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Wilkins Kennedy Audit Services
2nd Floor, Regis House
45 King William Street
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30 July 2019

Dear Sirs

LETTER OF REPRESENTATION FOR SOUTHWARK PLAYHOUSE THEATRE COMPANY

The following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience such as we consider necessary in connection with your audit of the charitable company's financial statements for the year ended 31 December 2018. These enquiries have included inspection of supporting documentation where appropriate and are sufficient to satisfy ourselves that we can make each of the following representations. All representations are made to the best of our knowledge and belief.

General

- 1 We have fulfilled our responsibilities as directors / trustees as set out in the terms of your engagement letter dated 3 September 2018, under the Companies Act 2006 for preparing financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), for being satisfied that they give a true and fair view and for making accurate representations to you.
- 2 All the transactions undertaken by the charitable company have been properly reflected and recorded in the accounting records.
- 3 All the accounting records have been made available to you for the purpose of your audit. We have provided you with unrestricted access to all appropriate persons within the charitable company, and with all other records and related information requested, including minutes of all management and trustee meetings and correspondence with The Charity Commission.
- 4 The financial statements are free of material misstatements, including omissions.
- 5 The effects of uncorrected misstatements (as set out in the appendix to this letter) are immaterial both individually and in total.

Internal control and fraud

- 6 We acknowledge our responsibility for the design, implementation and maintenance of internal control systems to prevent and detect fraud and error. We have disclosed to you the results of our risk assessment that the financial statements may be misstated as a result of fraud.
- 7 We have disclosed to you all instances of known or suspected fraud affecting the entity involving management, employees who have a significant role in internal control or others that could have a material effect on the financial statements.
- 8 We have also disclosed to you all information in relation to allegations of fraud or suspected fraud affecting the entity's financial statements communicated by current or former employees, analysts, regulators or others.

Assets and liabilities

- 9 The charitable company has satisfactory title to all assets and there are no liens or encumbrances on the charitable company's assets, except for those that are disclosed in the notes to the financial statements.
- 10 All actual liabilities, contingent liabilities and guarantees given to third parties have been recorded or disclosed as appropriate.
- 11 We have no plans or intentions that may materially alter the carrying value and where relevant the fair value measurements or classification of assets and liabilities reflected in the financial statements.

Accounting estimates

- 12 Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

Loans and arrangements

- 13 The charitable company has not granted any advances or credits to, or made guarantees on behalf of, directors other than those disclosed in the financial statements.

Legal claims

- 14 We have disclosed to you all claims in connection with litigation that have been, or are expected to be, received and such matters, as appropriate, have been properly accounted for, and disclosed in, the financial statements.

Laws and regulations

- 15 We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

Related parties

- 16 Related party relationships and transactions have been appropriately accounted for and disclosed in the financial statements. We have disclosed to you all relevant information concerning such relationships and transactions and are not aware of any other matters which require disclosure in order to comply with legislative and accounting standards requirements.

Subsequent events

- 17 All events subsequent to the date of the financial statements which require adjustment or disclosure have been properly accounted for and disclosed.

Going concern

- 18 We believe that the charitable company's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the charitable company's needs. We have considered a period of twelve months from the date of approval of the financial statements. We believe that no further disclosures relating to the charitable company's ability to continue as a going concern need to be made in the financial statements.

Grants and donations

- 19 All grants, donations and other income, the receipt of which is subject to specific terms or conditions, have been notified to you. There have been no breaches of terms or conditions in the application of such income.

Restricted funds

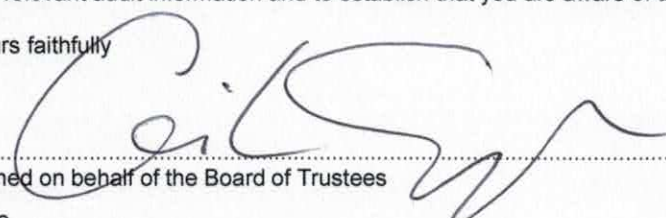
- 20 We confirm that the balance carried forward on restricted funds are as follows:

- Youth & Community - £21,427
- The Wall - £12,467
- Future Playhouse - £276,708

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware.

Each director has taken all the steps that he ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that you are aware of that information.

Yours faithfully


Signed on behalf of the Board of Trustees

Date

30/7/19

APPENDIX ONE – Uncorrected Misstatements

	Balance Sheet		SOFA		SOFA EFFECT
	Dr	Cr	Dr	Cr	
1 Box Office: Ticket Processing Costs (Expense) (3200)			974.28		- 974.28
Accruals (8055)		974.28			
<i>Being a missing accrual for Oscar POS rental Dec 18</i>					
2 In-House Productions: Rehearsal Costs (3752)			1,260.00		- 1,260.00
Accruals (8055)		1,260.00			
<i>Being missing accrual noted in past year end payment review</i>					
3 Dr Wages: Gross Wages (4050)			3,140.00		- 3,140.00
Cr Trading Company Loan Account		3,140.00			
<i>Being overstatement of Trading's share of wages</i>					
4 Other Debtors	791.16				
Trade Creditors		791.16			
<i>Being debit balances on trade creditors report</i>					
5 Maintenance & repairs for Newington Butts site (4953)			1,840.41		- 1,840.41
VAT (8051)		1,840.41			
<i>Being incorrect posting of VAT on Newington Butts service charge invoices</i>					
6 In house productions: Creative Team Fees				2,033.38	2,033.38
Trade creditors - Anna Reid		138.00			
Accruals		2,556.11			
In-House Productions: Rehearsal Costs			2,100.00		- 2,100.00
Prepayments	2,171.38				
Technical BOH: Turnaround Crew			328.00		- 328.00
Box office: Ticket Processing Costs (Expense)			128.11		- 128.11
<i>Being missing accruals and prepayments noted from expenditure cut off testing</i>					
7 Unknown				266.45	266.45
Box Office: Ticket Sales (Cash) (6006)	2,200.00				
Box Office: Ticket Sales (Cash) (6006)		1,383.00			
Box Office: Ticket Sales (Cash) (6006)		550.55			
<i>Being to correct the year end balance of the 6006 account</i>					
	34,137.65	39,765.51	9,770.80	4,142.94	
					- 5,627.86

REGISTERED COMPANY NUMBER: 2994954 (England and Wales)
REGISTERED CHARITY NUMBER: 1042870

REPORT OF THE TRUSTEES AND CONSOLIDATED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018
FOR
SOUTHWARK PLAYHOUSE THEATRE COMPANY

SOUTHWARK PLAYHOUSE THEATRE COMPANY

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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SOUTHWARK PLAYHOUSE THEATRE COMPANY

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2018**

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number	2994954 (England and Wales)
Registered Charity number	1042870
Registered office	77-85 Newington Causeway London SE1 6BD
Trustees	C Gagnon – appointed 20/04/2018 S Hickson R N Pearson G Semper K Serkis T Wood G Wellman
Patrons	Peter Gill OBE Simon Hughes MP Sir Michael Caine Andy Serkis
Company Secretary	C Smyrnios
Key Management:	
Chief Executive Director/Artistic Director	C Smyrnios
General Manager	C Beaver
Finance Manager	T Altamir – From July 2018
Youth & Community Director	D Workman
Press & PR Manager	S Safavi
Theatre Manager	J Deighan
Technical & Production Manager	C Randall
Auditors	Wilkins Kennedy Audit Services Bridge House London Bridge London SE1 9QR
Bankers	HSBC 28 Borough High Street London SE1 1YB

SOUTHWARK PLAYHOUSE THEATRE COMPANY

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 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 31 December 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 2016).

OBJECTIVES AND ACTIVITIES

Southwark Playhouse is all about telling stories and inspiring the next generation of storytellers and theatre makers. It aims to facilitate the work of new and emerging theatre practitioners from early in their creative lives to the start of their professional careers.

Through our schools work we aim to introduce local people at a young age to the possibilities of great drama and the benefits of using theatre skills to facilitate learning. Each year we engage with 100s of school pupils through free schools' performances and long-term in-school curriculum support.

Through our Young Company (YoCo), a youth-led theatre company for local people between the ages of 14-25, we aim to introduce young people to the many and varied disciplines of running a semi-professional theatre company. YoCo provides a training ground to build confidence and inspire young people towards a career in the arts.

Our work in the community aims to engage with local people, of all ages and backgrounds, by bringing them together to exchange ideas and promote cohesion through meaningful, long-term drama related projects.

