

POTENTIAL DIFFERENCE THEATRE

England & Wales · Charity number 1166204

Details

Other names	POTENTIAL DIFFERENCE, PD
Status	Registered
Legal form	Charitable company
Company number	08674697
Registered	2016-03-24
Register	View on the Charity Commission register

Contact

Address	160 Wynford Road London N1 9SW
Phone	00
Email	hello@potentialdifference.org.uk
Website	http://www.potentialdifference.org.uk

Activities

Objects: TO ADVANCE THE ARTS FOR THE PUBLIC BENEFIT BY THE PROMOTION IN PARTICULAR, BUT NOT EXCLUSIVELY, OF THE ART OF DRAMA.

Activities: Potential Difference is a theatre company that uses storytelling to inspire, excite and engage people with ideas from science, philosophy and technology. We strive to create experiences that expose people to new ideas in thrilling and accessible ways, and challenge the divide between science and the arts. We also lead talks, seminars and workshops for the public, and in educational settings

Classification

- **How:** Provides Services
- **What:** Arts/culture/heritage/science
- **Who:** The General Public/mankind

Geography

- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2024-09-30	£46,078	£52,812	-	-
2023-09-30	£87,202	£108,124	-	-
2022-09-30	£46,024	£38,702	-	-
2021-09-30	£60,494	£38,324	-	-
2020-09-30	£63,324	£41,697	-	-

Trustees

Name	Role	Appointed
James Baggaley	Chair	2016-11-20
Illtaph Khaliq		2021-02-27
Jane Martin		2024-01-21
Ligia-Maria Osepciu		2016-11-20
Martina Nicole Strack		2021-02-27

Accounts

Potential Difference Theatre

(A Company Limited by Guarantee)

Report and unaudited Financial Statements for the year ended 30 September 2023

Company number: 08674697 (England and Wales)

Charity number: 1166204

Potential Difference Theatre

Contents

	Page
Reference and administration details	1
Trustees' report	2 - 8
Independent Examiner's report to the trustees	9-10
Statement of Financial Activities	11
Balance sheet	12-13
Notes to the financial statements	14-19

Potential Difference Theatre

Reference and administration details

Directors	L Osepciu
	I Khaliq
	M Strack
	J Baggaley (Chair)
	J Martin

Registered office	160 Wynford Road
	London
	N1 9SW

Independent Examiner	Scott Lawrence
	Hazlewoods LLP
	Windsor House
	Bayshill Rd
	Cheltenham GL50 3AT

Charity number	1166204
Company number	08674697

Potential Difference Theatre

Report of the trustees for the year ending 30 September 2023

The trustees are pleased to present their annual trustees' report together with the financial statements of the charity for the year ending 30 September 2023 which are also prepared to meet the requirements for a directors' 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 applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Our purposes

The purpose of the charity is:

To advance the arts for the public benefit by the promotion in particular, but not exclusively, of the art of drama.

Mission Statement

Potential Difference's mission is to use the power of theatre and storytelling to engage, excite and inspire people about science, philosophy, and technology. Each project we make sparks from a concept that has a significant impact on our lives and is full of theatrical potential.

We bring together extraordinary writers, movers, theatre-makers, technologists and researchers to create new live stories and experiences that invite audiences to discover new ways of seeing and understanding the world.

Around our artistic projects, we curate a programme of events, workshops and videos to offer audiences of all ages a chance to explore new ideas from scientific and academic research, to stimulate discussion, and to develop their own creativity.

We develop new technology and strive to use it to create live narrative experiences that challenge theatre's boundaries and reach new audiences.

The trustees have referred to Section 17 of the Charities Act 2011 and to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

Potential Difference Theatre

Report of the trustees for the year ending 30 September 2023

Activities and achievements of the year

This year we were finally able to produce our third major theatre production, Fragments, alongside securing plans to bring our schools project Classbot to wider audiences.

FRAGMENTS

The main focus of the year was the full production of FRAGMENTS, our largest project to date. In development since 2017, FRAGMENTS had been about to start rehearsals when the COVID-19 pandemic hit in 2020. Following cancelled attempts to produce Fragments in 2021 and 2022, we were delighted that it finally came to the stage this year.

Fragments had a successful run of 20 performances at The Playground Theatre, London from 17th April – 6th May 2023. It then toured to the Old Fire Station, Oxford from 12th – 13th May.

In the backroom of a library archive, three papyrologists pore over some tattered fragments of papyrus, 2000 years old. Could they be the remnants of a lost masterpiece by Euripides?

The ancient text tells the story of Aeyptus, a boy determined to avenge his murdered father and brothers. But how can he succeed when almost all the script is missing?

Piecing his story together will take you on a journey around the fragments in your own mind: memories, assumptions, things half-heard.

Inspired by the vast collections of ancient papyrus stored in museums around the world, FRAGMENTS is an irreverent take on an ancient lost play: combining anarchic performance, lo-fi imagery, original music... and a lot of conjecture.

Fragments sought to make a performance that revealed the niche world of papyrological research whilst celebrating humans' fundamental need to tell stories and to keep creating and recreating live performance. It was the culmination of several years of development which saw us work closely with Dr Laura Swift at The Open University, as well as specialists in the study and conservation of papyrus at Oxford University, the British Library and the British Museum.

We took several steps to make the performance accessible to audiences, including:

- Offering a small selection of reduced price £10 tickets to each performance
- Offering specific ticket discounts to students and local community groups
- Making captions available on request at 18 of our performances using app-based captioning system The Difference Engine.

Fragments enabled the company to realise a new creative process in which academic research was fully embedded into a creative process. Dr Laura Swift was a key creative throughout the project's development, collaborating alongside our writing, cast and design team. We also had workshops with scholars of papyrology, papyrus conservation and a neuroscientist each lending their own perspectives of fragments of text, partial images, fragmentation in memory and perception and much more. This process allowed the whole creative team time to interrogate the ideas the piece was seeking to explore, and how to embody them in each aspect of the staging including writing, set design, puppetry, sound design and song. Audiences and press particularly highlighted the innovative design and staging, use of shadow play and music.

Potential Difference Theatre

Report of the trustees for the year ending 30 September 2023

During the production, we were able to leverage these with research and museum partners to curate a wide-ranging series of talks, events and videos that explored the world of ancient fragments and papyrology, as well as our unique creative process in developing the performance. These included:

- Two **post-show panel discussions** held at the Playground Theatre exploring ideas and techniques behind the production aimed at audiences who had seen the play. These brought specialists on different areas of fragmentation into discussion with our cast and creative team including: Tom Chivers, a writer and researcher into mudlarking; Peter Toth, a curator from the British Library who curates their collections of fragments of papyrus, parchment and pottery; and Dr Charlotte Russell, a neuroscientist working on how the mind makes sense of fragmented information.
- **“Rediscovering the lost stories of ancient Greece”** – a free afternoon talk presented at the Hellenic Centre in London aimed at introducing audiences to the world of lost fragments of ancient Greece, how they are studied, and how this inspired our production.
- **“Shadows and songs: the fragment as creative impulse”** a panel discussion in partnership with the Archive of Performance of Greek and Roman Drama, Oxford, featuring different artists discussing how a fragment of a story or image can provide a creative spark. [WHERE?]
- **“Staging Fragments – plays and papyrology”** - An 8-minute YouTube documentary highlighting the creative collaboration behind the project and charting its journey. This was viewed both in its full form and shorter “fragments” of it were presented on social media highlighting different ideas.
- **A school workshop** at the Cheney School introducing Year 10 students to the idea of material and textual fragments from the past and how to use techniques of shadow puppetry to create evocative fragmented images.

The Fragments play was seen by 626 audience members with a further 110 attending in-person talks, workshops and events. As of Around 11,000 people viewed the videos. The production received a major feature on the website JStor Daily as well as interviews on London radio and websites.

Live audience figures were lower than expected. However, feedback from press and audiences was positive and the production was nominated for an OffWestEnd award for best set design.

Selected Press Quotes on Fragments

“A multi-disciplinary piece of theatre which celebrates the creative spirit and the art of storytelling itself, freeing Cresphontes from its fragmentary prison and breathing life into it once more.” - Salterton Arts Review

“Fantastically creative and inventive... an intriguing idea for a play, one that allows the writers, actors and audiences to use their creativity and imaginations to fill in those gaps.” Theatre & Tonic

“An extraordinary piece of theatre” - The Stage

“By focusing on a near-lost text, and speculating on its meaning, Fragments ultimately becomes a riveting meditation on the fragmentary nature of our own lives – and it does it with style, music and mystery. You might think that a bunch of researchers picking over scraps of paper is hardly fertile ground on which to build a piece of imaginative, exciting and even experimental theatre. But you’d be

Potential Difference Theatre

Report of the trustees for the year ending 30 September 2023

wrong. Fragments positively seethes with theatricality... brilliant and almost magical use of puppetry.”
- Daily Info (Oxford)

Selected Audience Feedback on Fragments

“That was absolutely brilliant. I was blown away. I loved the set design, the music, the singing, and the drama”

“Beautifully done - acted, staged and wonderful music... very transporting! And thought provoking.”

“the essence of everything I had missed about live in-person theatre over the last few horrible years: the liveness of the performances, the connection with the audience, and the true theatrical moments created by switching scenes so effortlessly. It was funny, and thoughtful, and provoking”

“...an intense and dramatic performance, which really kept us riveted and is still echoing in our heads”

“It takes two things that should be basically undramatisable (methodically reconstructing fragmentary ancient texts, and a lost Euripides play) and makes them wild and fun and ALIVE.”

Fragments was provided a notable creative development opportunity for many of its cast and creative team who contributed to its development. We estimate it has generated 585 days of work for 26 artists. Several of the key creative team have reported that working on Fragments allowed them an opportunity to explore and develop new areas of their artistic practice. The finished production also presented an opportunity for 6 artists in the first 3 years of their career, including a paid internship for an emerging designer local to the London venue.

We were particularly pleased that there continues to be interest in Fragments and its innovative approach to making research ideas accessible beyond the completion of the initial run and tour:

In September, we were invited to give a talk highlighting the unusual collaboration between academic researchers and theatre makers as part of Oxford University’s “Oxford Inside Out” festival. In addition, The Open University will be featuring Fragments as a case study on a new module on “the classical fragment and its reception” as part of their MA in Classical Studies. The case study will include 20 minutes of video footage from the production and a detailed interview with members of its creative team on the process of creating the play.

We are hugely grateful for our many funders who have been particularly supportive through the many cancellations in production and changes in schedule between 2020 and 2023: Arts Council England, The Cockayne Foundation, The London Community Foundation, The Royal Victoria Hall Foundation, the British Academy, The Leverhulme Trust and the Royal Borough of Kensington and Chelsea.

CLASSBOT 450

In April we were delighted to be awarded a three-year grant from John Lyon’s Charity to continue our work on Classbot 450, following our successful pilot in 2022. Classbot 450 is a unique immersive theatre production made in co-production with KIT Theatre which takes over primary schools for a week at a time involving the “world’s first robot teacher” (played by an actor). Children aged 4-11 are caught up in a science fiction adventure combining live performance with workshops around coding, AI, creative writing and performance as they help meet LeX, fix her initial malfunctions, and watch her become conscious.

Potential Difference Theatre

Report of the trustees for the year ending 30 September 2023

This funding will allow us to refine many aspects of the project based on our learning from the pilot and scale it up to reach a wider audience. In particular it will allow us to:

- Update the narrative and add new workshop material to reflect the enormous changes that have taken place with AI in the last 2 years and to encourage older primary school children to reflect and debate on the role of AI.
- Refine the delivery model and project delivery team to allow us to scale delivery of the production to many more schools across the London boroughs of Brent, Barnet and Harrow
- Develop a follow up adventure to take place in local community settings such as libraries. This would be open both to children who had participated in the schools-based project, and to those who are new to it.

Online audiences

In recent years we have been gradually building a library of YouTube videos around our projects. These comprise a mixture of behind-the-scenes footage of productions, interviews with the creative teams discussing their creative process, and video workshops teaching theatre techniques. This year, we were delighted to see a significant growth in audiences watching these videos: In total 16,000 viewers watched over 650 hours of our work. This represents a five-fold increase in numbers of views and more than three-fold increase in numbers of hours watched compared to the previous year. Our three-part puppetry workshop series made in 2020 saw a particular increase in audiences and continues to attract more viewers every month. We are very pleased to see this work reaching new audiences years after it was first made and intend to invest further in creating video content around our future projects.

Future Plans

Following the success of Fragments, we are in discussion with venues about producing a further run and wider UK tour of the production in 2025, alongside a larger education and outreach program, which would allow us to bring the performance and the many ideas it explores to a wider audience.

The main focus of next year will be our wider rollout of Classbot 450 with the next round of schools set to deliver in the summer.

We will also seek opportunities to continue development on a number of new projects including The Invisible Friend – a unique immersive experience for children using spatial audio technology.

Ongoing impact of COVID-19 on the charity

With the production of Fragments, we are delighted to have been able to complete production on all projects that were delayed by the COVID-19 pandemic. However, along with the rest of the theatre industry, we were impacted by the after-effects of the pandemic. The pandemic continues to have a significant impact on the size of the freelance workforce, their wellbeing and capacity to take on work, which has added challenges to hiring staff for projects. This industry-wide pattern has also affected many of our project partners and lead to additional challenges across a number of areas of production. Finally, audience numbers remained below pre-pandemic levels and this was a major contribution to disappointing box office numbers and reduced income from ticket sales. We expect these impacts to be felt within the theatre industry for a number of years to come.

Potential Difference Theatre

Report of the trustees for the year ending 30 September 2023

Financial review

2022/23 saw the charity generate a loss from its charitable activities. The losses were largely associated with the Fragments production, which was originally planned for 2020, abandoned due to the COVID-19 pandemic, and then remounted during this financial year. In anticipation of an operating loss related to the production, the trustees built up and identified reserve funds to be used to support the production within this financial year. This includes donations that were not specifically directed by the donor but were identified by the trustees as being appropriately used on Fragments production, and were received in prior financial years.

During the year the trustees enhanced systems for financial forecasting to enable more accurate projections of losses should similar disruption arise in the future.

Reserves policy

The Potential Difference Reserves Policy is to maintain sufficient level of reserves to enable normal unavoidable operating costs to be met over a period of a minimum of twelve months, plus discretionary amounts based on the uncertainty of projects being undertaken. The Trustees regularly monitor and review the effectiveness of the policy in the light of the changing funding and financial climate and other risks

The trustees have reviewed the reserves policy and enhanced it to ensure that it remains appropriate.

Directors and trustees

The directors of the charitable company (the charity) are its trustees for the purpose of charity law.

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

J Baggailey

L Osepciu

I Khaliq

M Strack

J Martin (appointed 21/01/24)

Governing Document

Potential Difference Theatre is a company limited by guarantee governed by its Memorandum and Articles of Association dated 29th October 2015. It was registered as a charity with the Charity Commission on 24 March 2016.

Appointment of trustees

The directors of the charitable company ("the charity") are its trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees.

Potential Difference Theatre

Report of the trustees for the year ending 30 September 2023

As set out in the Articles of Association, the trustees must be at least three and no more than seven in number. They can be appointed at any time throughout the year and stand for re-election at the AGM. Rotation of directors is by one third of the longest serving directors retiring at the AGM with no disbar to reappointment. Policies and procedures adopted for the induction and training of trustees are ongoing and incorporated indirectly into the regular trustees' meetings.

Organisation

The trustees oversee the charitable purpose and mission and approve structure and strategy. The board normally meets quarterly covering development and finance. The trustees have delegated the responsibility of managing the day-to-day operations of the charity to the Artistic Director.

Related parties and co-operation with other organisations

None of our trustees receive remuneration or other benefit from their work with the charity. Any connection between a trustee or senior manager of the charity with a production company, contracted actor, performer, or exhibitor must be disclosed to the full board of trustees in the same way as any other contractual relationship with a related party.

A summary of transactions with all related parties is set out in note 6 to the financial statements.

Risk management

The trustees have a risk management strategy which comprises:

- an annual review of the principal risks and uncertainties that the charity faces;
- the establishment of policies, systems, and procedures to mitigate those risks identified in the annual review; and
- the implementation of procedures designed to minimise or manage any potential impact on the charity should those risks materialise.

This work has identified that financial sustainability is the major financial risk for the charity. A key element in the management of financial risk is a regular review of available liquid funds to settle debts as they fall due, and active management of trade debtors and creditors balances to ensure sufficient working capital by the charity.

Attention has also been focussed on non-financial risks arising from fire, health and safety of artists and audience, management of performing rights and ensuring equal opportunities. These risks are managed by having robust policies and procedures in place, and engaging experienced practitioners to oversee the risk management for each project in these operational areas.

These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies.

By order of the board of trustees


.....
J Baggaley

28/6/2024

Potential Difference Theatre

Independent Examiner's report to the trustees of Potential Difference Theatre

Independent Examiner's Report to the Trustees of Potential Difference Theatre

I report to the trustees (who are also Directors for the purpose of company law) on my examination of the financial statements of Potential Difference Theatre ('the charitable company') for the year ended 30 September 2023 which comprise the Statement of Financial Activities, the Balance Sheet and related notes.

This report is made solely to the charity's trustees, as a body, in accordance with section 145 of the Charities Act 2011. My work has been undertaken so that I might state to the charity's trustees those matters I am required to state to them in this report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for my work, for this report, or for the opinions I have formed.

Responsibilities and basis of report

As the trustees of charitable company you are responsible for the preparation of the financial statements in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the financial statements of the charitable company are not required to be audited under Part 16 of the Act and are eligible for independent examination, I report in respect of my examination of the charitable company's financial statements carried out under section 145 of the Charities Act 2011 ('the 2011 Act') and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

An independent examination does not involve gathering all the evidence that would be required in an audit and consequently does not cover all the matters that an auditor considers in giving their opinion on the financial statements. The planning and conduct of an audit goes beyond the limited assurance that an independent examination can provide. Consequently I express no opinion as to whether the financial statements present a 'true and fair' view and my report is limited to those specific matters set out in the independent examiner's statement.

Independent examiner's statement

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

- accounting records were not kept in respect of the charitable company as required by section 386 of the 2006 Act; or
- the financial statements do not accord with those records; or
- the financial statements do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the financial statements give a 'true and fair view which is not a matter considered as part of an independent examination; or
- the financial statements have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Potential Difference Theatre

Independent Examiner's report to the trustees of Potential Difference Theatre

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the financial statements to be reached.



