



# Freedom Festival Arts Trust

## Financial Statements

**31st March 2018**



**Freedom Festival Arts Trust**

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for the year ended 31st March 2018**

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**Freedom Festival Arts Trust**

**Reference and Administrative Details  
for the Year Ended 31st March 2018**

<b>TRUSTEES</b>	Professor G Chesters (Chairman) A T Balman Cllr T Geraghty (resigned 01.04.2018) J G P Meehan A Harvatt (resigned 18.10.2017) K A A Okra R F Welton (resigned 18.10.2017) M Hodson S Madden C M Hainsworth Staples (resigned 25.04.2018) S J S Humphreys J P Pywell (resigned 01.04.2018) N Porteus K Denby T Childs (appointed 13.12.2017) S Anwar-West (appointed 13.12.2017) S A Christopher (appointed 01.08.2018) Cllr D Craker (appointed 01.08.2018) B M McKnight (appointed 01.08.2018) D Sinclair (appointed 01.08.2018) M Relph (appointed 01.08.2018)
<b>REGISTERED OFFICE</b>	47 Queen Street Hull East Yorkshire HU1 1UU
<b>REGISTERED COMPANY NUMBER</b>	08530799 (England and Wales)
<b>REGISTERED CHARITY NUMBER</b>	1158439
<b>AUDITORS</b>	Smailes Goldie Chartered Accountants Statutory Auditor Regent's Court Princess Street Hull East Yorkshire HU2 8BA
<b>BANKERS</b>	Co-operative Bank plc 22 Alfred Gelder Street Hull HU1 2BS
<b>SOLICITORS</b>	Rollits LLP Citadel House 58 High Street Hull HU1 1QE

## **Freedom Festival Arts Trust**

### **Report of the Trustees for the year ended 31st March 2018**

The trustees, who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31st March 2018. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

#### **OBJECTIVES AND ACTIVITIES**

##### **Objects, aims and objectives**

The objects of the Charity are:

- To advance the education of the public in the arts and in particular the arts of performance, music, drama, poetry reading, sculpture, painting, handicrafts and all other associated arts; and to encourage public participation in the said arts by the presentation of concerts, performances, exhibitions and festivals in the City of Kingston upon Hull ("the City") and its environs including, but not limited to, events which celebrate the history of the City including its contribution to the abolition of slavery through the pioneering work of Hull-born William Wilberforce; provided that the promotion of such events is undertaken solely for the benefit of the public;
- Such other charitable purposes beneficial to the community consistent with the objects above as the Trustees shall in their absolute discretion determine.

##### **Significant activities**

Freedom Festival Arts Trust (FFAT) delivers Hull's annual award-winning, international arts festival (Freedom Festival) and an expanding year round programme of work rooted in audience and artist engagement, development, health and wellbeing. FFAT present a world class, multi-dimensional programme of arts, including presentations of existing and newly commissioned work to a growing audience (circa 140,172 in 2018) in the city of Hull.

##### **Public benefit**

The trustees have reviewed the current activities of the charitable company and confirmed that they are in line with its objectives. All the activities of the organisation carried out during the period are in pursuance of the company's aims and objectives. All services are provided to beneficiaries regardless of capacity, ethnicity, faith, religious conviction or social economic environment. The trustees also confirm that the organisation's aims and objectives fall within the "descriptions of purposes" in the Charities Act 2011 and are recognised as charitable and are carried out for the public benefit.

## **Freedom Festival Arts Trust**

### **Report of the Trustees for the year ended 31st March 2018**

#### **ACHIEVEMENT AND PERFORMANCE**

##### **Charitable activities**

During 2017/18 FFAT delivered its most ambitious programme of work to date cementing its position as a bold, credible and resilient arts organisation vital to the cultural ecology in the city and increasingly positioned to influence the global outdoor arts sector.

