

Charity Number: 1081007
Company Number: 3949494

RURAL ARTS NORTH YORKSHIRE

(A company limited by guarantee)

**Report of the Trustees and
Financial Statements**

FOR THE YEAR ENDED 31 MARCH 2019

CONTENTS

	Page
Reference and Administrative Information	-
Chief Executives Annual Report	1-5
Trustees' Report (including Directors' Report)	6-9
Independent Examiner's Report	10
Statement of Financial Activities (including Income and Expenditure Account)	11
Balance Sheet	12-13
Notes to the Financial Statements	14-24

RURAL ARTS NORTH YORKSHIRE

REFERENCE AND ADMINISTRATIVE INFORMATION

for the year ended 31 March 2019

Council of Management

Mr G Baragwanath	*	Treasurer from September 2018
Mr A Dalton	*	Chair from September 2018
Ms H Donohoe	*	Resigned December 2018
Mrs C Harper	*	Resigned March 2019
Mrs B Jopling	*	
Mr D Lloyd Williams	*	
Mrs D Pollard	*	
Mr M Shakespeare	*	

* These members of the Council of Management are directors of the charitable company for the purposes of Company law. They are also Trustees for the purposes of Charity law.

Company Secretary

Mrs A Holt

Chief Executive Officer

Mr M May

Mrs A Hall Resigned February 2019

Company Registered Number

3949494 (England and Wales)

Charity Registered Number

1081007

Registered Office

The Old Courthouse
4 Westgate
Thirsk
North Yorkshire
YO7 1QS

Independent Examiner

Geoff Iles
Iles Accountancy Services Ltd
Crail
Sandhutton
Thirsk
North Yorkshire
YO7 4RW

Bankers

Lloyds, Thirsk Branch
Market Place
Thirsk
North Yorkshire
YO7 1HB

Bankers

CAF Bank
10 St Bride Street
London
EC4A 4AD

Solicitors

Jacksons
Innovation House
Yarm Road
Stockton on Tees
TS18 3TN

Introduction

Rural Arts was founded as a registered charity in 1993 in response to the lack of creative and cultural provision in rural North Yorkshire. In 1997, we established ON Tour, one of the country's first rural touring schemes, programming, publicising and subsidising high quality professional performing arts in village halls and community venues.

In 1999 we purchased the former courthouse in Thirsk to serve as our base and in 2009 opened the building as a fully-functional arts centre, with a flexible exhibition and performance space, an arts studio, a gallery-shop, café and rooms to hire.

In February 2019, Angela Hall – a founder-director of the charity – retired, and the role of Chief Executive was taken up by former employee and North Yorkshire native Max May. Rural Arts wishes to thank Angela for her dedication, tenacity and vision for the last twenty-seven years – and is excited to look forward to the next twenty-seven under new and exciting leadership.

Our Mission

For the year 2018-19, our mission – as articulated in our 2018-22 business plan – was “to provide arts opportunities to all with specific offers for the least engaged, bringing communities together as audiences as well as participants”.

Our six aims for the period were:

- Establish a vibrant rural touring network that promotes high quality performance in non-theatre venues in rural and market town venues across North Yorkshire and the Tees Valley
- Embed the arts into delivery programmes that support the elderly, young people and rurally isolated
- Improve access to creative careers and work experience for recent graduates
- Develop a research programme that collects evidence to demonstrate that participation in the arts and access to a range of arts opportunities can dramatically improve health outcomes and increase wellbeing
- Establish the Courthouse in Thirsk as a “go to” regional Artistic Hub
- Improve on Artistic Quality

To achieve these aims, we deliver three main strands of activity:

ON Tour programmes, publicises and subsidises over 65 professional performances per year in rural communities across north Yorkshire and the Tees Valley. We work with dedicated volunteers in local venues across 3,500 square miles to ensure that living rurally does not isolate communities from culture and creativity, be that music, dance, theatre or family shows.

The Courthouse is a creative community hub and our HQ, providing over 400 events and activities per year for local residents and visitors alike. Alongside a public programme of exhibitions, performances, screenings and workshops, we offer a range of participatory programmes and balance our financial sustainability with a café, gallery shop and venue hire.

