

Charity Number: 1081007
Company Number: 3949494

RURAL ARTS NORTH YORKSHIRE

(A company limited by guarantee)

**Report of the Trustees and
Financial Statements**

FOR THE YEAR ENDED 31 MARCH 2017

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RURAL ARTS NORTH YORKSHIRE

REFERENCE AND ADMINISTRATIVE INFORMATION
for the year ended 31 March 2017

Council of Management

Mr G Baragwanath	*	Chair from 16 September 2015
Mr A Dalton	*	Treasurer from 16 September 2015
Ms H Donohoe	*	Appointed 15 June 2017
Mrs C Harper	*	
Mrs B Jopling	*	
Mr D Lloyd Williams	*	
Mrs D Pollard	*	
Mr M Shakespeare	*	
Miss J Smith	*	Resigned 16 June 2016
Mr O Bliss	**	Arts Council England

* These members of the Council of Management are directors of the charitable company for the purposes of Company law. They are also Trustees for the purposes of Charity law.
**These members are appointed to the Council of Management in an advisory capacity and are not Trustees for the purposes of Charity law.

Company Secretary

Mrs A Holt

Arts Director

Mrs A Hall

Company Registered Number

3949494 (England and Wales)

Charity Registered Number

1081007

Registered Office

The Old Courthouse
4 Westgate
Thirsk
North Yorkshire
YO7 1QS

Independent Examiner

Geoff Iles
Iles Accountancy Services Ltd
Office 1, Old Bank Chambers
37 Market Place
Thirsk
North Yorkshire
YO7 1HA

Bankers

Lloyds, Thirsk Branch
Market Place
Thirsk
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Bankers

CAF Bank
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London
EC4A 4AD

Solicitors

Jacksons
Innovation House
Yarm Road
Stockton on Tees
TS18 3TN

ANNUAL REPORT 2016-2017

Introduction

Rural Arts is a charity that was established in 1992 in response to the lack of cultural provision in rural North Yorkshire, working with rural communities across the region and supporting them to put on cultural events and participatory arts activities in their local community. In 1997 we established ON Tour, one of the first national rural touring schemes, and in the year 2000 we purchased our venue, the Old Courthouse in Thirsk. Recent capital investment by the Arts Council England (ACE) has supported our digital infrastructure and audience development by linking a new website to a bespoke database and CRM system.

Our Mission

We enable access to, engagement with and participation in high quality, professional, visual and performing arts for rural communities. We do this by:

- Touring professional performing arts to local community venues
- Curating exhibitions to showcase new artists' work
- Delivering a programme of creative workshops
- Offering internships and apprenticeships
- Developing partnerships with local schools and businesses
- Providing a creative hub via our Courthouse venue in Thirsk

We have a particular focus on supporting people whose everyday circumstances stop them from accessing the arts.

We deliver three main streams of activity in order to achieve this:

ON Tour Brings the highest quality professional performances to rural communities across North Yorkshire and the Tees Valley, venues range from small remote and older style village halls that barely seat 50 to new and well-equipped facilities offering 200 seats. ON Tour currently offers a programme of live events, including children's shows, music, dance and drama, across two seasons, running September to January and February to June.

'Get Creative' our outreach and educational programme delivers participatory arts activities to the most rurally isolated within our region. It provides social interaction between isolated communities, groups and individuals, and wellbeing and accessible learning pathways to the young, elderly, disabled and socially excluded. In 16-17 we continued to embed strong links with agencies and organisations who support those with physical and mental health issues, armed service families, female ex-offenders etc. Our outreach project activities were funded from a range of commissioning bodies, trusts and Foundations and local authorities.

The Courthouse Thirsk Is a community creative hub and our HQ, which provides public access to an exhibition space, café, dedicated performance space and arts workshop. The Courthouse provides an annual creative programme of theatre, exhibitions and participatory workshops for the local community and hosts a successful art club for children and young people. Events in 16-17 included 6 exhibitions (see below); National Theatre and RSC Live performances including *The Tempest*, *Twelfth Night*, *Saint Joan* and *No Man's Land*; a Christmas Makers Market; "Hey

Clay” ceramics activity day and “In Print” an event day featuring print themed workshops and demonstrations.

Headline Achievements 2016-17

‘Innovation’ Research project

This project worked in partnership with Age UK and research staff from Leeds Beckett University to collect evidence on the impact that participatory arts activities have on the well being of a group of older adults that meet once a week in Northallerton. The project used innovative wearable technology to measure participant’s responses to the sessions followed by interviews with a university researcher. The project aimed to identify which aspects of the activities are effective in bringing about positive outcomes such as increased feelings social inclusion and more general wellbeing.

