



Smailes Goldie Group
CREATING ADVANTAGE

REGISTERED COMPANY NUMBER: 09106231
REGISTERED CHARITY NUMBER: 1162199

Absolutely Cultured Limited

Consolidated Financial Statements

31st March 2023



SD-0210679-1-6

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for the year ended 31st March 2023**

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Absolutely Cultured Limited

Report of the Trustees for the year ended 31st March 2023

The Trustees are pleased to present their annual report together with the consolidated financial statements of the charity and its subsidiary for the year ending 31 March 2023 which are also prepared to meet the requirements for a director's report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and 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 and Republic of Ireland (FRS 102).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

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

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

9106231 (England and Wales)

Registered Charity number

1162199 (England and Wales)

Registered office

Humber Street Gallery
64 Humber Street
Hull
HU1 1TU

Contact details

Tel: 01482 304454
Email: info@absolutelycultured.co.uk

Website

www.absolutelycultured.co.uk

Auditors

Smailes Goldie
Chartered Accountants
Statutory Auditor
Regent's Court
Princess Street
Hull
East Yorkshire
HU2 8BA

Bankers

National Westminster Bank plc
34 King Edward Street
Hull
HU1 3SS

Solicitors

Rollits
58 High Street
Hull
HU1 1QE

The company gained charitable status on 15 June 2015. The Board of Trustees comprises individuals who together are responsible for the governance of the charity. The company was originally formed to deliver Hull's year as the UK City of Culture in 2017 and, in September 2017, it was announced that the organisation which was set up to deliver 365 days of transformative culture, was to continue, with a much reduced and redefined remit which will form part of the city's legacy.

To reflect this change, the company changed its name from Hull UK City of Culture 2017 Limited to Absolutely Cultured Limited, on 24 May 2018.

Absolutely Cultured Limited

Report of the Trustees for the year ended 31st March 2023

The Board currently consists of seven Trustees and is chaired by Lee Pitcher. The full list of Trustees is set out in the reference details below.

The full Board of Trustees met four times in the period on the dates as listed and held a strategic planning day on 30 June 2022:

Board Meeting Dates from 1 April 2022 – 31 March 2023

- 28 July 2022
- 17 November 2022
- 12 January 2023 (extraordinary Board meeting)
- 23 February 2023

Following the lifting of Covid restrictions, all full Board meetings have returned to being in person, however, to allow accessibility for all Trustees, those who cannot attend in person are able to dial in via Teams with the chair ensuring they are able to fully participate in the meeting as if there in person.

The Trustees act on advice and information from the Executive Leadership which is responsible for the day-to-day management of the charity.

Recruitment and Appointment and Training of Trustees

The charity continues to refresh the Board of Trustees and this year saw the recruitment of two new Trustees, Louise Clarkson, Head Teacher of Pearson Primary School, who joined the Board on 23 February 2023. Pearson Primary School is in the Spring Bank area of Hull, one of the communities we operate. Kath Wynne-Hague, Head of Culture, Place and City Centre, for Hull City Council who joined us on 14 September 2023. Louise was appointed as part of a comprehensive recruitment programme ensuring a diverse wealth of experiences, skills, and beneficiary insight to add to the skillset of our existing Trustees. Kath joins us as the Hull City Council nominated person bringing a wealth of experience from the cultural sector having local government, cultural development, engagement, and education amongst her portfolio and replaces Julia Weldon, who stepped down on 19 July 2023.

Georgia Allenby stepped down on 19 July 2023 following five years as a Trustee. Georgia's experience in the commercial property sector has been an invaluable support and we thank her for her significant contribution to the organisation.

Charlotte Tomlinson also stepped down on 19 July 2023 following a two-year term. Charlotte's passion for community and knowledge in this area has helped shape our community engagement work and we thank her for her contribution.

The Board of Trustees are developing a Trustee succession plan and it is their intention to recruit up to 5 further Trustees to broaden their knowledge, experience, and perspectives over the next year. The Board of Trustees understand the importance of self-development and improvement and, as part of this process, have established an appraisal process with the senior independent director leading a 360 degree appraisal of the chair on an annual basis. The chair undertakes performance reviews of the other Trustees once in a three-year cycle.

The Board appointed Ben Norman as senior independent director in November 2019.

Lord Professor Bhikhu Parekh continues to be the company's patron.

Board Diversity

Our commitment to diversity is based on the belief that everyone should have access to high quality creative opportunities and that different experiences and perspectives bring not just richness and relevance but are often what makes art produced in the UK exceptional. The Board is committed to shifting the power of who designs and makes decisions about cultural provision. Based in Hull, which is the 4th most deprived local authority in England, and where a high proportion of the population has low arts engagement, our goal is to increase representation across the board and leadership of people with lived experience of exclusion, in particular experience of socio-economic deprivation and the barriers this creates. AC has such representation on the Board and Executive Leadership team and is committed to increasing representation further.

Absolutely Cultured Limited

Report of the Trustees for the year ended 31st March 2023

Portfolio Responsibilities

The seven Trustees of Absolutely Cultured bring specialisms and experience from all areas of business and the arts which they use to support the company's activity and in line with a smaller scale company. There is also a Finance & General Purposes (F&GP) sub-group which consists of four Trustees and is chaired by Richard Lewis. Their remit is to provide a forum for the Executive Leadership team to discuss matters of strategic and significant importance to the charity before presentation to the main Board. The committee also reviews the annual budget, receives the audit report, appoints financial service providers, oversees financial control, and reviews HR policies and pay.

Related parties and co-operation with other organisations

The Trustees are not remunerated and receive no other benefit from their work with the charity. Any connection between a Trustee or senior manager of the charity with business partners, sponsors or suppliers is disclosed to the full Board of Trustees in the same way as any other contractual relationship with a related party.

Trustees to have held office during the year and up to the date of this report:

| Trustee | Appointed | Resigned | Main Board Attendance out of a possible 4 | F&GP Committee Attendance out of a possible 3 |
|-------------------|-----------|----------|--|---|
| G.F. Allenby | 19/07/18 | 19/07/23 | 4 of 4 | 1 of 3 |
| B.P. Norman | 17/07/18 | - | 4 of 4 | 2 of 3 |
| R Lewis | 13/08/19 | - | 3 of 4 | 2 of 3 |
| Dr K Harker | 14/01/21 | - | 4 of 4 | N/A |
| M Gibson | 14/01/21 | - | 2 of 4 | 1 of 3 |
| Dr C Tomlinson | 14/01/21 | 19/07/23 | 3 of 4 | N/A |
| L Pitcher (Chair) | 08/07/21 | - | 4 of 4 | 3 of 3 |
| J Weldon | 31/3/22 | 19/07/23 | 1 of 4 | N/A |
| L Clarkson | 23/02/23 | - | 1 of 1 | N/A |
| K Wynne-Hague | 14/9/23 | - | 0 of 0 | N/A |

Group Structure

The group consists of Absolutely Cultured Ltd and Absolutely Cultured (Enterprises) Ltd which is a wholly owned subsidiary of the charity and a separately registered company. Absolutely Cultured (Enterprises) Ltd carries out non-charitable trading activities to raise funds for the work of the charity and was incorporated on 14 August 2015.

Separate consolidated financial statements incorporating the results of the charity and the subsidiary have been prepared.

Company Management Structure

During this reporting period, the company was led on a day-to-day basis by a CEO & Artistic Director, supported by a Leadership Team. At the strategic away day on 30 June 2022, the CEO & AD, Stephen Munn, notified the Board of Trustees that he intended stepping down on 31 March 2023. The Trustees used this time to fully evaluate the leadership structure the charity required to ensure a successful transition into an Arts Council NPO and, in February 2023, following a rigorous Trustee-led process, appointed a collaborative Executive Leadership team of a Creative Director, Finance & Operations Director and Development Director. The existing Leadership team being appointed into these roles.

Pay and remuneration of the Executive Leadership personnel is initially set by the Board of Trustees with reference to the company pay scales, market conditions and sector salaries. In line with our Pay Policy, where the Trustees agree an organisation wide pay award, all staff are eligible to receive this, with further individual pay rises assessed against performance management criteria.

Absolutely Cultured Limited

Report of the Trustees for the year ended 31st March 2023

The company structure at 31.03.23

Stephen Munn: CEO & Artistic Director (resigned 31.3.23)

Joanne Norman: Finance & Operations Director (wef 1.2.23) previously Head of Finance and Operations

Janine Crombie: Development Director (wef 1.2.23) previously Head of Development and Communication

Marianne Lewsley-Stier: Creative Director (wef 1.2.23) previously Head of Creative Programme (appointed 1.11.22)

Pay and remuneration of the key management personnel is initially set by the board of trustees with reference to the company pay scales, market conditions and sector salaries. All staff are eligible for an annual cost of living rise were awarded and further pay rises are assessed against a performance management criteria.

CHARITABLE OBJECTIVES

The charity's objects ('Objects') are specifically restricted to the following:

- (1) To advance the education of the general public in the arts and the artistic and cultural heritage of the City of Hull and in particular the arts of performance, music, drama, poetry reading, sculpture, painting, handicrafts and all other associated arts;
- (2) To advance the arts in particular the arts of performance, music, drama, poetry reading, sculpture, painting, handicrafts and all other associated arts, by encouraging public participation in the said arts and by the presentation of concert, performances, exhibitions and festivals provided that the promotion of such festivals and events is undertaken solely for the Public Benefit;
- (3) To promote the arts and heritage for the benefit of the public within the City of Hull in particular but not exclusively by supporting and representing the arts and heritage sector through promotion representation and development;
- (4) To further such other charitable purposes beneficial to the community consistent with objects (1) (2) and (3) above as the Trustees shall in their absolute discretion determine.

Our Purpose

Absolutely Cultured exists to create opportunity and space for amazing creative experiences to happen, for everyone.

