

# 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

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# Potential Difference Theatre

## Reference and administration details

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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

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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 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

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## 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 17<sup>th</sup> April – 6<sup>th</sup> May 2023. It then toured to the Old Fire Station, Oxford from 12<sup>th</sup> – 13<sup>th</sup> 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.

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Report of the trustees for the year ending 30 September 2023

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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*

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Report of the trustees for the year ending 30 September 2023

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*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

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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

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## 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 Baggaley

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 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.

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# Potential Difference Theatre

Report of the trustees for the year ending 30 September 2023

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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

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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 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

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

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

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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

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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. 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

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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

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#### 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

	<b>2023</b>	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>
	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
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
	<b>29,083</b>	<b>7,144</b>	<b>36,227</b>	<b>8,337</b>	<b>3,368</b>	<b>11,705</b>

## 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
	<b>8,959</b>	<b>99,165</b>	<b>108,124</b>	<b>10,991</b>	<b>27,711</b>	<b>38,702</b>

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

	<b>2023</b>	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>
	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
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	<b>57,546</b>	<b>-</b>	<b>57,546</b>	<b>60,788</b>	<b>17,680</b>	<b>78,468</b>

#### Allocation of assets between funds:

	<b>2023</b>	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>
	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
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	<b>57,546</b>	<b>-</b>	<b>57,546</b>	<b>60,788</b>	<b>17,680</b>	<b>78,468</b>

#### 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.