Our participatory programmes stretch across all of North Yorkshire, reaching some of the most rurally isolated and vulnerable people within the region. Our work has a strong focus on arts as a conduit for improving health and wellbeing, reducing loneliness and developing life and employability skills. These programmes improve communities as well as individuals, providing social interaction, signposting and pathways for those otherwise disconnected or excluded. Our partnership working with other charities, agencies and statutory services are vital for this, and our projects are funded by a range of commissioning bodies, Trusts and Foundations and local authorities.

Headline Achievements

ON Tour

During the year 18-19, there were a record total of 89 performances on ON Tour, including 14 specifically for our young people's project Create Tour. This is an increase from the previous year's 80 performances, and 76 the year before that. The higher rates are a strong achievement however reflect increased funding for various time-limited ON Tour projects so may not be sustainable at these significantly inflated rates into the future. We continue to incentivise programming in areas of low engagement through subsidy and engagement projects, increasing programming in Redcar and East Cleveland, Ryedale and Richmondshire by 62% since 2015/16. Volunteer promoters remain a vibrant and vital part of ON Tour's continuing success.

The Courthouse

The Courthouse continues to develop into a thriving community hub of creativity. In 2018-19 we hosted 10 exhibitions, which were seen by over 3000 people and supported over 30 artists. This includes our annual exhibition of emerging artists, FRESH, as well as exhibitions by regional artists and from our various participatory programmes.

Our visual arts workshops for adults, including day-long 'Artist' workshops and introductory 'Tate Of' workshops for beginners, go from strength-to-strength with many courses selling out. Our Open Studio programme for independent artists working within ceramics and print making has cemented itself as an integral part of our offer, welcoming up to 20 artists per week to the building. Regular ceramics and painting courses that run independently are also testament to the community hub of creativity that is developing.

Our work with, for and by children and young people remains central to our activity and appeal. We run three weekly art clubs that are both popular and affordable, and during the year supported 8 members to achieve either Bronze or Silver Arts Award. The club is supported by volunteers who previously attended the group, developing pathways for young adults into the creative industries. We also run workshops and host performances for families at each half-term.

2018-19 saw a strengthening of our participatory offer at The Courthouse. While all of our programmes are designed to be inclusive, specific projects have seen increased engagement from disabled, older and unemployed people.

We hosted 7 performances at The Courthouse, seen by a total of 465 people. We intend to increase the number of performances and audiences at The Courthouse in 2019-20, as well as reintroduce National Theatre Live screenings.

Outreach Programmes

Action Towards Inclusion

2018-19 saw a step-change in our delivery of creative wellbeing activities for unemployed people in Hambleton, Scarborough and Craven, reaching around 40 people. The project is set to be extended until 2021 and will increase to working in Harrogate, Ryedale and Richmondshire.

Art on Your Doorstep

Funded by Celebrating Age, a joint programme by Arts Council England and The Baring Foundation, Art on Your Doorstep was a two-year project that completed at the end of 2018-19, having worked with over 1200 people in collaboration with Thirsk Community Care and a range of local health providers and professionals. The project sought to increase participation in arts activities from the over 75s, as well as offering wrap around support services such as free transport. Over the two years, we provided 69 art cafes, 62 one-on-one workshops for housebound people and 35 participatory performances. The average age of attendees was 81. The programme was overwhelmingly successful. We have secured funding from the National Lottery Community Fund for a development project, called Heart and Craft, that will run throughout 2019-20.

Community Grants 4

We were successful in securing another contract from Your Consortium to deliver 30 hours of creative workshops to 30 people. We overdelivered on our targets and look forward to delivering on future Community Grants programmes.

Community Learning

We were once again successful in receiving a contract from North Yorkshire County Council Adult Learning and Skills Service and as usual overachieved on our delivery. Unfortunately for 2019-20, all arts contracts are being taken in-house by NYCC.

Stronger Communities

We completed our Stronger Communities programme, funded by North Yorkshire County Council. We exceeded our targets of delivering 10 performances, engaging six new venues, 12 new volunteers, and over 600 people.

Smaller Projects

18-19 saw an increase in smaller but very meaningful projects: we worked on a national project with Artichoke to create a banner celebrating women's suffrage, we worked with English Heritage on a project exploring the history of Richmond Cell Block, we were awarded Time to Change funding to run self-care activities and were supported by the Two Ridings Community Foundation to create an intergenerational programme for local teenagers and care home residents.

