



The Clifton Community Arts Centre Ltd
Annual Report for the year ending 31st December 2019



Society Registration Number

32224R

Directors

Phil Morris-Jones (Chair)
Bill Graham
Fiona Hunter
Ray Hughes
Andy Smith
Anne Beresford
Chris Ball
Russell Thomas (appointed 16th January 2020)

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Sophie Eades

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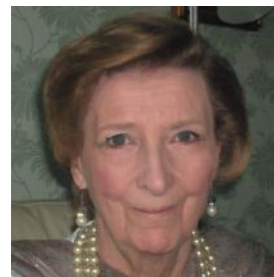
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DIRECTORS



Phillip Morris-Jones MBE
(appointed 20th May 2019)

Starting with one car in 1965, Phil built up and expanded the Company Philjo Motors Ltd to include coaches and self-drive vehicles which he sold in 1992 with a purpose built building, 40 staff and 80 vehicles. Phil has been the founder, member, chairman or president of numerous local charitable and community organisations and has been mayor of Wellington on four occasions. In 2008 he was awarded the MBE for community services.



Fiona Hunter

Fiona has worked for over 60 years in theatre arts and television media and is a founder member of the Board. In her formative years she undertook training in ballet, modern dance and drama and was involved in the West London dance and amateur theatre scene. Locally, Fiona teaches LAMDA (London Academy of Music & Dramatic Art) syllabus examinations, is an Equity member as a Theatre Director, and continues to work as a freelance in theatre and television directing professional and non-professional actors and dancers.



Andy Smith

Starting his marketing business over 20 years ago, Andy has been delivering marketing solutions to businesses nationally and internationally from his Telford base. In 2013, he started a new venture, which attracted investment and has quickly become the leading business in its sector with more than 40 locations in the UK & Northern Ireland. Andy is married with two grown-up children, a motorcycle and a love for local life.

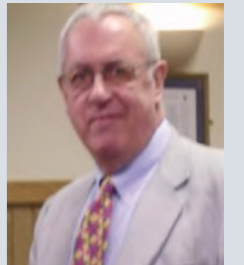


Anne Beresford

Anne grew up in Wellington, where she has fond memories of seeing Fantasia at The Clifton and Dr Doolittle at The Grand Cinema. She is an independent producer working in film and television. She is a graduate of Bristol University and in 2011 she was selected for membership of the prestigious Ateliers du Cinéma Européen. She was for many years a director of arts space "The Wapping Project" and now chairs the Steering Group for Camden Music Hub.

THE DIRECTORS WHO HAVE SERVED DURING THE YEAR AND SINCE THE YEAR END WERE AS FOLLOWS:

Bill gained 15 years professional experience in senior roles in theatre, working for both the Royal Shakespeare Company and the Royal Opera House as well as in London's West End. He is a former Technical Director of the ICC, NIA and Symphony Hall in Birmingham where he was closely involved in the final design, installations and commissioning of all three venues. He was latterly part of the NEC Group's specialist international consultancy division, advising on major public venue projects



Bill Graham

Ray retired in 2013 from HM Revenue & Customs after 37 years' service. His last three appointments were as District Inspector in Oswestry, in Special Compliance Office undertaking high risk investigation work and finally in the Large Business Section in Birmingham as a Customer Relationship Manager being the prime point of contact and leading a team of specialists across the whole raft of taxes for initially major businesses in the Chemicals Healthcare and Pharmaceutical Sector and latterly in the Utilities Sector.



Ray Hughes

Born and raised in Wellington, Chris joined Lloyds Bank from school from where he was seconded to Los Angeles where he left the bank to form a film finance, production and distribution company with signature titles such as THE USUAL SUSPECTS, MEMENTO, DONNIE DARKO and THE PASSION OF THE CHRIST Chris is immensely proud of his Wellington origins, so much so that after selling Newmarket he named his new company, Wrekin Hill Entertainment.



Chris Ball

Russell originally trained as an electrical engineer with Hoover in Merthyr and relocated to Telford with Tube Investments in 1967. After a period away he returned in 1997 and has been here ever since. Russell is currently semi-retired and runs a consultancy business within the steel industry importing specialist steels from Jakarta. Until recently, Russell was on the bench of Shropshire magistrates for 20 years retiring as Chairman where the Bench had 97 volunteers.



Russell Thomas

OBJECTIVES & ACTIVITIES

The Clifton Community Arts Centre Ltd is a charitable Community Benefit Society set up with the aim in their rules to provide arts and cultural facilities for the benefit of the community in Wellington and its environs.

PUBLIC BENEFIT STATEMENT

S2 of the Charities Act 2011 defines charitable purposes as being a purpose that falls within s3(1) of the Act and is for the public benefit in accordance with s4. The Society would confirm it is set up for charitable purposes only thereby meeting the definition of charity at s1. The principal charitable purpose is the advancement of arts and culture at s3(1)(f) but there is an incidental purpose of the advancement of citizenship and community development at s3(1)(e) to include the explanatory subsection at s3(2)(c)(ii) of promoting volunteering.

