

Registered number: 05242988
Charity number: 1108613

ARCOLA THEATRE PRODUCTION COMPANY LIMITED
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

ARCOLA THEATRE PRODUCTION COMPANY LIMITED
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2017**

Trustees

Mehmet Ergen, Chair
Jack Shepherd, Trustee
Lynne McKenzie, Trustee
Gabriel Gbadamosi, Trustee
Abdulla Terclani, Trustee

Company registered number

05242988

Charity registered number

1108613

Registered office

24 Ashwin Street, London, E8 3DL

Company secretary and executive producer

Leyla Nazli

Chief executive officer

Ben Todd

ARCOLA THEATRE PRODUCTION COMPANY LIMITED
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2017

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Arcola Theatre Production Company (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, the 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

a. Policies and objectives

Charitable objectives

The objects for which the Company is formed are to promote, maintain, improve and advance the education and appreciation of the public in the Arts and Sciences. In pursuing these objects, the trustees have considered the Charity Commission's guidance on public benefit, including that related to fee charging.

Vision

Arcola Theatre's vision is of a genuinely radical theatre constantly reinventing itself to respond to, interpret and have relevance to an ever changing contemporary Britain.

b. Strategies for achieving objectives

Mission

Arcola Theatre's mission is to imagine and build a theatre that flourishes within a cultural and scientific centre for its diverse local community. One that builds new audiences, generates its own powerful productions, and creates a home for the very best of UK and international theatre companies to visit; whilst simultaneously developing, demonstrating and deploying technologies for a sustainable future.

c. Activities for achieving objectives

In putting the above mission into action we have four major areas of activity (discussed in more detail below), which are professional theatre, talent development, promotion of environmental sustainability and venue operations.

d. Main activities undertaken to further the charity's purposes for the public benefit

The main activities of undertaken can be described in more detail as follows:

Off West End Professional Theatre

This activity includes the producing and receiving of theatre shows in our 185 and 100 seat studios, with a strong focus on socially and politically relevant works and diversity of voices.

Talent Development

This is an extensive programme that includes working with specific groups such as young people, older people, Turkish speaking, BAME and LGBTQ* communities, as well as the development of specific skills areas such as new writing, facilitator training and general skills development.

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FOR THE YEAR ENDED 31 MARCH 2017

Environmental Sustainability

Previously an area of extensive work, it is now one of maintaining the highest standards and disseminating best practice.

Venue Operation

An activity that aims to provide a cultural and scientific centre for the local community as well as rehearsal and performance spaces for a wide variety of professional and community uses.

Achievements and performance

a. Key financial performance indicators

Having started the year with general fund reserves at 99% of the target level of £150k, the general fund has increased very slightly to £152,531.

Income for the year was £1,336,681 (up from £1,123,900 the previous year). This included £838,753 from charitable activities (up from £690,864) and £116,936 of donations (up from £12,335). Thus 63% of revenue income was earned from charitable activities (same % as previous year) and our Arts Council England NPO grant of £301,738 represented 23% of income (down from 27% the previous year), reflecting our focus on reducing reliance on grants and trusts.

Expenditure for the year was £1,495,881 including £121,854 of depreciation funded by the capital fund and £40,000 of non-recurring spending on diverse programming and refurbishment of premises covered by the release of funds previously designated. Direct spending on professional theatre amounted £500,078, with a further £453,050 spent on staff to enable the entire professional programme. Direct spending on Talent Development amounted to £49,497 with a further £51,173 spent on staff.

b. Review of activities

Artistic Programme

Arcola Theatre attracted over 10,000 more audience members in 2016-2017 than in the previous year, with a bold and wide-ranging artistic programme.

Arcola produced acclaimed new plays from major writers and directors. Mike Poulton's KENNY MORGAN – a reimagining of Terence Rattigan's The Deep Blue Sea – played two five-week runs in a 'rich, gripping, resonant production' (The Times) directed by Lucy Bailey. In their 5-star review, WhatsOnStage called it 'a major contender for the accolade of best new play of the year. Unmissable.' The show received 4-star reviews from the Evening Standard, Financial Times, The Times and The Stage. Sergio Blanco's multiple-reality drama THEBES LAND received its UK premiere in a co-production with CASA Latin American Theatre Festival. Daniel Goldman's new version won the Off West End Award for Best Production, along with 4-star reviews from The Guardian, Evening Standard, WhatsOnStage and The Stage. With HighTide, Arcola produced the world premiere of Anders Lustgarten's THE SUGAR-COATED BULLETS OF THE BOURGEOISIE, directed by Steven Atkinson. Michael Billington praised a 'fiercely lucid production' of 'a big, ambitious and thought-provoking play' in his 4-star review for The Guardian. Arcola also produced the world premieres of THIS TUESDAY by Ron Hutchinson and Christina Lamb, directed by Nicolas Kent; and THE KID by David Greig, directed by Artistic Director Mehmet Ergen. Presented in a double bill as DRONES, BABY, DRONES, the plays were described as 'intelligent and gripping' (The Guardian), 'richly drawn' (The Stage) and 'vigorously performed' (Evening Standard).

The world premiere of Oladipo Agboluaje's NEW NIGERIANS, directed by Rosamunde Hutt, comprised one third of Arcola's major REVOLUTION season, marking the centenary of the Russian Revolution. 57% of bookers for this 'deft political satire' (4 stars, The Stage), set in 21st century Nigeria, were first-time visitors to

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Arcola. Completing the season, Arcola staged large-scale productions of two nineteenth-century Russian classics: Chekhov's *THE CHERRY ORCHARD*, directed by Mehmet Ergen, and Gorky's rarely-performed *THE LOWER DEPTHS*, directed by Helena Kaut-Howson. Michael Billington called *THE LOWER DEPTHS* 'essential viewing'; the Financial Times 'top notch', noting 'Kaut-Howson gets maximum impact out of her cast of 18, a size of company almost unheard-of these days'. The Times hailed *THE CHERRY ORCHARD*'s 'stellar cast', which included Jude Akuwudike and Sian Thomas (Offie nominated for Best Female Performance).

Arcola provided a platform for emerging playwrights and premiered diverse new writing. Hannah Khalil's *SCENES FROM 68* YEARS* depicted life in Palestine from 1948 to the present, in 'an exceptional production... wickedly funny and heartbreaking' (5 stars, *The Stage*). It was nominated for three Off West End awards and has been shortlisted for the James Tait Black Prize for Drama. May Sumbwanyambe's *AFTER INDEPENDENCE*, a play about land ownership in Zimbabwe, was described as 'a debut of astonishing maturity' in *The Times*' 4-star review. It went on to be broadcast on BBC Radio 4. Hassan Abdulrazzak's *LOVE, BOMBS & APPLES* – 'a quartet of monologues with a profound ability to find humour in the most over-trodden tragedies' (4 stars, *The Stage*) – received a full production after development through Arcola's PlayWROUGHT programme. Christine Bacon's *THE ISLAND NATION* shone a spotlight on the Sri Lankan civil war, and was nominated for Best New Play at the Off West End awards. Tess Berry-Hart's *CARGO* – 'a play for our times' (5 stars, *Broadway World*) – illuminated the plight of refugees in crisis. Finally, Samantha Ellis' romcom reversal *HOW TO DATE A FEMINIST* played two four-week runs, and was described by the *Evening Standard* as 'witty, slyly provocative and quite simply downright lovely' (4 stars).

