

PEGASUS THEATRE TRUST  
FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 MARCH 2017

## Report of the Trustees

The Trustees present their report and the audited financial statements of the charity for the year ended 31st March 2017. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity.

The directors of the charitable company are its trustees for the purposes of charity law. The trustees who have served during the year and since the year end were as follows:

R M Hall (Chair)	(retired 19 October 2016)
D M Battigelli	
J Boulton	
S A Clark	(retired 19 October 2016)
R M Clune	(resigned 7 June 2017)
K Curtis	(appointed 8 March 2017)
G L Geary	(appointed 7 June 2017)
W R Jestico	
L H O'Rorke	
A Robertson	(resigned 19 October 2016)
C Sayers	(appointed 14 December 2016)
G Upton (Chair)	(appointed 1 September 2016)
A Vickers	
A White	(resigned 19 October 2016)

## Reference and Administrative Details

Chief Executive Officer	J Lloyd	(resigned 31 August 2016)
Joint Chief Executive Officer(s)	CM Micallef	(appointed 1 September 2016)
	K Whiting	(appointed 1 September 2016)
		(resigned 4 July 2017)
	AH Cole	(appointed 7 August 2017)

Secretary	K Whiting	(resigned 4 July 2017)
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Company Number	3038190
Charity Number	1055305

Registered Office & Business address	Pegasus Theatre Trust Magdalen Road Oxford OX4 1RE
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Principal bankers	Co-operative Bank plc P O Box 250 Skelmersdale WN8 6WT
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Auditors	Burton Sweet Chartered Accountants The Clock Tower, Farleigh Court Old Weston Road Flax Bourton Bristol BS48 IUR
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## Report of the Trustees (continued)

### Objectives and activities

The objects of the company, as stated in its Memorandum of Association, are to advance the education of the public in the practice and appreciation of the arts, in particular, but not exclusively, for the benefit of children and young people.

### Mission

Pegasus sparks creativity and imagination in young people from all backgrounds, empowering them and giving them a voice. We do this through an exemplary programme of creative learning, participation and training, at the heart of a professional theatre producing and presenting inspirational drama, dance and music.

The principal activities of the company in the year under review were as follows:

- The provision of theatre and arts activities for young people
- The provision of theatre resources, support and mentoring for emerging professional artists and companies
- The provision of theatre and arts opportunities for the wider local community

### Public Benefit Statement

The Trustees consider that, having paid due regard to the public benefit guidance published by the Charity Commission, they have complied with the duty placed upon them in section 17(5) of the Charities Act 2011.

### Achievements and performance

This year we have adapted to the financial challenges we face and have sought to secure the continuation of Pegasus' celebrated legacy of excellence with young people, with a revitalised focus on the work with, by and for young voices.

Although we have reduced in quantity the number of sessions within our participation programme (2015-16 1,091; 2016-17 308) this reduction has predominantly been in one-off workshop provision in schools. Our weekly courses continued to provide long-term engagement for 250 young people. 570 individual young people took part in 37 different participatory arts projects delivered at Pegasus in 2016-17. Our ability to engage a diverse range of young people in these experiences was evidenced this year when we began projects in Highfield Mental Health Unit, for young people with extreme mental health issues, and Meadowbrook Pupil Referral Unit, for excluded young people, as well as a new relationship with the independent Magdalen College School.

We committed a significant percentage of our resources to ensuring that the most disadvantaged young people who are facing turbulent lives and complex situations have opportunities to engage in the arts. This included our newly established refugee project, Remix, delivered in partnership with PAN Intercultural Arts; Catalyst for over 18s with learning and physical disabilities; Moving Forward for those at risk of exclusion from school; and Looking Forward for vulnerable young women. In 2016-17 we provided 50 bursaries, supported eight young people to have an enabler with them during activities and had regular relationships with 41 supported young people from 44 referring partners including: Red Cross, Refugee Resource, Social Services, Children's Society, Spurgeons and Barnardos.

A vital part of Pegasus' far-reaching impact has been the support of artists and companies at early stages of their development and careers and we have continued to nurture companies and artists to make new work and further their practice, in particular, local and regional artists and companies with a desire to create work for new, young audiences. Four supported artists had studio space for R&D this year: Dumbshow (Jun 2016), Body Politic (Nov 2016), Gonzo Moose (Jan 2017) and Paper Balloon (Mar 2017).