The Society has paid due recognition to s4(3) of the Act and published guidance by the Charity

Commission on the meaning of public benefit and are satisfied that the Society is for the public benefit.

The regulating act for the Society is the Co-operative and Community Benefit Societies Act 2014. This Act provides that the determination of charitable status lies within that Act so that separate registration with the Charities Commission is not required. Although the Financial Conduct Authority is the registration body the determination of charitable status has been devolved to HMRC. The Directors can confirm that the Society is recognised by HMRC as a charity.

Nov
2012

Campaign started...
sdfsdfsdfsdfsfd sdfsdfsdfs

Dec
2013

Community Share Issue...
sdfsdfsdfsdfsfd sdfsdfsdfs

May
2018

Building Acquired...
sdfsdfsdfsdfsfd sdfsdfsdfs

May
2019

Open for Business
sdfsdfsdfsdfsfd sdfsdfsdfs

STRATEGIC REPORT

A good third of the year was spent completing the redevelopment phase that started in November 2018. The Society was fortunate in their choice of main contractors and cannot thank enough the main contractors of McPhillips (Wellington) Ltd for the conversion work, Ferco who are based on the Atcham Industrial Estate for the cinema seating, Arts Alliance for the cinema projection equipment and Eric Neville for catering equipment.

Overall, the redevelopment took six months and represented a total reconfiguration of the ground floor of the premises from a banking hall and redundant back office with staff facilities to a 63 seat cinema, separate community space and associated upgraded facilities that cost in excess of £550,000 to complete.



Grateful thanks are given to Steve Cooper, the site agent for McPhillips, who totally embraced the project and was an inspiration behind getting the premises to the position it currently is.

What a lovely treat it is to walk into Wellington and watch a gorgeous film in this little treasure trove. If you haven't been, book yourself in because you will love it!
(TripAdvisor)



COMMUNITY SPACE

The accounts for the Society will always show income from both the fundraising activities and trading activities. For the year, the income from the fundraising and other miscellaneous receipts were sufficient to provide the Society with a surplus of income over expenditure.

However, it has to be recognised that 2019 was not a typical year with a significant amount of capital expenditure and only a part year of trading which was from scratch.

The surplus was achieved through the receipt of donations and miscellaneous receipts which should not mask the fact that the main trading operations performed at a loss during the year.

We have deliberately referred to the area through the front entrance as community space as to describe the area as a café alone would be to describe our objectives and its functions too narrowly.

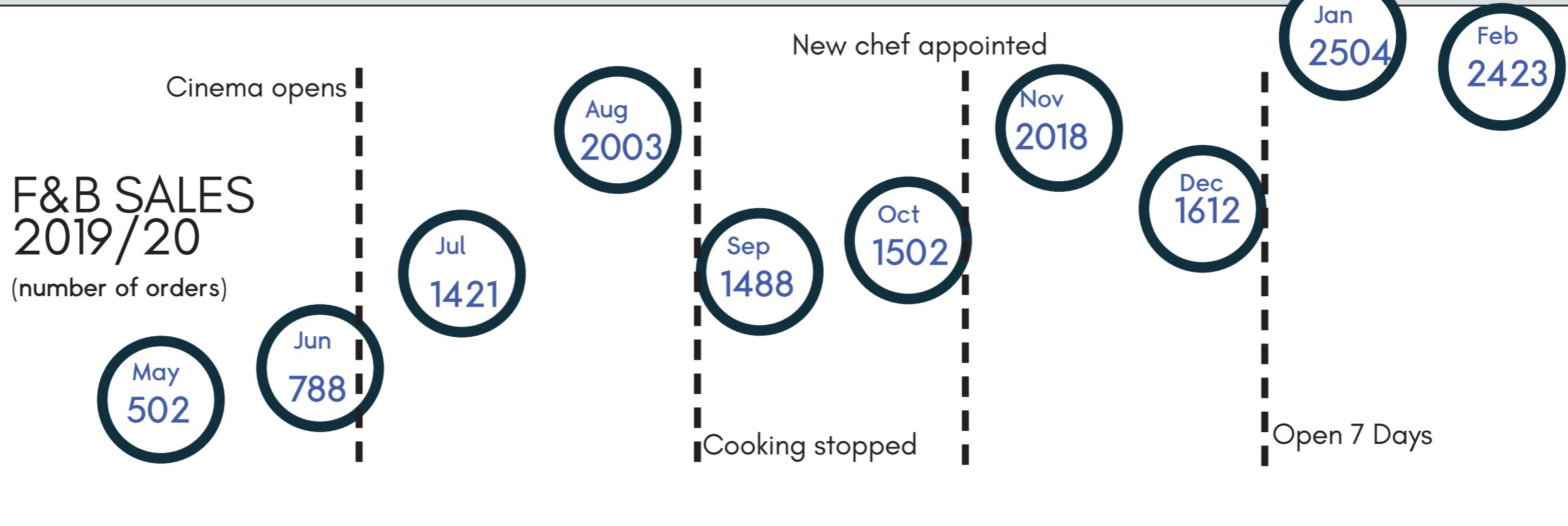
As with all cinemas a kiosk area and booking centre was required but if the area was confined to just that it would not be the most productive use of the available space and in common with the Old Market Hall at Shrewsbury which is a cinematographic comparator the space has also been used as a café/bar area.