Arcola staged bold new productions of classic works. John Terry's staging of *THE KREUTZER SONATA*, which transferred from The Theatre Chipping Norton, received 4-star reviews from *The Times*, *Guardian*, *Observer*, *Independent* and *Daily Telegraph*, and 5 stars from *WhatsOnStage*. Michael Billington said 'Tolstoy's tale of murder is electrified by Greg Hicks'. *RICHARD II*, a co-production with Dippermouth and Arts Theatre West End, premiered in the House of Commons, and was one of *The Stage*'s 'shows that defined 2016 theatre'. *The Telegraph* called it 'clear, pacy and rich in sharply delineated performances' (4 stars). Belarus Free Theatre's *TOMORROW I WAS ALWAYS A LION*, adapted from the memoir by Arnhild Lauveng, was an 'absorbing, wryly humorous and curiously beautiful' (4 stars, *The Times*) investigation of schizophrenia. Every performance was followed by a discussion/facilitation in partnership with Antiuniversity Now. Ng Choon Ping's adaptation of *TAMBURLAINE* was 'a sharp new take on Christopher Marlowe's classic from Yellow Earth Theatre' (4 stars, *Time Out*). *BLISS / MUTLULUK* – adapted by Simon Reade from the novel by Zülfü Livaneli – appeared in an international co-production with Talimhane Tiyatrosu (Turkey), Theater Hagen and Theater Dortmund (Germany), directed by Artistic Director Mehmet Ergen.

The GRIMEBORN OPERA FESTIVAL returned for its tenth anniversary year, and was described by *Time Out* as a 'must see'. Arcola's flagship production of *TOSCA*, directed by Julia Burbach, was nominated for Best Opera Production at the Off West End awards. Other fresh takes on classics included an 'excellent' (Exeunt) new English version of *THE MARRIAGE OF FIGARO*; two lesser-known Mozart works, *BASTIEN AND BASTIENNE & THE IMPRESARIO* (5 stars, *RemoteGoat*); a double bill of Puccini's *GIANNI SCHICCHI* with Leoncavallo's *PAGLIACCI* ('about as accessible as the art form gets' – 4 stars, *Broadway World*), and Rimsky-Korsakov's *MOZART & SALERI* ('one of Grimeborn's more striking rediscoveries, and very well worth seeing' – *The Spectator*). Contemporary opera included Operaview and the Deco Ensemble's 'completely wonderful' (4 stars, *Planet Hugill*) staging of Piazzolla's *MARIA DE BUENOS AIRES*, and a rare performance by London Armenian Opera of Terterian's *FIRE RING*. Once again, Grimeborn showcased new opera works from established and emerging composers. Dame Gillian Whitehead's *IRIS DREAMING* received an 'impressive ... nimble staging' (*The Observer*); an 'excellent band' (*The Stage*) performed Louis Mander's *THE DOWAGER'S OYSTER*; Harvey Brough and Carole Hayman previewed *THE HIVE* in the first collaboration between Arcola and Tête à Tête; and Greg Harradine's *DRIFTING DRAGONS* received a 'brilliantly clever staging around Dalston Square' (4 stars, *Everything Theatre*). Arcola Creative Engagement's own public opera, *BLUEBEARD'S CASTLE*, opened the festival in Gillett Square, and featured large-scale puppets operated by community performers. Local young people worked with award-winning theatre-maker Danny Braverman to stage a new Labi Siffre musical, *SOMETHING INSIDE SO STRONG*.

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All year round, Arcola gave a platform to the next generation of theatre talent. National Youth Theatre's Playing Up company performed new plays RIPPLED and BESEIGED. Students from East 15 Drama School contributed to the REVOLUTION season with productions of FUTURISTS and HEART OF A DOG. And three young companies received transfers from the Edinburgh Festival Fringe for EMPTY BEDS, SWANSONG and CALLISTO: A QUEER EPIC.

Delivering on the Creative Case for Diversity

Arcola's diverse programming continued to be a celebrated feature of our artistic programme. 25% of productions had a specific focus on artists and stories from BAMER communities and highlights included The Sugar-Coated Bullets of the Bourgeoisie (with High Tide), which alongside Yellow Earth's Tamburlaine, provided significant opportunities for British East Asian actors. This commitment to diversity was also present in our new writing commissions with Oladipo Agboluaje's New Nigerians drawing a significant Nigerian audience, many of whom were first time theatre goers. Arcola also has two new commissions in development by BAMER writers. The theatre also continued to produce high quality LGBT+ themed work, with Mike Poulton's Kenny Morgan drawing critical acclaim, and returning for a second run, and Callisto: A Queer Epic, a one-week transfer from Edinburgh Fringe which will return for a full run in late 2017.

Gender equality continues to be a key priority for both commissioning, programming, casting and assembling creatives teams. Notable productions with a female writer, director or producers included: Scenes From 68* Years and Cargo (writer/producer), Kenny Morgan, New Nigerians, Lower Depths and Love Bombs and Apples (directors) and How To Date A Feminist (writer), among others. The Grimeborn Festival again featured over 75% of productions with a woman in a key creative role, including our headline production of Tosca (director/producer). Arcola's Executive Producer and Technical Manager also consulted more widely on how to improve gender diversity in other creative roles, specifically sound and lighting design, which have been traditionally under-represented. This has seen a significant increase in female creatives being contracted for these positions in 2017-18.

Increased and more efficient capture of Equality and Diversity data has also provided a more robust baseline to assess future progress against of Equality and Diversity Action Plan. This policy and action plan was also evaluated and redesigned, in line with new KPI systems brought in as part of our NPO 2018-22 preparation work.

2016-17 also saw positive progress towards increasing the range of provision for D/deaf and disabled audiences and increasing participation. Relaxed performances became a key feature of all Studio 1 productions from Autumn 2016, and the Creative Engagement Department began a new relationship hosting and supporting workshops and performance showcases for local company Drama For All (adults with learning disabilities). This is reflective of continued improvement in reach and wider diversity in Creative Engagement programmes.

Numbers of bursaries offered specifically to target underrepresented communities in our youth theatres continued to grow, along with other work to widen participation in community programmes (specifically for BAMER men, QPOC, and trans and non-binary participants).

Internationalism

Arcola's Grimeborn Festival continued to invite and present some of the leading UK and International opera makers. The 2016 Festival included work originating in Armenia, New Zealand, Germany and Greece. The Festival also welcomed Austrian director Pamela Schermann, as well as Greek director Natalie Katsou.

Arcola also presented work by two visiting companies exploring innovative links with international artists. Both Sandpits Arts production of Scenes from 68* Years, and Pursued By a Bear and Tiny Dynamite (USA)'s The Lamellar Project involved live links with an actor actors across the globe (Palestine and Philadelphia respectively).

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In March 2017, Arcola presented a new Turkish language (English surtitles) adaptation of Zülfü Livaneli's award winning BLISS / MUTLULUK. This was a co-production with Talimhane Tiyatrosu in Istanbul, which then also toured to three German cities following four sold-out performances at Arcola.

