

Registered number: 04547069
Charity number: 1113741

PUNCHDRUNK
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

for the year ended 31 March 2017

PUNCHDRUNK
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
for the year ended 31 March 2017

Trustees

Royce Bell, Chair
Sandeep Dwesar, Trustee
Josephine Machon, Trustee
Liam Fisher-Jones, Trustee (resigned 6 September 2016)
Marc Mathieu, Trustee
Paul Davies, Trustee
Amanda Good, Trustee

Company registered number

04547069

Charity registered number

1113741

Registered office

Cannon Factory
Ashley Road
London
N17 9LH

Company secretary

Rebecca Dawson

Independent auditors

Goodman Jones LLP
Statutory Auditors
29/30 Fitzroy Square
London
W1T 6LQ

Bankers

Santander
Business Banking Centre
Clarence House
Clarence Place
Newport
Gwent
NP19 7UP

Barclays Bank PLC
1st Floor
27 Soho Square
London
W1D 3QR

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
for the year ended 31 March 2017

Advisers (continued)

Solicitors

Dorsey & Whitney (Europe) LLP
21 Wilson Street
London
EC2M 2TD

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TRUSTEES' REPORT

for the year ended 31 March 2017

The Trustees (who are also the directors of the Charity for the purposes of the Companies Act) present their Annual Report together with the audited consolidated financial statements of Punchdrunk ("the Charity/") for the year 1 April 2016 to 31 March 2017.

The Trustees confirm that the Annual Report and financial statements of the Charity and its subsidiary, Punchdrunk Theatrical Experiences Limited (together "the Group"), comply with the current statutory requirements, the requirements of the Charity's and the Group's governing documents, and the provisions of the Statement of Recommended Practice (SORP) FRS102 "Accounting and Reporting by Charities" issued in July 2015.

Objectives and Activities

a. Aims and objectives

The Charity's objects are to advance education for the public benefit by the promotion of the arts, and in particular, but not exclusively, the art of drama. Punchdrunk's mission is to push the boundaries of contemporary theatre practice and engagement with the widest possible public audience. It seeks to transform the passive consumption of the arts into life-changing experiences for everyone. Punchdrunk does this through the performing and design arts and by creating a platform for multiple forms of engagement and experiment between artists, audiences, participants and volunteers. We particularly encourage participation from contemporary, non-traditional theatre audiences and those that might not have or wish to access established theatrical institutions. We have a global outlook and profile assisting in the cultural exchange of ideas and artists and sharing best practice as widely as possible.

The Trustees have had due regard to the Charity Commission's guidance on public benefit when reviewing the aims and objectives of the Charity and planning future activities.

2016/17 was a productive and exciting year that saw the realignment of Punchdrunk's charitable objectives to focus on its pioneering and widely lauded Enrichment projects, the development of cutting edge new ideas through a dedicated R&D programme, the establishment of a Punchdrunk 'home' as a site of innovation and engagement, and leadership in talent and sector development.

Achievements and performance

a. Review of activities

- New initiatives across the year:

A major innovation was the design and build of Fallow Cross, a new R&D space and Punchdrunk's first 'home'. Housed in 2 Tottenham warehouses, it consists of 16 structures each of which hold the kernel of a new Punchdrunk idea, form, or concept. Fallow Cross focuses on 3 key areas of innovation: digital as a theatrical form and as a tool to enhance experience, leading with sensory experience as a means of exploring our worlds, and long-form narratives that further challenge traditional theatrical expectations of duration and interaction. Overlaid with these objectives is the intersection of Enrichment, work for adults and talent development, using each programme to enhance all our experiences, and allowing young people access to the prototype of our ideas. It allows dedicated time and resource for innovation for the first time since Punchdrunk developed its game changing form of theatre.

We employed a Digital development lead to support digital and technological innovation. This post is a vital addition to the creative team supporting expansion in the scope and range of future ideas and providing important skills and knowledge in testing and 'going public' with new technology. The achievements of this post are especially observed in the fruition of a number of major projects for the 2017/18 financial year (as outlined below).

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TRUSTEES' REPORT (continued) for the year ended 31 March 2017

The Enrichment Symposium highlighted excellence across the sector in participatory, community and learning based work. It established Punchdrunk's leadership in this area of work and brought it centre stage in Punchdrunk's charitable objectives. It signaled the equal value of work for young people and in community settings, and acknowledged and celebrated the quality and innovation of that work across the sector. It invited a wider public to explore, experience and evaluate Punchdrunk's practice. It was the first time that Punchdrunk Enrichment invited teachers, practitioners, members of the public to imagine and explore the future of the form. The Symposium was held in partnership with Shoreditch Town Hall and attended by 210 people. The number of teachers in attendance was significant as they are often unable to structure time off timetable for professional development. The feedback was remarkably positive with teachers leaving energised and full of new ideas. Practitioners also found the event valuable in having the first-hand experience and current challenges of the teachers so live in the discussion.

Alongside the Symposium we published Doorways; a review of Enrichment Projects 2013-16 on line and in print as a resource and source of evidence for teachers, practitioners and the public. We produced 750 hard copies, of which 575 have already been distributed. It has been very positively received.

We launched A Small Tale at the Symposium. It is a charming teacher-led tale contained in a box. It aims to give more flexibility to our projects allowing them to reach further and introduce us to new regions and partners, and it gives agency to the teachers in delivering the project with their professional development and training supported by Punchdrunk in order to encourage more immersive projects that are instigated by the teachers themselves. The pilot was delivered to 10 schools across London including 4 new partners.

- Continued growth:

Our flagship project The Lost Lending Library went from strength to strength delivering to 14 schools across Tower Hamlets and Hackney. It continues to delight, inspire and support positive change across pupils, teachers and school communities.

We expanded our commitment to talent development with a sold-out workshop programme hosted in the village encompassing the performance and design led principles of Punchdrunk and tailored to experienced, emerging and the young artists. We have also offered paid internship and volunteering opportunities, alongside structured work experience and mentoring to a wide range of artists, young people, students and graduates.

- Major international projects:

Sleep No More New York City is now approaching its 7th birthday and has been seen by over 1 million people. It continues to be the longest running immersive theatrical experience in the US or the UK. For Punchdrunk it continues to be a source of creative responsibility and talent development – and great pride demonstrating the remarkable reach and durability of Punchdrunk's vision.

Sleep No More Shanghai opened in December 2016. In a cultural sector that has limited precedent of long running or immersive shows, the overwhelming success of Sleep No More Shanghai's first year has been remarkable. It's been seen by over 50,000 people to date, with one fan approaching her 100th visit. This production is the first produced under the new structure of Punchdrunk International and it has set an excellent model for future projects.

- Audience Development:

Cross cutting all these projects and programmes is Punchdrunk's ongoing commitment to growing manifold audiences for our work and to working with a diverse artists and participants. Overall, we engaged with c. 6,000 people (excluding those experiencing Sleep No More in NYC and Shanghai) across the year and in a range of settings – about 200 of these were welcomed to Fallow Cross for workshops, events, and training.

Engagement with the Enrichment programme has increased threefold since 2012 demonstrating demand and impact. This year highlights have included embedding in Haringey working with local schools, arts organisations and the Local Authority to ensure maximum impact and access; created the Lost Lending Library for 190 pupils

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TRUSTEES' REPORT (continued) **for the year ended 31 March 2017**

at Phoenix SEN school adapting the project specifically to meet the needs of the participants and receiving great feedback from pupils, teachers and parents; employing 40 people through a range of employability and skills development schemes in the Fallow Cross build and offering 2 long term internships in partnership with A New Direction as part of the Government's scheme to encourage young people into employment.

