

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 2019
FOR**

CHATS PALACE LIMITED

Arithma Accountants Limited
9 Mansfield Street
London
W1G 9NY

CHATS PALACE LIMITED

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FOR THE YEAR ENDED 31 MARCH 2019**

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CHATS PALACE LIMITED
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2019

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 2019. 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 2015).

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.

CHATS PALACE LIMITED
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2019

ACHIEVEMENT AND PERFORMANCE

Charitable activities

Chats Palace is an arts centre with a civic role, empowering local people.

We view the arts, with their inherent ability to provoke, catalyse and enable the way that people engage with the world around them, as the means by which we can make a positive contribution to the life of our borough. Our programme works at a multiplicity of levels to reach out and enable processes by which Hackney residents may play a more active part in their community.

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 foundation with an artist-led creative plan that attracts new audiences, encourages participation and stimulates creative and professional development.

At a time of shifting demographic and rapid social-economic change, a creative hub that operates as a robust social enterprise is more relevant than ever. Located in a landmark, Grade-II listed former library, Chats Palace is a highly-visible and essential resource for east London, providing creative and education opportunities to tackle inequalities and offering a welcoming space for community encounter and dialogue.

In 2018/19 our headline achievements included a growing number of in-house produced live events and residencies:

As a grassroots music venue we worked with 4 local partner-promoters and hosted some exciting and ground-breaking rising talent including: W.H. Lung, Haley Heynderickx, Okay Kaye, William Doyle, Empress Of and Nao.

As a theatre for political and civically minded performance we hosted a residency by Asif Khan, who also gave 2 performances of his acclaimed play, Love, Bombs and Apples. Funny, poignant, powerful political theatre from award-winning playwright Hassan Abdulrazzak this one-man play expertly highlighted the problems in today's multicultural landscape, bravely tackling problems facing the Arab, Muslim and Jewish communities across the world - a tale of 4 men, from different parts of the globe, experiencing a moment of revelation.

As a destination for local families we programmed our first December children's theatre residency in many years: Your Toys by Slot Machine Theatre Company had an appreciative Hackney audience of 564 children and accompanying teachers, parents and family. We worked with 7 local primary schools across the week, with many children experiencing theatre for the first time.

As a space for young artists with disabilities we continued to play a key role in Hackney Carnival Collective, hosting Access All Areas and Hackney Shed's joint Hackney Carnival Collective 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.

We were delighted to make our debut as an entry in the official programme for architecture festival, **London Open House 2018**. Over a weekend in September 200+ visitors came for guided tours and to enjoy a new exhibition drawn from our archive on the 1976 conversation of our building from library to community hub.

We were successful in engaging two new education partners in this period, each of whom delivered a pilot project at Chats Palace. **Queen Mary University of London (QMUL)** and **Guildhall School of Music and Drama (GSMD)** used Chats Palace as their base for delivery of a performing arts module in academic year 18/19. GSMD completed their module with a public performance under the banner Dialogue Festival, working with 3 Hackney community groups, including our Palace Club elders project. QMUL concluded their teaching module in May 2019 with a week of student assessment at Chats Palace and two days of public performances. We look forward to developing these new partnerships over the coming year.

CHATS PALACE LIMITED

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2019

ACHIEVEMENT AND PERFORMANCE

Charitable activities

The Palace Club is one element of a programme that reaches out and enables processes for Hackney's older residents to play an active part in their community. Launched in September 2018, for an initial, highly successful 8-week pilot project, the Palace Club delivered weekly music and singing sessions for Hackney's older residents (65+ years). Sessions provided a stimulating and enjoyable activity designed to tackle social isolation and improve the wellbeing of this vulnerable group.