Arcola Creative Engagement continued to be active in international (specifically EU) development networks. In 2016-17 the department took part in Citizens Lab, new participatory European Network for local actors of change, which offers exchange and support within the network. The department also attended the annual MitOst Tandem Programme conference.

Talent Development & Creative Engagement (youth & community programme)

PlayWROUGHT continues to be an important talent development pathway. Hannah Khalil (Scenes from 68* Years) and Hassan Abdulrazzak (Love, Bombs and Apples) were programmed at Arcola. There was also a marked increase in graduates presenting at other London venues (Stephen Laughton's Screens at Theatre503, and Hannah Patterson's Giving at Hampstead Downstairs).

There was no PlayWROUGHT Festival this year, following a decision to move the programme to summer 2017. Applications launched in September with over 200 scripts submitted and read.

Arcola continued to successfully deliver **ArcolaLAB**. Over 29 BAMER led residencies took place ranging from 2-12 days. This totaled 26 weeks of free space, involving 199 participants, resulting in 15 industry sharings.

Notable lab occupiers including Yellow Earth, Kali Theatre and Shubbak Festival, as well as 15 emerging BAMER artists, new to Arcola. This included #HashtagLightie by Lynette Linton which had a one-week run as part of the Creative/Disruption 17 Festival, and will return for a full production in late 2017.

Arcola were also a founding member of the **STAMP Network** - supporting theatre artists and makers of performance, alongside venues ranging from The Old Vic to Camden People's Theatre. Arcola is a core member of the network admin and steering group.

Encouraging Attendance & Participation

Boosted by the addition of a new Creative Engagement Coordinator, 2016-17 saw significant growth in the work of the Creative Engagement Department. We continued to deliver our existing targeted community programme (working with for Turkish and Kurdish communities, Over 50's, the LGBTQI* community and the Men's Mental Health Theatre Group), as well as our five weekly youth theatre classes. This was complimented by new partnerships across the borough, the launch of Consenting Adults (skills development courses) and an extended school offer that culminated in the Arcola production of The Selfish Giant, attended by over 1,300 local primary students. This is in addition to a **record number of 11,716 participation opportunities** offered across the department's programme areas.

We also:

- Employed 41 freelance artists, facilitators and youth theatre practitioners;
- Became an Arts Award Centre, and started working towards 12 Bronze Arts Awards;
- Ran 57 adult skills development classes or workshop;
- Supported 50 young creatives through our enterprise programme YourFuture;
- Formed new partnerships with local organisations and services such as It's Like This, Laburnum Boat Club, London Gypsy and Travellers Unit, Hackney Pirates and Hackney Library Service;
- Performed at Tate Modern, V&A, Farmopolis, Wilderness Festival, Citadel Festival, Dalston Square and Gillett Square;
- Produced 11 new productions including new shows by our youth theatre's, community theatre companies, a new Grimeborn Youth Musical and professional productions The Selfish Giant and Honey Pot Holmes and the Peculiar Case of the Disappearing Wildflowers.

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2017

Arcola Youth Theatre and Young AYT

Arcola Youth Theatre (13-18 years) and Young AYT programme (9-12 years) continued to prove incredibly popular, with all groups oversubscribed. We made significant progress on increasing the diversity of our programmes with 12 full or part bursaries offered to support young people who might not otherwise be able to take part.

Three emerging writers were commissioned to write new short plays for Arcola Youth Theatre, collectively titled London Grimm, which were workshopped in collaboration with members and inspired by children's fairy tales, the dark moral stories we tell children to teach them life lessons. These were performed across three nights in late June 2016.

In December, AYT members explored performance and live art techniques, to shape their responses to the visiting production How To Date A Feminist. The resulting performance A Young People's Guide To Feminism was part gameshow, part installation and took over the whole theatre for one Sunday in December.

Young AYT groups presented two devised pieces in a show called A Forest, exploring their relationships with nature, and drawing from Arcola's Green ethos. These were workshopped across the term with a focus on the storytelling power of myths and legends.

Creative Disruption

For 2016-17 Arcola's Annual Festival of community theatre was rebranded as Creative/Disruption. The 2017 Festival ran from January 3rd - February 4th 2017, bringing new productions from our community companies, and two new collaborations with emerging artists; #HashtagLightie, developed in ArcolaLAB (and written by Arcola Academy graduate Lynette Linton) and Not My Boy, by exciting emerging theatre company KittenSh*t.

8 main productions were presented, and 4 special additional events, for a total of 33 individual performances. Attendance across the Festival topped 80%, with many productions selling out and receiving critically acclaim.

Arcola 50+

Arcola 50+ worked with acclaimed Coventry based performance artist and theatre maker Paul O'Donnell and Creative Engagement Manager Nick Connaughton to devise and perform Beautiful (Not the Carole King Musical). This tongue in cheek Jukebox Musical told the tragic story of a docker, waitress and their forbidden love for one another. It took a sideways look at the pomp and circumstances of modern jukebox musicals, and asks us to question if the art of imagination is being lost to machinery, illusion and extravagance. It returned to Studio 1 in April 2017 for a special one-off performance.

The group were also invited to perform at the Tate Modern during the Tate Late event on Friday 24th February. Their piece was based on playful interventions exploring domestic labour and inspired by the Tate's 'Women's Work' collection.

Arcola Ala-Turka

Ala-Turka returned under the direction of Aylin Bozok to present Cholera Street / A??r Roman. It was Adapted from Metin Ka??an's bestselling novel and subsequent film. They performed the piece in Turkish with English Surtitles, across four sold-out performances.

"Aylin Bozok directs Arcola Ala-Turka, one of the UK's leading Turkish-language performance collectives, in a story set in the old slums of Istanbul. It's adapted from Metin Ka??an's bestselling novel and movie, where a mechanic from a well-respected family lands himself in some serious trouble."

- The Times Preview, January 2017

On the 24th June 2016 the group also performed extracts of their February 2016 production of SAVA??IN ?OCUKLARI / Children Of War at the British Museum as part of Refugee Week events.

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Arcola Queer Collective

Arcola Queer Collective revived the sellout production of *The Little Prince* in May 2016 for one-week in Studio 1.

"Tuck yourself in for this exceptional take on the universal bedtime story. The Arcola Queer Collective's 'The Little Prince' is more charming and far-reaching than you could have imagined"

Four stars: Grumpy Gay Critic on *The Little Prince*

Arcola Queer Collective presented a mini-festival "Your're Here, You're Queer" as part of Creative/Disruption 17. The mini-festival was headlined by two main productions *The Drag* by Mae West and directed by award-winning director Peter Darney, and *The X*, a radical reimagining of Edouard Bourdet's *La Prisonnière*, directed by international burlesque and cabaret star Ruby Jones. Both plays caused a scandal when premiered on Broadway in the 1920's, prompting new laws against obscenity and the arrest of the entire company.

"Enlivened with song and dance and outrageous slapstick, 'The Drag' is a unique take on an historical portrait that is as silly as it is important. Viewed with the spirit of community with which it has been lovingly put together, this is a joyful piece with much to savour"

Four stars: Gay Times on *The Drag*

"Part burlesque, part Brecht, this is a stylised piece that often leans towards performance art and explores a complex and intimate web of friends and lovers grappling with desire, submission and unrequited love."

