

Company no. 10547581
Charity no. 1178358

Wise Children Limited
Report and Audited Financial Statements
31 March 2022

Wise Children Limited

Reference and administrative details

For the year ended 31 March 2022

Company number	10547581
Charity number	1178358
Registered office and operational address	Spike Island 133 Cumberland Road Bristol BS1 6UX
Trustees	Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows: Matthew Armstrong Judith Dimant Allegra Galvin Anthony Gayle Pravanya Pillay Clare Reddington Nicholas Rogers Yuko Thomas Resigned 25 April 2022
Artistic Director	Emma Rice
Executive Producer	Poppy Keeling
Technical Director	Simon Baker
Bankers	Natwest 40 Queens Road Bristol BS8 1BF
Statutory auditors	Godfrey Wilson Limited Chartered accountants and statutory auditors 5th Floor Mariner House 62 Prince Street Bristol BS1 4QD

Wise Children Limited

Report of the trustees

For the year ended 31 March 2022

The trustees present their report along with the financial statements of the charity for the year ended 31 March 2022, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with 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.

Structure, governance and management

Constitution

Wise Children is a private company limited by guarantee registered in England & Wales, company number 10547581 and its governing document is its Memorandum and Articles of Association.

The company is a registered charity, number 1178358.

Directors and 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 are appointed by the existing Board of Trustees. A member of the Board of Trustees must propose such a person for election. Notice shall be given to the Board of Trustees for the meeting at which it is intended to propose such persons for election, stating the object of the meeting, the name and address of the person to be proposed, and the name of the board member

Policies and procedures adopted for the induction and training of trustees are ongoing and incorporated into quarterly trustees' meetings.

Secretary

Poppy Keeling was appointed Company Secretary on 4 August 2022. Prior to this, the company had no Company Secretary and is not required to have one by its Memorandum and Articles of Association.

Leadership

Artistic Director Emma Rice, Executive Producer Poppy Keeling and Technical Director Simon Baker make up the company's Executive Team, managed by and reporting to the trustees. They are jointly responsible for day-to-day running and decision-making.

The trustees oversee Executive Team contracts and pay, which are set in line with industry standards and reviewed annually.

Wise Children Limited

Report of the trustees

For the year ended 31 March 2022

Objectives and activities

The charity's purposes are:

- 1) to advance education in the arts for the public benefit, in particular, but not exclusively, by the provision of training for young people; and
- 2) to promote the arts generally with particular reference to creating and touring theatrical works for the public benefit.

"Theatre has to reinvent itself in order to survive. That's always been true, of course, but one of the great pioneers of theatrical reinvention over the last 20 years has been Emma Rice. From Kneehigh to the Globe to Wise Children, she has rewritten every rulebook she's found and won thousands of inspired theatre converts with every trail she has blazed."

Tom Morris, outgoing Artistic Director, Bristol Old Vic

Wise Children is a theatre company based in the South West, created and led by award-winning director Emma Rice. We make ground-breaking, accessible work with exceptional artists which tours the UK. Our aim is to reinvigorate the UK's regional touring theatre sector by making popular and innovative productions that speak to local communities and attract large and varied audiences. During the pandemic, we led the field in livestreaming, becoming the first UK company to broadcast a full staged production, without social distancing, from a UK theatre after lockdown. Alongside our shows, we run a unique professional development programme, The School for Wise Children, training a new and more diverse generation of theatre practitioners.

In shaping our objectives and planning our activities for the year, the trustees have considered the Charity Commission's guidance on public benefit, including the guidance 'public benefit: running a charity (PB2)'.

Achievements and performance

Live productions

In the spring and summer of 2021, theatres began reopening after the lockdowns and closures of the previous year. The pandemic was by no means over, though, and the impact of Covid-19 continued to be felt, both in constant staff absences and in audiences proving hesitant to return to live events. There were also other, less tangible, results of the pandemic which affected theatre's ability to bounce back, such as a notable deterioration of people's mental and physical health. This felt particularly evident in the theatre, an industry which had been so vulnerable to the pandemic.