That in turn fulfils another of our objective in benefitting the community and complies with our charitable purpose of advancing citizenship and

community development including offering volunteering opportunities.

This space can be distinguished from commercial cafes in the town by the fact that it is a community café where people can meet and forge new friendships with like minded people in addition to being the kiosk area to the cinema. It also fulfils other functions and this is particularly so while the upper floors await development.

MAKING A MEAL OF IT



These figures reflect the soft launch with May being a part month only while there were no meaningful cinema sales in June. The rise thereafter reflects the opening of the cinema with the associated kiosk sales to supplement the café sales. However, we suffered a decline in September and most of October on account of the need to withdraw cooked meals which was reversed with the recruitment of a highly competent chef at the end of October. The position was exacerbated by the fact that the selection of films in those months could

have been better but we are gratified by the continuing upward trend in recent months with December being deflated mainly by closure during the festivities.

In terms of the café, the peak times are during the morning with kiosk build ups in the half hour before the films.

We are looking at to provide imaginative home cooked food which is locally sourced where possible supplemented by barista coffee and a wide range of other drinks.

Targets are covered further in the financial report but during the year we achieved a gross profit rate of just over

64% on a turnover of just under £33,000. This was slightly below expectations and we have since reviewed our prices and made a modest increase on certain items which we anticipate will bring our gross profit rate up to anticipated levels while preserving a competitive pricing structure.

Have visited a few times and the food and service can not be faulted. Always a great atmosphere and a pleasure to visit.
(TripAdvisor)

IN NUMBERS

63361

SEAT CINEMA

COVERS CAFE

SCREEN

66018

CINEMA TICKETS SOLD

IN 8 MONTHS

551143

FIXED ASSET VALUE

The Society has used the area for special meals or buffets to accompany films or on special days as well as being the location for a complete hire package for a film night that has been booked by organisations or individuals to celebrate a particular event or to run their own fundraiser.

The area is more than just a food outlet and several groups meet in the building and other activities as well as being the venue for a monthly quiz that alternates between film and general knowledge questions.



The Crafty Yarners organised by Joy Clayton (second left) meet every Friday Afternoon and new members are always welcome.

More recently, the centre is now open on Tuesday mornings between 9.00 and 12.00 to provide a young parent group and we are working in collaboration with All Saints Church to cover a void for young parents and grandparents to provide a safe play area while older children are at school and provide support for young mothers to build up friendships and support with others.

We are excited to see how Tuesday Toddlers has been developing. Many parents and carers struggle from social isolation throughout each week and this playgroup seems to be addressing this need.

Genuine friendships are forming and there seems to be a growing sense of community.
-Nick Brooke - Parish Mission Enabler
All Saints Church

CINEMA

Of all the areas this is the one where the learning curve has been the sharpest.

The UK Cinema Association, of which the Society is a member, reported that there were over 176 million cinema visits in 2019. With a UK population of over 67 million that averages out at over 2.5 visits per capita. That would mean that if Wellington alone was representative of the nation as a whole there would be around 69,000 visits to the cinema from the town's population and that would outstrip our seating capacity by 40%. This is even disregarding our wider immediate catchment area and the overall size of the borough which is rapidly growing and where we possess excellent transport links.

Similarly, the UKCA also report that the cinema is the UK's most popular cultural activity with 78% of adults making at least one cinema visit a year. Hence, at the very least, with

an adult population of 18,500 in Wellington alone we have a potential customer base of at least 14,000 and many more when looking at our catchment area.

It therefore follows that one of our challenges is to strive towards ensuring that as many of our potential customer base see the Wellington Orbit as their venue of choice for the cinema going experience.

While the mathematics are simple and it is undeniable that the cinema and the quality of the venue has been widely welcomed and praised the Board has had to consider the wider complexities of the cinema industry.

A film is a piece of intellectual property that is owned by the producers of the film and

is marketed by distribution companies who may or may not be the owners of that intellectual property. The market is dominated by a small number of major producers. They will heavily market forthcoming releases and expect to get immediate returns on their investment in the first two weeks of showing which depending on the film could represent well in excess of 50% of the overall turnover. In consequence the distributor will expect a higher proportion of the take in terms of commission and also impose certain conditions on the cinema operator such as guaranteeing exclusive screening or a fixed number of showings a week.

