

Charity registration number 01157934

Company registration number 08725788 (England and Wales)

**THE PAIGNTON PICTURE HOUSE TRUST
(A COMPANY LIMITED BY GUARANTEE)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

THE PAIGNTON PICTURE HOUSE TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr P N Hawthorne Ms I Butler Mr J S Brandon Ms J Langraf Ms C V Horrocks (Appointed 15 July 2024)
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

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

The Grade II* listed Paignton Picture House opened in 1914 and is one of the oldest purpose-built cinemas in the UK. It is one of the only surviving cinemas from this period to retain many of its features, almost unaltered from its original design. The auditorium has a barrel-vaulted roof and an elegant, curved balcony with three private boxes used by the rich and famous of the time. Its rarity lies in the scale, grandeur and ambition of its intact architecture; a showpiece Edwardian building with a unique fusion of Art Nouveau and Baroque styles.

The doors closed in 1999 and hide a nationally significant piece of architectural and cultural heritage which is at risk of complete loss due to severe dilapidation. It has been on Historic England's *Heritage at Risk Register* for over two decades.

Since our charity was formed in 2013, Paignton Picture House Trust has successfully raised funds to purchase the building, delivered emergency conservation work to protect it from irrecoverable damage and completed conservation work to the facade of the front of the building, including the original 2-storey stained glass window.

The trustees have engaged a specialist firm of architects who bring extensive experience with complex, high status cultural and heritage buildings. Their expertise is enabling us to work towards the sympathetic restoration the heritage within, as well as creating a functioning cinema and community cultural hub with the technological, acoustic and services infrastructure modernised.

Our plans incorporate accessibility at every level of design; wheelchair spaces in the auditorium/balcony and (we believe) the only wheelchair accessible stage in the South West, as well as carefully designed lighting, acoustics and furnishing. A lift extension and new sandstone ramped terrace will make Paignton Picture House fully accessible. Our design will be an exemplar of how to retrofit environmental solutions in a Grade II* building. It will achieve a high level of thermal performance/energy efficiency, reduce the need for energy, supply energy from renewable sources, reuse and use low carbon materials where possible.

We also plan to redevelop several spaces throughout the building to create a sustainable, inclusive and vibrant community asset which delivers tangible social impact in an area of deprivation (listed in the top 10% of Indices of Multiple Deprivation). This includes an arts, learning and community space on the top floor, which has never been publicly accessible, as well as an altered layout to the front of house on the ground floor to create a community hub and cafe.

During the year 2023, we started an extensive enabling package of works (completed after year end in March 2024) in readiness for the final and main phase of restoration work which is (at the time of writing) scheduled to start in Autumn 2024.

This work was made possible after we successfully secured £1.2m DLUHC Future High Street funds, administered by Torbay Council. Paignton Picture House is one of the priorities in the Torbay Heritage Strategy and an anchor project for Torbay Council. During this year, we were also successful in securing a further £600k uplift in Future High Street funding. The first phases of works involved stripping off of damp and decayed lime plaster, removing extensive asbestos. The seats have also been removed and sent off to a company specialising in the restoration of seating for, amongst other venues, cinema auditoriums.

The final phase of restoration is forecast to be in the region of £7 million, with funding of over £5 million obtained by year end. Nearly half of this funding (£2,403,170) has been pledged by DCMS/Arts Council England (ACE) through the Cultural Development Fund. The funding agreement for this is between ACE and Torbay Council, with a Tripartite Agreement between ACE, the Council and Paignton Picture House Trust. Funds will be released to the Council in instalments, and Paignton Picture House Trust will then make claims to the Council.

During the latter part of 2023, the project faced increased building costs due to inflation and supply chain issues in the building sector and this is being carefully managed by the Project Director and Design Team. The charity continued actively fundraising in order to secure sufficient funds to complete the project and this includes a large number of grants applications to trusts and foundations, as well as planning towards a public fundraising appeal to be launched in 2024 to harness the incredible community passion behind this project.

THE PAIGNTON PICTURE HOUSE TRUST

CHAIRMAN'S STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Our ambition for this project never wavers. It is undeniably a highly complex project and has presented unforeseen challenges along the journey, but we have made massive strides towards our goal. With substantive funding in place towards this final phase, we know that we still have a significant amount of work to do to raise the final funds needed to complete the project so that we can reopen the doors once again.