Despite these challenges, Wise Children did return to making live shows. In the summer, the Old Vic (London) invited us to re-open the venue with Bagdad Cafe, an adaptation of the 1987 film of the same name. Adapted and directed by Emma, with music by Ian Ross, design by Lez Brotherston with Vicki Mortimer, sound by Simon Baker and lighting by Malcolm Rippeth, it was a chance to reunite with our closest collaborators and create a piece of theatre celebrating community and togetherness. Critics and audiences were united in their praise for the show.

London's Old Vic blossoms back to life with a joyous, funny, touching drama from Emma Rice and her Wise Children company. This is a warm, exuberant ensemble piece full of heart and hope – an absolute tonic.'

The Financial Times

Wise Children Limited

Report of the trustees

For the year ended 31 March 2022

In September, we started work on our long planned and postponed production of *Wuthering Heights*. Co-produced with the National Theatre, Bristol Old Vic and York Theatre Royal, the show opened in Bristol in October to rapturous reviews.

Emma Rice has thrown away the rulebooks and harnessed the beating heart and slippery soul of Emily Bronte's unwieldy gothic monster, Wuthering Heights, in a wildly imaginative, exhilarating piece of theatre.'

Daily Mail

Digital output

Building on the successes of the previous year, we continued to film and broadcast our work. In August, *Bagdad Cafe* was streamed live from the Old Vic (London) as part of that theatre's prestigious In Camera series, and in November we broadcast *Wuthering Heights* from Bristol Old Vic. The resulting film of *Wuthering Heights* was bought by Sky Arts for TV broadcast in 2022/23.

We created a new podcast charting the development of *Wuthering Heights* from early workshops to premiere, and released a cast album featuring songs from the show.

We went digital with the *Wuthering Heights* programme, with an eye both to environmental sustainability and affordability. The programme was free to download for those who joined our mailing list, giving us a fantastic way to collect audience data.

Our digital team continued to create evocative, insightful promotional material for shows and other activity. As always, all our digital content is closed captioned and transcribed.

The School for Wise Children

We are committed to training innovative, independent theatre makers through our unique professional development programme, The School for Wise Children. The School is a pipeline for diverse talent, with all aspects geared towards attracting and supporting emerging artists from underrepresented backgrounds. The School's programme includes short workshops, longer courses and paid Traineeships, and in 2021/22, we moved to a Pay What You Can model across all activity.

Across 2021/22, 766 theatre makers studied with The School for Wise Children, and more than 1,000 others took part in wider enrichment activities. We trialled a new kind of workshop, a 'Technical Taster', designed to introduce people to life backstage. It was a great success and will become part of our wider package of workshops going forwards. We also forged a partnership with Bristol Old Vic Theatre School, running a week-long course for their third-year acting students.

Longer courses included: The Workrooms, a series of digital courses including Adapting and Directing for Emerging Directors with Emma Rice and Laura Keefe, Composition and Performance with Ian Ross and John Pfumojena, Writing for Live Performance with Joel Horwood and Yolanda Mercy and Producing: An Imposter's Guide with Poppy Keeling, Simon Baker, Reena Kalsi, Daniel Kok, Dina Mousawi & Ros Brooke-Taylor; a Technical Theatre course delivered in partnership with the National Theatre and led by the *Wuthering Heights* technical team on the set of the show; and the Pick'n'Mix, a residential course for performers and musicians led by Emma.

Wise Children Limited

Report of the trustees

For the year ended 31 March 2022

Our Trainee programme gives talented young professionals the chance to take a paid role on a Wise Children project. Working alongside our world-class production team, Trainees join us as we create, rehearse and perform a new show for national touring, learning first-hand how a large-scale collaboratively devised piece is made. In 2021/22 we employed four Trainees and also created a short paid placement for an emerging Lighting Designer.

We launched The After School Club, a network offering ongoing support for School for Wise Children alumni. Members of the Club get access to bespoke events, surgeries with members of the WC team, discounted tickets to our shows, and monthly emails with news and opportunities. Events in 2021/22 included sessions on: the importance of practice, led by our Musical Director Ian; confidence and networking with Associate Director Laura Keefe; and applying to the Arts Council with Sophie Moysey, our ACE Relationship Manager.

Fundraising

The fundraising landscape still felt unstable after the shocks of the pandemic, with many Trusts & Foundations having paused grant-making, or diverting funds to Covid-related emergencies. In response to the situation, the Arts Council made changes to procedures, meaning we were able to access additional financial support from them.