Our theatre programme aims to facilitate and showcase the work of some of the UK's best up and coming talent with a focus on reinterpreting classic plays and contemporary plays of note. Our two flexible theatre spaces enable us to offer theatre artists and companies the opportunity to present their first fully realised productions. Over the past 25 years we have produced and presented early productions by many aspiring theatre practitioners many of whom are now enjoying flourishing careers.

ACHIEVEMENT AND PERFORMANCE

The trustees confirm that they have referred to the guidance contained in the Charity Commission general guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities.

Theatre Programme

Southwark Playhouse hosted 23 productions across its two theatre spaces playing to a record 84,155 audience members. The programme continued to present a wide variety of shows by the best new and emerging theatre companies and practitioners (plus a few established ones too).

On average we played to just over 66% capacity and took just under £1.25m in ticket sales.

The Large

Collective Rage by Jen Silverman

Produced by antic | face and Nik Holttum Productions; Directed by Charlie Parham
UK Premiere

Pippin Book by Roger O. Hirson, Music by Stephen Schwartz

Aria Entertainment, Hope Mill Theatre, and Guy James Theatrical; Directed by Jonathan O'Boyle

The Country Wife by William Wycherley

Produced by Morphy Graffiti; Directed by Luke Fredericks

The Fall by James Fritz / **DNA** by Dennis Kelly

Produced by the National Youth Theatre; Directed by Matt Harrison / Sean Hollands

The Rink Music by John Kander, Lyrics by Fred Ebb & Book by Terrence McNally

Produced by Jack Maple and Brian Zeilinger; Directed by Adam Lenson

For King and Country by John Wilson

Produced by Dilated Theatre; Directed by Paul Tomlinson

Bring it On by Lin-Manuel Miranda, Tom Kitt, Amanda Green & Jeff Whitty

Produced by British Theatre Academy; Directed by Ewan Jones

SOUTHWARK PLAYHOUSE THEATRE COMPANY

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2018

ACHIEVEMENT AND PERFORMANCE – continued

Wasted Music by Christopher Ash, Book and lyrics by Carl Miller
Produced by Oli Sones and Sally Humphreys Productions and Jason Haigh-Ellery; Directed by Adam Lenson
World Premiere

The Trench by Oliver Lansley
Produced by Les Enfants Terribles; Directed by James Seager and Oliver Lansley

Seussical Music & Book by Stephen Flaherty, Lyrics & Book by Lynn Ahrens, Co-conceived by Eric Idle, Based on the works of Dr. Seuss
Produced by Immersion Theatre; Directed by James Tobias

The Little

Strange Tales from the West Country: The Here and This and Now by Glenn Waldron / **The War Has Not Yet Started** by Mikhail Durnenkov Translated by Noah Birksted-Breen
Produced by Theatre Royal Plymouth; Directed by Simon Stokes / Gordon Anderson

Angry by Philip Ridley
Produced by Tramp; Directed by Max Lindsay
World Premiere

Old Fools by Tristan Bernays
Produced by To The Moon and Making Productions; Directed by Sharon Burell
World Premiere

Why is the Sky Blue by Abbey Wright, Shireen Mula, and Matt Regan
Produced by Tackroom Theatre; Directed by Abbey Wright
World Premiere

Confidence by Judy Upton
Produced by Boundless Theatre; Directed by Rob Drummer

Sticky by Charlotte Josephine / **Infinite Joy** by Brendan Cull and Robert Scott
Produced by The Andrew Lloyd Webber Foundation Bridge Company; Directed by Eva Sampson / Simon Kane
World Premiere

Goodnight Mister Tom by David Wood, based on the novel by Michelle Magorian
Produced by British Theatre Academy; Directed by Jo Kirkland

Unexpected Joy Book and Lyrics by Bill Russell, Music by Janet Hood
Produced by Katy Lipson for Aria Entertainment and Kierstead Productions; Directed by Amy Anders Corcoran
UK Premiere

The Sweet Science of Bruising by Joy Wilkinson
Produced by Troupe; Directed by Kirsty Patrick Ward
World Premiere

The Funeral Director by Iman Qureshi
Produced by Papatango; Directed by Hannah Hauer-King
World Premiere

The Night Before Christmas by Antony Neilson
Produced by Citric Acid Productions, in association with Arden Entertainment; Directed by Alex Sutton

SOUTHWARK PLAYHOUSE THEATRE COMPANY

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2018

ACHIEVEMENT AND PERFORMANCE - continued

Awards

During the 2018 season our productions were nominated for and given the following awards:

Off West End Theatre Awards (The Offies)

Production for Young People 8+ – Nominated (Goodnight Mr Tom)

Male Performance in a Supporting Role in a Musical – Nominated (Stewart Clarke for The Rink)

Female Performance in a Supporting Role in a Musical – Winner (Mairi Barclay for Pippin) & Nominated (Tessa Kadler for Pippin)

Male Performance in a Musical – Nominated (Jonathan Carlton for Pippin)

Female Performance in a Musical – Joint Winners (Caroline O'Connor for The Rink, Gemma Sutton for The Rink) & Nominated (Natasha Barnes for Wasted)

New Musical – Nominated (Wasted)

Choreography – Winner (Fabian Aloise for The Rink) & Nominated (William Whelton for Pippin)

Musical Director – Winner (Joe Bunker for The Rink) & Nominated (Zach Flis for Pippin)

Musical Production – Winner (The Rink) & Nominated (Pippin)

Production – Nominated (Collective Rage: A Play in 5 Betties)

YOUTH & COMMUNITY

Overview

2018 was another busy year for Southwark Playhouse's Youth and Community programme. Our valued core programmes continued to go from strength to strength, whilst we were also able to launch a number of new projects and opportunities.

Across the year we reached over 1,000 people as participants and audience members, which considering we receive no statutory funding and have one full-time member of staff working on these projects, is not inconsiderable.

During the year, the Youth and Community Programme secured nearly £54,000 of funding, for working taking place this year and next. We also made nearly £8,000 in ticket sales, all of which goes back into supporting our projects.

A summary of what is planned for 2019 can be found at the end of the report, but with the move to our brand new home at Newington Butts offering a chance to really expand what we do and who we work with, this is a really exciting time.

Young Company

"...not being able to afford drama school, joining the Young Company was one of the few alternatives I had to drama training. It has provided me with a foundation that I lacked and was searching for, a confidence that I needed to develop. It gave me a way in when nobody else would and has supported me ever since."

Young Company Member

Our Young Company (YoCo) is our longest-running and most cherished programme. We have two groups, for those aged 14 – 18 (meeting weekly every Saturday) and for those aged 19 – 25 (meeting weekly every Wednesday). It is free to participate in, with all members living, working or studying in Southwark.

Across 2018, 48 young people have been actively involved in Young Company activity as participants, with over 350 audience members for our various performances.

SOUTHWARK PLAYHOUSE THEATRE COMPANY

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2018

ACHIEVEMENT AND PERFORMANCE - continued

14 – 18 YoCo

This year saw the 14 – 18 group continue to be successfully led by Ibrahim Shote (himself a founder member of YoCo) and Lucy Dear (an experienced practitioner and facilitator who joined us as co-director in 2017).

Once again the group were given an opportunity to perform in the Little Theatre in April, in tandem with the older group. The play selected for performance was *Remote* by Stef Smith – a play originally written for the National Theatre's Connections scheme in 2015. It is a play about protest, power and protecting yourself, the show offered some great opportunities for ensemble work as well as a host of interesting characters for the cast to get their teeth into. With a fantastic tree designed by Anna Reid imposing itself over the set, this proved to be a huge success – for the first time we performed three times, rather than two, offering an additional matinee performance.

The summer term is often quieter for this group, as the majority of them have exams. But for those who were able to join us – including some new members – a shorter term offered the chance to explore some new skills.

The summer holidays brought some exciting news, in the form of confirmation that the group had been selected to take part in the National Theatre's Connections scheme in 2018. This saw us perform a brand new play at both the Southwark Playhouse and our partner venue, artsdepot. We selected as our play to perform, *Chaos* by Laura Lomas – a mind-bending exploration of chaos theory and multiple realities, with some brilliant opportunities for us to put our own mark on it.

19 – 25 YoCo

Our 19 – 25 Young Company have undertaken a number of projects this year, providing a range of opportunities for the participants.

Alongside the 14 - 18 group, we presented *There is a War* by Tom Basden as our main production in April. A satirical dark comedy about the folly of war, this was a great piece to showcase the abilities of every member of the group. Directed by Youth and Community Director David Workman, this show (as well as *Remote*) had lighting design by Sarah Readman and sound/music provided by Jon McLeod, both of whom have worked with us before and are good friends to YoCo.