The conditions are gradually relaxed over the film weeks and by week 3 of release a distributor will be prepared

to offer films at a lower rate of commission and subject, usually, to an undertaking that the cinema will show the film at least once a day during the film week.

The position is slightly different for small distributors who have smaller marketing budgets and the marketing effort is passed on to the operator in return for a lower level of commission but usually the independent films do not possess the same mass appeal.

On top of the above, there is event cinema where one off events are screened in cinemas on a particular day. The pricing structure is different with quite often a fixed minimum charge and commission of half the take.

These industry terms affect the way we do business and mean that unless the film is exceptional it will be rare with a 63 seat cinema to show a film in the first two weeks when balancing the extra income against the higher commission charge and other conditions. Accordingly, the Society is asking their potential audience to exercise a certain level of patience.

A film distributor will normally charge a minimum guarantee of £100 + VAT for the right to screen a film regardless of the number of attendees which means the society is faced with two cardinal sins. The greater one is that a film will not generate sufficient income to cover the minimum guarantee and the second lesser one is that it generates insufficient income to reach a target gross profit rate of 65% after deducting the commission. The latter means that it will rarely make sense to book a film for just one showing unless an audience figure of around 50 can be obtained. That means that a one night only booking is rarely viable unless it is by special request with backer support or a private screening.



Private bookings have also enabled the Society to promote locally produced

Private bookings are always welcome like the screening of Home Alone just before Christmas organised by Chad Stone Accountancy & Tax to raise funds for the Harry Johnson Trust

CINEMA

The auditorium is also an ideal venue for conferences and meetings.

films such as *Massacre in a Holy City* by Councillor Kuldip Singh Sahota which is a documentary commemorating the centenary of the massacre at the Golden Temple at Amritsar and attempts have been made to put films in a local context including a talk by Per Lindstrand from Lindstrand Balloons in Oswestry who manufactured the balloons in *The Aeronaut*.

The auditorium is also an ideal venue for conferences and meetings and a limited amount of income has been derived from this and recently we have embarked on a series of talks in the auditorium starting with a talk on the artist Caravaggio which proved to be a sell out.

Unfortunately, however, there have been instances when the cardinal sins mentioned

above have occurred and this is part of the learning curve in starting from scratch. There is no point in being a society for the benefit of the community if the product supplied is not what the community want and we have discovered the following: -

- During term time there is insufficient demand for children's films to make a weekend screening economic unless it is an outstanding film with adult appeal. While audiences can pick up on a Sunday they will be insufficient to make up for Saturday shortfalls where other attractions are available to families. The holiday periods do change the dynamic, though.
- Nationally, boutique independent cinemas tend to attract a different audience to the multiplexes. Certain movies such as DC comic movies lend themselves to the multiplexes and have short "tails" which mean that customers will not tend to watch the films much beyond the first three weeks of release leaving too small a potential audience to attract.
- Putting on sale early is essential so that customers know that the film is being shown here. This was not always possible in the early days as relationships with distributors were being established.

759
Downton
Abbey

564
Yesterday

505
Little Women

503
1917

339
Judy

Seat sales for our five most popular screenings to date and gives a good indication of the type of film our audience want to watch.

In short, the lessons for the Society are to concentrate on key audiences and making the most of the advantages we have while recognising that the venue will not necessarily attract other customers.

We possess significant advantages in being local and in easy walking distance for a large population, having a boutique cinema with its own atmosphere with a drinks licence where drinks can be taken into the auditorium and competitive prices are on offer for that part of the 78% of the population who make infrequent visits.

We are less likely to be successful in attracting those who want to see films early or who buy season tickets at the multiplexes which drives the price down at the sacrifice of being sure that there are sufficient numbers of films that a customer wants to watch.

There is a considerable amount of industry support available and the Society is a member of the British Film Institute Film Audience Network. This support has extended to financial support and we have received a grant of £4,000 under the

BFI Show Fund to extend film choice in the borough.

When we opened we were being asked whether it would be our intention just to show films that were at the multiplexes or whether we would screen films that would not otherwise be available.

We had to measure the widening of choice on the impact on audience numbers and the grant has given us the chance to experiment. The results have been mixed and while we will be looking for further grant support next year the chances are that we will have to be less adventurous in our choices on the basis of current experiences

GROWING OUR AUDIENCE



Cinema opens

TICKETS SOLD 2019/20

May
0

Jun
74

Jul
722

Aug
1426

Sep
912

Oct
591

Nov
1764

Dec
1112

Jan
1499

Feb
1527

Open 7 Days



While the overall levels are moving upwards a significant amount of work needs to be done going forward to get sales at a level where we want to be and should be capable of getting. This will entail significant marketing. The audience is out there but need to be reached.