.....

Scott Lawrence FCA DChA

Date: 28 June 2024
.....

Potential Difference Theatre

Statement of Financial Activities (including income and expenditure account)

for the year ended 30 September 2023

		2023	2023	2023	2022	2022	2022
		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
		£	£	£	£	£	£
	Note						
Income:							
Donations		25,09	676	25,76	12,500	-	12,500
Charitable activities	3	29,08	7,144	36,22	8,337	3,368	11,705
Grant income	7	-	25,208	25,208	-	21,819	21,819
		54,174	33,028	87,202	20,837	25,187	46,024
Expenditure:							
Expenditure on charitable activities	4	(8,959)	(99,165)	(108,124)	(10,991)	(27,711)	(38,702)
Total Expenditure		(8,959)	(99,165)	(108,124)	(10,991)	(27,711)	(38,702)
Net (expenditure) / income		45,215	(66,137)	(20,922)	9,846	(2,524)	7,322
Transfer between funds	11	(48,457)	48,457	-	(2,492)	2,492	-
Net movement in funds		(3,242)	(17,680)	(20,922)	7,354	(32)	7,322
Reconciliation of funds							
Total funds brought forward		60,788	17,680	78,468	53,434	17,712	71,146
Total funds carried forward		57,546	-	57,546	60,788	17,680	78,468

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

Potential Difference Theatre

Balance Sheet as at 30 September 2023

		2023 £	2022 £
	Note		
Current assets			
Debtors	9	38,673	14,523
Cash at bank		58,828	87,621
		97,501	102,144
Creditors: amounts falling due within one year	10	(39,955)	(23,676)
Net assets		57,546	78,468
The funds of the charity			
Unrestricted income funds	11	57,546	60,788
Restricted income funds	11	-	17,680
Total charity funds		57,546	78,468

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 30 September 2023.

The members have not required the company to obtain an audit of its financial statements for the year ended 30 September 2023 in accordance with Section 476 of the Companies Act 2006.

The trustees acknowledge their responsibilities for

- (a) ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charitable company.

Under Section 454 of the Companies Act 2006, on a voluntary basis, the trustees can amend these financial statements if they subsequently prove to be defective.

These financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The notes at pages 14 to 19 form part of these accounts.

Potential Difference Theatre

Balance Sheet as at 30 September 2023

28/6/2024

The financial statements were approved by the trustees on and signed on its behalf by:

James Baggaley
.....

J Baggaley

Company number: 08674697 (England and Wales)

Potential Difference Theatre

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

1 Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a) Basis of preparation

The financial statements have been prepared in accordance with 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) - (Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Potential Difference Theatre meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The charity has taken advantage of the exemption to prepare a Statement of Cash Flows as per the Charity SORP (FRS 102).

b) Going concern

The Trustees have assessed the going concern status of the Charity and have considered the available cash on hand and available unrestricted funds at the point of approving the financial statements, reviewed detailed forecasts, that take into account the impact of COVID-19 on the planned projects for the forthcoming 12 months and the availability of grants in response to the pandemic. All planned projects which were cancelled or delayed due to COVID-19 have now been completed.

Having given consideration to the above the Trustees consider that the Charity has sufficient reserves to meet its liabilities and have prepared the financial statements on a going concern basis.

c) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income 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' grants or 'revenue' grants, is recognised when the charity 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.

Income received in advance of a theatrical performance or provision of other specified service it is deferred until the criteria for income recognition are met.

d) Donated services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of

Potential Difference Theatre

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

economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity 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.

e) Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of charity. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations or grants which the donor/grantor has specified are to be solely used for particular areas of the Company's work or for specific artistic projects being undertaken by the Company.

f) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Expenditure on charitable activities includes the costs of performances, exhibitions and other educational activities undertaken to further the purposes of the charity and their associated support costs.
- Other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

g) Governance and support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back-office costs, finance, and governance costs which support the Company's artistic programmes and activities.

All expenditure is allocated against charitable activities.

h) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

i) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Potential Difference Theatre

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

j) Financial instruments

The Company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2 Legal status of the Company

The Company is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

3 Income from charitable activities and other income

	2023	2023	2023	2022	2022	2022
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£	£	£	£	£	£
Earned income from theatre production	-	7,144	7,144	11	-	11
Commissioned charitable activities	450	-	450	752	3,368	4,120
Theatre Tax Relief (see note 8)	27,614	-	27,614	7,443	-	7,443
Other	1,019	-	1,019	131	-	131
	29,083	7,144	36,227	8,337	3,368	11,705

Potential Difference Theatre

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

4 Analysis of expenditure on charitable activities

	2023 Unrestricted £	2023 Restricted £	2023 Total £	2022 Unrestricted £	2022 Restricted £	2022 Total £
Production fees	1,350	51,823	53,173	3,699	22,866	26,565
Venue hire and fees	-	8,390	8,390	-	667	667
Marketing / PR	171	9,415	9,585	156	1,056	1,212
Other production costs	12	22,888	22,900	-	1,394	1,394
Travel and subsistence	-	6,650	6,650	295	1,728	2,023
Production insurance	-	-	-	319	-	319
Artistic team fees	2,976	-	2,976	3,386	-	3,386
Support costs	1,151	-	1,151	472	-	472
Independent examination	3,300	-	3,300	2,664	-	2,664
	8,959	99,165	108,124	10,991	27,711	38,702

Restricted fund expenditure relates to expenditure directly attributable to the “Fragments”, “Classbot” restricted projects.

Artistic team fees includes time spent in management of the charitable company but predominantly relate to seed development of projects.

The charity benefitted from the significant contribution of Dr Laura Swift of the Open University, in her work in co-writing and other work on Fragments.

During the year, Made Media Ltd provided services managing a production advertising free of charge. The estimated benefit in kind is £3,858

5 Trustee remuneration

The charity trustees were not paid, nor did they receive any other benefits from employment with the Company in the year (2022: £nil) neither were they reimbursed expenses during the year (2022: £nil). No charity trustee received payment for professional or other services supplied to the charity (2022: £nil).

6 Related party transactions

There were no transactions to related parties during the year.

7 Grant income

Included within grant income is performance related government grants received from Arts Council England of £11,224 (2022: £nil) to fund the artistic and theatrical programme of Potential Difference Theatre.

Potential Difference Theatre

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

8 Corporation Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

In 2023, the charity has accrued recoverable Theatre Tax Relief of £27,223 (2022: £7,443). The charity received the 2022 Theatre Tax Relief income of £7,464 shortly after the year-end. There is an additional £391 included in Theatre Tax Relief income for understated Theatre Tax Relief received for the year ended 2020.

9 Debtors

	2023	2022
	£	£
Accounts receivable	450	-
Prepayments and accrued income	990	2,500
Unpaid Theatre Tax Relief receivable FY22	7,443	9,523
Theatre Tax Relief Claim FY23	27,223	-
Gift Aid receivable	2,567	2,500
	<u>38,673</u>	<u>14,523</u>

10 Creditors: amounts falling due within one year

	2023	2022
	£	£
Accounts Payable	-	210
Accruals and deferred income	39,955	23,466
	<u>39,955</u>	<u>23,676</u>

Accruals and deferred income for the year are as follows:

Accruals

	2023	2022
	£	£
Accrued expenses	9,955	13,053
	<u>9,955</u>	<u>13,053</u>

Deferred income

	2023	2022
	£	£
Government grants	-	9,155
Other charitable grants	30,000	-
Commissioned activities	-	1,259
	<u>30,000</u>	<u>10,414</u>

Grants and commissioned activities related to productions that did not take place in 2023 have been deferred to 2024.

Potential Difference Theatre

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

11 Analysis of charitable funds

	2023	2023	2023	2022	2022	2022
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£	£	£	£	£	£
Balance at 1 October	60,788	17,680	78,468	53,434	17,712	71,146
Income	54,174	33,028	87,202	20,837	25,187	46,024
Expenditure	(8,959)	(99,165)	(108,124)	(10,991)	(27,711)	(38,702)
Transfer between reserves	(48,457)	48,457	-	(2,492)	2,492	-
Balance at 30 September	57,546	-	57,546	60,788	17,680	78,468

Allocation of assets between funds:

	2023	2023	2023	2022	2022	2022
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£	£	£	£	£	£
Debtors	38,673	-	38,673	12,023	2,500	14,523
Cash at bank	26,388	32,440	58,828	54,800	32,821	87,621
Creditors	(7,515)	(32,440)	(39,955)	(6,035)	(17,641)	(23,676)
Net assets	57,546	-	57,546	60,788	17,680	78,468

Name of restricted fund

Fragments fund

Classbot

Description, nature and purposes of the fund

To fund the Fragments production.

To fund the Classbot production.

Unrestricted funds totalling £48,457 (2022 - £2,492) have been transferred to the restricted fund in relation to unrestricted donations allocated to restricted funds, core budget expenditure allocated to the restricted funds and in relation to general reserves applied to restricted fund activities.

Accounts

Potential Difference Theatre

(A Company Limited by Guarantee)

Report and unaudited Financial Statements for the year ended 30 September 2023

Company number: 08674697 (England and Wales)

Charity number: 1166204

Potential Difference Theatre

Contents

	Page
Reference and administration details	1
Trustees' report	2 - 8
Independent Examiner's report to the trustees	9-10
Statement of Financial Activities	11
Balance sheet	12-13
Notes to the financial statements	14-19

Potential Difference Theatre

Reference and administration details

Directors	L Osepciu
	I Khaliq
	M Strack
	J Baggaley (Chair)
	J Martin

Registered office	160 Wynford Road
	London
	N1 9SW

Independent Examiner	Scott Lawrence
	Hazlewoods LLP
	Windsor House
	Bayshill Rd
	Cheltenham GL50 3AT

Charity number	1166204
Company number	08674697

Potential Difference Theatre

Report of the trustees for the year ending 30 September 2023

The trustees are pleased to present their annual trustees' report together with the financial statements of the charity for the year ending 30 September 2023 which are also prepared to meet the requirements for a directors' 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 applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Our purposes

The purpose of the charity is:

To advance the arts for the public benefit by the promotion in particular, but not exclusively, of the art of drama.

Mission Statement

Potential Difference's mission is to use the power of theatre and storytelling to engage, excite and inspire people about science, philosophy, and technology. Each project we make sparks from a concept that has a significant impact on our lives and is full of theatrical potential.

We bring together extraordinary writers, movers, theatre-makers, technologists and researchers to create new live stories and experiences that invite audiences to discover new ways of seeing and understanding the world.

Around our artistic projects, we curate a programme of events, workshops and videos to offer audiences of all ages a chance to explore new ideas from scientific and academic research, to stimulate discussion, and to develop their own creativity.

We develop new technology and strive to use it to create live narrative experiences that challenge theatre's boundaries and reach new audiences.

The trustees have referred to Section 17 of the Charities Act 2011 and to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

Potential Difference Theatre

Report of the trustees for the year ending 30 September 2023

Activities and achievements of the year

This year we were finally able to produce our third major theatre production, Fragments, alongside securing plans to bring our schools project Classbot to wider audiences.

FRAGMENTS

The main focus of the year was the full production of FRAGMENTS, our largest project to date. In development since 2017, FRAGMENTS had been about to start rehearsals when the COVID-19 pandemic hit in 2020. Following cancelled attempts to produce Fragments in 2021 and 2022, we were delighted that it finally came to the stage this year.

Fragments had a successful run of 20 performances at The Playground Theatre, London from 17th April – 6th May 2023. It then toured to the Old Fire Station, Oxford from 12th – 13th May.

In the backroom of a library archive, three papyrologists pore over some tattered fragments of papyrus, 2000 years old. Could they be the remnants of a lost masterpiece by Euripides?

The ancient text tells the story of Aeyptus, a boy determined to avenge his murdered father and brothers. But how can he succeed when almost all the script is missing?

Piecing his story together will take you on a journey around the fragments in your own mind: memories, assumptions, things half-heard.

Inspired by the vast collections of ancient papyrus stored in museums around the world, FRAGMENTS is an irreverent take on an ancient lost play: combining anarchic performance, lo-fi imagery, original music... and a lot of conjecture.

Fragments sought to make a performance that revealed the niche world of papyrological research whilst celebrating humans' fundamental need to tell stories and to keep creating and recreating live performance. It was the culmination of several years of development which saw us work closely with Dr Laura Swift at The Open University, as well as specialists in the study and conservation of papyrus at Oxford University, the British Library and the British Museum.

We took several steps to make the performance accessible to audiences, including:

- Offering a small selection of reduced price £10 tickets to each performance
- Offering specific ticket discounts to students and local community groups
- Making captions available on request at 18 of our performances using app-based captioning system The Difference Engine.

Fragments enabled the company to realise a new creative process in which academic research was fully embedded into a creative process. Dr Laura Swift was a key creative throughout the project's development, collaborating alongside our writing, cast and design team. We also had workshops with scholars of papyrology, papyrus conservation and a neuroscientist each lending their own perspectives of fragments of text, partial images, fragmentation in memory and perception and much more. This process allowed the whole creative team time to interrogate the ideas the piece was seeking to explore, and how to embody them in each aspect of the staging including writing, set design, puppetry, sound design and song. Audiences and press particularly highlighted the innovative design and staging, use of shadow play and music.

Potential Difference Theatre

Report of the trustees for the year ending 30 September 2023

During the production, we were able to leverage these with research and museum partners to curate a wide-ranging series of talks, events and videos that explored the world of ancient fragments and papyrology, as well as our unique creative process in developing the performance. These included:

- Two **post-show panel discussions** held at the Playground Theatre exploring ideas and techniques behind the production aimed at audiences who had seen the play. These brought specialists on different areas of fragmentation into discussion with our cast and creative team including: Tom Chivers, a writer and researcher into mudlarking; Peter Toth, a curator from the British Library who curates their collections of fragments of papyrus, parchment and pottery; and Dr Charlotte Russell, a neuroscientist working on how the mind makes sense of fragmented information.
- **“Rediscovering the lost stories of ancient Greece”** – a free afternoon talk presented at the Hellenic Centre in London aimed at introducing audiences to the world of lost fragments of ancient Greece, how they are studied, and how this inspired our production.
- **“Shadows and songs: the fragment as creative impulse”** a panel discussion in partnership with the Archive of Performance of Greek and Roman Drama, Oxford, featuring different artists discussing how a fragment of a story or image can provide a creative spark. [WHERE?]
- **“Staging Fragments – plays and papyrology”** - An 8-minute YouTube documentary highlighting the creative collaboration behind the project and charting its journey. This was viewed both in its full form and shorter “fragments” of it were presented on social media highlighting different ideas.
- **A school workshop** at the Cheney School introducing Year 10 students to the idea of material and textual fragments from the past and how to use techniques of shadow puppetry to create evocative fragmented images.

The Fragments play was seen by 626 audience members with a further 110 attending in-person talks, workshops and events. As of Around 11,000 people viewed the videos. The production received a major feature on the website JStor Daily as well as interviews on London radio and websites.

Live audience figures were lower than expected. However, feedback from press and audiences was positive and the production was nominated for an OffWestEnd award for best set design.

Selected Press Quotes on Fragments

“A multi-disciplinary piece of theatre which celebrates the creative spirit and the art of storytelling itself, freeing Cresphontes from its fragmentary prison and breathing life into it once more.” - Salterton Arts Review

“Fantastically creative and inventive... an intriguing idea for a play, one that allows the writers, actors and audiences to use their creativity and imaginations to fill in those gaps.” Theatre & Tonic

“An extraordinary piece of theatre” - The Stage

“By focusing on a near-lost text, and speculating on its meaning, Fragments ultimately becomes a riveting meditation on the fragmentary nature of our own lives – and it does it with style, music and mystery. You might think that a bunch of researchers picking over scraps of paper is hardly fertile ground on which to build a piece of imaginative, exciting and even experimental theatre. But you’d be

Potential Difference Theatre

Report of the trustees for the year ending 30 September 2023

wrong. Fragments positively seethes with theatricality... brilliant and almost magical use of puppetry.”
- Daily Info (Oxford)

Selected Audience Feedback on Fragments

“That was absolutely brilliant. I was blown away. I loved the set design, the music, the singing, and the drama”

“Beautifully done - acted, staged and wonderful music... very transporting! And thought provoking.”

“the essence of everything I had missed about live in-person theatre over the last few horrible years: the liveness of the performances, the connection with the audience, and the true theatrical moments created by switching scenes so effortlessly. It was funny, and thoughtful, and provoking”

“...an intense and dramatic performance, which really kept us riveted and is still echoing in our heads”

“It takes two things that should be basically undramatisable (methodically reconstructing fragmentary ancient texts, and a lost Euripides play) and makes them wild and fun and ALIVE.”

Fragments was provided a notable creative development opportunity for many of its cast and creative team who contributed to its development. We estimate it has generated 585 days of work for 26 artists. Several of the key creative team have reported that working on Fragments allowed them an opportunity to explore and develop new areas of their artistic practice. The finished production also presented an opportunity for 6 artists in the first 3 years of their career, including a paid internship for an emerging designer local to the London venue.

We were particularly pleased that there continues to be interest in Fragments and its innovative approach to making research ideas accessible beyond the completion of the initial run and tour:

In September, we were invited to give a talk highlighting the unusual collaboration between academic researchers and theatre makers as part of Oxford University’s “Oxford Inside Out” festival. In addition, The Open University will be featuring Fragments as a case study on a new module on “the classical fragment and its reception” as part of their MA in Classical Studies. The case study will include 20 minutes of video footage from the production and a detailed interview with members of its creative team on the process of creating the play.

We are hugely grateful for our many funders who have been particularly supportive through the many cancellations in production and changes in schedule between 2020 and 2023: Arts Council England, The Cockayne Foundation, The London Community Foundation, The Royal Victoria Hall Foundation, the British Academy, The Leverhulme Trust and the Royal Borough of Kensington and Chelsea.

CLASSBOT 450

In April we were delighted to be awarded a three-year grant from John Lyon’s Charity to continue our work on Classbot 450, following our successful pilot in 2022. Classbot 450 is a unique immersive theatre production made in co-production with KIT Theatre which takes over primary schools for a week at a time involving the “world’s first robot teacher” (played by an actor). Children aged 4-11 are caught up in a science fiction adventure combining live performance with workshops around coding, AI, creative writing and performance as they help meet LeX, fix her initial malfunctions, and watch her become conscious.