An underpinning ethos of FFAT is that we seek to work cross sector with artists, industry, audiences, funders and other key stakeholders to support the delivery of a world class programme of work. In 2017/18, we seized every opportunity to further cultivate such relationships working with existing and new partners to realise a number of key ambitions including:

- Increased internationalism of the festival programme.
- Widening of the physical footprint of the festival.
- More coherent integration of work exploring themes of empowerment, democracy & human rights within the festival programme and year-round engagement projects.
- Provision of an expanded artist development programme incorporating international artist residencies.
- Expanded commissioning programme supporting the creation of new work.
- Hosting, for the first time, the Wilberforce Lecture we were honoured to welcome guest speaker Kofi Annan in 2017 alongside other notable human rights activists including Blair Amani whose presence and contribution to the annual 'Freedom Talks' debates programme, further endorsed our position as a critical voice in the area of arts and social justice.

The scale, quality and ambition of the Freedom Festival in 2017 responded appropriately to the growing appetite among local audiences for high quality arts, whilst also leveraging the reach of Hull UK City of Culture 2017 effectively to further expand our cultural tourism audience contributing in a significant way to the continued cultural renaissance of the city of Hull, welcoming over 140,000 visitors resulting in £5.9m additional spend in the city.

Our work to date has contributed to our growing reputation within the arts sector itself resulting in FFAT being invited to join leading sector creative networks nationally and internationally. We will continue to build international links with critical friends and influencers to ensure that we are well positioned to drive innovation across the outdoor arts sector.

The quality, ambition and impact of our work was further championed by the Arts Council England after a successful application which saw FFAT secure funding as a National Portfolio Organisation for a further four years (2018-2022). Consequently, we are well positioned to build upon our work to date.

**Report of the Trustees  
for the year ended 31st March 2018**

**FINANCIAL REVIEW**

**Financial review**

Through strong governance, effective leadership and the implementation of robust financial management systems we continue to build financial resilience ensuring financial viability across all areas of our work.

Key financial principles inform our approach:

- Stewardship
- Accountability
- Transparency
- Integrity
- Financial standards
- Consistency

In 2017 Hull became the UK City of Culture resulting in the eyes of the world being placed upon the city as it embarked on a transformational journey, underpinned by arts & culture. Responding to this monumental catalyst for change, FFAT determined to present an ambitious international festival programme which would deepen audience engagement, enhance our national and international reputation and position us for future success. Early indicators, captured through City of Culture activity, demonstrated a significant uplift in audience numbers and rising expectations and as such, FFAT had to respond to this appropriately in order to capitalise on this one-off opportunity whilst also ensuring a safe environment during the festival weekend. Consequently, we increased the scale of the programme, which in turn led to an increase in the area of production costs and operational costs (including security, waste and toilets). A combination of inflated supply chain fees, a consequence of suppliers capitalising on the UK City of Culture status, and the fluctuating exchange rate resulting from Brexit led to additional, but necessary, spend in 2017. Due to the work done in previous years on financial resilience, particularly in 2016 when we closed out the year with a strong reserves position we are able to absorb the effects of these increased costs as an investment into future audience development.

Quarterly board meetings provide a platform for financial review where management accounts, cash flow and performance to objectives are reviewed at length.

The Business Planning and Funding Group (BPF) continues to meet every 8 weeks to provide support to the board and executive team in terms of providing critical guidance, support and input into our financial management and these meetings feed into the Board meetings which are held quarterly. The day to day accountability for financial performance is overseen by the Joint CEOs who work closely with the Finance Manager.

During 2017 we exceeded sponsorship income target, in a year where private sponsorship income became even more competitive. We also were awarded NPO status by Arts Council England with an uplift for the period 2018-2022 of £100,000 per annum. In addition, due to costing grant budgets on a full overhead cost recovery basis, FFAT was able to transfer a contribution to core overhead costs from both the Paul Hamlyn Foundation fund and the Ambition for Excellence (Sura Medura) fund.

All efforts are now concentrated on further strengthening our financial management and reporting processes to be able to support the Joint CEOs artistic ambitions going forwards.

## **Freedom Festival Arts Trust**

### **Report of the Trustees for the year ended 31st March 2018**

#### **FINANCIAL REVIEW**

##### **Reserves policy**

The trustees review the reserve levels of the charitable company annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The activities that the charitable company undertakes on a day-to-day basis are funded from both its restricted reserves that were provided for specific purposes and its unrestricted reserves for all other activities.