The summer saw the latest plays by Theatre Uncut released, and they very much piqued the group's interest. Theatre Uncut release a batch of plays every year or so, all written by professional playwrights and available rights free for a specific period of time. They always revolve around a particular theme, which this year was the Time's Up/ #metoo movement. The plays the group selected to perform were *Confessions* by Cordelia Lynn, *Mortar* by Sharon Clark, *Nobody* by Vivienne Franzmann, *Safe* by Niellah Arboine and *The Power of Plumbing* by Sabrina Mahfouz. This also offered an opportunity for two of the group members to try their hand at directing, working with their peers to direct two of the short pieces. We were lucky to have Niellah Arboine attend the performance here at the Playhouse, who was very impressed with our production of her play – the first time she had seen it! Following this, we were able to perform the pieces again at Theatre Delicatessen in Burgess Park close to our current venue – this is a relationship we hope to develop in the future.

The Autumn was a time for the group to welcome new members, and two new directors. Initially, director and facilitator Toby Clarke led the group in a series of development and training workshops, before being followed by director Ellen Havard who, along with writer James Rushbrooke, will be working with the group to devise and direct them in a brand new performance in April 2019.

Across the year YoCo participants of all ages have had the opportunity to get involved in a number of other projects. These include appearing in *Why is the Sky Blue?*, a verbatim performance here at Southwark Playhouse exploring the effects of pornography on children and a staged reading of *The Rasputin Show*, the 50th anniversary revival of a forgotten fringe theatre production; taking part in a short film for the Clapham Film Unit exploring the history of the Pullens Estate in Southwark; performing as part of a project working in local schools and working with director Anna Girvan in the development of her upcoming production of *Twelfth Night*.

We've also seen YoCo members go on to take up courses at Guildhall School of Music and Drama and Liverpool Institute of Performing Arts, with a number of members auditioning or applying for further study and training over the course of the year.

SOUTHWARK PLAYHOUSE THEATRE COMPANY

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2018

ACHIEVEMENT AND PERFORMANCE - continued

Elders Company

"I always found a welcome at the Elders Company and enjoyed the creative activity. I also found a sense of belonging & pride in what we have achieved together. Last but not least I have made some new friends!"
Elders Company Member

The Elders Company started the year with a brand new Company Director, Jenni Elbourne. Jenni came to us with extensive experience in applied and community theatre, and brought a great energy to the group as we embarked on our next project.

For the first time, the Elders Company were given their own week-long slot in the Little, and so the months leading up to that were spent exploring ideas and developing our own production. The group started out looking at some of the themes from Peter Pan, which we thought were of interest when thinking about ideas of 'growing up', particularly as older adults.

Our eventual production was a world away from that in terms of content, but following the groups' interest in contemporary issues relating to age, it was spurred on by some of that early exploration.

They Sailed Away (a title taken from *'The Owl and the Pussycat'*) was set on-board the cruise liner SS Paradise. The government have decreed that in order to remove the burden older people are placing on society, they should be put on-board cruise liners perpetually, and kept sedated and ignorant of their situation. But some passengers realise the truth, and start to put together a plan to take down the evil crew. They succeed, and manage to take control of the ship – although, as the play ends, they aren't too sure what to do next...

Nearly 200 people came to the three performances we staged, and the feedback was brilliant from many audience members, who enjoyed the humour and characterisation, but also saw some of the issues as important ones.

The project was supported by Alice Rose Stephenson as set designer, Anna Clock as sound designer and Sarah Button as stage manager. All three were new to Southwark Playhouse, but we hope to work with them again in the future.

The group is definitely developing some autonomy of its own, with members of the group keen to step up and take on new roles. That came to the forefront this Autumn, when member Sasha Winslow brought along a modern version of *'A Christmas Carol'* that she had written previously. She also was keen to take on the task of directing it, which she has, supported by Jenni. The classic tale was updated to focus on Edwina Scrooge, and featured live music and a host of classic songs with new lyrics. A one-off performance close to Christmas was a popular hit!

This year saw the launch of a new nationwide 'Elders Network', made up of theatres across the UK that do participatory work with older people. Our first meeting was at Manchester Royal Exchange, and we hope there will be more to come, with opportunities to engage with other groups in London and beyond.

Future Voices

"I was able to develop as a writer as well as a person. It was great to meet new people and to see other people's work. It was amazing."
Participating Student, 2017-18

This year saw the successful conclusion of our brand new schools' project, which began in September 2017.

Across the six months of the project (Sept 2017 – April 2018), we worked with five secondary schools across five south London boroughs - Sacred Heart Catholic College (Southwark); Platanos College (Lambeth); Ernest Bevin School (Wandsworth); Thomas Tallis School (Greenwich) and Bonus Pastor Catholic School (Lewisham).

Each school selected up to five young people, who across two terms took part in playwriting workshops, mentoring and development with a writer assigned to their school. The young people were selected based on their aptitude and interest in creative writing, but comprised of those who may not have had the opportunity to develop this outside of school. The participating writing mentors were Toby Clarke, Phoebe Éclair-Powell, Yolanda Mercy, Charlie Whitworth and Sarah Hehir.

The final two terms of the project were focused on the participating students developing and writing their own short pieces for performance. The writing mentors supported them through this process, with the final pieces being completed at the end of the Spring term. Ranging in style from a crime thriller to insightful commentary on race in contemporary Britain, we were really excited by just how imaginative and original the pieces were.

SOUTHWARK PLAYHOUSE THEATRE COMPANY

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2018

ACHIEVEMENT AND PERFORMANCE - continued

Future Voices - continued

Following the culmination of this part of the project, the plays were handed to director Rob Drummer, and a group of six actors, who performed them all as staged reading across four performance in the Little. An invited audience of family and friends came to watch.

Feedback on the project was overwhelmingly positive from participating students, teachers and parents. We commissioned Victoria Hogg to write an evaluation report, which we sent to all related partners on the project (and is available on request).

Due to funding, we haven't been able to run the project in the current academic year, but are hopeful of being able to run at least a scaled-down version in 2019-20.

However, we were able to run a series of workshops for Future Voices participants across the autumn term. Led by Rob Drummer and Guleraana Mir, they were aimed at giving the young people attending an idea of the next steps they might take if they wanted to develop their writing further. Whilst the workshops have finished for now, we hope to be able to develop new partnerships in 2019 to allow us to launch something new for young people interested in developing their writing further.

Primary Playwrights

During the year, we worked with two different local primary schools on playwriting projects. These took the essence of Future Voices and condensed them into a smaller timescale, and with specific topics of focus.

- In July, we worked with a Year 6 class at ARK Globe Primary Academy. Across six weeks, playwright and director James Rushbrooke taught students the basics of writing for performance, before they were tasked, in groups, with writing their own short plays around the theme of 'adventure stories'.

These were subsequently directed by James with six professional actors, for a one-off performance here at Southwark Playhouse.

- Subsequently, in September, we worked with both Year 6 classes at Charlotte Sharman Primary School on a project for Black History Month. This was supported with funding from Southwark Council, whose overarching theme for this year's celebrations was 'Windrush: 70 Years On'.

This provided us with an opportunity to approach writers with specific experience and understanding of the theme, to work with students on this project. Shelaagh Ferrell (writer and performer) and Niellah Arboine (journalist and playwright) each worked with a class, to explore the themes brought up by this particular topic. Some of the students were aware of the story of the Windrush, whilst the themes of migration were pertinent to many of them in other ways.

Again, the project culminated in a performance by six actors of short pieces written by the students. We were lucky to welcome along to the performance Verona Paton, a director of the Windrush Foundation, David Wood OBE, children's playwright, as well as family and friends of the students.

Cherry Garden Special School

This year we have maintained our ties with Cherry Garden Special School in Bermondsey, working on two distinct projects with them.

Having been in its current home – a series of temporary buildings – for many years, Cherry Garden is finally moving to brand new premises in Peckham early in 2019. As a means of celebrating the history within those walls, regular practitioner in residence Alice Mackenzie created a short audio piece, subsequently turned into a downloadable podcast, which included interviews with staff, parents and pupils, and other music and sounds generated by the students. Initially created as an installation at the summer fete for the school, this was subsequently made available as a download from the Cherry website.

This Christmas we once again supported the Cherry Christmas show, where every student has the chance to perform as part of a non-traditional nativity for their parents. It was bittersweet being the final one in the current home, but as ever, a time of joyful celebration for parents of the students.