Year 2 Stitched Together

We are now in year two of this project and held a very successful exhibition of the groups work at Rural Arts before Christmas.

The next milestone in this project is an exhibition at the end of the 2017 at the Green Howards Museum. The work on display will be work by the two professional textile artists and the four groups. The work will be in response and inspired by the collection of military uniforms and textiles in the Green Howards Collection. The exhibition will travel to large Stitching shows in Harrogate, Glasgow and at the NEC in Birmingham in 2018

Residents Voice

This project aims to improve the quality of life for residents in the Extra Care Schemes as well as empowering them to voice their views in aspects of the day-to day operation of their scheme, such as the catering, cleaning and other provision of services, which affect their level of contentment. This project promoted socialising and self-expression and involved 18 Extra Care Schemes across North Yorkshire delivering 180 workshops across the county. Sessions included ceramics, mosaics, printing, painting and drawing and textiles. The project engaged with over 1470 residents.

Community learning

This round of Community Learning delivered learning to 81 learners through 9 separate courses. 23 of our learners were volunteers at the Dales Countryside Museum, Ripon Workhouse and Northallerton Forum. Other learners/groups included people with dementia/mental health issues, a cancer support group in Skipton and U3A in Thirsk. 3 courses were delivered at Rural Arts.

Internship Programme

We appointed 2 new interns - Poppy Oldham and Namita Vijayakumar who were given full time posts within the organisation after their 6 month internships.

Courthouse Programme

Participatory workshop programme

Our participator sessions have been very diverse and achieved stunning outcomes, people have made their own books, learnt to make their own paper and form 3D elements in paper cutting. We have taught technical skills within Macramé, Patchwork and Rag Rugging.

Printmaking and ceramics has also been very popular following a series of taster days including 'Hey Clay' and exhibitions. Many of our volunteers have brought their skills and creativity to the sessions and helped in the delivery.

New for 16 -17 was our Taste of Art programme that runs mid week and offers short bite size craft activities

Childrens art club has continued to grow with 3 sessions per week offering a wide programme of arts activities and also delivering Arts Award at both Bronze and Silver levels.

We have continued to offer family activities during holiday periods linked to current exhibitions and national events including Family Arts Festival and Big Draw. In addition we held our first 'Fun Palace' event combining science and art.

No of day long Sessions

For Adults: 83

Digital: 15

Childrens Art Club: 117 and 10 young people undertaking the bronze Arts Award

Family Holiday Activities: 26

Open Day Events: 5

Courses: 1 x 4 week ceramic course

Gallery

Gallery income exceeded budget in 2016-2017 and showed an increase of 11% on previous year's sales. We continue to feature high quality work by small independent makers, many of them living in North Yorkshire and our customer base has grown and diversified through increased visitor activity to Thirsk and busy "in house" workshops as well as the town's growing population. With a regularly updated stock we provide a unique retail opportunity in the area for those seeking affordable handmade craft. Our popular annual Christmas Makers Market offers sellers a chance to engage with their customers and other practitioners.

The Courthouse programmed the following exhibitions in 16-17:

FRESH: April 2016 & May 2017

Showcase of cross disciplinary art work by graduating and emerging artists.

As You Like It: August 2016

Paintings by Mel Davies and Kim Coley commemorating the 400th anniversary of Shakespeare's passing.

Terraform: September 2016

Textiles and mixed media exploring the natural and man-made features of our landscape by Carol Coleman and Sandra Middleton.

Rural Life: October 2016

Black and white photography by Lucy Saggors documenting the richness of everyday life in rural North Yorkshire.

Black and White: February 2017

Monoprints of recurring figurative and animal motifs by local artist Andy Dalton.

ON Tour

Improvements to online resources for promoters have been made with new video tutorials available via the Promoter Portal, including: 'Top 5 Tips for Effective Social Media'

Since the beginning of the Spring 2016-17 season, in line with ACE's Quality Metrics initiative, we have been collecting peer feedback from promoters on the artistic quality of ON Tour performances. This has been done using an adapted version of ACE's Quality Metric statements.

Spring 2017: Results of Promoter Artistic Quality Questions

Score Key: 0 = Highly Negative Opinion, 1 = Highly Positive Opinion

Artistic Quality Statement Avg. Score

Concept: It was an interesting idea 0.89

Presentation: it was well produced and presented 0.90

Challenge: it was thought-provoking 0.58

Enthusiasm: I would come to something like this again 0.89

Local impact: it is important that it's happening here 0.91

Spring 2017: Results of Audience Artistic Quality Questions

95% of feedback respondents rated the quality of the artists/performance as 'Excellent' with the remaining 5% rating the quality as 'Good'.