During 2016-17 we toured our production *Under My Skin* to 30 secondary schools in Oxfordshire, enabling nearly 6,000 Year 8 and 9 students to experience this new play about self harm. Commissioned and funded by

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## Report of the Trustees (continued)

Oxfordshire County Council's Public Health Team, we were delighted that this play could be offered to all schools without cost, enabling maximum take-up.

Our commitment to ensuring that diverse work that resonates with our wider community is seen often on our stages continued and we welcomed four visiting shows from companies or artists from a BAME background; *Drishti Dance*, *Chaturang*, *Mandala Theatre Company*, *Confucius Institute*.

## Financial review

The 2016/17 year has been challenging and has seen substantial changes to staffing and operating levels. Arts Council England, South East granted intervention funding which supported a comprehensive review of the business model and restructure of the organisation.

The (£29,824) deficit for the year is reported after charging £170,506 depreciation to the building fund which is a non-cash movement. This is a substantial improvement on the prior year reported deficit (2016 (£272,051)). Intervention funding and a transfer from free reserves has restored the strategic reserve to £187,921. Core staffing costs have been reduced by 20% in the year and staffing through the restructure will settle at a 51% reduction against 2016 levels. Income generated through fundraising (excluding intervention funding) increased 1% against 2016 levels.

In July 2017 we received confirmation of our Arts Council NPO status for the next four years but we remain mindful of the impact for 2018-19 of the loss of core funding from Oxfordshire County Council.

## Reserves Policy

Pegasus Theatre Trust holds reserves in order to provide business stability and to invest in the charitable and artistic activities.

Total current funds are £3,349,599 of which £3,098,716 is the designated Building fund and represents the residual value of grants from Arts Council England, South East, The Big Lottery Fund and other donations which contributed to the capital project (2010). The fund is reduced annually by the charge for depreciation of the building.

The designated strategic fund total at March 2017 is £187,921. This is equivalent to 12 weeks of current gross expenditure which the trustees consider sufficient to meet contractual liabilities should the organisation have to close or cease trading for any period of time. This includes redundancy pay, amounts due to creditors and commitments under leases.

The designated asset replacement fund was released to general reserves in 2016 and currently stands at £nil. It is the trustees' intention to re-build this reserve to the previous level over the next three years.

The current level of free reserves is £57,909 and the trustees believe that this is sufficient to maintain working capital for the foreseeable future.

## Investment powers and policy

Under the memorandum and articles of association, the trustees of the charity have the power to invest as they see fit in the furtherance of the charity's objectives. The trustees' investment policy is to obtain as high an income as possible with low risk. Such funds should be easily accessible given the requirement to hold liquid funds to meet cash flow demands and unexpected liabilities. The funds are therefore invested with Barclays and Clydesdale Banks. The investments provided a return of 1% in the year ended 31st March 2017.

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## Report of the Trustees (continued)

### Going concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

### Future plans

Throughout 2017-18 we will focus on consolidating and embedding the new business model and developing the ways in which we work with young people through our youth board, spark artists, young companies, and wider participation and artistic programme.

We will tour our award-nominated play 'Under My Skin' to 28 schools across Oxfordshire. Commissioned by the county's public health team it will address the increasing rates of self harm amongst teenagers and reach up to 6,000 young people. This will be the third successful year of touring. The play will also be performed in London at Theatre 503's Unbroken Festival about mental health and wellbeing.

Our flagship Young Company will create a new play 'Seven For A Secret', inspired by Philip Pullman's 'Lyra's Oxford'. The production will be made by young writers, designers and actors aged 16-25, exploring the real and imagined stories of their city and take place in an abandoned school.

We will be commissioned to create a brand new performance, 'Flights of Fancy', by Oxford University's AHRC-funded project 'Creative Multilingualism'. This will shine a light on academic research about the relationship between biodiversity and linguistic diversity, by exploring language and myth through the story of one special bird – the barn swallow. The performance will happen at the Pitt Rivers Museum.

### Structure, governance and management

Pegasus Theatre Trust is a company limited by guarantee governed by its memorandum and articles of association dated 27 March 1995. It is registered as a charity with the Charity Commission. The liability of members in the event of a winding up is limited by guarantee to an amount not exceeding £1 per member. At the balance sheet date there were 9 members.

In October 2014 the company formed a subsidiary, Pegasus Theatre Productions Ltd, in order to manage Theatre Tax claims in accordance with recent legislation, as recommended by HMRC.

