

REGISTERED COMPANY NUMBER: 01587922 (England and Wales)
REGISTERED CHARITY NUMBER: 283680

**REPORT OF THE TRUSTEES AND
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020
FOR
CHATS PALACE LIMITED**

Arithma Accountants Limited
9 Mansfield Street
London
W1G 9NY

CHATS PALACE LIMITED

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

	Page
Report of the Trustees	1 to 4
Independent Examiner's Report	5
Statement of Financial Activities	6
Balance Sheet	7 to 8
Notes to the Financial Statements	9 to 14

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2020**

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2020. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

Summary of the objects of the Charity set out in its governing document

Chats Palace is governed by a memorandum of association. The objects for which the Company is registered are to "promote the benefit of inhabitants of particular neighbourhoods and areas in the United Kingdom without distinction of political, religious or other opinions by associating with local and other government authorities statutory and voluntary organisations and individuals in efforts to advance education, encourage the arts and to provide facilities in the interests of social welfare with the object of improving conditions of life for the said inhabitants and to establish, manage or assist with the establishing and management of community centres, arts centres, workshops, groups for educational play, deprived youth and old people in need and centres residential or otherwise for activities in furtherance of the objects of the Company and generally to promote, maintain, improve and advance education particularly "by the production and promotion of educational performances and exhibitions and the encouragement of the Arts."

Public benefit

The Trustees have considered the Charity Commission guidance on public benefit and considered that the activities of the Charity meet its charitable activities and provide a benefit to the public.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2020

ACHIEVEMENT AND PERFORMANCE

Charitable activities

Chats Palace is based in Hackney, London's 6th most ethnically diverse borough (GLA DI 2017) and 11th (up from 2nd) most deprived borough in the country (IMD 2015). It has 4th highest level of child poverty in London, with over 37% living below the poverty line. Yet there is strong feeling of community: Hackney Council's 2019 Report noted 9 out of 10 residents view Hackney as a place where people from different backgrounds get on well together.

At Chats Palace we are passionate about artists and the role they play in strengthening this distinctive, vibrant community. By offering outstanding artistic experiences for our community and operating as a robust social enterprise, we present an exemplary model for future cultural venues. With 40,000 visits per year, our commitment to showcasing cross-artform creative collaboration, performance and debate has made a demonstrable contribution to the growth in artistic engagement in Hackney: ACE Active Lives Survey (2015-17) records Hackney arts engagement figures with attendance and participation significantly higher than national average: in 2010 ACE study profiles Hackney as having one of the country's lowest levels of adult arts engagement.

Our key focus areas are with those who are marginalised, excluded or without a voice; working in partnership we devise and deliver projects that combine artistic and social interaction to engender positive, life-long change. Our programme builds on strong foundations with an artist-led creative plan that attracts new audiences, encourages participation, and stimulates creative and professional development.

In 2019/20 our headline achievements included a growing number of in-house produced live events, professional development opportunities and events presented for specific target audiences:

- As a grassroots music venue our programme went from strength to strength. We worked with 4 local and 1 national music promoters, hosting performances by ground-breaking London artists - Jerkurb, Sophie Jamieson, I Told You I Would Eat You. International artists included Major Parkinson (Sweden) & Lady Lamb (USA). Jarvis Cocker debuted his new band Jarv Is at Chats Palace in May 2019.
- As a theatre for political and civically-minded performance we expanded our professional development work with a new showcase, Bad Fruit. Its 3 editions (May/Sept & Dec) invited 30 established artists to take over our building to try out cutting-edge new work in front of a live audience. Through our new BAME Artists residency programme we offered free and/or subsidised space often with technical support for several artists including Seeta Patel & Seke Chimutengwende.
- As a destination for local families we programmed **Crowded** an exciting collaboration by Half Moon TC, UK's leading small-scale young people's company (2017 Off West End Award winner for Best Production for Young People Aged 13+) and Apples and Snakes, England's leading spoken word poetry organisation. Developed in direct response to the growing number of teenagers in the UK struggling with their mental health, **Crowded** was a powerful story about the hidden desires and anxieties of young people. We were thrilled that the entire audience remained after the show, for a deeply personal Q & A with company and creatives.
- As a space for young artists with disabilities we continued to play our valued role in Hackney Carnival Collective, hosting Access All Areas and Hackney Shed's joint Hackney Carnival Collective 2019 summer school. Engaging local young people 16 - 25yrs with learning difficulties/disabilities, this two-week residency was a wonderful, fun opportunity to work with professional artists on creating music, movement and costume.

