

Charity registration number 01157934

Company registration number 08725788 (England and Wales)

THE PAIGNTON PICTURE HOUSE TRUST
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

THE PAIGNTON PICTURE HOUSE TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr P N Hawthorne Mr C I Wills Ms I Butler Mr J S Brandon Ms J Langraf Mr S P Caunter (Appointed 2 March 2022)
Charity number	01157934
Company number	08725788
Principal address	Torbay Cinema (known as The Paignton Picture House) 2 Torbay Road Paignton Devon TQ4 6AF
Registered office	Wessex House Teign Road Newton Abbot Devon TQ12 4AA
Auditor	Darnells Audit Limited Quay House Quay Road Newton Abbot Devon TQ12 2BU
Solicitors	Scott Richards Newfoundland House 4 Regent Street Teignmouth TQ14 8SL

THE PAIGNTON PICTURE HOUSE TRUST

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THE PAIGNTON PICTURE HOUSE TRUST

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2022

The trustees present their report and financial statements for the year ended 31 December 2022.

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 trust's Memorandum and Articles of Association, 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)" (published in October 2019).

Objectives and activities

The objectives of the trust are specifically restricted to the following:

To preserve for the benefit of the people of Paignton, Devon and the Nation, the historical, architectural and constructional heritage that may exist in and around the Paignton Picture House, Torbay Road, Paignton, Devon in buildings (including any structure or erection, and any part of a building as so defined) of particular beauty or historical, architectural or constructional interest.

The aim of the charity is to restore the Paignton Picture House to preserve this heritage asset for future generations and to benefit the local community by reopening as a cinema and community arts centre. Paignton Picture House is a Grade II* listed building dating back to 1914. It is of great historical importance, being one of the most complete surviving examples of early cinema. It also has strong distinctive cultural links with the writer Agatha Christie, who visited regularly whilst she stayed at nearby Greenway House.

Prior to being acquired by the trust, the cinema had been vacant and boarded up since it closed in 1999. It was physically deteriorating and at risk of complete loss; such was its vulnerability that it had been placed on Historic England's Heritage At Risk Register long before the trust purchased the building.

The trust relies on grants, donations and income from private tours to cover its operating costs, and to fund the restoration and redevelopment of the Paignton Picture House. Currently the cinema is closed to the general public. The trustees are working with the architects and consultants to develop a robust plan to restore and redevelop this historic building into a functioning cinema and community arts venue.

Achievements and performance

During the year the trust secured funding in the form of a grant of £2,422,670 from DCMS/Arts Council of England (Cultural Development Fund, administered by Torbay Council) towards the capital programme and early cultural programme.

As part of this early programme to deliver benefit to the community through heritage, arts and cultural engagement, the trust began to develop plans with partner organisations, including Filament CIC and Sound Communities CIC, towards several cultural outreach activities in 2023.

The trust appointed a Design Team led by AOC Architecture in January 2022, and commenced the process of preparation towards applying for Planning Permission and Listed Building Consent, ahead of submission in early Spring 2023. Alongside this the Trust appointed consultants to develop a revised feasibility report for the project, which included high-level business modelling based on extensive shared data from other independent cinema venues.

The first formal public consultations were delivered during 2022, with more than 1,750 people visiting to feed into the restoration and redevelopment plans. The strength of support and enthusiasm for Paignton Picture House was evident. The consultations showed that local people have huge pride in the town, seeing Paignton Picture House as a three-dimensional manifestation of this pride. 95% of respondents are excited by our plans, rising to 99% in the under 45 age group. 97% want the cinema to remain central, but also felt that the breadth of programme is important. The distinctive heritage was also something respondents wished to be celebrated and there was enthusiasm for volunteering in the venue.

THE PAIGNTON PICTURE HOUSE TRUST

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

The Paignton Picture House's Co-Design group, made up of 18 local people selected from 80 applicants, was also formed during the year and had its inaugural meeting. The trust's meaningful approach to community engagement will ensure that Paignton Picture House, both the restoration project; the operational venue and its artistic programme, will be driven and collaboratively designed by the community it serves

How the activities of the trust deliver public benefit:

The trustees confirm that they have paid due regard to the Charity Commission's general guidance on public benefit under the Charities Act 2011. In particular, they consider how planned activities will contribute to the aims and objectives of the trust and are satisfied that all activities continue to be related to its purpose as set out in the governing document.

