

Company no. 10547581
Charity no. 1178358

Wise Children Limited
Report and Audited Financial Statements
31 March 2023

Wise Children Limited

Reference and administrative details

For the year ended 31 March 2023

Company number	10547581
Charity number	1178358
Registered office and operational address	Spike Island 133 Cumberland Road Bristol BS1 6UX
Trustees	<p>Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:</p> <p>Matthew Armstrong Judith Dimant Allegra Galvin Anthony Gayle Pravanya Pillay Clare Reddington Nicholas Rogers Yuko Thomas</p> <p>Resigned on 25 April 2022 Chair</p>
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 2023

The trustees present their report along with the financial statements of the charity for the year ended 31 March 2023, 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.

The trustees throughout the year and at the financial year end, were:

- Matthew Armstrong
- Judith Dimant
- Allegra Galvin
- Tony Gayle
- Clare Reddington (Chair)
- Nicholas Rogers
- Yuko Thomas

Pravanya Pillay stood down from the Board of Trustees on 25 April 2022.

Secretary

Wise Children is not required to have a Company Secretary by its Memorandum and Articles of Association, however, on 4 August 2022 Poppy Keeling was appointed Company Secretary. This change was made in order to facilitate the opening of a new bank account.

Wise Children Limited

Report of the trustees

For the year ended 31 March 2023

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.

Objectives and activities

The charity's purposes are:

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

Wise Children is an international touring theatre company, based in the South West. Led by award-winning director Emma Rice, we make ground-breaking and accessible work with exceptional artists which we tour across the UK and the world. Alongside shows we run the School for Wise Children, a unique professional development programme training the next generation of diverse, independent theatre makers.

Wise Children launched in 2018, when we became an Arts Council England (ACE) National Portfolio Organisation (NPO). We have just been successful in our application to remain in the portfolio from 2023 to 2026. Since 2018 we have produced five critically acclaimed original productions which have been seen by 240,000 people in 20 cities worldwide. Our work has been commissioned by the BBC and Sky Arts, with our digital work reaching an estimated 286,000 people.

Our Artistic Director Emma Rice is amongst the UK's best known and loved theatre directors. Her celebrated 30-year career has included being Artistic Director of Cornish theatre company Kneehigh and of Shakespeare's Globe, London. In 2019, she received the UK Theatre Award for Contribution to British Theatre: *'Theatre maker Emma Rice was presented with this special award in recognition of the unique, innovative and socially relevant work that she has created and directed all over the country, and her significant influence on the contemporary theatre landscape.'* In 2022, she was named one of Sky Arts '50 most influential British artists of the last 50 years'.

The School also started in 2018 and we've run 57 practical courses with over 1,000 theatre makers, seven of whom now work with us regularly. We evaluate the School's impact through surveys and case studies: feedback from students is always hugely positive. *'Being able to work alongside and learn from Emma has been an invaluable experience and one that has equipped me with new tools, methods and techniques that I can take forward into future work. I felt challenged, pushed creatively, motivated & inspired on a daily basis!'* (Wuthering Heights Trainee Director)

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)'.

Wise Children Limited

Report of the trustees

For the year ended 31 March 2023

Achievements and performance

The Lucky Chance

From the company's earliest days we have been on the hunt for a permanent home and, in the summer of 2022, we found the perfect place: an old church in the centre of Frome, Somerset. The Lucky Chance (TLC), as we've called our new building, will become our base, where we can experiment, rehearse, share new work, and run the School for Wise Children. TLC will be a thriving community hub, attracting the most exciting artists from the South West and beyond. Work created there will spill out into the town, inspiring residents to come in and take part.

We bought the building and its freehold in September 2022 and have begun slowly renovating it. It's an old Methodist Chapel, built in 1910, and although no major structural work is needed to achieve our plans, it had been very neglected. As well as generally restoring the building to good repair, we plan to make a number of changes to ensure it is safe for audiences of up to 120.