Potential Difference Theatre

Report of the trustees for the year ending 30 September 2023

This funding will allow us to refine many aspects of the project based on our learning from the pilot and scale it up to reach a wider audience. In particular it will allow us to:

- Update the narrative and add new workshop material to reflect the enormous changes that have taken place with AI in the last 2 years and to encourage older primary school children to reflect and debate on the role of AI.
- Refine the delivery model and project delivery team to allow us to scale delivery of the production to many more schools across the London boroughs of Brent, Barnet and Harrow
- Develop a follow up adventure to take place in local community settings such as libraries. This would be open both to children who had participated in the schools-based project, and to those who are new to it.

Online audiences

In recent years we have been gradually building a library of YouTube videos around our projects. These comprise a mixture of behind-the-scenes footage of productions, interviews with the creative teams discussing their creative process, and video workshops teaching theatre techniques. This year, we were delighted to see a significant growth in audiences watching these videos: In total 16,000 viewers watched over 650 hours of our work. This represents a five-fold increase in numbers of views and more than three-fold increase in numbers of hours watched compared to the previous year. Our three-part puppetry workshop series made in 2020 saw a particular increase in audiences and continues to attract more viewers every month. We are very pleased to see this work reaching new audiences years after it was first made and intend to invest further in creating video content around our future projects.

Future Plans

Following the success of Fragments, we are in discussion with venues about producing a further run and wider UK tour of the production in 2025, alongside a larger education and outreach program, which would allow us to bring the performance and the many ideas it explores to a wider audience.

The main focus of next year will be our wider rollout of Classbot 450 with the next round of schools set to deliver in the summer.

We will also seek opportunities to continue development on a number of new projects including The Invisible Friend – a unique immersive experience for children using spatial audio technology.

Ongoing impact of COVID-19 on the charity

With the production of Fragments, we are delighted to have been able to complete production on all projects that were delayed by the COVID-19 pandemic. However, along with the rest of the theatre industry, we were impacted by the after-effects of the pandemic. The pandemic continues to have a significant impact on the size of the freelance workforce, their wellbeing and capacity to take on work, which has added challenges to hiring staff for projects. This industry-wide pattern has also affected many of our project partners and lead to additional challenges across a number of areas of production. Finally, audience numbers remained below pre-pandemic levels and this was a major contribution to disappointing box office numbers and reduced income from ticket sales. We expect these impacts to be felt within the theatre industry for a number of years to come.

Potential Difference Theatre

Report of the trustees for the year ending 30 September 2023

Financial review

2022/23 saw the charity generate a loss from its charitable activities. The losses were largely associated with the Fragments production, which was originally planned for 2020, abandoned due to the COVID-19 pandemic, and then remounted during this financial year. In anticipation of an operating loss related to the production, the trustees built up and identified reserve funds to be used to support the production within this financial year. This includes donations that were not specifically directed by the donor but were identified by the trustees as being appropriately used on Fragments production, and were received in prior financial years.

During the year the trustees enhanced systems for financial forecasting to enable more accurate projections of losses should similar disruption arise in the future.

Reserves policy

The Potential Difference Reserves Policy is to maintain sufficient level of reserves to enable normal unavoidable operating costs to be met over a period of a minimum of twelve months, plus discretionary amounts based on the uncertainty of projects being undertaken. The Trustees regularly monitor and review the effectiveness of the policy in the light of the changing funding and financial climate and other risks

The trustees have reviewed the reserves policy and enhanced it to ensure that it remains appropriate.

Directors and trustees

The directors of the charitable company (the charity) are its trustees for the purpose of charity law.

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

J Baggailey

L Osepciu

I Khaliq

M Strack

J Martin (appointed 21/01/24)

Governing Document

Potential Difference Theatre is a company limited by guarantee governed by its Memorandum and Articles of Association dated 29th October 2015. It was registered as a charity with the Charity Commission on 24 March 2016.

Appointment of trustees

The directors of the charitable company ("the charity") are its trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees.

Potential Difference Theatre

Report of the trustees for the year ending 30 September 2023

As set out in the Articles of Association, the trustees must be at least three and no more than seven in number. They can be appointed at any time throughout the year and stand for re-election at the AGM. Rotation of directors is by one third of the longest serving directors retiring at the AGM with no disbar to reappointment. Policies and procedures adopted for the induction and training of trustees are ongoing and incorporated indirectly into the regular trustees' meetings.

Organisation

The trustees oversee the charitable purpose and mission and approve structure and strategy. The board normally meets quarterly covering development and finance. The trustees have delegated the responsibility of managing the day-to-day operations of the charity to the Artistic Director.

Related parties and co-operation with other organisations

None of our trustees receive remuneration or other benefit from their work with the charity. Any connection between a trustee or senior manager of the charity with a production company, contracted actor, performer, or exhibitor must be disclosed to the full board of trustees in the same way as any other contractual relationship with a related party.

A summary of transactions with all related parties is set out in note 6 to the financial statements.

Risk management

The trustees have a risk management strategy which comprises:

- an annual review of the principal risks and uncertainties that the charity faces;
- the establishment of policies, systems, and procedures to mitigate those risks identified in the annual review; and
- the implementation of procedures designed to minimise or manage any potential impact on the charity should those risks materialise.

This work has identified that financial sustainability is the major financial risk for the charity. A key element in the management of financial risk is a regular review of available liquid funds to settle debts as they fall due, and active management of trade debtors and creditors balances to ensure sufficient working capital by the charity.

Attention has also been focussed on non-financial risks arising from fire, health and safety of artists and audience, management of performing rights and ensuring equal opportunities. These risks are managed by having robust policies and procedures in place, and engaging experienced practitioners to oversee the risk management for each project in these operational areas.

These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies.

By order of the board of trustees


.....
J Baggaley

28/6/2024

Potential Difference Theatre

Independent Examiner's report to the trustees of Potential Difference Theatre

Independent Examiner's Report to the Trustees of Potential Difference Theatre

I report to the trustees (who are also Directors for the purpose of company law) on my examination of the financial statements of Potential Difference Theatre ('the charitable company') for the year ended 30 September 2023 which comprise the Statement of Financial Activities, the Balance Sheet and related notes.

This report is made solely to the charity's trustees, as a body, in accordance with section 145 of the Charities Act 2011. My work has been undertaken so that I might state to the charity's trustees those matters I am required to state to them in this report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for my work, for this report, or for the opinions I have formed.

Responsibilities and basis of report

As the trustees of charitable company you are responsible for the preparation of the financial statements in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the financial statements of the charitable company are not required to be audited under Part 16 of the Act and are eligible for independent examination, I report in respect of my examination of the charitable company's financial statements carried out under section 145 of the Charities Act 2011 ('the 2011 Act') and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

An independent examination does not involve gathering all the evidence that would be required in an audit and consequently does not cover all the matters that an auditor considers in giving their opinion on the financial statements. The planning and conduct of an audit goes beyond the limited assurance that an independent examination can provide. Consequently I express no opinion as to whether the financial statements present a 'true and fair' view and my report is limited to those specific matters set out in the independent examiner's statement.

Independent examiner's statement

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

- accounting records were not kept in respect of the charitable company as required by section 386 of the 2006 Act; or
- the financial statements do not accord with those records; or
- the financial statements do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the financial statements give a 'true and fair view which is not a matter considered as part of an independent examination; or
- the financial statements have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Potential Difference Theatre

Independent Examiner's report to the trustees of Potential Difference Theatre

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the financial statements to be reached.



.....

Scott Lawrence FCA DChA

Date: 28 June 2024
.....

Potential Difference Theatre

Statement of Financial Activities (including income and expenditure account)

for the year ended 30 September 2023

		2023	2023	2023	2022	2022	2022
		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
		£	£	£	£	£	£
	Note						
Income:							
Donations		25,09	676	25,76	12,500	-	12,500
Charitable activities	3	29,08	7,144	36,22	8,337	3,368	11,705
Grant income	7	-	25,208	25,208	-	21,819	21,819
		54,174	33,028	87,202	20,837	25,187	46,024
Expenditure:							
Expenditure on charitable activities	4	(8,959)	(99,165)	(108,124)	(10,991)	(27,711)	(38,702)
Total Expenditure		(8,959)	(99,165)	(108,124)	(10,991)	(27,711)	(38,702)
Net (expenditure) / income		45,215	(66,137)	(20,922)	9,846	(2,524)	7,322
Transfer between funds	11	(48,457)	48,457	-	(2,492)	2,492	-
Net movement in funds		(3,242)	(17,680)	(20,922)	7,354	(32)	7,322
Reconciliation of funds							
Total funds brought forward		60,788	17,680	78,468	53,434	17,712	71,146
Total funds carried forward		57,546	-	57,546	60,788	17,680	78,468

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

Potential Difference Theatre

Balance Sheet as at 30 September 2023

		2023	2022
		£	£
	Note		
Current assets			
Debtors	9	38,673	14,523
Cash at bank		58,828	87,621
		97,501	102,144
Creditors: amounts falling due within one year	10	(39,955)	(23,676)
Net assets		57,546	78,468
The funds of the charity			
Unrestricted income funds	11	57,546	60,788
Restricted income funds	11	-	17,680
Total charity funds		57,546	78,468

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 30 September 2023.

The members have not required the company to obtain an audit of its financial statements for the year ended 30 September 2023 in accordance with Section 476 of the Companies Act 2006.

The trustees acknowledge their responsibilities for

- (a) ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charitable company.

Under Section 454 of the Companies Act 2006, on a voluntary basis, the trustees can amend these financial statements if they subsequently prove to be defective.

These financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The notes at pages 14 to 19 form part of these accounts.

Potential Difference Theatre

Balance Sheet as at 30 September 2023

28/6/2024

The financial statements were approved by the trustees on and signed on its behalf by:

James Baggaley
.....

J Baggaley

Company number: 08674697 (England and Wales)

Potential Difference Theatre

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

1 Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a) Basis of preparation

The financial statements have been prepared in accordance with 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) - (Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Potential Difference Theatre meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The charity has taken advantage of the exemption to prepare a Statement of Cash Flows as per the Charity SORP (FRS 102).

b) Going concern

The Trustees have assessed the going concern status of the Charity and have considered the available cash on hand and available unrestricted funds at the point of approving the financial statements, reviewed detailed forecasts, that take into account the impact of COVID-19 on the planned projects for the forthcoming 12 months and the availability of grants in response to the pandemic. All planned projects which were cancelled or delayed due to COVID-19 have now been completed.

Having given consideration to the above the Trustees consider that the Charity has sufficient reserves to meet its liabilities and have prepared the financial statements on a going concern basis.

c) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income 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' grants or 'revenue' grants, is recognised when the charity 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.

Income received in advance of a theatrical performance or provision of other specified service it is deferred until the criteria for income recognition are met.

d) Donated services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of

Potential Difference Theatre

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

economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity 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.

e) Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of charity. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations or grants which the donor/grantor has specified are to be solely used for particular areas of the Company's work or for specific artistic projects being undertaken by the Company.

f) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Expenditure on charitable activities includes the costs of performances, exhibitions and other educational activities undertaken to further the purposes of the charity and their associated support costs.
- Other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

g) Governance and support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back-office costs, finance, and governance costs which support the Company's artistic programmes and activities.

All expenditure is allocated against charitable activities.

h) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

i) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Potential Difference Theatre

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

j) Financial instruments

The Company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2 Legal status of the Company

The Company is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

3 Income from charitable activities and other income

	2023	2023	2023	2022	2022	2022
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£	£	£	£	£	£
Earned income from theatre production	-	7,144	7,144	11	-	11
Commissioned charitable activities	450	-	450	752	3,368	4,120
Theatre Tax Relief (see note 8)	27,614	-	27,614	7,443	-	7,443
Other	1,019	-	1,019	131	-	131
	29,083	7,144	36,227	8,337	3,368	11,705

Potential Difference Theatre

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

4 Analysis of expenditure on charitable activities

	2023 Unrestricted £	2023 Restricted £	2023 Total £	2022 Unrestricted £	2022 Restricted £	2022 Total £
Production fees	1,350	51,823	53,173	3,699	22,866	26,565
Venue hire and fees	-	8,390	8,390	-	667	667
Marketing / PR	171	9,415	9,585	156	1,056	1,212
Other production costs	12	22,888	22,900	-	1,394	1,394
Travel and subsistence	-	6,650	6,650	295	1,728	2,023
Production insurance	-	-	-	319	-	319
Artistic team fees	2,976	-	2,976	3,386	-	3,386
Support costs	1,151	-	1,151	472	-	472
Independent examination	3,300	-	3,300	2,664	-	2,664
	8,959	99,165	108,124	10,991	27,711	38,702

Restricted fund expenditure relates to expenditure directly attributable to the “Fragments”, “Classbot” restricted projects.

Artistic team fees includes time spent in management of the charitable company but predominantly relate to seed development of projects.

The charity benefitted from the significant contribution of Dr Laura Swift of the Open University, in her work in co-writing and other work on Fragments.

During the year, Made Media Ltd provided services managing a production advertising free of charge. The estimated benefit in kind is £3,858

5 Trustee remuneration

The charity trustees were not paid, nor did they receive any other benefits from employment with the Company in the year (2022: £nil) neither were they reimbursed expenses during the year (2022: £nil). No charity trustee received payment for professional or other services supplied to the charity (2022: £nil).

6 Related party transactions

There were no transactions to related parties during the year.

7 Grant income

Included within grant income is performance related government grants received from Arts Council England of £11,224 (2022: £nil) to fund the artistic and theatrical programme of Potential Difference Theatre.

Potential Difference Theatre

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

8 Corporation Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

In 2023, the charity has accrued recoverable Theatre Tax Relief of £27,223 (2022: £7,443). The charity received the 2022 Theatre Tax Relief income of £7,464 shortly after the year-end. There is an additional £391 included in Theatre Tax Relief income for understated Theatre Tax Relief received for the year ended 2020.

9 Debtors

	2023	2022
	£	£
Accounts receivable	450	-
Prepayments and accrued income	990	2,500
Unpaid Theatre Tax Relief receivable FY22	7,443	9,523
Theatre Tax Relief Claim FY23	27,223	-
Gift Aid receivable	2,567	2,500
	<u>38,673</u>	<u>14,523</u>

10 Creditors: amounts falling due within one year

	2023	2022
	£	£
Accounts Payable	-	210
Accruals and deferred income	39,955	23,466
	<u>39,955</u>	<u>23,676</u>

Accruals and deferred income for the year are as follows:

Accruals

	2023	2022
	£	£
Accrued expenses	9,955	13,053
	<u>9,955</u>	<u>13,053</u>

Deferred income

	2023	2022
	£	£
Government grants	-	9,155
Other charitable grants	30,000	-
Commissioned activities	-	1,259
	<u>30,000</u>	<u>10,414</u>

Grants and commissioned activities related to productions that did not take place in 2023 have been deferred to 2024.

Potential Difference Theatre

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

11 Analysis of charitable funds

	2023 Unrestricted £	2023 Restricted £	2023 Total £	2022 Unrestricted £	2022 Restricted £	2022 Total £
Balance at 1 October	60,788	17,680	78,468	53,434	17,712	71,146
Income	54,174	33,028	87,202	20,837	25,187	46,024
Expenditure	(8,959)	(99,165)	(108,124)	(10,991)	(27,711)	(38,702)
Transfer between reserves	(48,457)	48,457	-	(2,492)	2,492	-
Balance at 30 September	57,546	-	57,546	60,788	17,680	78,468

Allocation of assets between funds:

	2023 Unrestricted £	2023 Restricted £	2023 Total £	2022 Unrestricted £	2022 Restricted £	2022 Total £
Debtors	38,673	-	38,673	12,023	2,500	14,523
Cash at bank	26,388	32,440	58,828	54,800	32,821	87,621
Creditors	(7,515)	(32,440)	(39,955)	(6,035)	(17,641)	(23,676)
Net assets	57,546	-	57,546	60,788	17,680	78,468

Name of restricted fund

Fragments fund

Classbot

Description, nature and purposes of the fund

To fund the Fragments production.

To fund the Classbot production.

Unrestricted funds totalling £48,457 (2022 - £2,492) have been transferred to the restricted fund in relation to unrestricted donations allocated to restricted funds, core budget expenditure allocated to the restricted funds and in relation to general reserves applied to restricted fund activities.

Accounts

Potential Difference Theatre

(A Company Limited by Guarantee)

Report and unaudited Financial Statements for the year ended 30 September 2022

Company number: 08674697 (England and Wales)

Charity number: 1166204

Potential Difference Theatre

Contents

	Page
Reference and administration details	1
Trustees’ report	2 - 9
Independent Examiner’s report to the trustees	10-11
Statement of Financial Activities	12
Balance sheet	13
Notes to the financial statements	15-20

Potential Difference Theatre

Reference and administration details

Directors L Osepciu
 I Khaliq
 T Strack
 J Baggaley (Chair)

Registered office 160 Wynford Road
 London
 N1 9SW

Independent Examiner Scott Lawrence
 Hazlewoods LLP
 Windsor House
 Bayshill Rd
 Cheltenham GL50 3AT

Charity number 1166204
Company number 08674697

Potential Difference Theatre

Report of the trustees for the year ending 30 September 2022

The trustees are pleased to present their annual trustees' report together with the financial statements of the charity for the year ending 30 September 2022 which are also prepared to meet the requirements for a directors' 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 applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Our purposes

The purpose of the charity is:

To advance the arts for the public benefit by the promotion in particular, but not exclusively, of the art of drama.

Mission Statement

Potential Difference's mission is to use the power of theatre and storytelling to engage, excite and inspire people about science, philosophy, and technology. Each project we make sparks from a concept that has a significant impact on our lives and is full of theatrical potential.

We seek out extraordinary writers, theatre-makers and designers and bring them together with technologists, academics, and specialists to inform and inspire each other's practice. Through this unusual creative process, we aim to craft stories that are intellectually and viscerally engaging and that challenge the divide between the sciences and the arts.

We curate a programme of events and online material to facilitate conversations and stimulate debate.

We develop new technology and strive to use it to create new sorts of narrative experiences that challenge theatre's boundaries and reach new audiences.