Four stars: LGBTQ+ Arts Review on *The X*

Men's Mental Health

Arcola Men's Mental Health Group worked with theatre maker Ross Crosby (Almeida and National Theatre) to devise a piece *UnderCover*. Drawn from real-life experiences, this powerful world premiere showed another side to men's mental health, and revealed its impact on individuals and communities. Working alongside a steering group of Mental Health professionals and service users, the Company welcomed women as performers and devisers for the first time, an acknowledgement of the impact that the stigma and challenges of Men's Mental Health have on their partners, families and friends.

Opening the 2017 Creative/Disruption Season, this production drew high praise, particularly from across the Mental Health sector, which led in part to the award of a Hackney Council Main Grant to develop the theatre's Mental Health work in 2017-18.

Grimeborn – Participation

Arcola's Grimeborn Festival came back for the tenth anniversary in July 2016, with Arcola Creative Engagement contributing two productions to the year's Festival. The Festival opened with a revival of the 2015 outdoor production of Bela Bartok's *Bluebeard's Castle*, originally seen in Queen Elizabeth Park as part of the Go East programme. 20 cast of community performers manipulated 7 foot giant puppets and formed a ghostly chorus to tell this dark tale of blood, tears and unruly husbands. Over 800 people attended the performance in Gillett Square, supported by Hackney Community Developments.

The department also supported the development of a brand new young people's musical, *Something Inside So Strong*, based on the music of acclaimed British songwriter Labi Siffre. With a book written by Brian Way award-winner Danny Braverman, and performed by a cast of 15 young people aged 16-25 years, this workshop production had three performances in Studio 1 as part of Grimeborn, with the final performance attended by Labi Siffre himself.

Performances and Projects across Hackney and England

Arcola continued to support **Hackney Carnival**, hosting all participant meetings and entertaining the crowds during Carnival at the Town Hall judging position. 2016 Carnival had the highest attendance yet, and spectators were treated to performances featuring the giant *Bluebeard* and *Judith* puppets from *Bluebeard's Castle*, as well as a special appearance by a giant *Emily* puppet that featured in Little Angel Theatre's production of *Emily*

TRUSTEES' REPORT (continued)
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Rising.

With funding from **Kew Garden's Grow Wild** programme, Arcola created a pop up community garden on the former Arcola Tent site. The challenge was to transform an underutilized space with British Wildflowers and to Educate and entertain our community, by getting them to think creatively. From the project Arcola also created two new productions, the first **HoneyPot Holmes** and the **Peculiar Case of the Disappearing Wildflowers**, centred on HoneyPot Holmes, world renowned bee detective who came to Hackney trying to find the disappearing wildflowers. This family production was performed at Arcola and new eco-venue Farmopolis, where Arcola also staged two popular workshop programmes for young people and emerging playwrights.

The second production, **The Secret Sex Life of Wildflowers**, was a cheeky adult cabaret that saw four lovelorn British Wildflowers and two sassy bumble bees in search of companionship. Proving that nature can in fact be sexy, it was a late-night hit at the **2016 Wilderness Festival**.

Arcola were also commissioned by Hackney Council's Arts and Culture team to programme and produce a summer series of **Children and Family Comedy for Dalston Square**. Across four weekends, over 200 children and families packed Dalston Square to see family-friendly sets from Jay Foreman, Lucy Pearman, Twig the Pixie, Tiernan Douieb and Ben Van der Velde.

Arcola continued their collaboration with **Citadel Festival** in Victoria Park, hosting the Kids Sports Space, including games with space hoppers, sack races, skipping races, pogo stick race, swingball and volleyball.

Finally, to celebrate the 400th anniversary of Shakespeare's death Arcola partnered with **Hackney Libraries** on October 27th and 29th 2016 to performed extracts from famous Shakespearian speeches in libraries across Hackney.

Schools and Formal Education

2016-17 saw Arcola produce a new in-house Christmas show **The Selfish Giant**, in a new version by Richard O'Brien, based on the short story by Oscar Wilde. Directed by new Creative Engagement Coordinator Bec Martin-Williams, the show was in response to a request from a local primary school federation led by Artsmark school Shacklewell Primary School, alongside non-Artsmark schools Grazebrook and Woodbury Downs. Playing for two weeks, over 1,300 local primary schools attended.

Alongside developing and presenting this new production, Creative Engagement also hosted Artmark school Kingsmead for the annual Primary School work week which saw year 4 students spend a morning at the theatre learning about jobs in the creative industries via hands on, practical workshops. This was supplemented by new relationships and workshops delivered with local college Bsix, Mossbourne Academy, London Gypsy and Travellers Unit and work with Hackney Pirates.

Immediate Theatre and NYT Playing UP

Arcola Creative Engagement continued their existing formal partnerships with Hackney-based Immediate Theatre and the National Youth Theatre's Playing Up programme, both of which were housed in the theatre in 2016-17. Immediate Theatre involve communities in making theatre that inspires wellbeing, breaks down barriers and engages people in the process of personal and social change. Their outreach work is respected across London and they celebrated their 20th anniversary in 2016.

Playing Up is part of National Youth Theatre's commitment to social inclusion. This free, nine-month drama training offers young people not in education, employment or training the chance to gain a qualification equivalent to two A levels. Arcola hosted weekly classes, sharings and the company's final productions from 30th June to 2nd July 2016. **Ripple** by Monsay Whitney was a dark comedy exploring the rippling effects of one man's suicide bid on the world around him and **Besieged** by Aisha Zia explored everyday warfare, survival and the tenacity of the human spirit.

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YourFuture

Arcola also partnered with Hackney Council's Ways Into Work team and design studio It's Like This to lead phase II of It's Like This - an employment accelerator for young 18-23 year olds looking to gain a foothold in the applied creative industries. Arcola hosted 3 multi-day skills and personal development packages up-skilling young people to build business contacts and experience via delivering live creative briefs for clients. 50 young people took part with 20 completing work projects and 20 moving into structured mentoring.

Consenting Adults – Skills Development Workshops and Masterclasses (18+)

2016-17 also saw Creative Engagement formally launch a new skills development strand, Consenting Adults. Seven courses were run providing introductory and intermediate training across: acting, directing, physical theatre, accents and dialects, viewpoints and Shakespearean text. Arcola also ran two weekends writers masterclasses, led by Tim Cowbury (Made in China) and Margaret Glover (Yale, Regent's University).

Audience Enrichment

In conjunction with the Belarus Free Theatre production of Tomorrow I Was Always A Lion, which ran 19th-29th of October, Arcola partnered with BFT and local alternative education festival Anti-University Now to pilot and co-deliver an innovative series of exploratory post-show discussion and facilitations. These events ranged from traditional post-show talks, to music, lectures and installations where audience members can respond to issues raised in the show such as; recovery from mental illness, social and cultural stigmas and schizophrenia. Each post-show facilitation was unique and run by a different facilitators and collaborators every night.