Financial review

a. Going concern

After making appropriate enquires, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

b. Finance Summary

Our international production of Sleep No More New York and new licensing agreements with Punchdrunk International provide the majority share of Punchdrunk's income (49%). These activities returned £540,092 to the Charity in 2016/17. This is primarily generated through PTEL, the Charity's trading subsidiary, returning all profit to Punchdrunk as the sole beneficiary.

Further income is earned in fees from our extensive range of projects: £198,360 (17%), raised from Trusts and Foundations, Individuals: £140,743 (13%), and supported by a core grant from Arts Council England: £226,304 (21%). The planned decline in our fundraised income was due to the end of major funded projects and having secured some major multi-year donations in the previous year. 2016/17 was therefore focused on reporting and building new relationships. Please note this break down relates to new money received in 2016/17 and separates the Arts Council England grant. Note 2 of the Accounts: Grants receivable includes the Arts Council grant and the balance of Restricted grants awarded previously transferred into 2016/17.

Overall this is a healthy division of income with plans in place to grow our fundraising and earned income potential in the next planning phase of 2018-22 on the basis of current cultivation and partnership building.

Unrestricted reserves at the year-end are £1,043,838 (2016: £1,019,495), which is made up of £350,000 general funds and £693,838 of designated funds (see below). Balance of Restricted funds at the year-end is £27,500 (2016: £64,643).

c. Reserves' Policy

It is the policy of the Charity that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three and six months recurring expenditure. The Trustees consider that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the Charity's current activities while consideration is given to ways in which additional funds may be raised. This level of reserve has been increased by £50,000 in this year to reflect the Charity's growth. This General Fund is now set at £350,000.

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TRUSTEES' REPORT (continued) for the year ended 31 March 2017

d. Restricted funds

In 2016/17 the Charity received a number of grants restricted for use against specific Enrichment department costs and projects. In addition, in some instances a share of these restricted funds was carried forward from 2015/16 for activity in 2016/17.

New Restricted funds in 16/17 include:

- Clifford Chance Foundation (£2,600), Tower Hamlets Council (£4,410), Aldgate and Allhallows Foundation (£7,535) to support Lost Lending Library delivery falling in this 2016/17 financial year.
- Backstage Trust (£15,000) to support the portfolio of Enrichment projects in the academic year 2016/17 hence incorporating summer term of 2017 and resulting in the small balance transfer into the new financial year 2017/18.
- The Ellis Campbell Foundation (£5,000) to support the delivery of our new primary school project 'The Oracles', which is being delivered in 2017/18 hence the transfer of the fund at the end of 16/17.
- The Sobell Foundation (£4,000) to support the development of the Lost Lending Library in Phoenix SEN school.

Restricted funds were brought forward from:

- SHINE (£34,643) to support the delivery of the Lost Lending Library from 2015-17. The balance transferred at the year-end is to cover the remainder of the 2016/17 academic year.
- Harold Hyam Wingate Foundation (£10,000) to support the delivery of the Lost Lending Library.
- Paul Hamlyn Foundation (£20,000) to support the Enrichment programme. This was the final year of a 3-year grant.

e. Designated funds

At the balance sheet date, the Charity holds a balance of £693,838 in designated funds (within unrestricted funds). These funds are designated to invest in new and ambitious ideas and projects, which will form the backbone of future artistic innovation and impact. The financially responsible management of these funds is a critical aspect of our risk management strategy at both Executive and Trustee level, and allows the organisation to ensure that both artistic ambition and public benefit objectives are met in the medium and long-term. The Charity perceives these designated funds as the necessary and realistic scale of investment required to achieve our future activities and plans.

A detailed breakdown of their intended use is illustrated as follows:

- Company home re-development fund £150,000: this fund was spent in 2016/17 on the development and building of our new R&D space Fallow Cross. This is a crucial prototype for creating Punchdrunk's future long term home. The fund is replenished for 2017/18 (£20,000) to support the next phase of this work exploring the scope and brief of a potential new site that can incorporate larger scale artistic and community research and delivery.
- Digital development fund £250,000; this fund was partly used in 2016/17 to support our new Digital Development lead and associated research. The remainder (£230,000) will be spent in 2017/18 on the delivery of our major new multi-platform primary school project 'The Oracles'. The Digital Development Lead led on the tech development for this project and it sees the introduction of major new tech aspects that extend the experience for participants.
- Organisational development fund £30,000: this fund continues to ensure we are future-proofing the organisation and its people for future growth and development. There is no specific spend in 2016/17 as we embedded the new organisational structure and invested in the new home (see above). 2017/18 will see expenditure to support the next phase of organisational growth as we reflect on our experience of a dual structure, the potential of a fixed home and the new forms of theatrical experience currently in development.

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TRUSTEES' REPORT (continued) for the year ended 31 March 2017

- Talent Development (previously Experiential arts mentoring) £3,000: this fund reflects our ambition to support and add value to the future of our industry. We've made considerable in-roads in this area in 2016/17 through Enrichment's workshop programme supporting young and emerging artists. We intend to grow this in 2017/18 through the addition of structured mentoring, shadowing, R&D commissioning opportunities. The increase in this fund by £10,000 (to £13,000 carried forward) reflects this ambition.

- Future Productions fund is the balance of designated funds. This fund allows us to maintain our design-led multi-platform work at its gold standard and to produce innovative new work that expands the scope of our practice and the impact for the audiences. Following the R&D within Fallow Cross, 2017/18 will see the delivery of a new theatrical form which will be supported by this fund.

Structure, governance and management

a. Constitution

The Charity is registered as a charitable company limited by guarantee and is governed by its Memorandum and Articles of Association. It registered as a charity with the Charity Commission on 10 April 2006 with the number 1113741.

b. Method of appointment or election of Trustees

The management of the Charity is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

c. Policies adopted for the induction and training of Trustees

Trustees are recruited with the aim of securing a broad range of skills and experience in the service and development of the Charity's objects. The Charity actively seeks new trustees for interview and appointment. Trustees receive induction to the work of the Charity, and are encourage to undertake training both where gaps in knowledge and experience are identified and in order to maintain collective expertise in good governance. None of the Trustees has any beneficial interest in the charitable company. All of the Trustees are members of the charitable company and guarantee to contribute £1 in the event of winding up.

d. Changes in Board of Trustees

Liam Fisher-Jones resigned from the Board in September 2016. The remaining 6 have remained in post, chaired by Royce Bell. The Finance Committee was chaired by Sandeep Dwesar.

Board development continues to be a key priority in 2017/18 when it will continue to seek out and recruit individuals who can further the Charity's purposes for public benefit, as well as continue to help us reach new audiences through a diverse set of outputs.

e. Organisational structure and decision making

Day-to-day management and decision making in the Charity's work are delegated to a management team of two office holders: Executive Director (Rebecca Dawson / appointed September 2016) and Director of Enrichment and Punchdrunk Village (Pete Higgin / appointed April 2016). Policy, financial and strategic planning are subject to the Trustees' approval and review at quarterly Board and Finance Sub-Committee meetings to which officers report. Annual remuneration for all full and part time staff is approved at Board level. Management salaries are appropriate for the level and nature of the Charity, take into account the employee's level of experience, and are

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TRUSTEES' REPORT (continued) for the year ended 31 March 2017

set in line with industry custom and practice. The Trustees and management team work closely together to preserve and develop core values embodied in the objects of the Charity, alongside Felix Barrett who maintains his role as artistic director.

f. Risk management

The Trustees have assessed the major risks to which the Charity is exposed and are satisfied that systems are in place to mitigate exposure to the major risks.

Our strategy to manage principal risks includes a Risk Register that is reviewed annually by the Board of Trustees, and updated by the management team more regularly as an active tool.

