

11Arches
(A Charitable Company Limited by Guarantee)

Annual Report

For the year ended
30 September 2023

Company Number 09055646
Charity Number 1159011

11Arches
(A Charitable Company Limited by Guarantee)

Report of the Trustees for the year ended 30 September 2023

Reference and administrative information

Trustees

S Hall (Chair)
J Ruffer
L Greig
K Eld
N White
L Fairclough
D Barrie

Key management personnel at 30 September 2023

| | |
|-------------|---|
| Al Daulon | Chief Executive Officer Executive Producer Kynren and 11Arches Park Artistic Director |
| A Warnecke | Director of Cavalry and Estates Deputy Executive Producer 11Arches Park |
| G Emerson | Director of Technical Projects |
| L Robinson | Head of Cavalry |
| C Boissinot | Production Advisor |
| S Blackwell | Finance Director |
| M Slavin | Operations Directors and Chief of Staff |

Registered office and Principal place of business

Flatts Farm
Toronto
Bishop Auckland
County Durham
DL14 7SF

Charity number

1159011

Company number

09055646 (England & Wales)

Auditor

RSM UK Audit LLP
1 St James Gate
Newcastle upon Tyne
NE1 4AD

Principal bankers

Barclays Bank Plc
6 Market Place
Durham
Co Durham
DH1 3NB

11Arches
(A Charitable Company Limited by Guarantee)

Report of the Trustees for the year ended 30 September 2023 (continued)

The trustees (who are also directors of the charity for the purpose of company law) present their annual report and audited financial statements of 11Arches (the charity) for the year ended 30 September 2023.

The financial statements comply with the Memorandum and Articles of Association and the requirements of the Charities Act 2011, 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 (FRS102).

Structure, Governance and Management Governing Documents

The charity is registered as a charitable company limited by guarantee, was incorporated on 23rd May 2014 and is governed by the memorandums of association dated 28 September 2014. The charity is constituted under its Memorandum of Association and is a registered charity, number 1159011. The Articles of Association have been approved by the Charity Commission as follows:

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

- To advance education for the public benefit by any or all of the following means:
 - historical and heritage productions and performing arts projects that celebrate and promote the unique history of Bishop Auckland and the surrounding area, and increase knowledge, understanding and appreciation of matters of both local and national historic interest.
 - providing after-school and training programmes for young people that are designed to build skills and self-confidence.
- To advance community development for the public benefit by the promotion of volunteer programmes that encourage community wide involvement in the charity's historical and heritage productions and performing arts projects.

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

S Hall (Chair)
J Ruffer
L Greig
K Eld
N White
L Fairclough
D Barrie

Appointment, Induction and Training of Trustees

The management of the charity is the responsibility of the trustees. New trustees will be selected by existing trustees and will be appointed by Members of the charity. Each trustee, as a member, is a guarantor of the charity to an amount not exceeding £1 in the event of the charity being wound up.

New trustees undergo orientation to brief them on their legal obligations under charity and company law, the Charity Commission guidance on public benefit, and inform them of the content of the Memorandum and Articles of Association, the committee and decision-making processes, the business plan and recent financial performance of the charity. During the induction they meet key employees and other trustees. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

Objectives and Activities

Kynren, an epic tale of England, is an open-air night spectacular. It is the main production of 11Arches.

Kynren is part of a very ambitious scheme to build a world class visitor destination in Bishop Auckland, around Auckland Castle. This is the vision of philanthropist and investment manager, Jonathan Ruffer. 11Arches is one of two charities he has established in Bishop Auckland, the other being The Auckland Project. Together, the aim of the charities is to establish Bishop Auckland as an international tourist destination, attracting visitors and investment which will contribute to the betterment of the area and empowerment of the community.

Mission Statement

11Arches is a registered charity with the objective to produce a world class historical show, the foundation of which is an innovative and engaging arts, education and community development programme.

11Arches is a catalyst and driver of change which will dramatically shift the paradigm of the North East, by adding a national tourist destination to the region that delivers tangible, measurable, significant social and economic impact.

11Arches is a celebration of heritage bringing our history to life in a spectacular show by a cast and crew.

Objectives

11Arches is committed to deliver Kynren as a must-see show year after year: Kynren is a world class display of technical and artistic performance, orchestrated by a cast and crew of volunteers of utmost professionalism, creating enthralling educative entertainment and a high quality experience to its visitors. Kynren's success is measured by the rating given by our visitors to Kynren, and the enjoyment its cast and crew take in bringing Kynren to life.

We acknowledge that the cornerstone of Kynren's longevity is to expand into a daytime offer, to support its commercial success. Therefore, the expansion should be the key strategic objective to focus on for the next three seasons, alongside the further establishment of Kynren.

Activities

11Arches produced seven summer performances of Kynren in 2023, along with the annual Pyromusical in November.

Organisation Structure and Delegated Responsibility

The board of trustees administers the charity. The board normally meets quarterly.

A Chief Executive is appointed by the trustees to manage the day-to-day operations of the charity. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the trustees, for all operational matters including finance, employment, and artistic performance related activity.

Pay policy for senior staff

The directors consider the board of directors, who are the trustees, and the senior Management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis.

All directors give their time freely and no director received any remuneration in the year. Details of directors' expenses and related party transactions are disclosed in note 8 to the accounts.

The pay of the senior staff is reviewed annually. In view of the production industry the charity operates in, the directors benchmark against salary levels in line with similar organisations.

GROUP STRATEGIC REPORT

Season Review: achievements and performance for the period.

Our 2023 season was very promising, with only Kynren being performed on site, and with no supporting events, visitor numbers compared with previous seasons were strong.

Mindful of the cost-of-living crisis being endured by many and the continued impact of world events, our ticket sales of 33,048 (24,476 in 2022) and our average per visitor spend onsite of £ 4.66 (£3.87 in 2022) was encouraging. Visits from our travel trade partners also increased to 2950 tickets.

Dominant markets were Northeast (55%), Yorkshire (12%) & Lakes & Borders (3%).

Our audience continued to rate Kynren extremely well with fantastic reviews on TripAdvisor and we have retained our 5* rating and Certificate of Excellence.

Recruitment and training of the Cast and Crew

The cast and crew involved in Kynren are called Archers. Our ethos is to train our volunteers to the highest standards, and empower them to take control, remains hugely successful. More than 80% of our Archers return from one season to the next consistently, year after year.

2023 again saw a push into recruitment of new volunteers with four very successful open call evenings for introductions. This brought fantastic new Archers into our ranks, strengthening our community with new energy.