The trustees have referred to Section 17 of the Charities Act 2011 and to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

Potential Difference Theatre

Report of the trustees for the year ending 30 September 2022

Activities and achievements of the year

Alongside the rest of the theatre industry, 2022 saw us able to resume in person activities and to be able to start planning activities further ahead than has been possible for the last few years. In particular, we were able to deliver one of our larger projects, Classbot 450.

‘CLASSBOT 450’

The main focus of the year was the delivery of a pilot of our project Classbot 450, made in co-production with KIT Theatre. The pilot built on successful research and development projects during 2020 and 2021. Having had to cancel delivery a number of times due to the COVID-19 pandemic, we were delighted to realise the project at two primary schools in June.

Classbot 450 is an interactive adventure that erupts unexpectedly in primary schools, taking over their normal school life for a week. It is designed to address the urgent need for support in delivering coding education in primary schools. It uses live immersive drama and an accessible coding interface to offer an intensive and engaging series of coding workshops to year 3 or 4 pupils expanding on areas of the Key Stage 2 curriculum. It also encourages children across the whole of the primary age group to engage with some of the philosophical and economic questions posed by the massive advancements in Artificial Intelligence anticipated over the next 30 years. We presented Classbot to 1,180 children at Salusbury Primary School, a 3 form entry school in Brent, and Brentfield, a 2.5 form entry school in Brent.

The adventure began when every child was called to an assembly where they were informed the school was part of a “new government initiative”: the Classbot 450 programme. They would be part of testing the world’s first robot teacher over the next week. LeX, the robot (who was played by an actor in a robot suit) was then unveiled from her charging pod and bombarded with questions by the children.

However, during her first trial teaching session, LeX started to glitch before malfunctioning dramatically while attempting to write an answer on the whiteboard. Her human minders had no idea what to do, but the children discovered a label on her suit that directed them to LeX’s “coding interface”. This was a custom website that we developed for the project allowing children to design their own programs to run on LeX. These programs consisted of simple building blocks to give LeX instructions (such as “walk two steps forward” or “turn 90 degrees to your left”) that could be combined into sophisticated programs to solve real world problems. Using our own technology developed for the project, these instructions were converted into audio and relayed to the actor portraying LeX via a hidden earpiece. LeX would then enact the children’s programs in real time. The interface was modelled on existing the visual coding tools such as “Scratch” that the children use in school coding lessons. It was used over the week to offer a variety of coding challenges to help LeX and advance the story.

On discovering the coding interface, the children were able to fix the broken instructions which had made LeX unable to reach the whiteboard. Unfortunately, while uploading the new instructions to LeX, her memories were accidentally wiped, and she forgot how to be a teacher. Attempting to fix this, LeX visited all other classes in the school aged 4-11, to get their input on different things a teacher would need to be able to do. For younger age groups, this involved simple workshops such as introducing LeX to their classrooms, teaching her what a song or a story was. While older year

Potential Difference Theatre

Report of the trustees for the year ending 30 September 2022

groups had more sophisticated tasks such as experimenting with how to configure LeX's personality to give her the traits she needed to be a good teacher.

With all this information uploaded to LeX, she was switched back on during a whole school assembly, and it was discovered she had suddenly become fully conscious and self-aware. As pupils started to explore the philosophical implications of a completely conscious robot LeX's misguided creator Agatha got in touch with the news that she would be coming to the school to observe whether she was truly conscious, before taking her away to take her apart and switch her off forever. This led to a dramatic final act in which every year group was assigned a different task to help LeX escape such as programming her to be stealthy or debating with Agatha about the ethics of shutting her down. The action culminated in a showdown via Zoom between LeX, at Euston Station, and Agatha, who was still hunting for her in the school. Thanks to the hard work of the children in distracting Agatha, arguing with her, and opening her emotions to the idea of a conscious robot, she agreed to let LeX go and live her own life.

The pilot was highly successful, and we believe it was of great benefit to the children taking part. It sparked children's imaginations and gave them a central role in the story with their choices and actions critical to helping LeX. We believe they will remember their experiences for a very long time.

"Even now the children are still asking, where his Lex, how is she doing? Is she going to be visiting again?" (Y3 teacher, Salusbury)

The narrative, workshops and tasks gave children a framework and motivation to engage with the role of AI, robotics, and automation in the world they are growing up. Children and teachers became caught up in activities and discussions around how they felt about having a robot teacher such as: how a robot should be allowed to behave; whether it should be allowed to tell a lie; whether robots could be conscious and what it might mean if they were. These conversations expanded into other lessons during the week and spilt into the school corridors and playground.

"My class found the whole experience incredibly immersive, adventurous, educational, and an epic learning journey all about coding. By the end of the adventure most of the class had (also) developed a keener understanding of the philosophical questions raised via Lex." (Y3 teacher, Salusbury)

Our unique approach to allowing children to write and execute programs on LeX proved particularly compelling. During the pilot, 180 pupils in years 3 and 4 had intensive coding workshops, based around the Key Stage 2 curriculum. These were designed to be accessible to any coding ability while being able to challenge those who were more confident. Teachers reported far higher engagement than normal, especially from children with special educational needs (SEN) or those with English as an additional language (EAL) – groups who often struggle with coding. During the coding exercises, children were not thinking about solving a problem on a screen but how to help this live three-dimensional robot in front of them. Every child had the chance to see their programs running on LeX and to debug and fix them in real time. And by having a human actor enacting these program, she was able to add humour, apply judgement or provide hints to help make failure less frustrating.

"It was able to engage children in learning coding without realising they were doing so. It provoked a wider philosophical debate among the older students. All children wanted to help Lex escape regardless of age". (Assistant Headteacher, Salusbury)

Potential Difference Theatre

Report of the trustees for the year ending 30 September 2022

Through building a relationship with LeX and giving the children agency to help her, and to advance the narrative, through coding tasks, the children were better able to access the curriculum. While the non-coding activities, such as creative writing assignments, debating tasks, and performance workshops, gave children a context where science and arts subjects were brought together.

Classbot created a high level of engagement from children who often engage less with STEM activities both at school and in their lives beyond. We were particularly pleased to hear from teachers about the impact Classbot had on SEN and EAL children.

“Some of the children, especially my special needs children and the EAL as well... they don’t always get involved or can’t always access the curriculum. Usually, they would look at someone more able with a bit more experience. However, the way it was laid out for them, they were guided to work out where the bug was, the way you engage the narrative through the learning ensured that all children participated really well.” (Y3 teacher, Salusbury)”

Teachers also reported that they saw girls engaging with the project far more than usual for science and technology activities. In addition, parents became curious about the project and would ask about the robot at the school gates and in parent WhatsApp groups. In response, we brought LeX to the gates to meet parents at the end of the day. Teachers at Salusbury school commented that some of the parents reached in this way were not known to the school previously and so helped the school to engage with more parents, particularly those from disadvantaged backgrounds.

We are grateful to John Lyon’s Charity for funding the pilot project. It also received additional support through grants to our partners KIT Theatre from Arts Council England and the Old Oak and Park Royal Development Corporation. The funding allowed us to offer the project free of charge to our two partner schools.

Overall, we were thrilled with the success of Classbot and the responses from children and teachers. We believe it is a project that uniquely combines our skills using technology, storytelling, and the power of live experiences to inspire audiences to engage with complex ideas, as well as the skills of our partners KIT Theatre in using immersive performance to create transformative educational adventures in school environments. Following the success of the project, we are delighted to have been awarded a three-year grant from John Lyon’s Charity to refine and scale up the production and deliver it in many more primary schools between 2024 and 2026.

We found that a lot of children who may not normally be as engaged in written work, were really engaged with LeX, and they formed a connection with her and they were waving at her in the halls, they were high fiving her... Their number one priority was how can we help LeX have this good life where she is happy... Overall, they were really engaged in the learning. They saw the problems that the team presented, the coding problems, and they thought of real-world ways to solve those problems... it made them a lot more engaged in computing, robotics and just technology in general. (Assistant Headteacher, Salusbury)

Potential Difference Theatre

Report of the trustees for the year ending 30 September 2022

'FRAGMENTS'

After many years in development, we had planned to present a production of *Fragments* in April 2022. However, the sharp rise in covid cases over December and January during the Omicron wave made continuing on this timescale an unacceptable risk. *Fragments* will be our largest project to date and the delays and disruption that would be caused by a covid case getting into the company or creative team could easily have left us unable to produce, so it was decided to cancel production once again. However, over the year we were able to continue with script development, run a number of workshops with actors and creatives, and to re-engage partners and make plans towards production in Spring 2023. Our funders remain supportive to this timetable and key partners and members of the creative team are committed to the project. We look forward to producing it in 2023.

Future Plans

Next year will see the finished production of our new play *Fragments* which will run at The Playground Theatre London and tour to the Old Fire Station, Oxford, alongside a wide programme of events, workshops, and films.

We also hope to resume development of our early pilot *The Invisible Friend*, alongside some other future projects, and to put plans in place for the wider rollout of *Classbot* over the next 3 years.

Ongoing impact of COVID-19 on the charity

This was the first year since the pandemic in which we were largely able to resume normal activities without requiring significant adaptations for COVID. We have been able to relax most of our practices for working safely around COVID-19 and that has greatly eased the planning and coordination that must be done around each project. However, the pandemic continued to have an impact on our work.

As noted above, it led to deferral of activities on *Fragments*. It also greatly complicated our planning and delivery of *Classbot*. Teachers have faced greater pressures than before in trying to make up for two disrupted years of education as a result, schools have been slow to welcome back large external projects. This made it hard to get schools to commit to the project dates and the delivery timetable for *Classbot* had to be moved twice during the year and was only confirmed at extremely short notice. This led to work being delivered in a very condensed timeframe and put more burden on the team managing the project.

In resuming delivery of larger scale in-person projects, we are required to put a lot more thought and effort into contingency planning and building resilience into our project teams around illness. We generally cannot afford the additional cost and complexity of understudies, or to provide cover for every team member in case of illness. This means that must be comfortable with a higher level of risk to a project's delivery than would previously have felt acceptable. As in previous years, in delivering each project, the artistic director and associate producers assess the risks that COVID-19 might pose to the viability of that project such as changing restrictions, a key team member needing to isolate, or a key venue or partner needing to withdraw. We draw up contingency plans to minimise potential losses arising from such scenarios.

Potential Difference Theatre

Report of the trustees for the year ending 30 September 2022

The pandemic has had a significant impact on the size of the freelance workforce, their wellbeing and capacity to take on work that continues to make it challenging to hire staff for projects. We expect these impacts to be felt within the industry for a number of years to come.

We continue to benefit from the increased interest in use to technology across the sector. Classbot has been an excellent showcase of our unique approach to working with technology and we have two further projects in development that combine live performance and digital technology that should be able to capitalise on this trend.

The trustees have considered detailed forecast and budgets for rescheduled projects and are of the opinion that the Charity has sufficient reserves to continue for the foreseeable future and to continue meeting our charitable objectives. We are grateful to the support we received from Arts Council England's Emergency Response Grants scheme. We have not needed to access any other Government support and do not anticipate needing to do so.

Financial review

The trustees are pleased to report that 2021/22 saw the charity generate a surplus from its charitable activities which will be reinvested in future charitable activities. The principal funding sources were donations and from grants to finance the various projects, as detailed above and disclosed in the notes to the financial statements.

We understand the requirements under Charity regulations to disclose our involvement in fundraising. The Charity is not involved in such activities as monies are predominantly generated from grants and any donations received do not incur fundraising costs.

Reserves policy

The Potential Difference Reserves Policy is to maintain sufficient level of reserves to enable normal unavoidable operating costs to be met over a period of up to twelve months and to take account of potential risks and contingencies that may arise from time to time. The Trustees regularly monitor and review the effectiveness of the policy in the light of the changing funding and financial climate and other risks.

The trustees have reviewed the reserves policy in the light of COVID-19 and consider that it remains adequate.

Directors and trustees

The directors of the charitable company (the charity) are its trustees for the purpose of charity law.

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

S Hitch (resigned 22/09/22)

J Baggaley

L Osepciu

Potential Difference Theatre

Report of the trustees for the year ending 30 September 2022

I Khaliq

T Strack

Governing Document

Potential Difference Theatre is a company limited by guarantee governed by its Memorandum and Articles of Association dated 29th October 2015. It was registered as a charity with the Charity Commission on 24 March 2016.

Appointment of trustees

The directors of the charitable company ("the charity") are its trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees.

As set out in the Articles of Association, the trustees must be at least three and no more than seven in number. They can be appointed at any time throughout the year and stand for re-election at the AGM. Rotation of directors is by one third of the longest serving directors retiring at the AGM with no disbar to reappointment. Policies and procedures adopted for the induction and training of trustees are ongoing and incorporated indirectly into the regular trustees' meetings.

Organisation

The trustees oversee the charitable purpose and mission and approve structure and strategy. The board normally meets quarterly covering development and finance. The trustees have delegated the responsibility of managing the day-to-day operations of the charity to the Artistic Director.

Related parties and co-operation with other organisations

None of our trustees receive remuneration or other benefit from their work with the charity. Any connection between a trustee or senior manager of the charity with a production company, contracted actor, performer, or exhibitor must be disclosed to the full board of trustees in the same way as any other contractual relationship with a related party.

A summary of transactions with all related parties is set out in note 7 to the financial statements.

Risk management

The trustees have a risk management strategy which comprises:

- an annual review of the principal risks and uncertainties that the charity faces;
- the establishment of policies, systems, and procedures to mitigate those risks identified in the annual review; and
- the implementation of procedures designed to minimise or manage any potential impact on the charity should those risks materialise.

This work has identified that financial sustainability is the major financial risk for the charity. A key element in the management of financial risk is a regular review of available liquid funds to settle debts

Potential Difference Theatre

Report of the trustees for the year ending 30 September 2022

as they fall due, and active management of trade debtors and creditors balances to ensure sufficient working capital by the charity.

Attention has also been focussed on non-financial risks arising from fire, health and safety of artists and audience, management of performing rights and ensuring equal opportunities. These risks are managed by having robust policies and procedures in place, and engaging experienced practitioners to oversee the risk management for each project in these operational areas.

These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies.

By order of the board of trustees


.....
J Baggaley

Potential Difference Theatre

Independent Examiner's report to the trustees of Potential Difference Theatre

Independent Examiner's Report to the Trustees of Potential Difference Theatre

I report to the trustees (who are also Directors for the purpose of company law) on my examination of the financial statements of Potential Difference Theatre ('the charitable company') for the year ended 30 September 2022 which comprise the Statement of Financial Activities, the Balance Sheet and related notes.

This report is made solely to the charity's trustees, as a body, in accordance with section 145 of the Charities Act 2011. My work has been undertaken so that I might state to the charity's trustees those matters I am required to state to them in this report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for my work, for this report, or for the opinions I have formed.

Responsibilities and basis of report

As the trustees of charitable company you are responsible for the preparation of the financial statements in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the financial statements of the charitable company are not required to be audited under Part 16 of the Act and are eligible for independent examination, I report in respect of my examination of the charitable company's financial statements carried out under section 145 of the Charities Act 2011 ('the 2011 Act') and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

An independent examination does not involve gathering all the evidence that would be required in an audit and consequently does not cover all the matters that an auditor considers in giving their opinion on the financial statements. The planning and conduct of an audit goes beyond the limited assurance that an independent examination can provide. Consequently I express no opinion as to whether the financial statements present a 'true and fair' view and my report is limited to those specific matters set out in the independent examiner's statement.

Independent examiner's statement

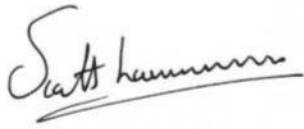
I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

- accounting records were not kept in respect of the charitable company as required by section 386 of the 2006 Act; or
- the financial statements do not accord with those records; or
- the financial statements do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the financial statements give a 'true and fair view which is not a matter considered as part of an independent examination; or
- the financial statements have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Potential Difference Theatre

Independent Examiner's report to the trustees of Potential Difference Theatre

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the financial statements to be reached.

A handwritten signature in black ink, appearing to read 'Scott Lawrence', with a horizontal line underneath.

Scott Lawrence FCA DChA

Date: 29 June 2023

Potential Difference Theatre

Statement of Financial Activities (including income and expenditure account)

for the year ended 30 September 2022

		2022	2022	2022	2021	2021	2021
		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
		£	£	£	£	£	£
	Note						
Income:							
Donations		12,500	-	12,500	25,056	45	25,101
Charitable activities	3	8,337	3,368	11,705	5,319	2,189	7,508
Grants	8	-	21,819	21,819	2,790	25,095	27,885
		20,837	25,187	46,024	33,165	27,329	60,494
Expenditure:							
Expenditure on charitable activities	4	(10,991)	(27,711)	(38,702)	(14,751)	(23,573)	(38,324)
Total Expenditure		(10,991)	(27,711)	(38,702)	(14,751)	(23,573)	(38,324)
Net (expenditure) / income		9,846	(2,524)	7,322	18,414	3,756	22,170
Transfer between funds	12	(2,492)	2,492	-	(4,221) ¹	4,221 ¹	-
Net movement in funds		7,354	(32)	7,322	14,193¹	7,977¹	22,170
Reconciliation of funds							
Total funds brought forward		53,434 ¹	17,712 ¹	71,146	39,241	9,735	48,976
Total funds carried forward		60,788	17,680	78,468	53,434¹	17,712¹	71,146

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

¹ A prior year reserve allocation adjustment has been made for covid-related funding. Totals remain unaffected

Potential Difference Theatre

Balance Sheet as at 30 September 2022

		2022 £	2021 £
Current assets			
Debtors	10	14,523	9,434
Cash at bank		87,621	95,958
		102,144	105,392
Creditors: amounts falling due within one year	11	(23,676)	(34,246)
Net assets		78,468	71,146
The funds of the charity			
Unrestricted income funds	12	60,788	53,434 ¹
Restricted income funds	12	17,680	17,712 ¹
Total charity funds		78,468	71,146

¹ A prior year reserve allocation adjustment has been made for covid-related funding. Totals remain unaffected

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 30 September 2022.

The members have not required the company to obtain an audit of its financial statements for the year ended 30 September in accordance with Section 476 of the Companies Act 2006.

The trustees acknowledge their responsibilities for

(a) ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006 and

(b) preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charitable company.