Our principal risk includes the sudden closure of Sleep No More in New York, due to forces outside our control. Punchdrunk mitigates this risk with a considered income generation strategy and careful approach to manage spending in the next planning cycle 2018-22. In addition, the designated funds detailed above support the organisation to protect its future activities and buffer against unexpected financial impact.

Both the management team and Trustees have a keen awareness of the principal risks and are continuing to monitor these and other more minor risks facing the organisation. Our primary objective is to protect and deliver future activity as planned and to shore up the expected levels of employment to artists and creative collaborators.

g. Related party relationships

The Charity has a wholly owned trading subsidiary - Punchdrunk Theatrical Experiences Ltd (PTEL) - through which trading activities are delivered. PTEL continues to deliver corporate workshops, speaking engagements, merchandise and books, as well as housing income and expenditure from licenced works.

h. Relationship with Punchdrunk International

2016/17 saw the Charity re-structure in order to protect itself from the significant future financial risk required to produce future-planned large-scale international works, as well as to prioritise works of innovation at the vanguard of artistic expression for the benefit of UK audiences. A new entity - Punchdrunk Global, trading as Punchdrunk International - will produce a selection of Punchdrunk's large-scale commercial productions for the benefit of national and international audiences. It will licence its name and marks from the Charity, ensuring appropriate revenue streams are returned regularly to the Charity.

Plans for future periods

a. Future developments

Following the significant investment in Fallow Cross as an R&D hub and digital development 2017/18 will see the launching of 2 major new projects that will test new theatrical forms and tools for Punchdrunk: The Oracles – a multi-platform primary school project that takes place across the digital and real worlds and employs cutting edge technology to track participants progress. We will work with Haringey schools embedding us further in the community; and Kabeiroi – a new long form durational piece that places the audiences centre stage as they travel across London on a mysterious mission. As outlined above designated funds will support these initiatives.

Our flagship Enrichment projects will continue to grow and develop, with a particular focus on creating new work and partnerships that allow us to deliver work to a wider geographical and demographic reach, and to support teachers to facilitate projects independently with training and support from us. A Small Tale, The Lost Lending

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TRUSTEES' REPORT (continued)
for the year ended 31 March 2017

Library and a new whole school adventure will be the primary vehicles for this growth.

PTEL will continue to operate as our trading subsidiary through which events will be managed along with any new publications. It will also continue to play host to the income and expenditure relating to Sleep No More NYC and new large-scale international works licensed to Punchdrunk International.

Disclosure of information to auditors

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable Group's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable Group's auditors in connection with preparing have report and to establish that the charitable Group's auditors are aware of that information.

Auditors

The auditors, Goodman Jones LLP, have indicated their willingness to continue in office. The Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

This report was approved by the Trustees, on 12 October 2017 and signed on their behalf by:


.....
Royce Bell
Trustee


.....
Amanda Good
Trustee

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TRUSTEES' RESPONSIBILITIES STATEMENT
for the year ended 31 March 2017

The Trustees (who are also directors of Punchdrunk 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 (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the Group and of the incoming resources and application of resources, including the income and expenditure, of the charitable Group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable Group will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

[Faint signature]

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PUNCHDRUNK

We have audited the financial statements of Punchdrunk for the year ended 31 March 2017 set out on pages 13 to 30. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with section 151 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditors' 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Trustees and auditors

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the Charity for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

The Trustees have elected for the financial statements to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly we have been appointed as auditors under section 151 of the Charities Act 2011 and report to you in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2017 and of the Group's 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.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PUNCHDRUNK

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- the parent Charity has not kept adequate accounting records; or
- the parent Charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to take advantage of the small companies' exemption.


Goodman Jones LLP

Statutory Auditors

29/30 Fitzroy Square
London
W1T 6LQ
12 October 2017

Goodman Jones LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

PUNCHDRUNK**(A company limited by guarantee)****CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT**
for the year ended 31 March 2017

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Income from:					
Donations and legacies	2&3	328,502	38,545	367,047	480,478
Charitable activities	4	1,465,381	-	1,465,381	1,741,103
Investments	5	84	-	84	52
Total income		1,793,967	38,545	1,832,512	2,221,633
Expenditure on:					
Charitable activities	6&7	1,769,624	75,688	1,845,312	2,132,888
Total expenditure		1,769,624	75,688	1,845,312	2,132,888
Net income / (expenditure) before other recognised gains and losses		24,343	(37,143)	(12,800)	88,745
Net movement in funds		24,343	(37,143)	(12,800)	88,745
Reconciliation of funds:					
Total funds brought forward		1,019,495	64,643	1,084,138	995,393
Total funds carried forward		1,043,838	27,500	1,071,338	1,084,138

The notes on pages 17 to 30 form part of these financial statements.

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Registered number: 04547069

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2017


	Note	£	2017 £	2016 £
Current assets				
Debtors	10	122,472	165,113	
Cash at bank and in hand		1,103,899	1,071,381	
		<u>1,226,371</u>	<u>1,236,494</u>	
Creditors: amounts falling due within one year	11	(155,033)	(152,356)	
Net current assets			<u>1,071,338</u>	<u>1,084,138</u>
Net assets			<u>1,071,338</u>	<u>1,084,138</u>
Charity Funds				
Restricted funds	13	27,500	64,643	
Unrestricted funds	13	1,043,838	1,019,495	
Total funds			<u>1,071,338</u>	<u>1,084,138</u>

The Charity's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The Trustees consider that the Charity is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the Charity to obtain an audit for the year in question in accordance with section 476 of the Act. However, an audit is required in accordance with section 151 of the Charities Act 2011.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees on 12 October 2017 and signed on their behalf by:


.....
Royce Bell
Trustee
.....
Amanda Good
Trustee

The notes on pages 17 to 30 form part of these financial statements.

PUNCHDRUNK

(A company limited by guarantee)

Registered number: 04547069

CHARITY STATEMENT OF FINANCIAL POSITION
as at 31 March 2017

	Note	£	2017 £	£	2016 £
Current assets					
Debtors	10	582,953		402,196	
Cash at bank		546,775		756,824	
		<u>1,129,728</u>		<u>1,159,020</u>	
Creditors: amounts falling due within one year	11	<u>(58,393)</u>		<u>(74,885)</u>	
Net current assets			<u>1,071,335</u>		<u>1,084,135</u>
Net assets			<u>1,071,335</u>		<u>1,084,135</u>
Charity Funds					
Restricted funds	13		27,500		64,643
Unrestricted funds	13		1,043,835		1,019,492
Total funds			<u>1,071,335</u>		<u>1,084,135</u>

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.....
Royce Bell
Trustee
.....
Amanda Good
Trustee

The notes on pages 17 to 30 form part of these financial statements.

PUNCHDRUNK**(A company limited by guarantee)**

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 March 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by operating activities	14	32,518	330,746
Change in cash and cash equivalents in the year		32,518	330,746
Cash and cash equivalents brought forward		1,071,381	740,635
Cash and cash equivalents carried forward	15	1,103,899	1,071,381

The notes on pages 17 to 30 form part of these financial statements.

PUNCHDRUNK

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017

1. Accounting policies**1.1 Basis of preparation of financial statements**

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

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the Charities SORP (FRS 102) published on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Punchdrunk 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.

The Statement of financial activities (SOFA) and Balance sheet consolidate the financial statements of the Charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the Charity alone as permitted by section 408 of the Companies Act 2006.

1.2 Company status

The Charity is a company limited by guarantee. The members of the charitable company are the Trustees named on page 1. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charity.

1.3 Income

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

PUNCHDRUNK

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017

1. Accounting policies (continued)**1.4 Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, 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 classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

All expenditure is inclusive of irrecoverable VAT.

1.5 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

1.6 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.

1.7 Debtors

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

1.8 Cash at Bank and in hand

Cash at bank and 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.