"A superbly enjoyable evening in the presence of two versatile and personable performances."
– Audience member, The Chef Show at Helperby

Autumn 2016

16 performances by 6 companies

John Cobb - Capability Brown

Pipeline Theatre Company, Spillikin

Lost Dog Dance – Paradise Lost

Cousin Jones

Kali Theatre – My Big Fat Cowpat Wedding

Louise Jordan No Petticoats Here

Spring 2017

14 performances by 6 companies

The Shuffle Monsters,

Ian Sherwood
The Pretend Men,
Spitz & Co.
Spiltmilk Dance
Theatre Fideri Federa

Create Tour

During the year 16-17 we delivered the ninth iteration of the Create Tour project, in Selby. The Harmonettes delivered the final project of the three-year programme with a group of young people from Selby. 35 young people participated and performed 7 opening acts to a total audience of 600 people.

Future Developments

Create Tour

Has been awarded 3 year funding from Esmee Fairbairn Foundation and 3 year continuation funding from Arts Council England through its strategic touring programme to continue our performing arts programme with young people in Redcar and Ryedale and to develop work in Richmondshire. This project will work with the following multicultural dance and theatre companies: Tamasha, Fuel Theatre and RJC Dance.

Celebrating Age

A 2 year project funded by Arts Council England and The Baring Foundation using innovative ways to increase the participation rates of people aged over 75 in both our 'ON Tour' and Courthouse creative programmes. Activity will take place at the Courthouse in Thirsk, and within a 10-mile rural catchment area. We will work with the over 75's, initially in their homes and then in community locations.

Our delivery model includes partnerships with mobile shops, voluntary home support services, 3 GP surgeries and carers, who broker introductions with our target group. We will use a hub and spoke delivery model and Thirsk will provide the central base for resources. Ten village ON Tour promoters will operate a support network for older people to access performances at their nearest venue.

Action Towards Inclusion

Rural Arts are partners on this 3 year project - coordinated by Your Consortium and operating across York and North Yorkshire with the aim of supporting unemployed people into work and training. Target groups include the homeless, people aged 50+ with no qualifications, offenders/ex-offenders, carers, refugees and migrants and BAME groups.

Marketing Activity

Outlined below are Rural Arts' strategies and activities in relation to engaging customers, patrons and visitors via both digital and traditional marketing. In 16-17 we adopt a detailed marketing calendar, share more videos and photos on line, review paid advertising, boosted social media posts and used geo targeted Google advertising.

Online: Rural Arts continued to use a variety of platforms in order to engage customers and potential customers through digital technologies. This includes the Rural Arts website, social

media platforms, a blog and various listings websites (Welcome to Yorkshire etc.) In 16-17 we further developed our website by adding functionality to the ON Tour section with provision of a promoters portal and online booking system for promoters.

Social Media: Rural Arts use several social media profiles to engage, communicate and to build trust and presence with online audiences. These profiles include Facebook, Twitter, Flickr, YouTube, Pinterest and more recently Instagram.

Social Media is used to share content regarding current and upcoming events, to interact with customers, to build audiences and engage with wider cultural debate.

Staffing

The following staff joined and left Rural Arts in 2016-2017

Erica Morris- ON Tour Manager, appointed January 2017 left April 2017

Joe Hennessey - Promoted to Youth Development Officer August 2016

Poppy Love – Appointed outreach intern 2016, promoted to Workshop Assistant 2017

Immy Shaw - Left December 2016

Sophie Backhouse – Left December 2016

Namita Vijayakumar – Appointed Marketing Intern January 2017

Trustees

Julia Smith left 2016

Heidi Donohoe – joined 2017

Angela Hall August 2017

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the financial statements of Rural Arts North Yorkshire (the company) for the year ended 31 March 2017. The Trustees confirm that the annual report and financial statements of the company comply with the current statutory requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), 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).

Since the company qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

OBJECTIVES AND ACTIVITIES

Objectives and aims

The principal aims of the charity are as follows:-

- (a) The promotion of rural arts in all their forms in the United Kingdom and primarily in the area of North Yorkshire.