Financial Review

In 2018-19 Rural Arts turnover decreased to £311,418, funded by diverse income streams including multi-year grants, one-off project grants, earned income and donations from individuals, companies and our Trading Subsidiary. A total deficit of £46,256 is recorded, with £43,573 of depreciation. This amounts to a real cash loss of £2,683. With the appointment of new Chief Executive Max May, the organisation has undertaken a full financial review, to ensure financial viability for the future.

Arts Council England continue to be a major funder, both through core funding and strategic project grants. A total of £84,490.90 was received in the year 2018/19, comprising £75,508.90 of National Portfolio Organisation funding and £8,982 from the Celebrating Age fund.

ON Tour had a total income of £72,993.10, £35,099.50 of which was designated internally from Arts Council England National Portfolio funding, £3,000 from Craven District Council, £1,300 from Ryedale District Council and £1,350 from the National Rural Touring Forum and the Rural Touring Dance Initiative. The remaining £32,243.60 (44%) was income generated by ticket sales and performance fees. This represents a healthy move towards financial sustainability for the scheme.

During the year, £20,000 was received from the Esme Fairbairn Foundation to support the delivery of Create Tour, while £1380.80 was received from ticket sales and performance fees.

Visual arts workshops at The Courthouse generated income of £43,677.50, whilst performances and other activity generated £2,623.50. The sale of workshops outside The Courthouse generated income of £8,691.10.

For Outreach projects, £13,886 was received from North Yorkshire County Council for the delivery of Community Learning, and we received £14,468.54 from Your Consortium's Community Grants 4 programme. £8,982 was received from Arts Council England's Celebrating Age fund to complete our Art on Your Doorstep project and £7,960.64 was received from Community First Yorkshire for our project with older veterans.

£4,968.82 from Two Ridings Community Foundation to deliver 'Generation Exchange' and we received a payment of £2,600 from Your Consortium towards Action Towards Inclusion.

£1,929 was received from North Yorkshire County Council as a final payment for our Stronger Communities project, £1825.60 was received as a final payment for Stitched Together and we received £1,250 from Artichoke for Processions, a banner-making project celebrating women's suffrage. £500 was received from Time to Change.

We were also awarded £29,019.84 from the National Lottery Community Fund and received a pre-payment of £16,590 from Your Consortium for the delivery of projects in 2019/20.

£40,409.50 of funding from Arts Council England's National Portfolio funding was designated to essential running costs, alongside £1,000 sponsorship from Harrowells Solicitors, £110 of donations and £7.82 of bank interest. £14,110 was donated by our trading subsidiary, Rural Arts Trading Ltd., as surplus from the café, gallery shop and room hire activity.

Rural Arts has a strict system of financial controls in place, which includes two-person authorisation of all payments, monthly meetings with the Finance Committee and monthly management accounts. We have a policy to increase our reserves until we realise our reserves target (see note on reserves).

Organisational Development

Finance and Fundraising

Rural Arts recognises the ongoing need for financial stability and the development of reserves. This will be the focus of new Chief Executive Officer Max May from 2019-20 onwards.

Policies and Procedures

We review all policies and procedures annually to ensure compliance with law and, where possible, the delivery of best practice inclusive support for the communities we work with.

We have an ongoing commitment to equality and diversity, as evidenced by our Single Equality Action Plan, and recognise our role in combatting the current climate emergency through our Environmental Action Plan and Green Touring policies for promoters and performers alike.

The introduction of GDPR has seen a renewed focus on the safe and proper handling of all data within the organisation. We have data-sharing agreements with partners where necessary and ensure all data-owners understand when and how their data is being collected, stored, accessed, managed and destroyed.

Structure, Governance and Management

Rural Arts was established under a Memorandum and Articles of Association on 10th March 1993 (Charity number: 1018523). A new set of Articles were adopted on the 16th March 2000, resulting in the creation of a new organisation (Charity number 1081007) on 2nd June 2000. The assets of the former charity were transferred to the current charity on 25th October 2000. On 10th December 2003 a Special Resolution was passed to change the objects to extend the areas on which rural Arts can operate from 'North Yorkshire' to 'the United Kingdom and primarily North Yorkshire'.

As set out in the Articles, the Chair and new Trustees are nominated and elected by members of the Charity. Set on rotation according to election dates, a third of Trustees must stand down for re-election each year. New Trustees meet with the Chair of the Board and receive an induction pack that outlines their legal obligations under charity law. They are also updated on the current situation of the Charity's finances and activities. They are invited to observe at least one meeting before formal election.