The more successful films such as Downton Abbey indicate a level of awareness. Around one third of our bookings come through the internet and unless the booker objects they are added to our mailing list. Promotion is also made through social media and there are now over 2100 Facebook likes.

Much work needs to be done to increase footfall levels and

marketing effectively has a key part to play in this. All the feedback provided on the venue is highly positive and it is after all only the first period of trading from scratch but it needs to be made clear that substantial audience build up is required and that entails providing to the community the choice of films they want.

PEOPLE

Our staff and volunteers.

This is the first year in which we have had employees. During the redevelopment phase, we engaged a project manager in Sarah Chard and Sarah's contribution to the development of the development project was immense and willingly acknowledged as such. However, to drive the business forward we needed paid staff and recruited Sophie Eades to be our Chief Officer

months of salary have been capitalised as development expenditure.

Damian Breeze was recruited from Theatre Severn in May and has worked full time as Manager/ Projectionist and recruitment was finalised in October with John Abbott as a part time duty manager and Hannah Davison as a part time chef. That completed our staffing complement for the Society's current stage of development although it is subject to review and reconsideration as the facility develops.



Sophie Eades

Sophie was engaged from 1st February 2019 and then worked in tandem with Sarah to complete the project phase before there was a complete handover. For that reason, a proportion of Sophie's first three



Jon Abbott

Jons recruitment shows what the Society can achieve as he previously volunteered for us and whether or not it is with ourselves or elsewhere development of volunteers is a key aspect of what the Society aims for.

We are happy, in this respect to follow the successful model of Festival Drayton in operating a centre for the community based on a small level of salaried staff bolstered by volunteers. The benefits are both economic but primarily social.

The National Council for Voluntary Organisations has calculated that the total value to the UK economy through volunteering is annually £17.1bn and the Society has carried out its own exercise of the value it derives from volunteers. The methodology adopted was to carry out a functional analysis

aided by figures provided from a not for profit cinema in West Yorkshire that shows a comparable number of films but does not have the additional facilities we have, strip out functions we have outsourced which are cleaning and payroll and compute the balance. As such, we have measured the value of volunteering at a conservative £105,000 a year just employing national minimum wage criteria.

However, this is overshadowed by the social value from volunteering. Opportunities are available mainly in the servery and kitchen and ushering but also in fundraising administration and marketing. There are many reasons why people volunteer and a core base of volunteers is essential and hugely valued. However, equally gratifying is when a volunteer moves on because they have found employment or have taken up a different path in life of their choosing such as full time education enriched by the experience of volunteering at the centre.

This is just one of the many ways in which the Society is endeavouring to make a social impact.



Volunteers Sarah & Alex



Hannah Davidson
Chef

"I have had the most amazing time, met great people and will never forget my time at the Orbit. And I will DEFINITELY be back!"
Alex - Volunteer

SOCIAL IMPACT

“The world is so empty if one thinks only of mountains, rivers & cities; but to know someone who thinks & feels with us, & who, though distant, is close to us in spirit, this makes the earth for us an inhabited garden.”
Goethe

The future is not the past but the past is not another country. Wellington predates Telford by 724 years and that fact should never be disowned nor disrespected. The town is capable of an independent yet linked existence with the wider borough and more particularly the distant “Telford Town Centre” which it is pointless to deny leaves for many of our townspeople as much a sense of detachment as there is a sense of attachment to Wellington and pride in being a Wellingtonian.

The building we have acquired at 1 Station Road was a bank for over 150 years. It was substantially improved in 1901 but we are aware of a lease in existence from at least 1774 and the building has been an area of commerce for over 250 years and part of that building will still be present. It would have been a shame if after a quarter of a millennium plus of a commercial existence, the building which with its proximity to the railway station is the gateway to the town lost that character. Our actions alone have maintained that sense of pride in the community.

Like many high streets, Wellington is facing challenges and needs to adapt itself to the present day requirements. The town should not be a dormitory and the town centre has a key part to play in this. We are one of 31 new cinemas that opened their doors in the UK in 2019 and a similar number are planned for 2020. Boutique cinemas have a role to play in the local community and the UK Cinema Association report that after a cinema visit 22% of attendees will go for a meal or a drink, 14% visit a fast food restaurant and 9% go shopping. The Wellington Orbit is capable of being a strong driver to the local economy through keeping the pound in the

town and benefitting local economies together with the attendant environmental benefits.

Our vision is of people opening their curtains in the morning and being thankful that they are in Wellington as a great place to live and not just rest their heads.

We see our mission to be: -

1. Provision of arts, culture and community facility, accessible to all, to reduce isolation, build community, change perceptions and give open access to ideas
2. Regeneration of local areas - inspiring local pride in the area and community
3. Upskilling and confidence building for local young people and disadvantaged groups. Making people feel valued, appreciated, respected, and empowered

All these have a social impact and will be incorporated into the completion of a Social Impact Framework Brief that we will be preparing that will measure the difference we are striving to make.