We will reimagine Paignton Picture House, not just as a cinema but as a cultural hub for our community, using the transformational power of film, arts and cultural activities to enhance well-being, empower communities, foster inclusivity and stimulate local economies. Our programme of in-house and outreach film, arts/culture and learning will promote inclusivity, breakdown barriers to equality, challenge beliefs, inspire and educate. Alongside mainstream films, we will deliver a socially relevant, broad film, arts, culture and learning programme that is co-designed with the community, artists and vast number of diverse collaborative partners.

The trustees hope to be able to open Paignton Picture House in early 2026, subject to obtaining sufficient funding to complete the project.

Mr P N Hawthorne
Chairman

24 October 2024

THE PAIGNTON PICTURE HOUSE TRUST

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2023

The trustees present their report and financial statements for the year ended 31 December 2023.

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 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.

Public benefit

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

Significant activities and achievements against objectives

The front of the cinema has been restored and the stonework cleaned, with the canopy removed as it was pulling the front of the building away from the main structure. The front circular window has been restored, and the Art Deco stained-glass window has been renovated and put back. The original windows for the upper 2 storeys (with original iron filigree fittings) have been refurbished and put back.

With Planning Permission and Listed Building Consent granted during the year, work on Phase I of the project (funded by the Future High Street Fund grant from Torbay Council) has been largely completed. The asbestos on the walls of the main auditorium has been removed, together with the lath & plaster which had trapped moisture over the year leading to damp problems from water ingress. The seats have been removed and sent to a firm specialising in restoring and re-upholstering cinema seats.

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.

THE PAIGNTON PICTURE HOUSE TRUST

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

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 artist 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 trustees hired a fundraising consultant at a cost of £30,898 (2022: £Nil) with a view to raising additional funds to cover the expected shortfall in financing the project. In addition, with the help of a VAT consultant, the trust has registered for VAT and has reclaimed input VAT of £200,835 suffered on project costs incurred up to 31 December 2023.

The trust's expenditure included building and restoration/conservation costs, professional and consultancy fees and other costs of £445,612 which have been capitalised as additions to the freehold property (see note 10 to the financial statements).

Other income from charitable activities amounted to £47,802 comprising VAT reclaimed on expenses of £73,747 less expenditure in the year of £25,945 (2022: expenditure of £21,356).

Going concern

The Net income for the year amounted to £14,419 (2022: £2,557,732). The total funds available at 31 December 2023 are £3,940,437 (2022: £3,926,018), comprising Unrestricted funds of £127,157 (2022: £144,268) and Restricted funds of £3,813,280 (2022: £3,781,750) which represent grants awarded but not yet drawn down.

Cash at bank and in hand at 31 December was £389,174 (2022: £555,076).

Reserves policy

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 between £6,500 and £13,000). 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 2023 the trust had a surplus on free reserves of £3,037,779 (2022: £3,468,792) of which £3,024,720 (2022: £3,393,329) 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 £13,059 (2022: £75,643) balance of unrestricted funds is only just above the free reserves policy and, as part of the overall strategy, the trustees have hired a fundraising consultant (see the Financial review above) to increase reserves ahead of the major restoration work which is yet to be undertaken.

Principal funding sources

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.

THE PAIGNTON PICTURE HOUSE TRUST

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

Major risks

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 specialist to develop a diverse fundraising plan to secure the current shortfall, estimated to be in the region of £1.5 million, mainly from grants from trusts/foundations alongside public fundraising. The trustees are also looking for additional funding to cover increased costs arising from increases in tenders from contractors since the original grant bids were submitted.

Plans for future periods

Phase II of the work (funded by the Arts Council in partnership with Torbay Council) will involve:

- putting sound insulation on the walls of the auditorium (they are only 1 skin of brick thick);
- raising the floor of the cinema – the cinema is built on reclaimed salt marsh, and at very high tide there is a risk of water seeping under the floor;
- moving the back wall of the cinema forward to create a large space for the community hub & café on the ground floor;
- building a frame for the new screen in front of the original screen to preserve the latter;
- moving internal walls to create larger rooms for meeting rooms on the first & second floors;
- building a new staircase to the 2nd floor will be built on the station side of the building to increase space for the meeting rooms on that floor.