Operating from our venue in Humber Street, in Hull's city-centre, as well as in places and spaces across the city and in Hull's communities, we combine Arts Programming, Community Engagement & Learning, and Artist Development to deliver a programme of activity that is accessible, engaging, and fun and aims to increase opportunities for all to engage with arts and culture. Whilst our core focus is contemporary visual art, we work across artforms and sectors to deliver projects that matter and provide creative opportunities for Hull's people as well as those from further afield visiting the city. Working through a partnership and consultation-based approach, we are driven by Place Shaping and Social Impact.

Strategic Aims 2022/23

To deliver our purpose in line with our charitable objects over the course of 2022/23, we adopted six strategic aims:

Aim 1: Programme

Deliver a cross artform and innovative Cultural Programme that responds to the needs of Absolutely Cultured (AC) audiences, artists, partners, and stakeholders.

Aim 2: Financial Resilience – Fundraising Development

Develop a sustainable mixed economy model comprising of successful National Portfolio Organisation application, Local Authority Funds, Fundraising and Eamed Income to support an operating model with a cost base of around £1m.

**Report of the Trustees
for the year ended 31st March 2023**

Aim 3: Financial Resilience – Commercial Development

Develop a balanced programme of commercial activities, leading to profit being generated for the charity and contributing to the diversification of income.

Aim 4: Audience Development and Marketing

Place audiences, diversity, and access central to the organisations plans and delivery, developing new audiences and driving visitors to the venue.

Aim 5: Organisational Development

Develop AC's Human Resources to reflect the current and planned future work of the organisation.

Aim 6: Operational Management

Ensure that the day-to-day operations of the Humber Street Gallery and business are running as efficiently as possible. Ensure a safe environment for staff and customers.

STRATEGIC REPORT

The Board of Trustees is responsible for the strategic direction of the charity. The Trustees delegate authority for all day-to-day management of the company affairs to the Executive Leadership Team. Both Board and the Executive Leaders are committed to maintaining constructive dialogue with other key stakeholders, engaging regularly to understand their perspectives.

The Trustee's primary responsibility is to promote the long-term success of the company ensuring it delivers against its charitable objects and delivers the best public benefit possible. The Trustees, along with the Executive Leadership Team, annually review the budget and artistic policy & programme and monitor the implementation and performance of these throughout the year. There are considerations to external factors such as the economic and political conditions in relation to the arts in general, competition for grants from trusts and foundations and the global pandemic impacting on our audience's ability to access activity. They take the reputation of the company seriously, which is not limited to operating and financial performance, and have committed to diversity and inclusivity across Absolutely Cultured's workforce, own Board membership and the artists we engage with. Within recruitment practices, we actively promote inclusivity through offering applicants the opportunity to apply via recorded application, to propose alternative working arrangements such as job share and have engaged 7 staff through the Government Kickstart scheme giving work opportunities to young people across the company and enabling successful progression into other organisations.

Funding and Income

A key aim (Aim 2) of our business plan for the year, was to apply for and successfully become an Arts Council England (ACE) National Portfolio Organisation (NPO) for the period April 2023-March 2025. This was aimed to constitute around 45% of our planned income level of £1m. This unrestricted funding would support our ambition to evolve the organisation towards an arts centre model delivering a combined arts offer (with a visual art core) from the city-centre and expanding out into communities.

Arts Council England faced unprecedented challenges in allocating funds with the highest number of applicants to the portfolio ever. In addition to this, Hull is not classified as a Priority Place for ACE funding, so we recognise the significant achievement of successfully being welcomed as a new NPO. It must also be acknowledged that, like many arts organisations, we received an award much lower than the amount we applied for, at 42%. Whilst we applied as a combined arts organisation, ACE have specified that the NPO funding is to deliver a city-centre based venue with a contemporary visual arts offer.

This outcome, along with increasing pressures in the wider funding landscape, including on grant funding and local authority funding has meant we have had to rethink the scope and focus of our planned work. Going forward, we are working through plans in line with ACE expectations, to reshape what a city-centre based contemporary visual art organisation could deliver for the wider communities of Hull as well as visitors to the city-centre. Some tough decisions have already been taken and are reflected in this report; and as we take further tough decisions to move AC on towards being able to sustainably deliver outcomes for the public, the Trustees have agreed to continue to invest our reserves strategically to match fund work that can ultimately become funded.

Absolutely Cultured Limited

Report of the Trustees for the year ended 31st March 2023

Project grant funding from ACE for the period April 2022/23, supported the delivery of our contemporary visual arts programme, our physical performance programme and a series of engagement and learning activities. The grant was also to support the organisation's development towards its arts centre ambitions.

Funding from Esmeé Fairbairn Foundation (year 2 of a 3 year agreement) supported our work in two local communities of Gipsyville and Spring Bank as well as a learning programme for people of all ages taking place across Humber Street Gallery and in the communities. This funding also contributed to delivering our Inter_Change artist development programme for emerging local artists. Their support has enabled us to give high quality arts experiences to people who are often excluded from opportunity and to work in partnership with local schools, libraries, and mosques. Esmeé Fairbairn Foundation also increased both this and next year's allocation by 10% in response to the current economic crisis, which we are extremely grateful to them for.

Funding from National Lottery Heritage Fund supported two 15-month long projects in Gipsyville and Spring Bank communities. The projects focused on identifying and exploring local heritage and will culminate in a final event in each area (to be June and July 2023).

Hull City Council provided sponsorship to AC during this period, to support us to deliver the above activities and outcomes agreed with the above funders.

Commercial Income

Another key financial aim (Aim 3) was to develop our commercial income, to diversify income and contribute profit to the charity. Several commercial activities were trialled including wedding, music events, corporate and private hires, paid for creative classes and workshops as well as mindfulness activities such as yoga and tai chi. Between April 2022 and December 2022, the Food & Beverage offer was managed by One M Events Ltd, an external provider and due to low profitability, was brought inhouse in January 2023. As a new venture for AC, and with some required initial investment, the café and bar offer were not yet profitable by the end of the financial year and an options appraisal is being undertaken by the Directors to ascertain the realistic income potential from commercial activities.

Programme

A key aim (aim 1) over the duration of this year was to deliver a cross artform and innovative Cultural Programme that responds to the needs of AC audiences, artists, partners, and stakeholders. Strands of activity were Arts Programming, Community Engagement & Learning and Artist Development.

Arts Programming - Contemporary Visual Art (CVA):

The year-round programme attracted 42,833 visitors to the Humber Street Gallery venue. In addition, The Luminarium installation, in Hull's Pearson Park was sold out with 6,429 attendees from across all postcodes in Hull as well as visitors from other parts of the UK. The following CVA projects were delivered.

Haminder Judge 'Ankles Absorbing Ash' in partnership with Sunday Painter, London, ran between 27.04.22 and 26.06.22. Abstract transportive sculptural painting which simultaneously referenced Indian neo-tantric painting.

Inter_Change Showcase, ran between 20.04.22 and 31.06.22. A group exhibition and performances by participants of the Inter_Change artist development programme 21/22. The showcase featured work by Anthony Attwood, Claire Holditch, Emily Oetegenn, George Welch, Luke Beech, Natasha Monfared, Pheobe Riley Law, Raelle Marshall, Sean Azzopardi and Tonks.

Harold Offeh 'Hull Television Workshop' ran between 29.06.22 and 25.08.22. Groups of participants from Hull's communities, including young people, people with disabilities, refugees and asylum seekers collaborated with the artist in facilitated sessions led by local artist Stewart Baxter. The groups explored their relationship with Hull. Participants created Hull Television workshop episodes of film, music, documentaries which were shown at the end of the project.

**Report of the Trustees
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'The Luminarium' by Architects of Air was presented in Pearson Park in July. The location was selected due to its proximity to the Spring Bank community where we regularly work. An immersive family-friendly installation, taking inspiration from natural shapes such as soap bubbles, plant formations and organic cells, the interactive sculpture gave visitors the unique opportunity to enjoy a few minutes of mindfulness. Inspired by Islamic, Gothic and Modern architecture, it combined intricate engineering with joyful visual design to create a truly sensory experience. The installation replaced a planned commission by Morag Myerscough in the city-centre, which wasn't able to go ahead due to rising costs. The Luminarium attracted 6,429 visitors over five days which was maximum capacity. The income target was £9,000 from ticket sales and it achieved £14,800. The work was popular with local residents as well as visitors from further afield, including Doncaster, York, Milton Keynes, Nottingham and Oxford. 33% of pre-booked tickets were for under 5-year-olds, who could attend for free. Residents from postcodes of high socio-economic deprivation were well represented in the visitor audience.

"As a family, we enjoyed the visual aspect, and our little ones found all the spaces fascinating, and the fact it was just from the light outside, creating the colours inside, they found intriguing, so sparked up an interesting artistic conversation." – Anonymous Audience Member on Feedback Form

Bloomberg New Contemporaries (BNC) in partnership with New Contemporaries and Ferens, ran between 22.09.22 and 23.11.22. The show took place across Humber Street Gallery and Ferens Art Gallery. After opening in Hull, it then toured to South London Gallery. The show featured work by 47 recent graduates. It was delayed from the original date in September 2020 due to Covid.

The exhibition was a great opportunity for us to work in partnership with New Contemporaries and Ferens Art Gallery and to create a public engagement programme with Feral Art School, Artlink, and Ferens. It provided graduate artists from outside Hull an opportunity to engage with Hull artists and new networks and connections were made as a result.

Kirsty Ogg, Director, New Contemporaries – *It's been really brilliant collaborating with you on the show and I am so glad that we did wait until 2022 to do the show 'properly'!*

HSG Open Calls took place in and around the gallery public spaces over the course of the year. 12 artists were selected across 2 separate exhibitions.

Lou Lou Sainsbury 'Earth Is a Deadname' in partnership with Gasworks, London, ran between 14.12.22 and 26.03.23. The show consisted of a constellation of works that sought to re-imagine transgender experience and explored themes of queer identity.