Live productions

Following successful runs in Bristol, York and at the National Theatre in 2021/22, *Wuthering Heights* toured the UK in spring 2022, visiting Truro, Nottingham, Salford, Brighton and Edinburgh. Planned stops in Norwich and Sunderland sadly had to be cancelled due to the ongoing impact of Covid-19.

The show received hugely positive responses from critics and audiences, with feedback including: *'Emma Rice's production of Wuthering Heights is so inventive, funny and inviting to both newcomers and lovers of Emily Brontë's bold and beautiful book, that I guarantee you, that like me you will become obsessed with it.'* (I Love Manchester); and *'What a mind blowing show #WutheringHeights is. Almost 3 hours of absolute pleasure. Deep, funny, heartbreaking, exhilarating. Thank you @brightonfest for bringing us such fabulous theatre this year.'* (Audience member, Twitter)

As *Wuthering Heights* features on school curricula we wanted to reach new, younger audiences, and created a marketing strategy focused on these groups. This proved successful: across the tour 11% of tickets were sold to people under 25, 6% higher than the national average. Alongside performances, we delivered a range of education activities, including post-show talks, bespoke workshops, placements and taster sessions engaging 700 people.

The UK tour ended in June, and in September we were back in the rehearsal room preparing to take the show to North America. Almost all the original cast returned, and in October we played to our first ever international audience when we opened at St Ann's Warehouse, New York.

We were over the moon to receive a raft of glowing reviews, including securing a coveted Critics Pick from the New York Times, which wrote: *'[This is] A feat of storytelling that wraps itself around the audience, pulling us into its silliness and sorrow... a show with a gloriously untamed spirit.'* The show was a hit with New York audiences too, with queues for returns across the final week and the box office target exceeded by 30%.

Wise Children Limited

Report of the trustees

For the year ended 31 March 2023

The show moved on to Berkeley Repertory Theatre: *'If anyone can realise the novel's sprawling scope and emotional potency onstage, it's Rice... The British Director has an alchemist's touch for transforming material from one medium into something essentially, exuberantly theatrical'* (San Francisco Chronicle); Chicago Shakespeare Theatre: *'To watch an international artist of Rice's stature, and her ensemble-driven company, wrestle with a masterpiece as multifaceted and complicated as "Wuthering Heights" is a delight. A cheerfully anachronistic and self-aware exploration of the novel, replete with live music, composed by Ian Ross.'* (Chicago Tribune); and the McCarter Theatre in Princeton: *'a boldly reimagined and uncompromisingly dark stage adaptation of the classic.'* (New Jersey Arts).

Wuthering Heights was also booked to play a two week run at The Wallis in Los Angeles, but this was sadly cancelled due to severe storms across California which led to the theatre flooding.

Over the course of the six-month tour, a total of 41,900 people saw the show, and education events attracted over 2,000 students.

Digital work

In 2021, Sky Arts commissioned us to make a film of *Wuthering Heights*, which was released in October 2022. It is now available to watch on-demand in the UK through Sky Arts/Now TV. We have also secured further distribution for the film, making deals with Broadway HD (USA), Marquee TV (USA and Canada) and SVT (Sweden) all of which will broadcast the film over the next few years.

Research and development

Across the year we've spent time exploring potential future productions, including a work inspired by the folk tale *Blue Beard* and an adaptation of Hanif Kureishi's celebrated debut novel *The Buddha of Suburbia*. We workshopped both ideas with great success, and plan to produce both in 2024.

We also secured the rights to Shirley Jackson's gothic novella *We Have Always Lived in the Castle*, for development in 2023/24.