The trust exists to restore and preserve the important and unique heritage within the Paignton Picture House and to deliver benefit to the local community through film, arts and cultural activities as well as wider activities such as volunteering, education and training opportunities and provision of community spaces.

Paignton is in the top 10% of deprived areas in the UK's Index of Multiple Deprivation and Torbay is the most deprived upper-tier South West local authority. It is a "Priority Place" in the Government's Levelling Up programme. This project is a pivotal element in the local strategic plan to revive and regenerate the area. The trustees fully appreciate the key role that the Paignton Picture House can play in delivering wide ranging public benefit and this is central in the trust's capital, operational and artistic strategic planning. The trust aims to celebrate the building's rich heritage, reimagining it not just as a cinema but as a cultural hub that contributes to positive social change.

Financial review

During the year the trust was awarded grants of £2,578,910 (2021: £1,583,422), including a restricted grant of £2,422,670 from DCMS/Arts Council of England (Cultural Development Fund administered by Torbay Council). In 2021 a restricted grant of £1,285,246 was awarded by DLUHC Future High Street Fund (administered by Torbay Council and the Torbay Development Agency).

The trust's expenditure included building and restoration/conservation costs, professional and consultancy fees and other costs of £407,046 which have been capitalised as additions to the freehold property (see note 8 to the financial statements). In previous years such costs were written off in the Statement of Financial Activity since they represented preparatory and initial phase work, and there was uncertainty that sufficient funds could be raised to complete the project.

Other expenditure on charitable activities amounted to £21,356 (2021: £387,681). The expenditure in the previous year of £387,681 included repairs and renovation costs of £309,885 which was not capitalised (see the previous paragraph).

The Net income for the year amounted to £2,557,732 (2021: £1,196,385). The total funds available at 31 December 2022 are £3,926,018 (2021: £1,368,286), comprising Unrestricted funds of £144,268 (2021: £36,768) and Restricted funds of £3,781,750 (2021: £1,331,518).

THE PAIGNTON PICTURE HOUSE TRUST

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Reserves policy

It is the policy of the trust that unrestricted, free reserves which have not been designated for a specific use should be maintained at a level equivalent to between three and six months' expenditure (currently £3,750 - £7,500). The trustees consider that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the trust's current activities while consideration is given to ways in which additional funds may be raised.

At 31 December 2022 the trust had a surplus on free reserves of £3,468,792 (2021: £1,318,286) of which £3,393,329 (2021: £1,331,518) are restricted funds. This represents the accumulation of funds to cover planned expenditure on the restoration project and a small proportion for the early cultural programme.

The remaining £144,268 unrestricted funds is above free reserves policy and, as part of the overall strategy, the trustees plan to designate the majority of this towards:

- fundraising/marketing costs for the capital appeal; and
- year one operational costs of the cinema and community arts venue to support sustainability in the early stages of reopening.

Further fundraising is being undertaken to increase reserves ahead of the major restoration work which is yet to be undertaken.

Principal funding sources

The principal sources of funding are government grants administered by Torbay Council. The terms of these grants require the trust to seek match funding from income sources such as further grants from charitable trusts/foundations and public fundraising.

Principal risks and uncertainties

The trustees have assessed the major risks to which the trust is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks. The principal risk remains that the building is at risk of complete loss without major restoration work. The building has been subjected to years of dilapidation and is in a very poor condition. Invasive surveys brought to light several significant structural vulnerabilities. There are three parts which are structurally fragile which, if not resolved, could lead to the complete loss of use of the building due to their dangerous nature: the auditorium floor cannot safely take the load of an audience and the auditorium roof and lime plasterwork are failing.

The trust's main operational risk concerns obtaining sufficient funding to meet the forecast shortfall for the full capital project, within the timescales required by the spend deadlines for the Government grants secured. The trustees have engaged a tax specialist to look into the possibility of reclaiming the VAT incurred on the renovation costs, estimated to be in the region of £1.5 million. The trustees will be developing a diverse fundraising plan to secure the current shortfall, estimated to be in the region of £2 million, mainly from grants from trusts/foundations alongside public fundraising.

Plans for future periods

Since the year-end, the trust has been granted planning permission and Listed Building consent for the planned works.