Public benefit

The organisation enables access to, engagement with and participation in high quality, professional visual and performing arts for rural communities through:

- (i) Touring professional performing arts to local community venues;
- (ii) Curating exhibitions to showcase new artist's work;
- (iii) Delivering a programme of creative workshops;
- (iv) Offering internships and apprenticeships;
- (v) Developing partnerships with local schools and businesses; and
- (vi) Providing a creative hub via our Courthouse venue in Thirsk.

We have a particular focus on supporting people whose everyday circumstances stop them from accessing the arts.

In setting objectives and planning for activities, the Trustees have given careful consideration to the general guidance published by the Charity Commission relating to public benefit.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

Rural Arts North Yorkshire is a company limited by guarantee governed by its Memorandum and Articles of Association dated 16th March 2000 and amended to allow the company to work outside the boundaries of North Yorkshire on 10th December 2003. It is registered as a charity with the Charity Commission.

STRUCTURE, GOVERNANCE AND MANAGEMENT - continued

Structure

The Board of Trustees administers the charity through the Council of Management. The board meets regularly throughout the year.

An Arts Director is appointed by the Trustees to manage the day-to-day operations of the charity. To facilitate effective operations, the director has delegated authority, within terms of delegation approved by the Trustees, for operational matters including finance, employment and artistic programme related activity.

Brenda Thiede continues as Patron for her long standing contribution to the organisation.

Appointment, induction and training of new trustees

Trustees are appointed by invitation of the members of the Council of Management. New Trustees undergo an orientation day to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the Committee and decision-making processes, the business plan and the recent financial performance of the Charity. During the induction day the new Trustees meet key employees and other Trustees. Trustees are encouraged to attend appropriate external training events where these will support their role as a trustee.

Risk Management

The Council of Management has conducted its own review of the major risks to which the Charity is exposed during the annual review of the business plan. External funding is highly reliant on Arts Council funding and additional funding streams are being pursued to mitigate the risk if the organisations major funder was to reduce funding.

Internal risks are minimised by the close involvement of the Council of Management. Undertaking of quality standards such as "Investors of People" ensure best practices are used to help the efficient running of the organisation. The organisation continues to hold to Matrix Standard.

The Trustees have recognised the need to manage cash flow carefully and endeavour to increase free reserves in the future.

ACHIEVEMENTS AND PERFORMANCE

Achievements

Please see the Annual Report on pages 1-6 for the achievements of the organisation in the year.

FINANCIAL REVIEW

Financial Review

Income for the year was £380,425 (2016: £406,720) and expenditure for the year was £333,069 (2016: £322,976), resulting in a surplus for the year of £47,356 (2016: £83,744).

Net assets at the year end were £440,007 (2016: £392,651) of which £396,408 (2016: £392,651) were unrestricted funds and £43,599 (2016: £nil) were restricted funds.

Going Concern

The Trustees have prepared these financial statements on the basis that the organisation is a going concern.

Reserves policy

The Council of Management has established the policy, whereby unrestricted funds which have not been designated for a specific use should be maintained at a value of three to six months expenditure. This level of general reserves would finance operations in the event of short term funding gaps and finance immediate obligations should Rural Arts lose its funding, or alternatively in the event that the organisation should need to close. During the year to 31 March 2017, the general free reserves stand at £7,239 and it is the Trustees' aims to build on general reserves in future years by further developing income generating activities to support our grant dependency and to ensure a high level of astute financial management is maintained. The trading subsidiary company Rural Arts Trading Limited will allow Rural Arts to expand its trading capacity and bring additional income into the charity to increase the free reserves.

TRUSTEES' RESPONSIBILITIES STATEMENT

The Trustees (who are also directors of Rural Arts North Yorkshire 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 of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 judgements 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 company will continue in operation.

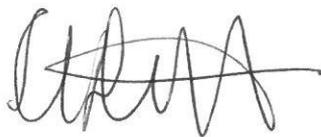
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements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

In preparing this report, the Trustees have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

The report was approved by the Trustees on 14 September 2017 and signed on their behalf by:



Mr G Baragwanath
Chair of Trustees



Mr A Dalton
Treasurer & Trustee

Independent Examiner's Report to the Trustees of Rural Arts North Yorkshire

I report on the financial statements of the charity for the year ended 31 March 2017 which are set out on pages 13 to 27.

This report is made solely to the charity's Trustees, as a body, in accordance with section 145 of the Charities Act 2011 and regulations made under section 154 of that Act. My work has been undertaken so that I might state to the charity's Trustees those matters I am required to state to them in an Independent Examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity and the charity's Trustees as a body, for my work or for this report.