### Appointment of Trustees

Pegasus Theatre Trust as a registered charity is governed by a board of trustees who are also directors of the company. Details of the trustees and directors are given on page 1. Each trustee is expected to remain in office for five years and may be re-elected for one further three-year term, but may not be re-elected for a further term in office unless exceptional circumstances apply. Recruitment takes place as required and is also informed by a regular skills audit to ensure the changing needs of the organisation can be supported.

All trustees have a discussion with the chair, other members of the board and joint chief executive officers prior to appointment which provides a summary of the trust's development to date and its current position. The new trustees have an opportunity to discuss the issues that arise and ask any questions. New trustees also receive a written role description, details of principle responsibilities and duties, recent minutes, some historical information and the current business plan, as well as the memorandum and articles of association and most recent accounts. All trustees receive an induction, which includes meeting the wider staff team, visits to a variety of Pegasus activities, in-house mentoring and training where necessary. Any trustee who will be in unsupervised contact with young people is required to be checked through the Disclosure and Barring Service.

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## Report of the Trustees (continued)

### Organisation

The board of trustees administer the charity. The board meets four times a year and there are three sub-committees which allow for more detailed discussion and scrutiny at separate meetings: the finance and resources, artistic advisory groups and development committee meet four times a year prior to board meetings.

The artistic director and executive director as joint chief executive officers direct the artistic policy and day-to-day operations of the charity.

### Key Management Personnel Remuneration

The Trustees consider the Board of Trustees, the Joint Chief Executive Officers and Development Director as comprising the key management personnel of the charity in charge of directing and controlling the charity and running and operating the charity on a day to day basis. All Trustees give of their time freely and no Trustee remuneration was paid in the year. Details of Trustee expenses and related party transactions are disclosed in note 19 to the accounts.

Trustees are required to disclose all relevant interests and in accordance with the Trust's policy withdraw from decisions where a conflict of interest arises. The pay of the key management personnel is reviewed annually to ensure that it is fair and not out of line with similar roles.

### Related Parties

Arts Council England, South East, Oxfordshire County and Oxford City Councils provide essential core funding and have nominated representation on the board as non-voting observers.

The Chair and Deputy Chair of Pegasus Youth Board are co-opted as trustees to the board with full voting rights.

Details of transactions with these organisations are provided in the note 19 to the accounts. The charity has one wholly owned subsidiary which currently does not trade.

### Risk Management

The trustees are responsible for the management of risks faced by the organisation. The board carries out a formal review of the charity's risk management processes on an annual basis and the charity maintains a risk register which is regularly monitored and reviewed by the Finance and Resources sub-committee.

The key areas of risk where management failure would carry a potential threat to the organisation have been identified as follows: failures in statutory and regulatory compliance regarding the safeguarding of young people; reductions in income generated and failing to respond to changing funding environments; exceeding organisational capacity. The management of risk and the effectiveness of all material internal controls, including operational, financial and compliance controls is ongoing and reviewed and assessed by the senior management team, and is regularly reviewed by the Board.

### Statement of Trustees responsibilities

The Trustees (who are also directors of Pegasus Theatre Trust 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, which 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 the year. In preparing these financial statements, the Trustees are required to:

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### Report of the Trustees (continued)

select suitable accounting policies and then apply them consistently; observe the methods and principles in the Charities SORP 2015 (FRS 102); make judgements and estimates that are reasonable and prudent; state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

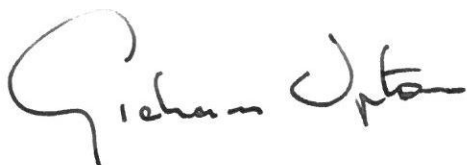
### Disclosure of information to the auditors

We, the directors of the company who held office at the date of approval of these Financial Statements as set out above each confirm, so far as we are aware, that:

- there is no relevant audit information of which the company's auditors are unaware; and
- we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the Small Companies Regime under Section 419(2) of the Companies Act 2006.

This report was approved by the Board of Directors and Trustees on **13 September 2017** and signed on its behalf by:



**Graham Upton**  
Director/Trustee (Chair)



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## **Independent Auditors' Report To The Members of Pegasus Theatre Trust**

We have audited the financial statements of Pegasus Theatre Trust for the year ended 31 March 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is the applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity'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 charity's members those matters we are required to state to them in an auditor's 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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Trustees' Responsibilities Statement set out on page 5, 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 (APB'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 charitable 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 Board Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications of 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustee's Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



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**Matters on which we are required to report by exception**

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;
- § the financial statements are not in agreement with the accounting records and returns;
- § certain disclosures of trustee's remuneration specified by law are not made, or
- § we have not received all the information and explanations we require for our audit.
- § the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustee's Annual Report and the Strategic Review.