The induction programme started in February. In order to maximise the effectiveness of training, and to make managing the volunteers more efficient, our Archers were then divided into five teams, each containing separate sub-teams focused on various roles, and each led, in the first instance, by 11Arches staff. They are supported by over 60 Team Leaders who are an indispensable part of the core team structure, putting in the effort and time to manage their teams and schedule the complex rotas for show nights. They are not just enablers of pastoral care and communication, but meaningful contributors to the volunteer experience and the successful delivery of the production.

- Show team, including cast, animal handlers, stage management, costume and prop makers.
- Cavalry for our riders, carriage drivers, stage management and grooms.
- Tech team for sound lights pyrotechnics SFX video and hydraulic machinery.
- Experience team for the meet and greet, car parks, merchandise sales, ticket checks, ushers.
- Operations for Estates management, Show Operations, Event Ops, rescue divers and swimmers, and first aid.

Report of the Trustees for the year ended 30 September 2023 (continued)

Professional training was given to the volunteer teams, including: Mass choreography, theatrical combat, acting, dance, prop making, costume making, technical operation of a show (light, sound, video, SFX, hydraulics, machinery, pyrotechnics), performance riding, carriage driving, animal handling, visitor services, show diving, rescue diving, first aid and event control.

Economic benefit

11Arches' mission is to produce Kynren as world-class show, to be a trip attractor, encouraging overnight visits to County Durham and bringing tourism-related expenditure, capital investment and jobs. It is the overnight visitors who make a significant difference to the regional economy: while day trippers typically spend £20.18 per day, overnight visitors are likely to spend £169.14, a driver for the creation of jobs.

Offsite tourism expenditure around Kynren is expected to be in the region of £4.75million per annum, and that will be compounded by what is spent at other attractions when visitors build a short or long-stay around the show.

Looking ahead

Our five-year vision inspires the next legs of our development.

For 11Arches to be the successful operator of the biggest night show in the UK: more visitors year after year are left in awe, not just with the spectacle itself, but with the fact it is entirely orchestrated by a cast and crew of volunteers.

For 11Arches to open a world class day park visitor attraction. Showcasing British history through live action stunt show performances.

Risk assessment

11Arches combines a number of characteristics that increase our risk: an unfamiliar form of visitor attraction to the UK audience, its scale since inception and its boldness. We are still at the beginning of a long journey. Establishing processes that ensure it remains a going concern remains high on our agenda.

The risks and uncertainties were identified as follows:

- Continued recruitment and retention of volunteers to ensure the appropriate running of the show.
- An unfamiliar format means that we are required to build brand and concept awareness from near scratch which can create a high level of uncertainty and risk to ticket sales.
- A unique production also means that the skills are not readily available on a like for like basis, especially in the region, for staff and experts we wish to engage on the project.
- A visitor attraction in its eighth year of operation means that consolidating audiences within the regional 30-60 min radius and search for new ones beyond is needed, and yet this takes considerable time and money to achieve.
- Exposure to the financial health of the British consumer, as the organisation sells a discretionary product.

Management maintains a risk register as a live document assessing all current risks for the organisation for its fifth year of production across all departments.

It identifies the major risks the charity faces, the likelihood of occurrence, the potential impact of the risk, as well as any mitigation in place. It proactively seeks to identify any actions and resources necessary to manage these risks and reduce the risk profile of the organisation.

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Report of the Trustees for the year ended 30 September 2023 (continued)

The Trustee Board is responsible for the oversight of the risks the charity faces. The Trustee Board regularly reviews the charity's risk position, internal controls and compliance with relevant statutory and governance regulations.

Related parties

11Arches and The Auckland Project (TAP) have a close working relationship. TAP was set up to own and enhance Auckland Castle and the other buildings of national, architectural, historic or artistic interest for the benefit of the public.

The charity also has a close working relationship with Lempriere Pringle 2015 and the charity has received substantial financial resources from Lempriere Pringle 2015. Jonathan Ruffer is a trustee of both the charity and Lempriere Pringle 2015.

Further detailed information on related parties is included in note 19 of the financial statements.

Public benefit

The trustees have due regard to the guidance by the Charity Commission on public benefit. The charity's activities encompass a number of the charitable purposes which are referred to in the Charities Act 2011, in particular the drawing together of the local community and the opportunities members of the local community of all ages, education and skills have of participating as volunteers in the show and the range of educational benefits through learning new skills and audience education.

Fundraising

The charity does not work with commercial participators or professional fundraisers and does not engage third parties to undertake fundraising activities on its behalf.

Impact and value

11Arches researched the extent to which the *Kynren* experience, in its first year, has helped to advance its aims of education and community development. A report was commissioned to look at the impact of the project on the volunteer workforce (known individually as Archers) and at their perceptions of what the Trust, through *Kynren*, is achieving.

The findings of the first season are merely the first instalment of the story of the impact of 11Arches on the fortunes of Bishop Auckland and the surrounding area, in the long term. Findings of each additional year of operation are consolidated and support similar trends.

Volunteers' motivations

Kynren, in its first year, has been a story of individuals and family groups volunteering their time and effort, largely for the benefit of the wider community. While there is substantial evidence of change and gains for individual Archers, *Kynren* is a bold undertaking by a community for a community. Many Archers have cited, among their motivations for getting involved, the fact that 11Arches is working for a better future for Bishop Auckland. They either remember the town as a different kind of place or can sense its potential and want to see the charity succeed. Although uncertain about what the project might entail or lead to, large numbers of local and not-so-local people recognised that its realisation would depend on the involvement of hundreds of volunteers and the commitment of thousands of hours of voluntary work. Curious, available and with a sense of responsibility for the success of the project, they signed up.

Report of the Trustees for the year ended 30 September 2023 (continued)

Of the many local residents who were initially, or mainly, attracted by the opportunity to pursue an existing interest (e.g. acting, dancing, building, making, sewing, riding) or develop a new one, to make friends or add to their C.V. (in pursuit of further study or employment), most have become aware of, and are impressed by, the potential impact of their involvement on their community.

From the second season onward, motivations have become more diverse, as the show was now a tangible fact, something many had seen before joining, and the Kynren experience was articulated by a first year of veterans. Existing Archers from the first season were strong advocates and endorsed a bigger role front line in the recruitment of the second season.

The appeal to families and friends

A large number of Archers had family or friends taking part. The weekend rehearsals meant it was, in many cases, more feasible for someone with a family to commit the time needed if other members of the family were taking part too, but families became involved in different ways and at different paces. In some cases, they were led by a young person's interest, in others by an adult's and in a few cases by a parent child combination.