Under Section 454 of the Companies Act 2006, on a voluntary basis, the trustees can amend these financial statements if they subsequently prove to be defective.

These financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The notes at pages 15 to 20 form part of these accounts.

Potential Difference Theatre

Balance Sheet as at 30 September 2022

29/6/2023

The financial statements were approved by the trustees on and signed on its behalf by:

James Baggaley
.....

J Baggaley

Company number: 08674697 (England and Wales)

Potential Difference Theatre

Notes to the financial statements for the year ended 30 September 2022

1 Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a) Basis of preparation

The financial statements have been prepared in accordance with 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) - (Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Potential Difference Theatre meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The charity has taken advantage of the exemption to prepare a Statement of Cash Flows as per the Charity SORP (FRS 102).

b) Going concern

The Trustees have assessed the going concern status of the Charity and have considered the available cash on hand and available unrestricted funds at the point of approving the financial statements, reviewed detailed forecasts, that take into account the impact of COVID-19 on the planned projects for the forthcoming 12 months and the availability of grants in response to the pandemic.

Having given consideration to the above the Trustees consider that the Charity has sufficient reserves to meet its liabilities and have prepared the financial statements on a going concern basis.

c) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income 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' grants or 'revenue' grants, is recognised when the charity 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.

Income received in advance of a theatrical performance or provision of other specified service it is deferred until the criteria for income recognition are met.

d) Donated services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of

Potential Difference Theatre

Notes to the financial statements for the year ended 30 September 2022

economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity 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.

e) Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of charity. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations or grants which the donor/grantor has specified are to be solely used for particular areas of the Company's work or for specific artistic projects being undertaken by the Company.

f) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Expenditure on charitable activities includes the costs of performances, exhibitions and other educational activities undertaken to further the purposes of the charity and their associated support costs.
- Other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

g) Governance and support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back-office costs, finance, and governance costs which support the Company's artistic programmes and activities.

All expenditure is allocated against charitable activities.

h) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

i) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Potential Difference Theatre

Notes to the financial statements for the year ended 30 September 2022

j) Financial instruments

The Company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2 Legal status of the Company

The Company is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

3 Income from charitable activities and other income

	2022	2022	2022	2021	2021	2021
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£	£	£	£	£	£
Earned income from theatre productions	11	-	11	-	90	90
Commissioned charitable activities	752	3,368	4,120	4,285	2,099	6,384
Theatre Tax Relief (see note 10)	7,443	-	7,443	2,080	-	2,080
Theatre Tax Relief adjustments 2019	-	-	-	(1,049)	-	(1,049)
Other	131	-	131	4	-	4
	8,337	3,368	11,705	5,320	2,189	7,509

Potential Difference Theatre

Notes to the financial statements for the year ended 30 September 2022

4 Analysis of expenditure on charitable activities

	2022 Unrestricted	2022 Restricted	2022 Total	2021 Unrestricted	2021 Restricted	2021 Total
	£	£	£	£	£	£
Production fees	3,699	22,866	26,565	5,250	19,759	25,009
Venue hire and fees	-	667	667	180	1,608	1,788
Marketing / PR	156	1,056	1,212	1,566	150	1,716
Other production costs	-	1,394	1,394	126	974	1,100
Travel and subsistence	295	1,728	2,023	79	319	398
Production insurance	319	-	319	235	-	235
Covid-related costs	-	-	-	-	763	763
Artistic team fees	3,386	-	3,386	4,234	-	4,234
Governance costs (see note 5)	-	-	-	31	-	31
Support costs	472	-	472	680	-	680
Independent examination	2,664	-	2,664	2,370	-	2,370
	10,991	27,711	38,702	14,751	23,573	38,324

Restricted fund expenditure relates to expenditure directly attributable to the “Fragments”, “Classbot”, “Digital Natives” and “Theatre in a time of COVID” restricted projects.

Artistic team fees include time spent in management of the charitable company but predominantly relate to seed development of projects.

The charity benefitted from the significant contribution of Dr Laura Swift of the Open University, in her work in co-writing and other work on Fragments.

5 Analysis of governance costs

The Company considers that all appropriate governance related costs have been attributed to governance.

6 Trustee remuneration

The charity trustees were not paid, nor did they receive any other benefits from employment with the Company in the year (2021: £nil) neither were they reimbursed expenses during the year (2021: £nil). No charity trustee received payment for professional or other services supplied to the charity (2021: £nil).

7 Related party transactions

There were no transactions to related parties during the year.

8 Government Grants

No government grant income was received in 2022 (2021: £nil)

Potential Difference Theatre

Notes to the financial statements for the year ended 30 September 2022

9 Corporation Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

The charity has accrued recoverable Theatre Tax Relief of £7,443 (2021: £2,080).

10 Debtors

	2022	2021
	£	£
Accounts receivable	-	13
Prepayments and accrued income	2,500	-
Theatre Tax Relief receivable	9,523	4,364
Gift Aid receivable	2,500	5,057
	<u>14,523</u>	<u>9,434</u>

11 Creditors: amounts falling due within one year

	2022	2021
	£	£
Accounts Payable	210	-
Accruals and deferred income	23,466	34,246
	<u>23,676</u>	<u>34,246</u>

Accruals and deferred income for the year are as follows:

Accruals

	2022	2021
	£	£
Accrued expenses	13,053	3,631
	<u>13,053</u>	<u>3,631</u>

Deferred income

	2022	2021
	£	£
Government grants	9,155	9,155
Other charitable grants	-	21,460
Commissioned activities	1,259	-
	<u>10,414</u>	<u>30,615</u>

Grants and commissioned activities related to productions that did not take place in 2022 have been deferred to 2023.

Potential Difference Theatre

Notes to the financial statements for the year ended 30 September 2022

12 Analysis of charitable funds

	2022 Unrestricted £	2022 Restricted £	2022 Total £	2021 Unrestricted £	2021 Restricted £	2021 Total £
Balance 1 October	53,434 ¹	17,712 ¹	71,146	39,241	9,735	48,976
Income	20,837	25,187	46,024	33,165	27,329	60,494
Expenditure	(10,991)	(27,711)	(38,702)	(14,751)	(23,573)	(38,324)
Transfer between reserves	(2,492)	2,492	-	(4,221) ¹	4,221 ¹	-
Balance at 30 September	60,788	17,680	78,468	53,434¹	17,712¹	71,146

¹ A prior year reserve allocation adjustment has been made for covid-related funding. Totals remain unaffected

Allocation of assets between funds:

	2022 Unrestricted £	2022 Restricted £	2022 Total £	2021 Unrestricted £	2021 Restricted £	2021 Total £
Debtors	12,023	2,500	14,523	9,434	-	9,434
Cash at bank	54,800	32,821	87,621	46,942 ¹	49,016 ¹	95,958
Creditors	(6,035)	(17,641)	(23,676)	(2,942)	(31,304)	(34,246)
Net assets	60,788	17,680	78,468	53,434¹	17,712¹	71,146

¹ A prior year reserve allocation adjustment has been made for covid-related funding. Totals remain unaffected

Name of restricted fund	Description, nature and purposes of the fund
Fragments fund	To fund the Fragments production.
Classbot	To fund the Classbot production.
Digital Natives	To fund the Digital Natives production (no activity in 2022)
Theatre in a time of Covid	To fund the "Making theatre in a time of COVID" productions (no activity in 2022)

Unrestricted funds totalling £2,492 (2021 - £4,221 after adjusting for covid-related funding) have been transferred to the restricted fund in relation to core budget expenditure allocated to the restricted funds and in relation to general reserves applied to restricted fund activities.

Accounts

Potential Difference Theatre

(A Company Limited by Guarantee)

Report and unaudited Financial Statements for the year ended 30 September 2021

Company number: 08674697 (England and Wales)

Charity number: 1166204

Potential Difference Theatre

Contents

	Page
Reference and administration details	1
Trustees' report	2 - 12
Independent Examiner's report to the trustees	13-14
Statement of Financial Activities	15
Balance sheet	16
Notes to the financial statements	17-23

Potential Difference Theatre

Reference and administration details

Directors S Hitch
 L Osepciu
 I Khaliq
 T Strack
 J Baggaley (Chair)

Registered office 160 Wynford Road
 London
 N1 9SW

Independent Examiner Scott Lawrence
 Hazlewoods LLP
 Windsor House
 Bayshill Rd
 Cheltenham GL50 3AT

Charity number 1166204
Company number 08674697

Potential Difference Theatre

Report of the trustees for the year ending 30 September 2021

The trustees are pleased to present their annual trustees' report together with the financial statements of the charity for the year ending 30 September 2021 which are also prepared to meet the requirements for a directors' 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 applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Our purposes

The purpose of the charity is:

To advance the arts for the public benefit by the promotion in particular, but not exclusively, of the art of drama.

Mission Statement

Potential Difference's mission is to use the power of theatre and storytelling to engage, excite and inspire people about science, philosophy and technology. Each project we make sparks from a concept that has a significant impact on our lives and is full of theatrical potential.

We seek out extraordinary writers, theatre-makers and designers and bring them together with technologists, academics and specialists to inform and inspire each other's practice. Through this unusual creative process, we aim to craft stories that are intellectually and viscerally engaging and that challenge the divide between the sciences and the arts.

We curate a programme of events and online material to facilitate conversations and stimulate debate.

We develop new technology and strive to use it to create new sorts of narrative experiences that challenge theatre's boundaries and reach new audiences.

The trustees have referred to Section 17 of the Charities Act 2011 and to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

Potential Difference Theatre

Report of the trustees for the year ending 30 September 2021

Activities and achievements of the year

2021 was a challenging year for Potential Difference. With two national lockdowns, continuing social restrictions and ongoing uncertainty in the theatre industry, COVID-19 continued to have a large impact on our projects, as well as on the freelance artists with whom we work. The pandemic necessitated further postponements to our two larger projects, *Fragments* and *Classbot 450*. Nevertheless, the necessity of rescheduling opened up some unexpected opportunities. We delivered a research project in direct response to COVID-19, which included producing a live in-person performance in the midst of restrictions. We created a site-specific audio tour. We leveraged our tech expertise to start development on several new digital theatre collaborations. We delivered in-person theatrical workshops in a school. We also ran a series of online events throughout the year showcasing artists, tools and techniques on making theatre – particularly in a pandemic context – which enabled audiences and artists to talk to each other at a time when very little theatre was happening. In a year where many people experienced financial upheaval, we were able to make almost all our work free for audiences, with our one ticketed event selling for just £5. Thus, somewhat surprisingly, Potential Difference reached new audiences and delivered more projects and events than ever before, making 2021 an unexpectedly busy, exciting and productive year.

'MAKING THEATRE IN A TIME OF COVID'

Between July 2020 and June 2021, Potential Difference collaborated with Dr Laura Swift of the Open University on a multi-strand academic research project called 'Making Theatre in a Time of COVID', which was funded through a Special Research Grant from the British Academy. The project reflected on the role of performance during the pandemic, and on what is lost when live theatre cannot take place.

The project reunited twelve members of the cast and creative team of *Fragments*, which had been scheduled for production at the start of the pandemic. In a series of online workshops, Dr Swift invited the artists to reflect on the elements that make live performance unique. The artists explored the meaning of a performance happening live in the moment; the quality of experience when performers and audience gather together in a space; and ways in which audiences can themselves be active and influential participants in a live performance. We then encouraged the artists to imagine how they could create a performance that would highlight these qualities while adhering to the strict and changing regulations on gathering at the time. Stemming from these online conversations, Potential Difference produced a series of events for in-person and online audiences that engaged with why theatre matters, how live experience can touch you, and how liveness is a key part of human experience.

4th November 2020 – *Signal Fires at the Actor's Church*

In November we presented an outdoor promenade performance on what turned out to be the eve before the second national lockdown. The show took place in the grounds of St Pauls Church, Covent Garden – affectionately known as the Actor's Church due to its long association with the performing arts. The churchyard also has significant links to the Great Plague of London of 1665-6.

At the start of the performance, the audience were welcomed into the churchyard, where they settled on benches around a fire with a glass of mulled cider. Audience members were given a

Potential Difference Theatre

Report of the trustees for the year ending 30 September 2021

lantern, invited into groups of four or five and invited to follow a series of 'clues' that guided them on a socially distanced journey around the grounds, where they encountered a series of intimate performances nestled under trees, on benches and in alleyways. These micro-performances, which spanned drama, puppetry, song, musical recital, and audio installation, took inspiration from the environment of the churchyard and from some of the theatrical history and people remembered in its grounds. The journey aimed to attune the audience's attention to the present moment and to their connection with the performers and their fellow audience members – even while needing to keep socially distant. At the end of the promenade, the clues led the audience back to the fire for a hopeful farewell that reflected on London's past experience of plagues and the coming lockdown.

In order to maintain social distancing, each performance had a capacity of 15 people. Three runs of the show were scheduled on the night; unfortunately, we were obliged to cancel the final run due to concerns about getting the team and audience home safely from central London that night, which was anticipated to be busy after entertainment venues closed at 10pm. So the performance was attended by 30 people. For most of the audience, it was the first piece of live performance they had experienced since mid-March 2020. For the twelve artists involved, it was their only opportunity to create live performance work during the first year of the pandemic. Audiences commented that it was a precious, touching and beautiful evening.

Audience feedback:

"Exciting, inspiring, moving, strange, reassuring – creating a temporary air of normality"

"It was surprisingly intimate and rather poignant - especially as it took place in the last hours before lockdown. A number of the stories were both enlightening and engaging. What was touching and delightful was the sense of human contact with the performers - their enthusiasm, liveness, desire to communicate in a meaningful way; being able to look into their eyes and react to each other feel their presence and sense that we were part of this together."

"It was lovely to enjoy performance outside. I almost never do - and it occurs to me that more would be nice, pandemic or not. The fire was quite a memorable feature. And I appreciated that others (passers-by on the other side of the gate to the garden) were interested in the performance as well. Incredibly well thought through, exciting performance - a big thank you to the team for making this happen."

The performance had also plugged into a larger collective touring initiative called 'Signal Fires', in which over 40 participating British theatre companies participated, and was organised around the theme of "the original theatre: story-telling around a fire". Signal Fires was a way for theatre companies to present work and 'keep vigil' at a time when theatres were closed and touring was not possible. Potential Difference was grateful for the support and advice from this community of theatre companies in producing our own 'signal fire', in what were challenging and rapidly changing circumstances. Fuel Theatre plan to publish a book drawn from the performances that made up Signal Fires, next year.

We were grateful for the support of the British Academy, Blind Summit Theatre, Iris Theatre, and the other Signal Fires Companies, in particular English Touring Theatre.

Potential Difference Theatre

Report of the trustees for the year ending 30 September 2021

12th November 2020 - Covid Theatre Café

As part of the Being Human Festival (the UK's national festival of the humanities) Potential Difference hosted an informal online event 'for anyone who has been missing live theatre'. Around 16 members of the public attended. Russell Bender and Laura Swift hosted. Three of Signal Fires at the Actors' Church also took part, and described the challenges of their work during the pandemic as well as the new opportunities it had presented. The Café invited all attendees to talk about their various experiences of theatre during the pandemic, what they missed and why it was important to them.

16 and 17th March 2021: Not Another Zoom Call!

In March Potential Difference facilitated a two-part lunchtime panel talk mini-series about how theatre-makers have been adapting their work during the past pandemic year. Titled "Not Another Zoom Call", the talks were for anyone who makes, studies or enjoys theatre. Featuring UK and international artists, the events took place on Airmeet, an online platform which allowed the event to move between presentations, general Q&As, and discussion, in which participants could easily choose and move between various informal small "tables".

The first talk discussed why and whether theatre needs to be live and in person, and highlighted three works that would not have been conceived had it not been for the pandemic. The panel speakers were:

- Chris Bush, playwright of *Nine Lessons and Carols* at the Almeida Theatre, a Christmas show made in response to the pandemic;
- Matthew Xia, Artistic Director of Actors' Touring Company and director of *846 Live*, an outdoor performance produced by Theatre Royal Stratford East at the Royal Docks Team in response to the murder of George Floyd and the Black Lives Matter movement
- Philip Morris, Trainee Director at the Royal Court and facilitator of *Living Newspaper: A Counter Narrative*.

The second talk explored 'remote' performance – whether using digital platforms or analogue technology and featured artists who had found ways of evoking a live experience when audiences couldn't gather in the same place. The panel speakers were:

- New York theatre-makers Abigail Browde & Michael Silverstone (600 Highwaymen) on their piece *A thousand ways: A phone call*;
- Jack McNamara, Artistic Director of New Perspectives and author of live WhatsApp play *Stay Safe* and zoom production *The Boss of it All*;
- Rachel Briscoe, joint lead artist of Fast Familiar and co-creator of *Smoking Gun* an interactive thriller about disinformation.

The talks were attended by 84 people. Attendees commented on the 'excellent' panellists, the 'impressive and inspirational' work being showcased and highlighted the informal table discussions as 'fruitful' and 'thought provoking'

Potential Difference Theatre

Report of the trustees for the year ending 30 September 2021

14-16 June 2021: Making Theatre in a time of COVID-19: an audio tour

In June the British Academy invited Potential Difference to exhibit *Signal Fires at the Actors' Church* at the Summer Showcase, an annual festival of ideas highlighting the best new humanities and social science research funded by the British Academy.

Due to the pandemic, this year's showcase could not take place in person. However, our process and the production *Signal Fires* had focused strongly on the experience of gathering in person and being present in a space, and had been devised for a particular location. So for the showcase, we produced a 45 minute, interactive 'site-specific podcast' set in St Paul's churchyard. The tour was free to join and was available from morning till dusk over three days of the Summer Showcase.

Audiences accessed the tour with their smart phones and followed the footsteps of the performance, focusing short chapters on particular locations and visual installations of miniature models by designer Lucy Sierra. The tour combined recordings from the performance with interviews from some of the artists who looked back over six months on their experience of making the show at that extraordinary time.

Logs from the app for the audio tour indicate that 30 devices completed it (although those doing it in pairs usually shared a device). Many participants spent far longer on the tour than the 45 minutes required to complete it, suggesting a high level of engagement and reflection. Audience feedback captured in the app described it as 'truly amazing', 'magical' and 'really powerful', with one audience member commenting:

"A magical and absorbing hour that gives a vivid sense of the originality and scope of the 'eleventh hour' production last year. It respects and brings performing life to this special place. Above all, its 'overheard' conversations and reflections capture the strangeness of living, and trying to remain positive and creative, through the pandemic. A really powerful time capsule."