  
Neil Kingston  
Senior Statutory Auditor

For and on behalf of Burton Sweet & Co Chartered Accountants, Statutory Auditor  
The Clock Tower, Farleigh Court, Old Weston Road  
Flax Bourton, Bristol, BS48 1UR

Date: 13.9.17

<b>Statement of Financial Activities (Incorporating an Income and Expenditure Account)</b>					
		<b>Unrestricted £</b>	<b>Restricted £</b>	<b>2017 Total £</b>	<b>2016 Total £</b>
<b>Income from:</b>	<b>Note</b>				
Grants and donations	2	445,006	202,655	<b>647,661</b>	592,343
Charitable activities	3	149,349	-	<b>149,349</b>	167,446
Investments		1,197	-	<b>1,197</b>	1,175
<b>Total income</b>		<u>595,553</u>	<u>202,655</u>	<u><b>798,207</b></u>	<u>760,964</u>
<b>Expenditure on:</b>					
Raising funds	4	34,833	-	<b>34,833</b>	38,058
Charitable activities	5	693,254	99,945	<b>793,199</b>	994,957
<b>Total expenditure</b>		<u>728,087</u>	<u>99,945</u>	<u><b>828,032</b></u>	<u>1,033,015</u>
<b>Net expenditure</b>		(132,534)	102,710	<b>(29,824)</b>	(272,051)
Transfers		126,629	(126,629)	-	-
Total funds at 1 April 2016		<u>3,351,562</u>	<u>27,861</u>	<u><b>3,379,423</b></u>	<u>3,651,474</u>
<b>Total funds at 31 March 2017</b>	<b>17</b>	<u><u>3,345,657</u></u>	<u><u>3,942</u></u>	<u><u><b>3,349,599</b></u></u>	<u><u>3,379,423</u></u>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above.

The notes on pages 12 to 21 form part of these financial statements.

Prior year fund comparatives are contained in note 8.

Balance Sheet at 31 March 2017			Company No: 3038190	
		£	2017 £	2016 £
<b>Fixed Assets</b>	<b>Note</b>			
Tangible Fixed Assets	10	3,099,827		3,273,862
Investments	11	<u>1</u>		<u>1</u>
			<b>3,099,828</b>	<b>3,273,863</b>
<b>Current Assets</b>				
Debtors	12	74,934		88,821
Stock	13	4,469		5,763
Cash at Bank and in Hand		<u>244,646</u>		<u>100,242</u>
			<b>324,049</b>	<b>194,826</b>
<b>Creditors: Amounts Due Within 1 Year</b>	14		<u><b>(74,278)</b></u>	<u><b>(89,266)</b></u>
<b>Net Current Assets</b>			<b>249,771</b>	<b>105,560</b>
<b>Net Assets</b>			<u><b>3,349,599</b></u>	<u><b>3,379,423</b></u>
<b>Funds</b>				
Restricted Funds	17		<b>3,942</b>	27,861
Unrestricted Funds	17		<b>3,345,657</b>	3,351,562
<b>Total Funds</b>			<u><b>3,349,599</b></u>	<u><b>3,379,423</b></u>

These accounts have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

The notes on pages 12 to 21 form part of these financial statements.

Approved and authorised for issue by the Board of Directors on **13 September 2017** and signed on its behalf by:

*William R. Jestico*

**W R Jestico**  
Director/Trustee

## Statement of cash flows

	Notes	2017 £	2016 £
<b>Operating activities</b>			
<b>Cash flows for operating activities</b>			
Income from Donations and Legacies	A1	640,548	566,863
Costs of raising funds	A2	(34,833)	(38,058)
<b>Cash flows from operating activities</b>			
Income from Charitable Activities	A3	149,349	167,446
Costs of Charitable Activities	A4	(610,027)	(831,427)
		<u>145,039</u>	<u>(135,176)</u>
<b>Non-operational cashflows</b>			
Capital expenditure and financial investment		(1,831)	(2,275)
<b>Investing activities</b>			
Interest received		<u>1,197</u>	<u>1,175</u>
		<u>1,197</u>	<u>1,175</u>
<b>Financing</b>			
		-	-
<b>Net cash inflow (outflow) for the year</b>	<b>B</b>	<u><u>144,405</u></u>	<u><u>(136,276)</u></u>