Publicly procured contractors will go on site at the end of 2023 for Phase 1 of the project, the enabling works, which will run until March 2024. This will be financed by the Future High Street Fund grant to meet the spend deadline of March 2024 (although the Torbay Development Agency has since provided an update that all Future High Street Funds now have an extension for commitment by September 2024). The Torbay Development Agency and Torbay Council have confirmed (subject to approval by DLUHC) an additional £600,000 Future High Street Fund allocation. The intention is to start Phase 2 of the work, the major restoration and redevelopment works, as soon as possible after April 2024 should sufficient funding be in place, with the aim of reopening the building as a cinema and community arts venue in 2025.

Structure, governance and management

The Paignton Picture House Trust was incorporated on 9 October 2013 and set up by an Order of the Charity Commissioners on 22 July 2014. The trust is a company limited by guarantee and a registered charity with the number 01157934 (England and Wales).

THE PAIGNTON PICTURE HOUSE TRUST

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

The trustees, who are also the directors for the purpose of company law, and who served during the year were:

Mr P N Hawthorne

Mr C I Wills

Mr A F Bueno (Resigned 27 April 2023)

Ms I Butler

Mr J S Brandon

Ms J Langraf

Mr S P Caunter (Appointed 2 March 2022)

Recruitment and appointment of trustees

The trust has 6 trustees constituting its Board of Trustees. The board has been discussing the possibility of recruiting new trustees for their experience, skills and knowledge. New trustees may be sought by open advertisement or through dialogues with other institutions with similar objects.

Related parties

All trustees give their time voluntarily and receive no benefits from the trust. Any expenses reclaimed by the trustees from the trust are set out in the notes to the accounts.

None of the trustees has any beneficial interest in the trust. Two trustees are members of the trust (which is incorporated as a charitable company) and guarantee to contribute £10 in the event of a winding up.

The trust employs the spouse of one of the trustees as a project manager to oversee the renovation work. The spouse is a qualified professional and the fees charged are at a market rate. The trustees manage this process as part of their Conflicts of Interest records and policy.

Statement of trustees' responsibilities

The trustees, who are also the directors of The Paignton Picture House Trust for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the trust and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these 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;
- state whether applicable UK Accounting Standards 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 trust will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the trust 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 trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

The auditor, Darnells Audit Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

THE PAIGNTON PICTURE HOUSE TRUST

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

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

Mr P N Hawthorne
Trustee

20 December 2023

THE PAIGNTON PICTURE HOUSE TRUST

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF THE PAIGNTON PICTURE HOUSE TRUST

Opinion

We have audited the financial statements of The Paignton Picture House Trust (the 'trust') for the year ended 31 December 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including 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 December 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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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.

Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements, which indicates that the trustees have identified a potential shortfall in funding for the renovation of the building' although they have a planned approach to raise the remaining funds required. As stated in note 1.2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the trustees' assessment of the entity's ability to continue to adopt the going concern basis of accounting included reviewing the project forecast and the funding received up to 31 December 2022 and discussing with the trustees their plans to address this shortfall. We are satisfied that, on the basis of the trustees' plans, it is reasonable to assume that sufficient funding will be received to complete the project.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's 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.

THE PAIGNTON PICTURE HOUSE TRUST

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF THE PAIGNTON PICTURE HOUSE TRUST

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report for the financial year for which the financial statements are prepared, which includes the directors' report prepared for the purposes of company law, is consistent with the financial statements; and
- the directors' report included within 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 the knowledge and understanding of the trust and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the 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.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the trust for the purpose 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 trust'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.

Auditor's 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 auditor's 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 risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentation or through collusion.

However, the primary responsibility for the prevention and detection of fraud rests with those charged with governance of the charitable company and management.

There only laws and regulations identified as being of significance in the context of the charitable company are planning permission and listed building consent.

THE PAIGNTON PICTURE HOUSE TRUST

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF THE PAIGNTON PICTURE HOUSE TRUST

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

- Enquiry of management and those charged with governance around actual and potential litigation and claims.
- Reviewing compliance with planning regulations and listed building consent.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Sean Murphy (Senior Statutory Auditor)
for and on behalf of Darnells Audit Limited
Statutory Auditor