Oliver Ressler 'Climate Feedback Loops' ran between 20.01.23 and 02.04.23. The show featured a sound and moving image installation made from recordings of the collapse of the Arctic. Explored themes of climate crisis and social resistance. This installation was co-commissioned by Absolutely Cultured and Donaufestival. It received support from BMKOES.

Arts Programming - Physical Performance:

As part of the Arts Council England (ACE) 2022/23 Project Grant a physical performance programme was piloted that presented the work of Kristin McGuire & Nikki Rummer, Motionhouse Dance Company, and The Tom Dale Company (delayed event took place in April 2023). The pilot programme intended to explore the appetite for a regular physical performance programme in Hull in partnership with local venues and local and national partners to share risk. The three pilots attracted audiences of 994 from across all Hull postcodes.

A double Bill of Triptych by Kristin McGuire and Unbroken by Nikki Rummer took place on 31.05.22 and 01.06.22 in partnership with the University of Hull. *"Triptych"* by Hull artist Kristin McGuire, was a series of three short choreographies that explore pole dance as an art form, which requires a great deal of sensuality, physical strength, balletic elegance, and gymnastic grace. The performance incorporated mapped projections that evolved as the dance progressed across the performance area. *Unbroken* was the debut solo performance by physical theatre and circus artist, Nikki Rummer. Combining her talent for storytelling and her unique movement language inspired by her acrobatics, gymnastics, and capoeira practice, Rummer told a very personal story with universal resonance.

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Nobody: A Dance-Circus adventure by Motionhouse Dance Company took place on 24.11.22 in partnership with Hull New Theatre. Curtain raiser workshops took place involving 20 participants from colleges in Hull. Multimedia dance-circus production **Nobody** was fast-moving and highly physical, and explored the tension between our inner lives and how we make sense of the world around us.

Motionhouse's unique dance-circus style combined with digital projections and a shape-shifting set, transformed the world onstage – a world of illusion and breath-taking spectacle packed with visual magic where nothing was quite as it seemed.

SUB:VERSION and SURGE, presented as a double bill by Tom Dale Company. In partnership with Hull Truck Theatre, this delayed performance took place just into April 2023.

SUB:VERSION was a new group dance piece by Tom Dale Company. Using music from WEN's album *Ephemera*, it was a series of electronic dance studies – an elegant exploration of movement and melody, space, and form, full of temporal pauses – exploring the connections between transient and momentary experiences.

SURGE was a collaboration between Tom Dale Dance Company, performer Jemima Brown, digital media artist Barret Hodgson of Vent Media and British electronic artist Ital Tek. An immersive, audio-visual, genre-breaking performance, and exclusive new music. Tom Dale brought to life a duet between dancer and animated light in a gripping kinesthetic relationship. A character pushed to their limits to 'feel' – to 'sense' – to 'exist'.

Audience evaluation across the pilot programme showed there is a potential audience for this work in the city with comments recognising there is no regular programming taking place. 48% of audiences said they had not attended a dance performance before. 92% said they would attend in future.

A common theme in feedback was enjoyment of the digital art interspersed with the performances, featured in all three shows. Triptych - Double Bill audience member - *'Totally loved the integration of the projections. Stunning movement and storytelling in what appeared, at first glance, a limited place. Totally impressive all round and great sound design too.'* All shows had accompanying education strands and 'meet the artist talks' post show.

As part of AC's rethink of its scope following the NPO decision and other funding challenges, the difficult decision has been taken to cease the delivery of Physical Performance programming. We will, however, continue to look for opportunities to bring dance and related physical performance to the people of Hull, for instance in partnership with other organisations.

Community Engagement & Learning:

Since 2018/19, AC has been working with communities in Spring Bank and Gipsyville to deliver arts projects that respond to the specific needs and wants of residents. Past projects included the renovation of Peel Street Park in Spring Bank. Resident consultation told us that there was a desire for outdoor green space, but the park was previously not used due to feeling unsafe, equipment being neglected, and it being used by drug dealers and drug users. Working with residents, local partners, and volunteers, we delivered creative projects aimed to address these issues. We worked with partners including the local authority and the police to clean up the area, bringing it back into use with new play equipment and giving the area personality by introducing planting, commissioning artists to improve the park area with bespoke designs on the play equipment and a 'Peel St Park' mural identity. We delivered regular celebratory music and art events which attracted large numbers of residents and encouraged people to use the space and get to know each other. In Gipsyville an example of a project was Imagination Alley. *A mural spanning 120 metres created with residents in a neglected street of The Shires.*

2022/23 was year two of a three-year pilot to implement regular arts programming and learning and participation opportunities (informed by consultation with residents) that could in the longer-term become led by members of the community themselves.

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The Gipsyville programme, based in Gipsyville Library saw 2,700 people attend a range of weekly creative workshops, co-production sessions, heritage tours, coffee, and chats. 118 residents took part in the Lantern Parade and 177 residents took part in the Christmas Tree switch on and carol singing. 50 Coffee & Chat sessions took place with many returning attendees. A highlight of the year was the Gipsyville Community Lantern Parade in November 2022 with 118 people taking part in the procession round the streets of the 'Shires'. The Middle Child performance heritage project (funded by National Lottery Heritage Fund) began which will be ongoing through to June 2023.

Spring Bank has seen slower progress with engagement sessions not gaining as much traction this year with resident engagement levels much lower since having to scale back during the peak of Covid-19. We have identified several reasons for this:

Location: As a result of resident consultation indicating the need for an indoor venue, we moved from a familiar outdoor space where residents had become used to seeing us and were beginning to regularly use (Peel Street Park) to an unfamiliar new indoor location, a slight distance and across a main road. This move proved to not work for us or the residents in practice.

Activity: Moving to an indoor venue which needed regular activity to attract interest, resulted in a shift in the type of activity from primarily outdoor projects to indoor activities. Despite the activities being designed with community input, this change hasn't proved popular.

New groups: As a result of the work we delivered in Peel Street Park, the community, and a new community group – the Peel Project – regularly use the space with Peel Project now being based in the park. By making the existing facilities usable, showing what was possible and developing an audience, we believe we created the conditions needed for groups like this community-led group to emerge sooner than planned. Whilst an indirect success, there's now a need to reflect and adjust what is needed from a cultural programming point of view.

These changes, along with rising costs and operational issues with our premises in the area, led to a decision to terminate the lease agreement in February 2023 and to pause regular activity in the area as we reassess the need. Relevant funders being kept up to date on progress. An artist in residence project in Pearson Primary School and the NLHF co-created programme continued.

Artist in residence: Local artist Esther Cawley worked with 30 children between 01.02.23 and 31.03.23, in Pearson Primary school in Spring Bank. The children explored themes of self-identity, through a variety of art techniques including sculptural line drawing with wire, portrait drawing and painting exploring the effects of light and dark, colour contrast. The project culminated in an exhibition held at the school and will be presented in Humber Street Gallery in Summer 2023.

Artist talks, workshops:

As well as engagement and learning taking place within community settings, we ran a year-round programme of workshops and events at Humber Street Gallery.

Thursday Lates: One Thursday a month, Humber Street Gallery showcased new commissions responding to the exhibitions on display in the venue. Art inspires art and these monthly events take many forms; dance, music, spoken word, performance art and more. This year artists commissioned to respond to the exhibition programme included the Roaring Girls, Emily Oetegenn, Anna Bean and her sideshow, Wonderland as well as Gareth Chambers. HSG Thursday Late Programme included: An Evening with Emily Oetegenn, Bluebeany and Sideshow Wonderland present "Disco Mystical" and The Big Draw.

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Artist Development:

INTER_CHANGE, is an artist professional development initiative which evolved from 2 previous programmes Hull Independent Producer's Initiative (originating in 2016) and Fruit Factory Network (a programme for visual artists which originated in 2018). This year, in its fourth year as Inter_Change, a core cohort of 12 creative practitioners, curators, producers, and physical performers at the early stages of their career participate. The cohort benefited from support including mentoring, peer to peer sessions and exchange visits with other creatives and organisations in the North of England. The programme culminates with an exhibition in Autumn 2023/24.

Alongside the Physical Performance Pilot Programme, Tom Dale Company Education delivered a project with Hull College Dance Students and Motionhouse delivered a Professional Class in partnership with Hull Dance.

Audience Development and Marketing

A key aim (aim 3) was to place audiences, diversity, and access central to the organisations plans and delivery, developing new audiences and driving visitors to the venue.

As is the trend with many other arts venues and museums, audience attendance in Humber Street Gallery hasn't yet returned to pre-Covid levels, though we are seeing audiences begin to steadily return with 42,833 visits between April 2022 and March 2023. The Luminarium installation in contrast saw tickets sold out with 6,429 attendees from across all postcodes in Hull as well as visitors from other parts of the UK. We piloted new work through the Physical Performance Programme which saw attendance from residents in every postcode of Hull.

A robust audience development and marketing plan was implemented which saw a shift towards seasonal planning to ensure opportunities to generate awareness were optimised. Audience consultation features highly as a priority for AC with many projects involving co-creation with audiences and regularly seeking feedback through evaluation. Going forward, it is our intention to embed this approach even further with plans to further increase audience involvement in decision-making as well as increasing representation of our audiences within the organisation. In particular across Board and Executive Leadership.

Looking Ahead

Following the outcome from the NPO decision and in response to the challenging funding landscape, Absolutely Cultured has been reshaping and re-invigorating its purpose, developing lower cost business models, and reviewing our venue needs. Whilst challenging, this is also a great opportunity to focus its activities on the visual arts and deepen its work with communities. The work will continue to contribute to the cultural ecology of Hull through strengthening the role that contemporary visual art can have for Hull's communities and artists as well as the economic benefits a centrally located, high quality CVA offer can bring.