## Statement of cash flows

### Notes to the Statement of Cash Flows

#### A Reconciliation of net movement in funds to net cash inflow from operating activities

	SOFA £	Debtors £	Creditors £	Cashflow £
<b>Income from Donations and Legacies</b>				
A1 Donations and grants	635,553	13,887	(21,000)	628,440
Membership	-	-	-	-
Sponsorship	12,108	-	-	12,108
Donations in kind	-	-	-	-
Removal of Donations in kind	-	-	-	-
Net cash inflow	<u>647,661</u>	<u>13,887</u>	<u>(21,000)</u>	<u>640,548</u>
<b>A2 Costs of raising funds</b>				
Raising funds	(34,833)	-	-	(34,833)
<b>A3 Income from Charitable Activities</b>	149,349	-	-	149,349
<b>A4 Costs of Charitable Activities</b>				
Charitable activities	(793,199)	-	6,012	(787,187)
Depreciation	175,866	-	-	175,866
Stock	1,294	-	-	1,294
Removal of Donations in kind	-	-	-	-
	<u>(616,039)</u>		<u>6,012</u>	<u>(610,027)</u>

#### B Analysis of changes in cash flow during the year

	2017 £	2016 £	Change £
Cash at bank and in hand	<u>244,647</u>	<u>100,242</u>	<u>144,405</u>
	2016 £	2015 £	Change £
Cash at bank and in hand	<u>100,242</u>	<u>236,518</u>	<u>(136,276)</u>

#### C Cashflow restrictions

Charity law prohibits the use of net cash inflows on any endowed or other restricted fund to offset net cash outflows on any fund outside its own objects, except on special authority. In practice, this restriction has not had any effect on cashflows for the year.

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## Notes to the financial statements

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### 1. Summary of accounting policies

#### 1.1 General information and basis for preparation

The financial statements have been prepared in accordance with the Companies Act 2006, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard application in the UK and the Republic of Ireland (FRS 102). Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes. Whilst it remains the Trustees' responsibility to prepare the financial statements, in common with many other charities of our size and nature we use our auditors to assist with the preparation of the financial statements.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value.

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.

This is the first year in which the charity has adopted FRS 102. On transition, UK GAAP figures were remeasured and restated to be in line with FRS 102. This had no impact on the current year or comparative figures.

The charity is a public benefit entity as defined under FRS 102.

#### 1.2 Funds

*Unrestricted funds* are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

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

*Restricted funds* are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost 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.

#### 1.3 Income recognition

All income is 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.

No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102).

For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received. At this point income is recognised. On occasion legacies will be notified to the charity where it is not possible to measure the amount expected to be distributed. On these occasions, the legacy is treated as a contingent asset and disclosed.

The charity receives government grants via Arts Council England, Oxford City Council and Oxfordshire County Council. Income from government and other grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.



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**Notes to the financial statements (continued)**

Investment income is all earned from cash holdings in bank deposit accounts.

Other income includes gains on disposals of tangible fixed assets.

**1.4 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. It is categorised under the following headings:

Costs of raising grants and donations include salaries, the cost of fundraising events and promotional material.

Expenditure on charitable activity includes production costs, fees paid for received programme, costs in relation to delivery of the participation programme and all other costs directly connected with activity the charity undertakes.

**1.5 Support cost 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 cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources. Overheads have been allocated on a per capita basis. The analysis of these costs is included in note 5

**1.6 Tangible fixed assets**

These are included at cost less accumulated depreciation. All fixed assets over £1,000 are capitalised. The company has built a new theatre which was commissioned in May 2010. Costs directly connected with the construction of the new theatre including architects' fees, structural engineers' costs and direct project management costs have been capitalised. Depreciation is calculated to write off their cost over their expected useful lives as follows:

Fixtures, fittings and equipment	4 years
Building	25 years

**1.7 Stocks**

Stock is included at the lower of cost or net realisable value. Stock consists of purchased goods for resale.

**1.8 Leases**

Rentals payable and receivable under operating leases are charged to the SoFA on a straight line basis over the period of the lease.

**1.7 Pension costs**

The company operates a defined contribution pension scheme. The pension costs charged in the SoFA represent the contributions payable by the company during the year.

**1.8 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.

**1.9 Going concern**

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.