Respective responsibilities of Trustees and Examiner

The Trustees, who are also directors of the company for the purposes of company law, are responsible for the preparation of the financial statements. The Trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the Act) and that an independent examination is needed.

Having satisfied myself that the charity is not subject to audit under the charity or company law and is eligible for independent examination, it is my responsibility to:

- examine the financial statements under section 145 of the Act;
- follow the procedures laid down in the General Directions given by the Charity Commission under section 145(5)(b) of the Act; and
- state whether particular matters have come to my attention.

Basis of Independent Examiner's Report

My examination was carried out in accordance with the General Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the financial statements presented with those records. It also includes consideration of any unusual items or disclosures in the financial statements, and seeking explanations from you as Trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the financial statements present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent Examiner's Statement

In connection with my examination, no matter has come to my attention:

- (1) which gives me reasonable cause to believe that in any material respect the requirements:
- to keep accounting records in accordance with section 386 of the Companies Act 2006; and
 - to prepare the financial statements which accord with the accounting records and comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities

have not been met; or

- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached.

Signed:



Dated: 12/9/17

Mr Geoff Iles

Iles Accountancy Services Ltd
Office 1
Old Bank Chambers
37 Market Place
Thirsk
North Yorkshire
YO7 1HA

STATEMENT OF FINANCIAL ACTIVITIES (incorporating the 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 and endowments from:					
Donations and legacies	2	8,555	-	8,555	3,984
Charitable activities	3	50,074	313,759	363,833	386,830
Other trading activities	4	4,638	-	4,638	4,187
Other	5	3,399	-	3,399	11,719
Total income and endowments		66,666	313,759	380,425	406,720
Expenditure on:					
Raising funds	6	1,758	7,709	9,467	12,414
Charitable activities	7	61,151	262,451	323,602	310,562
Total expenditure		62,909	270,160	333,069	322,976
Net income / (expenditure)		3,757	43,599	47,356	83,744
Transfers between funds	21	-	-	-	-
Net movement in funds		3,757	43,599	47,356	83,744
Reconciliation of funds:					
Total funds at 1 April 2016	21	392,651	-	392,651	308,907
Total funds at 31 March 2017	21	396,408	43,599	440,007	392,651

The notes on pages 16 to 27 form part of these financial statements.

The statement of financial activities includes all gains and losses recognised during the year.

RURAL ARTS NORTH YORKSHIRE

REGISTERED NUMBER: 3949494

BALANCE SHEET

as at 31 March 2017

	Note	£	2017 £	£	2016 £
Fixed assets					
Tangible assets	15		603,792		632,976
Investments	16		10		10
			<u>603,802</u>		<u>632,986</u>
Current assets					
Debtors	17	18,011		24,979	
Cash at bank and in hand		61,878		16,635	
		<u>79,889</u>		<u>41,614</u>	
Creditors: amounts falling due within one year	18	(29,051)		(61,338)	
Net current assets			<u>50,838</u>		(19,724)
Total assets less current liabilities			<u>654,640</u>		613,262
Creditors: amounts falling due after more than one year	19		<u>(214,633)</u>		(220,611)
Net assets			<u>440,007</u>		<u>392,651</u>
Charity funds					
Restricted funds	21		43,599		-
Unrestricted funds - general	21		396,408		392,651
Total charity funds			<u>440,007</u>		<u>392,651</u>

BALANCE SHEET (continued)

as at 31 March 2017

The Trustees consider that they 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.

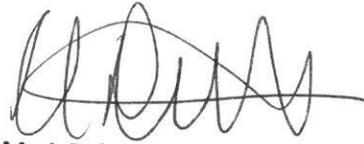
The Trustees acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and for preparing financial statements which give a true and fair view of the state of affairs of the charity as at 31 March 2017 and of its net resources expended for the year in accordance with the requirements of sections 394 and 395 of the Act and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charity.

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Trustees on 14 September 2017 and signed on their behalf, by:



Mr G Baragwanath
Chair of Trustees



Mr A Dalton
Treasurer & Trustee

The notes on pages 16 to 27 form part of these financial statements.

1 Accounting policies

(a) General information and basis of preparation of financial statements

The charity is a company limited by guarantee. The members of the 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. The address of the registered office is given in the charity information on page 1 of these financial statements. The nature of the charity's operations and principal activities are on page 7 of these financial statements.

The charity constitutes a public benefit entity as defined by FRS 102. 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) issues on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The financial statements do not include a statement of cash flows because the charitable company, as a small reporting entity, is exempt from the requirement to prepare such a statement under SORP (FRS 102).

(b) Funds

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.