Absolutely Cultured (AC) with its increased focus on CVA, has an exciting and flexible offer that fits well with the cultural mix in Hull. It can achieve in time a successful and sustainable mixed economy model. However, it should be stressed that the sustainability of AC is by no means certain and will rely on us remaining adaptable and responsive to opportunities that arise. Public funding for arts and culture is under threat and the value of art in places like Hull is being questioned as budgets are under pressure and priorities heightened. Our focus remains on continuing to deliver real value, within the financial and resourcing constraints we face. In addition to grant funding, cross sector partnerships that can stimulate innovative ways of responding to local challenges and opportunities, bringing in funding that otherwise wouldn't be accessed, is key to developing this opportunity. We will work constructively with partners at local, regional, national, and international levels.

We will focus on our commitments to support the delivery of the ACE Lets Create Strategy, embodying the Investment Principles, delivering against Hull's soon to be revised Cultural Strategy, as well as delivering against the aims and outcomes set out in strategies of those funders who we align well with.

**Report of the Trustees
for the year ended 31st March 2023**

2023/24 Plans

- Exhibitions include: Hetain Patel, Luke Beech, Bruce Asbestos, Juneau Projects, Interchange Showcase 22/23 cohort.
- Delayed Performance: Tom Dale Dance Company in partnership with Hull Truck will take place in April.
- Middle Child Theatre Company - Gipsyville Heritage project.
- Handmade Parade - Spring Bank Heritage Project.
- 80 community workshops.
- 12-month Artist Residency in a school or community setting
- 10 Masterclasses on professional practice.
- 2023/24 Inter_Change artist development programme with culminating showcase planned for 24/25.
- Implementation of agreed business model.
- Embedding the collaborative leadership model and building on the opportunities it can bring. For example: in opportunities for increasing diversity in leadership.

Current External Landscape

The environment in which we operate is uncertain and whilst, as a relatively young organisation, we have had some unique challenges in our history, we are far from unique in being impacted by this. A strength our own history presents is that we are an adaptable organisation that has shown it can navigate change and be resilient.

For cultural organisations to thrive, being tapped into the needs and priorities of place is essential for continuation and growth. Public funding for the arts is shrinking, trusts and foundation funding is more competitive than ever before. Whilst funding and political uncertainty will undoubtedly impact the cultural sector, the role of arts and creative organisations in cities and places and in how the country presents itself to the world has never been more important. At a local level, levelling up funding is being earmarked for skills and capacity development to drive economic growth.

8 organisations in Hull successfully became NPO's for the period 2023-26. 4 of which are new to the portfolio but had previously received ACE funding through other funding streams. Absolutely Cultured Ltd being one of the new organisations to join this year. Two other organisations in the city are no longer part of the portfolio. Overall funding into Hull via the NPO funding stream increased by over £1m compared to the last round. These changes enable opportunities for collaboration and partnership working across the various artforms and locations of the organisations in the city. There is clear opportunity for a more collaborative approach across sectors and across creative sectors particularly. Following the outcome of the NPO decisions, AC initiated conversations with several other Hull-based arts/culture organisations and has strengthened opportunity for collaboration with Artlink and Back to Ours in particular.

Locally, Hull and East Riding councils are in the process of agreeing a devolution deal looking to secure a combined authority which may present opportunities for a more joined up approach to culture and place.

The local authority is developing a new Cultural Strategy by working with the Hull and East Riding Cultural Compact (now called HEY Creative) and Local Economic Partnership. There is a growing interest in developing deeper cultural partnerships with North Lincolnshire organisations with investment such as the Cultural Development Fund boosting activity especially around Grimsby and Scunthorpe.

Employees

There is an understanding of the importance of the company's employees to the longer-term success of the Charity.

In line with the previous year, the Trustees took a strategic view of pay and reward in this reporting period, acknowledging that economic factors were continuing to be very challenging and considered various options to support its employees. Taking into consideration the charity's financial position, a decision was made to award all staff an additional one-off cash payment above the annual organisation pay award in order to support them with the rapidly rising inflation.

We continue to offer flexible working to our non-venue team, allowing staff members to work a mix of in the office and home working in response to staff requests. Staff report this flexibility ensures a good work life balance is maintained and improves their productivity.

Absolutely Cultured Limited

Report of the Trustees for the year ended 31st March 2023

The company regularly communicates with its employees through team meetings, team wide e-mails and one to ones. Trustees are invited to team meetings to foster open relationships with employees. An annual employee survey is undertaken to allow for honest feedback about their experience working at Absolutely Cultured. These surveys are shared and reviewed by the Board and Executive Leadership team. Staff engagement is high with most employees completing the latest survey.

Staff training is important to support both the continual skills development of our team to deliver our programme of activities and to give them the skills to further develop their careers externally (Aim 5). We develop training plans through staff appraisals and implement a training plan each year. This year there were 25 staff training sessions across multiple activities plus our Management and Executive Leadership teams received leadership training individually and as a collective.

Our Buildings and Operations

We operate from premises in Humber Street, Hull where we present our visual art exhibition programme, supporting programme and commercial activities including a café and bar and small shop. We have robust health and safety measures in place ensuring staff and customers have a safe environment to work and visit (Aim 6). Maintenance is regularly undertaken to ensure equipment is running effectively and have systems in place to ensure operations run smoothly.

All activity undertakes a robust risk assessment with controls and risk measures put in place to ensure public and staff safety.

Funding Partners

As a charitable company, the company's funding partners are significant stakeholders. Relationships with these Partners are held at all levels across both the company and the funding partner's organisation.

Regular meetings are held with the main funders to ensure they are fully conversant with the planned programme of creative events, impact on grant funding and impact on the community at large.

The company's major stakeholder is Arts Council England, and, as part of our funding agreement with them, they are invited as an observer to the company Board meetings and to sit on working groups relating to organisational development and change. They also participated in the recruitment process for the new leadership team.

We are currently engaged in a funding partnership with Esmeé Fairbairn Foundation which, whilst subject to a new application and agreement, we hope will be able to continue in future years.

Funding from trusts and foundations, whilst competitive, will be an important source of income for us. We will aim to secure funding partnerships with the larger trusts and foundations who align strongly with our purpose. In addition, we will aim to secure funding from a wide range of small-medium sized funders in order to deliver our aims.

The National Lottery Heritage Fund (NLHF) has supported a number of AC projects. We plan to continue to seek support from NLHF where projects are identified as having strong alignment.

Hull City Council (HCC) are an important partner for AC, from a funding as well as sector development and delivery perspective. We will continue to work together to deliver our agreement with them, to deliver cultural activity which responds to the needs of Hull in the best way possible and supports the delivery of the Cultural Strategy.

Public and Community at Large

The Company objectives are charitable by their very nature, being that Absolutely Cultured Limited is established as a Charitable Company. All activity is directed towards being of public benefit and most of the activity is free to access or pay what you can for all.

**Report of the Trustees
for the year ended 31st March 2023**

Local Context:

Hull has seen a significant economic decline since the 1970s due to the loss, contraction and reconfiguration of the city's industrial and maritime functions resulting in high levels of unemployment and deprivation. The city is the fourth most deprived local authority in the country according to the 2019 English Index of Multiple Deprivation and 45% of Hull neighbourhoods are in the 10% most deprived in England. Health inequalities are dramatically evident even between neighbouring communities with life expectancy over 10 years less in some parts of Hull than other wards within the city boundary. This is backed up by a worrying catalogue of social statistics that really demonstrate the need for arts and culture to be part of a citywide initiative to tackle these issues. In Hull:

- 33.4% children under the age of 16 years live in low-income families, compared to 18.5% nationally.
- The most recent ONS data (2022) showed Hull has a higher proportion (21.7%) of residents identifying as having a limiting disability compared to England as a whole (17.7%).
- 25.3% of Hull residents have no qualifications compared to 18.1% in England as a whole.
- In a recent GP Patient Survey (2021/22), 11.3% of Hull residents reported a long-term mental health problem and 15.9% reported depression and anxiety (both higher than England – 9.9% and 13.7% respectively)

Significant public and private sector investment has gone into the city in recent years, to improve resilience to climate change, to improve Hull's connectivity, including our highways capacity and digital capabilities, into our university, our schools, the city centre public realm, our leisure and culture. Despite typically low engagement in the arts by Hull residents, 95% said they participated in at least one cultural activity during Hull's city of culture 2017 tenure and whilst maintaining this level of engagement in the years since with a much-reduced sector capacity and funding landscape, evidence across the sector is that the appetite for cultural engagement is still there.

Trustees recognise the positive health and wellbeing benefits of engaging with arts and culture, the important role creative engagement plays in children's educational attainment and life prospects and the role of a healthy cultural offer on the economic prospects of a place. As part of the reshaping of the organisation, AC will explore how contemporary visual art projects in particular can unleash the potential of the people of Hull and help to respond to some of these challenges.

Suppliers

The Trustees appreciate the importance of Absolutely Cultured suppliers in delivering the long-term plans of the company. We work with many local independent creative practitioners and are invested in supporting them to continue to work in the sector. Many rely on timely payment of invoices to live. The company pays its suppliers via twice monthly payments to ensure all invoices are paid within a maximum of 30 days from when they are received.

Environmental Sustainability

Trustees understand the role of arts and culture in making use of all its assets to increase awareness and advocate for change on environmental issues as well as delivering on our own moral and social responsibility as an organisation to ensure our output doesn't have a negative impact on the environment. Hull with its proximity to water is particularly vulnerable to climate change yet the Humber region has the highest carbon emissions in the country. AC aims to be environmentally conscious in all its strategic and operational outputs. The Trustees realise that this is an area where we need to invest and improve within the constraints of our funding environment.