This included successful applications to the 2022/23 National Portfolio Organisation Extension, the National Lottery Project Grants scheme (where we secured a grant towards the tour of Wuthering Heights) and the Culture Recovery Fund.

All our existing major givers renewed their support of the charity, with two key individuals committing to multi-year funding for The School for Wise Children.

The Wise Children Club brought in £3,134, a significant drop from last year where we raised £7,504. This reflects a general trend in individual giving in the sector.

We took part in the Big Give Christmas Appeal for the first time, and raised a total of £15,072 in seven days: £3,000 more than target. The Appeal's match funding gave us a compelling reason to ask people to give within a fixed time frame, and prompted one donor to give twice as much as originally pledged once we had used all our match funding. The campaign helped us identify a number of potential new supporters for the future.

We received five grants from Trusts and Foundations, a small increase on last year's results.

Wise Children is registered with the Fundraising Regulator, and we have never knowingly contravened the Regulator's guidelines or received a complaint for our fundraising activities. All activity is carried out by employees of the company and we never make unsolicited approaches to individuals. This ensures that vulnerable people and other members of the public are protected from fundraising approaches which represent an unreasonable intrusion on a person's privacy, are unreasonably persistent, or place undue pressure on a person to give.

Financial review

The company is reporting a surplus of £443,136 on a turnover of £2,025,059.

One key source of funding is Arts Council England: Wise Children is an Arts Council England National Portfolio Organisation for 2018-23, receiving annual funding of £483,000. In 2021/22, this represents 24% of total income, a return to pre-pandemic levels.

Wise Children Limited

Report of the trustees

For the year ended 31 March 2022

Our other major source of income is Productions, for which we receive a mix of co-production fees (contributions from partners towards the creation of a show), presentation fees (from theatres in respect of the weekly costs of presenting a show) and box office income (unsecured income directly related to ticket sales). With each production, we try to balance these income sources to ensure the production can be safely realised but that it also stands to benefit from box office success. In 2021/22, Production income accounted for 50% of annual income. This is lower than in pre-pandemic years, largely because of additional Covid-related fundraising, which pushes the proportion of voluntary income higher than in previous years.

Other sources of income include grants from Trusts & Foundations, with applications focused on trusts which feel aligned with the organisation's values. In 2021/22 the company raised £57,000. Gifts from individuals also represent a small but important part of the company's income and include major gifts, a Christmas Appeal and our private giving scheme, The Wise Children Club.

We were also successful in two applications for emergency funding from the Arts Council, receiving a National Lottery Project Grant (prior to the pandemic, NPOs were not eligible for this strand of ACE funding) of £100,000 towards the tour of Wuthering Heights and £173,598 in Culture Recovery Funding, a portion of which was directed towards the creation of Bagdad Cafe.

The School for Wise Children brings in a small amount in participants' contributions, but due to its 'pay what you can' model is understood as a loss-making activity. In previous years a small amount of commercial trading, including programme and other merchandise sales, has also added to annual income. In 2021/22 this income line reached £10,500, which is a significant increase on previous years resulting from our having purchased film and broadcast equipment which we are now hiring out to others.

The current financial climate

The trustees have considered a range of issues currently facing the charity, including the ongoing impacts of Covid-19 and Brexit, rising inflation and the UK's cost-of-living crisis.

Although Wise Children's business model meant it was able to withstand the immediate impacts of the pandemic, the long-term effects, combined with more recent additional issues affecting the UK and international economies, are wide-ranging.

These include:

- The theatres that commission and co-produce our work having dramatically reduced income and reserves, and being unable to collaborate with us to make new work, or only being able to support new work with much reduced budgets.
- Inflation and other major world events disrupting national and global infrastructure and logistics, and causing prices for services to spiral.
- The self employed artists, technicians and suppliers we rely on either leaving the industry or having their resources so decimated that they are no longer available to us, or only in reduced form.
- Increased demand for donations from Individuals and Trusts and Foundations, combined with the cost-of-living crisis, means fundraising is already much harder: in 2020, the industry saw a 30% drop in donations to the arts and this barely improved over the course of 2021/22.