RISKS & UNCERTAINCIES

The board confirms that it has carried out an assessment of the principal risks facing the Society, including those that would threaten its business model, future performance, solvency or liquidity. The board's assessment of the principal risks and uncertainties and the mitigations in place is set out below.

RISK	IMPACT	MITIGATION
The Society will be unable to generate sufficient funds to develop the whole building	insufficient utilisation of the building and attendant loss of revenue	Extension of lease obtained to reassure investors. Share campaign to attract further share capital.
There will be insufficient unrestricted reserves &/or cash to pay back existing loans	Additional financial burden going forward	Business plan projections to build up cash reserves. Deferred repayment schedule to assist in business development
The Society will be unable to obtain grants	Stalling on the redevelopment of the upper floors	Preparation of robust and realistic business plans, publication of comprehensive accounts showing sound financial management, clear vision, evidence of need and demonstrable community engagement.
The Society will become insolvent	Ultimate dissolution, potential forfeiture of lease	Build up of unrestricted reserves, buffer of rent deposit
The Society will not be able to attract sufficient volunteers	Incomplete satisfaction of charitable objectives	Support, encouragement and recognition of existing volunteers, sourcing of volunteers from a wide area of outlets.
The Society will lose its charitable status or be affected by other tax and legislative changes	Loss of favourable treatment for rates and taxes, breaching the aims of the Society according to the rules, reputational damage in denying the favourable tax treatment for Social investment Tax Relief loans and shares	Monitoring all activities to ensure they are within the rules, liaising with national bodies who lobby government on legislative changes and anomalies.
The Society will have no building after the underlease expires	Difficulty in getting grants with a limited tenure, expensive costs of removal, ineffective use of tenant's fixtures, especially those that are impractical to move	Subsequent extension of the lease as outlined in plans for the future below
The Society will suffer business interruption	Loss of income through inability to open for business	Full insurance to cover risks. See post balance sheet events report on the impact of coronavirus.

Financial review (including reserves policy)

As a charity which is looking to satisfy its charitable objectives primarily by generating income through the provision of services it is imperative that the business is underpinned by having effective financial procedures in place.

The Board have a member who is a retired HMRC employee with considerable experience in reading accounts up to FTSE 100 level and acting as a Customer Relationship Manager for large businesses. On that basis he has overall responsibility for the Society's financial matters, monitors performance and reports back to the Board. As a volunteer, he is also responsible with help for the Society's books and records and provision of records and particulars to the Society's independent examiner preparing accounts to a suggested draft level.

2019 is not a regular year for the Society and the main focus was in getting the capital expenditure fully funded. Therefore while the accounts do show an excess over expenditure which in the first period of trading is matter to celebrate, there is one troubling aspect which has after the balance sheet day been remediated. That relates to the amount of trade creditors due in less than a year.

Attracting Social Investment

The reason behind this was that over a prolonged period of time preceding the due date for payment we were in negotiation with the social investor Resonance for funding under their West Midlands Social Investment Tax Relief Fund that is designed to dismantle poverty in the West Midlands by advancing 6 year unsecured loans with interest only payments in the first three years to suitable social enterprises. We secured a loan on 27th February for £100,000 at 3.5% interest for the first three years and 5.5% thereafter.

This is well below what could be obtained in the open market and relies upon the tax advantages from Social Investment Tax Relief (SITR).

SITR offers tax breaks to investors who invest

in Charities, Community Interest Companies or Community Benefit Societies. It simultaneously drives down the cost of capital for social enterprises that need funding in order to scale up the impact of their projects, while reducing the risk for investors as they receive a 30% return up front through the tax relief and has been an important element of our funding programme with extra funding coming from loans and shares with SITR attached to it that has exceeded an additional £100k.

In particular, we have also worked with the social investment institution, Big Society Capital, who run a campaign called Get SITR. Through Big Society Capital we brokered a news slot with BBC Midlands Today and have featured prominently in consultation documents submitted by them to HMRC as well as speaking at a good finance event held by them where a podcast is available on a page allocated to us on their website getsitr.org.uk

Beyond that, we funded the capital programme with a mixture of retained profit, share capital, grants and further loans.

To this extent, we were grateful and forever in the debt of Wellington Town Council in nominating us to be the sole recipient of the £150,000 legacy grant for community facilities made available by Telford and Wrekin Council as part of the 50th anniversary celebrations of Telford. In addition, the support we received from All Saints Church in making a £50,000 donation is hugely welcomed. We are determined not to misplace this faith by offering anything less than the best facility that can be provided to the local community.