The Trustees designate day-to-day responsibility of the running of the charity to the Chief Executive Officer. In February 2019, Angela Hall retired from this role and Max May re-joined the organisation. Other staffing changes include the departure of Nicola Phillips and Gail Falkingham (October 2018) and Poppy Oldham (March 2019).

Heidi Donohue resigned from the Board of Trustees during the year 2018-19.

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the financial statements of Rural Arts North Yorkshire (the company) for the year ended 31 March 2019. The Trustees confirm that the annual report and financial statements of the company comply with the current statutory requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

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

OBJECTIVES AND ACTIVITIES

Objectives and aims

The principal aims of the charity are as follows:-

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

Public benefit

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

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

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

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

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

STRUCTURE, GOVERNANCE AND MANAGEMENT - continued

Structure

The Board of Trustees administers the charity through the Council of Management. The board meets regularly throughout the year. A Chief Executive Officer is appointed by the Trustees to manage the day-to-day operations of the charity. To facilitate effective operations, the director has delegated authority, within terms of delegation approved by the Trustees, for operational matters including finance, employment and artistic programme related activity. Brenda Thiede continues as Patron for her long standing contribution to the organisation.

Appointment, induction and training of new trustees

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

Risk Management

The Council of Management has conducted its own review of the major risks to which the Charity is exposed during the annual review of the business plan. External funding is highly reliant on Arts Council funding and additional funding streams are being pursued to mitigate the risk if the organisations major funder was to reduce funding. Internal risks are minimised by the close involvement of the Council of Management. Undertaking of quality standards such as Matrix ensure best practices are used to help the efficient running of the organisation.

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

ACHIEVEMENTS AND PERFORMANCE

Achievements

Please see the Annual Report on pages 1-5 for the achievements of the organisation in the year.

FINANCIAL REVIEW

Financial Review

Income for the year was £311,418 (2018: £369,071) and expenditure for the year was £357,675 (2018: £399,926), resulting in a deficit for the year of £46,257 (2018: £30,865).

Net assets at the year end were £361,236 (2018: £407,492) of which £339,276 (2018: £353,808) were unrestricted funds and £21,960 (2018: £53,684) were restricted funds.

Going Concern

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

Reserves policy

The Council of Management has established the policy, whereby unrestricted funds which have not been designated for a specific use should be maintained at a value of three to six months expenditure. This level of general reserves would finance operations in the event of short term funding gaps and finance immediate obligations should Rural Arts lose its funding, or alternatively in the event that the organisation should need to close.

During the year to 31 March 2019, the general free reserves stand at £7,784 and it is the Trustees' aims to build on general reserves in future years by further developing income generating activities to support our grant dependency and to ensure a high level of astute financial management is maintained. The trading subsidiary company Rural Arts Trading Limited will allow Rural Arts to expand its trading capacity and bring additional income into the charity to increase the free reserves.

TRUSTEES' RESPONSIBILITIES STATEMENT

The Trustees (who are also directors of Rural Arts North Yorkshire for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

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

The report was approved by the Trustees on 5 September 2019 and signed on their behalf by:



Mr G Baragwanath
Treasurer & Trustee



Mr A Dalton
Chair of Trustees

Independent Examiner's Report to the Trustees of

I report on the financial statements of the charity for the year ended 31 December 2018 which are set out on pages 8 to 21.

Respective responsibilities of Trustees and Examiner

As the charity's trustees of the Company (who are also the directors of the company for the purposes of company law), you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ("the 2006 Act").

Having satisfied myself that the accounts of the Company are not required to be audited for this year under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your charity's accounts as carried out under section 145 of the Charities Act 2011 ("the 2011 Act"). In carrying out my examination, I have followed the Directions given by the Charity Commission (under section 145(5)(b) of the 2011 Act).