20 December 2023
Quay House
Quay Road
Newton Abbot
Devon
TQ12 2BU

THE PAIGNTON PICTURE HOUSE TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £
Income from:							
Donations and legacies	2	123,601	2,455,410	2,579,011	640	1,583,422	1,584,062
Investments		77	-	77	4	-	4
Total income		<u>123,678</u>	<u>2,455,410</u>	<u>2,579,088</u>	<u>644</u>	<u>1,583,422</u>	<u>1,584,066</u>
Expenditure on:							
Charitable activities	3	<u>21,178</u>	<u>178</u>	<u>21,356</u>	<u>14,955</u>	<u>372,726</u>	<u>387,681</u>
Net incoming resources before transfers		102,500	2,455,232	2,557,732	(14,311)	1,210,696	1,196,385
Gross transfers between funds		<u>5,000</u>	<u>(5,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income for the year/Net movement in funds		107,500	2,450,232	2,557,732	(14,311)	1,210,696	1,196,385
Fund balances at 1 January 2022		<u>36,768</u>	<u>1,331,518</u>	<u>1,368,286</u>	<u>51,079</u>	<u>120,822</u>	<u>171,901</u>
Fund balances at 31 December 2022		<u><u>144,268</u></u>	<u><u>3,781,750</u></u>	<u><u>3,926,018</u></u>	<u><u>36,768</u></u>	<u><u>1,331,518</u></u>	<u><u>1,368,286</u></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.

THE PAIGNTON PICTURE HOUSE TRUST

BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	8		457,046		50,000
Current assets					
Debtors falling due after one year	10	2,514,473		550,819	
Debtors falling due within one year	10	445,635		779,502	
Cash at bank and in hand		555,076		12,667	
		<u>3,515,184</u>		<u>1,342,988</u>	
Creditors: amounts falling due within one year	11	<u>(46,212)</u>		<u>(24,702)</u>	
Net current assets			3,468,972		1,318,286
Net assets			<u>3,926,018</u>		<u>1,368,286</u>
Income funds					
Restricted funds	12	3,781,750		1,331,518	
Unrestricted funds		144,268		36,768	
		<u>3,926,018</u>		<u>1,368,286</u>	

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 20 December 2023

Mr P N Hawthorne
Trustee

Mr C I Wills
Trustee

Company registration number 08725788

THE PAIGNTON PICTURE HOUSE TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	15		949,378		(10,173)
Investing activities					
Purchase of tangible fixed assets		(407,046)		-	
Interest received		77		4	
Net cash (used in)/generated from investing activities			(406,969)		4
Net increase/(decrease) in cash and cash equivalents			542,409		(10,169)
Cash and cash equivalents at beginning of year			12,667		22,836
Cash and cash equivalents at end of year			555,076		12,667

THE PAIGNTON PICTURE HOUSE TRUST

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

1 Accounting policies

Charity information

The Paignton Picture House Trust is a private company limited by guarantee incorporated in England and Wales. The registered office is Wessex House, Teign Road, Newton Abbot, Devon, TQ12 4AA.

1.1 Accounting convention

The financial statements have been prepared in accordance with the trust's Memorandum and Articles of Association, the Companies Act 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "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)" (published in October 2019). The trust is a Public Benefit Entity as defined by FRS 102.

The accounts are prepared in sterling, which is the functional currency of the trust. Monetary amounts in these financial statements are rounded to the nearest £1.

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

1.2 Going concern

These financial statements are prepared on the going concern basis. The trustees have a reasonable expectation that the trust will continue in operational existence for the foreseeable future, however, the trustees are aware of certain material uncertainties which may cause doubt on the charity's ability to continue as a going concern.

Based on forecasts prepared by the trustees, there is a projected funding shortfall of approximately £2 million between the current anticipated costs and funding currently secured. The trustees have consulted a VAT specialist who believe that VAT suffered of £1.5 million can be reclaimed from the project costs. In addition, The Torbay Development Agency and Torbay Council have confirmed (subject to approval by DLUHC) an additional £0.6 million Future High Street Fund allocation to the trust. The trustees are in discussion with other organisations to secure further funding, and are confident that sufficient funding will be received to complete the project.

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.

1.4 Incoming resources

Income is recognised when the trust 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 trust 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 trust 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.

Income from government and other grants, whether "capital" grants or "revenue" grants, is recognised when the trust has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

THE PAIGNTON PICTURE HOUSE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Income from trading activities represents the value of tickets sold for tours to the extent that there is a right to consideration and is recorded at the fair value of the consideration received.

1.5 Resources expended

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.

Expenditure on charitable activities includes the costs of renovating the cinema, and other activities undertaken to further the objectives of the trust and their associated support costs.

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:

Land and buildings	Nil
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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 the statement of financial activities.

No depreciation is provided in respect of freehold buildings because the restoration of the Paignton Picture House is still ongoing, and it has not yet been developed into a functioning cinema.

1.7 Financial instruments

Financial instruments are recognised in the trust's balance sheet when the trust 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.