We are a partner in Hull's Oh Yes Net Zero campaign where we have pledged to contribute to the Hull and Humber region leading the way on becoming net zero. We have a vegan and vegetarian only offer in our café venue and have signed up to a sustainable palm oil pledge. We buy local where possible and moved to a paperless finance system. We reuse and recycle materials for exhibitions. We actively programme work made by artists who tackle environmental themes and have a history of co-creating and commissioning work which raises awareness about the relevance and importance of climate action for Hull in particular.

Absolutely Cultured Limited

Report of the Trustees for the year ended 31st March 2023

We have had a Display Energy Certification Review undertaken to bench mark our current environmental impact and have been assessed at a B (35) which is a good standard. Improvements suggested would have relatively small impact to improve this but high cost to the charity.

The Trustees have further ambitions to reduce the company's carbon footprint by reducing its use of energy and mains water, reducing waste going to landfill, and to implement environmentally sustainable activities such as ensuring we power down when the building is not occupied, increasing our buy local activity to reduce transport impacts, creating a green roof to reduce heating costs and moving to a brown water collection system to reduce mains water usage.

The company is registered with Creative Green Tools, a set of online tools designed for the creative industries created by Julie's Bicycle, to measure the environmental impacts of cultural buildings, offices, outdoor events, tours, and productions. This needs further work to embed and will aid the Trustees in setting realistic KPI's to be agreed and implemented over the medium and long term and will form part of the regular reporting to the Board.

Covid

As the country has moved on from the intense level of restrictions during the pandemic, we have now fully reopened our exhibition spaces and café. The good systems of cleanliness and practice of self-isolating should anyone contract Covid 19 within the staff team are now embedded into our working practices and any disruption from this is now minimal.

During the year we have had staff who have had covid and have self-isolated. Good communication regarding events and programme helped to keep the disruption to our delivery model as low as possible.

Having established good systems for remote working, staff who were required to self-isolate were able to continue working remotely further reducing any impact on output.

Going Concern

As Trustees, we are required to review and comment whether the charity is a going concern and to the effect have looked at the organisation's cash flow, budgets and level of unrestricted reserves. We have taken advantage of the grants that were made available to us by the national and local governments and taken some tough decisions regarding use of charitable funds.

With a prudent approach, we consider the extent of the charity reserves, without any additional income from grants or trading activities, to be sufficient to cover all operating costs of the charity until at least March 2025 and therefore we consider that the financial statements be prepared on the going concern basis of accounting.

Financial Performance

The Trustees agreed the strategic plan and budget at the start of this reporting period with an agreement to underwrite a deficit up to £621,035 from our unrestricted reserves to ensure continuation of activity whilst we made our application to become an NPO. Due to operational changes through the period along with notification that the NPO grant was significantly lower than applied for, expenditure savings were made across various areas resulting in a lower figure being underwritten from our reserves.

Total income for the year, including donations in kind and investment income was £549,172. This was applied towards the planning and delivery of the year across all activity areas. In total this expenditure amounted to £994,545.

The above resulted in an excess of expenditure over income for the year of £445,373.

When deducted from the accumulated surplus from prior periods, there remains unrestricted funds of £1,222,638.

Like many arts organisations, we are reliant on grant funding as a significant funding source and continue to face the challenge of accessing such funding from the main funders. Following the pandemic, many trusts and foundations are experiencing increased demand at a time of increased overall need and have adjusted their criteria for funding with a greater emphasis on impact for communities and supporting areas of high deprivation.

**Report of the Trustees
for the year ended 31st March 2023**

We have currently secured £200,000 ACE NPO funding per annum over 3 years, will be entering the third and final year of the 3-year funding agreement with Esmeé Fairbairn Foundation at £72,600. In addition, we have secured funding from National Lottery Heritage Fund which spans into financial year 2023/24 and £40,000 in sponsorship from Hull City Council.

The Board acknowledge that, whilst successful in our ambition to become an NPO, the funding was significantly lower than applied for and the Executive Leadership are working on a transition model to a more sustainable operation. To achieve this, the Board have agreed strategic use of the unrestricted reserves this year to meet the current commitments and develop a programme of activities that can become financially sustainable through funding partnerships.

We have developed a fundraising strategy which is currently being revised in response to the changes to AC's business model and refocusing of purpose. Commercial income potential is being explored further as we aim to increase income through our café bar, merchandise, classes, space hire and commercial sponsorship. In January 2023, the café bar moved to an in-house facility having previously been outsourced. This has given us greater control but has brought financial challenges due to the start-up nature of the enterprise.

The funding landscape continues to be very challenging. We are responding to this with continuous review and development of the programme of activity to ensure our work is of the highest standard and has the greatest public benefit possible. We are also developing a new business model which allows us to focus resources and budget where it can achieve the best outcomes.

Principal Risks and Uncertainties

The principal risk to the organisation is its financial sustainability, the funding landscape is extremely challenging, and our programme is diverse, requiring significant staff resource. This is inherited from our diverse strands as the City of Culture and is being addressed through the current strategic planning. The pressure on budgets through the recent rapidly rising inflation has added to this uncertainty.

Whilst the imminent threat from the Covid 19 pandemic is significantly reduced, we continue to adhere to the latest Government COVID-19 Guidelines: COVID-19 Response: Living with COVID-19. The government's plan for removing the remaining legal restrictions while protecting people most vulnerable to COVID-19 and maintaining resilience. We have asked staff to work from home if they show symptoms and to take a Covid test only returning to the workplace when a negative test is achieved. Hand sanitiser is available throughout the venue with facemasks available on request for staff.

As part of our ongoing risk assessments, we have built in considerations around adjustments for living with Covid, ensuring numbers are managed, ventilation is good and people attending feel comfortable and safe.

The Management of Risk

The Trustees recognise their duty to identify and review risks to which the Charity is exposed and to ensure appropriate controls are in place to give assurance against error and fraud. The company has well managed appropriate management and governance procedures with a systematic programme of review in place. A comprehensive risk register is maintained and updated to reflect live risks, with risks owned and managed by the relevant Director. Risks and their mitigating actions are reviewed at the quarterly Risk Management meetings by the Executive Leadership and quarterly at the Finance & General Purpose meeting with main risks reported to the full Board meeting of Trustees quarterly. A copy of the full risk register is also shared with several the company's key funders.

In order to refocus the organisation's business model into one which continues to deliver the most public benefit possible and within our newly defined remit, the Executive Leadership have carried out a full review of the organisation, developing an options appraisal for the Trustees to review and agree on a future model. Dialogue with our main funding partners has been ongoing and the Trustees have been kept apprised of all developments and the impact of these on our financial resilience and requirement to utilise unrestricted reserves. Our fundraising strategy and action plan is being revised and the senior team are currently working on these to achieve a positive outcome for the organisation.

Each public facing activity undertaken by the company requires an event plan to be undertaken whereby all risks including health & safety and safeguarding are assessed and appropriate plans put in place.

Absolutely Cultured Limited

Report of the Trustees for the year ended 31st March 2023

Policies on Reserves

The charity's policy was updated to reflect current best practice and statutory guidance and approved at the full Board meeting on 23 February 2023. The policy looks at: -

- How the NPO outcome at a lower level than planned for impacts the planned programme over the next three years.
- The implication on match funding applications where the Arts Council funding is £200,000 rather than the £475,000 applied for.
- The implications of the current funding landscape and the charity's ability to raise grant funding to the levels required in the short term to fund ongoing activities.
- The charities' strategic objective to retain NPO status in the 2026 round with a robust growth model and the resources needed to sustain and develop the organisation over the next three years to achieve this.
- The capital investment required to support the strategic plans including, but not limited to, investing in space and equipment to deliver activities, environmental improvements to existing spaces, costs developing and launching a new brand, costs of evaluation that demonstrate the impact of any projects which reserves are invested into with a view to achieving future funding for them and staff training and development.
- What costs have been committed and would need to be honoured if the charity failed to achieve match funding income targets. This includes salary and redundancy costs, contracts for services and general running costs including exit costs.

The Trustees have established that a reserve of £242,768 is required to meet ongoing commitments and cover timing differences of receipts and designated reserves of £1,028,122 are required for planned activity not included in the operational budget. The Trustees are aware that the current reserves are below this level and plans are being drawn up as part of the strategic planning to address this. This will primarily focus on reducing the future forecast funding deficits.

| Designated Reserve | £ |
|--|------------------|
| Match funding for grant funding applications | 300,000 |
| Capital & Environmental Improvements projects fund | 80,000 |
| Brand development and new website | 25,000 |
| Evaluation for Projects in development | 20,000 |
| IT Infrastructure & Digital Capacity | 20,000 |
| Staff Training and Development Fund | 36,000 |
| Enhanced parental leave pay fund | 15,341 |
| Financial Contractual Liabilities | 137,485 |
| Strategic use of funds to support organisation 23-26 through to next NPO application cycle | 394,296 |
| Total Designated Reserve 31/3/23 | 1,028,122 |

Public Benefit

The Trustees are of the opinion that the nature of the Charity's activities and the geographical area over which it operates are such that it fulfils the public benefit criteria as specified by the Charity Commission. Further, the Trustees confirm that they have complied with the duty in Paragraph 17(5) the Charities Act 2011 with regard to following guidance published by the Charity Commission in connection with public benefits.

**Report of the Trustees
for the year ended 31st March 2023**

Statement as to Disclosure of Information to Auditors

So far as the trustees (in their capacity as directors of the charitable company) are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware and each trustee has taken all the steps that he or she ought to have taken as a trustee in order to make him/herself aware of any audit information and to establish that the charitable company's auditors are aware of that information.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Absolutely Cultured Limited for the purposes of company law) are responsible for preparing the Report of the Trustees 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company 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 charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, Smailes Goldie, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the board of trustees on 14th September 2023 and signed on its behalf by:



Trustee

Report of the Independent Auditors to the Trustees of Absolutely Cultured Limited

Opinion

We have audited the financial statements of Absolutely Cultured Limited (the 'parent charitable company') and its subsidiary (together the 'group') for the year ended 31st March 2023 which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Consolidated Cash Flow Statement 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 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 group's and of the parent charitable company's affairs as at 31st March 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 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group 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.