I have completed my examination. I confirm that no material matters have come to my attention which gives me cause to believe that:

- Accounting records were not kept in accordance with section 386 of the Companies Act 2006; or
- The accounts do not accord with such records; or
- The accounts do not comply with relevant accounting requirements under section 396 of the Companies Act 2006 other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or
- The accounts have not been prepared in accordance with the Charities SORP (FRS102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Signed:



Mr Geoff Iles

Dated: 25/9/19

Iles Accountancy Services Ltd

Crail
Sandhutton
Thirsk
North Yorkshire
YO7 4RW

RURAL ARTS NORTH YORKSHIRE

STATEMENT OF FINANCIAL ACTIVITIES (incorporating the income and expenditure account) for the year ended 31 March 2019

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income and endowments from:					
Donations and legacies	2	14,220	-	14,220	3,926
Charitable activities	3	104,475	143,823	248,298	325,630
Other trading activities	4	47,892	-	47,892	37,744
Other	5	1,008	-	1,008	1,716
Total income and endowments		167,595	143,823	311,418	369,016
Expenditure on:					
Raising funds	6	17,230	276	17,506	17,527
Charitable activities	7	175,100	165,068	340,168	384,004
Total expenditure		192,330	165,344	357,674	401,531
Net income / (expenditure)		(24,735)	(21,521)	(46,256)	(32,515)
Transfers between funds	22	10,203	(10,203)	-	-
Net movement in funds		(14,532)	(31,724)	(46,256)	47,356
Reconciliation of funds:					
Total funds at 1 April 2018	22	353,808	53,684	407,492	407,492
Total funds at 31 March 2019	22	339,276	21,960	361,236	407,492

The notes on pages 14 to 24 form part of these financial statements.

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

RURAL ARTS NORTH YORKSHIRE

BALANCE SHEET

for the year ended 31 March 2019

	Note	£	2019 £	£	2018 £
Fixed assets					
Tangible assets	15		512,630		561,916
Investments	16		10		10
			<u>512,640</u>		<u>561,926</u>
Current assets					
Debtors	17	31,675		18,669	
Cash at bank and in hand	18	49,619		54,410	
		<u>81,294</u>		<u>73,079</u>	
Creditors: amounts falling due within one year	19	(30,965)		(19,250)	
Net current assets			<u>50,329</u>		<u>53,829</u>
Total assets less current liabilities			<u>562,968</u>		<u>615,755</u>
Creditors: amounts falling due after more than one year	20		(201,732)		(208,263)
Net assets			<u>361,236</u>		<u>407,492</u>
Charity funds					
Restricted funds	23		21,960		53,684
Unrestricted funds - general	21		339,276		353,808
Total charity funds			<u>361,236</u>		<u>407,492</u>

RURAL ARTS NORTH YORKSHIRE

BALANCE SHEET (continued)
for the year ended 31 March 2019

The Trustees consider that they charity is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the charity to obtain an audit for the year in question in accordance with section 476 of the Act.

The Trustees acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and for preparing financial statements which give a true and fair view of the state of affairs of the charity as at 31 March 2018 and of its net resources expended for the year in accordance with the requirements of sections 394 and 395 of the Act and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charity.

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

The financial statements were approved by the Trustees on 5 September 2019 and signed on their behalf, by:



Mr G Baragwanath
Treasurer & Trustee



Mr A Dalton
Chair of Trustees

The notes on pages 14 to 24 form part of these financial statements.

1 Accounting policies

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

The charity is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the charity information on page 1 of these financial statements. The nature of the charity's operations and principal activities are on page 7 of these financial statements.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issues on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

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

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

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

(b) Funds

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

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

1 Accounting policies (continued)

(c) Income recognition

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

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

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

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

(d) Expenditure recognition

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

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

(e) Support costs allocation

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

The analysis of these costs is included in note 8.

1 Accounting policies (continued)

(f) Tangible fixed assets and depreciation

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

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

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

(g) Investments

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

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

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

(i) Tax

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

2 Income from donations and legacies

	2019 £	2018 £
Donations	110	715
Gift Aid by Subsidiary	14,110	3,211
	14,220	3,926

Income from donations and legacies was £14,220 (2018: £3,926) £14,220 was attributable to unrestricted funds (2018: £3,926) and Nil (2018: Nil) to restricted funds.