PUNCHDRUNK

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017

1. Accounting policies (continued)**1.9 Liabilities and provisions**

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.10 Pensions

The Charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Charity to the fund in respect of the year.

1.11 Financial instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.12 Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Charity's accounting policies, the Trustees are required to make judgements, estimates, and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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.

There were no critical accounting adjustments made by the Trustees in the year that involve estimates that are considered to have a significant effect.

PUNCHDRUNK**(A company limited by guarantee)**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017

2. Income from donations and legacies

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations and gifts	102,198	-	102,198	73,174
Grants receivable for core activities	226,304	38,545	264,849	407,304
Total donations and legacies	328,502	38,545	367,047	480,478
Total 2016 - analysed by fund	304,264	176,214	480,478	

3. Grants and donations

	Group		Charity	
	2017 £	2016 £	2017 £	2016 £
Donations	102,198	73,174	102,198	73,174
Grants	264,849	407,304	264,849	407,304
Total	367,047	480,478	367,047	480,478

Grants receivable over £5,000	Restriction	2017 £	2016 £
Paul Hamlyn Foundation	Note (13)	-	50,000
Arts Council England	None	226,304	226,304
The Harold Hyam Wingate Foundation	Note (13)	-	10,000
The Equitable Charitable Trust	Note (13)	-	10,000
Backstage Trust	Note (13)	15,000	15,000
The Michael Harry Sacher Charitable Trust	Note (13)	-	5,000
The Dr Mortimer and Theresa Sackler Foundation	None	-	5,000
SHINE	Note (13)	-	82,500
Ellis Campbell Foundation	Note (13)	5,000	-
Aldgate and Allhallows Foundation	Note (13)	7,535	-

PUNCHDRUNK
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017

4. Incoming resources from charitable activities

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Income from theatrical activities	1,295,965	1,399,511	74,986	25,084
Fees	62,013	1,540	62,013	1,540
Educational activities	75,547	332,225	75,547	332,225
Hire	31,855	7,827	31,855	7,827
Total	1,465,380	1,741,103	244,401	366,676

In 2016, all of the total income from charitable activities related to unrestricted funds.

Of the total incoming resources from charitable activities of the Group, £272,951 (2016: £520,830) relates to income from the UK and £1,190,424 (2016: £1,220,273) relates to income from the rest of the world.

Of the total incoming resources from charitable activities of the Charity, £242,396 (2016: £366,676) relates to income from the UK and £2,005 (2016: £nil) relates to income from the rest of the world.

5. Investment income

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Bank and other interest receivable	84	52	54	3
Profits from subsidiary	-	-	494,051	304,826
Total	84	52	494,105	304,829

In 2016, all of the investment income related to unrestricted funds.

6. Analysis of expenditure on charitable activities - Summary by fund type (Group)

	Unrestricted funds	Restricted funds	Total funds	Total funds
	2017	2017	2017	2016
	£	£	£	£
Theatrical activities	1,425,812	-	1,425,812	1,531,455
Enrichment (Educational)	284,180	75,688	359,868	540,895
Research and other	39,542	-	39,542	36,009
Total 2017	1,749,534	75,688	1,825,222	2,108,359

In addition to the above figures, the Group incurred governance costs of £20,090 (2016: £24,390).

In 2016, of the total Group expenditure, £2,014,104 was expenditure from unrestricted funds and £118,785 was expenditure from restricted funds.

PUNCHDRUNK**(A company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS**
for the year ended 31 March 2017**Analysis of expenditure on charitable activities - Summary by fund type (Charity)**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Theatrical activities	718,944	-	718,944	486,332
Enrichment (Educational)	256,680	103,188	359,868	540,895
Research and other	39,541	-	39,541	36,009
Total	1,015,165	103,188	1,118,353	1,063,236

In 2016, of the total Charity expenditure, £949,451 was expenditure from unrestricted funds and £118,785 was expenditure from restricted funds.

All of the restricted fund expenditure, at both Group and Charity level, was related to Enrichment.

7. Analysis of resources expended by activities - Summary by expenditure type (Group)

	Activities undertaken directly 2017 £	Support costs 2017 £	Total 2017 £	Total 2016 £
Theatrical activities	1,222,821	223,082	1,445,903	1,555,984
Enrichment (Educational)	343,783	16,085	359,868	540,895
Research and other	39,525	16	39,541	36,009
Total 2017	1,606,129	239,183	1,845,312	2,132,888
Total 2016	1,897,929	234,959	2,132,888	

Analysis of resources expended by activities - Summary by expenditure type (Charity)

	Activities undertaken directly 2017 £	Support costs 2017 £	Total 2017 £	Total 2016 £
Theatrical activities	506,314	212,630	718,944	486,332
Enrichment (Educational)	343,783	16,085	359,868	540,895
Research and other	39,525	16	39,541	36,009
Total	889,622	228,731	1,118,353	1,063,236

In 2016, direct costs totalled £875,647 and support costs totalled £187,589.

PUNCHDRUNK**(A company limited by guarantee)**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017

8. Support costs

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Brand and promotional costs	-	23,613	-	-
Bad Debts	-	1,910	-	1,910
Fundraising and publicity	31,286	31,539	30,336	30,325
Legal and professional	5,326	10,325	1,813	9,987
Office costs	39,933	19,295	37,531	18,659
Consultants	(653)	22,492	(653)	22,492
Repairs and maintenance	4,906	4,485	4,906	4,485
Printing, postage and stationery	7,133	4,384	7,121	4,112
Telephone and internet	16,247	20,606	15,754	15,164
Subscriptions, training and recruitment	12,500	10,733	12,003	10,200
Bank charges and exchange differences	(887)	11,883	278	326
Rent	87,095	33,580	87,095	33,580
Store	16,207	15,585	16,207	15,585
Governance costs	20,090	24,390	16,340	20,640
Total	239,183	234,820	228,731	187,465

Governance costs includes an audit fee of £15,000 (2016: £15,000), other services payable to the auditor of £1,200 (2016: £9,390), and Trustee meeting expenses of £110 (2016: £139).

9. Employees

The table below details the average monthly number of core employees during the year of Punchdrunk and its subsidiary. In addition to these core employees, the Charity employs performers on an adhoc basis for their work on specific projects. During the year, 10 performers received such remuneration from the Charity (2016: 50).

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Administration	12	8	12	8
Management	1	1	1	1
Total	13	9	13	9

PUNCHDRUNK**(A company limited by guarantee)****NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017****Salary costs**

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Wages and salaries	429,784	530,397	405,968	497,463
Social security costs	29,156	26,830	29,156	26,830
Pension cost	1,285	7,443	1,285	7,443
Total	460,225	564,670	436,409	531,736

No employee earned in excess of £60,000 during the current or prior year. During the year, amounts totalling £88,319 (2016: £80,667) were paid to key management personnel.

None of the Trustees received any remuneration in either the current or prior years. One (2016: nil) Trustee received £166 (2016: nil) for reimbursement of expenses.