SOUTHWARK PLAYHOUSE THEATRE COMPANY

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2018

ACHIEVEMENT AND PERFORMANCE - continued

Other Schools Engagement

- Although we are not currently hosting students on work experience placements, we welcomed three sixth-form students from Highshore School in Camberwell, as part of the National Youth Theatre's time with us. Students helped out with basic administrative and audience-facing tasks.
- We hosted a performance of *Fantastic Mr Fox* by the 'Our Gems' group, a home-schooling cooperative from East London.
- London South Bank University have continued links with us, spending four weeks rehearsing and devising in the rehearsal room as a module on their second year BA. Members of the Elders Company were invited to a performance, and we have subsequently approached some of the students about engaging with us in our community programme for 2019.

People's Company

The People's Company – our resident (independent) community company, have had an incredibly busy year.

In March, the Company presented *Thames Tales*, here in the Tiny for two performances. Devised, written and directed by group members, the piece asked - what is London? How is it changing? And what does it mean to be a Londoner? Set on a fictional North Southwark street, the piece explored many of the issues facing London and Elephant and Castle, including regeneration and diversity. The production was supported by United St Saviours, and also included a post-show discussion on the issues raised.

The Company also had an exciting collaboration this year with Shakespeare's Globe. They became the first community company to take part in the revamped 'Our Theatre' project. This saw them perform a version of *As You Like It* onstage in the Sam Wanamaker Playhouse, and then in the open air in Chumleigh Gardens in Burgess Park.

Subsequently, members of the Company were invited to perform as part of the Sonnet Sunday event at the Globe.

People's Company Director John Whelan has also been involved in supporting the Community Engagement workshops this Autumn.

Community Engagement

With our new venue opening in 2019, we are provided with a greater opportunity to engage more closely with our immediate neighbours here in Elephant and Castle.

As a means of starting that process, we secured some funding from the London Community Fund to run a series of free workshops, with an aim of reaching individuals we haven't yet been able to.

So far we have run four workshops, looking at puppetry, local history, singing and improvised comedy. 40 people attended these, with positive feedback and interest in taking part in future workshops from many of the attendees.

As a means of reaching more people, we have plans to take workshops out to the community in the new year, as well as plans to develop a community performance.

- Our weekly reading group continues to meet, with a core group of five participants. Members are also regular attendees at performances and participate in other programmes at the theatre.
- In November we hosted a performance by 'Acting Up', a drama group for people affected by mental health issues. Their performance explored mental health through a devised fairytale/fable. We hope to work with the group again in the future.
- We are a core member of Southwark Theatres' Education Partnership (STEP), a consortium of theatres in the borough that meet regularly to plan shared ways of working with young people across Southwark.
- Southwark Playhouse has become a partner of theatre company The Thelmas, whose work is focused around supporting women in the industry, particularly writers, to develop and workshop their writing. They will be hosting a monthly event 'Weapons of Mass Creation' here at the Playhouse.
- Members of our Young Company took part in a workshop led by former YoCo Director Paul Edwards, alongside young participants from Studio 18 in Malta.

SOUTHWARK PLAYHOUSE THEATRE COMPANY

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2018

ACHIEVEMENT AND PERFORMANCE - continued

Front of House and Bar Operation

The theatre's bar is, as ever, a key contributor to the organisation's overall income. Although we have increased bar prices this year we feel we have found an even ground between covering our costs and being affordable. Having had a record year for audiences we were pleased that also translated to a record year for bar turnover.

We made the decision towards the end of the year to cease the third-party food operator owing to poor quality product and therefore poor sales. We have decided to not bring in a new operator until we have overseen the current transition the organisation is going through as part of its capital programme.

Our Assistant Theatre Manager moved on from the Playhouse to a new job at the end of the year which gave us an opportunity to review how we manage the front of house operation. Rather than replace her we decided to create two part-time Front of House Manager positions to comprehensively cover the duty management of the theatre during opening hours as well as take an active role in the evolution and development of the department as a whole.

FINANCIAL REVIEW

Statement of Financial Activities

The Statement of Financial Activities (SOFA) shows the extent of, and movement in, all charitable funds differentiating between restricted funds (monies provided for specific purposes) and unrestricted funds (monies which can be applied to any charitable objectives within the organisation's objectives). Unrestricted funds include funds designated by the trustees for specific future investment in the organisation. The total funds at 31 December 2018 are £488,465 (2017: £355,617); of these £132,121 are represented by fixed assets such as buildings and equipment (2017: £37,787).

Total incoming resources for the year were £1,152,714 (2017: £872,915).

Our main sources of income were from earned income sources such as theatre rental of £344,426 (2017: £296,727), bar/café income of £320,496 (2017: £308,791) and managed production income of £89,468 (2017: £198,701).

The year's accounts show a surplus of £132,848 (2017: deficit of £19,636) this is largely owing to upfront capital donations towards the new theatre at Newington Butts (opening end of 2019).

Restricted Funds

Restricted Fund movements in the year represent grants and donations towards specific productions and projects or other activities, most notably our upcoming capital project.

Unrestricted Funds

These represent the operational income of the charity (e.g. ticket sales, bar sales, venue hire), as well as grants and donations towards the activities of the charity as a whole.

Reserves Policy

The objectives of the trustees are to hold a level of reserves for maintaining current activities. The current reserves policy is to ensure that the following items are covered to the appropriate amounts:

- Artistic Programme - £25,000 to allow for the development of future productions at the playhouse.
- Operational - £125,000 - three months' worth of running costs to allow for any unexpected drops in the organisation's income.
- Relocation Costs - £50,000 - a fund allocated towards the theatre's upcoming capital costs for moving to a new theatre.

Given the level of unrestricted funds at 31 December 2018, the trustees are comfortable they have financial cover for contingent situations.

SOUTHWARK PLAYHOUSE THEATRE COMPANY

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2018

Risk Management

As part of the annual policy review trustees identified the major risks (financial, governance/compliance, operational and external risks) facing the Charity over the coming years.

Each risk is assessed according to the likelihood, and potential impact, and systems and procedures to manage those risks are agreed and embedded by the trustees and staff. Some of the main risks facing the charity are:

Financial - Potential decline in charitable and sponsorship funds. This is mitigated against by: decreasing the number of in-house productions in favour of paid hires; finding new and developing existing sources of earned income; identifying and making efficiency savings and building the operational reserves to cover a 3 month period.

Health & Safety – Staff members and members of the audience. This is mitigated by ensuring all staff members are made aware of the H&S policy and ensuring that the H&S guidelines are followed. All hiring companies are required to provide a risk assessment prior to public performances. There is a clear and well managed accident reporting system in place and a regular review of public and employer's liability insurance.

Governance – Child protection and safeguarding. This is mitigated against by: trustees' annual review of a robust safeguarding policy; Youth & Community Director trained as the Safeguarding Officer, overseeing all building and artistic programme requirements in relation to safeguarding, DBS checks for all key staff and contractors.

Operational/ reputational – Data breach. This is mitigated against by: all staff being briefed on responsibilities under GDPR legislation; cloud-based back-up of all data; GDPR recommendations in place across the charity with identified procedures and nominated people for reporting and escalating any breaches.

FUTURE PLANS

Capital Projects

Newington Butts

We made the decision at the start of the year to focus on the capital fundraising campaign in-house, and so we ended the contract with our external fundraising consultants. In May we organised a fundraising launch event for interested funders and stakeholders which helped generate momentum for our campaign. At the end of the year we had secured over £2million from funders, most significantly £750,000 grants from both the Biffa Award and the Mayor's Good Growth Fund. We also had a loan offer from Unity Bank for £1.25 million. This success in funding allowed us to engage consultants in order to complete the project by the end of 2019.

London Bridge

The London Bridge continues to remain at an impasse. An agreement is yet to be reached with Network Rail as to the shell and core specification of the proposed site of the new theatre and also the terms on the lease. GL Hearn and Southwark Council are providing support to broker an agreeable way forward for both parties.