There were examples of family members and friends attending an audition session together and signing up together, while others brought relatives and friends along at a later stage.

Mutuality

Mutuality (or interdependence) has been a prominent feature of *Kynren*. Every Archer belonged to a team, with a team leader. Team members worked together, developed their own practices (e.g. bringing food to share, printing team t-shirts), supported each other, became friends, welcomed newcomers, overcame occasional tensions and became stronger as individuals and as a team.

Diversity and social capital

The Archers are a diverse group with different social, cultural, and family backgrounds and different life experiences, outlooks, and aspirations. Nearly 87% of Archers in 2023 live in Bishop Auckland and the surrounding area with 12.4% living elsewhere in the northeast and in a few cases, further afield. The diversity of the company has been one of its strengths: people have worked alongside people they would be unlikely to meet socially or at work; they have spent significant amounts of time together in a shared enterprise; they have learned about each other and from each other; they have formed lasting bonds and friendships and they have continued to meet (in some cases weekly) well after the show ended in September. In addition to their feelings of responsibility towards *Kynren* and 11Arches, *Archers* are now describing a sense of agency, which underlines the extent to which the charity is building social capital.

Nearly all Archers judged that they had become more skilled at something. Some have had production-related, technical training and experience (e.g. prop making and repair, combat skills, archery, pyrotechnics, riding, driving horses, animal handling and first aid, etc.). Many others have used a mixture of training (e.g. circus skills and World Host Customer Service Training) and the day-to-day practice of working with colleagues and the public, to increase their so-called soft skills, including the ability to work well in a team, to be adaptable, to resolve conflict, to observe behavior and respond to it, and to communicate effectively.

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Report of the Trustees for the year ended 30 September 2023 (continued)

For many, the acquisition of new knowledge and skills has enhanced their quality of life.

Parents/Guardians are very articulate about what this experience is doing for this next generation. The addition of teenage skills camp for the second year in the February half term has been acknowledged as a confidence builder / booster and a unique opportunity to make new friends in a gentle and safe environment.

Continuing to be part of something special also shone through for rejoining, and the reasons put forward include principally, friendship, confidence, community, skills, achievement & pride.

Financial review

Full details of the group's financial position can be found in the accompanying financial statements attached to this report. The Statement of Financial Activities shows total incoming resources of £1,950,101 (2022: £11,257,828) and total resources expended of £4,839,639 (2022: £4,327,828) resulting in a deficit for the year of £2,889,538 (2022: £6,930,000 surplus).

The group has net assets at year end of £26,537,615 (2022: £29,427,153) including available cash of £6,904,331 (2022: £9,652,337).

The charity has net assets at year end of £26,485,305 (2022: £29,390,683) and available cash of £4,779,987 (2022: £8,824,342).

Key Performance Indicators

Key Performance Indicators for the organisation are set on two main levels, Community Development and Excellence of the Show, both of which are closely linked to the charitable objects of 11Arches.

- The performance of the organisation in Community Development is analysed through the thriving group of Cast & Crew involved in Kynren. Their enjoyment of their experience is measured each season on a variety of indicators.
- The performance of the organisation to produce Kynren to a level of excellence is measured through our Customers' Satisfaction, as carried in our customer surveys.

The Trustees have considered the performance of the organisation through the above prisms for the financial year and are satisfied that the organisation is performing well.

11Arches Night Show

The results of the charity's subsidiary, 11Arches Night Show, which are consolidated in these financial statements, are included in note 11.

Reserves policy

The Directors review the reserve levels annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Directors have determined that the minimum level of unrestricted reserves should be a set amount of approximately £1m (2022: £1m) based on 4 months of annual expenditure, excluding depreciation and amortisation. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of income and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

Statement of Trustees' Responsibilities for the year ended 30 September 2023

The free reserves as of 30 September 2023, excluding fixed assets and loans, are £6,689,282 (2022: £9,504,056) for the group. This is above the £1m minimum level set and this is to further invest in the Kynren production and development of the day park.

Going Concern

There are no material uncertainties in respect of the charity's ability to continue as a going concern. The trustees believe that the group is well placed to manage its risks successfully and thus have adopted the going concern basis of accounting. This is primarily due to the ongoing support from the co-founder.

Principal funding

The principal funding was obtained from ticket sales and donations.

Auditor

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

Disclosure of information to auditor

In so far as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware.
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

By Order of the Board



Stephen Hall

Chair Date 25/06/24

Statement of Trustees' Responsibilities for the year ended 30 September 2023

Trustees' responsibilities

The Trustees 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 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 the affairs of the charitable company and of the incoming resources and application of resources, including income and expenditure of the charitable company for that period.

In preparing those 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 charitable group will continue in business.

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

Independent Auditor's Report to The Trustees of 11Arches

Opinion

We have audited the financial statements of 11Arches (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 30 September 2023 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Company Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 group's and the parent charitable company's affairs as at 30 September 2023 and of the group's 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 of 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 group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRS's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises 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

Independent Auditor's Report to The Trustees of 11Arches

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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report which includes the Directors' Report and the Strategic Report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report, included within the Trustees' Report, have 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 group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report, included within the Trustees' report.

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

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 10, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or parent 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.

Independent Auditor's Report to The Trustees of 11Arches

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the group and parent charitable company operate in and how the group and parent charitable company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011, the parent charitable company's governing document, and tax legislation. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting correspondence and minutes and inspecting correspondence with tax authorities.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety. We performed audit procedures to inquire of management whether the group is in compliance with these laws and regulations and inspected correspondence with regulatory authorities.

The audit engagement team identified the risk of management override of controls and revenue cut off as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed in relation to management override of controls included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates applied in the financial statements. Audit procedures performed in relation to revenue cut off included but were not limited to substantively testing revenue transactions around the year end and assessing whether the associated revenue has been recorded in the correct period.