10. Debtors

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	24,356	42,974	19,957	36,398
Other debtors	11,923	21,323	500,836	321,011
Prepayments and accrued income	78,699	82,811	62,160	44,787
VAT recoverable	7,494	18,005	-	-
Total	122,472	165,113	582,953	402,196

11. Creditors: Amounts falling due within one year

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Trade creditors	50,124	68,853	27,951	38,647
Amounts owed to group undertakings	-	-	1,877	9,818
Other taxation and social security	10,420	6,354	10,420	6,354
Other creditors	3,204	3,119	3,145	2,066
Accruals and deferred income	91,285	74,030	15,000	18,000
Total	155,033	152,356	58,393	74,885

PUNCHDRUNK

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017

12. Analysis of net assets between funds**Analysis of net assets between funds - current year**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
Current assets	1,198,870	27,500	1,226,370
Creditors due within one year	(155,032)	-	(155,032)
	<u>1,043,838</u>	<u>27,500</u>	<u>1,071,338</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £
Current assets	1,171,851	64,643	1,236,494
Creditors due within one year	(152,356)	-	(152,356)
	<u>1,019,495</u>	<u>64,643</u>	<u>1,084,138</u>

PUNCHDRUNK**(A company limited by guarantee)**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017

13. Statement of funds**Statement of funds - current year**

	Balance at 1 April 2016 £	Incoming Resources £	Expenditure £	Transfers in/(out) £	Balance at 31 March 2017 £
Designated funds					
Future Production Fund	286,495	-	-	114,343	400,838
Company Home Development	150,000	-	(167,531)	37,531	20,000
Digital Development Fund	250,000	-	(19,218)	(782)	230,000
Organisational Development Fund	30,000	-	-	-	30,000
Talent Development	3,000	-	-	10,000	13,000
	<u>719,495</u>	<u>-</u>	<u>(186,749)</u>	<u>161,092</u>	<u>693,838</u>
General funds					
Unrestricted Funds	300,000	1,793,967	(1,582,875)	(161,092)	350,000
Total Unrestricted funds	<u>1,019,495</u>	<u>1,793,967</u>	<u>(1,769,624)</u>	<u>-</u>	<u>1,043,838</u>
Restricted funds					
Clifford Chance Foundation	-	2,600	(2,600)	-	-
Tower Hamlets	-	4,410	(4,410)	-	-
Aldgate and Allhallows Foundation	-	7,535	(7,535)	-	-
SHINE	34,643	-	(15,893)	-	18,750
The Harold Hyam Wingate Foundation	10,000	-	(10,000)	-	-
Backstage Trust	-	15,000	(11,250)	-	3,750
Paul Hamlyn Foundation	20,000	-	(20,000)	-	-
The Ellis Campbell Foundation	-	5,000	-	-	5,000
Sobell Foundation	-	4,000	(4,000)	-	-
	<u>64,643</u>	<u>38,545</u>	<u>(75,688)</u>	<u>-</u>	<u>27,500</u>
Total of funds	<u><u>1,084,138</u></u>	<u><u>1,832,512</u></u>	<u><u>(1,845,312)</u></u>	<u><u>-</u></u>	<u><u>1,071,338</u></u>

PUNCHDRUNK**(A company limited by guarantee)**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017

13. Statement of funds (continued)**Statement of funds - prior year**

	<i>Balance at 1 April 2015 £</i>	<i>Incoming Resources £</i>	<i>Expenditure £</i>	<i>Transfers in/(out) £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 March 2016 £</i>
Designated funds						
Future Production Fund	65,000	-	-	221,495	-	286,495
Lost Lending Library Film	-	2,000	(2,000)	-	-	-
Greenhive Green	-	4,600	(4,600)	-	-	-
Company Home						
Development	-	-	-	150,000	-	150,000
Digital Development Fund	-	-	-	250,000	-	250,000
Organisational						
Development Fund	-	-	-	30,000	-	30,000
Talent Development	-	-	-	3,000	-	3,000
	<u>65,000</u>	<u>6,600</u>	<u>(6,600)</u>	<u>654,495</u>	<u>-</u>	<u>719,495</u>
General funds						
Unrestricted Funds	923,179	2,038,819	(2,007,503)	(654,495)	-	300,000
	<u>923,179</u>	<u>2,038,819</u>	<u>(2,007,503)</u>	<u>(654,495)</u>	<u>-</u>	<u>300,000</u>
Total Unrestricted funds	<u>988,179</u>	<u>2,045,419</u>	<u>(2,014,103)</u>	<u>-</u>	<u>-</u>	<u>1,019,495</u>
Restricted funds						
Clifford Chance						
Foundation	-	500	(500)	-	-	-
Unity Theatre Trust	-	214	(214)	-	-	-
SHINE	7,214	82,500	(55,071)	-	-	34,643
The Harold Hyam						
Wingate Foundation	-	10,000	-	-	-	10,000
Backstage Trust	-	15,000	(15,000)	-	-	-
Paul Hamlyn Foundation	-	50,000	(30,000)	-	-	20,000
The Ellis Campbell						
Foundation	-	3,000	(3,000)	-	-	-
The Michael Harry Sacher						
Charitable Trust	-	5,000	(5,000)	-	-	-
The Equitable Charitable						
Trust	-	10,000	(10,000)	-	-	-
	<u>7,214</u>	<u>176,214</u>	<u>(118,785)</u>	<u>-</u>	<u>-</u>	<u>64,643</u>
Total of funds	<u>995,393</u>	<u>2,221,633</u>	<u>(2,132,888)</u>	<u>-</u>	<u>-</u>	<u>1,084,138</u>

PUNCHDRUNK

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017

13. Statement of funds (continued)

The designated funds are held for the following purposes:

Future Productions Fund - New works and revivals planned
Company Home 2018 - Investment into potential new premises in 2018
Digital Development Fund - Investment in new technology equipment and trained, skilled staff
Organisational Development Fund - Development needs of the group's members
Experiential Arts Mentoring 2017/18 - Potential next generation experimental artists

The restricted funds are held for the following purposes:

Private donations - The Lost Lending Library - The Lost Lending Library enrichment project
Unity Theatre Trust - The Lost Lending Library - completed in 2016
SHINE - The Lost Lending Library in Hackney 2015, 2016 and 2017
The Harold Hyam Wingate Foundation - The Lost Lending Library 2016
Backstage Trust - Enrichment projects
Paul Hamlyn Foundation - Enrichment projects including evaluation & dissemination
The Ellis Campbell Foundation - The Lost Lending Library enrichment project
The Michael Harry Sacher Charitable Trust - Enrichment projects - completed in 2016
The Equitable Charitable Trust - Enrichment projects salaries - completed in 2016
Sobell Foundation - The Lost Lending Library for special educational needs schools

14. Reconciliation of net movement in funds to net cash flow from operating activities

	<u>2017</u>	<u>Group</u> <u>2016</u>
	£	£
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(12,800)	88,745
Adjustment for:		
Decrease in debtors	42,642	316,407
Increase/(decrease) in creditors	2,676	(74,406)
Net cash provided by operating activities	<u><u>32,518</u></u>	<u><u>330,746</u></u>

15. Analysis of cash and cash equivalents

	<u>2017</u>	<u>Group</u> <u>2016</u>
	£	£
Cash in hand	1,103,899	1,071,381
Total	<u><u>1,103,899</u></u>	<u><u>1,071,381</u></u>

PUNCHDRUNK
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017

16. Operating lease commitments

At 31 March 2017 the total of the Group's future minimum lease payments under non-cancellable operating leases was:

	2017	2016
	£	£
Group		
Amounts payable:		
Within 1 year	<u>65,470</u>	<u>65,470</u>

At 31 March 2017 the Charity had annual commitments under non-cancellable operating leases as follows:

Charity		
Amounts payable:		
Within 1 year	<u>65,470</u>	<u>65,470</u>

17. Related party transactions

The Group has taken advantage of the exemption available under Paragraph 33.1A of FRS102, Related Party Transactions, not to disclose transactions with wholly-owned group companies.

There were no other related party transactions in the year.

PUNCHDRUNK

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2017

18. Subsidiary undertaking**Punchdrunk Theatrical Experiences Limited**

Subsidiary name	Punchdrunk Theatrical Experiences Limited
Company registration number	07397742
Basis of control	Ordinary shares
Equity shareholding %	100%
Total assets as at 31 March 2017	£ 592,569
Total liabilities as at 31 March 2017	£ 592,566
Total equity as at 31 March 2017	£ 3
Turnover for the year ended 31 March 2017	£ 1,220,979
Expenditure for the year ended 31 March 2017	£ 1,221,010
Result for the year ended 31 March 2017	£ -

19. Controlling party

The Group is controlled by the Trustees as disclosed in the Trustees' Report.