School for Wise Children

In 2022/23, 70 theatre makers studied at the School for Wise Children. Practical courses included:

- 'Pick and Mix', our first in-person performers' course since the pandemic, which brought together students from nine participating drama schools to spend a week with Emma, Head of Music Ian Ross, Associate Director Laura Keefe and performer/puppeteer John Leader. Following the course, one student wrote: *'The workshop was absolutely amazing. It really felt like we created magic during our time there. There were so many ideas flowing between all of us. What a playful world that was created. It was a workshop designed to push you, encourage you and to inspire you to just be you. It's unlike anything I've ever experienced before.'*
- The Summer Camp, a week-long open access performers' course. Over a hundred artists applied and twelve were selected to work with Emma, Ian, Laura and Movement Director Sam Archer for a week. One student told us: *'You created a space in which I felt safe to explore, create, make mistakes and learn. I had an immense amount of joy throughout the week. I've always been told I couldn't do it all and I had to choose between either being a musician, a musical theatre performer, an actor or a songwriter: this week made me feel like I could be everything that I am at once and use all of my tools to express myself.'*

Wise Children Limited

Report of the trustees

For the year ended 31 March 2023

- The Winter Workrooms, a series of online courses including: Emma and Laura's *Adapting and Directing for Emerging Directors*; Ian's *Musical Themes in Storytelling*; and our Producing team leading *The Nuts and Bolts of Touring Theatre*. Feedback was hugely positive, with one student writing: 'I felt that both Emma and Laura were really **PERSONALLY** invested in my projects. That investment made a huge difference on this course... Having the space and time to talk about my work and my life with two very experienced and sympathetic artists was invaluable.'

In addition to practical courses, the School for Wise Children runs a number of other initiatives:

Traineeships

In 2022/23 we employed three early career theatre makers as School for Wise Children Trainees: Stage Manager Meg le Marchant worked as part of the technical team delivering Summer Camp; Mary Johnson came back for a second stint as Trainee Composer on the re-rehearsal period for the US tour of *Wuthering Heights*; and Trainee Director Steph de Walley also joined *Wuthering Heights*. Our Traineeships are positions offered to promising students identified through other School activities, and, as well as their paid role, Trainees receive ongoing support and mentoring from the Wise Children team.

Company mentoring

Our Company Mentoring scheme sees the team support an emerging or mid-career theatre company over the course of the year, offering creative sessions as well as time focused on budgeting, fundraising, business planning and more. We received 106 applications for the scheme this year and eventually selected The PappyShow as our company to mentor through 2023. The PappyShow have been together for ten years, and are looking to consolidate the company and more clearly articulate its mission, vision and values as they move into their second decade.

The School for Wise Children Band

In early 2023, we started working on a new project, the School for Wise Children Band, designed to showcase the talents of some of the extraordinary musicians we've met over the last five years of running School courses. Across the spring, Ian, Laura and eight excited musicians developed a concept and began rehearsing, and will play their first gigs in summer 2023.

The After School Club

We have continued to build our alumni network, staying connected to more than 150 graduates of the School through regular newsletters and events.

Fundraising

We are delighted to have been successful in our application to Arts Council England's National Portfolio, securing a further three years of core funding at our current level.

We are also grateful to have received grants from the Garfield Weston Foundation, the Backstage Trust, the Broughton Family Charitable Trust, the Foyle Foundation, the John James Bristol Foundation and The Nisbet Trust.

Our Big Give Christmas Appeal in December went smoothly. Over the week we raised a total of £10,345 in online donations which allowed us to take advantage of a further £10,000 in matched funding and £1,346 in Gift Aid, bringing the total raised to £21,691. Of the top 22 givers to this year's appeal (£100 and above) 10 had never donated to us before, highlighting how useful the Appeal can be in terms of attracting new donors.

Wise Children Limited

Report of the trustees

For the year ended 31 March 2023

Many of our existing individual givers continued to support the company, and we were also lucky enough to connect with some notable new donors, including one who supported our American tour with a generous gift.

Financial review

The company is reporting a surplus of £213,504 on a turnover of £2,826,834.

One key source of funding is Arts Council England: Wise Children is an Arts Council England National Portfolio Organisation for 2023-26, receiving annual funding of £483,000. In 2022/23, this represents 17% of total income down from last year's 24%.