Green Arcola Programme

Arcola has had an Environmental Sustainability policy and Action Plan since 2008 and the ISO compliant environmental management system is used to set targets for actions and record progress towards Arcola's goal of becoming the world's first carbon neutral theatre.

In 2016-17 green theatre operations continued to be our 'business-as-usual'. This includes:

- Waste wood heating system
- Solar PV (electric) and solar thermal (hot water)
- DC microgrid supplying LED lighting
- Local sourcing for the bar

Innovation effort was focused in sister engineering company Arcola Energy, developing amongst other things a new zero emission double decker bus.

Financial review

a. Going concern

After making appropriate enquiries, the trustees have a reasonable expectation that the company 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. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

b. Reserves policy

The trustees believe the most appropriate level of free reserves required by the charity to sustain it in the event of the charity not receiving grants and other incoming resources is £150,000. This is approximately equivalent to three months of core operating costs. Note that this will not allow standard-scale productions to be staged and would require skeleton (cost-neutral) programming. At 31 March 2017, the charity had a general fund surplus of £152,531 representing 102% of the targeted level.

ARCOLA THEATRE PRODUCTION COMPANY LIMITED
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2017

The free reserves policy was reviewed post year end and the target will be increased in 2017-18 in light of growth in company turn-over and staffing levels.

c. Pricing policy

Tickets are priced to maximise revenues without losing access for all. This was achieved through competitive pricing, with a wide range of discounts for target and under-represented groups. Charges are applied for Creative Engagement programme participants with bursaries for those less able to pay.

d. Principal funding

Arcola Theatre is a National Portfolio Organisation of Arts Council England, providing circa 23% of income. There are no other significant funders, with the majority of the balance of funds being earned from charitable activities.

e. Material investments policy

The company has no financial investments. Under the Memorandum and Articles of Association, the charity has the power to invest in any way the trustees wish.

Structure, governance and management

a. Constitution

The company is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association on 27/09/2004..

The company is constituted under a Memorandum of Association dated 27/09/2004 and is a registered charity number 1108613.

There have been no changes in the objectives since the last annual report.

b. Method of appointment or election of Trustees

The management of the company 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

Upon declaration of their interest to be a trustee, a new trustee receives the company's governing documents, most recent Financial Report and Management Accounts. They meet with the Chair and Senior Management Team for briefing on the organisation and the responsibilities of trustees.

New trustees are provided with the company's governing documents, minutes of previous meetings and current business plans. They meet with the Chair and senior managers for briefing on the objectives, values, ethos, programme and day-to-day activities of the organisation. New trustees (and existing trustees) are provided with up-to-date information on the responsibilities of trustees and associated best practice, drawing on resources provided by Charity Commission and other professional organisations supporting charities.

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2017

d. Pay policy for senior staff

Senior staff pay is approved by Trustees. Rates of pay are benchmarked against and generally low compared to peer organisations.

e. Organisational structure and decision making

The board of trustees administers the charity. The board normally meets quarterly, addressing all aspects of the company operations including programming, development, quality & safety, finance and audit. An Executive Director is appointed by the trustees to manage the day-to-day operations of the charity. To facilitate effective operations, the Executive Director has delegated authority, within terms of delegation approved by the trustees, for operational matters including finance, employment and artistic performance related activity.

The Executive Director works with the Artistic Director and Executive Producer to lead the company. Company activities are structured in to departments, each having a Manager, working to a Business Plan which includes detailed plans for all business activities. These plans cascade organisational objectives and Key Performance Indicators through departments in to individual staff job descriptions. Plans are developed by the with input from all staff, trustees, artists, participants, volunteers and advisors. Business Plans and associated budgets are reviewed and approved by the board of trustees through regular meetings. Additional advice and oversight is provided via Arts Council England National Portfolio management systems.

f. Risk management

The Trustees have assessed the major risks to which the company is exposed, in particular those related to the operations and finances of the company, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

Plans for future periods

a. Future developments

The organisation is in a strong position, with premises secured for the next 20 years and a resilient Business Model which delivers our objectives and, if stressed, is capable of generating a financial surplus. In the near-term we will continue operating largely as described in this report, but with slightly higher staffing levels in order to mitigate the risk of staff burn-out. We will also continue streamlining and improving our quality assurance systems, under the monika MANA – Make Art not Admin. Fundamental to this work is development of bespoke IT systems which will subsequently be released to other organisations.

The key creative development in forthcoming periods will be the structuring and expansion of our work on diversity. Building on good foundations, Arcola is now looking to form a collaboration with other key partners across the UK sector to identify the barriers to entry and progression and the gaps of opportunity for Black and Minority Ethnic (BAME) artists, producers and directors. We hope to systematically address these issues by training, mentoring and supporting an exceptional cohort of artists to create a critical mass of high quality BAME-led productions. We believe in the Arts Council for England's Creative Case for Diversity and have the vision that this strategic intervention will grow, fund, deliver, sell and sustain high quality inclusive and accessible diverse theatre across the UK.

ARCOLA THEATRE PRODUCTION COMPANY LIMITED
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2017

A longer term development will be a further deepening of Arcola's involvement in Dalston – which is one of Hackney's growth areas. The area action plan says that cultural and third sector industries play a significant role in the area's identity. "The Council has a unique opportunity to embark on a journey to use Council owned sites / buildings around Ashwin Street and Dalston Lane to create Dalston Quarter (Quarter), a collaborative part refurbishment, part development project to strengthen the role and presence of these industries and businesses to create a centrepiece of cultural and creative urban regeneration." Arcola will seek to play an active part within all the various consultative and implementation phases, exploring different options that will help create an even more dynamic Cultural Quarter that will have a sustainable legacy for years to come.

Trustees' responsibilities statement

The Trustees (who are also directors of Arcola Theatre Production Company 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 in 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 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.

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 company'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 relevant audit information and to establish that the charitable company's auditors are aware of that information.

This report was approved by the Trustees, on 22 December 2017 and signed on their behalf by:



.....
Mehmet Ergen, Chair

ARCOLA THEATRE PRODUCTION COMPANY LIMITED
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARCOLA THEATRE PRODUCTION COMPANY LIMITED

We have audited the financial statements of Arcola Theatre Production Company Limited for the year ended 31 March 2017 set out on pages 16 to 35. 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the 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 charitable company 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.

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 company'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 its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

ARCOLA THEATRE PRODUCTION COMPANY LIMITED
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARCOLA THEATRE PRODUCTION COMPANY LIMITED

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustee's Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; 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 in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

MHA MacIntyre Hudson

John Coverdale BSc FCA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson

Statutory Auditor

New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ
22 December 2017

ARCOLA THEATRE PRODUCTION COMPANY LIMITED
(A Company Limited by Guarantee)

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	344,786	107,344	452,130	418,604
Charitable activities	3	838,753	-	838,753	690,864
Other income	4	45,798	-	45,798	14,432
Total income		1,229,337	107,344	1,336,681	1,123,900
Expenditure on:					
Charitable activities	5,8	1,266,683	229,198	1,495,881	1,138,128
Total expenditure	9	1,266,683	229,198	1,495,881	1,138,128
Net expenditure before other recognised gains and losses		(37,346)	(121,854)	(159,200)	(14,228)
Net movement in funds		(37,346)	(121,854)	(159,200)	(14,228)
Reconciliation of funds:					
Total funds brought forward		189,877	2,558,914	2,748,791	2,763,019
Total funds carried forward		152,531	2,437,060	2,589,591	2,748,791

The notes on pages 19 to 35 form part of these financial statements.