The Palace Club ran in tandem with our 2nd **Hackney Turtle Song**, a bold project creating new pathways to local residents suffering from Dementia and their families. This innovative project engaged 12 elders (average 77yrs), supporting them in participating in a music and song project that built strong relationships with other local people. The project was delivered by a core group of project partners (English Touring Opera, Turtle Key Arts and Royal College of Music) who worked with Chats Palace staff over a 12-week period, bringing participants and carers together with 5 young people, 2 local volunteers and 5 project staff. Hackney Turtle Song focused on building cross-generational and cross-cultural friendships, promoting a positive outlook through an enjoyable, shared activity. Participants were encouraged to engage socially with people suffering from similar forms of memory loss and their carers to interact socially with other people. Here, as with The Palace Club, our project team strove to ensure that the experience, environment, pastoral care and artistic input were of highest quality, enabling each participant to gain from the experience and for it to have a genuine impact on their lives.

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. 2018/19 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. 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 2018/19 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 Big Lottery (£7,495), Hackney Parochial Charities (£1,516), The Leatherseller's Company (£1,900), Park Community Chest ECHO (£1,550) and general donations of £303. Chats Palace continues to acknowledge the support of The Theatres Trust, which awarded the Charity its first capital grant of £5,000, towards improving access to the building. These funds are being held in reserve by the grantee until 2019 when our capital campaign commences and are contingent on extension of our lease agreement with London Borough of Hackney.

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.

CHATS PALACE LIMITED
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2019

STRUCTURE, GOVERNANCE AND MANAGEMENT

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)

Registered Charity number

283680

Registered office

42-44 Brooksby's Walk
London
E9 6DF

Trustees

G D Bridgewood	
G F Holland Groen	
J May	
C H F Ng	- appointed 3.9.18
R S Norton-Hale	- appointed 3.9.18
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 18 November 2019 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 2019.

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

18 November 2019

CHATS PALACE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Unrestricted fund £	Restricted fund £	2019 Total funds £	2018 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies		49,595	10,000	59,595	60,621
Other trading activities	2	131,568	-	131,568	122,435
Total		181,163	10,000	191,163	183,056
EXPENDITURE ON					
Raising funds		15,871	-	15,871	10,593
Charitable activities					
General		156,833	-	156,833	151,345
Artistic projects		-	-	-	8,293
Rent		-	10,000	10,000	10,000
Total		172,704	10,000	182,704	180,231
NET INCOME		8,459	-	8,459	2,825
RECONCILIATION OF FUNDS					
Total funds brought forward		(17,386)	-	(17,386)	(20,211)
TOTAL FUNDS CARRIED FORWARD		(8,927)	-	(8,927)	(17,386)

The notes form part of these financial statements

CHATS PALACE LIMITED

**BALANCE SHEET
AT 31 MARCH 2019**

	Notes	Unrestricted fund £	Restricted fund £	2019 Total funds £	2018 Total funds £
FIXED ASSETS					
Tangible assets	7	650	-	650	866
CURRENT ASSETS					
Bar stock	8	819	-	819	677
Debtors	9	10,334	-	10,334	14,188
Cash at bank		772	-	772	917
		<u>11,925</u>	<u>-</u>	<u>11,925</u>	<u>15,782</u>
CREDITORS					
Amounts falling due within one year	10	(21,502)	-	(21,502)	(34,034)
		<u>(9,577)</u>	<u>-</u>	<u>(9,577)</u>	<u>(18,252)</u>
NET CURRENT ASSETS/(LIABILITIES)					
		<u>(8,927)</u>	<u>-</u>	<u>(8,927)</u>	<u>(17,386)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
		<u>(8,927)</u>	<u>-</u>	<u>(8,927)</u>	<u>(17,386)</u>
NET ASSETS/(LIABILITIES)		<u>(8,927)</u>	<u>-</u>	<u>(8,927)</u>	<u>(17,386)</u>
FUNDS	11				
Unrestricted funds				(8,927)	(17,386)
Restricted funds				-	-
TOTAL FUNDS				<u>(8,927)</u>	<u>(17,386)</u>

The notes form part of these financial statements

CHATS PALACE LIMITED
BALANCE SHEET - CONTINUED
AT 31 MARCH 2019

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2019.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 March 2019 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.