Wise Children Limited

Report of the trustees

For the year ended 31 March 2022

The charity is taking the following steps to mitigate these threats:

- Drawing down reserves to invest in a base for the company, giving us the freedom to make work without needing to rely on overstretched theatres.
- We will also explore the commercial potential of our new home, bringing in new sources of income outside of the theatre industry.
- Making shows on a smaller scale for the next few years, while resources are strained.
- Prioritising relationships with existing donors, and reviewing our fundraising strategy.
- Ringfencing the 2021/22 year end surplus to support the tour of Wuthering Heights in an unstable climate.
- Creating an Investment Policy which will seek to invest a portion of reserves in a conservative manner, particularly designed to try to offset inflationary costs.

The trustees consider that the charity will continue as a going concern for a period of at least 12 months from the date on which these financial statements are approved due to the facts that as at 31 March 2022 the charity's cash position was over £965,000 and its principal funder, Arts Council England, has extended its funding to March 31 2023.

The trustees therefore consider it appropriate to adopt the going concern basis for the preparation of the accounts, as detailed in note 1(b) to the financial statements.

Reserves

At 31 March 2022, the company held £654,011 in general reserves and £385,000 in two designated funds: £160,000 in an Operational Fund and £225,000 in a Development Fund.

The trustees aim to maintain an unrestricted Operational Fund at a level of between three and six months of core expenditure, to a maximum figure of £160,000. This level will ensure there are sufficient funds available to cover core running and governance costs in the event of the company's dissolution.

In addition, the trustees are building a Development Fund of £250,000, designed to allow the company to take risks with new work, including through touring. We made a transfer this year to the Development Fund from the general reserve of £25,000, bringing it to £225,000.

Touring theatre is still facing considerable challenges related to the pandemic and the cost of living crisis. With the charity committed to continuing to make and tour live work, the Trustees consider it prudent to maintain general reserves of £300,000.

This leaves a balance of general reserves at £354,011, which the charity has used to purchase and begin renovations on a building (the purchase was completed in August 2022).

The trustees review the company's reserves policy in detail on a regular basis.

Plans for future periods

Plans for 2022/23 include the UK tour of Wuthering Heights which continues on after its run at the National Theatre. The show is booked to play in Truro, Brighton, Norwich, Nottingham, Sunderland, Salford, Edinburgh and Inverness. After that, the show will embark on a five-month tour of America, with dates in New York, San Francisco, Los Angeles and Chicago. This will be Wise Children's first international tour, after a planned tour in spring/summer 2020 was cancelled due to the pandemic.

Across the year we'll also be developing new work, with several projects in the pipeline.

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Report of the trustees

For the year ended 31 March 2022

As part of the School for Wise Children, we plan to consolidate work done in 2021/22, building on successes and refining the programme. We're also hoping to run a number of revenue generating courses in America, alongside the tour of *Wuthering Heights*.

And finally, 2022/23 looks set to be the year that we achieve our dream of finding a home for Wise Children, as we take over the old Portway Methodist Church in Frome. The Church, which we'll rename The Lucky Chance, will be our office, rehearsal and training space. We will also open it to the public, making it available to other artists and members of the community, as well as exploring its potential to offer a new income stream through commercial hires.

Statement of responsibilities of the trustees

The trustees (who are also directors of the charity for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charity and of the income and expenditure of the charity for that period. In preparing those financial statements the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

In so far as the trustees are aware:

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

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 March 2022 was 8.

Wise Children Limited

Report of the trustees

For the year ended 31 March 2022

The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Auditors

Godfrey Wilson Limited were re-appointed as auditors to the charitable company during the year and have expressed their willingness to continue in that capacity.

Approved by the trustees on 28 September 2022 and signed on their behalf by



C Reddington - Chair



N Rogers - Trustee

Independent auditors' report

To the members of

Wise Children Limited

Opinion

We have audited the financial statements of Wise Children Limited (the 'charity') for the year ended 31 March 2022 which comprise the statement of financial activities, balance sheet, statement of cash flows and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent auditors' report

To the members of

Wise Children Limited

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the trustees

As explained more fully in the trustees' responsibilities statement set out in the trustees' report, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditors' report

To the members of

Wise Children Limited

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The procedures we carried out and the extent to which they are capable of detecting irregularities, including fraud, are detailed below:

(1) We obtained an understanding of the legal and regulatory framework that the charity operates in, and assessed the risk of non-compliance with applicable laws and regulations. Throughout the audit, we remained alert to possible indications of non-compliance.