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 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 trustees are responsible for the other information. The other information comprises the information in the trustees' annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 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 or a misstatement of the other information. 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 (incorporating the strategic report and the directors' report) for the financial year which the financial statements are prepared is consistent with the financial statements; and;
- The strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Trustees of Absolutely Cultured Limited

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 its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' 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's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' 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, 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 group's and the 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 the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Our 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 a Report of the Independent Auditors 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.

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

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was focused on specific laws and regulations which we considered may have a direct material effect on the charity only and consolidated financial statements or the operations of the charitable company and the group, including the Companies Act 2006, the Charities Act 2011, tax legislation, data protection, anti-bribery, employment, fundraising regulations and health and safety legislation. An understanding of these laws and regulations and the extent of compliance was obtained through discussion with management and inspecting legal and regulatory correspondence.

Report of the Independent Auditors to the Trustees of Absolutely Cultured Limited

We assessed the susceptibility of the charitable company's and consolidated financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by making enquiries of management and considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

We assessed the susceptibility of the charitable company's and consolidated financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by making enquiries of management and considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing charity only and consolidated financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with relevant regulators and the charitable company's legal advisors.


Due to the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission, or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

This report is made solely to the charitable company's trustees, 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 trustees those matters we are required to state to them in an auditors' 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.


Stephen Bramall BSc FCA (Senior Statutory Auditor)
For and on behalf of Smailes Goldie
Chartered Accountants
Regent's Court
Princess Street
Hull
East Yorkshire
HU2 8BA

14th September 2023

Absolutely Cultured Limited

Consolidated Statement of Financial Activities (Incorporating income and expenditure account) for the year ended 31st March 2023

| | Notes | Unrestricted fund £ | Restricted fund £ | 2023 Total funds £ | 2022 Total funds £ |
|------------------------------------|-------|---------------------------|-------------------------|-----------------------------|-----------------------------|
| INCOME AND ENDOWMENTS FROM | | | | | |
| Donations and legacies | 2 | 35,818 | 380,894 | 416,712 | 770,708 |
| Other trading activities | 3 | 47,249 | - | 47,249 | 49,163 |
| Investment income | 4 | 5,494 | - | 5,494 | 187 |
| Other income | | <u>79,717</u> | <u>-</u> | <u>79,717</u> | <u>90,721</u> |
| Total | | 168,278 | 380,894 | 549,172 | 910,779 |
| EXPENDITURE ON | | | | | |
| Charitable activities | 5 | | | | |
| Partnerships & Development | | 73,882 | 45,786 | 119,668 | 81,656 |
| Marketing & Communications | | 142,874 | 89,989 | 232,863 | 139,408 |
| Programme & Delivery | | <u>396,895</u> | <u>245,119</u> | <u>642,014</u> | <u>940,474</u> |
| Total | | 613,651 | 380,894 | 994,545 | 1,161,538 |
| NET INCOME/(EXPENDITURE) | | (445,373) | - | (445,373) | (250,759) |
| RECONCILIATION OF FUNDS | | | | | |
| Total funds brought forward | | 1,668,011 | - | 1,668,011 | 1,918,770 |
| TOTAL FUNDS CARRIED FORWARD | | <u>1,222,638</u> | <u>-</u> | <u>1,222,638</u> | <u>1,668,011</u> |


CONTINUING OPERATIONS

All income and expenditure has arisen from continuing operations.

**Consolidated Balance Sheet
31st March 2023**

| | Notes | Unrestricted fund £ | Restricted fund £ | 2023 Total funds £ | 2022 Total funds £ |
|--|-------|---------------------------|-------------------------|-----------------------------|-----------------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 11 | 23,268 | - | 23,268 | 28,009 |
| CURRENT ASSETS | | | | | |
| Stocks | 13 | 2,769 | - | 2,769 | 1,654 |
| Debtors | 14 | 121,015 | - | 121,015 | 195,382 |
| Cash at bank and in hand | | <u>1,160,535</u> | - | <u>1,160,535</u> | <u>1,537,913</u> |
| | | 1,284,319 | - | 1,284,319 | 1,734,949 |
| CREDITORS | | | | | |
| Amounts falling due within one year | 15 | (84,949) | - | (84,949) | (94,947) |
| NET CURRENT ASSETS | | <u>1,199,370</u> | - | <u>1,199,370</u> | <u>1,640,002</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 1,222,638 | - | 1,222,638 | 1,668,011 |
| NET ASSETS | | <u>1,222,638</u> | - | <u>1,222,638</u> | <u>1,668,011</u> |
| FUNDS | 17 | | | | |
| Unrestricted funds | | | | 1,222,638 | 1,668,011 |
| Restricted funds | | | | - | - |
| TOTAL FUNDS | | | | <u>1,222,638</u> | <u>1,668,011</u> |


The financial statements were approved by the Board of Trustees and authorised for issue on 14th September 2023 and were signed on its behalf by:


.....
L Pitcher - Trustee

Charity Balance Sheet
31st March 2023

| | Notes | Unrestricted fund £ | Restricted fund £ | 2023 Total funds £ | 2022 Total funds £ |
|--|-------|---------------------------|-------------------------|-----------------------------|-----------------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 11 | 14,328 | - | 14,328 | 25,670 |
| Investments | 12 | 1 | - | 1 | 1 |
| CURRENT ASSETS | | | | | |
| Debtors | 14 | 193,023 | - | 193,023 | 251,385 |
| Cash at bank and in hand | | <u>1,087,077</u> | - | <u>1,087,077</u> | <u>1,483,277</u> |
| | | 1,280,100 | - | 1,280,100 | 1,734,662 |
| CREDITORS | | | | | |
| Amounts falling due within one year | 15 | (80,733) | - | (80,733) | (94,662) |
| NET CURRENT ASSETS | | <u>1,199,367</u> | - | <u>1,199,367</u> | <u>1,640,000</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>1,213,696</u> | - | <u>1,213,696</u> | <u>1,665,671</u> |
| NET ASSETS | | <u>1,213,696</u> | - | <u>1,213,696</u> | <u>1,665,671</u> |
| FUNDS | | | | | |
| Unrestricted funds | | | | 1,213,696 | 1,665,671 |
| Restricted funds | | | | - | - |
| TOTAL FUNDS | | | | <u>1,213,696</u> | <u>1,665,671</u> |

The financial statements were approved by the Board of Trustees and authorised for issue on 14th September 2023 and were signed on its behalf by:


.....
L Pitcher - Trustee

Absolutely Cultured Limited**Consolidated Cash Flow Statement
for the year ended 31st March 2023**

| | Notes | 2023 £ | 2022 £ |
|---|-------|--------------------------------|--------------------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 1 | (372,310) | (614,204) |
| Net cash (used in)/provided by operating activities | | <u>(372,310)</u> | <u>(614,204)</u> |
| Cash flows from investing activities | | | |
| Purchase of tangible fixed assets | | (10,562) | (8,548) |
| Sale of tangible fixed assets | | - | 104 |
| Interest received | | <u>5,494</u> | <u>187</u> |
| Net cash used in investing activities | | <u>(5,068)</u> | <u>(8,257)</u> |
| Change in cash and cash equivalents in the reporting period | | (377,378) | (622,461) |
| Cash and cash equivalents at the beginning of the reporting period | | <u>1,537,913</u> | <u>2,160,374</u> |
| Cash and cash equivalents at the end of the reporting period | | <u><u>1,160,535</u></u> | <u><u>1,537,913</u></u> |

The notes form part of these financial statements

**Notes to the Cash Flow Statement
for the year ended 31st March 2023**

1. RECONCILIATION OF NET EXPENDITURE TO NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2023 £ | 2022 £ |
|--|-------------------------|-------------------------|
| Net expenditure for the reporting period (as per the Statement of Financial Activities) | (445,373) | (250,759) |
| Adjustments for: | | |
| Depreciation charges | 14,626 | 15,845 |
| Loss/(profit) on disposal of fixed assets | 677 | (104) |
| Interest received | (5,494) | (187) |
| Increase in stocks | (1,115) | (1,388) |
| Decrease/(increase) in debtors | 74,367 | (151,433) |
| Decrease in creditors | (9,998) | (266,178) |
| Net cash (used in)/provided by operations | <u>(372,310)</u> | <u>(614,204)</u> |

2. ANALYSIS OF CHANGES IN NET FUNDS

| | At 1.4.22 £ | Cash flow £ | At 31.3.23 £ |
|--------------------------|-------------------------|-------------------------|-------------------------|
| Net cash | | | |
| Cash at bank and in hand | <u>1,537,913</u> | <u>(377,378)</u> | <u>1,160,535</u> |
| | <u>1,537,913</u> | <u>(377,378)</u> | <u>1,160,535</u> |
| Total | <u>1,537,913</u> | <u>(377,378)</u> | <u>1,160,535</u> |

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Income

All income is recognised once the charity or its subsidiary has entitlement to the funds after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants, whether capital or revenue, is recognised when the charity or its subsidiary 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.

Donations represent grant and sponsorship monies receivable by the group where the donor does not receive any significant benefits other than the knowledge that the charitable company must apply the monies to further its charitable objectives.

Donations in kind are donated professional services and donated facilities to the charitable company. They are recognised on the basis of the value of the gift to the charitable company which is the amount the charitable company would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt. However, the lack of a market comparative price for the contribution made by volunteers means that it is not possible to measure their value reliably. Accordingly, the contribution of general volunteers is not included in the charitable company's accounts.

Income from the sale of goods is recognised when significant risks and rewards of ownership of the goods have transferred to the buyer, the amount of income can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the charity or its subsidiaries and the costs incurred or to be incurred in respect of the transaction can be measured reliably. This is usually at the point of sale.