Our work with local Elders continues to be a key priority area, with project funding for 2 2019/20 terms from London Legacy Corporation Neighbourhood Priorities Fund, London City Airport Community Fund, Loughborough University London Open Fund and Magic Little Grants. According to Age UK, more than 2 million people in England aged 75+ live alone, and more than a million older people say they go for over a month without speaking to friends, neighbours, or family. From short term benefits around enjoyment of a shared social event to longer term impact on mental health and wellbeing, we created The Palace Club as the best way to assist our local Elders (aged 65+ years) in becoming more physically, creatively and socially active and engaged.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2020**

We were delighted to continue our participation in the official programme for architecture festival, **London Open House 2019**. Over a weekend in September 400+ visitors came for guided tours and to enjoy a new exhibition by local photographer and art director, Gillian Hyland. Hyland published her first fine art series 'Words in Sight' in 2014; since then her photographs have been exhibited around the world most recently with solo shows in London (After Nyne Gallery & Amar Gallery), Rome (Mucciaccia Contemporary), Lisbon (Palacio Galveias) and Sydney (Head on Photo Festival). This Chats Palace exhibition was her first invitation to exhibit her work in her local east London community.

Queen Mary University of London (QMUL) continued using Chats Palace as their base for delivery of their performing arts module in academic year 19/20. We were disappointed to learn from **Guildhall School of Music and Drama (GSMD)** of their decision to conclude teaching their community performing arts module. This placed a temporarily suspension on their relationship with Chats Palace with no presentation of their annual student Dialogue Festival.

These specialist projects have been delivered against a backdrop of a regular participatory arts and health & wellbeing classes programme. Running April to March, this programme offered between 25 to 34 affordable classes each week for local people, delivered by local practitioners and small CIC businesses.

FINANCIAL REVIEW

Reserves policy

To date Chats Palace's reserves policy has been to hold three months of expenditure in unrestricted funds, not invested in fixed assets. 2019/20 saw continued, positive movement in the diversification and hence sustainability of Chats Palace finances. Chats Palace Board continues to work steadily to maintain this policy in the confident belief that through the development of a more robust business model, in the future our reserves policy will be more realistic.

Funding & Expenditure

London Borough of Hackney supports Chats Palace with a Specialist Grant of £35,000 p/annum, which includes a restricted fund element of £10,000 p/annum to be repaid to London Borough of Hackney as rent. This grant commenced in April 2018 for a two-year period ending March 2020 and was extended by a further year to March 2021. We were pleased to progress in our lease discussions with London Borough of Hackney in its capacity as our Landlord, and in translating the agreed Memorandum of Understanding into the desired outcome of a longer lease, enabling Chats Palace to plan a capital development plan of this heritage site. In 2019/20 Chats Palace received the statutory business rates relief of 80% in addition to the discretionary 20% rates relief offered by London Borough of Hackney.

Restricted fund project grants were received from London Legacy Corporation Neighbourhood Priorities Fund (£9,500), London City Airport Community Fund (£2,500), Loughborough University London Open Fund (£1,000) and Magic Little Grants Small Grants Fund (£500).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

Risk management

The Trustees have considered the risks to which the Charity is exposed and have reviewed those risks, establishing systems and procedures to manage them. Under our current business plan (2018-21) we are developing the Charity on a sustainable financial platform that maintains our current levels of income (with only a notional growth target) over the period to the financial year ending 31 March 2021. At the end of that period, the Trustees will seek to reassess the growth target in light of circumstances at the time.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

01587922 (England and Wales)

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2020**

Registered Charity number

283680

Registered office

42-44 Brooksby's Walk
London
E9 6DF

Trustees

G D Bridgewood
G F Holland Groen (resigned 2.1.20)
J May
C H F Ng
R S Norton-Hale
I D Rathbone
R Rennison

Independent Examiner

Arithma Accountants Limited
9 Mansfield Street
London
W1G 9NY

Approved by order of the board of trustees on 8 September 2020 and signed on its behalf by:

R Rennison - Trustee

**INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF
CHATS PALACE LIMITED**

Independent examiner's report to the trustees of Chats Palace Limited ('the Company')

I report to the charity trustees on my examination of the accounts of the Company for the year ended 31 March 2020.