(2) We reviewed the charity's policies and procedures in relation to:

- Identifying, evaluating and complying with laws and regulations, and whether they were aware of any instances of non-compliance;
- Detecting and responding to the risk of fraud, and whether they were aware of any actual, suspected or alleged fraud; and
- Designing and implementing internal controls to mitigate the risk of non-compliance with laws and regulations, including fraud.

(3) We inspected the minutes of trustee meetings.

(4) We enquired about any non-routine communication with regulators and reviewed any reports made to them.

(5) We reviewed the financial statement disclosures and assessed their compliance with applicable laws and regulations.

(6) We performed analytical procedures to identify any unusual or unexpected transactions or balances that may indicate a risk of material fraud or error.

(7) We assessed the risk of fraud through management override of controls and carried out procedures to address this risk. Our procedures included:

- Testing the appropriateness of journal entries;
- Assessing judgements and accounting estimates for potential bias;
- Reviewing related party transactions; and
- Testing transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. Irregularities that arise due to fraud can be even harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Independent auditors' report

To the members of

Wise Children Limited

Use of our report

This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Alison Godfrey

Date: 3 October 2022

Alison Godfrey FCA
(Senior Statutory Auditor)

For and on behalf of:

GODFREY WILSON LIMITED

Chartered accountants and statutory auditors

5th Floor Mariner House

62 Prince Street

Bristol

BS1 4QD

Wise Children Limited

Statement of financial activities *(incorporating an income and expenditure account)*

For the year ended 31 March 2022

	Note	Restricted £	Unrestricted £	2022 Total £	2021 Total £
Income from:					
Donations and legacies	3	179,905	671,763	851,668	609,624
Charitable activities	4	-	1,172,443	1,172,443	344,172
Investment		-	948	948	-
Total income		<u>179,905</u>	<u>1,845,154</u>	<u>2,025,059</u>	<u>953,796</u>
Expenditure on:					
Raising funds		-	1,765	1,765	8,887
Charitable activities		<u>141,137</u>	<u>1,439,021</u>	<u>1,580,158</u>	<u>690,466</u>
Total expenditure	6	<u>141,137</u>	<u>1,440,786</u>	<u>1,581,923</u>	<u>699,353</u>
Net income and net movement in funds	7	38,768	404,368	443,136	254,443
Reconciliation of funds:					
Total funds brought forward		<u>-</u>	<u>634,643</u>	<u>634,643</u>	<u>380,200</u>
Total funds carried forward		<u><u>38,768</u></u>	<u><u>1,039,011</u></u>	<u><u>1,077,779</u></u>	<u><u>634,643</u></u>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in note 14 to the accounts.

Wise Children Limited**Balance sheet****As at 31 March 2022**

	Note	£	2022 £	2021 £
Fixed assets				
Tangible assets	10		3,222	-
Current assets				
Debtors	11	281,468		264,960
Cash at bank and in hand		<u>965,495</u>		<u>499,821</u>
		1,246,963		764,781
Liabilities				
Creditors: amounts falling due within 1 year	12	<u>(172,406)</u>		<u>(130,138)</u>
Net current assets			<u>1,074,557</u>	<u>634,643</u>
Net assets	13		<u><u>1,077,779</u></u>	<u><u>634,643</u></u>
Funds	14			
Restricted funds			38,768	-
Unrestricted funds				
Designated funds			385,000	360,000
General funds			<u>654,011</u>	<u>274,643</u>
Total charity funds			<u><u>1,077,779</u></u>	<u><u>634,643</u></u>

These accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

Approved by the trustees on 28 September 2022 and signed on their behalf by



N Rogers - Trustee

Wise Children Limited**Statement of cash flows****For the year ended 31 March 2022**

	2022	2021
	Total	Total
	£	£
Cash used in operating activities:	443,136	254,443
Net movement in funds		
Adjustments for:		
Depreciation charges	925	-
Dividends, interest and rents from investments	(948)	-
Decrease / (increase) in debtors	(16,508)	156,199
Increase / (decrease) in creditors	42,268	(78,751)
Net cash provided by / (used in) operating activities	468,873	331,891
Cash flows from investing activities:		
Purchase of tangible fixed assets	(4,147)	-
Dividends, interest and rents from investments	948	-
Net cash provided by / (used in) investing activities	(3,199)	-
Increase / (decrease) in cash and cash equivalents in the year	465,674	331,891
Cash and cash equivalents at the beginning of the year	499,821	167,930
Cash and cash equivalents at the end of the year	965,495	499,821

The charity has not provided an analysis of changes in net debt as it does not have any long term financing arrangements.