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Independent Auditor's Report to The Trustees of 11Arches

A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Claire Leece

CLAIRE LEECE (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
1 St. James' Gate
Newcastle upon Tyne
NE1 4AD

Date: 25/06/24

Consolidated statement of financial activities (incorporating income and expenditure account) for the year ended 30 September 2023

| | | Unrestricted | Restricted | Total Funds | Total Funds |
|---|-----------|-------------------|------------|-------------------|-------------------|
| | Notes | Funds £ | Funds £ | 2023 £ | 2022 £ |
| Income from: | | | | | |
| Donations and Legacies | 2 | 10,850 | - | 10,850 | 10,006,000 |
| Trading activities | 3 | 1,351,851 | - | 1,351,851 | 1,021,002 |
| Investments | 4 | 283,497 | - | 283,497 | 3,260 |
| Other | 5 | 303,903 | - | 303,903 | 227,566 |
| Total income | | <u>1,950,101</u> | <u>-</u> | <u>1,950,101</u> | <u>11,257,828</u> |
| Expenditure on: | | | | | |
| Charitable activities | 6 | 4,475,318 | - | 4,475,318 | 4,058,005 |
| Raising funds | 6 | 364,321 | - | 364,321 | 269,823 |
| | | <u></u> | <u></u> | <u></u> | <u></u> |
| Total expenditure before taxation | | <u>4,839,639</u> | <u>-</u> | <u>4,839,639</u> | <u>4,327,828</u> |
| Taxation | | - | - | - | - |
| Total expenditure after taxation | | <u>4,839,639</u> | <u>-</u> | <u>4,839,639</u> | <u>4,327,828</u> |
| Net movement in funds | 17 | (2,889,538) | - | (2,889,538) | 6,930,000 |
| Total funds brought forward | | <u>29,427,153</u> | <u>-</u> | <u>29,427,153</u> | <u>22,497,153</u> |
| Total funds carried forward | 17 | <u>26,537,615</u> | <u>-</u> | <u>26,537,615</u> | <u>29,427,153</u> |

The notes on pages 19 to 37 form part of these financial statements.

Consolidated and company balance sheets for the year ended 30 September 2023

| | Notes | Group 2023 £ | 2022 £ | Charity 2023 £ | 2022 £ |
|---|-------|--------------------|-------------------|----------------------|-------------------|
| Fixed assets | | | | | |
| Intangible assets | 9 | 532,902 | 727,684 | 532,902 | 727,684 |
| Tangible assets | 10 | 19,315,431 | 19,207,801 | 19,315,431 | 19,207,801 |
| Fixed asset investments | 11 | - | - | 10 | 10 |
| | | <u>19,848,333</u> | <u>19,935,485</u> | <u>19,848,343</u> | <u>19,935,495</u> |
| Current assets | | | | | |
| Stocks | 12 | 67,254 | 52,860 | - | - |
| Debtors | 13 | 427,549 | 281,450 | 2,264,928 | 906,761 |
| Cash at bank and in hand | | 6,904,331 | 9,652,337 | 4,779,987 | 8,824,342 |
| | | <u>7,399,134</u> | <u>9,986,647</u> | <u>7,044,915</u> | <u>9,731,103</u> |
| Creditors: Amounts falling within one year | 14 | <u>(709,495)</u> | <u>(494,622)</u> | <u>(407,953)</u> | <u>(275,915)</u> |
| Net current assets | | 6,689,639 | 9,492,025 | 6,636,962 | 9,455,188 |
| Total assets less current liabilities | | 26,537,972 | 29,427,510 | 26,485,305 | 29,390,683 |
| Provisions for liabilities | 16 | <u>(357)</u> | <u>(357)</u> | <u>-</u> | <u>-</u> |
| Net assets | | <u>26,537,615</u> | <u>29,427,153</u> | <u>26,485,305</u> | <u>29,390,683</u> |
| The funds of the charity | | | | | |
| Unrestricted funds: | | | | | |
| General funds | 17 | 25,414,722 | 28,304,260 | 25,362,412 | 28,267,790 |
| Designated funds | 17 | 1,122,893 | 1,122,893 | 1,122,893 | 1,122,893 |
| Total charity funds | | <u>26,537,615</u> | <u>29,427,153</u> | <u>26,485,305</u> | <u>29,390,683</u> |

Consolidated and company balance sheets for the year ended 30 September 2023

As permitted by Section 408 of the Companies Act 2006, the statement of financial activities of the parent coming is not presented as part of these accounts. The parent company's total incoming resources for the financial year amounted to £1,569,940 (2022: £10,933,517) and the net outgoing resources amounted to £4,475,318 (2022: £3,994,532).

The financial statements were approved by the Board on ^{25/06/24}..... and signed on its behalf by:



S Hall
Chair

The notes on pages 19 to 37 form part of these financial statements.

Consolidated statement of cash flows for the year ended 30 September 2023

| | Note | 2023 £ | 2022 £ |
|--|-------------|--------------------|-------------------|
| Cash flows from operating activities | 18 | (1,320,320) | 8,554,685 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | | (1,750,695) | (782,424) |
| Interest received | | 243,985 | 3,260 |
| Net cash used in investing activities | | <u>(1,427,686)</u> | <u>(779,164)</u> |
| Net cash (used in)/provided by financing activities | | <u>-</u> | <u>-</u> |
| (Decrease)/increase in cash and cash equivalents | | (2,748,006) | 7,775,521 |
| Cash and cash equivalents at the beginning of the year | | 9,652,337 | 1,876,816 |
| Cash and cash equivalents at the end of the year | | <u>6,904,331</u> | <u>9,652,337</u> |
| Relating to: | | | |
| Cash at bank and in hand | | <u>6,904,331</u> | <u>9,652,337</u> |
| Total cash and cash equivalents | | <u>6,904,331</u> | <u>9,652,337</u> |

The notes on pages 19 to 37 form part of these financial statements.

Notes to the financial statements for the year ended 30 September 2023

1 Accounting policies

Company Information

11Arches is a charitable company limited by guarantee, incorporated in England and Wales. The registered office is Flatts Farm, Toronto, Bishop Auckland, Co Durham, DL14 7SF.

Accounting Convention

11Arches meets the definition of a public benefit entity under FRS102. The financial statements are prepared under the historical cost convention and in accordance with the requirements of the 'Accounting and Reporting by Charities' Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK (FRS102) and the Companies Act 2006.

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

The principal accounting policies adopted are set out below.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Charity and its wholly owned subsidiary, 11Arches Night Show Limited, on a line by line basis.

Going Concern

Budgets have been prepared for the 12 months to June 2025. These incorporate anticipated performances in 2024. The forecasts show that sufficient funds are available for liabilities to be met as they fall due.

The Trustees have prepared cash flow forecasts and reviewed the group and company's resources and have a reasonable expectation that the company and group has adequate resources to continue in operational existence for at least 12 months from date of approval of the financial statements, due to ongoing support provided by the co-founder through his charity Lempriere Pringle 2015. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

Fund Accounting

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes. Unrestricted funds are available to spend on activities that further any of the general objectives of the charity.

Where the group has allocated income towards specific projects, a designation fund has been established. The amount of each designated fund is set out in note 17 of the financial statements.