The projection room will be retained, but the cinema will use a digital projector on the back wall of the cinema. A 1950's projector will be put in the projection room, but will not be functional as the quality of original 35mm film is not good enough for the films to be shown to the public.

The trustees are in discussion with Torbay Council with a view to starting on work on Phase II in Spring 2025. The plan is now for the cinema & community café/hub to opened in early 2026.

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 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

(Deceased 2 May 2024)

Mr A F Bueno

(Resigned 27 April 2023)

Ms I Butler

Mr J S Brandon

Ms J Langraf

Mr S P Caunter

(Resigned 5 January 2024)

Ms C V Horrocks

(Appointed 15 July 2024)

THE PAIGNTON PICTURE HOUSE TRUST

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

Recruitment and appointment of trustees

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

In accordance with the company's articles, a resolution proposing that Darnells Audit Limited be reappointed as auditor of the company will be put at a General Meeting.

THE PAIGNTON PICTURE HOUSE TRUST

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

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

24 October 2024

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 2023 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 2023 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 2023 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.

The laws and regulations identified as being of significance in the context of the charitable company are:

- Planning permission and listed building consent;
- Health & Safety legislation and regulations;
- Compliance with the Charity Act 2011 and the Companies Act 2006.

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

29 October 2024

Quay House
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 2023

		Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £
	Notes						
Income from:							
Donations and legacies	2	321	-	321	123,601	2,455,410	2,579,011
Investments		3,644	-	3,644	77	-	77
Total income		3,965	-	3,965	123,678	2,455,410	2,579,088
Expenditure on:							
Raising funds	3	6,450	30,898	37,348	-	-	-
Charitable activities	4	14,626	(62,428)	(47,802)	21,178	178	21,356
Total resources expended		21,076	(31,530)	(10,454)	21,178	178	21,356
Gross transfers between funds		-	-	-	5,000	(5,000)	-
Net (expenditure)/ income for the year/ Net movement in funds		(17,111)	31,530	14,419	107,500	2,450,232	2,557,732
Fund balances at 1 January 2023		144,268	3,781,750	3,926,018	36,768	1,331,518	1,368,286
Fund balances at 31 December 2023		127,157	3,813,280	3,940,437	144,268	3,781,750	3,926,018

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

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 2023

	Notes	2023 £	£	2022 £	£
Fixed assets					
Tangible assets	10		902,658		457,046
Current assets					
Debtors falling due after one year	12	1,211,335		2,514,473	
Debtors falling due within one year	12	1,666,678		445,635	
Cash at bank and in hand		389,174		555,076	
		<u>3,267,187</u>		<u>3,515,184</u>	
Creditors: amounts falling due within one year	13	<u>(229,408)</u>		<u>(46,212)</u>	
Net current assets			3,037,779		3,468,972
Net assets			<u>3,940,437</u>		<u>3,926,018</u>
Income funds					
Restricted funds	14	3,813,280		3,781,750	
Unrestricted funds		127,157		144,268	
		<u>3,940,437</u>		<u>3,926,018</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 24 October 2024

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 2023

	Notes	2023 £	£	2022 £	£
Cash flows from operating activities					
Cash generated from operations	19		276,066		949,378
Investing activities					
Purchase of tangible fixed assets		(445,612)		(407,046)	
Interest received		3,644		77	
Net cash used in investing activities			(441,968)		(406,969)
Net (decrease)/increase in cash and cash equivalents			(165,902)		542,409
Cash and cash equivalents at beginning of year			555,076		12,667
Cash and cash equivalents at end of year			389,174		555,076

THE PAIGNTON PICTURE HOUSE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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 £1.5 million between the current anticipated costs and funding currently secured. 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 although in these uncertain times there can be no certainty of the funding and the timing thereof, the trustees 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 or grantors 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.

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 2023

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 2023

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.