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 on 18 November 2019 and were signed on its behalf by:

R Rennison -Trustee

The notes form part of these financial statements

CHATS PALACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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 2019**

2. OTHER TRADING ACTIVITIES

	2019 £	2018 £
Space Hire	83,012	87,400
Box office	4,855	3,650
Bar income	43,701	31,385
	<u>131,568</u>	<u>122,435</u>

3. NET INCOME/(EXPENDITURE)

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

	2019 £	2018 £
Depreciation - owned assets	<u>216</u>	<u>289</u>

4. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2019 nor for the year ended 31 March 2018.

TRUSTEES' EXPENSES

There were no trustees' expenses paid for the year ended 31 March 2019 nor for the year ended 31 March 2018.

5. STAFF COSTS

	2019 £	2018 £
Wages and salaries	107,405	113,511
Social security costs	3,366	5,304
Other pension costs	1,596	814
	<u>112,367</u>	<u>119,629</u>

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

	2019	2018
Administration	3	4
Front of house	11	10
	<u>14</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 2019

6. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted fund £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	43,408	17,213	60,621
Other trading activities	122,435	-	122,435
Total	165,843	17,213	183,056
 EXPENDITURE ON			
Raising funds	10,593	-	10,593
Charitable activities			
General	151,345	-	151,345
Artistic projects	-	8,293	8,293
Rent	-	10,000	10,000
Total	161,938	18,293	180,231
 NET INCOME	3,905	(1,080)	2,825
 Transfers between funds	(1,080)	1,080	-
 Net movement in funds	2,825	-	2,825
 RECONCILIATION OF FUNDS			
Total funds brought forward	(20,211)	-	(20,211)
 TOTAL FUNDS CARRIED FORWARD	(17,386)	-	(17,386)

CHATS PALACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2019

7. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 April 2018 and 31 March 2019	45,531	26,211	71,742
DEPRECIATION			
At 1 April 2018	44,816	26,060	70,876
Charge for year	179	37	216
At 31 March 2019	44,995	26,097	71,092
NET BOOK VALUE			
At 31 March 2019	536	114	650
At 31 March 2018	715	151	866

8. BAR STOCK

	2019 £	2018 £
Stocks	819	677

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Other debtors	6,039	12,774
Prepayments and accrued income	4,295	1,414
	10,334	14,188

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Social security and other taxes	6,571	7,603
Other creditors	8,938	15,196
Wages payable	-	32
Pension liability	-	710
Accrued expenses	5,993	10,493
	21,502	34,034

CHATS PALACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2019

11. 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>

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>

Comparatives for movement in funds

	At 1.4.17 £	Net movement in funds £	Transfers between funds £	At 31.3.18 £
Unrestricted Funds				
General fund	(20,211)	3,905	(1,080)	(17,386)
Restricted Funds				
Restricted funds	-	(1,080)	1,080	-
TOTAL FUNDS	<u>(20,211)</u>	<u>2,825</u>	<u>-</u>	<u>(17,386)</u>

CHATS PALACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2019

11. MOVEMENT IN FUNDS - continued

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	165,843	(161,938)	3,905
Restricted funds			
Restricted funds	17,213	(18,293)	(1,080)
TOTAL FUNDS	<u>183,056</u>	<u>(180,231)</u>	<u>2,825</u>

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

	At 1.4.17 £	Net movement in funds £	Transfers between funds £	At 31.3.19 £
Unrestricted funds				
General fund	(20,211)	12,364	(1,080)	(8,927)
Restricted funds				
Restricted funds	-	(1,080)	1,080	-
TOTAL FUNDS	<u>(20,211)</u>	<u>11,284</u>	<u>-</u>	<u>(8,927)</u>

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	347,006	(334,642)	12,364
Restricted funds			
Restricted funds	27,213	(28,293)	(1,080)
TOTAL FUNDS	<u>374,219</u>	<u>(362,935)</u>	<u>11,284</u>

12. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 March 2019.