ARCOLA THEATRE PRODUCTION COMPANY LIMITED**(A Company Limited by Guarantee)****REGISTERED NUMBER: 05242988**

**BALANCE SHEET
AS AT 31 MARCH 2017**

	Note	£	2017 £	£	2016 £
Fixed assets					
Tangible assets	15		2,633,862		2,753,954
Current assets					
Debtors	16	169,467		80,869	
Cash at bank and in hand		21,579		137,882	
			<u>191,046</u>	<u>218,751</u>	
Creditors: amounts falling due within one year	17	(156,673)		(133,883)	
Net current assets			<u>34,373</u>		<u>84,868</u>
Total assets less current liabilities			<u>2,668,235</u>		<u>2,838,822</u>
Creditors: amounts falling due after more than one year	18		(78,644)		(90,031)
Net assets			<u>2,589,591</u>		<u>2,748,791</u>
Charity Funds					
Restricted funds	20		2,437,060		2,558,914
Unrestricted funds	20		152,531		189,877
Total funds			<u>2,589,591</u>		<u>2,748,791</u>

The financial statements were approved and authorised for issue by the Trustees on 22 December 2017 and signed on their behalf, by:


.....
Mehmet Ergen, Chair

The notes on pages 19 to 35 form part of these financial statements.

ARCOLA THEATRE PRODUCTION COMPANY LIMITED
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	22	<u>(91,847)</u>	<u>146,937</u>
Cash flows from investing activities:			
Purchase of property, plant and equipment		<u>(13,837)</u>	<u>(26,110)</u>
Net cash used in investing activities		<u>(13,837)</u>	<u>(26,110)</u>
Cash flows from financing activities:			
Repayments of borrowings		<u>(10,619)</u>	<u>(9,841)</u>
Net cash used in financing activities		<u>(10,619)</u>	<u>(9,841)</u>
Change in cash and cash equivalents in the year		(116,303)	110,986
Cash and cash equivalents brought forward		<u>137,882</u>	<u>26,896</u>
Cash and cash equivalents carried forward	23	<u><u>21,579</u></u>	<u><u>137,882</u></u>

The notes on pages 19 to 35 form part of these financial statements.

ARCOLA THEATRE PRODUCTION COMPANY LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

1. Accounting Policies

1.1 General information and basis of preparation

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.

Arcola Theatre Production Company Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

1.2 Company status

Arcola Theatre Production Company Limited is a charitable company limited by guarantee incorporated in England and Wales within the United Kingdom. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company. The registered office is 24 Ashwin Street, London, E8 3DL.

ARCOLA THEATRE PRODUCTION COMPANY LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

1. Accounting Policies (continued)

1.3 Income

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

For legacies, entitlement is taken as the earlier of the date on which either: the company is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the company has been notified of the executor's intention to make a distribution. Where legacies have been notified to the company, or the company is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Donated services or facilities are recognised when the company has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the company of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time of the Friends is not recognised and refer to the Trustees' Report for more information about their contribution.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the company which is the amount the company would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

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

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

ARCOLA THEATRE PRODUCTION COMPANY LIMITED
(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.

Overheads have been allocated on the basis of % of turnover

Support costs are those costs incurred directly in support of expenditure on the objects of the company and include project management carried out at Headquarters. Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

Charitable activities and Governance costs are costs incurred on the company's educational operations, including support costs and costs relating to the governance of the company apportioned to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

Assets are reviewed on an annual basis for indications of impairment. Where there is such indication of impairment of an asset, a full impairment review is undertaken. Where the carrying amount of the asset is in excess of the assessed recoverable amount an impairment loss is recognised. The recoverable amount is defined as the higher of the asset's fair value less costs to sell and the asset's value in use.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold property	-	4% to 20% on cost
Plant and machinery	-	20% to 50% on cost
Computer equipment	-	20% on cost

1.6 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the Bank.

ARCOLA THEATRE PRODUCTION COMPANY LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

1. Accounting Policies (continued)

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.

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 company 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 Financial instruments

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

1.11 Pensions

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

1.12 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 company 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 company 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.

ARCOLA THEATRE PRODUCTION COMPANY LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

1. Accounting Policies (continued)

1.13 Judgements and key sources of estimation uncertainty

No significant judgements have been made during the course of preparing these financial statements. There are no sources of estimation uncertainty.

2. Income from donations and legacies

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	37,436	79,500	116,936	12,335
Grants	307,350	27,844	335,194	387,664
Sponsorship	-	-	-	18,605
	<u>344,786</u>	<u>107,344</u>	<u>452,130</u>	<u>418,604</u>
<i>Total 2016</i>	<u>334,223</u>	<u>84,381</u>	<u>418,604</u>	

3. Income from charitable activities

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Professional Theatre	654,213	-	654,213	555,138
Talent Development	96,894	-	96,894	56,950
Environmental Sustainability	3,689	-	3,689	6,138
Venue Operation	83,957	-	83,957	72,638
	<u>838,753</u>	<u>-</u>	<u>838,753</u>	<u>690,864</u>
<i>Total 2016</i>	<u>690,864</u>	<u>-</u>	<u>690,864</u>	

ARCOLA THEATRE PRODUCTION COMPANY LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

4. Other incoming resources

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Miscellaneous incoming resources	45,798	-	45,798	14,432
<i>Total 2016</i>	14,432	-	14,432	

The miscellaneous incoming resource is a Theatre Tax credit claim for £45,798 (2016 - £14,432).

5. Analysis of expenditure on charitable activities

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Professional Theatre	1,106,643	198,742	1,305,385	1,009,825
Talent Development	101,619	18,271	119,890	93,235
Environmental Sustainability	3,178	-	3,178	3,942
Venue Operation	48,243	12,185	60,428	24,126
	1,259,683	229,198	1,488,881	1,131,128
<i>Total 2016</i>	943,498	187,630	1,131,128	

ARCOLA THEATRE PRODUCTION COMPANY LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

6. Direct costs

	Prof'l Theatre £	Talent Devel't £	Environ'l Sust'bility £	Venue Operation £	Total 2017 £	Total 2016 £
Professional Theatre	500,078	-	-	-	500,078	307,573
Talent Development	-	49,497	-	-	49,497	46,556
Environmental Sustainability	-	-	776	-	776	1,622
Casual & Seconded Staff	55,492	-	-	-	55,492	92,399
Wages and salaries	370,965	49,083	-	34,915	454,963	341,463
National insurance	15,069	2,090	-	1,487	18,646	19,411
Pension cost	11,524	-	-	-	11,524	1,360
	<u>953,128</u>	<u>100,670</u>	<u>776</u>	<u>36,402</u>	<u>1,090,976</u>	<u>810,384</u>
<i>At 31 March 2016</i>	<u>733,150</u>	<u>74,679</u>	<u>1,622</u>	<u>933</u>	<u>810,384</u>	