THE PAIGNTON PICTURE HOUSE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in net income/(expenditure) for the year.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in net income/(expenditure) for the year.

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 trust's contractual obligations expire or are discharged or cancelled.

THE PAIGNTON PICTURE HOUSE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Donations and legacies

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2022 £	2022 £	2022 £	2021 £	2021 £	2021 £
Donations and gifts	101	-	101	640	-	640
Grants receivable for renovation of the cinema	123,500	2,455,410	2,578,910	-	1,583,422	1,583,422
	<u>123,601</u>	<u>2,455,410</u>	<u>2,579,011</u>	<u>640</u>	<u>1,583,422</u>	<u>1,584,062</u>

Included in grants receivable for core activities is a restricted grant from DCMS/Arts Council of England (Cultural Development Fund administered by Torbay Council) of £2,422,670 (2021: restricted grant from DLUHC Future High Street Fund (administered by Torbay Council) of £1,285,246) - see below:

Grants receivable for core activities

DCMS/Arts Council of England Cultural Development Fund	-	2,422,670	2,422,670	-	-	-
DLUHC Future High Street Fund	-	-	-	-	1,285,246	1,285,246
Historic England	-	-	-	-	206,366	206,366
Architectural Heritage Fund	-	32,740	32,740	-	34,070	34,070
Grants from charitable trusts and foundations	120,000	-	120,000	-	45,000	45,000
Other	3,500	-	3,500	-	12,740	12,740
	<u>123,500</u>	<u>2,455,410</u>	<u>2,578,910</u>	<u>-</u>	<u>1,583,422</u>	<u>1,583,422</u>

THE PAIGNTON PICTURE HOUSE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

3 Charitable activities

	Preservation of Paignton Picture House 2022 £	Preservation of Paignton Picture House 2021 £
Repairs and renovation costs	3,022	309,885
Insurance	6,581	7,032
Light and heat	1,012	915
Rates and water	683	425
Computer costs	-	296
Printing and stationery	178	-
Legal and professional fees	3,220	64,798
Sundry expenses	36	219
	<u>14,732</u>	<u>383,570</u>
Share of support costs (see note 4)	214	111
Share of governance costs (see note 4)	6,410	4,000
	<u>21,356</u>	<u>387,681</u>
Analysis by fund		
Unrestricted funds	21,178	14,955
Restricted funds	178	372,726
	<u>21,356</u>	<u>387,681</u>
For the year ended 31 December 2021		
Unrestricted funds	14,955	
Restricted funds	372,726	
	<u>387,681</u>	

The governance costs represent audit fees - see note 4 to the financial statements.

THE PAIGNTON PICTURE HOUSE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

4 Support costs

	Support costs £	Governance costs £	2022 £	Support costs £	Governance costs £	2021 £
Bank charges	214	-	214	111	-	111
Audit fees	-	6,410	6,410	-	4,000	4,000
	<u>214</u>	<u>6,410</u>	<u>6,624</u>	<u>111</u>	<u>4,000</u>	<u>4,111</u>
Analysed between Charitable activities	<u>214</u>	<u>6,410</u>	<u>6,624</u>	<u>111</u>	<u>4,000</u>	<u>4,111</u>

5 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year except as disclosed under Related party transactions - see note 14 to the financial statements. None of the trustees were reimbursed any expenses (2021: none).

6 Employees

Number of employees

The average monthly number of employees during the year was:

2022 Number	2021 Number
-	-
<u>-</u>	<u>-</u>

7 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.

8 Tangible fixed assets

	Land and buildings £
Cost	
At 1 January 2022 and 31 December 2022	50,000
Additions	407,046
	<u>457,046</u>
Carrying amount	
At 31 December 2021 and 31 December 2022	<u>457,046</u>

In the opinion of the trustees, the fair value of the land and buildings is at least equal to their carrying value above.

THE PAIGNTON PICTURE HOUSE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

9 Financial instruments

	2022 £	2021 £
Carrying amount of financial assets		
Measured at undiscounted amount receivable:		
Accrued grant income	2,960,108	1,330,321
	<u>2,960,108</u>	<u>1,330,321</u>
Carrying amount of financial liabilities		
Measured at undiscounted amount payable:		
Trade and other creditors	(39,166)	(20,504)
	<u>(39,166)</u>	<u>(20,504)</u>

10 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Prepayments and accrued income	445,635	779,502
	<u>445,635</u>	<u>779,502</u>
Amounts falling due after more than one year:		
Prepayments and accrued income	2,514,473	550,819
	<u>2,514,473</u>	<u>550,819</u>
Total debtors	<u>2,960,108</u>	<u>1,330,321</u>

The Debtors above represent accrued grant income awarded but not yet drawn.