The trustees need to ensure that the charitable company has sufficient working capital to cover delays between receipt of grants and spending. At 31 March 2018 the charity had a surplus in unrestricted funds of £131,118 (2017 £65,790). The company also has a surplus in restricted funds of £59,413 (2017 £175,281). Taking into account the nature of the charities income streams, the trustees are of the view that reserves at these levels are sufficient to cover its working capital needs.

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues 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 Statement of Accounting Policies.

##### **Financial report for the year**

Much of the charitable company's income is obtained from sponsorship, donations and grants, the use of which is restricted to particular purposes. These amounts are shown as restricted funds in the statement of financial activities. During the period, total restricted expenditure of £ 1,178,780 (2017 £1,010,289) was covered by sponsorship, donations, grants receivable and funds brought forward.

The company generated unrestricted income of £63,965 (2017 £32,505) during the period, largely from festival concessions and the sale of festival tickets.

## **Freedom Festival Arts Trust**

### **Report of the Trustees for the year ended 31st March 2018**

#### **FUTURE VISION**

During 2017-18, FFAT successfully retained its Arts Council England National Portfolio Organisation status and in addition obtained an uplift of £100,000 for the period 2018-2022. This continued and increased investment reflects the growing reputation of FFAT within the national and international sector, validating the quality and vitality of our work. Increased funds over a longer term enhance our credibility supporting income generation whilst solidifying our foundations, building resilience and enabling long term strategic thinking.

Our aim is for Freedom Festival Arts Trust to be able to demonstrate that it is a secure, sustainable component of Hull's cultural infrastructure, an international festival sector leader which is seen as meeting the legacy ambitions of 2017 and an essential driver to the City's cultural and tourism strategies. It will have established itself as an exceptional example of creative excellence in outdoor arts and multidisciplinary programming, crucially linked to the overriding distinctiveness of giving artistic expression to themes of freedom. Furthermore, FFAT will be a significant influencer and enabler of the 'northern powerhouse' vision, supporting the creation and presentation of exceptional work that connects audiences locally, regionally and nationally.

The artistic policy of the organisation and the annual festival will be flexible and relevant to truly 'support' and 'listen' to artist's needs and trends. We will present the vast majority of our festival programmes in public space, breaking down the often-perceived barrier of access to high quality artistic events and cultural content, by placing the festival in public space we aim to break down these barriers and have proven success in doing so.

A firm commitment to presenting a world class international programme, rooted in a global conversation about the human value of freedom, provides an invaluable and distinctive voice that enables more meaningful engagement with all of our stakeholders, artists, audiences, funders, sponsors and the wider creative sector.

A programme combining both international and local work, exploring human rights and driving social change will form the basis of our offer. A growing commitment to expanding our commission programme, linked to driving the quality and supporting talent development, will drive innovation in the outdoor sector whilst also affording audiences the opportunity to experience new work premiered in Hull.

Now as we look towards 2018 and beyond, we are confident of our place within the ecology of the city and the wider arts sector and feel inspired, motivated and invigorated by the opportunities yet to be realised. Over the next 12- 18 months we will seek to solidify our position within the city and the outdoor arts sector. We will focus on resilience, strengthening and investing in our core team to ensure the future of the organisation. Building upon our strengths we will leverage multisector relationships to help diversify income, innovate programme, engage new and existing audiences, build resilience and support talent development. We will ensure that everything that we do is of the highest quality, supporting critical local agendas in the area of health and wellbeing, place-making, economic regeneration, social cohesion and ensuring, post Hull City of Culture 2017, that Hull and its communities realise their true potential. Furthermore, we will continue to revolutionise the outdoor arts sector, pushing the boundaries of what's possible. We will be bold, brave, collaborative, audacious and sustainable.

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **Governing document**

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

The charitable company's Memorandum and Articles of Association are its primary governing documents.