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 Accounting policies (continued)

(c) Income recognition

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained, then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

Investment income is earned through holding assets for investment purposes such as shares. It includes dividends and interest. Where it is not practicable to identify investment management costs incurred within a scheme with reasonable accuracy the investment income is reported net of these costs. It is included when the amount can be measured reliably. Interest income is recognised using the effective interest method and dividend income is recognised as the charity's right to receive payment is established.

Other income includes income such as gains on disposals of tangible fixed assets.

(d) Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

(e) Support costs allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, administrative and payroll costs. They are incurred directly in support of expenditure on the objects of the charity. Where support costs cannot be directly attributed to particular headings they have been allocated to expenditure on charitable activities on a basis consistent with use of the resources.

The analysis of these costs is included in note 8.

1 Accounting policies (continued)**(f) Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation. Costs includes costs directly attributable to making the asset capable of operating as intended. Assets costing less than £200 are not capitalised.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less their estimated residual value, of each asset on a systematic basis over its expected useful lives as follows:

Freehold Land and Buildings	- 2% on cost per annum
IT Equipment	- 25% on cost per annum
Motor	- 25% on cost per annum
Other equipment - Other	- 25% on cost per annum
- Kiln	- 5% on cost per annum

(g) Investments

Investments are recognised initially at fair value which is normally the transaction price excluding transactions costs. Subsequently, they are measured at fair value with changes recognised in 'net gains/(losses) on investment' in the SoFA if the shares are publicly traded or their fair value can otherwise be measured reliably.

(h) Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

(i) Tax

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

2 Income from donations and legacies

	2017 £	2016 £
Donations	578	147
Gift Aid by Subsidiary	7,977	3,837
	<u>8,555</u>	<u>3,984</u>

Income from donations and legacies was £8555 (2016: £3984) £8555 of which was attributable to unrestricted funds (2016: £3,984) and Nil (2016: Nil) to restricted funds.

3 Income from charitable activities

		2017 £	2016 £
Arts Council England		37,754	37,755
On Tour/Create Tour	3.1	146,406	113,976
ACE Capital Grant 2015		-	131,192
Local authorities-		-	-
Army Welfare Services - Stitched Together		34,566	-
Army Covenant		-	2,708
NYCC - Resident's Voices		35,000	-
NYCC - Stitched Together		29,500	-
NYCC/Your Consortium - Community Learning		8,646	32,756
Your Consortium - Innovation		15,209	12,806
Your Consortium - Action Towards Inclusion		3,056	-
Heritage Lottery - Young Roots		-	13,441
Thirsk (Humber Learning) Volunteering		2,000	10,185
Hambleton District Council		2,000	-
Other project income		29,766	13,220
Courses		19,930	18,791
		<u>363,833</u>	<u>386,830</u>

Income from charitable activities was £363,833 (2016: £386,830) of which £313,759 (2016: £349,120) was attributable to restricted and £50,074 (2016: £37,710) was attributable to unrestricted funds.

3.1 Income from On Tour/Create Tour

	2017 £	2016 £
Arts Council England	37,755	37,754
ACE Create Tour	52,474	46,182
Promoters Income	30,395	18,919
Local Authorities and other	25,782	11,121
	<u>146,406</u>	<u>113,976</u>

4 Other trading income

	2017 £	2016 £
Courtroom performances	4,638	4,187
	<u>4,638</u>	<u>4,187</u>

Income from other trading activities was £4,638 (2016: £4,187) all of which was attributable to unrestricted funds.

5 Other income

	2017 £	2016 £
Apprenticeship grant	2,000	8,804
Sundry income	1,399	2,915
	<u>3,399</u>	<u>11,719</u>

Other income amounted to £3,399 (2016: £11,719) of which £2,500 (2016: £10,739) was attributable to restricted and £899 (2016: £980) was attributable to unrestricted funds.

6 Analysis of expenditure on raising funds

	2017 £	2016 £
General activities - publishing	1,299	3,889
Marketing salaries	8,168	8,525
	<u>9,467</u>	<u>12,414</u>

£7,709 (2016: £8,202) of the above costs were attributable to restricted funds. £1,758 (2016: £4,212) of the above costs were attributable to unrestricted funds.

7 Analysis of expenditure on charitable activities

	Activities undertaken directly £	Support costs £	Total 2017 £
On Tour	53,906	75,177	129,083
Projects	58,191	75,177	133,368
Courtroom	11,035	50,116	61,151
	<u>123,132</u>	<u>200,470</u>	<u>323,602</u>

£262,451 (2016: £220,465) of the above costs were attributable to restricted funds.
£61,151 (2016: £90,097) of the above costs were attributable to unrestricted funds.