Growing a Sustainable Business

Going forward, it is necessary to concentrate on the business in a steadier state and business models have been set up to cover the business in a steady operational state. The models set turnover targets, targeted profit rates and budgets for overheads to ascertain the break even position and an acceptable surplus bearing in mind the

level of incidental income and revenue grants are volatile. The model is very much a working document and will be revised frequently on the basis of experience and quarterly management accounts will be prepared to measure performance against targets. For the avoidance of doubt, projections are currently being made on the basis of no Phase 2 development for the reasons set out below as priority is being given to build up funds to service both loan interest and capital repayments.

In addition, the Directors have set the following four financial policies.

When shares were originally offered the terms and conditions stated that in accordance with the powers granted to them under the Society's rules the directors would suspend the withdrawal of shares so that investors could ensure that these monies were available to get some certainty on the level of equity. The directors will continue to operate a policy of suspension until the Society's financial security is guaranteed.

Looking Forward to Phase 2

We are looking at a debt equity ratio of no more of 1:1. Currently, this has been achieved by treating directors' loans as quasi equity in addition to grants. In 2020, we anticipate that we will be within that target through the receipt of a sizeable donation. With grants amortising in future accounting periods and the uncertainty with the quantum of income that will be derived from Phase 2 the directors have taken the prudent view that the Phase 2 development will be equity funded through a combination of retained profits, additional share capital and grants.

We need to manage our interest exposure and while we are fortunate that we are paying a low rate of interest on account of the SITR tax benefits we need to make sure that we have enough earnings to cover interest payments which is one of the reasons why we don't want the cost of Phase 2 development to merely produce income that would be absorbed by the interest

charges and more importantly loan repayments. We are looking to have an interest rate cover ratio of 3:1 using EBITDA (earnings before interest, tax, Depreciation and amortisation) as the measure. This has been achieved in this accounting period and should be so in later periods.

Under the SORP for charities, charities are required to have a reserves policy. All charity trustees or directors have an obligation to manage their charity in the best interests of the charity and its beneficiaries. This involves managing the charity's income, running costs, future plans and potential risks. Going forward, the directors have taken into account the regular cash flows from the business and feel that we should work to a reserves policy that would leave reserves equivalent to an average three months expenditure which is anticipated to be in the region of £70,000.

Ideally we would be striving to have this not only in the figure for unrestricted reserves but also in cash balances, The requirement for 2019 would have been lower because of lower levels of expenditure but we anticipate the policy being satisfied on the unrestricted reserves criteria next year and on the more volatile cash reserves criteria by the end of 2021 if business projections are met.

Structure, governance and management

The Society's rules underpin everything and set out the organisation's hierarchy.

There is no higher level of ownership and control than that exercised by the members and as stated before the Board would encourage as many people in the local community to become members as the Society's assets then become their own and they can influence and collectively dictate the future of the Society albeit within the context of the rules.

It is the members who appoint the directors at a General Meeting and can choose not to re-elect them or seek their removal at a general meeting by way of ordinary resolution.

The directors are tasked by the rules to manage the business of the Society. All directors are members of the Society although it is possible to co-opt an independent director for their particular abilities. Currently the Board consists of eight members. Directors are not appointed simply to make up the numbers or as a name dropping exercise but are selected for the wide range of abilities they possess that can benefit the Society although the bottom line is that they must passionately care about the town and the community.

Monthly Board Meetings

Since trading at the centre has commenced Board Meetings have been held each month with directors not resident in the area participating fully in the meetings by phone. Wider strategic issues and operational performance are discussed at these meetings which include a report and presentation from the Chief Officer. Recently, it has been decided that there is an intermediate level of decision making that it is not cost effective for the non resident directors to be immediately involved in although such matters are reported back to the full board. As such, a less formal meeting of local directors is held separately on a monthly basis.

A distinction needs to be made between the directors' powers which where deemed appropriate could be delegated and the operational requirements of the business. The Board has appointed a Chief Officer to take overall responsibility for running the business at an operational level and is remunerated as such. This entails, without abdication, a substantial devolution of responsibility of day to day matters subject to Board oversight and acting as a second pair of eyes. The Board are kept informed by both the monthly Board Meeting presentation and report and the provision of a weekly revenue report confirming trends and live issues.

The Chief Officer has responsibility for the other staff members and the recruitment, retention, motivation and recognition of volunteers. The role of a volunteer does of course mean that no strategic or policy responsibility can reside with them but it would be a foolish business that would disregard this hugely important part of the business that is a major interface with the customer base,

Originally, volunteer meetings were held with one or more board member present. On review, it was felt that these meetings were too discursive and a better way forward would be to get greater focus in establishing various volunteer steering groups with a board member sponsor to be directed to six key aspects of the Society's business being volunteering, the community space, the cinema, marketing, finance and Phase 2. It is the role of these groups to establish a two way communication channel and for suggestions and recommendations to be fed in but the groups cannot go beyond that in overriding the structure required by the rules.