Wise Children Limited

Notes to the financial statements

For the year ended 31 March 2022

1. Accounting policies

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 in preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Wise Children Limited 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.

b) Going concern basis of accounting

The accounts have been prepared on the assumption that the charity is able to continue as a going concern, which the trustees consider appropriate having regard to the current level of unrestricted reserves. There are no material uncertainties about the charity's ability to continue as a going concern.

c) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from the 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 provision of theatrical productions or training events is deferred until criteria for income recognition are met.

d) Interest receivable

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

e) Funds accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the 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 which the donor has specified are to be solely used for particular areas of the charity's work or for specific projects being undertaken by the charity.

Wise Children Limited

Notes to the financial statements

For the year ended 31 March 2022

1. Accounting policies (continued)

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.

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

g) Allocation of support and governance costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Governance costs are the costs associated with the governance arrangements of the charity, including the costs of complying with constitutional and statutory requirements and any costs associated with the strategic management of the charity's activities. These costs have been allocated in full to expenditure on charitable activities which is deemed to be reflective of the activities of the charity in this period.

h) Tangible fixed assets

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

Computer equipment	3 years
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Items of equipment are capitalised where the purchase price exceeds £500.

i) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

j) 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.

k) Creditors

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.

l) Financial instruments

The charitable 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 recognised at amortised cost using the effective interest method.

m) Pension costs

The company operates a defined contribution pension scheme for its employees. There are no further liabilities other than that already recognised in the SOFA.

Wise Children Limited

Notes to the financial statements

For the year ended 31 March 2022

1. Accounting policies (continued)

n) Termination payments

Where an employee receives a termination payment, the cost is recognised at the date that the employee is notified.

o) Foreign currency transactions

Transactions in foreign currencies are translated at rates prevailing at the date of the transaction. Balances denominated in foreign currencies are translated at the rate of exchange prevailing at the year end.

p) Accounting estimates and key judgements

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are depreciation as described in note 1h above and theatre tax relief as described below.

Theatre Tax Relief

The charity has estimated the credit receivable under Theatre Tax Relief based on its eligible production expenditure incurred during the period. This amount is £142,641 and is included within income from charitable activities and accrued income at the year end. As this amount is subject to review and approval by HMRC, actual results may differ.

2. Prior period comparatives: statement of financial activities

	Restricted £	Unrestricted £	2021 Total £
Income from:			
Donations and legacies	20,500	589,124	609,624
Charitable activities	-	344,172	344,172
Total income	20,500	933,296	953,796
Expenditure on:			
Raising funds	-	8,887	8,887
Charitable activities	20,500	669,966	690,466
Total expenditure	20,500	678,853	699,353
Net income and net movement in funds	-	254,443	254,443

Wise Children Limited

Notes to the financial statements

For the year ended 31 March 2022

3. Income from grants and donations

	Restricted £	Unrestricted £	2022 Total £
Individual donations	22,905	11,675	34,580
Grants receivable for core activities:			
Arts Council England	100,000	657,338	757,338
Bristol City Council	-	2,750	2,750
Foyle Foundation	20,000	-	20,000
Garfield Weston	25,000	-	25,000
Other smaller and anonymous donations	12,000	-	12,000
Total income from donations	179,905	671,763	851,668

Prior period comparative:

	Restricted £	Unrestricted £	2021 Total £
Individual donations	5,000	38,676	43,676
Grants receivable for core activities:			
Arts Council England	-	475,000	475,000
Coronavirus Job Retention Scheme	-	59,883	59,883
Bristol City Council	-	15,404	15,404
The Broughton Family Charitable Trust	10,000	-	10,000
Other smaller and anonymous donations	5,500	161	5,661
Total income from donations	20,500	589,124	609,624

4. Income from charitable activities

	2022 £	2021 £
Income from production contracts	978,815	8,553
Box office and royalties	37,973	278,680
Theatre tax relief	142,641	42,451
Other charitable activities	13,014	14,488
Total income from charitable activities	1,172,443	344,172

All income from charitable activities in the current and prior period was unrestricted.