Notes to the financial statements for the year ended 30 September 2023

1 Accounting policies *(continued)*

Income

Incoming resources are recognised in the Statement of Financial Activities when the group has entitlement to the funds; any conditions attached to the income have been met; it is probable that the income will be received, and the amount can be measured reliably.

Income from donations and legacies includes donations from individuals and charitable trusts.

Income from trading activities is recognised as earned as the related goods and services are provided.

Investment income is recognised on a receivable basis.

Income relating to events is recognised on delivery of the performance. Income is deferred when ticket sales are received or invoiced in advance of the performances or event to which they relate.

Other income from charitable activities is recognised as earned, as the related services are provided.

Expenditure

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

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

Charitable activities include all costs relating to activities where the primary aim is part of the objects of the charity along with the indirect costs.

Cost of raising funds comprises the costs incurred by 11Arches Night Show Limited.

Governance costs include Trustee expenses along with audit and accountancy fees.

Intangible Fixed Assets

Intangible assets are initially recognised at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised at their expected useful economic lives on a straight-line basis as follows.

| | |
|--------------------------|--------------------------|
| Software | 3 years straight line |
| Artistic direction/music | 5-10 years straight line |

On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised as income or expenditure.

Notes to the financial statements for the year ended 30 September 2023

1 Accounting policies *(continued)*

Tangible Fixed Assets

Fixed assets are initially measured at cost and subsequently measured at cost less accumulated depreciation.

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

| | |
|---------------------------|---|
| Freehold land | Not depreciated |
| Freehold buildings | 10-30 years straight line |
| Assets under construction | Not depreciated until brought in to use |
| Fixtures and fittings | 5-10 years straight line |
| Plant and equipment | 3-10 years straight line |
| Motor vehicles | 5 years straight line |

Depreciation is not charged on land as under normal circumstances the residual values are considered to be greater than cost. However, the carrying values are viewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

The gain or loss on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to income or expenditure.

Subsequent costs, including replacement parts, are capitalised only when it is probable that such costs will generate future economic benefits. Any replaced parts or remaining carrying amounts are then derecognised. All other costs of repairs and maintenance are charged to the Statement of Financial Activities.

Impairment of Fixed Assets

At each reporting date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss (if any).

Stocks

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and those overheads that have been incurred in bringing the stock to its present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to sell is recognised as an impairment loss in the income and expenditure account. Reversals of impairment losses are also recognised in profit and loss.

Notes to the financial statements for the year ended 30 September 2023

1 Accounting policies (*continued*)

Fixed Asset Investments

In the separate accounts of the charity, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairment losses are recognised immediately in expenditure.

Leasing

An asset and corresponding liability are recognised for leasing agreements that transfer to the charity substantially all of the risks and rewards incidental to ownership ('Finance Leases'). All other leases are operating leases.

Operating leases – the group as a lessee

The group classifies the lease of properties and equipment as operating leases. Rental charges are charged to the statement of financial activities on a straight line basis over the period of the lease.

Retirement Benefits

The group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the charitable company. The amount charged to the statement of financial activities is the contributions payable in the year. Differences between contributions payable in the year and actually paid are shown as either prepayments or accruals.

Termination Benefits

Termination benefits are accounted for when the group terminates employment. Amounts are recognised when the group has communicated its plan of termination to the affected employees.

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Notes to the financial statements for the year ended 30 September 2023

1 Accounting policies *(continued)*

Financial Instruments

The group has elected to apply the provisions of Section 11 “Basic Financial Instruments” and Section 12 “Other Financial Instruments Issues” of FRS102 to all of its financial instruments.

Financial instruments are recognised when the company 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 other 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Classification of Financial Liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic Financial Liabilities

Basic financial liabilities, including trade, other creditors and 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.

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

Reduced Disclosure Options

In accordance with FRS 102, the Charity has taken advantage of the exemptions from the following disclosure requirements;

- Section 7 ‘Statement of Cash Flows’ – Presentation of a Statement of Cash Flow and related notes and disclosures (in relation to the Charity’s own statement of cash flows – a consolidated statement of cash flows is presented in these financial statements)

Notes to the financial statements for the year ended 30 September 2023

1 Accounting policies (*continued*)

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

Critical areas of judgement

Theatre tax relief

The accrued income in respect of Theatre Tax Relief has been assessed by management based on the guidelines set out by HMRC in relation to eligibility and certainty of income.

2 Donations and legacies

| | Unrestricted Funds £ | Restricted Funds £ | 2023 Total £ | 2022 Total £ |
|------------|----------------------------|--------------------------|--------------------|--------------------|
| Donations | 10,850 | - | 10,850 | 10,006,000 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total 2022 | 10,006,000 | - | 10,006,000 | |
| | <hr/> | <hr/> | <hr/> | |

Notes to the financial statements for the year ended 30 September 2023

3 Income from trading activities

| | Unrestricted Funds £ | Restricted Funds £ | 2023 Total £ | 2022 Total £ |
|-----------------|-------------------------------------|-----------------------------------|-----------------------------|-----------------------------|
| Ticket sales | 1,133,648 | - | 1,133,648 | 838,393 |
| Retail income | 45,238 | - | 45,238 | 170,722 |
| Catering income | 172,965 | - | 172,965 | 11,887 |
| | <u>1,351,851</u> | <u>-</u> | <u>1,351,851</u> | <u>1,021,002</u> |
| Total 2022 | <u>1,021,002</u> | <u>-</u> | <u>1,021,002</u> | |

4 Investment income

| | Unrestricted Funds £ | Restricted Funds £ | 2023 Total £ | 2022 Total £ |
|---------------|-------------------------------------|-----------------------------------|-----------------------------|-----------------------------|
| Bank interest | 283,497 | - | 283,497 | 3,260 |
| | <u>283,497</u> | <u>-</u> | <u>283,497</u> | <u>3,260</u> |
| Total 2022 | <u>3,260</u> | <u>-</u> | <u>3,260</u> | |

5 Other income

| | Unrestricted Funds £ | Restricted Funds £ | 2023 Total £ | 2022 Total £ |
|-------------|-------------------------------------|-----------------------------------|-----------------------------|-----------------------------|
| Other | 51,103 | - | 51,103 | 227,566 |
| Theatre tax | <u>252,800</u> | <u>-</u> | <u>252,800</u> | <u>-</u> |
| Total | <u>303,903</u> | <u>-</u> | <u>303,903</u> | |
| Total 2022 | <u>227,566</u> | <u>-</u> | | <u>227,566</u> |