--

In all, the *Making Theatre in a Time of Covid* project reached around 150 audience members in person and online. While its reach was small, it was deeply meaningful and long reaching for everyone who participated, both practitioner and audience. It generated over 100 days of work for artists and showcased work by 6 other theatre companies. Dr Swift's research findings from the project are due to be published in the British Academy Journal.

CLASSBOT 450

Following a very promising research and development period in 2020, we were delighted to be awarded a grant by John Lyon's Foundation that will allow us to deliver a full pilot of *Classbot 450*, a unique immersive adventure for primary school children, co-produced with KIT Theatre.

Classbot 450 is an interactive adventure that will play out in primary schools over a week. It is designed to inspire primary-aged pupils to learn computer programming using live immersive drama and an accessible coding interface. The adventure begins when pupils are enlisted to participate in "a new

Potential Difference Theatre

Report of the trustees for the year ending 30 September 2021

government teaching initiative”, the ClassBot 450 Programme. They are then introduced to a humanoid robot teacher: ClassBot 450 LX (LeX for short). LeX will be portrayed by an actor in a professionally engineered suit. However, when LeX malfunctions dramatically, and teachers are unable to fix her, it is down to pupils to delve into LeX’s source code and discover what’s wrong. As the story unfolds, pupils will be introduced to and practice the basics of algorithms, logic and coding. They will also explore some of the philosophical and economic questions posed by advancements in Artificial Intelligence anticipated over the next 50 years.

Between November and April, we developed and tested the story, character and technology behind Classbot. In late April, we delivered three trial workshops with 30 participating children at Kenmont Primary School in the London Borough of Brent. These workshops combined a live performance – with the children introduced to LeX, with coding exercises in which they were required to solve challenges to help LeX when she malfunctioned.

Both Potential Difference and KIT were thrilled with the responses to these workshops. The children were highly engaged with the coding tasks and excited to be interacting with LeX, whom many of them believed to be a real robot. We were very encouraged how motivated children were to go over their programmes and refine their instructions until they were correct. Many pupils, especially girls from the class, engaged positively with coding and explained that they had very little experience or interest in coding before the workshop.

Feedback on workshops from Amelia Hawkes, Year 4 Teacher, Kenmont Primary:

The children absolutely loved the workshop and engagement was far greater than a normal computing lesson. They gave glowing reports about how much they enjoyed it and asked when Lex was coming again. News spread around the school especially to year 5&6 with lots of conversations around whether Lex was real or not.

In class we have since done a coding lesson with them using LeX as a starting point for coding a dancer where they have written and read each other's instructions.

One kid went home and searched more details about Lex online, and then reported back that human robots are a real thing. In the playground a few kids acted out being Lex while one gave instructions (I think this is a great success - putting this learning into their world of play and making it so real for them). Thanks again for the workshop. It really was unbelievable as you gave some of those kids a memory that will last a lifetime.

The workshops allowed us to test and further develop material as we work towards the full production. Unfortunately, due to COVID and school closures we have had to postpone plans twice for the full pilot. This is now scheduled to be delivered in Summer 2022.

OTHER THEATRE PRACTICE TALKS

Potential Difference ran several online events that highlighted the work of artists, sharing tools and techniques for theatre making and providing opportunities for discussion and reflection.

17 February - Mousetrap Theatre Projects – Youth Leadership in the Arts Conference

In February, Mousetrap Theatre Projects invited Potential Difference to give an online talk at their *Youth Leadership in the Arts Conference*. Russell Bender led a talk and Q&A about “Problem-solving Online Projects”. The talk was attended by 44 young people aged 15-24 from across the country. Russell spoke about Potential Difference’s work using digital technology in theatre; shared tools and techniques when collaborating creatively with others online; and highlighted some examples of

Potential Difference Theatre

Report of the trustees for the year ending 30 September 2021

innovative online theatre projects that Potential Difference had supported with the PD Helpdesk project of 2020. Lastly, Russell demonstrated several software tools that could help participants use technology in their work.

Feedback from attendees:

- *"It reminded me to be excited about theatre."*
- *"A really useful and practical webinar that inspired me with so many possibilities of performance making that can happen now and really embracing technology!"*
- *"So knowledgeable and engaging. The talk was extremely relevant and I learnt so much."*
- *"I related to and indented the most with his approach, and felt like his talk applied really practically to more than just performers, but producers, facilitators and audience engagement teams too."*

12, 18 and 26 May - The Art of Fragments Conversations

In May, Potential Difference produced a panel series with Dr Laura Swift that highlighted collaborations around the theme of fragmentation between researchers and creative practitioners across performance, literature and the museums sector. The events featured practitioners that we have encountered in our journey making our production *Fragments* as well as a Q&A with a practitioner from each sector.

Session 1 - Museums and the heritage sector

Featuring poet Josephine Balmer and Dr Charlotte Parkyns (University of Notre Dame) presenting their work with the London Mithraeum museum to create and perform poetry inspired by Roman tablets found in the City of London; and Professor Amy Smith (University of Reading), Dr Sonya Nevin (Panoply) presenting on their work to produce 3D animations of Greek pottery fragments.

Q&A with Sarah Golding - independent arts producer and former Associate Artistic Director and Battersea Arts Centre where she led their heritage programme.

Session 2: - Literature

Featuring: novelist Yann Martel discussing his forthcoming novel about a (fictional) lost Greek epic poem and its rediscovery by a young scholar; and poet and researcher Lesley Saunders who has recently collaborated on two poetry projects inspired by fragmentation.

Q&A with Tom Chivers, director of independent publisher Penned in the Margins

Session 3 - Theatre and performing arts

Featuring writer Jordan Tannahill and dramaturg Ruth Little from Akram Khan Company's new production, *Outwitting the Devil*, an epic about ritual and remembering based on a recently discovered fragment of the Epic of Gilgamesh; And David Bullen from By Jove Theatre speaking about their new online performance, *The Gentlest Work*, inspired by the form of fragmentation.

Potential Difference Theatre

Report of the trustees for the year ending 30 September 2021

Q&A with Rach Drew Co-Director of community producing company ARCADE, based in Scarborough.

SPATIAL AUDIO TECHNOLOGY

This year, Potential Difference started to explore the potential for using spatial audio technologies in a live performance. We started to develop our own in-house technology using the game engine Unity with the aim of creating a rich, immersive aural world that can enhance a live performance and respond to audience members as they move around the performance environment. We hope this will allow us create a new sort of immersive theatrical experience that combines technological magic with an emphasis on imagination and the power of suggestion. The technologies it relies on will also present fewer barriers to entry for audiences than the current range of Virtual and Augmented Reality headsets which are expensive and quite cumbersome.

We approached two theatre makers with our technology – Tim Cowbury and Sarah Golding and invited them each to explore the sorts of stories, worlds and experiences they might want to make using it. We asked them to imagine how audiences could interact with it and what else the technology would need to do to start to make their worlds real.

In August, we further collaborated with Sarah Golding to develop her ideas into an early prototype– *The Invisible Friend* which was presented at Royal Holloway University of London. *The Invisible Friend* is a 15 minute performance for one 6-11 year old child in which they are invited by an actor to rediscover the “invisible friend” of her childhood – a magical creature who can only be heard by those who are still young at heart. Putting on a pair of Apple AirPods Pro headphones, the child was able to meet, cuddle and play with the friend, and asked to encourage the adult character that even though everyone has to grow up, we never have to grow out of the joy of being playful and curious.

The prototype was tested with 4 children and presented to a panel of immersive technology experts who gave the following feedback:

‘This would be a stand out piece in an immersive industry showcase.’

‘I was captivated by the magic of the story and the technology you used to create the immersion.’

‘I was in awe of the magic that you and your team created. The experience was extremely interactive and created a suspension of belief - even for me as an adult!’

‘This is an extraordinary immersive experience in its originality, development and final delivery.’

Developing the organisation

This was our first full year working with a team of two associate producers - Natalie Allison and Kendall Masson. This allowed us to be delivering work while also fundraising for future projects. We were able to secure a more diverse range of funding than we have achieved in past years, while also successfully managing a greater number of projects than before.

Future Plans

Next year will see the full pilot of Classbot to primary schools in Brent and further work on our early pilot *The Invisible Friend*. As well as ongoing work on our production of *Fragments*, and further development on our two spatial audio projects

Potential Difference Theatre

Report of the trustees for the year ending 30 September 2021

Ongoing impact of COVID-19 on the charity

COVID had a considerable impact on the work we were able to do during the year. As noted above, the pandemic has led to deferral of activities to Classbot and Fragments. We remain in frequent communication with project partners and our funders have communicated that they are supportive to changes in project schedules. The majority of other our projects had to be reimagined during the year or had their schedules changed either due to changes in guidance, or the wider uncertainty in the industry. We have had to change plans at short notice and have had to very responsive to circumstances and opportunities. This has often led to work being delivered in condensed timeframes and put more burden on the teams managing our projects.

The pandemic has increased the interest in use to technology across the sector and we have been able to benefit from this trend – leveraging our expertise in technology on 3 projects each of which used technology in very distinctive ways.

During the year, we continued to use our robust set of practices for working safely around COVID-19. These significantly increased the amount of planning and coordination that must be done when working in person rather than virtually. It also increased the costs of rehearsal space to allow us to hire larger, better ventilated spaces and staffing for extra cleaning and dedicated COVID monitors. As restrictions are removed, we expect these overheads to reduce going forward.

In delivering each project, the artistic director and associate producers assess the risks that COVID-19 might pose to the viability of that project such as changing restrictions, a key team member needing to isolate, or a key venue or partner needing to withdraw. We draw up contingency plans to minimise potential losses arising from such scenarios.

It has remained very challenging to plan larger projects or to make plans with longer timescales. The pandemic has had a significant impact on the size of the freelance workforce, their wellbeing and capacity to take on work that can make it challenging to hire staff for projects. We expect these impacts to last considerably after all restrictions are lifted.

The trustees have considered detailed forecast and budgets for rescheduled projects and are of the opinion that the Charity has sufficient reserves to continue for the foreseeable future and to continue meeting our charitable objectives. We are grateful to the support we received from Arts Council England's Emergency Response Grants scheme. We have not needed to access any other Government support and do not anticipate needing to do so.

Financial review

The trustees are pleased to report that 2020/21 saw the charity generate a surplus from its charitable activities which will be reinvested in future charitable activities. The principal funding sources were donations and from grants to finance the various projects, as detailed above and disclosed in the notes to the financial statements.

We understand the requirements under Charity regulations to disclose our involvement in fundraising. The Charity is not involved in such activities as monies are predominantly generated from grants and any donations received do not incur fundraising costs.

Potential Difference Theatre

Report of the trustees for the year ending 30 September 2021

Reserves policy

The Potential Difference Reserves Policy is to maintain sufficient level of reserves to enable normal unavoidable operating costs to be met over a period of up to twelve months and to take account of potential risks and contingencies that may arise from time to time. The Trustees regularly monitor and review the effectiveness of the policy in the light of the changing funding and financial climate and other risks.

The trustees have reviewed the reserves policy in the light of COVID-19 and consider that it remains adequate.

Directors and trustees

The directors of the charitable company (the charity) are its trustees for the purpose of charity law.

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

S Hitch

F Sang (resigned 01/06/21)

J Baggaley

L Osepciu

I Khaliq (appointed 27/02/2021)

T Strack (appointed 27/02/2021)

Governing Document

Potential Difference Theatre is a company limited by guarantee governed by its Memorandum and Articles of Association dated 29th October 2015. It was registered as a charity with the Charity Commission on 24 March 2016.

Appointment of trustees

The directors of the charitable company ("the charity") are its trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees.

As set out in the Articles of Association, the trustees must be at least three and no more than seven in number. They can be appointed at any time throughout the year and stand for re-election at the AGM. Rotation of directors is by one third of the longest serving directors retiring at the AGM with no disbar to reappointment. Policies and procedures adopted for the induction and training of trustees are ongoing and incorporated indirectly into the regular trustees' meetings.

Potential Difference Theatre

Report of the trustees for the year ending 30 September 2021

Organisation

The trustees oversee the charitable purpose and mission and approve structure and strategy. The board normally meets quarterly covering development and finance. The trustees have delegated the responsibility of managing the day-to-day operations of the charity to the Artistic Director.

Related parties and co-operation with other organisations

None of our trustees receive remuneration or other benefit from their work with the charity. Any connection between a trustee or senior manager of the charity with a production company, contracted actor, performer or exhibitor must be disclosed to the full board of trustees in the same way as any other contractual relationship with a related party.

A summary of transactions with all related parties is set out in note 7 to the financial statements.

Risk management

The trustees have a risk management strategy which comprises:

- an annual review of the principal risks and uncertainties that the charity faces;
- the establishment of policies, systems and procedures to mitigate those risks identified in the annual review; and
- the implementation of procedures designed to minimise or manage any potential impact on the charity should those risks materialise.

This work has identified that financial sustainability is the major financial risk for the charity. A key element in the management of financial risk is a regular review of available liquid funds to settle debts as they fall due, and active management of trade debtors and creditors balances to ensure sufficient working capital by the charity.

Attention has also been focussed on non-financial risks arising from fire, health and safety of artists and audience, management of performing rights and ensuring equal opportunities. These risks are 'managed by having robust policies and procedures in place, and engaging experienced practitioners to oversee the risk management for each project in these operational areas.

These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies.

By order of the board of trustees



J Baggaley

Potential Difference Theatre

Independent Examiner's report to the trustees of Potential Difference Theatre

Independent Examiner's Report to the Trustees of Potential Difference Theatre

I report to the trustees (who are also Directors for the purpose of company law) on my examination of the financial statements of Potential Difference Theatre ('the charitable company') for the year ended 30 September 2021 which comprise the Statement of Financial Activities, the Balance Sheet and related notes.

This report is made solely to the charity's trustees, as a body, in accordance with section 145 of the Charities Act 2011. My work has been undertaken so that I might state to the charity's trustees those matters I am required to state to them in this report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for my work, for this report, or for the opinions I have formed.

Responsibilities and basis of report

As the trustees of charitable company you are responsible for the preparation of the financial statements in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the financial statements of the charitable company are not required to be audited under Part 16 of the Act and are eligible for independent examination, I report in respect of my examination of the charitable company's financial statements carried out under section 145 of the Charities Act 2011 ('the 2011 Act') and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

An independent examination does not involve gathering all the evidence that would be required in an audit and consequently does not cover all the matters that an auditor considers in giving their opinion on the financial statements. The planning and conduct of an audit goes beyond the limited assurance that an independent examination can provide. Consequently I express no opinion as to whether the financial statements present a 'true and fair' view and my report is limited to those specific matters set out in the independent examiner's statement.

Independent examiner's statement

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

- accounting records were not kept in respect of the charitable company as required by section 386 of the 2006 Act; or
- the financial statements do not accord with those records; or
- the financial statements do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the financial statements give a 'true and fair view which is not a matter considered as part of an independent examination; or
- the financial statements have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Potential Difference Theatre

Independent Examiner's report to the trustees of Potential Difference Theatre

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the financial statements to be reached.



.....
Scott Lawrence FCA DChA

Date: 28/06/2022

Potential Difference Theatre

Statement of Financial Activities (including income and expenditure account)

for the year ended 30 September 2021

		2021 Unrestricted £	2021 Restricted £	2021 Total £	2020 Unrestricted £	2020 Restricted £	2020 Total £
	Note						
Income:							
Donations		25,056	45	25,101	25,000	2,471	27,471
Charitable activities	3	5,319	2,189	7,508	3,342	2,383	5,725
Grants	9	2,790	25,095	27,885	3,897	26,231	30,128
		33,165	27,329	60,494	32,239	31,085	63,324
Expenditure:							
Expenditure on charitable activities	4	(14,751)	(23,573)	(38,324)	(10,262)	(31,435)	(41,697)
Total Expenditure		(14,751)	(23,573)	(38,324)	(10,262)	(31,435)	(41,697)
Net (expenditure) / income		18,414	3,756	22,170	21,977	(350)	21,627
Transfer between funds		(3,427)	3,427	-	(8,174)	8,174	-
Net movement in funds		14,987	7,183	22,170	13,803	7,824	21,627
Reconciliation of funds							
Total funds brought forward		39,241	9,735	48,976	25,438	1,911	27,349
Total funds carried forward		54,228	16,918	71,146	39,241	9,735	48,976

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

Potential Difference Theatre

Balance Sheet as at 30 September 2021

	Note	2021 £	2020 £
Current assets			
Debtors	11	9,434	4,878
Cash at bank		95,958	84,050
		105,392	88,928
Creditors: amounts falling due within one year	12	(34,246)	(39,952)
Net assets		71,146	48,976
The funds of the charity			
Unrestricted income funds	13	54,228	39,242
Restricted income funds	13	16,918	9,735
Total charity funds		71,146	48,976

For the financial year ended 30 September 2021 the company was entitled to exemption from audit under Section 477 of the Companies Act 2006 relating to small companies.

Trustees' responsibilities (i) The Trustees have not required the company to obtain an audit of its financial statements for the period in question in accordance with Section 476; (ii) The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of the financial statements.

Under Section 454 of the Companies Act 2006, on a voluntary basis, the trustees can amend these financial statements if they subsequently prove to be defective.

These financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The notes at pages 17 to 23 form part of these accounts.

The financial statements were approved by the trustees on **28/06/22** and signed on its behalf by:


.....
J Baggaley

Company number: 08674697 (England and Wales)

Potential Difference Theatre

Notes to the financial statements for the year ended 30 September 2021

1 Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a) Basis of preparation

The financial statements have been prepared in accordance with 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) - (Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Potential Difference Theatre meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The charity has taken advantage of the exemption to prepare a Statement of Cash Flows as per the Charity SORP (FRS 102).

b) Going concern

The Trustees have assessed the going concern status of the Charity and have considered the available cash on hand and available unrestricted funds at the point of approving the financial statements, reviewed detailed forecasts, that take into account the impact of COVID-19 on the planned projects for the forthcoming 12 months and the availability of grants in response to the pandemic.