Wise Children Limited

Notes to the financial statements

For the year ended 31 March 2022

5. Government grants

The charitable company receives government grants, defined as funding from Arts Council England, Bristol City Council and the Coronavirus Job Retention Scheme to fund charitable activities. The total value of such grants in the period ending 31 March 2022 was £760,088 (2021: £544,883). There are no unfulfilled conditions or contingencies attaching to these grants.

6. Total expenditure

	Raising funds £	Charitable activities £	Support and governance costs £	2022 Total £
Staff costs (note 8)	-	453,817	328,809	782,626
Depreciation	-	-	925	925
Production costs	-	522,757	-	522,757
Touring allowances	-	24,000	-	24,000
Rent and rates	-	-	15,801	15,801
Insurance	-	-	8,532	8,532
Travel and subsistence	-	139,578	6,928	146,506
Printing, postage and stationary	-	-	11,105	11,105
Advertising and marketing	-	-	19,063	19,063
Telecommunications	-	-	1,102	1,102
Computer expenses	-	-	4,958	4,958
Accountancy	-	-	7,100	7,100
Consultancy	-	-	291	291
Legal and professional	-	-	7,325	7,325
Bank charges	-	-	1,245	1,245
Other charitable expenditure	-	26,241	-	26,241
Fundraising	1,765	-	-	1,765
Governance	-	-	581	581
Sub-total	1,765	1,166,393	413,765	1,581,923
Allocation of support and governance costs	-	413,765	(413,765)	-
Total expenditure	1,765	1,580,158	-	1,581,923

Total governance costs were £6,081 (2020: £4,600).

Wise Children Limited

Notes to the financial statements

For the year ended 31 March 2022

6. Total expenditure (prior period comparative)

	Raising funds £	Charitable activities £	Support and governance costs £	2021 Total £
Staff costs (note 8)	6,303	133,098	297,312	436,713
Production costs	-	187,901	-	187,901
Rent and rates	-	-	12,800	12,800
Insurance	-	-	7,537	7,537
Travel and subsistence	-	8,722	1,813	10,535
Printing, postage and stationary	-	-	9,520	9,520
Advertising and marketing	-	-	3,485	3,485
Telecommunications	-	-	808	808
Computer expenses	-	-	4,464	4,464
Accountancy	-	-	8,875	8,875
Consultancy	-	-	1,250	1,250
Legal and professional	1,500	-	3,400	4,900
Bank charges	-	-	1,675	1,675
Other charitable expenditure	-	7,806	-	7,806
Fundraising	1,084	-	-	1,084
Sub-total	8,887	337,527	352,939	699,353
Allocation of support and governance costs	-	352,939	(352,939)	-
Total expenditure	8,887	690,466	-	699,353

Wise Children Limited

Notes to the financial statements

For the year ended 31 March 2022

7. Net movement in funds

This is stated after charging:

	2022 £	2021 £
Depreciation	925	-
Trustees' remuneration	Nil	Nil
Trustees' reimbursed expenses	581	Nil
Auditors' remuneration:		
▪ Statutory audit (excluding VAT)	5,500	4,600
▪ Other services	600	250
	<u>6,006</u>	<u>4,850</u>

Trustees' reimbursed expenses this year comprised travel expenses for one trustee (2021: nil).

8. Staff costs and numbers

Staff costs were as follows:

	2022 £	2021 £
Salaries and wages	291,291	279,325
Social security costs	25,446	23,934
Pension costs	6,886	6,616
Redundancy costs	-	1,076
Freelance production staff	459,003	125,762
	<u>782,626</u>	<u>436,713</u>

One employee earned between £70,000 and £80,000 during the year. (2020: One employee earned between £70,000 and £80,000.)

The key management personnel of the charitable company comprise the Creative Director and the Executive Producer. The total employee benefits of the key management personnel were £136,536 (2021: £136,946).

In the prior year, redundancy payments totalling £1,076 were made. There were no redundancy payments made during this year.