Youth and Community

With ongoing and ambitious capital plans we are not planning any in-house theatre productions but the youth and community programme continues to plan and grow throughout the capital process. In 2019 our youth and community plans are:

- Our Schools Shakespeare production returns with *Twelfth Night*, directed by Anna Girvan, in January.
- The 14 – 18 Young Company will take part in the National Theatre's Connections project, performing *Chaos* by Laura Lomas both here and at artsdepot.
- The 19 – 25 Young Company will perform *The Clinic* written by James Rushbrooke and devised from ideas developed by the group themselves.
- The Elders Company will take part in the Our Theatre project with Shakespeare's Globe, performing *Henry V* both here and at the Globe, alongside school groups.
- Our Primary Playwrights scheme will roll out to five schools in the local area.
- Future Voices will launch again in the Autumn.
- We will be running workshops in local community spaces including Draper Tenants' Hall, 1st Place Childrens' Centre and with the Creation Trust.
- We hope to produce a community theatre production, comprising local people working with a professional writer and director.
- We will look at opportunities for us to develop programmes of work to support young people interested in developing their writing.
- Our new venue will open – providing lots of opportunities for us to expand our work and develop new programmes.

SOUTHWARK PLAYHOUSE THEATRE COMPANY

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution and Structure

The charity is constituted as a company limited by guarantee, and is therefore governed by a memorandum and articles of association. The maximum liability of members in the event of winding up is £1. At 31 December 2018 there were 7 members who are all Directors of the company.

Governance

The activities of the charity are supervised by the Trustees, who meet as a board four times each year, or more often if necessary. The trustees delegate the day to day management of the charity to its paid staff, particularly to the Chief Executive. The high quality and professional experience of the Board continue to provide strong support and direction for the Theatre's team and staff.

Trustee Recruitment

The Trustees are drawn from people who have shown a keen interest in the Theatre, giving due consideration to the required skills, experience and diversity of the Board body. New Trustees are recommended by Trustees and the Chief Executive and are approved by the Board. Their appointment is then confirmed at the Annual General Meeting. When they are first appointed, Trustees receive an induction pack and are briefed by the Chairman and Chief Executive, as well as having the chance to meet other staff. The board's performance is reviewed annually by the Chair.

Key management

The key management personnel of the charitable company are the Board of Trustees, the Chief Executive who is also the Artistic Director, the General Manager, the Youth and Community Director, the Communications Manager, the Technical and Production Manager and the Theatre Manager. All members of the board give their time freely and no board members received remuneration in the year. Details of expenses reimbursed to trustees are disclosed in note 11. There are no related party transactions.

Remuneration for the key management is reviewed annually and set by the Board of Trustees.

SOUTHWARK PLAYHOUSE THEATRE COMPANY

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2018**

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of Southwark Playhouse Theatre Company 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).

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 these 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 2017 (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.

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.

Approved by order of the board of trustees on 30 July 2019 and signed on its behalf by:


C Smyrniotis – Secretary

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SOUTHWARK PLAYHOUSE THEATRE COMPANY**

Opinion

We have audited the financial statements of Southwark Playhouse Theatre Company (the 'charitable parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the Group Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheet, the Group and Parent 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the charitable parent company's affairs as at 31 December 2018 and of the group's incoming resources and application of resources, 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 the provision available for small entities, in the circumstances set out in note 2a to the financial statements, 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 group's or the charitable parent 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 auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions 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 trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SOUTHWARK PLAYHOUSE THEATRE COMPANY**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the charitable parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

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

- adequate accounting records have not been kept by the charitable parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable parent company's 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 group's and the charitable parent 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 group or the charitable parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 an auditor's report 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. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable parent 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 parent company'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 charitable parent company and the charitable parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

John Howard (Senior Statutory Auditor)
For and on behalf of Wilkins Kennedy Audit Services
Statutory Auditor
2nd Floor, Regis House
45 King William Street
London
EC4R 9AN

Date

SOUTHWARK PLAYHOUSE THEATRE COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Unrestricted Funds £	Restricted Funds £	2018 Total Funds £	2017 Total Funds £
INCOME					
Donations, grants and legacies	2	5,544	329,698	335,242	12,433
Charitable activities	3	422,394	68,132	490,526	538,911
Other trading activities	4	320,496	-	320,496	308,791
Investment income	5	407	-	407	140
Other income		6,043	-	6,043	12,640
Total		<u>754,884</u>	<u>397,830</u>	<u>1,152,714</u>	<u>872,915</u>
EXPENDITURE ON					
Raising funds	6	398,622	-	398,622	307,746
Charitable activities	7	515,415	105,829	621,244	584,805
Total	8	<u>914,037</u>	<u>105,829</u>	<u>1,019,866</u>	<u>892,551</u>
NET INCOME/(EXPENDITURE)		(159,153)	292,001	132,848	(19,636)
RECONCILIATION OF FUNDS					
Total funds brought forward	19	<u>337,016</u>	<u>18,601</u>	<u>355,617</u>	<u>375,253</u>
TOTAL FUNDS CARRIED FORWARD		<u>177,863</u>	<u>310,602</u>	<u>488,465</u>	<u>355,617</u>

All of the results are from continuing activities and include all gains and losses recognised in this year and last.

The notes on pages 18 to 27 form part of these financial statements.

SOUTHWARK PLAYHOUSE THEATRE COMPANY
CONSOLIDATED AND CHARITABLE COMPANY BALANCE SHEET
AT 31 DECEMBER 2018

	Notes	GROUP		Charitable Company	
		2018 £	2017 £	2018 £	2017 £
FIXED ASSETS					
Tangible assets	12	132,121	37,787	131,200	36,738
Fixed asset investment	13	-	-	100	100
		<u>132,121</u>	<u>37,787</u>	<u>131,300</u>	<u>36,838</u>
CURRENT ASSETS					
Stocks	14	6,668	4,769	-	-
Debtors	15	66,723	69,058	76,176	92,297
Cash at bank		616,118	604,460	605,558	576,865
		<u>689,509</u>	<u>678,287</u>	<u>681,734</u>	<u>669,162</u>
CREDITORS					
Amounts falling due within one year	16	(333,165)	(360,457)	(324,569)	(350,383)
NET CURRENT ASSETS		<u>356,344</u>	<u>317,830</u>	<u>357,165</u>	<u>318,779</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>488,465</u>	<u>355,617</u>	<u>488,465</u>	<u>355,617</u>
NET ASSETS	18	<u>488,465</u>	<u>355,617</u>	<u>488,465</u>	<u>355,617</u>
FUNDS					
Unrestricted funds		177,863	337,016	177,863	337,016
Restricted funds	19	310,602	18,601	310,602	18,601
TOTAL FUNDS		<u>488,465</u>	<u>355,617</u>	<u>488,465</u>	<u>355,617</u>

The financial statements were approved by the Board of Trustees on 30 July 2019 and were signed on its behalf by:



.....
T Wood - Trustee

The notes on pages 18 to 27 form part of these financial statements.

SOUTHWARK PLAYHOUSE THEATRE COMPANY
CONSOLIDATED AND CHARITABLE COMPANY CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	GROUP 2018 £	2017 £	Charitable Company 2018 £	2017 £
Cash used in operating activities	22	<u>120,060</u>	<u>103,934</u>	<u>135,365</u>	<u>94,954</u>
Cash flows from investing activities					
Purchase of tangible fixed assets		<u>(108,402)</u>	<u>(9,853)</u>	<u>(106,672)</u>	<u>(9,558)</u>
Cash provided by (used in) investing activities		<u>(108,402)</u>	<u>(9,853)</u>	<u>(106,672)</u>	<u>(9,558)</u>
Change in cash and cash equivalents in the reporting period		11,658	94,081	28,693	85,396
Cash and cash equivalents at the beginning Of the reporting period		<u>604,460</u>	<u>510,379</u>	<u>576,865</u>	<u>491,469</u>
Cash and cash equivalents at the end of the reporting period	23	<u>616,118</u>	<u>604,460</u>	<u>605,558</u>	<u>576,865</u>

The notes on pages 18 to 27 form part of these financial statements.

SOUTHWARK PLAYHOUSE THEATRE COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. GENERAL INFORMATION

Southwark Playhouse Theatre Company is a charitable company limited by guarantee in the United Kingdom. The address of the registered office is given in the charity information on page 1 of these financial statements. The nature of the charitable company's operations principle activities are set out on page 2.

2. ACCOUNTING POLICIES

The principal account policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a) Basis of preparation

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 2017)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities Act 2011 and the Companies Act 2006.

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

The financial statements are prepared in sterling which is the functional currency of the charity.

The significant accounting policies applied in the preparation of these financial statements are set out below.

These policies have been consistently applied to all years presented unless otherwise stated.

b) Basis of Consolidation

These financial statements consolidate the results of the Charity and its wholly owned subsidiary, Southwark Playhouse Trading Limited, on a line by line basis in accordance with FRS 102 – section 9 and the SORP (FRS 102) – section 24.