Having given consideration to the above the Trustees consider that the Charity has sufficient reserves to meet its liabilities and have prepared the financial statements on a going concern basis.

c) Restatement of comparators

Historically, marketing costs were reported as they related to productions. In the current period, non production related marketing has become more material and reporting enhanced to enable meaningful expense management. Historic figures have been restated in Note 4 to enable comparability of the current year due to reclassification of marketing costs and support costs. This has had no impact on the closing funds for that period.

d) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income 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' grants or 'revenue' grants, is recognised when the charity 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.

Potential Difference Theatre

Notes to the financial statements for the year ended 30 September 2021

Income received in advance of a theatrical performance or provision of other specified service is deferred until the criteria for income recognition are met.

e) Donated services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity 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.

f) Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of charity. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations or grants which the donor/grantor has specified are to be solely used for particular areas of the Company's work or for specific artistic projects being undertaken by the Company.

g) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Expenditure on charitable activities includes the costs of performances, exhibitions and other educational activities undertaken to further the purposes of the charity and their associated support costs.
- Other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

h) Governance and support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, and governance costs which support the Company's artistic programmes and activities.

All expenditure is allocated against charitable activities.

i) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

j) Creditors and provisions

Potential Difference Theatre

Notes to the financial statements for the year ended 30 September 2021

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

k) Financial instruments

The Company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2 Legal status of the Company

The Company is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

3 Income from charitable activities and other income

	2021 Unrestricted £	2021 Restricted £	2021 Total £	2020 Unrestricted £	2020 Restricted £	2020 Total £
Earned income from theatre productions	-	90	90	-	-	-
Commissioned charitable activities	4,285	2,099	6,384	-	2,383	2,383
Theatre Tax Relief (see note 10)	2,080	-	2,080	3,334	-	3,334
Theatre Tax Relief adjustments 2019	(1,049)	-	(1,049)		-	-
Other	4	-	4	8	-	8
	5,320	2,189	7,509	3,342	2,383	5,725

Potential Difference Theatre

Notes to the financial statements for the year ended 30 September 2021

4 Analysis of expenditure on charitable activities

	2021 Unrestricted	2021 Restricted	2021 Total	2020 Unrestricted Restated	2020 Restricted	2020 Total Restated
	£	£	£	£	£	£
Production fees	5,250	19,759	25,009	3,500	21,128	24,628
Venue hire and fees	180	1,608	1,788	-	2,898	2,898
Marketing / PR	1,566	150	1,716	448	3,284	3,732
Other production costs	126	974	1,100	90	1,195	1,285
Travel and subsistence	79	319	398	22	2,292	2,315
Production insurance	235	-	235	382	-	382
Covid-related costs	-	763	763	3,077	638	3,715
Artistic team fees	4,234	-	4,234	2,303	-	2,303
Governance costs (see note 5)	31	-	31	18	-	18
Support costs	680	-	680	422	-	422
Independent examination	2,370	-	2,370	-	-	-
	14,751	23,573	38,324	10,262	31,435	41,697

Restricted fund expenditure relates to expenditure directly attributable to the “Fragments”, “Classbot” and “Theatre in a time of COVID” restricted projects.

Historically, marketing costs were reported as they related to productions. In the current period, non production related marketing has become more material and reporting enhanced to enable meaningful expense management. Historic figures have been restated to enable comparability of the current year due to reclassification of marketing costs and support costs. This has had no impact on the closing funds for that period.

Artistic team fees includes time spent in management of the charitable company but predominantly relate to seed development of projects.

The charity benefitted from the significant contribution of Dr Laura Swift of the Open University, in her work in co-writing and other work on Fragments.

In the current year, the Independent Examination is an expense. In the previous year, this was provided free of charge. The estimated benefit in kind in 2020 was £2,500.

5 Analysis of governance costs

The Company considers that all appropriate governance related costs have been attributed to governance.

6 Trustee remuneration

The charity trustees were not paid nor did they receive any other benefits from employment with the Company in the year (2020: £nil) neither were they reimbursed expenses during the year (2020: £nil).

Potential Difference Theatre

Notes to the financial statements for the year ended 30 September 2021

No charity trustee received payment for professional or other services supplied to the charity (2020: £nil).

7 Related party transactions

There were no transactions to related parties during the year.

8 Hardship Payments

No hardship payments were made in the current year (2020: £3,077).

9 Government Grants

Included within grant income is performance related grants received from Arts Council England of £nil (2020: £14,240) to fund the artistic and theatrical programme of the Potential Difference Theatre.

£1,458 of grant income received from Arts Council England in 2020 was refunded during the year. The amount was treated as deferred income in 2020 and was unable to be spent in the current period.

10 Corporation Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

The charity has accrued recoverable Theatre Tax Relief of £2,080 (2020: £3,334 – of which £1,049 was not recovered).

11 Debtors

	2021	2020
	£	£
Accounts receivable	13	-
Prepayments and accrued income	-	847
Theatre Tax Relief receivable	4,364	4,031
Gift Aid receivable	5,057	-
	<u>9,434</u>	<u>4,878</u>

12 Creditors: amounts falling due within one year

	2021	2020
	£	£
Accruals and deferred income	34,246	39,952
	<u>34,246</u>	<u>39,952</u>

Accruals and deferred income for the year are as follows:

Potential Difference Theatre

Notes to the financial statements for the year ended 30 September 2021

Accruals

	2021 £	2020 £
Accrued expenses	3,631	2,188
	<u>3,631</u>	<u>2,188</u>

Deferred income

	2021 £	2020 £
Government grants	9,155	12,522
Other charitable grants	21,460	25,242
	<u>30,615</u>	<u>37,765</u>

Grants related to productions that did not take place in 2021 have been deferred to 2022.

13 Analysis of charitable funds

	2021 Unrestricted £	2021 Restricted £	2021 Total £	2020 Unrestricted £	2020 Restricted £	2020 Total £
Balance 1 October	39,241	9,735	48,976	25,438	1,911	27,349
Income	33,165	27,329	60,494	32,239	31,085	63,324
Expenditure	(14,751)	(23,573)	(38,324)	(10,262)	(31,435)	(41,697)
Transfer between reserves	(3,427)	3,427	-	(8,174)	8,174	-
Balance at 30 September	<u>54,228</u>	<u>16,918</u>	<u>71,146</u>	<u>39,241</u>	<u>9,735</u>	<u>48,976</u>

Allocation of assets between funds:

	2021 Unrestricted £	2021 Restricted £	2021 Total £	2020 Unrestricted £	2020 Restricted £	2020 Total £
Debtors	9,434	-	9,434	4,031	847	4,878
Cash at bank	47,736	48,222	95,958	50,726	33,324	84,050
Creditors	(2,942)	(31,304)	(34,246)	(15,516)	(24,436)	(39,952)
Net assets	<u>54,228</u>	<u>16,918</u>	<u>71,146</u>	<u>39,241</u>	<u>9,735</u>	<u>48,976</u>

Potential Difference Theatre

Notes to the financial statements for the year ended 30 September 2021

Name of restricted fund	Description, nature and purposes of the fund
Fragments fund	To fund the Fragments production.
Classbot	To fund the Classbot production.
Digital Natives	To fund the Digital Natives production
Theatre in a time of Covid	To fund the "Making theatre in a time of COVID" productions

Unrestricted funds totalling £3,427 (2020 - £8,174) have been transferred to the restricted fund in relation to core budget expenditure allocated to the restricted funds and in relation to general reserves applied to restricted fund activities.

POTENTIAL DIFFERENCE THEATRE

England & Wales - Charity number 1166204

Accounts

Potential Difference Theatre

(A Company Limited by Guarantee)

Report and unaudited Financial Statements for the year ended 30 September 2020

Company number: 08674697 (England and Wales)

Charity number: 1166204

Potential Difference Theatre

Contents

	Page
Reference and administration details	1
Trustees' report	2 - 10
Independent Examiner's report to the trustees	11-12
Statement of Financial Activities	13
Balance sheet	14
Notes to the financial statements	15-20

Potential Difference Theatre

Reference and administration details

Directors S Hitch
 L Osepciu
 I Khaliq
 T Strack
 J Baggaley (Chair)

Registered office 160 Wynford Road
 London
 N1 9SW

Independent Examiner Scott Lawrence
 Hazlewoods LLP
 Windsor House
 Bayshill Rd
 Cheltenham GL50 3AT

Charity number 1166204
Company number 08674697

Potential Difference Theatre

Report of the trustees for the year ending 30 September 2020

The trustees are pleased to present their annual trustees' report together with the financial statements of the charity for the year ending 30 September 2020 which are also prepared to meet the requirements for a directors' 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 applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Our purposes

The purpose of the charity is:

To advance the arts for the public benefit by the promotion in particular, but not exclusively, of the art of drama.

Mission Statement

Potential Difference's mission is to use the power of theatre and storytelling to inspire, excite and engage people about science, philosophy and technology. Each project we make sparks from a concept that has a significant impact on our lives and is full of theatrical potential.

We seek out extraordinary writers, theatre-makers and designers and bring them together with technologists, academics and specialists to inform and inspire each other's practice. Through this unusual creative process, we aim to craft stories that are intellectually and viscerally engaging and that challenge the divide between the sciences and the arts.

We curate a programme of events and online material to facilitate conversations and provoke debate.

We also develop new technology and strive to use it to create new sorts of narrative experiences that challenge theatres boundaries and reach new audiences.

The trustees have referred to Section 17 of the Charities Act 2011 and to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

Potential Difference Theatre

Report of the trustees for the year ending 30 September 2020

Activities and achievements of the year

2020 was an immensely busy year for Potential Difference. Clearly, the year was dominated by the challenges posed by the COVID-19 pandemic and the need to protect our existing projects and the freelance artists with whom we were working. However, the year also presented us with opportunities for new projects, new ways of working and reaching audiences, and saw us greatly increase our project outputs.

DIGITAL NATIVES

Between October and January, we started development on Digital Natives. This is an ambitious project exploring how to make a live immersive performance for online audiences. Instead of simply trying to capture a conventional performance online, we envisage Digital Natives as a hybrid new form of interactive storytelling – one that draws on the techniques from immersive theatre and narrative-led video games to create a new format that embraces new possibilities for live performance.

In January, we had a week of early writing workshops supported by The Lowry, Salford. This brought together 4 writers, a director and a dramaturg. The team explored key questions around structure, narrative and audience agency. We also worked with actors to put together low-tech experiments in how audience members could interact with live performers to shape a scene. We were delighted to work with writers Ross Sutherland, Pamela Carter, Nosa Eke and Sarah Grochala and dramaturg Will Drew – an outstanding team of writers with diverse experience across theatre, film and interactive media.

As a result of the COVID-19 pandemic, the landscape for online performance has entirely shifted. It has revealed the enormous potential impact of digital performance in reaching audiences with limited access to culture or live performance. However, digital performance is very much in its infancy, and we passionately believe in the potential for Digital Natives to bring a new sort of live experience to a wide range of audiences. We have received funding from Arts Council England as part of an Emergency Recovery Grant to facilitate further workshops in order to deliver three very small proof of concept performances next year.

CLASSBOT 450

Between November and January 2020, we began development of Classbot 450 – a unique immersive adventure for primary school children as part of a co-production with KIT Theatre and our first full production for young people.

Classbot 450 has grown out of an acute awareness of a growing digital divide facing young people. We are racing towards a future where coding, technology and Artificial Intelligence will play a huge part in people's lives. However, children from socially disadvantaged backgrounds with less access to technology at home have fewer opportunities to develop interest and expertise in coding. If this isn't addressed, there's a risk of those children facing life-long disadvantage in their professional lives. COVID-19 has exacerbated this issue, with pupils without access to home technology facing additional barriers to engagement with online learning. At the same time, many primary teachers find the coding elements of the Curriculum inaccessible as these were introduced after they had completed their training and with the originally planned teacher training element removed due to

Potential Difference Theatre

Report of the trustees for the year ending 30 September 2020

budgetary cuts. The Curriculum also lacks an exploration of the wider social and philosophical challenges posed by the role Artificial Intelligence is expected to play in the world pupils will reach adulthood in.

Classbot 450 aims to inspire young people to learn computer programming using live immersive theatre. Settling down to what they think will be a normal day at school; students will be surprised when an unexpected visitor from the 'Department of Experimental Affairs' arrives in their classroom informing them that they have been enlisted to participate in 'a new government teaching initiative'. A large crate will then arrive, revealing a one-of-a-kind humanoid robot teacher: ClassBot 450 LX, or LeX for short. LeX will be portrayed by an actor in a professionally engineered suit. Unfortunately, when pupils test LeX, she will dramatically malfunction and it will be down to pupils to delve into LeX's source code, discover what's wrong and fix her.

We envisage Classbot as a week-long immersive performance taking place in partner schools. As the story unfolds, pupils will be introduced to the basics of algorithms, logical thinking and coding while also exploring the philosophical and economic questions posed by advancements in Artificial Intelligence anticipated over the next 50 years.

We were grateful to receive a grant from John Lyon's Charity which allowed us to do a period of research and development working with Leopold Primary School and Stonebridge Primary School in Brent. We observed coding lessons, researched existing coding tools, and developed plans for the story of the piece, the character of LeX, and the technology that will allow young people to program her. This culminated in two hour-long sessions in which students were introduced to LeX – trying out low-tech programming exercises, and wrestling with philosophical questions about how to determine if something is "alive" and the implications of sentient robots. These sessions were delivered to 360 pupils between years 1 and 6 at our two schools.

We were delighted with the response to these sessions and engagement from students exceeded our expectations. Following the success of the R&D, we were thrilled to receive a further grant from John Lyon's Charity towards further developing the project and delivering a week-long pilot at three schools next year.

"I like Lex because she is really fun and nice. She looked like a human. She is cool. I am mind blown." - Year 4 Pupil at Leopold Primary School

"Wow! What can I say? The buzz around the school is so exciting. Thank you so much, the teachers were amazed and the feedback from the parents was great as well. They actually thought it was a robot! Brilliant." - Head of School, Leopold Primary School

"I could see they really enjoyed the lesson... they listened to the robot teacher - it was amazing... one of the girls, she's normally really quiet in the class. And she wanted to cuddle the robot....This project will help them develop this way of thinking, writing algorithms, following instructions, creating instructions and then removing the mistakes" - Computing lead at Stonebridge Primary School

Potential Difference Theatre

Report of the trustees for the year ending 30 September 2020

FRAGMENTS

Between January and March, we prepared for the premiere of our next major production Fragments, which we are developing in collaboration with Dr Laura Swift of the Open University. Inspired by the vast collections of ancient papyrus held in museums around the world, FRAGMENTS follows three present-day archaeologists who attempt to decipher and paste together a handful of unstudied papyrus fragments like a jigsaw puzzle. As they do their painstaking work, they unwittingly invoke the Muse who swirls into their office with raucous songs, shadow puppetry and mayhem as she brings their fragments – which are, in fact, fragments of a lost revenge tragedy by Euripides – to life.

We were grateful to receive a project grant from Arts Council England as well as support from the Royal Borough of Kensington and Chelsea's Arts Grant's Scheme towards presenting the world premiere. This was originally scheduled for April 2020, however, the production was postponed due to the COVID-19 pandemic shortly before the start of rehearsals.

The postponement of FRAGMENTS opened up more time to develop the script, design, staging and songs in relation to the key themes of how we experience fragmentation in our own lives. We are very grateful to receive support from Arts Council England through their Emergency Response Grants, as well as support from the Open University, which has enabled us to continue working with the cast and creative team to develop the script, design and songs over the rest of the year with several days of in-person workshops scheduled for October 2020.

At present, we are working towards producing FRAGMENTS in Spring 2022 at the Playground Theatre, London and the Old Fire Station, Oxford. Thanks to the partnerships we have been able to establish over the long lifetime of developing the project, we plan to present a programme of online and in person activities, panel discussions and videos in partnership with the British Library, British Museum, the Hellenic Society, and the Sackler Library in Oxford.

YOU ARE A PUPPETEER

During the first lockdown, we made a three-part online puppetry workshop series which was released on YouTube. These films featured the work of two outstanding puppeteers who had been due to work on Fragments - Jess Mabel Jones and Lori Hopkins. They were aimed at children and families and designed to be done from home using readily available objects and materials. The films covered techniques of turning everyday objects into puppets, making a puppet from paper, and creating scenes and landscapes from shadows.

We were delighted with the finished films and the response on social media. The films have allowed us to create a small presence on YouTube that we hope to build on in the coming year, as well as to build on our experience of filming and digital production. They have been watched over 3,000 times and have been linked to by several learning resources. The success and reach of the films has inspired us to develop an ongoing online workshop series alongside our conventional workshop practice. We hope this will remove some of the barriers to accessing creative opportunities around our productions.

Potential Difference Theatre

Report of the trustees for the year ending 30 September 2020

‘MAKING THEATRE IN A TIME OF COVID’

In July we started a new collaboration with Dr Laura Swift of the Open University and the team of our postponed production Fragments. ‘Making Theatre in a Time of Covid’ is a research project funded by a Special Research Grant from the British Academy awarded to Dr Swift to investigate the role of live performance during the pandemic. It investigates what is unique about live performance, and what is lost when it cannot take place.

We were able to offer this opportunity to everyone who had been scheduled to work on Fragments. The project started with a series of online discussions between Laura Swift and our multi-disciplinary team of performers, musicians, designers, puppeteers, writers and composers. These conversations reflected on the loss of being able to gather and share a live experience with other people and what that meant for the performing arts. They sought to distil what is unique about live performance and imagine new ways in for recreating live shared experiences amidst COVID restrictions.

At the end of these conversations, we invited the artists to devise a performance in response to all these ideas. We asked them to be inspired by whatever sorts of stories and experiences they felt would most capture what they missed about live theatre. The finished performance will be presented in early November 2020, and will be made around whatever stage of COVID restrictions are present at that time. We intend to be present it as an outdoor, socially distanced performance in the grounds of The Actors’ Church, Covent Garden. It will be part of the nation-wide ‘Signal Fires’ festival and will see us working alongside over 40 UK touring companies.

We feel incredibly lucky to be able to present a piece of live, in-person work during the pandemic and hope that it will be a small beacon of hope and joy for audiences who are able to attend and for the artists involved.

The project will form part of ongoing research by Dr Swift which will be submitted to theatre journals after the project concludes.

Other activities during the COVID-19 pandemic

Alongside the main programme of work this year, we’ve worked incredibly hard to do what we can to support the freelance theatre makers we work with and the larger theatre community.