2 Income from donations and legacies

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £
Donations and gifts	321	-	321	101	-	101
Grants	-	-	-	123,500	2,455,410	2,578,910
	<u>321</u>	<u>-</u>	<u>321</u>	<u>123,601</u>	<u>2,455,410</u>	<u>2,579,011</u>

THE PAIGNTON PICTURE HOUSE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

2 Income from donations and legacies (Continued)

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £
Grants						
DCMS/Arts Council of England Cultural Development Fund	-	-	-	-	2,422,670	2,422,670
Architectural Heritage Fund	-	-	-	-	32,740	32,740
Grants from charitable trusts and foundations	-	-	-	120,000	-	120,000
Other	-	-	-	3,500	-	3,500
	-	-	-	123,500	2,455,410	2,578,910

Included in grants receivable for core activities in 2022 are:

- a restricted grant from DCMS/Arts Council of England (Cultural Development Fund administered by Torbay Council) of £2,422,670; and
- an Unrestricted grant from The Rosalind Hicks Trust of £120,000.

3 Raising funds

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £	Total 2022 £
Fundraising and publicity				
Fundraising agents	-	30,898	30,898	-
Advertising	6,450	-	6,450	-
Fundraising and publicity	6,450	30,898	37,348	-
	6,450	30,898	37,348	-
For the year ended 31 December 2022				

THE PAIGNTON PICTURE HOUSE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

4 Charitable activities

	Preservation of Paignton Picture House 2023 £	Preservation of Paignton Picture House 2022 £
Repairs and renovation costs	(62,440)	3,022
Insurance	8,044	6,581
Light and heat	220	1,012
Rates and water	1,256	683
Computer costs	782	-
Printing and stationery	-	178
Legal and professional fees	846	3,220
Sundry expenses	392	36
	<u>(50,900)</u>	<u>14,732</u>
Share of support costs (see note 5)	208	214
Share of governance costs (see note 5)	2,890	6,410
	<u>(47,802)</u>	<u>21,356</u>
Analysis by fund		
Unrestricted funds	14,626	21,178
Restricted funds	(62,428)	178
	<u>(47,802)</u>	<u>21,356</u>
For the year ended 31 December 2022		
Unrestricted funds	21,178	
Restricted funds	178	
	<u>21,356</u>	

Repairs and renovation costs for 2023 above are stated after deducting retrospective input VAT reclaimed for earlier periods - see note 14 to the financial statements.

The governance costs represent audit fees - see note 5 to the financial statements.

THE PAIGNTON PICTURE HOUSE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

5 Support costs allocated to activities

	2023 £	2022 £
Bank charges	208	214
Governance costs	2,890	6,410
	<u>3,098</u>	<u>6,624</u>
Analysed between:		
Preservation of Paignton Picture House	<u>3,098</u>	<u>6,624</u>

6 Net movement in funds

	2023 £	2022 £
The net movement in funds is stated after charging/(crediting):		
Fees payable for the audit of the charity's financial statements	<u>2,890</u>	<u>6,410</u>

7 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 (2022: none).

8 Employees

The average monthly number of employees during the year was:

	2023 Number	2022 Number
Total	<u>-</u>	<u>-</u>

There were no employees whose annual remuneration was more than £60,000.

9 Taxation

The charity is exempt from taxation on its activities because all its income is applied for charitable purposes.

10 Tangible fixed assets

	Land and buildings £
Cost	
At 1 January 2023 and 31 December 2023	457,046
Additions	<u>445,612</u>
Carrying amount	
At 31 December 2022 and 31 December 2023	<u>902,658</u>

THE PAIGNTON PICTURE HOUSE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

10 Tangible fixed assets

(Continued)

The carrying value of the land and buildings above represents the acquisition cost of the property, and the costs of the ongoing refurbishment and restoration work.

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

11 Financial instruments

	2023 £	2022 £
Carrying amount of financial assets		
Measured at undiscounted amount receivable:		
Accrued grant income	2,677,178	2,960,108
	<u> </u>	<u> </u>
Carrying amount of financial liabilities		
Measured at undiscounted amount payable:		
Trade and other creditors	(224,908)	(39,166)
	<u> </u>	<u> </u>

12 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Other debtors	200,835	-
Prepayments and accrued income	1,465,843	445,635
	<u> </u>	<u> </u>
	1,666,678	445,635
	<u> </u>	<u> </u>
	2023	2022
	£	£
Amounts falling due after more than one year:		
Prepayments and accrued income	1,211,335	2,514,473
	<u> </u>	<u> </u>
Total debtors	2,878,013	2,960,108
	<u> </u>	<u> </u>

Prepayments and accrued income above represents accrued grant income awarded but not yet drawn.