Details of Southwark Playhouse Trading Limited are given in note 13 of the financial statements.

A separate statement of financial activities for the Charitable Company has not been present because the Charitable Company has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

c) 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 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 charitable company to be able to continue as a going concern.

d) Funds

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

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

SOUTHWARK PLAYHOUSE THEATRE COMPANY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. ACCOUNTING POLICIES – continued

e) Income

Income is recognised in the Statement of Financial Activities when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that income be received and the amount can be measured reliably.

- Income from donations and grants are included in incoming resources when they are receivable unless the donor has specified that the donation or grant relates to a future period.
- Income from charitable activities which represents managed productions and theatre rentals is included in income resources in the period in which relevant performance takes place. Income related to productions in a subsequent period is treated as deferred income.
- Income from trading activities which represents the income from the sale of catering and bar facilities is recognised as earned.

f) Expenditure

All expenditure is accounted for on an accruals basis and have 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 settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Costs of raising funds comprise the costs of the front of house staff and their associated support costs.
- Expenditure on charitable activities includes the costs of performances and other educational activities undertaken to further the purpose of the charitable company and their associated support costs.
- Other expenditure represents those items not falling into any other heading.

g) Allocation of support and governance costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the Trusts artistic programmes and activities. These costs have been allocated within expenditure on charitable activities.

h) Operating lease

The Charitable Company classifies the rental lease as an operating lease; the title to the building remains with the lessor.

Rental charges are charged on a straight line basis over the term of the lease.

i) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided on all tangible fixed assets, at rates calculation to write off the cost of each asset on a straight line basis over the asset's estimated useful lives as follows:

Plant and machinery	- 25% on cost
Fixtures and fittings	- 25% on cost

Amounts included in assets under construction relate to building work on the new Southwark Playhouse Elephant theatre that is partially complete at the year end. No depreciation is charged on these amounts until the asset is complete. See Note 12

SOUTHWARK PLAYHOUSE THEATRE COMPANY

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. ACCOUNTING POLICIES – continued

j) Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

k) Debtors

Other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid. Accrued income is measured at the amount due to be received.

l) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar accounts.

m) Creditors

Creditors are recognised where the charitable company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

Other creditors and accruals are recognised at their settlement amount due.

n) Financial instruments

The charitable company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

o) Taxation

The charitable company 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. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part II Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

p) Judgements and key sources of estimation uncertainty

Accounting estimates and judgements are continually evaluated and are based on historical experience and Other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following judgements (apart from those involving estimates) have been made in the process of applying the above accounting policies that have had the most significant effect on amounts recognised in the financial statements:

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the property plant and equipment, and note i for the useful economic lives for each class of assets.

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

SOUTHWARK PLAYHOUSE THEATRE COMPANY

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. DONATIONS AND LEGACIES

	Unrestricted Funds £	Restricted Funds £	2018 Total Funds £	2017 Total Funds £
Donations and grants	5,544	329,698	335,242	12,433
	<u>5,544</u>	<u>329,698</u>	<u>335,242</u>	<u>12,433</u>

In 2017, £8,933 of the income was attributable to the unrestricted fund, and the remaining £3,500 was attributed to the restricted fund.

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	2018 Total Funds £	2017 Total Funds £
Managed Production	85,468	4,000	89,468	198,701
Theatre Rental	336,926	7,500	344,426	296,727
Youth & Community (restricted)	-	56,632	56,632	43,483
	<u>422,394</u>	<u>68,132</u>	<u>490,526</u>	<u>538,911</u>

In 2017, £495,428 of income from charitable activities was attributable to the unrestricted fund and the remaining £43,483 was attributable to the restricted fund.

4. OTHER TRADING ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	2018 Total Funds £	2017 Total Funds £
Income from trading activities	320,496	-	320,496	308,791
	<u>320,496</u>	<u>-</u>	<u>320,496</u>	<u>308,791</u>

In 2017 all of the £308,791 other trading activities income was attributable to the unrestricted fund.

5. INVESTMENT INCOME

	Unrestricted Funds £	Restricted Funds £	2018 Total Funds £	2017 Total Funds £
Bank interest	407	-	407	140
	<u>407</u>	<u>-</u>	<u>407</u>	<u>140</u>

In 2017 all of the £140 investment income was attributable to the unrestricted fund.

6. RAISING FUNDS

	Unrestricted Funds £	Restricted Funds £	2018 Total Funds £	2017 Total Funds £
Commercial Front of office operations	41,042	-	41,042	38,669
Expenditure on trading activities	280,532	-	280,532	269,077
Future Playhouse	77,048	-	77,048	-
	<u>398,622</u>	<u>-</u>	<u>398,622</u>	<u>307,746</u>

In 2017 all the £307,746 of the expenditure in relation to raising funds was attributable to the unrestricted fund.

SOUTHWARK PLAYHOUSE THEATRE COMPANY

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018**

7. CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	2018 Total Funds £	2017 Total Funds £
Managed Production	515,415	11,500	526,915	473,798
Youth & Community	-	53,806	53,806	60,090
New Venue Costs	-	40,523	40,523	50,917
	<u>515,415</u>	<u>105,829</u>	<u>621,244</u>	<u>584,805</u>

In 2017 £521,215 of the expenditure in relation to charitable activities was attributable to the unrestricted fund, with the remaining £63,590 being attributable to the restricted fund.

8. EXPENDITURE

	Direct costs £	Support costs (See note 9) £	Total 2018 £	Total 2017 £
Managed Production	50,165	476,750	526,915	473,798
Youth & Community	53,806	-	53,806	60,090
New Venue Costs	40,523	-	40,523	50,917
	<u>144,494</u>	<u>476,750</u>	<u>621,244</u>	<u>584,805</u>
Raising funds	395,472	3,150	398,622	307,746
	<u>539,966</u>	<u>479,900</u>	<u>1,019,866</u>	<u>892,551</u>

9. SUPPORT COSTS

	Staff costs £	Establishment costs £	Governance costs	Totals
Managed Production	219,634	250,316	6,800	476,750
Raising funds	-	-	3,150	3,150
	<u>219,634</u>	<u>250,316</u>	<u>9,950</u>	<u>479,900</u>

Support costs, including in the above, are as follows:-

	2018 £	2017 £
Wages	219,634	191,040
Software licences	1,011	1,058
Recruitment fees	820	1,987
Rent & rates	112,064	68,219
Other establishment costs	111,415	89,286
Accountancy fees	7,166	11,410
Advertising & PR	17,840	23,888
Legal & professional fees	-	5,058
Auditors remuneration (Parent only £4,000)	6,750	6,750
Auditors remuneration – non audit work	3,200	4,350
	<u>479,900</u>	<u>403,046</u>

In 2017 £50,917 of costs paid in relation to the new venue were allocated within the support costs of the Managed Production Charitable Activity. There have now been allocated as unrestricted direct costs within the new Charitable Activity New Venue Costs.

SOUTHWARK PLAYHOUSE THEATRE COMPANY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

10. NET INCOME/(EXPENDITURE)

	Consolidated		Charity	
	2018	2017	2018	2017
	£	£	£	£
Net income/(expenses) is stated after charging/(crediting):				
Auditors' remuneration	6,750	6,750	4,000	4,000
Auditors' remuneration for non-audit work	3,200	4,350	2,800	2,600
Depreciation - owned assets	14,068	8,143	12,210	7,840

11. ANALYSIS OF STAFF COSTS, TRUSTEES REMUNERATION AND EXPENSES AND THE COST OF KEY MANAGEMENT PERSONNEL

	Consolidated		Charity	
	2018	2017	2018	2017
	£	£	£	£
Wages and salaries	348,316	287,482	205,975	179,002
Social security costs	22,476	18,012	13,485	13,337
Pension	3,679	1,375	2,207	1,375
	<u>374,471</u>	<u>306,869</u>	<u>221,667</u>	<u>193,714</u>
The average number of employees (full time equivalent) during the year was:	<u>22</u>	<u>23</u>	<u>13</u>	<u>14</u>

Employee time has been allocated either;

- 1) To direct costs on a percentage of the time spent by an employee on an activity
- 2) To support costs allocated on a percentage basis over all the costs.

No employee received emoluments above £60,000 (2017: none).

During 2018 no trustees (2017: £nil) were paid or received any other benefits from employment with the charity. Also, during the year no trustees (2017: £nil) were reimbursed for expenses.

The key management of the charity comprise of the board of trustees and those listed on page 1 of the financial statements.