##### **Recruitment, appointment, induction and training of new trustees**

All trustees are appointed for a fixed term of 5 years and, at the end of this term, may be re-appointed for another fixed term of 5 years. When recruitment becomes necessary, opportunities will be advertised via appropriate media. Induction and training will be provided.

##### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The trustees (who are also the directors of Freedom Festival Arts Trust for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

## **Freedom Festival Arts Trust**

### **Report of the Trustees for the year ended 31st March 2018**

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 that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and 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 business.

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

#### **AUDITORS**

The auditors, Smailes Goldie, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report was approved by the Board on 24<sup>th</sup> October 2018 and signed on its behalf by:



.....  
Professor G Chesters - Trustee

# Report of the Independent Auditors to the Members of Freedom Festival Arts Trust

## Opinion

We have audited the financial statements of Freedom Festival Arts Trust (the 'charitable company') for the year ended 31st March 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. 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).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st March 2018 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.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Opinion on other matters 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 Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

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

In the light of the 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 Report of the Trustees.

# Report of the Independent Auditors to the Members of Freedom Festival Arts Trust

## 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; 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 from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

## Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

## Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Independent Auditors.

## Use of our report

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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Peter Duffield LLB FCA (Senior Statutory Auditor)  
for and on behalf of Smailes Goldie  
Chartered Accountants  
Statutory Auditor  
Regent's Court  
Princess Street  
Hull  
East Yorkshire  
HU2 8BA

Date: 24<sup>th</sup> October 2018

**Freedom Festival Arts Trust**

**Statement of Financial Activities  
(Incorporating an Income and Expenditure Account)  
for the year ended 31st March 2018**

	Notes	Unrestricted fund £	Restricted funds £	2018 Total funds £	2017 Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>					
Donations and legacies	3	3,357	584,691	588,048	436,691
<b>Charitable activities</b>					
Freedom Festival	5	-	403,511	403,511	503,672
The Word on the Street		-	2,902	2,902	40,000
Beyond Words		-	554	554	81,165
General		60,608	-	60,608	30,733
Off the Shelf		-	-	-	19,173
Paul Hamlyn Foundation		-	-	-	60,000
Sura Medura		-	84,282	84,282	22,018
Private Contribution Stage @ the Dock		-	12,250	12,250	-
Investment income	4	-	-	-	1,773
<b>Total</b>		<b>63,965</b>	<b>1,088,190</b>	<b>1,152,155</b>	<b>1,195,225</b>
<b>EXPENDITURE ON</b>					
<b>Charitable activities</b>					
Freedom Festival	6	-	1,003,863	1,003,863	936,284
The Word on the Street		-	20,570	20,570	10,837
Beyond Words		-	41,365	41,365	23,078
General		23,915	-	23,915	23,673
Off the Shelf		-	-	-	16,500
Paul Hamlyn Foundation		-	38,017	38,017	7,279
Sura Medura		-	62,715	62,715	16,311
Private Contribution Stage @ the Dock		-	12,250	12,250	-
<b>Total</b>		<b>23,915</b>	<b>1,178,780</b>	<b>1,202,695</b>	<b>1,033,962</b>
<b>NET INCOME/(EXPENDITURE)</b>		<b>40,050</b>	<b>(90,590)</b>	<b>(50,540)</b>	<b>161,263</b>
<b>Transfers between funds</b>	16	<b>25,278</b>	<b>(25,278)</b>	<b>-</b>	<b>-</b>
<b>Net movement in funds</b>		<b>65,328</b>	<b>(115,868)</b>	<b>(50,540)</b>	<b>161,263</b>
<b>RECONCILIATION OF FUNDS</b>					
<b>Total funds brought forward</b>		<b>65,790</b>	<b>175,281</b>	<b>241,071</b>	<b>79,808</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>131,118</b>	<b>59,413</b>	<b>190,531</b>	<b>241,071</b>

**CONTINUING OPERATIONS**

All income and expenditure has arisen from continuing activities.