11 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	39,166	20,504
Accruals and deferred income	7,046	4,198
	<u>46,212</u>	<u>24,702</u>

THE PAIGNTON PICTURE HOUSE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

12 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:

	Movement in funds			Movement in funds			
	Balance at 1 January 2021	Income	Reserves Expended	Balance at 1 January 2022	Income	Reserves Expended	Transfers
	£	£	£	£	£	£	£
Renovation of the Paignton Picture House	3,533	-	(3,533)	-	-	-	-
The Rosalind Hicks Charitable Trust	5,000	-	-	5,000	-	-	(5,000)
Architectural Heritage project development grants	67,260	-	(44,056)	23,204	32,740	(178)	-
Architectural Heritage transformational project grant grants	45,029	45,000	(90,029)	-	-	-	-
Historic England repair grant	-	206,366	(195,661)	10,705	-	-	-
Torbay Council - Future High Street grant	-	1,285,246	(2,637)	1,282,609	-	-	-
The Rosalind Hicks Charitable Trust	-	34,070	(34,070)	-	-	-	-
Cinema Theatre Association	-	2,740	(2,740)	-	-	-	-
School for Social Entrepreneurs	-	10,000	-	10,000	-	-	-
Arts Council England - Cultural Development Fund grant	-	-	-	-	2,422,670	-	-
	<u>120,822</u>	<u>1,583,422</u>	<u>(372,726)</u>	<u>1,331,518</u>	<u>2,455,410</u>	<u>(178)</u>	<u>(5,000)</u>
							<u>3,781,750</u>

The restricted funds held are:

- The Rosalind Hicks Charitable Trust - for the surveying and restoration of the stained-glass windows;
- The Architectural Heritage Fund grants - for capital project development costs and transformational capital projects;
- Historic England repair grant - for heritage at risk;
- Torbay Council - Future High Street grant - for repair of the front elevation and opening up the main entrance, to provide access to the front part of the building and make it available for community and public use;
- The Rosalind Hicks Charitable Trust - for general restoration work;
- School for Social Entrepreneurs grant - match funding for the Future High Street grant;
- Arts Council England: Cultural Development Fund grant - to bring the building back into full use as a cinema, cultural and community hub.

THE PAIGNTON PICTURE HOUSE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

12 Restricted funds

(Continued)

The fund transfer of £5,000 from the Rosalind Hicks Charitable Trust to Unrestricted funds above represents expenditure on the restoration of the stained glass incurred in earlier periods, which was analysed as Unrestricted expenditure in error.

THE PAIGNTON PICTURE HOUSE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

13 Analysis of net assets between funds

	Unrestricted	Restricted	Total Unrestricted	Restricted	Total
	2022	2022	2022	2021	2021
	£	£	£	£	£
Fund balances at 31 December 2022 are represented by:					
Tangible assets	68,625	388,421	457,046	50,000	50,000
Current assets/(liabilities)	75,643	3,393,329	3,468,972	(13,232)	1,331,518
	<u>144,268</u>	<u>3,781,750</u>	<u>3,926,018</u>	<u>36,768</u>	<u>1,368,286</u>

14 Related party transactions

Transactions with related parties

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

	Purchase of services	
	2022	2021
	£	£
Other related parties	33,684	22,750
	<u>33,684</u>	<u>22,750</u>

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2022	2021
	£	£
Other related parties	-	2,800
	<u>-</u>	<u>2,800</u>

The transactions in Other related parties above represent professional fees paid to Josephine Brown, the spouse of Mr Paul Hawthorne, employed as a project co-ordinator on normal commercial terms on an arm's length basis.

THE PAIGNTON PICTURE HOUSE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

15 Cash generated from operations	2022 £	2021 £
Surplus for the year	2,557,732	1,196,385
Adjustments for:		
Investment income recognised in statement of financial activities	(77)	(4)
Movements in working capital:		
(Increase) in debtors	(1,629,787)	(1,218,032)
Increase in creditors	21,510	11,478
Cash generated from/(absorbed by) operations	<u>949,378</u>	<u>(10,173)</u>
16 Analysis of changes in net funds		
The trust had no debt during the year.		