13 Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	224,908	39,166
Accruals and deferred income	4,500	7,046
	<u> </u>	<u> </u>
	229,408	46,212
	<u> </u>	<u> </u>

THE PAIGNTON PICTURE HOUSE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

14 Restricted funds

The restricted funds of the charity comprise the unexpended balances of donations and grants held on trust subject to specific conditions by donors as to how they may be used.

	At 1 January 2023	Incoming resources	Resources expended (see note below)	Transfers	At 31 December 2023
	£	£	£	£	£
Architectural Heritage project development grants	55,766	-	6,408	-	62,174
Architectural Heritage transformational project grant grants	-	-	22,489	-	22,489
Historic England repair grant	10,705	-	29,596	-	40,301
Torbay Council - Future High Street grant	1,282,609	-	(26,963)	-	1,255,646
School for Social Entrepreneurs	10,000	-	-	-	10,000
Arts Council England - Cultural Development Fund grant	2,422,670	-	-	-	2,422,670
	<u>3,781,750</u>	<u>-</u>	<u>31,530</u>	<u>-</u>	<u>3,813,280</u>
Previous year:	At 1 January 2022	Incoming resources	Resources expended	Transfers	At 31 December 2022
	£	£	£	£	£
The Rosalind Hicks Charitable Trust	5,000	-	-	(5,000)	-
Architectural Heritage project development grants	23,204	32,740	(178)	-	55,766
Historic England repair grant	10,705	-	-	-	10,705
Torbay Council - Future High Street grant	1,282,609	-	-	-	1,282,609
School for Social Entrepreneurs	10,000	-	-	-	10,000
Arts Council England - Cultural Development Fund grant	-	2,422,670	-	-	2,422,670
	<u>1,331,518</u>	<u>2,455,410</u>	<u>178</u>	<u>(5,000)</u>	<u>3,781,750</u>

THE PAIGNTON PICTURE HOUSE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

14 Restricted funds

(Continued)

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;
- 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.

Resources expended for the year ended 31 December 2023 are stated after deducting input VAT retrospectively reclaimed of £70,928 (2022: £Nil) following the trust's VAT registration, relating to restricted expenditure for the period 1 December 2020 to 31 December 2022.

The fund transfer of £5,000 from the Rosalind Hicks Charitable Trust to Unrestricted funds on 31 December 2022 above represents expenditure on the restoration of the stained glass incurred in earlier periods, which was analysed as Unrestricted expenditure in error.

15 Unrestricted funds

The unrestricted funds of the trust comprise the unexpended balances of donations and grants which are not subject to specific conditions by donors and grantors as to how they may be used. These include designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes.

	At 1 January 2023	Incoming resources	Resources expended	Transfers	At 31 December 2023
	£	£	£	£	£
General funds	144,268	3,965	(21,076)	-	127,157
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Previous year:	At 1 January 2022	Incoming resources	Resources expended	Transfers	At 31 December 2022
	£	£	£	£	£
General funds	36,768	123,678	(21,178)	5,000	144,268
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

16 Analysis of net assets between funds

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £
At 31 December 2023:			
Tangible assets	114,098	788,560	902,658
Current assets/(liabilities)	13,059	3,024,720	3,037,779
	<u>127,157</u>	<u>3,813,280</u>	<u>3,940,437</u>

THE PAIGNTON PICTURE HOUSE TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

16 Analysis of net assets between funds

(Continued)

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £
At 31 December 2022:			
Tangible assets	68,625	388,421	457,046
Current assets/(liabilities)	75,643	3,393,329	3,468,972
	<u>144,268</u>	<u>3,781,750</u>	<u>3,926,018</u>

17 Related party transactions

Transactions with related parties

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

	Purchase of services	
	2023 £	2022 £
Other related parties	41,475	33,684
	<u>41,475</u>	<u>33,684</u>

Other related parties represent the spouse of a trustee, who is engaged as project coordinator on normal commercial terms.

18 Analysis of changes in net funds

The trust had no material debt during the year.

19 Cash generated from operations

	2023 £	2022 £
Surplus for the year	14,419	2,557,732
Adjustments for:		
Investment income recognised in statement of financial activities	(3,644)	(77)
Movements in working capital:		
Decrease/(increase) in debtors	82,095	(1,629,787)
Increase in creditors	183,196	21,510
Cash generated from operations	<u>276,066</u>	<u>949,378</u>