The notes form part of these financial statements

**Balance Sheet**  
At 31st March 2018

	Notes	2018 £	2017 £
<b>CURRENT ASSETS</b>			
Debtors	13	<b>132,096</b>	156,057
Cash at bank		<b><u>271,920</u></b>	<u>237,974</u>
		<b>404,016</b>	394,031
<b>CREDITORS</b>			
Amounts falling due within one year	14	<b>(213,485)</b>	(152,960)
		<b><u>190,531</u></b>	<u>241,071</u>
<b>NET CURRENT ASSETS</b>			
		<b>190,531</b>	241,071
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<b>190,531</b>	241,071
<b>NET ASSETS</b>			
		<b><u>190,531</u></b>	<u>241,071</u>
<b>FUNDS</b>			
Unrestricted funds	16	<b>131,118</b>	65,790
Restricted funds		<b><u>59,413</u></b>	<u>175,281</u>
<b>TOTAL FUNDS</b>		<b><u>190,531</u></b>	<u>241,071</u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to charitable small companies.

The financial statements were approved by the Board of Trustees on 24<sup>th</sup> October 2018 and were signed on its behalf by:

  
.....  
Professor G Chesters -Trustee

**Freedom Festival Arts Trust**

**Cash Flow Statement  
for the year ended 31st March 2018**

	Notes	2018 £	2017 £
<b>Cash flows from operating activities:</b>			
Cash generated from operations	1	35,121	102,021
Interest paid		<u>(1,175)</u>	<u>(755)</u>
<b>Net cash provided by (used in) operating activities</b>		<u>33,946</u>	<u>101,266</u>
<b>Cash flows from investing activities:</b>			
Interest received		<u>-</u>	<u>1,773</u>
<b>Net cash provided by (used in) investing activities</b>		<u>-</u>	<u>1,773</u>
		<u>-</u>	<u>-</u>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>33,946</b>	103,039
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<u>237,974</u>	<u>134,935</u>
<b>Cash and cash equivalents at the end of the reporting period</b>		<u>271,920</u>	<u>237,974</u>

The notes form part of these financial statements

Freedom Festival Arts Trust

Notes to the Cash Flow Statement  
for the year ended 31st March 2018

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £	2017 £
<b>Net income/(expenditure) for the reporting period (as per the statement of financial activities)</b>	<b>(50,540)</b>	161,263
<b>Adjustments for:</b>		
Interest received	-	(1,773)
Interest paid	1,175	755
Decrease in debtors	23,961	31,866
Increase/(decrease) in creditors	<u>60,525</u>	<u>(90,090)</u>
<b>Net cash provided by operating activities</b>	<u><b>35,121</b></u>	<u>102,021</u>

**Notes to the Financial Statements  
for the year ended 31st March 2018**

**1. COMPANY INFORMATION**

Freedom Festival Arts Trusts is a private company limited by guarantee incorporated in the United Kingdom. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the charity information on page 1 of these financial statements.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

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.

**Income**

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, when it is probable that the income will be received and when the amount can be measured reliably.

**Expenditure**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

**Allocation and apportionment of costs**

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs and governance costs. They are incurred directly in support of expenditure on the objectives 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.

**Taxation**

Freedom Festival Arts Trust is a UK registered charity and all of its income is applied to the achievement of its charitable objects. The charitable company is therefore exempt under current legislation from most forms of taxation.

**Fund accounting**

**Unrestricted funds**

Unrestricted general funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity.

**Restricted funds**

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

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Notes to the Financial Statements - continued  
for the year ended 31st March 2018

2. ACCOUNTING POLICIES - continued

**Pension costs and other post-retirement benefits**

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

**Debtors and creditors receivable / payable within one year**

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

3. DONATIONS AND LEGACIES

	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
Sponsorship	-	584,500	584,500	432,983
Donations and gifts	<u>3,357</u>	<u>191</u>	<u>3,548</u>	<u>3,708</u>
	<u>3,357</u>	<u>584,691</u>	<u>588,048</u>	<u>436,691</u>

4. INVESTMENT INCOME

	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
Interest receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,773</u>

Freedom Festival Arts Trust

Notes to the Financial Statements - continued  
for the year ended 31st March 2018