Responsibilities and basis of report

As the charity's trustees of the Company (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the Company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your charity's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5) (b) of the 2011 Act.

Independent examiner's statement

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

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

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

Narendrakumar K Mistry
ICAEW
Arithma Accountants Limited
9 Mansfield Street
London
W1G 9NY

8 September 2020

CHATS PALACE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Unrestricted fund £	Restricted fund £	2020 Total funds £	2019 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies		35,355	23,500	58,855	59,595
Other trading activities	2	143,601	-	143,601	131,568
Total		178,956	23,500	202,456	191,163
EXPENDITURE ON					
Raising funds		16,729	-	16,729	15,871
Charitable activities					
General		160,869	-	160,869	156,833
Rent		-	10,000	10,000	10,000
The Palace Club		-	10,120	10,120	-
Total		177,598	20,120	197,718	182,704
NET INCOME		1,358	3,380	4,738	8,459
RECONCILIATION OF FUNDS					
Total funds brought forward		(8,927)	-	(8,927)	(17,386)
TOTAL FUNDS CARRIED FORWARD		<u>(7,569)</u>	<u>3,380</u>	<u>(4,189)</u>	<u>(8,927)</u>

The notes form part of these financial statements

BALANCE SHEET
31 MARCH 2020

	Notes	Unrestricted fund £	Restricted fund £	2020 Total funds £	2019 Total funds £
FIXED ASSETS					
Tangible assets	7	1,685	-	1,685	650
CURRENT ASSETS					
Bar stock	8	2,145	-	2,145	819
Debtors	9	5,751	3,380	9,131	10,334
Cash at bank		209	-	209	772
		<u>8,105</u>	<u>3,380</u>	<u>11,485</u>	<u>11,925</u>
CREDITORS					
Amounts falling due within one year	10	(17,359)	-	(17,359)	(21,502)
NET CURRENT ASSETS/(LIABILITIES)		<u>(9,254)</u>	<u>3,380</u>	<u>(5,874)</u>	<u>(9,577)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(7,569)</u>	<u>3,380</u>	<u>(4,189)</u>	<u>(8,927)</u>
NET ASSETS/(LIABILITIES)		<u>(7,569)</u>	<u>3,380</u>	<u>(4,189)</u>	<u>(8,927)</u>
FUNDS	11				
Unrestricted funds				(7,569)	(8,927)
Restricted funds				<u>3,380</u>	<u>-</u>
TOTAL FUNDS				<u>(4,189)</u>	<u>(8,927)</u>

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2020.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 March 2020 in accordance with Section 476 of the Companies Act 2006.

The trustees acknowledge their responsibilities for

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

The notes form part of these financial statements

BALANCE SHEET - continued
31 MARCH 2020

These financial statements have been prepared in accordance with the provisions applicable to charitable companies subject to the small companies regime.

The financial statements were approved by the Board of Trustees and authorised for issue on 8 September 2020 and were signed on its behalf by:

R Rennison - Trustee

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

1. ACCOUNTING POLICIES

BASIS OF PREPARING THE FINANCIAL STATEMENTS

The financial statements of the charitable company have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) effective 1 January 2015) and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

INCOME

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

EXPENDITURE

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

TANGIBLE FIXED ASSETS

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	- 25% on reducing balance
Computer equipment	- 25% on reducing balance

STOCKS

Bar stock are valued at the lower of cost and estimated selling price less costs to sell.

TAXATION

The charity is exempt from corporation tax on its charitable activities.