**Notes to the financial statements (continued)**

**2. Income from grants and donations**

<b>Core grants</b>	<b>Unrestricted £</b>	<b>Restricted £</b>	<b>2017 Total £</b>	<b>2016 Total £</b>
Oxford City Council	25,000	-	<b>25,000</b>	25,000
Oxfordshire County Council	68,266	-	<b>68,266</b>	68,266
Arts Council England South East	299,973	-	<b>299,973</b>	299,973
	<b>393,239</b>	<b>-</b>	<b>393,239</b>	<b>393,239</b>
<b>Public grants</b>	<b>Unrestricted £</b>	<b>Restricted £</b>	<b>2017 Total £</b>	<b>2016 Total £</b>
Arts Council England - Catalyst	-	-	-	17,325
Arts Council England - Intervention Funding	-	127,978	<b>127,978</b>	-
British Council	-	-	-	12,770
Oxford City Council - Holiday Activities	-	6,317	<b>6,317</b>	10,640
Oxford City Council - Youth Ambition	-	-	-	10,000
Oxford City Council - Positive Futures	-	-	-	1,558
Oxford City Council - Culture Fund	-	-	-	1,000
Oxford City Council - Self Harm	-	-	-	19,560
Oxford City Council - Find Your Voice	-	-	-	14,628
Oxford City Council - Tale Trail	-	-	-	7,500
Oxfordshire County Council - Under My Skin	-	20,000	<b>20,000</b>	-
Artsworld Tale Trail	-	5,500	<b>5,500</b>	11,250
BBC Children in Need	-	32,444	<b>32,444</b>	19,912
Apprenticeship grant	-	-	-	1,500
	<b>-</b>	<b>192,239</b>	<b>192,239</b>	<b>127,643</b>
<b>Other grants and donations</b>	<b>Unrestricted £</b>	<b>Restricted £</b>	<b>2017 Total £</b>	<b>2016 Total £</b>
Garfield Weston Foundation	-	2,500	<b>2,500</b>	-
The Esmée Fairbairn Foundation	10,000	-	<b>10,000</b>	10,000
Rothschild Foundation	-	2,500	<b>2,500</b>	-
The Linbury Trust	-	-	-	23,196
Oxford University Community Fund	-	600	<b>600</b>	-
PF Charitable Trust	15,000	-	<b>15,000</b>	15,000
D'Oyly Carte Charitable Trust	-	750	<b>750</b>	-
Mr and Mrs JA Pye's Charitable Settlement	10,000	-	<b>10,000</b>	1,500
Cecil Pilkington Charitable Trust	2,000	-	<b>2,000</b>	-
Doris Field Trust	-	-	-	1,000
Donations - Corporate	2,650	4,066	<b>6,716</b>	16,250
Donations from Individuals	12,117	-	<b>12,117</b>	4,515
	<b>51,767</b>	<b>10,416</b>	<b>62,183</b>	<b>71,461</b>
	<b>445,006</b>	<b>202,655</b>	<b>647,661</b>	<b>592,343</b>

**Notes to the financial statements (continued)**

<b>3. Income from charitable activities</b>			<b>2017</b>	<b>2016</b>
<i>Theatre and arts education activity</i>	Unrestricted	Restricted	<b>Total</b>	<b>Total</b>
	£	£	£	£
Ticket sales	32,738	-	<b>32,738</b>	57,500
Participation fees	56,093	-	<b>56,093</b>	47,779
Facilities hire	6,643	-	<b>6,643</b>	3,961
Hire fees (performances)	5,120	-	<b>5,120</b>	6,053
Cafe Bar sales	25,587	-	<b>25,587</b>	30,575
Miscellaneous	9,889	-	<b>9,889</b>	7,131
Sponsorship	12,108	-	<b>12,108</b>	-
Theatre tax relief	1,170	-	<b>1,170</b>	14,447
	<b>149,349</b>	<b>-</b>	<b>149,349</b>	<b>167,446</b>

**4. Expenditure on raising funds**

	<b>Total</b>	<b>Total</b>
	<b>2017</b>	<b>2016</b>
	£	£
Direct costs	<b>33,457</b>	34,756
Support costs	<b>1,376</b>	3,302
	<b>34,833</b>	<b>38,058</b>

**5. Expenditure on charitable activities**

	Direct costs	Support costs	<b>Total</b>	<b>Total</b>
	£	£	<b>2017</b>	<b>2016</b>
	£	£	£	£
Programme	94,003	12,623	<b>106,627</b>	137,193
Producing	56,991	9,779	<b>66,770</b>	101,763
Participation	176,677	34,134	<b>210,811</b>	232,320
Administration	84,645	4,284	<b>88,929</b>	155,580
Development	-	-	<b>-</b>	24,707
Premises/ Front of House	109,930	30,016	<b>139,946</b>	163,977
Depreciation	-	175,866	<b>175,866</b>	175,167
Audit fees	-	4,250	<b>4,250</b>	4,250
	<b>522,247</b>	<b>270,952</b>	<b>793,199</b>	<b>994,957</b>