7. Support costs

	Prof'l Theatre £	Talent Devel't £	Environ'l Sust'bility £	Venue Operation £	Total 2017 £	Total 2016 £
Front of House	87,335	-	-	-	87,335	58,613
Comms & Marketing	6,528	-	-	-	6,528	26,606
Technical Services	63,790	-	-	-	63,790	3,594
Utilities	10,204	1,008	126	1,260	12,598	15,208
Insurance	3,983	393	49	492	4,917	4,382
Telecomms	6,173	610	76	762	7,621	9,097
Professional Fees	5,416	535	67	669	6,687	13,971
Bank Interest	3,891	384	48	480	4,803	5,571
Memberships	2,193	217	27	271	2,708	1,014
Office & Admin	14,559	1,438	180	1,797	17,974	6,677
Travel & Subsistence	11,878	1,173	147	1,467	14,665	5,119
Rent & Rates	27,823	2,748	343	3,435	34,349	37,092
Depreciation	108,484	10,714	1,339	13,393	133,930	133,800
	<u>352,257</u>	<u>19,220</u>	<u>2,402</u>	<u>24,026</u>	<u>397,905</u>	<u>320,744</u>
<i>At 31 March 2016</i>	<u>276,675</u>	<u>18,556</u>	<u>2,320</u>	<u>23,193</u>	<u>320,744</u>	

ARCOLA THEATRE PRODUCTION COMPANY LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

8. Governance costs

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Auditors' remuneration	7,000	-	7,000	7,000

9. Analysis of Expenditure by expenditure type

	Staff costs 2017 £	Depreciation 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Professional Theatre	397,558	108,484	799,343	1,305,385	1,009,825
Talent Development	51,173	10,714	58,003	119,890	93,235
Environmental Sustainability	-	1,339	1,839	3,178	3,942
Venue Operation	36,402	13,393	10,633	60,428	24,126
Charitable activities	485,133	133,930	869,818	1,488,881	1,131,128
Expenditure on governance	-	-	7,000	7,000	7,000
	485,133	133,930	876,818	1,495,881	1,138,128
<i>Total 2016</i>	362,234	133,800	642,094	1,138,128	

10. Analysis of expenditure by activities

	Activities undertaken directly 2017 £	Support costs 2017 £	Total 2017 £	Total 2016 £
Professional Theatre	953,128	352,257	1,305,385	1,009,825
Talent Development	100,670	19,220	119,890	93,235
Environmental Sustainability	776	2,402	3,178	3,942
Venue Operation	36,402	24,026	60,428	24,126
Total 2017	1,090,976	397,905	1,488,881	1,131,128
<i>Total 2016</i>	810,384	320,744	1,131,128	

ARCOLA THEATRE PRODUCTION COMPANY LIMITED
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11. Net expenditure

This is stated after charging:

	2017	2016
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	133,929	133,799
Auditors' remuneration	7,000	7,000
	<u> </u>	<u> </u>

During the year, no Trustees received any remuneration (2016 - £NIL).

During the year, no Trustees received any benefits in kind (2016 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2016 - £NIL).

12. Auditors' remuneration

The Auditor's remuneration amounts to an Audit fee of £7,000 (2016 - £7,000), and additional non-audit services of £6,687 (2016 - £8,969).

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NOTES TO THE FINANCIAL STATEMENTS
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13. Staff costs

Staff costs were as follows:

	2017	2016
	£	£
Wages and salaries	454,963	341,463
Social security costs	18,646	19,411
Other pension costs	11,524	1,360
	<u>485,133</u>	<u>362,234</u>

The average monthly number of employees was: 35 (2016: 23) and the average monthly number of employees during the year expressed as full time equivalents was as follows (including casual and part-time staff):

	2017	2016
	No.	No.
Full time staff	12	12
Equivalent full time staff from volunteer pool	23	11
	<u>35</u>	<u>23</u>

No employee received remuneration amounting to more than £60,000 in either year.

The total amount of employee benefits received by key management personnel is £80,000 (2016: £80,000). The Trust considers its key management personnel to be the trustees, the Chief Executive Officer and the Executive Producer.

14. Taxation

The Charity is exempt from tax on income and gains falling within sections 466 to 493 of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent these are applied to its charitable objects.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

15. Tangible fixed assets

	Leasehold Improv'ts £	Theatre Equipment £	Computer Equipment £	Total £
Cost				
At 1 April 2016	3,388,393	182,382	23,919	3,594,694
Additions	6,707	7,130	-	13,837
At 31 March 2017	3,395,100	189,512	23,919	3,608,531
Depreciation				
At 1 April 2016	637,418	179,403	23,919	840,740
Charge for the year	131,573	2,356	-	133,929
At 31 March 2017	768,991	181,759	23,919	974,669
Net book value				
At 31 March 2017	2,626,109	7,753	-	2,633,862
At 31 March 2016	2,750,975	2,979	-	2,753,954

The leasehold improvements are secured against a charge in favour of The Arts Council of England.

16. Debtors

	2017 £	2016 £
Trade debtors	36,852	27,195
Other debtors	127,829	53,674
Prepayments and accrued income	4,786	-
	169,467	80,869

17. Creditors: Amounts falling due within one year

	2017 £	2016 £
Bank loans and overdrafts	10,619	9,851
Trade creditors	32,234	59,718
Other taxation and social security	-	2,780
Other creditors	104,360	52,534
Accruals and deferred income	9,460	9,000
	156,673	133,883

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17. Creditors: Amounts falling due within one year (continued)

Deferred income comprises grants where the resources were not applied to charitable purposes until subsequent to the year end and studio hire paid in advance. Movements in deferred income can be analysed as follows:

	£
Deferred income	
Deferred income at 1 April 2016	2,000
Resources deferred during the year	2,460
Amounts released from previous years	(2,000)
	<u>2,460</u>
Deferred income at 31 March 2017	<u>2,460</u>

Security for the bank loan above has been provided as detailed in Note 25.

18. Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Bank loans	<u>78,644</u>	<u>90,031</u>

Included within the above are amounts falling due as follows:

	2017 £	2016 £
Between two and five years		
Bank loans	<u>39,405</u>	<u>39,405</u>
Over five years		
Bank loans	<u>39,239</u>	<u>50,626</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2017 £	2016 £
Repayable by instalments	<u>39,239</u>	<u>50,626</u>

The above bank loan relates to a Term Facility for £120,000 with interest chargeable at the Bank of England base rate plus 4.75% per annum. The loan is repayable in equal monthly instalments over ten years, with repayments comprising both capital and interest.

Security for the bank loan above has been provided as detailed in Note 25.

ARCOLA THEATRE PRODUCTION COMPANY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
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19. Financial instruments

	2017 £	2016 £
Financial assets measured at amortised cost	<u>104,446</u>	<u>49,966</u>
Financial liabilities measured at amortised cost	<u>225,857</u>	<u>212,134</u>

Financial assets measured at amortised cost comprise trade and other debtors.

Financial liabilities measured at amortised cost comprise trade, other creditors and a bank loan.