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

8	Allocation of support costs Staff	37.50%	37.50%	25.00%	7.00
		2.50 On Tour £	2.50 Projects £	2.00 Courtroom £	
	Wages	41,265	41,265	27,511	110,041
	Staff Costs	3,352	3,352	2,234	8,938
	Professional fees	1,084	1,084	721	2,889
	Overheads	661	661	442	1,764
	Premises costs	3,786	3,786	2,525	10,097
	Vehicle costs	687	687	457	1,831
	Office Costs	801	801	534	2,136
	IT and communications	2,850	2,850	1,901	7,601
	Insurance	1,227	1,227	818	3,272
	Finance costs	4,980	4,980	3,320	13,280
	Depreciation	16,412	16,412	10,940	43,764
	Profit on disposal	(2,338)	(2,338)	(1,559)	(6,235)
		<u>74,767</u>	<u>74,767</u>	<u>49,844</u>	<u>199,378</u>
	Governance	9 410	410	272	1,092
		<u>75,177</u>	<u>75,177</u>	<u>50,116</u>	<u>200,470</u>

The basis of allocation of support costs is 37.5% On Tour, 37.5% Projects and 25% Courtroom based on staff allocation.

9 Governance costs

		2017 £	2016 £
Independent Examiner's remuneration	11	950	945
Trustee's Expenses		<u>142</u>	
		<u>1,092</u>	<u>945</u>

10 Net income / (expenditure) for the year

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

	2017 £	2016 £
Depreciation of tangible fixed assets:- owned by the charity	43,764	43,784
(Profit)/loss on sale of tangible fixed assets	<u>(6,235)</u>	<u>(500)</u>

11 Independent examiners remuneration

The independent examiners remuneration amounts to an independent examination fee of £950 (2016: £945).

12 Trustees' remuneration and expenses

The Trustees neither received nor waived any remuneration during the year (2016: £Nil).

The Trustees had expenses reimbursed during the year totalling £141.75 (2016: £Nil).

13 Staff costs and employee benefits

The average monthly number of employees and full time equivalent (FTE) during the year was as follows:

	2017 Number	2017 FTE	2016 Number	2016 FTE
Raising funds	1	0.5	1	0.5
Charitable activities	7	5.5	8	6.1
	<u>8</u>	<u>6.0</u>	<u>9</u>	<u>6.6</u>

The total staff costs and employees benefit's was as follows:

	2017 £	2016 £
Salaries	116,116	106,774
Social security	5,486	5,149
Defined contribution pension costs	3,117	2,400
	<u>124,719</u>	<u>114,323</u>

No employees received total employee benefits (excluding employer pension costs) of more than £60,000.

14 Interest payable and similar charges

	2017 £	2016 £
Bank loans and overdrafts	11,944	10,658
	<u>11,944</u>	<u>10,658</u>

15 Tangible fixed assets					
	Freehold land & buildings £	IT equipment £	Motor vehicles £	Other equipment £	Total £
Cost					
At 1 April 2016	669,602	208,488	13,044	78,108	969,242
Additions	-	-	12,000	2,580	14,580
Disposals	-	(8,004)	(13,044)	-	(21,048)
	669,602	200,484	12,000	80,688	962,774
Depreciation					
At 1 April 2016	130,871	143,912	10,870	50,613	336,266
Charge for year	13,392	21,964	2,424	5,984	43,764
Eliminated on dispc	-	(8,004)	(13,044)	-	(21,048)
	144,263	157,872	250	56,597	358,982
Net book value					
At 31 March 2017	525,339	42,612	11,750	24,091	603,792
At 31 March 2016	538,731	64,576	2,174	27,495	632,976

Tangible fixed assets with a net book value of £226,788 (2016: £226,788) have been pledged as security for liabilities of the charity.

16 Fixed asset investments

	Subsidiary investments £
Market value	
At 1 April 2016	10
At 31 March 2017	10
Historical cost at 31 March 2017	10

Included within subsidiary investments is a 100% holding in the ordinary share capital of Rural Arts Trading Limited, a company incorporated in England & Wales (company number 08943670). At the year end, the aggregate capital and reserves of the company amounted to £10 and profit for the year amounted to £0. Turnover for the year amounted to £77,691 and expenditure for the year amounted to £77,691

Subsidiary investments are measured at cost less impairment on the basis that they represent shares in entities that are not publicly traded and the fair value cannot otherwise be measured reliably.