**6. Net income/(expenditure)**

This is stated after charging:	<b>2017</b>	<b>2016</b>
	£	£
Auditors' remuneration	<b>4,250</b>	4,250
Operating leases	<b>1,237</b>	1,237
Depreciation	<b>175,866</b>	<b>175,167</b>

## Notes to the financial statements (continued)

### 7. Staff costs and numbers

Staff costs were as follows:	2017 £	2016 £
Wages and salaries	363,461	449,781
Employer's National Insurance	24,814	34,901
Employer's pension contributions	10,909	9,768
	<u>399,184</u>	<u>494,450</u>

£21,336 was made in termination payments in the year.

No employee earned more than £60,000 during the year.

	2017 No.	2016 No.
Average number (headcount) of employees	<u>17</u>	<u>23</u>

The total number of staff at the year end was **14**

The total amount of employee benefits received by key management personnel is £113,549. (2016:£119,055). The charity considers its key management personnel comprise:

Artistic Director - Joint Chief Executive  
Executive Director - Joint Chief Executive  
Development Director

No trustee received remuneration or claimed expenses in the current or prior year. Expenses waived during the year were £nil (2016 - £135).

### 8. Prior year fund comparatives

	Unrestricted £	Restricted £	Total £
<b>Income from:</b>			
Grants and donations	441,504	150,839	592,343
Charitable activities	166,341	1,105	167,446
Investments	1,175	-	1,175
	<u>609,020</u>	<u>151,944</u>	<u>760,964</u>
<b>Total income</b>			
<b>Expenditure on:</b>			
Raising funds	38,058	-	38,058
Charitable activities	856,421	138,536	994,957
	<u>894,479</u>	<u>138,536</u>	<u>1,033,015</u>
<b>Total expenditure</b>			
<b>Net income/expenditure</b>	(285,459)	13,408	(272,051)
Total funds at 1 April 2015	<u>3,637,021</u>	<u>14,453</u>	<u>3,651,474</u>
<b>Total funds at 31 March 2016</b>	<u>3,351,562</u>	<u>27,861</u>	<u>3,379,423</u>

**Notes to the financial statements (continued)**

**9. Taxation**

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

**10. Tangible Fixed Assets**

	Building £	Fixtures and new theatre equipment £	Fittings and equipment £	Total £
<b>Cost</b>				
At 1 April 2016	4,262,613	523,443	19,609	4,805,665
Additions in year	-	-	1,831	1,831
At 31 March 2017	4,262,613	523,443	21,440	4,807,496
<b>Depreciation</b>				
At 1 April 2016	993,391	523,443	14,969	1,531,803
Charge for the year	170,506	-	5,360	175,866
At 31 March 2017	1,163,897	523,443	20,329	1,707,669
<b>Net Book Value</b>				
At 31 March 2017	3,098,716	-	1,111	3,099,827
At 31 March 2016	3,269,222	-	4,640	3,273,862

The purchase of Pegasus Theatre and the subsequent improvements, which were mainly funded through restricted donations, were discharged on the completion of the building. The remaining value (after depreciation) is reflected in the designated building fund. The Arts Council England (ACE) and the Big Lottery Fund hold charges over the property. The charge in favour of ACE is in accordance with their standard capital funding items.

**11. Investments**

	Shares in subsidiary undertakings
<b>Cost</b>	
At 1 April 2016	1
At 31 March 2017	1

The investment is made up of 100% of the share capital of Pegasus Theatre Productions Limited. Consolidated accounts have not been prepared as Pegasus Theatre Productions Limited was dormant throughout the whole period.