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 2022/23, Production income accounted for 59% of annual income, which marks a welcome return to pre-pandemic levels.

Other sources of income include grants from trusts & foundations, with applications focused on trusts which feel aligned with the organisation's values. In 2022/23 the company raised £574,052. Gifts from individuals also represent a small but growing part of the company's income and include major gifts, a Christmas Appeal (£21,691 raised in 2022/23) and our private giving scheme, The Wise Children Club, which raised £2,497. Fundraising accounts for 20% of total income.

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.

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. The purchase and management of a building adds complexity to the financial picture, bringing both the possibility of greater stability and new revenue streams, but also increased costs and the inevitable uncertainties of even a small capital project.

Risks include:

- The capital project exceeding projected budgets;
- 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; and

Wise Children Limited

Report of the trustees

For the year ended 31 March 2023

- Increased demand for donations from individuals and trusts and foundations, combined with the cost-of-living crisis, means fundraising is already much harder.

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

- The capital project has been planned to take place over a number of phases, giving us time to pause, adapt and seek additional funding if needed. No income or activity targets have been set for 2023/24;
- Piloting a new 'slow touring' model, which has been planned for several years, and which will see us collaborating closely with a small number of venues over the next three years. Together, the 'slow tour' group will co-produce work, sharing the financial risk;
- Building on the success of our first international tour to find new international presenters and audiences, and bringing in income from overseas; and
- Increasing our fundraiser's hours, and developing a network of fundraising freelancers, in order to increase our fundraising capacity.

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 insert date the charity's cash position was over £660,020 and its principal funder, Arts Council England, has extended its funding to 31 March 2026.

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 2023, the company held £491,721 in general reserves, £740,460 in three designated funds and £59,102 in restricted funds.

General reserves

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

Level of general reserves at March 2023: £491,721.

Operational 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.

Level of operational fund at March 2023: £160,000.

Development fund

The trustees are also building a development reserve with a target figure of £250,000 designed to allow the company to take risks with new work, including through touring.

Level of development fund at March 2023: £250,000.

Wise Children Limited

Report of the trustees

For the year ended 31 March 2023

The Lucky Chance

This designated fund represents the value of the expenditure to date on the purchase and renovation of The Lucky Chance in Frome and is intended to match the value of the fixed asset on the balance sheet.

Level of The Lucky Chance designated fund at March 2023: £330,460.

Restricted

The restricted fund holds donations received in respect of the redevelopment of The Lucky Chance, which were unspent at the year-end, which will be spent during the financial year to 31 March 2024. Level of restricted funds at March 2023: £59,102.

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

Plans for future periods

Plans for 2023/24 include the opening of The Lucky Chance to the public for the first time at Christmas 2023, with a run of family show *The Little Matchgirl and Other Happier Tales*. We'll also produce our new show *Blue Beard* in early 2024. Created with our slow tour partners *Blue Beard* will tour to Bath, Birmingham, Manchester, York, Edinburgh and London.

We'll continue to run The School for Wise Children, and are exploring the possibility of a partnership with Somerset Council which will see Wise Children practitioners working with schools across the county. In addition to this, we plan to partner with Digital Theatre + to create a series of resources to support students and teachers of devised theatre.

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.

Wise Children Limited

Report of the trustees

For the year ended 31 March 2023

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;
- 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 2023 was 8.