20. Statement of funds

Statement of funds - current year

	Balance at 1 April 2016 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2017 £
Designated funds					
Designated Capital Fund	20,000	-	-	(20,000)	-
Designated Diversity Fund	20,000	-	-	(20,000)	-
	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>(40,000)</u>	<u>-</u>
General funds					
General Fund	149,877	1,229,337	(1,266,683)	40,000	152,531
Total Unrestricted funds	<u>189,877</u>	<u>1,229,337</u>	<u>(1,266,683)</u>	<u>-</u>	<u>152,531</u>

The Designated Capital Fund is designated for building improvement works which are envisaged to be implemented during the next financial year.

The Designated Diversity Fund is for Arcola match-funding to support delivery of a step change in our work in Diversity. It is hoped that this will include a major Arts Council-funded programme addressing racial diversity, as well as a programme of smaller activities addressing disability.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

20. Statement of funds (continued)

Restricted funds

Capital Fund	2,558,914	-	(121,854)	-	2,437,060
Creative Engagement	-	8,523	(8,523)	-	-
Artistic Programming	-	98,821	(98,821)	-	-
	<u>2,558,914</u>	<u>107,344</u>	<u>(229,198)</u>	<u>-</u>	<u>2,437,060</u>
Total of funds	<u>2,748,791</u>	<u>1,336,681</u>	<u>(1,495,881)</u>	<u>-</u>	<u>2,589,591</u>

Statement of funds - prior year

	Balance at 1 April 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2016 £
Designated funds						
Designated Capital Fund	40,000	-	-	-	(20,000)	20,000
Designated Diversity Fund	-	-	-	-	20,000	20,000
	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
General funds						
General Fund	60,856	1,039,519	(950,498)	-	-	149,877
	<u>60,856</u>	<u>1,039,519</u>	<u>(950,498)</u>	<u>-</u>	<u>-</u>	<u>149,877</u>
Total Unrestricted funds	<u>100,856</u>	<u>1,039,519</u>	<u>(950,498)</u>	<u>-</u>	<u>-</u>	<u>189,877</u>
Restricted funds						
Capital Fund	2,662,163	18,605	(121,854)	-	-	2,558,914
Creative Engagement	-	30,087	(30,087)	-	-	-
Artistic Programming	-	33,689	(33,689)	-	-	-
Green Arcola	-	2,000	(2,000)	-	-	-
	<u>2,662,163</u>	<u>84,381</u>	<u>(187,630)</u>	<u>-</u>	<u>-</u>	<u>2,558,914</u>
Total of funds	<u>2,763,019</u>	<u>1,123,900</u>	<u>(1,138,128)</u>	<u>-</u>	<u>-</u>	<u>2,748,791</u>

The Capital Fund relates to fixed assets funded from restricted income. Depreciation is offset against the funds as the asset is consumed by the charitable objectives.

The Project Funds (Creative Engagement, Artistic Programming and Green Arcola funds) relate to specific activity where the use of funds has been stipulated by the donor.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

Summary of funds - current year

	Balance at 1 April 2016 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2017 £
Designated funds	40,000	-	-	(40,000)	-
General funds	149,877	1,229,337	(1,266,683)	40,000	152,531
	189,877	1,229,337	(1,266,683)	-	152,531
Restricted funds	2,558,914	107,344	(229,198)	-	2,437,060
	2,748,791	1,336,681	(1,495,881)	-	2,589,591

Summary of funds - prior year

	Balance at 1 April 2015 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2016 £
Designated funds	40,000	-	-	-	40,000
General funds	60,856	1,039,519	(950,498)	-	149,877
	100,856	1,039,519	(950,498)	-	189,877
Restricted funds	2,662,163	84,381	(187,630)	-	2,558,914
	2,763,019	1,123,900	(1,138,128)	-	2,748,791

21. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
Tangible fixed assets	196,802	2,437,060	2,633,862
Current assets	191,046	-	191,046
Creditors due within one year	(156,673)	-	(156,673)
Creditors due in more than one year	(78,644)	-	(78,644)
	152,531	2,437,060	2,589,591

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FOR THE YEAR ENDED 31 MARCH 2017

21. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £
Tangible fixed assets	195,040	2,558,914	2,753,954
Current assets	218,751	-	218,751
Creditors due within one year	(133,883)	-	(133,883)
Creditors due in more than one year	(90,031)	-	(90,031)
	<u>189,877</u>	<u>2,558,914</u>	<u>2,748,791</u>

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

	2017 £	2016 £
Net expenditure for the year (as per Statement of Financial Activities)	(159,200)	(14,228)
Adjustment for:		
Depreciation charges	133,929	133,800
(Increase)/decrease in debtors	(88,598)	148,464
Increase/(decrease) in creditors	22,022	(121,099)
Net cash (used in)/provided by operating activities	<u>(91,847)</u>	<u>146,937</u>

23. Analysis of cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	21,579	137,882
Total	<u>21,579</u>	<u>137,882</u>

24. Pension commitments

The Charity operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Charity in an independently administered fund. The pension cost charge represents contributions payable by the Charity to the fund and amounted to £11,524 (2016 - £1,360).

The defined contribution liability is entirely allocated to the General Fund and is divided between each charitable activity on the basis that staff engaged in each of those activities were accruing benefits under the scheme.

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25. Related party transactions

Mr M Ergen, an elected trustee and chairperson, is also director and shareholder of the company Arcola Theatre Limited. As such, Arcola Theatre Limited is considered to be a party related to the Charity.

At the balance sheet date, included within other creditors, is an amount of £16,163 (2016: £16,012 included within other debtors due from Arcola Theatre Limited) owed to Arcola Theatre Limited. During the year the Charity was recharged £65,400 (2016: £65,556) of costs incurred by Arcola Theatre Limited and recharged costs of £30,000 (2016: £nil) to Arcola Theatre Limited. During the year Arcola Theatre Limited received income of £6,295 (2016: £18,846) and met costs totalling £238 (2016: £4,583) on behalf of the Charity. Net cash transfers of £841 (2016: £49,007) were received by the Charity.

Arcola Theatre Limited also provided security to the Charity in relation to its bank loan (Notes 17 and 18).

Arcola Energy Limited is under the joint control of Dr B Todd and Ms L Nazli, both members of key management personnel of Arcola Theatre Production Company Limited.

At the balance sheet date, included within other creditors, is an amount of £57,729 (2016: £2,125 included within other debtors due from Arcola Energy Limited) due to Arcola Energy Limited. During the year the Charity was recharged £102,049 (2016: £77,122) of costs incurred by Arcola Theatre Limited and recharged costs of £12,000 (2016: £1,475) to Arcola Energy Limited. During the year Arcola Energy Limited received income of £nil (2016: £3,600) and met costs totalling £6,180 (2016: £3,430) on behalf of the Charity. Net cash transfers of £38,500 (2016: £82,896) were made by the Charity) were made by Arcola Energy Limited.

During the year the Charity was recharged £102,049 (2016: £77,122) of costs incurred by Arcola Energy Limited, including £100,138 of payroll staff costs administered by Arcola Energy on behalf of the Charity.

Ecubes Arcola Limited is a wholly owned subsidiary of Arcola Energy Limited.

At the balance sheet date, included within other debtors is an amount of £75,000 (2016: £nil) due from Ecubes Arcola Limited; this represents a donation granted in the period towards the Revolution Season which was paid to the Charity after the year end.