Punchdrunk and Punchdrunk Theatrical Experiences Limited

Audit Findings Report

Year ended 31 March 2017

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Scope and limitations

Our Report is prepared solely for the confidential use of Punchdrunk and Punchdrunk Theatrical Experiences Ltd and solely for the purpose of explaining the scope of the audit, our proposed audit approach, and to highlight the key risks that we will be focusing our audit work upon, forming part of the ongoing communications we are required to make under International Standard on Auditing (UK and Ireland) 260 – Communication of audit matters with those charged with governance.

Therefore, the report may not, without our express written permission, be relied upon by Punchdrunk and Punchdrunk Theatrical Experiences Ltd for any other purpose whatsoever, be referred to in whole or in part in any other external document or made available (in whole or in part) or communicated to any other party. Goodman Jones LLP neither owes nor accepts any duty to any other party who may receive our Report and specifically disclaims any liability for any loss, damage or expense of whatsoever nature, which is caused by their reliance on our Report.

1 AUDIT SUMMARY

1.1 Purpose

Our responsibilities as auditors are set out in the International Standards on Auditing (UK and Ireland) (“ISAs”). We are responsible for forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

We have carried out our audit in accordance with the terms of our engagement letter dated 11 October 2017 order to express an audit opinion for UK statutory purposes on the financial statements of the following entities for the year ended 31 March 2016:

- Punchdrunk
- Punchdrunk Theatrical Experiences Ltd

In this report, we present the key findings from our audit, together with a commentary on the significant matters arising.

This report has been discussed comprehensively and agreed with Trustees and management during a Finance Committee meeting.

1.2 Audit approach and materiality

Our audit planning has taken account of the issues highlighted through planning discussions with you, together with our knowledge and understanding of the business from previous years.

We confirm that there were no restrictions on the scope of our audit procedures.

In our planning we have taken account of the results of our risk assessments made in accordance with the guidance set by the ISAs.

- In planning and carrying out our work, we applied a materiality level of £26,000 to Punchdrunk group (based on 1.5% of turnover).
- We explain in Section 2 how audit risks at planning stage have been addressed.

1.3 Accounting policies

In preparing the financial statements of the Group, trustees are required to review the Group’s accounting policies on an annual basis to ensure they remain appropriate to the Group’s circumstances and are properly applied.

We have reviewed the accounting policies selected and operated by the Group, and are satisfied that they are acceptable.

1.4 Significant findings

There are no significant issues that we wish to bring to the Trustees’ attention.

1.5 Accounting estimates and judgements

There are no significant matters that we wish to bring to the Trustees’ attention.

1.6 Accounting and financial control systems

During our audit we examined the design and implementation of the internal controls relevant to the accounting systems and procedures.

The review of internal controls was carried out with a view to expressing an opinion on the financial statements for the year and was not directed primarily towards discovering weaknesses or towards the detection of fraud. Therefore our comments on these systems include only those matters that have come to our attention as a result of our normal audit procedures, and consequently our comments should not be regarded as a comprehensive record of all weaknesses that may exist or of all improvements that might be made.

We set out in Section 3 the matters that we became aware of during the course of our audit, which we believe are significant and should be drawn to your attention for further action.

1.7 Management representations

There are certain specific representations which we are required by auditing standards to obtain from management as part of our audit procedures. These have been included in the letter of representation.

In addition, we are required to obtain other representations on matters material to the financial statements where other sufficient appropriate audit evidence cannot be reasonably expected to exist.

1.8 Identified misstatements

We are required to report to you all misstatements identified during the audit, other than those that are clearly trivial, and to request that management correct them.

We have taken clearly trivial as being less than £1,300 for Punchdrunk group.

We bring to your attention the uncorrected misstatements detailed in section 4 below. The aggregate impact of uncorrected misstatements on the SOFA, were they to be processed, would result in an increase of the net loss of £5,617 for Punchdrunk group. These uncorrected misstatements are immaterial individually and in total, and so no adjustment is required.

We also bring to your attention the misstatements identified during the audit that have been agreed by management and corrected in the financial statements. These are also detailed in section 4.

1.9 Audit opinion

Based upon the findings and conclusions of our work, we expect to issue an unqualified audit opinion on the financial statements.

1.10 Other matters required by Auditing Standards to be communicated

We have advised you of the non-audit services provided by this firm and the safeguards that we intended to apply to maintain audit independence.

We confirm that the firm has implemented the stated safeguards and has complied with the relevant ethical requirements concerning audit independence.

There are no other matters required by auditing standards that we are required by auditing standards to communicate to you.

Please note that this report has been prepared for the sole use of Punchdrunk group. It must not be disclosed to third parties, quoted or referred to, without our prior written consent. No responsibility is assumed by us to any other person.

2 AUDIT AND ACCOUNTING ISSUES IDENTIFIED AT PLANNING STAGE

High risk audit issues identified at planning stage were addressed as follows:

<i>Audit risk identified</i>	<i>Audit procedures undertaken</i>	<i>Conclusion</i>
Risk of incorrect income recognition	Review of grant income for cut-off and performance conditions of multi-year grants to ensure income recognised in the correct period.	Income is generally recognised correctly and any differences have been appropriately adjusted.
Risk of incorrect categorisation of income and expenditure by restricted fund	Review of restricted fund income and expenditure in nominal ledger per restricted job codes	Income and expenditure are generally recognised in the correct fund, and any differences have been appropriately adjusted.

Low risk audit issues identified at planning stage were addressed as follows:

<i>Audit risk identified</i>	<i>Audit procedures undertaken</i>	<i>Conclusion</i>
Long term going concern	Review of going concern basis during standard audit testing and review of forecasts.	Going concern basis is appropriate.
Risk of items posted to the incorrect entity	During standard audit testing, general ledger is reviewed for items posted to the incorrect entity.	No items discovered in the incorrect entity
Risk of fraud	Consider possibility fraud during standard audit testing	No indications of fraud
Risk of override by management	Consider possibility of management override during standard audit testing	No indications of management override
Undisclosed related parties	Obtained written confirmation in the letter of representation that the information provided regarding related party and control disclosures is complete. Also, review minutes of Trustee meetings for any business relationships.	There do not appear to be any undisclosed related parties.

3 AUDIT AND ACCOUNTING ISSUES IDENTIFIED DURING THE AUDIT

3.1 Introduction

We set out below the significant matters we became aware of during our audit, which relate to the effectiveness of the Group's accounting and financial control systems. We have used the following grading system to indicate the significance of the issues we have raised and the priority that we believe should be given to our recommendations:

Rating	Description
(H)igh	Should be urgently attended to by the Trustees and management. <i>These are significant issues that may result in a qualification in the audit report in future periods if not satisfactorily addressed.</i>
(M)oderate	Issues requiring the attention of the Trustees and management. <i>Issues ranked as moderate require close monitoring by the Board and senior management to ensure timely resolution.</i>
(L)ow	Issues requiring management attention and correction. <i>Issues ranked as low are generally routine in nature and should be resolved by general management. The Board and senior management should be aware of these issues to enable monitoring of progress with their resolution. These issues may be reported to management in less detail than more highly rated issues.</i>