Notes to the financial statements for the year ended 30 September 2023

6 Expenditure

Charitable activities

| | Direct costs £ | Unrestricted Staff costs £ | funds Support costs £ | Restricted funds £ | 2023 Total £ | 2022 Total £ |
|-------------------------------|-------------------|-------------------------------|--------------------------|-----------------------|------------------|------------------|
| Charitable activities: | | | | | | |
| Project costs | 1,205,569 | - | - | - | 1,205,569 | 1,234,920 |
| Premises costs | - | - | 90,233 | - | 90,233 | 24,512 |
| Light and heat | - | - | 124,056 | - | 124,056 | 104,643 |
| Staff costs (note 8) | - | 609,873 | - | - | 609,873 | 414,097 |
| Office costs | - | - | 43,082 | - | 43,082 | 36,353 |
| Equipment | - | - | 37,556 | - | 37,556 | 210,430 |
| Marketing and advertising | - | - | 232,791 | - | 232,791 | 148,700 |
| Travel costs | - | - | 68,741 | - | 68,741 | 37,175 |
| Legal and professional fees | - | - | 32,431 | - | 32,431 | 26,723 |
| Consultancy and subcontractor | - | - | 55,935 | - | 55,935 | 121,704 |
| Other costs | - | - | 32,891 | - | 32,891 | 33,453 |
| Staff development | - | - | 18,812 | - | 18,812 | 34,729 |
| Staff recruitment | - | - | 72,002 | - | 72,002 | - |
| Governance | - | - | 13,500 | - | 13,500 | 12,000 |
| Depreciation | - | - | 1,643,065 | - | 1,643,065 | 1,425,499 |
| Amortisation | - | - | 194,781 | - | 194,781 | 193,067 |
| | <u>1,205,569</u> | <u>609,873</u> | <u>2,659,876</u> | <u>-</u> | <u>4,475,318</u> | <u>4,058,005</u> |
| Total 2022 | <u>1,234,920</u> | <u>414,097</u> | <u>2,408,988</u> | <u>-</u> | <u>4,058,005</u> | |

Raising funds

| | Unrestricted General Funds £ | Unrestricted Designated Funds £ | 2023 Total £ | 2022 Total £ |
|-----------------------------|---------------------------------|------------------------------------|-----------------|-----------------|
| 11Arches Night Show Limited | 364,321 | - | 364,321 | 269,823 |
| Total 2022 | <u>269,823</u> | <u>-</u> | <u>269,823</u> | |

Notes to the financial statements for the year ended 30 September 2023

7 Net (expenditure)/income

| | 2023 | 2022 |
|--|-----------------------------|-----------------------------|
| | £ | £ |
| Net (expenditure)/income is stated after charging/(crediting): | | |
| Auditor's remuneration: - audit | 22,000 | 19,500 |
| - tax advisory | 3,000 | 3,500 |
| - accountancy | 6,500 | 5,400 |
| Operating lease charges | 593 | 672 |
| Exchange differences | (16,174) | 15,856 |
| Depreciation | 1,643,065 | 1,425,499 |
| Amortisation | 194,782 | 193,067 |
| | <u> </u> | <u> </u> |

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

| | 2023 | 2022 |
|-----------------------|-----------------------------|-----------------------------|
| | £ | £ |
| Staff costs: | | |
| Wages and salaries | 471,465 | 297,094 |
| Social security costs | 73,149 | 57,854 |
| Other pension costs | 63,509 | 41,136 |
| | <u>608,123</u> | <u>396,084</u> |
| Agency costs | - | 18,013 |
| Other staff costs | 1,750 | - |
| | <u>609,873</u> | <u>414,097</u> |
| | <u> </u> | <u> </u> |

| | 2023 | 2022 |
|---|-------------|-------------|
| | No. | No. |
| Staff numbers: | | |
| The average number of employees during the year were: | | |
| Management and administration | <u>9</u> | <u>5</u> |

Notes to the financial statements for the year ended 30 September 2023

8 Staff costs, trustee remuneration and expenses and the cost of key management personnel
(continued)

Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

| | 2023 | 2022 |
|---------------------|-------------|-------------|
| | No. | No. |
| £220,000 - £229,999 | - | 1 |
| £270,000 - £280,000 | 1 | - |
| | <hr/> | <hr/> |

This value excludes employers' pension contributions. Total pension contributions paid on behalf of the above employee are £63,812 (2022: £38,891).

Trustee remuneration

No trustee received remuneration during the year (2022: £nil) and no trustee received payment for professional or other services supplied to the charity (2022: £nil).

The aggregate amount of travelling and subsistence expenses reimbursed to trustees during the year was £nil (2022: £nil).

Key Management Personnel

The key management personnel of the group and charity comprise the Trustees, the Executive Director and key management as listed on page 1.

Total employee benefits of the key management personnel for the year were £428,596 (2022: £274,779). This excludes amounts paid to contracted staff of £286,275.

Notes to the financial statements for the year ended 30 September 2023

9 Intangible fixed assets

Group and charity

| | Software £ | Artistic Direction £ | Total £ |
|-----------------------|-----------------------|-------------------------------------|--------------------|
| Cost | | | |
| At 1 October 2022 | 4,365 | 2,179,347 | 2,183,712 |
| At 30 September 2023 | 4,365 | 2,179,347 | 2,183,712 |
| Depreciation | | | |
| At 1 October 2022 | 4,365 | 1,451,663 | 1,456,028 |
| Charge for year | - | 194,782 | 194,782 |
| At 30 September 2023 | 4,365 | 1,646,445 | 1,650,810 |
| Net book value | | | |
| At 30 September 2023 | - | 532,902 | 532,902 |
| At 30 September 2022 | - | 727,684 | 727,684 |

The amortisation charge for the year is recognised within expenditure on charitable activities.