RURAL ARTS NORTH YORKSHIRE

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2019

3 Income from charitable activities

		2019 £	2018 £
Arts Council England		40,410	37,754
On Tour/Create Tour	3.1	94,374	137,175
NYCC - Community Learning		13,886	27,248
Your Consortium - Community Grants		16,554	
Your Consortium - Innovation		-	17,214
Your Consortium - FUSE		16,590	
Your Consortium - Action Towards Inclusion		2,600	9,706
Army Welfare Services - Stitched Together		1,826	4,141
NYCC - Resident's Voices		-	5,000
National Lottery - Heart & Craft		29,020	
Art on Your Doorstep/ Celebrating Age		11,259	80,917
Community First Yorkshire - Ex Forces Support Programme		7,961	4,225
Artichoke		1,250	1,250
English Heritage - Richmond Castle		7,100	1,000
Humber Learning - Time to Change		500	-
Two Ridings - Generation Exchange		4,969	-
		248,298	325,630

Income from charitable activities was £248,298 (2018: £325,630) of which £143,823 (2018: £260,940) was attributable to restricted and £104,475 (2018: £64,690) was attributable to unrestricted funds.

3.1 Income from On Tour/Create Tour

	2019 £	2018 £
Arts Council England	35,600	37,754
Esme- Create Tour	20,000	61,979
Promoters Income	33,624	26,736
Local Authorities and other	5,150	10,706
	94,374	137,175

4 Other trading income

	2019 £	2018 £
Courthouse	46,301	37,144
Outreach Sales	1,591	600
	47,892	37,744

Income from other trading activities was £47,892 (2018: £37,744) all of which was attributable to unrestricted funds.

RURAL ARTS NORTH YORKSHIRE

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 March 2019

5 Other income

	2019 £	2018 £
Sundry income	1,008	1,716
	<u>1,008</u>	<u>1,716</u>

Other income amounted to £1,008 (2018: £1,716) of which £Nil (2018: £Nil) was attributable to restricted and £1,008 (2018: £1,716) was attributable to unrestricted funds.

6 Analysis of expenditure on raising funds

	2019 £	2018 £
General activities - publishing	2,915	4,184
Marketing salaries	14,591	13,343
	<u>17,506</u>	<u>17,527</u>

£276 (2018: £1,564) of the above costs were attributable to restricted funds and £17,230 (2018: £15,963) of the above costs were attributable to unrestricted funds.

7 Analysis of expenditure on charitable activities

	Activities undertaken directly £	Support costs £	Total 2019 £
On Tour/Create Tour	63,017	56,575	119,592
Charitable Activities	54,719	46,198	100,917
Default & Courtroom	15,266	104,393	119,659
	<u>133,002</u>	<u>207,166</u>	<u>340,168</u>

£165,068 (2018: £239,240) of the above costs were attributable to restricted funds.

£175,100 (2018: £143,168) of the above costs were attributable to unrestricted funds.

RURAL ARTS NORTH YORKSHIRE

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2019

8 Allocation of support costs				
	On Tour / Create £	Charitable Activities £	Default & Courtroom £	Total £
Wages	42,048	21,515	41,427	104,990
Staff Costs	3,173	1,292	678	5,143
Professional fees		6,000	2,170	8,170
Premises Costs & Overheads	10,318	17,303	-	27,621
Office Costs	176	87	1,378	1,641
IT and communications			835	835
Vehicle costs			1,260	1,260
Finance costs	860		13,878	14,738
Depreciation			43,573	43,573
Profit on disposal			(1,751)	(1,751)
	<u>56,575</u>	<u>46,198</u>	<u>103,448</u>	<u>206,221</u>
Governance			945	945
	<u>56,575</u>	<u>46,198</u>	<u>104,393</u>	<u>207,166</u>

The basis of allocation of support costs is actual spend.

9 Governance costs		2019 £	2018 £
Independent Examiner's remuneration	11	945	945
Trustee's Expenses		-	
		<u>945</u>	<u>945</u>
10 Net income / (expenditure) for the year			
Net income / (expenditure) is stated after charging /(crediting):		2019 £	2018 £
Depreciation of tangible fixed assets:- owned by the charity		43,573	44,946
(Profit)/loss on sale of tangible fixed assets		(1,751)	(1,075)
		<u></u>	<u></u>

RURAL ARTS NORTH YORKSHIRE

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 March 2019

11 Independent examiners remuneration

The independent examiners remuneration amounts to an independent examination fee of £945 (2018: £945).

12 Trustees' remuneration and expenses

The Trustees neither received nor waived any remuneration during the year (2018: £Nil).

The Trustees had expenses reimbursed during the year totalling £Nil (2018: £Nil).