5. INCOME FROM CHARITABLE ACTIVITIES

	Freedom Festival £	The Word on the Street £	Beyond Words £	General £
Grants received	403,511	2,500	554	1,971
Festival concessions	-	-	-	25,061
Other income	-	-	-	19,010
Ticket Sales	-	402	-	14,566
	<u>403,511</u>	<u>2,902</u>	<u>554</u>	<u>60,608</u>

	Sura Medura £	Private Contribution Stage @ the Dock £	2018 Total activities £	2017 Total activities £
Grants received	84,282	-	492,818	717,847
Festival concessions	-	-	25,061	25,043
Other income	-	12,250	31,260	7,181
Ticket Sales	-	-	14,968	6,690
	<u>84,282</u>	<u>12,250</u>	<u>564,107</u>	<u>756,761</u>

6. CHARITABLE ACTIVITIES COSTS

	Direct costs (See note 7) £	Support costs (See note 8) £	Totals £
Freedom Festival	1,003,863	-	1,003,863
The Word on the Street	20,570	-	20,570
Beyond Words	41,365	-	41,365
General	10,348	13,567	23,915
Paul Hamlyn Foundation	38,017	-	38,017
Sura Medura	62,715	-	62,715
Private Contribution Stage @ the Dock	12,250	-	12,250
	<u>1,189,128</u>	<u>13,567</u>	<u>1,202,695</u>

**Freedom Festival Arts Trust**

**Notes to the Financial Statements - continued  
for the year ended 31st March 2018**

**7. DIRECT COSTS OF CHARITABLE ACTIVITIES**

	<b>2018</b>	2017
	<b>£</b>	£
Staff costs	<b>152,707</b>	129,789
Rent and Rates	<b>5,988</b>	9,144
Insurance	<b>6,987</b>	6,176
Telephone	<b>1,946</b>	1,969
Sundries	<b>2,701</b>	1,695
Festival and workshop content	<b>897,930</b>	666,452
Advertising and marketing	<b>89,093</b>	102,714
Recruitment expenses	<b>1,681</b>	1,480
Travel and entertaining	<b>18,247</b>	17,878
Post and stationery	<b>2,650</b>	2,826
Computer costs	<b>1,532</b>	1,132
Subscriptions	<b>196</b>	203
Repairs and renewals	<b>1,554</b>	2,473
Training	<b>61</b>	462
Bad debts	-	57,250
Project management and consultancy costs	<b>4,680</b>	9,518
Interest payable and similar charges	<b>1,175</b>	755
	<b><u>1,189,128</u></b>	<u>1,011,916</u>

**8. SUPPORT COSTS**

	<b>Governance costs £</b>
General	<b><u>13,567</u></b>

**9. NET INCOME/(EXPENDITURE)**

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

	<b>2018</b>	2017
	<b>£</b>	£
Amounts payable to the auditor	<b><u>5,500</u></b>	<u>3,000</u>

**10. TRUSTEES' REMUNERATION AND BENEFITS**

The trustees were not entitled to and did not receive any remuneration from the charitable company during this year nor the preceding year.

**Trustees' expenses**

Four of the trustees were reimbursed for expenses amounting to £79 (2017: £535) during the year in respect of travel and subsistence costs.

Notes to the Financial Statements - continued  
for the year ended 31st March 2018

## 11. STAFF COSTS

	2018	2017
	£	£
Wages and salaries	141,635	117,940
Social security costs	10,310	11,849
Other pension costs	762	-
	<u>152,707</u>	<u>129,789</u>

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

	2018	2017
Average number of employees	<u>6</u>	<u>4</u>

No employees received emoluments in excess of £60,000.