Notes to the financial statements for the year ended 30 September 2023

10 Tangible fixed assets

Group

| | Freehold Land and Buildings £ | Assets Under Construction £ | Plant and Equipment £ | Fixtures and Fittings £ | Motor Vehicles £ | Total £ |
|-----------------------|--|--|--------------------------------------|--|---------------------------------|--------------------|
| Cost | | | | | | |
| At 1 October 2022 | 22,760,143 | 361,250 | 6,483,931 | 302,344 | 34,151 | 29,941,819 |
| Additions | 414,837 | - | 1,210,565 | 78,713 | 46,580 | 1,750,695 |
| At 30 September 2023 | 23,174,980 | 361,250 | 7,694,496 | 381,057 | 80,731 | 31,692,514 |
| Depreciation | | | | | | |
| At 1 October 2022 | 5,728,660 | - | 4,823,865 | 151,433 | 30,060 | 10,734,018 |
| Charge for year | 1,117,241 | - | 475,243 | 46,479 | 4,102 | 1,643,065 |
| At 30 September 2023 | 6,845,901 | - | 5,299,108 | 197,912 | 34,162 | 12,377,083 |
| Net book value | | | | | | |
| At 30 September 2023 | 16,329,079 | 361,250 | 2,395,388 | 183,145 | 46,569 | 19,315,431 |
| At 30 September 2022 | 17,031,483 | 361,250 | 1,660,066 | 150,911 | 4,091 | 19,207,801 |

Notes to the financial statements for the year ended 30 September 2023

10 Tangible fixed assets (continued)

Charity

| | Freehold Land and Buildings £ | Assets Under Construction £ | Plant and Equipment £ | Fixtures and Fittings £ | Motor Vehicles £ | Total £ |
|-----------------------|--|--|--------------------------------------|--|---------------------------------|--------------------|
| Cost | | | | | | |
| At 1 October 2022 | 22,760,143 | 361,250 | 6,483,931 | 300,052 | 34,151 | 29,939,527 |
| Additions | 414,837 | - | 1,210,565 | 78,713 | 46,580 | 1,750,695 |
| At 30 September 2023 | 23,174,980 | 361,250 | 7,694,496 | 378,765 | 80,731 | 31,690,222 |
| Depreciation | | | | | | |
| At 1 October 2022 | 5,728,660 | - | 4,823,865 | 149,141 | 30,060 | 10,731,726 |
| Charge for year | 1,117,241 | - | 475,243 | 46,479 | 4,102 | 1,643,065 |
| At 30 September 2023 | 6,845,901 | - | 5,299,108 | 195,620 | 34,162 | 12,374,791 |
| Net book value | | | | | | |
| At 30 September 2023 | 16,329,079 | 361,250 | 2,395,388 | 183,145 | 46,569 | 19,315,431 |
| At 30 September 2022 | 17,031,483 | 361,250 | 1,660,066 | 150,911 | 4,091 | 19,207,801 |

All tangible fixed assets are held for charitable purposes

Notes to the financial statements for the year ended 30 September 2023

11 Fixed asset investments

Charity

Investment in subsidiary undertaking

| Investments – shares in group undertakings: | 2023 £ | 2022 £ |
|---|------------------|------------------|
| At 1 October 2022 and 30 September 2023 | 10 | 10 |

The wholly-owned subsidiary, 11Arches Night Show Limited (company number 09235236), which is incorporated in the United Kingdom, pays its taxable profits to the charity by gift aid. The subsidiary's registered office is Flatts Farm, Toronto, Bishop Auckland, Co Durham, United Kingdom, DL14 7SF. The charity owns the entire issued share capital of 10 ordinary shares of £1 each. A summary of the trading results is shown below:

| Summary profit and loss account | 2023 £ | 2022 £ |
|--|------------------|------------------|
| Turnover | 1,378,430 | 1,021,002 |
| Expenses | (1,365,027) | (987,228) |
| Interest received | 39,266 | 3,055 |
| Net profit before tax | 52,669 | 36,829 |

| | 2023 £ | 2022 £ |
|---|------------------|------------------|
| The assets and liabilities of the subsidiary were: | | |
| Fixed assets | - | - |
| Current assets | 2,197,960 | 891,255 |
| Creditors: amounts falling due in one year | (2,145,283) | (854,418) |
| Provisions for liabilities | (357) | (357) |
| Total net assets | 52,320 | 36,480 |
| Aggregate share capital and reserves | 52,320 | 36,480 |

12 Stocks

| | 2023 £ | Group 2022 £ | 2023 £ | Charity 2022 £ |
|----------------------------|------------------|----------------------------------|------------------|------------------------------------|
| Goods purchased for resale | 67,254 | 52,860 | - | - |

Notes to the financial statements for the year ended 30 September 2023

13 Debtors

| | 2023 | Group | 2023 | Charity |
|------------------------------------|----------------|----------------|------------------|----------------|
| | £ | 2022 | £ | 2022 |
| | | £ | | £ |
| Amounts owed by group undertakings | - | - | 1,807,100 | 513,350 |
| Other debtors | 92,902 | 27,472 | 123,181 | 139,433 |
| Prepayments and accrued income | 334,647 | 253,978 | 334,647 | 253,978 |
| | <u>427,549</u> | <u>281,450</u> | <u>2,264,928</u> | <u>906,761</u> |

14 Creditors: Amounts falling due within one year

| | 2023 | Group | 2023 | Charity |
|------------------------------------|----------------|----------------|----------------|----------------|
| | £ | 2022 | £ | 2022 |
| | | £ | | £ |
| Trade creditors | 462,542 | 310,131 | 324,867 | 229,288 |
| Other taxation and social security | 41,299 | 13,832 | 41,299 | 13,832 |
| Other creditors | 1,818 | - | 1,352 | - |
| Accruals and deferred income | 203,836 | 170,659 | 40,435 | 32,795 |
| | <u>709,495</u> | <u>494,622</u> | <u>407,953</u> | <u>275,915</u> |

15 Deferred income

| | 2023 | Group | 2023 | Charity |
|---------------------------------|---------------|---------------|-------------|----------------|
| | £ | 2022 | £ | 2022 |
| | | £ | | £ |
| Balance as at 1 October 2022 | 57,903 | 97,812 | - | - |
| Released from previous years | (57,903) | (97,812) | - | - |
| Resources deferred in the year | 57,207 | 57,903 | - | - |
| | <u>57,207</u> | <u>57,903</u> | <u>-</u> | <u>-</u> |
| Balance as at 30 September 2023 | | | | |
| | <u>57,207</u> | <u>57,903</u> | <u>-</u> | <u>-</u> |

Deferred income comprises ticket income received in advance.

Notes to the financial statements for the year ended 30 September 2023

16 Provisions for liabilities

Group

| | 2023 £ | 2022 £ |
|------------------------|-----------|-----------|
| Deferred tax liability | 357 | 357 |

There was no deferred tax liability in the charity.