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 9 October 2023 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 2023 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 2023 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: 10 October 2023

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 2023

	Note	Restricted £	Unrestricted £	2023 Total £	2022 Total £
Income from:					
Donations and legacies	3	108,747	492,593	601,340	851,668
Charitable activities	4	-	2,222,550	2,222,550	1,172,443
Investment		-	2,944	2,944	948
Total income		<u>108,747</u>	<u>2,718,087</u>	<u>2,826,834</u>	<u>2,025,059</u>
Expenditure on:					
Raising funds		-	5,875	5,875	1,765
Charitable activities		<u>87,628</u>	<u>2,519,827</u>	<u>2,607,455</u>	<u>1,580,158</u>
Total expenditure	6	<u>87,628</u>	<u>2,525,702</u>	<u>2,613,330</u>	<u>1,581,923</u>
Net income	7	21,119	192,385	213,504	443,136
Transfers between funds		<u>(785)</u>	<u>785</u>	<u>-</u>	<u>-</u>
Net movement in funds		20,334	193,170	213,504	443,136
Reconciliation of funds:					
Total funds brought forward		<u>38,768</u>	<u>1,039,011</u>	<u>1,077,779</u>	<u>634,643</u>
Total funds carried forward		<u><u>59,102</u></u>	<u><u>1,232,181</u></u>	<u><u>1,291,283</u></u>	<u><u>1,077,779</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 2023

	Note	£	2023 £	2022 £
Fixed assets				
Tangible assets	10		334,241	3,222
Current assets				
Debtors	11	446,769		281,468
Cash at bank and in hand		660,020		965,495
		1,106,789		1,246,963
Liabilities				
Creditors: amounts falling due within 1 year	12	(149,747)		(172,406)
Net current assets			957,042	1,074,557
Net assets	13		1,291,283	1,077,779
Funds	14			
Restricted funds			59,102	38,768
Unrestricted funds				
Designated funds			740,460	385,000
General funds			491,721	654,011
Total charity funds			1,291,283	1,077,779

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 9 October 2023 and signed on their behalf by



N Rogers - Trustee

Wise Children Limited

Statement of cash flows

For the year ended 31 March 2023

	2023	2022
	Total	Total
	£	£
Cash used in operating activities:	213,504	443,136
Net movement in funds		
Adjustments for:		
Depreciation charges	1,828	925
Dividends, interest and rents from investments	(2,944)	(948)
Decrease / (increase) in debtors	(165,301)	(16,508)
Increase / (decrease) in creditors	(22,659)	42,268
Net cash provided by / (used in) operating activities	24,428	468,873
Cash flows from investing activities:		
Purchase of tangible fixed assets	(332,847)	(4,147)
Dividends, interest and rents from investments	2,944	948
Net cash provided by / (used in) investing activities	(329,903)	(3,199)
Increase / (decrease) in cash and cash equivalents in the year	(305,475)	465,674
Cash and cash equivalents at the beginning of the year	965,495	499,821
Cash and cash equivalents at the end of the year	660,020	965,495

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

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 2023

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
--------------------	---------

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 2023

1. Accounting policies (continued)

n) 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.

o) 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 £201,578 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	2022 Total
	£	£	£
Income from:			
Donations and legacies	179,905	671,763	851,668
Charitable activities	-	1,172,443	1,172,443
Investment	-	948	948
Total income	179,905	1,845,154	2,025,059
Expenditure on:			
Raising funds	-	1,765	1,765
Charitable activities	141,137	1,439,021	1,580,158
Total expenditure	141,137	1,440,786	1,581,923
Net income and net movement in funds	38,768	404,368	443,136

Wise Children Limited

Notes to the financial statements

For the year ended 31 March 2023

3. Income from grants and donations

	Restricted £	Unrestricted £	2023 Total £
Individual donations	22,602	4,686	27,288
Grants receivable for core activities:			
Arts Council England	-	483,740	483,740
Backstage Trust	10,000	-	10,000
The Broughton Family Charitable Trust	20,000	-	20,000
Foyle Foundation	39,000	-	39,000
Other smaller and anonymous donations	17,145	4,167	21,312
Total income from donations	108,747	492,593	601,340

Prior period comparative:

	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

4. Income from charitable activities

	2023 £	2022 £
Income from production contracts	1,674,305	978,815
Box office and royalties	132,822	37,973
Theatre tax relief	201,578	142,641
Other charitable activities	213,845	13,014
Total income from charitable activities	2,222,550	1,172,443

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

5. Government grants

The charitable company receives government grants, defined as funding from Arts Council England, and the Department for International Trade to fund charitable activities. The total value of such grants in the period ending 31 March 2023 was £492,740 (2022: £760,088). There are no unfulfilled conditions or contingencies attaching to these grants.