3.2 Issues noted

Issue	Potential effects	Risk	Suggested solution	Management response
<p>80% rates relief for charities</p> <p>Punchdrunk receives 80% rates relief available to charities. The rates bills are addressed to Punchdrunk.</p> <p>However, the Charity recharges PTEL and Punchdrunk Global for overheads, including rates.</p> <p>As Punchdrunk Global is a commercial entity, the local authority may restrict the rates relief available if it is considered that the premises are not used wholly or mainly for charitable purposes.</p>	Removal of (part of) 80% relief for rates, leading to higher overhead costs for the Charity.	M	<p>When calculating recharges, include consideration as to whether the premises could be considered to be mainly used for charitable purposes.</p> <p>Consider liaising directly with the local authority or taking independent advice to determine whether there is a risk to the Charity and what could be done to mitigate a potential claw back of relief.</p>	

3.3 Prior year issues reviewed

Prior year issue	Prior year suggested solution	Current year progress
Lack of exchange gain or loss recognised Transactions in foreign currencies are currently recognised upon receipt/payment at the GBP value. This may give rise to cut-off issues if items are not recognised on an accruals basis.	Consideration should be given as to whether an accounting system that can process multiple currencies would be more appropriate, especially if the same system is to be used for Punchdrunk Global, which may see more transactions in foreign currencies. We also recommend that foreign currency transactions are recognised on an accruals basis at spot rate.	There has been no further progress on this issue, and transactions in foreign currencies are still recognised upon receipt/payment at the GBP value

Prior year issue	Prior year suggested solution	Current year progress
<p>Accounting function resource</p> <p>Bookkeeping and internal accounting is currently undertaken by one individual (Judith) supported by Ciaran o'Donnell (a freelance finance director). Coding and job allocation of invoices is done by project leaders. Invoices are coded and allocated to jobs/entity by staff with no accountancy training, and not always individually reviewed before posting to Mamut.</p> <p>There is a risk that items are allocated to the wrong entity or job code, which could distort management and statutory reporting, and impact upon fund balances.</p> <p>However, we comment that we did not identify any significant instances of misposting or misallocation</p>	<p>Consideration should be given as to whether the in-house accounting function needs additional capacity, especially given Punchdrunk Global is expanding and will require more time resources going forward.</p>	<p>Punchdrunk Global has employed a new accountant who works solely on Punchdrunk Global, to improve company segregation of duties.</p>

Prior year issue	Prior year suggested solution	Current year progress
<p>Lack of review of restricted funds</p> <p>Balances on restricted funds are not monitored during the year, and are only reviewed during the annual audit process. Potential effects include:</p> <ul style="list-style-type: none"> • Incorrect restricted funds balance with possible over or under expenditure • Distorts management information and impacts future planning (uncertainty over unrestricted fund balances) <p>Significant additional time is required at the year-end to identify the transactions and balances on each restricted fund</p>	<p>Restricted funds must be monitored during the year to ensure no over/under spend and to ensure the Charity is aware of available unrestricted funds so that it can plan future projects accordingly.</p> <p>We also recommend that an accounting system is used to review income and expenditure allocations per project. Projects can then be restricted or unrestricted and overall balance of restricted funds easily reviewable. This should help to save significant time resource each year when this process is done via Excel.</p>	<p>A funds tracker has been created that provides a good overall summary of the status of funds for monitoring purposes in the management accounts.</p>
<p>Review of Wages controls required</p> <p>It was noted that Wages/Payroll folder is kept on an open shelf (clearly labelled as wages).</p> <p>In addition, some employment contracts are not up to date.</p> <p>Personal information and salary details are sensitive data and whilst there is a culture of openness, confidentiality is important.</p> <p>Any visiting third parties may also have access to the folder.</p>	<p>Such information should be kept separate and locked away with access only by authorised individuals.</p>	<p>Although most of the wages information is now kept locked away, it was still easy to access a folder with some current payroll information in.</p> <p>Contracts reviewed were up to date.</p>

Prior year issue	Prior year suggested solution	Current year progress
<p>Cut off on royalty payments</p> <p>Royalty income cut off was correctly calculated but it was noted that royalty payments had not been fully accrued (where they remained unpaid at the balance sheet date).</p> <p>Expenditure is understated and this impacts upon year-end reserves levels (which in turn may impact upon future project planning).</p>	<p>Royalty payments should be reviewed and reconciled to the royalty control spreadsheet to ensure cut-off correct.</p>	<p>As noted last year, significant royalty payments relating to the year ended 31 March 2017 which were invoiced after the year end had not been accrued.</p>
<p>Lack of controls for Book Sales</p> <p>It has been noted that book sales income stream is not regularly reviewed and reconciled. This is partly due to availability of supplier monitoring statements but online access is available. Monitoring is by staff not accounts trained.</p>	<p>We recommend that such items are reconciled regularly.</p>	<p>As book sales were so small in the year, it was not considered necessary to review this control.</p>
<p>Charity Commission not updated for statutory changes</p>	<p>All changes in Trustees/Company Secretary are recorded at Companies House and the Charity Commission promptly.</p>	<p>This year, all changes in Trustees/Company Secretary are recorded at Companies House and the Charity Commission. However, the rent deposit deed is still shown on Companies House as outstanding despite being returned in May 2017.</p>

4 UNADJUSTED/ADJUSTED MISSTATEMENTS

4.1 Introduction

A summary of the unadjusted/adjusted misstatements identified during the course of our work has already been provided. We have not disclosed those items that we consider to be ‘clearly trivial’ in the context of our audit. For this purpose, we consider ‘clearly trivial’ to be any matter less than £1,300 for Punchdrunk group in aggregate.

5 FORTHCOMING REGULATORY CHANGES AND OTHER MATTERS TO NOTE

5.1 Charity Commission guidance updates

The Charity Commission regularly updates its guidance for changes within the sector. Recent changes to its guidance include:

1) ***When to change your charity structure***

<https://www.gov.uk/change-your-charity-structure>

2) ***How to make changes to your governing document***

<https://www.gov.uk/how-to-make-changes-to-your-charitys-governing-document>

3) ***How to merge and link charities***

<https://www.gov.uk/how-to-merge-charities>

4) ***The Essential Trustee***

This is important guidance that the Charity Commission expects all Trustees to have read, which regards legal duties and best practice stewardship.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/377293/Consultation_The_essential_trustee.pdf

5) ***Safeguarding children and young people***

<https://www.gov.uk/government/publications/safeguarding-children-and-young-people/safeguarding-children-and-young-people>

6) ***Charities: how to protect vulnerable groups including children***

<https://www.gov.uk/guidance/charities-how-to-protect-vulnerable-groups-including-children>

7) ***Conflicts of interest: a guide for charity trustees***

<https://www.gov.uk/government/publications/conflicts-of-interest-a-guide-for-charity-trustees-cc29/conflicts-of-interest-a-guide-for-charity-trustees>

5.2 Charities (Protection and Social Investment) Act 2016

The above [Act](#) introduces various new requirements on charities in respect of fundraising practice and accountability. From 1 November 2016, the Act includes:

- Strengthening of the Charity Commission's powers regarding removing, suspending or preventing a person from holding a role within a charity.
- Allows voluntary sector organisations to make social investments.

The Act also includes new fundraising regulations discussed in more detail below.

5.3 New Fundraising Regulations

New rules for charity fundraising came into effect on 1 November 2016. They affect the trustees' annual reports of larger charities that fundraise from the public, as well as the contents of the agreements that must be in place when professional fundraisers or other businesses ('commercial participators') raise money for charities.

The changes are introduced by the fundraising sections of the [Charities \(Protection and Social Investment\) Act 2016](#). They will help charities to demonstrate their commitment to protecting donors and the public, including vulnerable people, from poor fundraising practices. The new law will also help to ensure that fundraising standards form part of the agreements between charities and any commercial participators or professional fundraisers with whom they work.

There are 2 new requirements.