13 Staff costs and employee benefits

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

	2019 Number	2019 FTE	2018 Number	2018 FTE
Raising funds	1	0.5	1	0.5
Charitable activities	6	5	7	5.5
	<u>7</u>	<u>5.5</u>	<u>8</u>	<u>6.0</u>

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

	2019 £	2018 £
Salaries	122,737	137,991
Social security	7,832	7,322
Defined contribution pension costs	2,663	3,252
	<u>133,232</u>	<u>148,565</u>

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

14 Interest payable and similar charges

	2019 £	2018 £
Bank loans and overdrafts	11,628	11,739
	<u>11,628</u>	<u>11,739</u>

RURAL ARTS NORTH YORKSHIRE

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 March 2019

15	Tangible fixed assets	Freehold land & buildings £	IT equipment £	Motor vehicles £	Other equipment £	Total £
	Cost					
	At 1 April 2018	670,703	200,495	12,000	70,688	953,886
	Additions	-	-	-	536	536
	Disposals	-	(1,492)	(12,000)	-	(13,492)
		<u>670,703</u>	<u>199,004</u>	<u>-</u>	<u>71,224</u>	<u>940,931</u>
	Depreciation					
	At 1 April 2018	157,677	178,462	3,250	52,581	391,970
	Charge for year	13,414	21,541	2,500	6,118	43,573
	Eliminated on disposal	-	(1,492)	(5,750)	-	(7,242)
		<u>171,091</u>	<u>198,511</u>	<u>-</u>	<u>58,699</u>	<u>428,301</u>
	Net book value					
	At 31 March 2019	<u>499,612</u>	<u>492</u>	<u>-</u>	<u>12,526</u>	<u>512,630</u>
	At 31 March 2018	<u>513,026</u>	<u>22,033</u>	<u>8,750</u>	<u>18,107</u>	<u>561,916</u>

Tangible fixed assets with a net book value of £208,405 (2018: £214,802) have been pledged as security for liabilities of the charity.

16 Fixed asset investments

	Subsidiary investments £
Market value	
At 1 April 2018	<u>10</u>
At 31 March 2019	<u>10</u>
Historical cost at 31 March 2019	<u>10</u>

Included within subsidiary investments is a 100% holding in the ordinary share capital of Rural Arts Trading Limited, a company incorporated in England & Wales (company number 08943670). At the year end, the aggregate capital and reserves of the company amounted to £10 and profit for the year amounted to £0. Turnover for the year amounted to £69,674 and expenditure for the year amounted to £69,674

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

RURAL ARTS NORTH YORKSHIRE

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 March 2019

17	Debtors	2019 £	2018 £
	Trade debtors	17,321	10,689
	Bad Debt Provision	(860)	(1,595)
	Amounts owed by group undertakings	-	5,402
	Gift Aid Donations from Subsidiary	14,110	3,212
	Other debtors and prepayments	1,103	961
		<u>31,675</u>	<u>18,669</u>
18	Cash at bank and in hand	2019 £	2018 £
	Cash at bank and in hand	49,619	54,410
		<u>49,619</u>	<u>54,410</u>
19	Creditors: amounts falling due within one year	2019 £	2018 £
	Bank loans and overdrafts	6,673	6,539
	Trade creditors	11,947	8,937
	Other tax and social security	1,348	2,886
	Accruals	-	-
	Other creditors	571	888
	Amounts owed to group undertakings	10,425	-
		<u>30,965</u>	<u>19,250</u>
20	Creditors: amounts falling due after more than one year	2019 £	2018 £
	Bank loans and overdrafts	201,732	208,263
		<u>201,732</u>	<u>208,263</u>
<p>Bank loans totalling £208,405 are secured by a first charge on the freehold land and buildings.</p> <p>Bank loan terms of repayment are 23 years and 25 years and interest is payable at 7.675% and 3.9% on the principal amounts.</p> <p>Bank loans include aggregate amounts of £71,300 and £105,000 (2018: £73,000 and £108,000) which fall due after five years and which are payable by installments.</p>			
21	Leases		
	Operating leases - lessee:		
	Total future minimum lease payments under non-cancellable operating leases are as follows:		
		2019 £	2018 £
	Later than one year and not more than five years	1,350	3,576
		<u>1,350</u>	<u>3,576</u>