Wise Children Limited

Notes to the financial statements

For the year ended 31 March 2023

6. Total expenditure

	Raising funds £	Charitable activities £	Support and governance £	2023 Total £
Staff costs (note 8)	-	750,400	363,236	1,113,636
Depreciation	-	-	1,828	1,828
Production costs	-	742,542	-	742,542
Rent and rates	-	-	45,820	45,820
Insurance	-	-	38,926	38,926
Travel and subsistence	-	512,442	15,908	528,350
Printing, postage and stationary	-	-	9,786	9,786
Advertising and marketing	-	-	35,610	35,610
Telecommunications	-	-	1,258	1,258
Computer expenses	-	-	8,424	8,424
Accountancy	-	-	8,005	8,005
Consultancy	-	-	200	200
Legal and professional	-	-	8,216	8,216
Bank charges	-	-	834	834
Provision for doubtful debts	-	-	37,828	37,828
Other charitable expenditure	-	2,048	23,875	25,923
Fundraising	5,875	-	-	5,875
Governance	-	-	269	269
Sub-total	5,875	2,007,432	600,023	2,613,330
Allocation of support and governance costs	-	600,023	(600,023)	-
Total expenditure	5,875	2,607,455	-	2,613,330

Total governance costs were £6,868 (2020: £6,081).

Wise Children Limited

Notes to the financial statements

For the year ended 31 March 2023

6. Total expenditure (prior period comparative)

	Raising funds £	Charitable activities £	Support and governance £	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	<u>1,765</u>	<u>1,580,158</u>	<u>-</u>	<u>1,581,923</u>

Wise Children Limited

Notes to the financial statements

For the year ended 31 March 2023

7. Net movement in funds

This is stated after charging:

	2023 £	2022 £
Depreciation	1,828	925
Trustees' remuneration	Nil	Nil
Trustees' reimbursed expenses	269	581
Auditors' remuneration (excluding VAT):		
▪ Statutory audit	6,600	5,500
▪ Other services	350	600
	<u>6,600</u>	<u>5,500</u>
	<u>350</u>	<u>600</u>

There were no reimbursed expenses for trustees in the year (2022: £nil).

8. Staff costs and numbers

Staff costs were as follows:

	2023 £	2022 £
Salaries and wages	421,555	291,291
Social security costs	41,021	25,446
Pension costs	10,618	6,886
Freelance production staff	640,442	459,003
	<u>1,113,636</u>	<u>782,626</u>

One employee earned between £70,000 and £80,000 during the year. (2022: One employee earned between £70,000 and £80,000.)

The key management personnel of the charitable company comprise the Creative Director, the Executive Producer, and the Technical Director. The total employee benefits of the key management personnel were £189,074 (2022: £136,536, Creative Director and Executive Producer).

	2023 No.	2022 No.
Organisation	9	8
Production	3	1
	<u>12</u>	<u>9</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 2023

10. Tangible fixed assets

	Freehold property £	Office equipment £	Total £
Cost			
At 1 April 2022	-	4,147	4,147
Additions in year	<u>330,460</u>	<u>2,387</u>	<u>332,847</u>
At 31 March 2023	<u>330,460</u>	<u>6,534</u>	<u>336,994</u>
Depreciation			
At 1 April 2022	-	925	925
Charge for the year	<u>-</u>	<u>1,828</u>	<u>1,828</u>
At 31 March 2023	<u>-</u>	<u>2,753</u>	<u>2,753</u>
Net book value			
At 31 March 2023	<u>330,460</u>	<u>3,781</u>	<u>334,241</u>
At 31 March 2022	<u>-</u>	<u>3,222</u>	<u>3,222</u>

No depreciation has been charged to the freehold property during the year, as the asset was not in use by the year end, since it was still under renovation.