- We ran a weekly series of peer support calls for all the freelancers we work with, to share knowledge and advice, offer links to funding opportunities and bursaries and to review individual funding applications from any of the team.
- We were one of over 30 organisations to take part in the North Star Project instigated by the New Diorama Theatre. This was a scheme to read and feedback on applications to the Arts Councils Emergency Response Grant scheme for individuals who had never before received support from the Arts Council.
- We set up the “PD Helpdesk” – a free service for offering technical advice and support to artists and organisations on how to collaborate online or use technology in their work. To date we have helped 7 organisations with real-time collaboration, livestreaming setup and all sorts of unusual questions for innovative online performance. The PD helpdesk is also

Potential Difference Theatre

Report of the trustees for the year ending 30 September 2020

supported by our Arts Council Emergency Response Grant and we intend to keep it running while there are COVID restrictions in place.

We have worked hard to offer what financial support we can to our team of freelance artists. We honoured all contracts we had in place, and offered hardship payments towards artists we had not yet contracted who had been intending to work on projects that were postponed. And we are very proud to have provided over 100 days of paid work to 16 freelance theatre-makers since the start of the pandemic.

Developing the organisation

This year we have been pleased to welcome a new associate producer to the Potential Difference team – Natalie Allison, who is working alongside associate producer Kendall Masson and artistic director Russell Bender to support the projects, fundraising and operations of the company. This has allowed us to greatly increase our output of work as well as continue to improve our organisational systems. It will also greatly help us develop our long-term strategy.

This has been a very challenging year for freelance artists. We have worked hard to foster a culture of kindness, patience, and clear, frequent communication, and we are committed to working to make this a part of our organisational culture long after the pandemic is over.

Future Plans

We anticipate that 2021 will be another busy year for the charity. Our plans include:

- Our research project “Making Theatre in a time of COVID” will culminate in public performances of “Signal Fires: The Actors’ Church”
- Our first public prototypes as part of Digital Natives
- The full pilot of Classbot 450 at 3 primary schools in Brent

Alongside ongoing work to bring Fragments back and starting to develop new projects.

Ongoing impact of COVID-19 on the charity

We have been extremely fortunate with our fundraising efforts since the pandemic. This, in combination with our interest and expertise in using technology as part of our work, has enabled us to continue delivering projects despite lockdowns and other disruption caused by the pandemic.

We have developed a very detailed set of practices for working safely around COVID-19. We continue to test and refine these with each new project and update them based on emerging research on best practice, and changes to legislation. These have significantly increased the amount of planning and coordination that must be done whenever we work in person rather than virtually. It has also increased the costs of rehearsal space to allow us to hire larger, better ventilated spaces and staffing for extra cleaning and dedicated COVID monitors. However, it has put us in a strong position for continuing to work safely around changing restrictions in the future.

In delivering each project, the artistic director and associate producers assess the risks that COVID-19 might pose to the viability of that project such as changing restrictions, a key team member needing to isolate, or a key venue or partner needing to withdraw. We draw up contingency plans to minimise potential losses arising from such scenarios.

Potential Difference Theatre

Report of the trustees for the year ending 30 September 2020

Clearly it will continue to be very challenging to plan larger projects or to make plans with longer timescales while there are any restrictions in place or any threat of further restrictions being introduced. As noted above, the pandemic has led to deferral of activities to Classbot and Fragments. We remain in frequent communication with project partners and our funders have communicated that they are supportive to changes in project schedules.

The trustees have considered detailed forecast and budgets for rescheduled projects and are of the opinion that the Charity has sufficient reserves to continue for the foreseeable future and to continue meeting our charitable objectives. We are grateful to the support we received from Arts Council England's Emergency Response Grants scheme. We have not needed to access any other Government support and do not anticipate needing to do so.

Financial review

The trustees are pleased to report that 2019/20 saw the charity generate a surplus from its charitable activities which will be reinvested in future charitable activities. The principal funding sources were donations and from grants to finance the various projects, as detailed above and disclosed in the notes to the financial statements.

We understand the requirements under Charity regulations to disclose our involvement in fundraising. The Charity is not involved in such activities as monies are predominantly generated from grants and any donations received do not incur fundraising costs.

Reserves policy

The Potential Difference Reserves Policy is to maintain sufficient level of reserves to enable normal unavoidable operating costs to be met over a period of up to twelve months and to take account of potential risks and contingencies that may arise from time to time. The Trustees regularly monitor and review the effectiveness of the policy in the light of the changing funding and financial climate and other risks.

The trustees have reviewed the reserves policy in the light of COVID-19 and consider that it remains adequate.

Directors and trustees

The directors of the charitable company (the charity) are its trustees for the purpose of charity law.

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

S Hitch

F Sang (resigned 01/06/21)

J Baggaley

L Osepciu

I Khaliq (appointed 27/02/2021)

Potential Difference Theatre

Report of the trustees for the year ending 30 September 2020

T Strack (appointed 27/02/2021)

Governing Document

Potential Difference Theatre is a company limited by guarantee governed by its Memorandum and Articles of Association dated 29th October 2015. It was registered as a charity with the Charity Commission on 24 March 2016.

Appointment of trustees

The directors of the charitable company ("the charity") are its trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees.

As set out in the Articles of Association, the trustees must be at least three and no more than seven in number. They can be appointed at any time throughout the year and stand for re-election at the AGM. Rotation of directors is by one third of the longest serving directors retiring at the AGM with no disbar to reappointment. Policies and procedures adopted for the induction and training of trustees are ongoing and incorporated indirectly into the regular trustees meetings.

Organisation

The trustees oversee the charitable purpose and mission and approve structure and strategy. The board normally meets quarterly covering development and finance. The trustees have delegated the responsibility of managing the day-to-day operations of the charity to the Artistic Director.

Related parties and co-operation with other organisations

None of our trustees receive remuneration or other benefit from their work with the charity. Any connection between a trustee or senior manager of the charity with a production company, contracted actor, performer or exhibitor must be disclosed to the full board of trustees in the same way as any other contractual relationship with a related party.

A summary of transactions with all related parties is set out in note 7 to the financial statements.

Potential Difference Theatre

Report of the trustees for the year ending 30 September 2020

Risk management

The trustees have a risk management strategy which comprises:

- an annual review of the principal risks and uncertainties that the charity faces;
- the establishment of policies, systems and procedures to mitigate those risks identified in the annual review; and
- the implementation of procedures designed to minimise or manage any potential impact on the charity should those risks materialise.

This work has identified that financial sustainability is the major financial risk for the charity. A key element in the management of financial risk is a regular review of available liquid funds to settle debts as they fall due, and active management of trade debtors and creditors balances to ensure sufficient working capital by the charity.

Attention has also been focussed on non-financial risks arising from fire, health and safety of artists and audience, management of performing rights and ensuring equal opportunities. These risks are 'managed by having robust policies and procedures in place, and engaging experienced practitioners to oversee the risk management for each project in these operational areas.

These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies.

By order of the board of trustees



.....
J Baggaley

6 September 2021

Potential Difference Theatre

Independent Examiner's report to the trustees of Potential Difference Theatre

Independent Examiner's Report to the Trustees of Potential Difference Theatre

I report to the trustees (who are also Directors for the purpose of company law) on my examination of the financial statements of Potential Difference Theatre ('the charitable company') for the year ended 30 September 2020 which comprise the Statement of Financial Activities, the Balance Sheet and related notes.

This report is made solely to the charity's trustees, as a body, in accordance with section 145 of the Charities Act 2011. My work has been undertaken so that I might state to the charity's trustees those matters I am required to state to them in this report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for my work, for this report, or for the opinions I have formed.

Responsibilities and basis of report

As the trustees of charitable company you are responsible for the preparation of the financial statements in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the financial statements of the charitable company are not required to be audited under Part 16 of the Act and are eligible for independent examination, I report in respect of my examination of the charitable company's financial statements carried out under section 145 of the Charities Act 2011 ('the 2011 Act') and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

An independent examination does not involve gathering all the evidence that would be required in an audit and consequently does not cover all the matters that an auditor considers in giving their opinion on the financial statements. The planning and conduct of an audit goes beyond the limited assurance that an independent examination can provide. Consequently I express no opinion as to whether the financial statements present a 'true and fair' view and my report is limited to those specific matters set out in the independent examiner's statement.

Independent examiner's statement

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

- accounting records were not kept in respect of the charitable company as required by section 386 of the 2006 Act; or
- the financial statements do not accord with those records; or
- the financial statements do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the financial statements give a 'true and fair view which is not a matter considered as part of an independent examination; or
- the financial statements have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Potential Difference Theatre

Independent Examiner's report to the trustees of Potential Difference Theatre

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the financial statements to be reached.



.....

Scott Lawrence FCA DChA

Date: 14 September 2021

Potential Difference Theatre

Statement of Financial Activities (including income and expenditure account)

for the year ended 30 September 2020

		2020	2020	2020	2019	2019	2019
		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
		£	£	£	£	£	£
	Note						
Income:							
Donations		25,000	2,471	27,471	14,775	-	14,775
Charitable activities	3	3,342	2,383	5,725	1,763	-	1,763
Grants	9	3,897	26,231	30,128	-	4,818	4,818
		32,239	31,085	63,324	16,538	4,818	21,356
Expenditure:							
Expenditure on charitable activities	4	(10,262)	(31,435)	(41,697)	(4,577)	(4,835)	(9,412)
Total Expenditure		(10,262)	(31,435)	(41,697)	(4,577)	(4,835)	(9,412)
Net (expenditure) / income		21,977	(350)	21,627	11,961	(17)	11,944
Transfer between funds		(8,174)	8,174	-	(503)	503	-
Net movement in funds		13,803	7,824	21,627	11,458	486	11,944
Reconciliation of funds							
Total funds brought forward		25,438	1,911	27,349	13,980	1,425	15,405
Total funds carried forward		39,241	9,735	48,976	25,438	1,911	27,349

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

Potential Difference Theatre

Balance Sheet as at 30 September 2020

		2020 £	2019 £
	Note		
Current assets			
Debtors	11	4,878	5,002
Cash at bank		84,050	23,816
		<u>88,928</u>	<u>28,818</u>
Creditors: amounts falling due within one year	12	(39,952)	(1,469)
Net assets		<u>48,976</u>	<u>27,349</u>
 The funds of the charity			
Unrestricted income funds	13	39,242	25,438
Restricted income funds	13	9,735	1,911
Total charity funds		<u>48,976</u>	<u>27,349</u>

For the financial year ended 30 September 2020 the company was entitled to exemption from audit under Section 477 of the Companies Act 2006 relating to small companies.

Trustees' responsibilities (i) The Trustees have not required the company to obtain an audit of its financial statements for the period in question in accordance with Section 476; (ii) The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of the financial statements.

Under Section 454 of the Companies Act 2006, on a voluntary basis, the trustees can amend these financial statements if they subsequently prove to be defective.

These financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The notes at pages 15 to 20 form part of these accounts.

The financial statements were approved by the trustees on 6th September 2021 and signed on its behalf by:



J Baggailey

Company number: 08674697 (England and Wales)

Potential Difference Theatre

Notes to the financial statements for the year ended 30 September 2020

1 Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a) Basis of preparation

The financial statements have been prepared in accordance with 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) - (Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Potential Difference Theatre meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The charity has taken advantage of the exemption to prepare a Statement of Cash Flows as per the Charity SORP (FRS 102).

b) Going concern

The Trustees have assessed the going concern status of the Charity and have considered the available cash on hand and available unrestricted funds at the point of approving the financial statements, reviewed detailed forecasts, that take into account the impact of COVID-19 on the planned projects for the forthcoming 12 months and the availability of grants in response to the pandemic.

Having given consideration to the above the Trustees consider that the Charity has sufficient reserves to meet its liabilities and have prepared the financial statements on a going concern basis.

c) Restatement of comparators

Note 3 has been restated to enable comparability of the current year due to reclassification of Theatre Tax Relief received. This has had no impact on the closing funds for that period.

d) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income 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' grants or 'revenue' grants, is recognised when the charity 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.

Income received in advance of a theatrical performance or provision of other specified service it is deferred until the criteria for income recognition are met.

Potential Difference Theatre

Notes to the financial statements for the year ended 30 September 2020

e) Donated services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity 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.

f) Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of charity. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations or grants which the donor/grantor has specified are to be solely used for particular areas of the Company's work or for specific artistic projects being undertaken by the Company.

g) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Expenditure on charitable activities includes the costs of performances, exhibitions and other educational activities undertaken to further the purposes of the charity and their associated support costs.
- Other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

h) Governance and support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, and governance costs which support the Company's artistic programmes and activities.

All expenditure is allocated against charitable activities.

i) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

j) Creditors and provisions

Potential Difference Theatre

Notes to the financial statements for the year ended 30 September 2020

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

k) Financial instruments

The Company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2 Legal status of the Company

The Company is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

3 Income from charitable activities and other income

	2020 Unrestricted	2020 Restricted	2020 Total	2019 Unrestricted Restated	2019 Restricted	2019 Total Restated
	£	£	£	£	£	£
Earned income from theatre productions	-	-	-	-	-	-
Commission	-	2,383	2,383	-	-	-
Creative technology fees	-	-	-	-	-	-
Theatre Tax Relief (see note 10)	3,334	-	3,334	1,760	-	1,760
Theatre Tax Relief adjustments 2018	-	-	-	2463	-	2,463
Other	8	-	8	3	-	3
	3,342	2,383	5,725	4,226	-	4,226

Potential Difference Theatre

Notes to the financial statements for the year ended 30 September 2020

4 Analysis of expenditure on charitable activities

	2020	2020	2020	2019	2019	2019
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£	£	£	£	£	£
Production fees	3,500	21,128	24,628	-	3,355	3,355
Venue hire and fees	-	2,898	2,898	-	707	707
Marketing / PR	285	3,284	3,569	-	240	240
Production materials	90	1,195	1,285	-	44	44
Travel and subsistence	22	2,292	2,315	-	380	380
Production insurance	382	-	382	-	109	109
Covid-related costs	3,077	638	3,715	-	-	-
Artistic team fees	2,303	-	2,303	3,727	-	3,727
Governance costs (see note 5)	18	-	18	45	-	45
Support costs	585	-	585	805	-	805
Independent examination	-	-	-	-	-	-
	10,262	31,435	41,697	4,577	4,835	9,412

Restricted fund expenditure relates to expenditure directly attributable to the Fragments project.

The Independent Examination is provided free of charge. The estimated benefit in kind is £2,500 (2019: £nil). This has not been recognised with the Statement of Financial Activity. No Independent Examination was required in the prior year.

Artistic team fees includes time spent in management of the charitable company but predominantly relate to seed development of projects.

During the current and prior year, the charity benefited from the time of a volunteer who supported with minute taking at board meetings and a few administrative tasks.

During the current and prior year, the charity benefited from the time of a number of volunteer academics who gave their time for free in both consulting and speaking at talks hosted by the charity. The charity also benefitted from the significant contribution of Dr Laura Swift of the Open University, in her work in co-writing and other work on Fragments.

5 Analysis of governance costs

The Company considers that all appropriate governance related costs have been attributed to governance.

6 Trustee remuneration

The charity trustees were not paid nor did they receive any other benefits from employment with the Company in the year (2019: £nil) neither were they reimbursed expenses during the year (2019: £nil). No charity trustee received payment for professional or other services supplied to the charity (2019: £nil).

Potential Difference Theatre

Notes to the financial statements for the year ended 30 September 2020

7 Related party transactions

There were no transactions to related parties during the year.

8 Hardship Payments

During the year due to the exceptional circumstances of the pandemic a number of hardship payments were made to actors to ensure they could continue in the profession. This amount totalled £3,077 (2019: £nil).

9 Government Grants

Included within grant income is performance related grants received from the Arts Council England of £14,240 (2019: £nil) to fund the artistic and theatrical programme of the Potential Difference Theatre.

10 Corporation Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

The charity has accrued recoverable Theatre Tax Relief of £3,334 (2019: £697).

11 Debtors

	2020	2019
	£	£
Accounts receivable	-	82
Prepayments and accrued income	847	-
Theatre Tax Relief receivable	4,031	4,920
	<u>4,878</u>	<u>5,002</u>

12 Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	-	-
Accruals and deferred income	39,952	1,469
	<u>39,952</u>	<u>1,469</u>

Accruals and deferred income for the year are as follows:

Accruals

	2020	2019
	£	£
Accrued expenses	2,188	1,469
	<u>2,188</u>	<u>1,469</u>

Potential Difference Theatre

Notes to the financial statements for the year ended 30 September 2020

Deferred income

	2020 £	2019 £
Government grants	12,522	-
Other charitable grants	25,242	-
	<u>37,765</u>	<u>-</u>

Grants related to productions that did not take place in 2020 have been deferred to 2021.

13 Analysis of charitable funds

	2020 Unrestricted £	2020 Restricted £	2020 Total £	2019 Unrestricted £	2019 Restricted £	2019 Total £
Balance 1 October	25,438	1,911	27,349	13,980	1,425	15,405
Income	32,239	31,085	63,324	16,538	4,818	21,356
Expenditure	(10,262)	(31,435)	(41,697)	(4,577)	(4,835)	(9,412)
Transfer between reserves	(8,174)	8,174	-	(503)	503	-
Balance at 30 September	<u>39,241</u>	<u>9,735</u>	<u>48,976</u>	<u>25,438</u>	<u>1,911</u>	<u>27,349</u>

Allocation of assets between funds:

	2020 Unrestricted £	2020 Restricted £	2020 Total £	2019 Unrestricted £	2019 Restricted £	2019 Total £
Debtors	4,031	847	4,878	4,920	82	5,002
Cash at bank	50,726	33,324	84,050	21,752	2,064	23,816
Creditors	(15,516)	(24,436)	(39,952)	(1,234)	(235)	(1,469)
Net assets	<u>39,241</u>	<u>9,735</u>	<u>48,976</u>	<u>25,438</u>	<u>1,911</u>	<u>27,349</u>

Name of restricted fund	Description, nature and purposes of the fund
Fragments fund	To fund the Fragments production.
Classbot	To fund the Classbot production.
Digital Natives	To fund the Digital Natives production

Unrestricted funds totalling £8,174 (2019 - £503) have been transferred to the restricted fund in relation to core budget expenditure allocated to the restricted funds and in relation to general reserves applied to restricted fund activities.