RURAL ARTS NORTH YORKSHIRE

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2019

22 Fund reconciliation

		Balance at 1 Apr 2018 £	Net movement in funds £	Balance at 31 Mar 2019 £
Unrestricted funds				
General fund		353,808	(14,532)	339,276
		<u>353,808</u>	<u>(14,532)</u>	<u>339,276</u>
Restricted funds				
Arts Council revenue fund		46,707	(46,707)	-
Other restricted projects	22	6,977	14,984	21,960
		<u>53,684</u>	<u>(31,724)</u>	<u>21,960</u>
Total funds		<u>407,492</u>	<u>(46,256)</u>	<u>361,236</u>

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

	Income £	Expenditure £	Transfers £	Movement in funds £
Unrestricted funds				
General fund	167,594	(192,330)	10,203	(14,532)
	<u>167,594</u>	<u>(192,330)</u>	<u>10,203</u>	<u>(14,531)</u>
Restricted funds				
Arts Council revenue fund	47,409	(94,116)	-	(46,707)
Other restricted projects	96,415	(71,228)	(10,203)	14,984
	<u>143,824</u>	<u>(165,344)</u>	<u>(10,203)</u>	<u>(31,724)</u>
Total funds	<u>311,418</u>	<u>(357,674)</u>	<u>-</u>	<u>(46,256)</u>

The Arts Council revenue fund is for On Tour, Create Tour and Art on Your Doorstep support.

Other restricted projects are detailed in note 23.

RURAL ARTS NORTH YORKSHIRE

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2019

23 Other Restricted Projects Funds as at 31 March 2019

Project Title	Grant Provider	Balance at 1 Apr 18 £	Income £	Expenditure £	Movement In funds £	Balance at 31 Mar 19 £
Create Tour	Esmee Fairbairn	5,752	20,000	46,337	(26,337)	(20,585)
Richmond Castle / Cell Block	English Heritage	800	7,100	7,900	(800)	-
Aged Vets / Ex Forces	Community First Yorkshire	1,730	7,911	9,641	(1,730)	-
Action Towards Inclusion	Your Consortium	-	2,600	2,345	255	255
Future Funding		(500)	500		500	-
Stiched Together	Army Welfare Service	(1,826)	1,826		1,826	-
Generation Exchange	Two Ridings Community Foundation	(100)	4,969	4,869	100	-
Processions	Artichoke	1,121	1,250	2,371	(1,121)	-
FUSE	Your Consortium	-	16,590	3,287	13,303	13,303
Heart & Craft	National Lottery Fund	-	29,020	33	28,987	28,987
		6,977	91,766	76,783	14,983	21,960

24 Transfers between funds

Transfers in the year totalled £10,203 which related to the fund 'Stronger Communities' being incorrectly classified as unrestricted in the previous years accounts.

25 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total £
Fixed assets	512,640		512,640
Cash and current investments	59,334	21,960	81,294
Other current assets/liabilities	(30,965)		(30,965)
Creditor more than one year	(201,732)	-	(201,732)
Total	339,276	21,960	361,236

26 Related party transactions

Guy Baragwanath is the Treasurer of Rural Arts and also the Chair of Thirsk and District Business Association who rent rooms from Rural Arts Trading Ltd. The value of this for 2018/19 was Nil (2017/18 £Nil).

Andrew Dalton is Chair of Rural Arts and also provides paid creative delivery for Rural Arts. The value of these services for 2018/19 were Nil (2017/18 was £1,676.30).

Sue Dalton is married to Andrew Dalton and provided freelance Project Management services for Rural Arts. This ceased in May 2018.

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

27 Post Balance Sheet Events

Prior to the date of sign off and following the balance sheet date of 31 March 2019, the charity was informed that the Restricted Fund Create Tour was to cease in August 2019 rather than April 2020.

At the balance sheet date, the deficit for the Tour was £20,585. It was agreed with both key funder, Arts Council and Esmee Fairbairn Foundation, that all funding had been fully spent during the course of the project to date. Arts Council

The Trustees are reporting the cessation of the Create Tour project as it was known by the date of signing of the accounts and has been a key project in recent years for Rural Arts. Any deficit above the money received from Arts Council will be met by the reserves of Rural Arts and this transfer will be shown in the 2019/20 financial statements.

The Trustees view this as a non-adjusting post balance sheet event. The Trustees continue to view the Charity as a going concern following the cessation of the Create Tour project and have prepared the accounts on this basis.