1. The first requirement applies where a charity, registered or unregistered, uses a professional fundraiser or commercial participator to raise funds. Broadly, it says that the compulsory written agreements between charities and these third parties must include extra information covering:
 - the scheme for regulating fundraising or recognised fundraising standards that will apply to the professional fundraiser or commercial participator in carrying out the agreement
 - how the professional fundraiser or commercial participator will protect the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches and undue pressure to donate
 - how charities will monitor the professional fundraiser or commercial participator's compliance with these requirements
2. The second requirement applies to registered charities that, by law, must have their accounts audited. It says that these charities have to include extra information about fundraising in their trustees' annual report. Broadly, the extra annual statements are about the charity's:

- approach to fundraising
- work with, and oversight of, any commercial participators/professional fundraisers
- fundraising conforming to recognised standards
- monitoring of fundraising carried out on its behalf
- fundraising complaints
- protection of the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches, and undue pressure to donate

The following Charity Commission guidance has been updated to reflect the new amendments:

CC20 - [Charity fundraising: a guide to trustee duties \(CC20\)](#)

CC15d - [Charity reporting and accounting the essentials November 2016](#)

5.4 Fundraising Levy

The Fundraising Regulator has started contacting charities asking them to pay its levy. This new fundraising levy applies to all charities that spend more than £100,000 per annum on fundraising as shown in their Annual Returns filed with the Charity Commission for the year ended 31 December 2014.

This levy is voluntary but the Charity Commission considers payment of the levy to be “a proper expense for a charity to incur” and the government retains reserve powers allowing it to enforce payment.

The levies will collected by the Fundraising Regulator will be used to set fundraising standards, adjudicate on complaints about fundraising from members of the public, and to develop a Fundraising Preference Service.

5.5 Fundraising Preference Service

The Fundraising Regulator has announced that the Fundraising Preference Service (FPS) will launch by summer 2017. This service will enable people to opt out of communications from a particular charity or charities, and will apply to all forms of communications with a named individual (including email, text, telephone, and addressed mail).

The regulator will notify charities of those people who have opted out of communication and will monitor compliance by charities with the opt outs.

Further details can be found at www.fundraisingregulator.org.uk

5.6 Brexit

In the June 2016 referendum, the UK voted for ‘Brexit’. At present, the only real certainty is uncertainty – it is not yet known what the terms of Britain’s withdrawal from the EU will be or what the impact upon the voluntary sector will be.

Despite the two year exit negotiation period being triggered, the impact of Brexit is still unknown. However, this does not mean that two years of stasis is appropriate; this time should include appropriate review and reflection of current and previous activities and funding sources, together with strategic analysis about the future direction of Punchdrunk in the mid- to longer-term, enabling Punchdrunk to plan effectively.

5.7 Tackling Fraud

At the end of October 2016, the Charity Commission launched the new Charities Against Fraud website (www.charitiesagainstfraud.org.uk) to support the work of the Charity Sector Counter Fraud Group in tackling fraud. The website includes guidance and resources available to help charities protect themselves against fraud, including templates for anti-fraud and whistleblowing policies, and fraud investigation plans.

5.8 Charities SORP Consultation

It may seem that no sooner has one new SORP come in, then another one is being consulted upon, but a research exercise has recently closed regarding proposed changes to the FRS102 Charities SORP (expected to come into effect for accounting periods beginning on or after 1 January 2019).

The updating of UK Financial Reporting Standards is undertaken every 3 years by the Financial Reporting Council (FRC). In order to minimise the delay between the FRSs being updated and a new SORP being issued, a consultation on proposed changes was undertaken.

This consultation looked at the changes brought in by the FRS102 Charities SORP 2015 and whether any improvements could be made, as well as asking for comments on current sector issues / best practice that should be covered by the SORP.

Potential changes mooted in the consultation were: inclusion of a key facts summary (this will involve ratio analysis and include both compulsory ratios and charity chosen ratios), naming significant donors, and introducing a third tier for disclosure requirements (splitting disclosures required by small charities, larger charities, and the largest charities – likely to be incomes over £10.2million).

5.10 Data protection guidance

The Information Commissioner's Office monitors compliance with the Data Protection Act. The sensitive nature of the data handled by charities, whether electronic or paper date, make them potentially more susceptible to serious data protection issues.

The ICO's tops five tips are as follows:

- Tell people what you are doing with their data
- Make sure your staff are adequately trained
- Use strong passwords
- Encrypt all portable devices, such as memory sticks and laptops

- Only keep people's information for as long as necessary

The ICO has some more useful guidance for charities on its website, including a charity sector toolkit and webinars on marketing:

<https://ico.org.uk/for-organisations/charity/>

5.10.1 Data Protection Directive 95/46/EC changes

History

The Data Protection Act 1998 (the "**DPA**"), the cornerstone of UK data protection law, implements the EU Data Protection Directive 1995. Given that these laws came into force in the 1990s - when there was no cloud computing, social media etc. - they are outdated. The GDPR (General Data Protection Regulation), being a regulation, means it is "directly applicable" to all member states. As such, it will apply throughout the UK without the government needing to transpose it into national law.

Key Changes

- a) **Higher fines** – fines up to 4% of a company's worldwide turnover or €20,000,000 (whichever is higher) can be imposed following a breach of the GDPR. The maximum the Information Commissioner, the regulatory body responsible for data protection law in the UK, can currently impose is £500,000. So this is a significant increase.
- b) **Mandatory notification** – it will be mandatory to report all breaches of data protection to the Information Commissioner without undue delay and within 72 hours of becoming aware of the breach, unless the breach is unlikely to result in a risk for the rights and freedoms of individuals. Currently, this procedure is voluntary. It will also be mandatory to report breaches likely to result in a high risk to the rights and freedoms of individuals to the data subjects concerned.
- c) **Sensitive personal data** – stricter rules apply to processing of sensitive personal data such as medical information. What constitutes sensitive personal data has also been widened and will now include genetic and biometric data (e.g. retinal scans and fingerprints).
- d) **Consent** – obtaining consent will be harder. Silence or inactivity will not constitute consent. Consent must be freely given, specific, informed and unambiguous, provided by clear affirmative statement or action and which is able to be easily withdrawn. Businesses should not acquire consent by forcing a user to consent to one form of processing which is not necessary to the service the user is looking to receive. Parents will be required to provide their consent to the processing of children's personal data where those children are under a particular age (varying between 13 to 16 years old).

- e) **Additional rights for data subjects** - there will be a new right to transfer your data from one service provider to the other. There will also be a wider right to be forgotten than currently exists.
- f) **Mandatory Data Protection Officers** – data controllers and processors whose core activities consist of processing sensitive personal data and / or regularly and systematically monitoring data subjects on a large scale (including monitoring consumer behaviour) and public authorities (other than courts acting in a judicial capacity) must appoint a data protection officer. A data protection officer's role will be to deal with data protection issues for the organisation.
- g) **Data Processors** - The DPA currently only regulates data controllers (except if a data processor was to engage in criminal activity). The GDPR seeks to impose certain direct legal obligations on data processors as well as data controllers too. For example, data processors will be required to notify data controllers where there has been a breach and to obtain consent from a data controller before using any sub-processors. More detailed data controller to data processor contracts will be required.

5.11 Cyber Essentials

Cyber Essentials helps prevent the vast majority of cyber-attacks. Even a simple virus or piece of malware could result in loss of company and client data, disrupt your cash flow and take up staff time. An attack could also put off your customers, stop you trading and damage your hard-earned reputation. It could also be reported in the local media. Loss of data could breach the Data Protection Act and lead to fines or prosecution.

Having a Cyber Essentials badge will:

- Protect your organisation against common cyber threats
- Show your customers you take this issue seriously
- Enable you to bid for Government contracts.

Since October 2014 Cyber Essentials has been mandatory for suppliers of Government contracts which involve handling personal information and providing some ICT products and services. Holding a Cyber Essentials badge enables you to bid for these contracts.