistance	-	325	325	-	291	291
	<u>3,658</u>	<u>2,005</u>	<u>5,663</u>	<u>1,688</u>	<u>1,851</u>	<u>3,539</u>
Analysed between						
Charitable activities	<u>3,658</u>	<u>2,005</u>	<u>5,663</u>	<u>1,688</u>	<u>1,851</u>	<u>3,539</u>

Governance costs includes payments to the accountants £1,680 (2020 - £1,560) for the independent examination.

### 6 Trustees

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

### 7 Employees

The average monthly number of employees during the year was:

	2021 Number	2020 Number
Total	<u>-</u>	<u>-</u>

### 8 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	<u>16,140</u>	<u>3,484</u>

# MERCURIAL ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 JULY 2021**

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**9 Creditors: amounts falling due within one year**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Trade creditors	21,502	13,500
Other creditors	7,324	1,442
Accruals and deferred income	2,046	1,530
	<u>30,872</u>	<u>16,472</u>

# MERCURIAL ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

### 10 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 August 2019 £	Movement in funds			Balance at 1 August 2020 £	Movement in funds			Balance at 31 July 2021 £
		Incoming resources £	Resources expended £	Transfers £		Incoming resources £	Resources expended £	Transfers £	
Mercurial Futures	2,145	-	(2,145)	-	-	-	-	-	-
Route 10	-	15,590	-	-	15,590	-	(13,351)	(2,239)	-
City Breaths	-	27,030	(31,098)	4,068	-	-	-	-	-
Coventry 2021	-	1,885	-	-	1,885	-	-	-	1,885
Rescue Mercurial Arts	-	34,842	(13,020)	(1,742)	20,080	-	(15,308)	(4,771)	-
Pavilion Dance	-	1,000	-	-	1,000	-	-	-	1,000
Arts Council - Culture for all Communities	-	-	-	-	-	75,648	(73,145)	(2,503)	-
Arts Council - Culture for all Communities 2	-	-	-	-	-	32,280	(15,624)	-	16,656
Arts Council - Fame Game	-	-	-	-	-	15,000	(15,000)	-	-
	2,145	80,347	(46,263)	2,326	38,554	122,928	(132,428)	(9,513)	19,541

# MERCURIAL ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

### 10 Restricted funds

#### Mercurial Futures

Relates to the charity's development of new work and organisational change.

#### Route 10

Relates to a project in connection with the number 10 bus route in Coventry and its use as measure of health inequalities in the city.

#### The City Breathes

Relates to development of a dance and spoken word performance, with an aim to tour outdoor arts festivals in 2020.

#### Rescue Mercurial Arts

Relates to the Art Council England, (Covid-19) Emergency Response fund to secure and bridge the company, retain and support core workforce and innovate new business models.

#### Pavilion Dance

Relates to innovation in Digital Dance & Gamification

#### Arts Council - Culture for Communities

This funding was to help support the arts sector through the Covid 19 pandemic and has been used to support the charity during this time and help to continue to develop and diversify the charity's projects. Arts Council funding totalled £116,828 which was supplemented by in kind support and other donations.

# MERCURIAL ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

### 11 Analysis of net assets between funds

	Unrestricted 2021 £	Restricted 2021 £	Total 2021 £	Unrestricted 2020 £	Restricted 2020 £	Total 2020 £
Fund balances at 31 July 2021 are represented by:						
Current assets/(liabilities)	8,484	19,541	28,025	(1,230)	38,555	37,325
	<u>8,484</u>	<u>19,541</u>	<u>28,025</u>	<u>(1,230)</u>	<u>38,555</u>	<u>37,325</u>

### 12 Related party transactions

#### Transactions with related parties

During the year the charity entered into the following transactions with related parties:

During the year the charitable company paid fees of £67,260 (2020 - £15,390) to Mercurial Dance Limited, a company of which O J K Scott is a director and shareholder. At the balance sheet date £Nil (2020 - £9,432) was owed in trade debts to Mercurial Dance Limited.

At the balance sheet date a loan balance of £7,323 (2020 - £1,092) was owed to Mercurial Dance Limited.