11. Debtors

	2023 £	2022 £
Trade debtors	184,752	832
Prepayments and accrued income	209,584	273,881
Other debtors	4,290	6,755
VAT debtor	<u>48,143</u>	<u>-</u>
	<u>446,769</u>	<u>281,468</u>

12. Creditors : amounts due within 1 year

	2023 £	2022 £
Trade creditors	60,891	32,335
Accruals	43,269	38,814
Other taxation and social security	11,426	58,970
Other creditors	14,161	42,287
Deferred income	<u>20,000</u>	<u>-</u>
	<u>149,747</u>	<u>172,406</u>

Wise Children Limited

Notes to the financial statements

For the year ended 31 March 2023

13. Analysis of net assets between funds

	Restricted funds £	Designated funds £	General funds £	Total funds £
Fixed assets	-	330,460	3,781	334,241
Current assets	59,102	410,000	637,687	1,106,789
Current liabilities	-	-	(149,747)	(149,747)
Net assets at 31 March 2023	59,102	740,460	491,721	1,291,283
Prior period comparative				
	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	38,768	385,000	654,011	1,077,779

Wise Children Limited

Notes to the financial statements

For the year ended 31 March 2023

14. Movements in funds

	At 1 April 2022 £	Income £	Expenditure £	Transfers between funds £	At 31 March 2023 £
Restricted funds					
School for Wise Children	-	14,960	(14,960)	-	-
Production activities	38,768	-	(38,768)	-	-
Wuthering Heights New York production activities	-	29,000	(29,000)	-	-
Community Screenings	-	3,900	(3,900)	-	-
Blue Beard adaptation	-	1,000	(1,000)	-	-
Office equipment additions	-	785	-	(785)	-
The Lucky Chance capital works funding	-	59,102	-	-	59,102
Total restricted funds	38,768	108,747	(87,628)	(785)	59,102
Unrestricted funds					
<i>Designated funds:</i>					
Operational fund	160,000	-	-	-	160,000
Development fund	225,000	-	-	25,000	250,000
The Lucky Chance	-	-	-	330,460	330,460
<i>Total designated funds</i>	<i>385,000</i>	<i>-</i>	<i>-</i>	<i>355,460</i>	<i>740,460</i>
General funds	654,011	2,718,087	(2,525,702)	(354,675)	491,721
Total unrestricted funds	1,039,011	2,718,087	(2,525,702)	785	1,232,181
Total funds	1,077,779	2,826,834	(2,613,330)	-	1,291,283

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.
Wuthering Heights New York production activities	Towards the cost of presenting Wuthering Heights in New York City.
Community Screenings	Towards the cost of screening films of past productions in a range of Bristol community settings.
Blue Beard adaptation	Towards the cost of adapting the folk tale Blue Beard, which will be our next touring show in 2024.
Office equipment additions	Towards the cost of new staff computers

Wise Children Limited

Notes to the financial statements

For the year ended 31 March 2023

14. Movements in funds (continued)

Purposes of restricted funds (continued)

The Lucky Chance capital works funding Towards sustainable power and heating systems at The Lucky Chance.

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.

The Lucky Chance This designated fund represents the value of the expenditure to date on the purchase and renovation of The Lucky Chance in Frome and is intended to match the value of the fixed asset on the balance sheet.

Prior period comparative

	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>

15. Related party transactions

During the year, the charity paid Allegra Galvin, trustee, for some consultancy work totalling £2,200 (2022: £7,218). Additionally income of £1,287 (2022, £nil) was received from the Harvard Club of the UK, where Yuko Thomas, trustee, is a director. There were no amounts outstanding at year end for either of these transactions. In the prior year, the charity also paid Judith Dimant, trustee, for some consultancy work totalling £975.