## 12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>			
Donations and legacies	-	436,691	436,691
<b>Charitable activities</b>			
Freedom Festival	-	503,672	503,672
The Word on the Street	-	40,000	40,000
Beyond Words	-	81,165	81,165
General	30,733	-	30,733
Off the Shelf	-	19,173	19,173
Paul Hamlyn Foundation	-	60,000	60,000
Sura Medura	-	22,018	22,018
Investment income	<u>1,772</u>	<u>1</u>	<u>1,773</u>
<b>Total</b>	<b>32,505</b>	<b>1,162,720</b>	<b>1,195,225</b>
<b>EXPENDITURE ON</b>			
<b>Charitable activities</b>			
Freedom Festival	-	936,284	936,284
The Word on the Street	-	10,837	10,837
Beyond Words	-	23,078	23,078
General	23,673	-	23,673
Off the Shelf	-	16,500	16,500
Paul Hamlyn Foundation	-	7,279	7,279
Sura Medura	-	16,311	16,311
<b>Total</b>	<b>23,673</b>	<b>1,010,289</b>	<b>1,033,962</b>
<b>NET INCOME/(EXPENDITURE)</b>	<b>8,832</b>	<b>152,431</b>	<b>161,263</b>

Notes to the Financial Statements - continued  
for the year ended 31st March 2018

## 12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted fund £	Restricted funds £	Total funds £
<b>RECONCILIATION OF FUNDS</b>			
Total funds brought forward	56,958	22,850	79,808
<b>TOTAL FUNDS CARRIED FORWARD</b>	<b><u>65,790</u></b>	<b><u>175,281</u></b>	<b><u>241,071</u></b>

## 13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Sponsorship	116,840	82,721
VAT	-	43,140
Prepayments	<u>15,256</u>	<u>30,196</u>
	<b><u>132,096</u></b>	<b><u>156,057</u></b>

## 14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade creditors	21,286	14,596
Social security and other taxes	2,460	3,011
VAT	16,675	-
Other creditors	-	371
Accruals and deferred income	<u>173,064</u>	<u>134,982</u>
	<b><u>213,485</u></b>	<b><u>152,960</u></b>

Deferred income comprises advance sponsorship relating to the Freedom Festival 2018 and advance grant funding received for projects continuing throughout 2018/19.

## 15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted fund £	Restricted funds £	2018 Total funds £	2017 Total funds £
Current assets	135,990	268,026	404,016	394,031
Current liabilities	<u>(4,872)</u>	<u>(208,613)</u>	<u>(213,485)</u>	<u>(152,960)</u>
	<b><u>131,118</u></b>	<b><u>59,413</u></b>	<b><u>190,531</u></b>	<b><u>241,071</u></b>

Freedom Festival Arts Trust

Notes to the Financial Statements - continued  
for the year ended 31st March 2018

16. MOVEMENT IN FUNDS

	At 1.4.17 £	Net movement in funds £	Transfers between funds £	At 31.3.18 £
<b>Unrestricted funds</b>				
General fund	65,790	40,050	25,278	131,118
<b>Restricted funds</b>				
Freedom Festival	18,076	(15,661)	-	2,415
Word on the Street	37,016	(17,668)	-	19,348
Beyond Words	58,088	(40,811)	-	17,277
Off the Shelf	2,673	-	-	2,673
Paul Hamlyn Foundation	54,028	(38,017)	(16,011)	-
Sura Medura	5,400	21,567	(9,267)	17,700
	<u>175,281</u>	<u>(90,590)</u>	<u>(25,278)</u>	<u>59,413</u>
<b>TOTAL FUNDS</b>	<u>241,071</u>	<u>(50,540)</u>	<u>-</u>	<u>190,531</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
General fund	63,965	(23,915)	40,050
<b>Restricted funds</b>			
Freedom Festival	988,202	(1,003,863)	(15,661)
Word on the Street	2,902	(20,570)	(17,668)
Beyond Words	554	(41,365)	(40,811)
Paul Hamlyn Foundation	-	(38,017)	(38,017)
Sura Medura	84,282	(62,715)	21,567
Private Contribution Stage @ the Dock	12,250	(12,250)	-
	<u>1,088,190</u>	<u>(1,178,780)</u>	<u>(90,590)</u>
<b>TOTAL FUNDS</b>	<u>1,152,155</u>	<u>(1,202,695)</u>	<u>(50,540)</u>

Freedom Festival Arts Trust

Notes to the Financial Statements - continued  
for the year ended 31st March 2018

16. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.4.16 £	Net movement in funds £	At 31.3.17 £
<b>Unrestricted Funds</b>			
General fund	56,958	8,832	65,790
<b>Restricted Funds</b>			
Freedom Festival	14,997	3,079	18,076
Word on the Street	7,853	29,163	37,016
Beyond Words	-	58,088	58,088
Off the Shelf	-	2,673	2,673
Paul Hamlyn Foundation	-	54,028	54,028
Sura Medura	-	5,400	5,400
	<u>22,850</u>	<u>152,431</u>	<u>175,281</u>
<b>TOTAL FUNDS</b>	<u><b>79,808</b></u>	<u><b>161,263</b></u>	<u><b>241,071</b></u>

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

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
General fund	32,505	(23,673)	8,832
<b>Restricted funds</b>			
Freedom Festival	939,364	(936,285)	3,079
Word on the Street	40,000	(10,837)	29,163
Beyond Words	81,166	(23,078)	58,088
Off the Shelf	19,173	(16,500)	2,673
Paul Hamlyn Foundation	60,000	(5,972)	54,028
Sura Medura	23,017	(17,617)	5,400
	<u>1,162,720</u>	<u>(1,010,289)</u>	<u>152,431</u>
<b>TOTAL FUNDS</b>	<u><b>1,195,225</b></u>	<u><b>(1,033,962)</b></u>	<u><b>161,263</b></u>

**Notes to the Financial Statements - continued  
for the year ended 31st March 2018**

**16. MOVEMENT IN FUNDS - continued**

The restricted funds comprise unspent income which has been raised by the charity for particular purposes or is to be used in accordance with specific restrictions imposed by donors. The balances will be used to fund future expenditure.

The Freedom Festival fund relates to activities that directly enable the annual Freedom Festival to take place and contribute to its content.

Word on the Street is a storytelling initiative that falls within the company's charitable objects. Certain donations received by the charitable company are restricted for use in running workshops which train and empower delegates to develop their own unique storytelling style. A year-round initiative, Word on the Street also provides some of the content of the annual Freedom Festival.

Beyond Words is an 18 month long artists commissioning project with 10 new commissions of artist books that research and discuss Freedom and Hull with a series of exhibitions and book launches.

Off the Shelf is a series of outdoor book installations and sculptures throughout the streets of Hull over Freedom Festival 2016.

Paul Hamlyn Foundation is a Foundation that has provide funding to the charity to research and create work with locally based refugees about issues around migration.

Sura Medura is a partnership arrangement to offer a residency opportunity in Hikkaduwa, South West Sri Lanka for 2 artists per year for up to 3 months at a time. Artist work with local artists and the university to research and create new work.

The private donor donation was to cover the set-up and running costs for Stage @ The Dock.

The unrestricted general fund is not designated for any particular purpose.

The transfers are to recover the contributions to core overhead costs as outlined and costed in the funding applications for Paul Hamlyn Foundation and AFE (Sura Medura).

**Transfers between funds**

The transfer from restricted (Paul Hamlyn Foundation and Ambition for Excellence - Sura Medura) to unrestricted general funds relates to the contribution to core overheads which were costed for and awarded in the original grant applications. The transfers relate to both financial years 16/17 and financial year 17/18.

**Notes to the Financial Statements - continued  
for the year ended 31st March 2018**

**17. RELATED PARTY DISCLOSURES**

**Hull City Council**

An organisation in which Cllr T Geraghty is a board member.

During the year sponsorship was received from Hull City Council for £200,000 (2017: £200,000).

**Hull UK City of Culture 2017 Limited**

A company in which K A A Okra is a director.

During the year the company received sponsorship and other income from Hull UK City of Culture 2017 Limited for £246,390 (2017: £40,935).

**Humyne Limited**

A company in which A Balman is a director.

During the year the company paid £Nil (2017: £767) to Humyne Limited in respect of purchases from the company.

**18. ULTIMATE CONTROLLING PARTY**

The charitable company, being limited by guarantee, has no share capital and was controlled throughout the period by its members and therefore no one party had ultimate control.