17 Debtors	2017	2016
	£	£
Trade debtors	1,590	21,525
Amounts owed by group undertakings	14,523	3,018
Other debtors and prepayments	1,898	436
	<u>18,011</u>	<u>24,979</u>
	<u><u>18,011</u></u>	<u><u>24,979</u></u>
18 Creditors: amounts falling due within one year		
	2017	2016
	£	£
Bank loans and overdrafts	6,488	6,177
Trade creditors	16,706	13,383
Other tax and social security	3,153	2,202
Accruals	1,121	39,576
Other creditors	1,583	-
	<u>29,051</u>	<u>61,338</u>
	<u><u>29,051</u></u>	<u><u>61,338</u></u>
19 Creditors: amounts falling due after more than one year		
	2017	2016
	£	£
Bank loans and overdrafts	214,633	220,611
	<u>214,633</u>	<u>220,611</u>
	<u><u>214,633</u></u>	<u><u>220,611</u></u>
<p>Bank loans totalling £221,121 are secured by a first charge on the freehold land and buildings.</p> <p>Bank loan terms of repayment are 23 years and 25 years and interest is payable at 7.675% and 3.9% on the principal amounts.</p> <p>Bank loans include aggregate amounts of £76,251 and £110,788 (2016: £80,015 and £115,140) which fall due after five years and which are payable by installments.</p>		
20 Leases		
Operating leases - lessee:		
Total future minimum lease payments under non-cancellable operating leases are as follows:		
	2017	2016
	£	£
Not more than one year	846	1,016
Later than one year and not more than five years	2,115	3,048
	<u>4,064</u>	<u>4,064</u>
	<u><u>4,064</u></u>	<u><u>4,064</u></u>

21 Fund reconciliation

	Balance at 1 Apr 2016 £	Net movement in funds £	Balance at 31 Mar 2017 £
Unrestricted funds			
General fund	392,651	3,757	396,408
	<u>392,651</u>	<u>3,757</u>	<u>396,408</u>
Restricted funds			
Arts Council revenue fund	-	-	-
Other restricted projects	22 -	43,599	43,599
	<u>-</u>	<u>43,599</u>	<u>43,599</u>
Total funds	<u>392,651</u>	<u>47,356</u>	<u>440,007</u>

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

	Income £	Expenditure £	Transfers £	Movement in funds £
Unrestricted funds				
General fund	66,666	(62,909)	-	3,757
	<u>66,666</u>	<u>(62,909)</u>	<u>-</u>	<u>3,757</u>
Restricted funds				
Arts Council revenue fund	127,983	(127,983)	-	-
Other restricted projects	185,776	(142,177)	-	43,599
	<u>313,759</u>	<u>(270,160)</u>	<u>-</u>	<u>43,599</u>
Total funds	<u>380,425</u>	<u>(333,069)</u>	<u>-</u>	<u>47,356</u>

The Arts Council revenue fund is for Create Tour to enable young people to work with professional companies to produce and film work for touring.
Other restricted projects include Thirsk Volunteering, Community Learning, Stitched Together, Resident's Voices, Innovation, Action Towards Inclusion and CCG working with people with dementia.

22 Restricted Funds as at 31 March 2017

Project Title	Grant Provider	Balance as at 31 March 2017 £
Create Tour	Esmee Fariburn	8,333
Stitched Together	Army Welfare Service NYCC	11,432
Community Learning	NYCC	3,240
Resident's Voice	NYCC	12,906
Innovation	Your Consortium	6,477
Action Towards Inclusion	Your Consortium	1,211
		43,599
		43,599

23 Transfers between funds

There were no transfers between funds in the year.

24 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total £
Fixed assets	603,802	-	603,802
Cash and current investments	13,759	48,119	61,878
Other current assets /liabilities	(6,520)	(4,520)	(11,040)
Creditor more than one year	(214,633)	-	(214,633)
Total	396,408	43,599	440,007

25 Related party transactions

Guy Baragwanath is the Chair of Rural Arts and also the Chair of Thirsk and District Business Association who rent rooms from Rural Arts Trading Ltd. The value of this for 2016/17 was £210.00 (2015/16 £262.50).

Andrew Dalton is Treasurer of Rural Arts and also provided paid creative delivery for Rural Arts. The value of these services for 2016/17 was £1,226.65 (2015/16 was £3,154.78).

Sue Dalton is married to Andrew Dalton and provides freelance Project Management services for Rural Arts.

The value of all related party transactions were at arms length and market rates.