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

Expenditure

Expenditure is recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Expenditure on charitable activities comprises the costs of planning and delivering the performances, exhibitions and other educational activities arranged in furtherance of the charitable company's objects, together with their associated support costs.

Allocation of costs

Costs directly associated with the planning, promotion and delivery of the programme of cultural events are classified as direct charitable expenses. Costs relating to its strategic management are classified as governance costs. All remaining costs are classified as support costs. Support costs are allocated across income streams according to the ratio of direct costs.

**Notes to the Financial Statements - continued
for the year ended 31st March 2023**

1. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible fixed assets are stated at cost. Depreciation is provided on all tangible fixed assets, at rates calculated to write off all tangible fixed assets over their estimated useful lives using the following rates:

| | |
|-----------------------------------|---|
| Property alterations | 33% p.a. on cost/remaining lease term if less |
| Furniture, fittings and equipment | 25% p.a. on cost |
| Computer equipment | 33% p.a. on cost |

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

As a registered charity, the charitable company is exempt from corporation tax on surpluses arising from its charitable activities during the period. Value Added Tax is charged on taxable supplies and input VAT recovered in accordance with normal rules. So far as available profits permit, the subsidiary uses the Gift Aid regulations to mitigate its liability to corporation tax.

No provision is made for deferred taxation on timing differences arising from the purchase of tangible fixed assets in the subsidiary on the basis that Gift Aid will be available to eliminate any potential future corporation tax liability arising.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable are charged to the Statement of Financial Activities in the period to which they relate.

Fixed asset investments

Fixed asset investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in the statement of financial activities. A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of financial activities allocated to the appropriate heading.

Gift and donations from subsidiary undertaking

The charitable company is in receipt of distributions from its subsidiary undertaking under the Gift Aid scheme.

**Notes to the Financial Statements - continued
for the year ended 31st March 2023**

1. ACCOUNTING POLICIES - continued

Going concern

The financial statements have been prepared on a going concern basis.

The current economic conditions present difficulties to all organisations in the arts sector in terms of raising funds from either government-funded bodies or private enterprise. In response to such conditions the charity has prepared budgets and cashflow forecasts and these show it has adequate resources to pay its debts as they fall due.

It is the charity's intention to use its unrestricted reserves to fund its charitable objects and on this basis the Board considers that the group has a reasonable expectation of being able to continue in operational existence to at least the period of the budgets and cashflow forecasts of 31 March 2025 and that there are no material uncertainties that have not been considered or stress tested that lead to significant doubt about the group's ability to continue as a going concern. Therefore, the Board have continued to adopt the going concern basis of accounting in preparing these financial statements.

Significant judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

No significant judgements or key estimates were made on preparing these financial statements.

2. DONATIONS AND LEGACIES

| | 2023 | 2022 |
|-------------------|-----------------------|-----------------------|
| | £ | £ |
| Donations | 29,218 | 10,004 |
| Donations in kind | - | - |
| Grants | <u>387,494</u> | <u>760,704</u> |
| | <u>416,712</u> | <u>770,708</u> |

Notes to the Financial Statements - continued
for the year ended 31st March 2023

2. DONATIONS AND LEGACIES - continued

Grants received, included in the above, are as follows:

| | 2023 | | | 2022 | | |
|----------------------------------|--------------|----------------|----------------|---------------|----------------|----------------|
| | Unrestricted | Restricted | Total | Unrestricted | Restricted | Total |
| Arts Council England | - | 250,000 | 250,000 | - | 579,321 | 579,321 |
| Yorkshire Water | - | - | - | - | 45,000 | 45,000 |
| Spirit of 2012 | - | - | - | - | 4,912 | 4,912 |
| Esmeé Fairbairn | 6,600 | 66,000 | 72,600 | - | 66,000 | 66,000 |
| Heritage Lottery Fund | - | 45,000 | 45,000 | - | - | - |
| Elephant Trust | - | - | - | - | 2,000 | 2,000 |
| Hull College | - | - | - | - | 5,000 | 5,000 |
| Kickstart | - | 4,850 | 4,850 | - | 45,119 | 45,119 |
| East Riding of Yorkshire Council | - | - | - | - | 2,685 | 2,685 |
| Gasworks | - | 10,000 | 10,000 | - | - | - |
| Art Fund | - | 3,300 | 3,300 | - | - | - |
| DWP | - | 1,744 | 1,744 | - | - | - |
| Covid support | - | - | - | - | - | - |
| | <u>6,600</u> | <u>380,894</u> | <u>387,494</u> | <u>10,667</u> | <u>750,037</u> | <u>760,704</u> |

3. OTHER TRADING ACTIVITIES

| | 2023 | 2022 |
|---------------------------|---------------|---------------|
| | £ | £ |
| Professional services | - | 8,333 |
| Sponsorship | 35,000 | 40,000 |
| Merchandise sales | 11,249 | 830 |
| Partners and club members | 1,000 | - |
| | <u>47,249</u> | <u>49,163</u> |

4. INVESTMENT INCOME

| | 2023 | 2022 |
|--------------------------|--------------|------------|
| | £ | £ |
| Deposit account interest | <u>5,494</u> | <u>187</u> |

Absolutely Cultured Limited

**Notes to the Financial Statements - continued
for the year ended 31st March 2023**

5. CHARITABLE ACTIVITIES COSTS

| | Direct Costs £ | Support costs (see note 6) £ | Totals £ |
|----------------------------|----------------------|---------------------------------------|----------------|
| Partnerships & Development | 63,724 | 55,944 | 119,668 |
| Marketing & Communications | 122,992 | 109,871 | 232,863 |
| Programme & Delivery | 342,469 | 299,545 | 642,014 |
| | <u>529,185</u> | <u>465,360</u> | <u>994,545</u> |

6. SUPPORT COSTS

| | Staffing costs £ | IT, travel & communications £ | Other admin costs £ | Governance costs £ | Totals £ |
|----------------------------|------------------------|--|------------------------------|--------------------------|----------------|
| Partnerships & Development | 27,121 | 5,627 | 21,189 | 2,007 | 55,944 |
| Marketing & Communications | 54,241 | 10,860 | 40,896 | 3,874 | 109,871 |
| Programme & Delivery | 144,643 | 30,240 | 113,876 | 10,786 | 299,545 |
| | <u>226,005</u> | <u>46,727</u> | <u>175,961</u> | <u>16,667</u> | <u>465,360</u> |

Support costs have been apportioned according to the ratio of direct costs.

6a. GOVERNANCE COSTS

| | 2023 | 2022 |
|-----------------------------------|---------------|---------------|
| Auditors' remuneration | 14,050 | 13,815 |
| Consultancy and professional fees | 2,223 | 4,594 |
| Trustees expenses | 394 | 756 |
| | <u>16,667</u> | <u>19,165</u> |

7. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

| | 2023 £ | 2022 £ |
|---|---------------|---------------|
| Depreciation - owned assets | 14,626 | 15,845 |
| Deficit/(surplus) on disposal of fixed assets | 677 | (104) |
| Auditors remuneration | <u>14,050</u> | <u>13,815</u> |

8. TRUSTEES' REMUNERATION AND BENEFITS

Clause 7.2.7 of the company Articles of Association permits the charitable company to pay reasonable remuneration to the Chair of the Board where the directors resolve that it is in the charity's interests to do so. Accordingly, following the departure of the Executive Director in the 2018/19 year, the Chair, Lee Corner, undertook executive responsibilities to support the leadership and strategic development of the charity in relation to partnerships and fundraising activity. Lee Corner resigned during 2021/22 and during 2021/22 she received £4,800 for her services.

During the year £394 (2022: £164) in travel and subsistence expenses was paid out to one trustee (2022: two trustees).

**Notes to the Financial Statements - continued
for the year ended 31st March 2023**

9. STAFF COSTS

| | 2023 | 2022 |
|---|-----------------------|-----------------------|
| Staff salaries | 464,830 | 480,382 |
| Freelance contracts, secondments and salaries in kind | 5,870 | 22,790 |
| Employer's NIC | 38,154 | 41,502 |
| Pension scheme contributions | 24,862 | 25,650 |
| | <u>533,716</u> | <u>570,324</u> |

The average monthly number of full-time equivalent employees during the year was as follows:

| | 2023 | 2022 |
|------------------------------|------------------|------------------|
| Administration | 4 | 5 |
| Partnerships and development | 2 | 2 |
| Marketing and communications | 3 | 3 |
| Programming and delivery | 6 | 7 |
| | <u>15</u> | <u>17</u> |

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

| | 2023 | 2022 |
|-------------------|-----------------|-----------------|
| £60,001 - £70,000 | <u>1</u> | <u>1</u> |

The key management personnel of the charity comprise the trustees and the senior management team, as set out in the Trustees' Report. The total employee benefits of the key management personnel of the charity were £199,994 (2022: £222,606).

