

# 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

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# Potential Difference Theatre

## Reference and administration details

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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

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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

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## 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.

### **4<sup>th</sup> 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

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## Report of the trustees for the year ending 30 September 2021

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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.

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Report of the trustees for the year ending 30 September 2021

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## 12<sup>th</sup> 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 17<sup>th</sup> 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'

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## 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."*

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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



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## Report of the trustees for the year ending 30 September 2021

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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

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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.

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Report of the trustees for the year ending 30 September 2021

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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

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## 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

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## **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 29<sup>th</sup> 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

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## 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

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### **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).

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

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

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 £
<b>Current assets</b>			
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)
<b>Net assets</b>		71,146	48,976
<b>The funds of the charity</b>			
Unrestricted income funds	13	54,228	39,242
Restricted income funds	13	16,918	9,735
<b>Total charity funds</b>		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

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## **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

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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

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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
	<b>5,320</b>	<b>2,189</b>	<b>7,509</b>	<b>3,342</b>	<b>2,383</b>	<b>5,725</b>

# 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	-	-	-
	<b>14,751</b>	<b>23,573</b>	<b>38,324</b>	<b>10,262</b>	<b>31,435</b>	<b>41,697</b>

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

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<b>Name of restricted fund</b>	<b>Description, nature and purposes of the fund</b>
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.