	2022 No.	2021 No.
Organisation	8	7
Production	<u>1</u>	<u>1</u>
Total average head count	<u>9</u>	<u>8</u>

9. Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

Wise Children Limited

Notes to the financial statements

For the year ended 31 March 2022

10. Tangible fixed assets

	Office equipment £	Total £
Cost		
At 1 April 2021	-	-
Additions in year	4,147	4,147
At 31 March 2022	4,147	4,147
Depreciation		
At 1 April 2021	-	-
Charge for the year	925	925
At 31 March 2022	925	925
Net book value		
At 31 March 2022	3,222	3,222
At 31 March 2021	-	-

11. Debtors

	2022 £	2021 £
Trade debtors	832	4,215
Prepayments and accrued income	273,881	239,257
Other debtors	6,755	21,488
	281,468	264,960

12. Creditors : amounts due within 1 year

	2022 £	2021 £
Trade creditors	32,335	25,506
Accruals	38,814	78,025
Other taxation and social security	58,970	6,399
Other creditors	42,287	20,208
	172,406	130,138

Wise Children Limited

Notes to the financial statements

For the year ended 31 March 2022

13. Analysis of net assets between funds

	Restricted funds £	Designated funds £	General funds £	Total funds £
Fixed assets	-	-	3,222	3,222
Current assets	38,768	385,000	823,195	1,246,963
Current liabilities	-	-	(172,406)	(172,406)
Net assets at 31 March 2022	<u>38,768</u>	<u>385,000</u>	<u>654,011</u>	<u>1,077,779</u>
Prior period comparative				
	Restricted funds £	Designated funds £	General funds £	Total funds £
Current assets	-	360,000	404,781	764,781
Current liabilities	-	-	(130,138)	(130,138)
Net assets at 31 March 2021	<u>-</u>	<u>360,000</u>	<u>274,643</u>	<u>634,643</u>

Wise Children Limited

Notes to the financial statements

For the year ended 31 March 2022

14. Movements in funds

	At 1 April 2021 £	Income £	Expenditure £	Transfers between funds £	At 31 March 2022 £
Restricted funds					
School for Wise Children	-	10,500	(10,500)	-	-
Production activities	-	169,405	(130,637)	-	38,768
Total restricted funds	-	179,905	(141,137)	-	38,768
Unrestricted funds					
<i>Designated funds:</i>					
Operational fund	160,000	-	-	-	160,000
Development fund	200,000	-	-	25,000	225,000
<i>Total designated funds</i>	360,000	-	-	25,000	385,000
General funds	274,643	1,845,154	(1,440,786)	(25,000)	654,011
Total unrestricted funds	634,643	1,845,154	(1,440,786)	-	1,039,011
Total funds	<u>634,643</u>	<u>2,025,059</u>	<u>(1,581,923)</u>	<u>-</u>	<u>1,077,779</u>

Purposes of restricted funds

School for Wise Children Donations restricted towards the School for Wise Children.

Production activities To collect all donations restricted to specific productions.

Purposes of designated funds

Operational fund To maintain a fund of between 3 and 6 months core expenditure, to ensure sufficient funds are available to cover core running and governance costs in the event of the company's dissolution.

Development fund To allow the company to take risks with new work and touring, the company intends to build this reserve to £250,000.

Wise Children Limited

Notes to the financial statements

For the year ended 31 March 2022

14. Movements in funds (continued)

Prior period comparative

	At 1 April 2020 £	Income £	Expenditure £	Transfers between funds £	At 31 March 2021 £
Restricted funds					
School for Wise Children	-	15,500	(15,500)	-	-
Production activities	-	5,000	(5,000)	-	-
Total restricted funds	-	20,500	(20,500)	-	-
Unrestricted funds					
<i>Designated funds:</i>					
Operational fund	160,000	-	-	-	160,000
Development fund	40,000	-	-	160,000	200,000
<i>Total designated funds</i>	200,000	-	-	160,000	360,000
General funds	180,200	933,296	(678,853)	(160,000)	274,643
Total unrestricted funds	380,200	933,296	(678,853)	-	634,643
Total funds	380,200	953,796	(699,353)	-	634,643

15. Related party transactions

During the year, the charity paid Allegra Galvin, trustee, for some consultancy work totalling £7,218 (2021: Nil). At year end, £3,600 was outstanding and included in creditors. The charity also paid Judith Dimant, trustee, for some consultancy work totalling £975. No amounts were outstanding at year end.