FUND ACCOUNTING

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

PENSION COSTS AND OTHER POST-RETIREMENT BENEFITS

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

CHATS PALACE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

2. OTHER TRADING ACTIVITIES

	2020	2019
	£	£
Space Hire	95,236	83,012
Box office	6,700	4,855
Bar income	41,665	43,701
	<u>143,601</u>	<u>131,568</u>

3. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2020	2019
	£	£
Depreciation - owned assets	<u>561</u>	<u>216</u>

4. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2020 nor for the year ended 31 March 2019.

TRUSTEES' EXPENSES

There were no trustees' expenses paid for the year ended 31 March 2020 nor for the year ended 31 March 2019.

5. STAFF COSTS

	2020	2019
	£	£
Wages and salaries	110,305	107,405
Social security costs	3,447	3,366
Other pension costs	2,107	1,596
	<u>115,859</u>	<u>112,367</u>

The average monthly number of employees during the year was as follows:

	2020	2019
Administration	4	3
Front of house	8	11
	<u>12</u>	<u>14</u>

No employees received emoluments in excess of £60,000.

CHATS PALACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

6. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted fund £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	49,595	10,000	59,595
Other trading activities	131,568	-	131,568
Total	181,163	10,000	191,163
EXPENDITURE ON			
Raising funds	15,871	-	15,871
Charitable activities			
General	156,833	-	156,833
Rent	-	10,000	10,000
Total	172,704	10,000	182,704
NET INCOME	8,459	-	8,459
RECONCILIATION OF FUNDS			
Total funds brought forward	(17,386)	-	(17,386)
TOTAL FUNDS CARRIED FORWARD	(8,927)	-	(8,927)

7. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 April 2019	45,531	26,211	71,742
Additions	661	935	1,596
At 31 March 2020	46,192	27,146	73,338
DEPRECIATION			
At 1 April 2019	44,995	26,097	71,092
Charge for year	299	262	561
At 31 March 2020	45,294	26,359	71,653
NET BOOK VALUE			
At 31 March 2020	898	787	1,685
At 31 March 2019	536	114	650

CHATS PALACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

8. BAR STOCK

	2020	2019
	£	£
Stocks	2,145	819
	<u>2,145</u>	<u>819</u>

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Other debtors	6,175	6,039
Prepayments and accrued income	2,956	4,295
	<u>9,131</u>	<u>10,334</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Social security and other taxes	4,570	6,571
Other creditors	7,283	8,938
Accrued expenses	5,506	5,993
	<u>17,359</u>	<u>21,502</u>

11. MOVEMENT IN FUNDS

	At 1.4.19 £	Net movement in funds £	At 31.3.20 £
Unrestricted funds			
General fund	(8,927)	1,358	(7,569)
Restricted funds			
Restricted funds	-	3,380	3,380
TOTAL FUNDS	<u>(8,927)</u>	<u>4,738</u>	<u>(4,189)</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	178,956	(177,598)	1,358
Restricted funds			
Restricted funds	23,500	(20,120)	3,380
TOTAL FUNDS	<u>202,456</u>	<u>(197,718)</u>	<u>4,738</u>

CHATS PALACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

11. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.4.18 £	Net movement in funds £	At 31.3.19 £
Unrestricted funds			
General fund	(17,386)	8,459	(8,927)
TOTAL FUNDS	<u>(17,386)</u>	<u>8,459</u>	<u>(8,927)</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	181,163	(172,704)	8,459
Restricted funds			
Restricted funds	10,000	(10,000)	-
TOTAL FUNDS	<u>191,163</u>	<u>(182,704)</u>	<u>8,459</u>

A current year 12 months and prior year 12 months combined position is as follows:

	At 1.4.18 £	Net movement in funds £	At 31.3.20 £
Unrestricted funds			
General fund	(17,386)	9,817	(7,569)
Restricted funds			
Restricted funds	-	3,380	3,380
TOTAL FUNDS	<u>(17,386)</u>	<u>13,197</u>	<u>(4,189)</u>

CHATS PALACE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

11. MOVEMENT IN FUNDS - continued

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	360,119	(350,302)	9,817
Restricted funds			
Restricted funds	33,500	(30,120)	3,380
TOTAL FUNDS	<u>393,619</u>	<u>(380,422)</u>	<u>13,197</u>

12. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 March 2020.