17 Movement on funds

Group

| | At 1 October 2022 £ | Incoming Resources £ | Outgoing Resources £ | Transfers Between Funds £ | At 30 September 2023 £ |
|---------------------------|------------------------------|----------------------------|----------------------------|------------------------------------|---------------------------------|
| Unrestricted funds | | | | | |
| Designated funds: | | | | | |
| Land Fund | 1,122,893 | - | - | - | 1,122,893 |
| General funds | 28,304,260 | 1,950,101 | (4,839,639) | - | 25,414,722 |
| | <u>29,427,153</u> | <u>1,950,101</u> | <u>(4,839,639)</u> | <u>-</u> | <u>26,537,615</u> |
| Restricted funds | - | - | - | - | - |
| Total funds | <u>29,427,153</u> | <u>1,950,101</u> | <u>(4,839,639)</u> | <u>-</u> | <u>26,537,615</u> |

Charity

| | At 1 October 2022 £ | Incoming Resources £ | Outgoing Resources £ | Transfers Between Funds £ | At 30 September 2023 £ |
|---------------------------|------------------------------|----------------------------|----------------------------|------------------------------------|---------------------------------|
| Unrestricted funds | | | | | |
| Designated funds: | | | | | |
| Land Fund | 1,122,893 | - | - | - | 1,122,893 |
| General funds | 28,267,790 | 1,569,940 | (4,475,318) | - | 25,362,412 |
| Total funds | <u>29,390,683</u> | <u>1,569,940</u> | <u>(4,475,318)</u> | <u>-</u> | <u>26,485,305</u> |
| Restricted funds | - | - | - | - | - |
| Total funds | <u>29,390,683</u> | <u>1,569,940</u> | <u>(4,475,318)</u> | <u>-</u> | <u>26,485,305</u> |

Notes to the financial statements for the year ended 30 September 2023

17 Movement on funds (continued)

Designated funds:

Land Fund – value of the amounts which have been acquired through gifts from third parties for the site on which the 11Arches project is located.

Funds prior year

Group

| | At 1 October 2021 £ | Incoming Resources £ | Outgoing Resources £ | Transfers Between Funds £ | At 30 September 2022 £ |
|---------------------------|--|-------------------------------------|-------------------------------------|--|---|
| Unrestricted funds | | | | | |
| Designated funds: | | | | | |
| Land Fund | 1,122,893 | - | - | - | 1,122,893 |
| General funds | 21,374,260 | 11,257,828 | (4,327,828) | - | 28,304,260 |
| Total funds | 22,497,153 | 11,257,828 | (4,327,828) | - | 29,427,153 |

Charity

| | At 1 October 2021 £ | Incoming Resources £ | Outgoing Resources £ | Transfers Between Funds £ | At 30 September 2022 £ |
|---------------------------|--|-------------------------------------|-------------------------------------|--|---|
| Unrestricted funds | | | | | |
| Designated funds: | | | | | |
| Land Fund | 1,122,893 | - | - | - | 1,122,893 |
| General funds | 21,328,805 | 10,933,517 | (3,994,532) | - | 28,267,790 |
| Total funds | 22,451,698 | 10,933,517 | (3,994,532) | - | 29,390,683 |

Notes to the financial statements for the year ended 30 September 2023

17 Movement on funds (continued)

Group

| | Unrestricted General Funds £ | Unrestricted Designated Funds £ | Total 2023 £ |
|---|---|--|-----------------------------|
| Fund balances at 30 September 2023 are represented by: | | | |
| Fixed assets | 18,725,440 | 1,122,893 | 19,848,333 |
| Current assets | 7,399,134 | - | 7,399,134 |
| Creditors: amounts due within one year | (709,495) | - | (709,495) |
| Provisions for liabilities | (357) | - | (357) |
| | <u>25,414,722</u> | <u>1,122,893</u> | <u>26,537,615</u> |

| | Unrestricted General Funds £ | Unrestricted Designated Funds £ | Total 2022 £ |
|---|---|--|-----------------------------|
| Fund balances at 30 September 2022 are represented by: | | | |
| Fixed assets | 18,812,592 | 1,122,893 | 19,935,485 |
| Current assets | 9,986,647 | - | 9,986,647 |
| Creditors: amounts due within one year | (494,622) | - | (494,622) |
| Provisions for liabilities | (357) | - | (357) |
| | <u>28,304,260</u> | <u>1,122,893</u> | <u>29,427,153</u> |

Charity

| | Unrestricted General Funds £ | Unrestricted Designated Funds £ | Total 2023 £ |
|---|---|--|-----------------------------|
| Fund balances at 30 September 2023 are represented by: | | | |
| Fixed assets | 18,725,450 | 1,122,893 | 19,848,343 |
| Current assets | 7,044,915 | - | 7,044,915 |
| Creditors: amounts due within one year | (407,953) | - | (407,953) |
| | <u>25,362,412</u> | <u>1,122,893</u> | <u>26,485,305</u> |

| | Unrestricted General Funds £ | Unrestricted Designated Funds £ | Total 2022 £ |
|---|---|--|-----------------------------|
| Fund balances at 30 September 2022 are represented by: | | | |
| Fixed assets | 18,812,602 | 1,122,893 | 19,935,495 |
| Current assets | 9,731,103 | - | 9,731,103 |
| Creditors: amounts due within one year | (275,915) | - | (275,915) |
| | <u>28,267,790</u> | <u>1,122,893</u> | <u>29,390,683</u> |

Notes to the financial statements for the year ended 30 September 2023

18 Reconciliation of movements in funds to net cash flow from operating activities

| | 2023 | 2022 |
|--|--------------------|------------------|
| | £ | £ |
| Net (expenditure)/income | (2,889,538) | 6,930,000 |
| Interest received | (283,497) | (3,260) |
| Depreciation | 1,643,065 | 1,425,499 |
| Amortisation | 194,781 | 193,067 |
| (Increase)/decrease in stock | (14,394) | 5,155 |
| (Increase) in debtors | (106,587) | (26,284) |
| Increase in creditors | 214,874 | 30,508 |
| Net cash (outflow)/inflow from operating activities | (1,320,320) | 8,554,685 |

19 Related party transactions

Related party transactions took place in the period of account other than certain trustees and key management personnel remuneration and expenses already disclosed in note 8.

| | Relationship | Income | Expenditure | Year end balance |
|----------------------|---------------------|---------------|--------------------|-------------------------|
| Lempriere Pringle | Common trustee | - | - | - |
| The Auckland Project | Common trustee | - | (177,815) | (191,422) |

All related party transactions were at an arm's length basis.

20 Pension scheme

The group operates a defined contribution scheme for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund. The contributions payable by the group charged to income and expenditure amounted to £63,509 (2022: £41,136), and all related to unrestricted funds. Amounts outstanding of £3,097 (2022: £459) are included in other creditors.

21 Taxation

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

22 Volunteers

The group places a great value on the contributions that volunteers made to the organisation. Over the course of the year, we benefitted greatly from the considerable time, energy and expertise given by the Board of Trustees.

The role played by and contributions the volunteers make is discussed in detail in the Trustee's Report.

23 Control

The charity is controlled by the Board of Trustees.