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

| | Unrestricted fund £ | Restricted fund £ | Total funds £ |
|------------------------------------|---------------------------|-------------------------|---------------------|
| INCOME AND ENDOWMENTS FROM | | | |
| Donations and legacies | 20,671 | 750,037 | 770,708 |
| Other trading activities | 49,163 | - | 49,163 |
| Investment income | 187 | - | 187 |
| Other income | 90,721 | - | 90,721 |
| Total | 160,742 | 750,037 | 910,779 |
| EXPENDITURE ON | | | |
| Charitable activities | | | |
| Partnerships & Development | 29,155 | 52,503 | 81,658 |
| Marketing & Communications | 49,405 | 90,004 | 139,409 |
| Programme & Delivery | 332,941 | 607,530 | 940,471 |
| Total | 411,501 | 750,037 | 1,161,538 |
| NET INCOME/(EXPENDITURE) | (250,759) | - | (250,759) |
| RECONCILIATION OF FUNDS | | | |
| Total funds brought forward | 1,918,770 | - | 1,918,770 |
| TOTAL FUNDS CARRIED FORWARD | 1,668,011 | - | 1,668,011 |

11. TANGIBLE FIXED ASSETS - GROUP

| | Leasehold improvements £ | Computer equipment £ | Fixtures and fittings £ | Totals £ |
|------------------------|--------------------------------|----------------------------|----------------------------------|-------------|
| COST | | | | |
| At 1st April 2022 | 255,700 | 44,128 | 70,014 | 369,842 |
| Additions | - | 1,825 | 8,737 | 10,562 |
| Disposals | - | (5,200) | (2,213) | (7,413) |
| At 31st March 2023 | 255,700 | 40,753 | 76,538 | 372,991 |
| DEPRECIATION | | | | |
| At 1st April 2022 | 240,213 | 40,241 | 61,379 | 341,833 |
| Charge for year | 7,744 | 1,945 | 4,937 | 14,626 |
| Eliminated on disposal | - | (5,200) | (1,536) | (6,736) |
| At 31st March 2023 | 247,957 | 36,986 | 64,780 | 349,723 |
| NET BOOK VALUE | | | | |
| At 31st March 2023 | 7,743 | 3,767 | 11,758 | 23,268 |
| At 31st March 2022 | 15,487 | 3,887 | 8,635 | 28,009 |

11a. TANGIBLE FIXED ASSETS – CHARITY

| | Freehold property £ | Computer equipment £ | Fixtures and fittings £ | Totals £ |
|------------------------|---------------------------|----------------------------|----------------------------------|----------------|
| COST | | | | |
| At 1st April 2022 | 255,700 | 40,420 | 41,848 | 337,978 |
| Additions | - | 1,825 | - | 1,825 |
| Disposals | - | (4,704) | (1,413) | (6,117) |
| At 31st March 2023 | <u>255,700</u> | <u>37,541</u> | <u>40,435</u> | <u>333,676</u> |
| DEPRECIATION | | | | |
| At 1st April 2022 | 240,213 | 36,534 | 35,551 | 312,298 |
| Charge for year | 7,744 | 1,945 | 2,801 | 12,490 |
| Eliminated on disposal | - | (4,704) | (736) | (5,440) |
| At 31st March 2023 | <u>247,957</u> | <u>33,775</u> | <u>37,616</u> | <u>319,348</u> |
| NET BOOK VALUE | | | | |
| At 31st March 2023 | <u>7,743</u> | <u>3,766</u> | <u>2,819</u> | <u>14,328</u> |
| At 31st March 2022 | <u>15,487</u> | <u>3,887</u> | <u>6,298</u> | <u>25,670</u> |

12. FIXED ASSET INVESTMENTS – CHARITY

| | Shares in group Undertaking |
|--------------------|--------------------------------|
| Cost | |
| At 1st April 2022 | <u>1</u> |
| At 31st March 2023 | <u>1</u> |

At the balance sheet date the company owned 100% of the ordinary share capital of Absolutely Cultured (Enterprises) Limited, a company incorporated in England. The subsidiary was established on 14th August 2015 to generate commercial revenue to support the activities of the parent charity.

13. STOCKS

| | Group | |
|--------|--------------|--------------|
| | 2023 | 2022 |
| | £ | £ |
| Stocks | <u>2,769</u> | <u>1,654</u> |

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group | | Charity | |
|-----------------------------------|----------------|----------------|----------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| Trade debtors | 25,233 | 60,979 | 25,083 | 58,000 |
| Other debtors | 2,350 | 2,350 | 2,350 | 2,350 |
| VAT | 2,536 | 532 | - | - |
| Prepayments and accrued income | 90,896 | 131,521 | 90,296 | 130,594 |
| Amount due from group undertaking | - | - | <u>75,294</u> | <u>60,441</u> |
| | <u>121,015</u> | <u>195,382</u> | <u>193,023</u> | <u>251,385</u> |

**Notes to the Financial Statements - continued
for the year ended 31st March 2023**

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group | | Charity | |
|---------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | £ | £ | £ | £ |
| Trade creditors | 8,662 | 12,951 | 8,102 | 12,239 |
| Social security and other taxes | 9,376 | 15,457 | 10,914 | 20,391 |
| Other creditors | 4,060 | 4,434 | 3,909 | 4,434 |
| Generation Hull | 7,469 | 7,040 | 7,469 | 7,040 |
| Producer Exchange | 13,646 | 18,339 | 13,646 | 18,339 |
| Accruals and deferred income | 41,736 | 36,726 | 36,693 | 32,219 |
| | <u>84,949</u> | <u>94,947</u> | <u>80,733</u> | <u>94,662</u> |

Deferred Income

| | | | | |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|
| Deferred income at 1st April 2022 | 3,223 | 248,703 | 3,223 | 248,706 |
| Resources deferred in the year | 6,600 | 253 | 6,600 | 253 |
| Amounts released from previous year | (3,223) | (245,733) | (3,223) | (245,733) |
| Deferred income at 31st March 2023 | <u>6,600</u> | <u>3,223</u> | <u>6,600</u> | <u>3,223</u> |

Deferred income comprises the following:

| | 2023 | 2022 |
|--------------|---------------------|---------------------|
| | £ | £ |
| Grants | 6,600 | 2,970 |
| Ticket sales | - | 253 |
| | <u>6,600</u> | <u>3,223</u> |

16. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

| | 2023 | Group 2022 | Charity 2023 | 2022 |
|----------------------------|----------------------|-----------------------|-------------------------|----------------------|
| | | | £ | £ |
| Within one year | 32,000 | 32,000 | 32,000 | 32,000 |
| Between one and five years | - | 32,000 | - | 32,000 |
| | <u>32,000</u> | <u>64,000</u> | <u>32,000</u> | <u>64,000</u> |

**Notes to the Financial Statements - continued
for the year ended 31st March 2023**

17. MOVEMENT IN FUNDS

| | At 1.4.22 £ | Net movement in funds £ | At 31.3.23 £ |
|---------------------------|------------------|----------------------------------|--------------------|
| Unrestricted funds | | | |
| Unrestricted | 1,668,011 | (445,373) | 1,222,638 |
| TOTAL FUNDS | <u>1,668,011</u> | <u>(445,373)</u> | <u>1,222,638</u> |

Net movement in funds, included in the above are as follows:

| | Incoming resources £ | Resources expended £ | Movement in funds £ |
|---------------------------|----------------------------|----------------------------|---------------------------|
| Unrestricted funds | | | |
| Unrestricted | 168,278 | (613,651) | (445,373) |
| Restricted funds | | | |
| Restricted | 380,894 | (380,894) | - |
| TOTAL FUNDS | <u>549,172</u> | <u>(994,545)</u> | <u>(445,373)</u> |

Comparatives for movement in funds

| | At 1.4.21 £ | Net movement in funds £ | At 31.3.22 £ |
|---------------------------|------------------|----------------------------------|--------------------|
| Unrestricted funds | | | |
| Unrestricted | 1,918,770 | (250,759) | 1,668,011 |
| TOTAL FUNDS | <u>1,918,770</u> | <u>(250,759)</u> | <u>1,668,011</u> |

Comparative net movement in funds, included in the above are as follows:

| | Incoming resources £ | Resources expended £ | Movement in funds £ |
|---------------------------|----------------------------|----------------------------|---------------------------|
| Unrestricted funds | | | |
| Unrestricted | 160,742 | (411,501) | (250,759) |
| Restricted funds | | | |
| Restricted | 750,037 | (750,037) | - |
| TOTAL FUNDS | <u>910,779</u> | <u>(1,161,538)</u> | <u>(250,759)</u> |

Notes to the Financial Statements - continued
for the year ended 31st March 2023

18. RECONCILIATION OF MOVEMENTS IN RESTRICTED INCOME FUNDS

| | | As at 1st April | Income | Expenditure | Transfers | As at 31st March |
|------------------|-------------------------------|--------------------|----------------|------------------|-----------|---------------------|
| <u>2022/2023</u> | Arts Council England | - | 250,000 | (250,000) | - | - |
| | Esmee Fairburn | - | 66,000 | (66,000) | - | - |
| | Heritage Lottery Fund | - | 45,000 | (45,000) | - | - |
| | Hull City Council Kickstart | - | 4,850 | (4,850) | - | - |
| | Gasworks | - | 10,000 | (10,000) | - | - |
| | Art Fund | - | 3,300 | (3,300) | - | - |
| | DWP | - | 1,744 | (1,744) | - | - |
| | | <u>-</u> | <u>380,894</u> | <u>(380,894)</u> | <u>-</u> | <u>-</u> |
| <u>2021/2022</u> | Arts Council England | - | 579,321 | (579,321) | - | - |
| | Spirit of 2012 | - | 4,912 | (4,912) | - | - |
| | Yorkshire Water | - | 45,000 | (45,000) | - | - |
| | Hull College | - | 5,000 | (5,000) | - | - |
| | Hull City Council Kickstart | - | 45,119 | (45,119) | - | - |
| | Esmee Fairburn | - | 66,000 | (66,000) | - | - |
| | East Riding Yorkshire Council | - | 2,685 | (2,685) | - | - |
| | Elephant Trust | - | 2,000 | (2,000) | - | - |
| | | <u>-</u> | <u>750,037</u> | <u>(750,037)</u> | <u>-</u> | <u>-</u> |

19. PENSION CONTRIBUTIONS

The company contributes to the personal pension schemes of its employees. The costs incurred for the year amount to £24,862 (2022: £25,650) of which £3,909 remained outstanding at the balance sheet date (2022: £4,434).

20. RELATED PARTY DISCLOSURES

During the year, the company paid £NIL (2022: £167) to the Hideout Hotel Ltd for accommodation provided during the year. The Trustee G.F. Allenby is a shareholder and director in this company.

There were no other related party transactions.

22. SECURITY

The company's bankers hold a debenture dated 9th February 2015 over the assets of the company.