The total employee benefits of the key management personnel of the Charity were £203,291 (2017: £164,875)

12. TANGIBLE FIXED ASSETS

	Assets under construction	Plant and machinery	Fixtures and fittings	Totals
	£	£	£	£
CONSOLIDATED				
COST				
At 1 January 2018	-	68,209	188,548	256,757
Additions	106,227	1,730	445	108,402
Disposals	-	(335)	-	(335)
At 31 December 2018	<u>106,227</u>	<u>69,604</u>	<u>188,993</u>	<u>364,824</u>
DEPRECIATION				
At 1 January 2018	-	60,599	158,371	218,970
Charge for year	-	7,716	6,352	14,068
Disposals	-	(335)	-	(335)
At 31 December 2018	<u>-</u>	<u>67,980</u>	<u>164,723</u>	<u>232,703</u>
NET BOOK VALUE				
At 31 December 2018	<u>106,227</u>	<u>1,624</u>	<u>24,270</u>	<u>132,121</u>
At 31 December 2017	<u>-</u>	<u>7,610</u>	<u>30,177</u>	<u>37,787</u>

SOUTHWARK PLAYHOUSE THEATRE COMPANY

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018**

12. TANGIBLE FIXED ASSETS - continued	Assets under construction	Plant and machinery	Fixtures and fittings	Totals
CHARITY	£	£	£	£
COST				
At 1 January 2018	-	66,475	188,548	255,023
Additions	106,227	-	445	106,672
Disposals	-	-	-	-
At 31 December 2018	106,227	66,475	188,993	361,695
DEPRECIATION				
At 1 January 2018	-	59,914	158,371	218,285
Charge for year	-	5,858	6,352	12,210
At 31 December 2018	-	65,772	164,723	336,722
NET BOOK VALUE				
At 31 December 2018	106,227	703	24,270	131,200
At 31 December 2017	-	6,561	30,177	36,738

13. INVESTMENT	Consolidated		Charity	
	2018	2017	2018	2017
	£	£	£	£
Investment in Southwark Playhouse Trading Limited	-	-	100	100

Southwark Playhouse Trading Limited is a private limited Company, registered number 9264350. The company was incorporated on the 15 October 2014 and 100% of the £100 ordinary share capital is owned by Southwark Playhouse Theatre Company. It has been consolidated on a line by line basis. During the period to 31 December 2018 Southwark Playhouse Trading Limited made a £nil profit based on turnover £320,496. The company had capital and reserved of £100.

14. STOCKS		Consolidated		Charity	
	2018	2017		2018	2017
	£	£		£	£
Finished goods	6,668	4,769		-	-

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	Consolidated		Charity	
	2018	2017	2018	2017
	£	£	£	£
Trade debtors	5,571	18,743	5,571	18,743
Amounts owed by group undertaking	-	-	11,071	26,054
Other debtors	23,656	11,200	22,038	8,385
Prepayments and accrued income	37,496	39,115	37,496	39,115
	<hr/> 66,723	<hr/> 69,058	<hr/> 76,176	<hr/> 92,297

SOUTHWARK PLAYHOUSE THEATRE COMPANY

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018**

**16. CREDITORS: AMOUNTS FALLING DUE
WITHIN ONE YEAR**

	Consolidated		Charity	
	2018	2017	2018	2017
	£	£	£	£
Trade creditors	57,441	28,186	51,385	22,802
Social security and other taxes	6,607	6,457	6,607	6,457
Other creditors	253,664	310,642	254,624	312,460
Accruals and deferred income	15,453	15,172	11,953	8,664
	<u>333,165</u>	<u>360,457</u>	<u>324,569</u>	<u>350,383</u>

17. OPERATING LEASE COMMITMENTS – Consolidated and charity

The charity had total commitments under an operating leases are:

	Land and buildings		Equipment	
	2018	2017	2018	2017
	£	£	£	£
Expiring:		restated		
Not later than one year	127,500	114,021	720	420
Later than one and not later than five years	294,178	398,767	600	-
Later than five years	297,500	320,342	-	-
	<u>297,500</u>	<u>320,342</u>	<u>-</u>	<u>-</u>

Our current lease expires in 4 years and 3 months at the end of December 2018 – with a break in April 2021 and a landlord only break in April 2022. Southwark Playhouse Theatre Company can terminate the lease in year 8 of the 10 year lease – this break is due within 2 years and 3 months at the year end 31 December 2018.

The lease at the current premises is on the following schedule:

9 April 2018 – 8 April 2020: £125,000 p/a
9 April 2020 – 8 April 2021: £100,000 p/a
9 April 2021 – 8 April 2023: £75,000 p/a

The lease at Southwark Playhouse Elephant is for 125 years on a 'pepper-corn' rent of £2,500 p/a.

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted fund £	Restricted funds £	2018 Total funds £
Consolidated:			
Fixed assets	132,121	-	132,121
Current assets	378,907	310,602	689,509
Current liabilities	(333,165)	-	(333,165)
	<u>177,863</u>	<u>310,602</u>	<u>488,465</u>

SOUTHWARK PLAYHOUSE THEATRE COMPANY

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018**

18a. ANALYSIS OF NET ASSETS BETWEEN FUNDS - 2017

	Unrestricted fund £	Restricted funds £	2017 Total funds £
Consolidated:			
Fixed assets	37,787	-	37,787
Current assets	659,686	18,601	678,287
Current liabilities	(360,457)	-	(360,457)
	<u>337,016</u>	<u>18,601</u>	<u>355,617</u>

19. RESTRICTED FUNDS – Consolidated and charity 2018

	At 1 Jan 2018 £	Income £	Expenditure £	At 31 Dec 2018 £
Restricted funds				
Managed Productions	-	4,000	(4,000)	-
Theatre Rental	-	7,500	(7,500)	-
Youth & Community	18,601	56,632	(53,806)	21,427
The Wall	-	12,467	-	12,467
Future Playhouse	-	317,231	(40,523)	276,708
	<u>18,601</u>	<u>397,830</u>	<u>(105,829)</u>	<u>310,602</u>

Restricted Funds

Managed Productions/Theatre Rental

This represents funding for visiting company productions to be spent on the weekly venue hire fee charged by Southwark Playhouse for specified shows. It includes funds brought forward from the previous year as well as funding secured and fully spent in the current year including: The Mahoro Trust in support of Tackroom Theatre and the John S. Cohen Foundation in support of Troupe.

Youth & Community

This represents funding for the Youth and Community programme, brought forward from the previous year as well as project funding secured and fully spent in the current year and funds received but to be spent in 2019 including: D'Oyly Carte Charitable Trust; Swire Charitable Trust and the Francis Winham Foundation.

The Wall

This represents individual donations towards Southwark Playhouse Elephant costs. A public campaign fundraising initiative set up in 2018; individuals and organisations purchase wall segments in £50 blocks, creating a personalised design to be displayed collectively as a piece of wall-art at the Southwark Playhouse Elephant. Funds received in 2018 will be spent in 2019.

Future Playhouse

This represents funding for the Southwark Playhouse Elephant capital project, from trusts, foundations, organisations and individuals, brought forward from the previous year as well as secured and spent in the current year and funds received but to be spent in 2019 including: The Cockayne Trust; Backstage Trust and Foyle Foundation.

19a. RESTRICTED FUNDS – Consolidated and charity 2017

	At 1 Jan 2017 £	Income £	Expenditure £	At 31 Dec 2017 £
Restricted funds				
Managed Productions	-	3,500	(3,500)	-
Youth & Community	35,208	43,483	(60,090)	18,601
	<u>35,208</u>	<u>46,983</u>	<u>(63,590)</u>	<u>18,601</u>

SOUTHWARK PLAYHOUSE THEATRE COMPANY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2018

20. CAPITAL COMMITMENTS

As at 31 December 2018 other than the leases detailed within note 17, the charity had no other capital commitments (2017: £Nil).

21. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 December 2018 (2017: none)

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

	Consolidated		Charitable Company	
	2018	2017	2018	2017
	£	£	£	£
Net (expenditure)/income for the reporting period (as per the statement of financial activities)	132,848	(19,636)	132,848	(19,636)
Adjustments for:				
Depreciation charge	14,068	8,143	12,210	7,840
(Increase)/decrease in stocks	(1,899)	1,636	-	-
Decrease/(increase) in debtors	2,335	1,262	16,121	(26,396)
(Decrease)/increase in creditors	(27,292)	112,529	(25,814)	133,146
Net cash provided by (used in) operating activities	<u>120,060</u>	<u>103,934</u>	<u>135,365</u>	<u>94,954</u>

23. ANALYSIS OF CASH AND CASH EQUIVALENTS

	Consolidated		Charitable Company	
	2018	2017	2018	2017
	£	£	£	£
Short-term deposits	<u>616,118</u>	<u>604,460</u>	<u>605,558</u>	<u>576,865</u>

Private & Confidential

Our ref: JH/JLM/LNSOU35

The Board of Directors
Southwark Playhouse Theatre Company
77-85 Newington Causeway
London
SE1 6BD



6 August 2019

Dear Sirs

**Southwark Playhouse Theatre Company ('the Charitable Company') and its subsidiary undertaking Southwark Playhouse Trading Limited ('the Company')
Audit findings for the year ended 31 December 2018**

This Audit Findings report highlights the significant findings arising from the audit for the benefit of those charged with governance. We appreciate that you may be aware of some of the matters contained in this report, however as required by International Standard on Auditing (UK) 260 we are communicating them to you formally.

As auditors we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) (ISAs (UK)), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

1 Audit status and audit opinion

Our audit work is substantially complete and there are currently no matters which would require modification of our audit report.

We are pleased to report that the audit progressed well from our perspective and in accordance with the agreed timetable.

2 Significant findings

Findings related to significant risks

Improper revenue recognition

Under ISA 240 (UK) there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.

Our work included:

- A review of the revenue recognition policies of the company and consider them to be appropriate and in line with applicable accounting standards
- Detailed substantive testing on material revenue streams

From the testing performed, no issues were identified.

Management override of controls

Under ISA 240 there is a presumed risk of management over-ride of controls in all entities.

Our work included:

- Reviewing accounting estimates, judgements and decisions made by management
- Testing of journal entries
- Reviewing of unusual significant transactions

From the testing performed, no instances of management override of controls were identified.

Completeness and recognition of voluntary income/existence and valuation of managed production income and theatre rental income

Our work included:

- Review of documentation for income received before and after the year-end
- Agreed a sample of production agreements to the nominal ledger
- Agreed a sample of rental agreements to the nominal ledger

From the testing performed, no issues were identified.

3 Accounting policies, estimates and disclosures

The accounting policies used in preparing the financial statements are unchanged from the previous year, except for the rates of depreciation which has been changed to 25% straight line on all assets for the year to 31 December 2018.

Our work included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies and estimation techniques adopted by the group. We found the disclosed accounting policies, significant accounting estimates and the overall disclosure and presentation to be appropriate for the company.

4 Other communication requirements

Fraud or suspected fraud

We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit.

Non-compliance with laws and regulations

We are not aware of any significant incidences of non-compliance.

Related parties

We are not aware of any related party transactions which have not been disclosed.

Confirmations from third parties

All requested confirmations have been received.

5 Misstatements

We are required to inform you of any significant misstatements within the financial statements presented for audit that have been discovered during the course of our audit. Details of items corrected following discussions with you and your team are set out in Appendix I.

In addition, a number of non-trivial uncorrected misstatements were discovered during the course of our audit and a summary of these can be found within Appendix II to this letter. Your reasons for not

correcting the financial statements in respect of these misstatements have been discussed and are communicated to us within the letter of representation.

6 Internal controls

The purpose of an audit is to express an opinion on the financial statements. As part of our work we considered internal controls relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. However, this work was not for the purpose of expressing an opinion on the effectiveness of internal controls.

We are required to report to you in writing, significant deficiencies in internal controls that we have identified during the audit. These matters are limited to those which we have concluded are of sufficient importance to merit being reported to you.

The scope of our work is not designed to be an extensive review of all internal controls. If we had performed more extensive procedures, we might have identified more deficiencies than those reported in Appendix III below.

7 Changes in financial reporting

FRS 102 has been amended for accounting periods commencing on/after 1 January 2019. Early adoption is permitted.

The only change relevant is the change in accounting for gift aid between trading subsidiaries and their charitable parent, which has already been taken in to account due to early adoption.

There are no significant changes relevant to your organisation.

8 Independence

In accordance with our profession's ethical guidance and further to our letter to you dated 12 April 2019 confirming audit planning arrangements there are no further matters to bring to your attention in relation to Integrity, Objectivity and Independence.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We would like to take this opportunity to record our appreciation for the kind assistance provided by your team during our audit.

If we can be of any further assistance, please contact John Howard or Jayne Mead

Yours faithfully

A handwritten signature in black ink that reads "Wilkins Kennedy Audit Services". The signature is written in a cursive, flowing style.

Wilkins Kennedy Audit Services

Southwark Playhouse Theatre Company

Appendix I

Corrected misstatements

No	Detail	Balance Sheet		Statement of Financial Activities		Profit effect
		Dr £	Cr £	Dr £	Cr £	£
	Surplus/(deficit) as presented for audit					86,000
1	Being opening balance adjustment	6,607	6,607			-
2	Being late client adjustment for water accrual		2,626	2,626		(2,626)
3	Being depreciation incorrectly posted	1,085	1,085			-
4	Being increase of accountancy accrual		250	250		(250)
5	Being presentational reallocation of travelcard loan	293	293			-
6	Being Seussical settlement in January 19 brought into FY18	27,952	22,350		5,602	5,602
7	Being Night Before Christmas settlement in Jan 19 brought into FY18	44,566	33,507		11,059	11,059
8	Being restricted income for The Wall noted in unrestricted income code			1,831	1,831	-
9	Being restricted Wall donations included in restricted Newington Butts code			6,491	6,491	-
10	Being restricted donation for Mahoro on behalf of Tackroom Theatre			10,000	10,000	-
11	Being reallocation Haigh & Cohen restricted income			1,500	1,500	-
12	Being the trading profits	39,964			39,964	39,964
13	Being incorrect reversal of the 2017 accruals			2,514	2,514	-
14	Being unknown difference from pre 2016		6,9600	6,900		(6,900)
	Surplus/(deficit) per draft accounts					132,849

Southwark Playhouse Trading Limited

Appendix I

Corrected misstatements

No	Detail	Balance Sheet		Profit and Loss		Profit effect
		Dr	Cr	Dr	Cr	
		£	£	£	£	£
	Surplus/(deficit) as presented for audit					40,714
1	Being opening balance adjustment	7	7			-
2	Being increase in audit accrual		750	750		(750)
3	Being adjustment for overstatement of sales – error noted			2,952	2,952	-
4	Being gift to parent company		39,964	39,964		(39,964)
	Surplus/(deficit) per draft accounts					-

Southwark Playhouse Theatre Company

Appendix II

Uncorrected misstatements

No	Detail	Statement of Financial Activities		Balance Sheet		Profit effect
		Dr £	Cr £	Dr £	Cr £	£
	Surplus/(deficit) per draft accounts					132,849
1	Being a missing accrual for Oscar		974	974		(974)
2	Being missing accrual noted in post year end payment review		1,260	1,260		(1,260)
3	Being overstatement of Trading's share of wages		3,140	3,140		(3,140)
4	Being debit balances on trade creditors report	791	791			-
5	Being incorrect posting of VAT on Newington Butts service charge invoices		1,840	1,840		(1,840)
6	Being missing accruals and prepayments noted from expenditure cut off testing	2,171	2,694	2,556	2,033	(523)
8	Being to correct the year end balance of the 6006 account	2,200	1,934		266	266
	Surplus/(deficit) per draft accounts					125,378

Southwark Playhouse Trading Limited

Appendix II

Uncorrected misstatements

No	Detail	Balance Sheet		Profit and Loss		Profit effect
		Dr £	Cr £	Dr £	Cr £	£
	Surplus/(deficit) per draft accounts					-
1	Being missing prepayment	328			328	328
2	Being to correct the loss on disposal of the fixed asset		134	134		(134)
3	Being to correct the Bar Sales Merchant Account at year end	680			680	680
4	Being overstatement of wages transferred from the theatre		3,140	3,140		(3,140)
	Surplus/(deficit) per draft accounts					(2,266)

Appendix III

Internal controls

Area	Observation	Implication	Recommendation	Management response
Fixed assets	The fixed asset register includes historical items which are not detailed and cannot be easily identified.	There may be items not fully depreciated which should have a nil NBV.	Old, unidentifiable items on the fixed asset register should be written off and removed.	
Balance Sheet items	Whilst significant improvements have been made in the year, there are still instances (including the VAT balance) where accurate reconciliations on balance sheet items are not being done.	Recoverable amounts receivable and amounts actually owed may be incorrect.	Monthly reconciliations should be performed on all balance sheet items and differences dealt with at the time.	