## 12. Debtors

	2017 £	2016 £
Trade debtor	8,976	10,896
Prepayments	9,228	12,096
Other debtors	56,730	65,829
	<u>74,934</u>	<u>88,821</u>

## 13. Stock

	2017 £	2016 £
Goods for resale	<u>4,469</u>	<u>5,763</u>

## 14. Creditors : Amounts due within 1 year

	2017 £	2016 £
Trade creditors	24,669	23,826
Accruals	4,250	4,250
Deferred income	26,327	51,972
Amounts owed to group undertakings	1	1
Tax and social security	5,982	8,944
Other creditors	13,048	273
	<u>74,278</u>	<u>89,266</u>

## 15. Operating leases

At 31 March the organisation had total commitments under non-cancellable operating leases as set out below:

	Equipment 2017 £	Equipment 2016 £
Operating leases which expire:		
Less than 1 year	1,237	1,237
Between 2 to 5 years	3,092	4,329

## 16. Contingent liabilities

The Charity has provided a legal debenture over the property as valuable security in connection with the £2,700,000 grant from Arts Council, England. No provision has been made in respect of the grant or any other capital grant as the conditions attached are deemed unlikely to occur.

The Charity has provided a legal charge over the property as valuable security in connection with the £1,850,000 grant from the Big Lottery Fund. No provision has been made in respect of the grant or any other capital grant as the conditions attaching are deemed unlikely to occur.

## 17. Movement in funds

	At 1 April 2016 £	Income £	Expenditure £	Transfers £	At 31 March 2017 £
<b>Restricted funds</b>					
Intervention Fund	-	127,978	(11,000)	(116,978)	-
Artwork	8,951			(8,951)	-
Holiday Activities	2,388	6,317	(8,705)	-	-
Youth Ambition	213		(213)	-	-
Self Harm	4,033	20,000	(14,382)	(9,651)	-
Find Your Voice	6,763	-	(7,353)	590	-
Tale Trail	5,163	5,500	(15,673)	8,951	3,942
Added Extra	(240)	38,794	(38,554)		-
Other funds	590	4,066	(4,066)	(590)	-
	<b>27,861</b>	<b>202,655</b>	<b>(99,945)</b>	<b>(126,629)</b>	<b>3,942</b>
<b>Unrestricted funds</b>					
General funds	-	595,553	(557,581)	21,048	59,020
<b>Designated funds:</b>					
Strategic reserve	77,700	-	-	110,221	187,921
Asset replacement		-	-	-	-
Building	3,273,862	-	(170,506)	(4,640)	3,098,716
	<b>3,351,562</b>	<b>595,553</b>	<b>(728,087)</b>	<b>126,629</b>	<b>3,345,657</b>
<b>Total funds</b>	<b>3,379,423</b>	<b>798,207</b>	<b>(828,032)</b>	<b>-</b>	<b>3,349,599</b>

### Restricted funds:

#### Intervention fund

Funding to support the review and restructure of the organisation.

#### Artwork

Funding provided via Oxfordshire Teaching Alliance for the Tale Trail project.

#### Holiday activities

Funding to provide activities during school holidays for young people aged between 8 and 19 years old and living in East Oxford and the surrounding areas.

#### Youth Ambition

Funding relating to creative apprenticeships, training and work placements. Project completed final reports submitted April 2016

#### Self Harm

Funding to tour *Under My Skin* across Oxfordshire, tackling issues of self harm for 12 - 14 year olds.

#### Tale Trail

Funding that supports the provision of literacy and support of young people who are excluded or at risk of being excluded from school.

#### Added Extra

Funding for courses and additional support for vulnerable young people.

#### Find Your Voice

Funding for projects to create site specific theatre pieces in libraries, giving young people an opportunity to find their political voice.



#### Designated funds:

##### Strategic reserve

In 2017 £63,241 of Arts Council, South East Intervention funding was transferred to the strategic reserve in line with grant conditions. £46,980 was transferred from free reserves to restore the fund to 12 weeks of current gross expenditure.

##### Asset replacement fund

The asset replacement fund currently stands at £nil

##### Building fund

The Building fund represents the residual value of grants from Arts Council England, South East, The Big Lottery Fund and other donations which contributed to the capital project (2010). The fund is reduced annually by the charge for depreciation of the building.

#### 18. Analysis of net assets between funds

	Fixed Assets £	Net Current Assets £	Total Funds £
Restricted Funds	-	3,942	3,942
<b>Unrestricted Funds</b>			
Designated funds	3,098,716	187,921	3,286,637
General fund	1,111	57,909	59,020
Total funds as at 31 March 2017	<u>3,099,827</u>	<u>249,772</u>	<u>3,349,599</u>

#### 19 Related party transactions

Information about related party transactions and outstanding balances is outlined below:

There were no related party transactions during the year or outstanding balances at 31 March 2017. (2016 £Nil)

In aggregate, Trustees made donations totalling £1,300 to the charity in the year. (2016: £400)