Plans for future periods & Post Balance Sheet Events

Feb

2020

Late

2020

2022

2026

2030

New Lease...

sdfsdfsdfsdfsdfsdfsdfsdfsdfs

Phase II Fundraising...

sdfsdfsdfsdfsdfsdfsdfsdfsdfs

Completion of Phase II...

sdfsdfsdfsdfsdfsdfsdfsdfsdfs

Society to become Debt Free

sdfsdfsdfsdfsdfsdfsdfsdfsdfs

Lease Renewal or Acquisition of Freehold

sdfsdfsdfsdfsdfsdfsdfsdfsdfs

Plans for future periods & Post Balance Sheet Events

The Board have a clear vision of how the Society should continue and develop which is

- To use the whole building for the Society's stated aims
- To be debt free
- To ultimately own the freehold
- To have an annual excess of income over expenditure
- Subject to the reserves policy, apply reserves to advance the charitable objectives outside the four corners of the building
- To provide satisfying and fulfilling careers for employees
- To encourage and develop volunteers to cater for their individual needs
- To provide for the community what they want and not tell them what they want
- To help residents feel citizens and not just inhabitants of Wellington
- To increase the spending of the pound in Wellington Town Centre by contributing to its regeneration
- To encourage membership so that the asset is "our" asset
- To help people to love as well as live in Wellington

Since the year end, there have been three major events that have furthered these aims. The Resonance loan has already been covered and that has meant that all suppliers involved in the development of the ground floor have been paid. This has, however, increased our level of debt. However, since the year end, the Society has also received a substantial donation which it is expected will increase our level of unrestricted reserves significantly. Depending upon our operational performance in the community space and the cinema we anticipate our unrestricted reserves to be considerably in excess of six figures.

The most significant development is in relation to our tenure.

In the negotiation phase for the lease between 2016 and 2018 the position was complicated by the levels of interest in the property. Our research since has established that the predecessors of HSBC acquired the freehold in 1918 but in 2008 HSBC decided to sell it. They sold it in common with 101 other high street branches to a charity and immediately entered into a 15 year lease to

expire in 2023. The rental payments by HSBC meant that it was not economic to buy the lease from HSBC but there was a provision whereby HSBC could sub-let and we entered into a five year underlease to expire in 2023 just before the Head Lease was to expire.

This carried with it an element of risk which the Board considered acceptable and a mandate to proceed was given by members at the 2017 AGM. There was the prospect that we would have to vacate the property at the end of the lease as we had no continuing rights and there were other conditions in the lease that constrained our activities with the main one being an inability to sub-let ourselves.

This uncertainty of tenure would be a major consideration in relation to grant bids as grantors will look for a longer interest in land to ensure that any capital improvement grants can yield a return. The development of the building was carried out on the basis of this uncertainty but in the expectation that HSBC would not renew their lease and in the hope that being good tenants the landlord would look favourably on a new lease.

Plans for future periods & Post Balance Sheet Events

The position then changed in October 2018 when the then landlord advised us that they were intending to sell the property and asked if we were interested in the purchase. The property went to auction and the price paid was beyond the Society's means. We then established contact with the new landlord and have succeeded in building up a good working relationship with them. We were able to ascertain that HSBC were in negotiations with the new landlord to surrender the Head Lease and the surrender took place on 4th June 2019 as a result of which the Society became the direct tenant of the landlord.

The Board then took the opportunity to enter into negotiations to prolong our interest in the property and it was decided this could be best effected by entering into a new lease. Negotiations were completed on 21st February 2020 with a new lease in place up to 25th March 2030 which is a not uncommon length of lease for commercial property.

The major benefits of the new lease are that it retains the same rent levels up to 2023 but rise thereafter, the new lease is what is known as "inside the Act" which gives us an automatic right of renewal and we have the ability to sub-let. There is, however, an additional risk in that the new lease is on full tenant's repairing and insurance whereas the underlease was on internal repairs only.

This represents a considerable improvement for the Society and enables us to plan for the development of the upper floors.

As stated in the financial report, it would be imprudent to cover the redevelopment costs with further loan finance and the Board has launched a further funding round to secure the finance with equity or quasi equity in the form of grants and other sponsorship that can be obtained. This is being preceded by a costing and consultation exercise as well as a relaunch of a community share offer.

We are liaising with local government and are part of a consortium which is bidding for funding under the Creative People and Places programme with the Arts Council which will not in itself provide capital funding but our redevelopment will bolster the bid by providing a ready made venue. In addition, we are approaching a number of other grantors with an enhanced level of confidence in that we now have a secure asset with certainty going forward, with cogent business plans and an existing track record.

The Board will not shy away from the fact that there remains a considerable amount of work to do, particularly in the field of audience development. Many stakeholders from the member with the small shareholding, the loan investors, local councils, artists and performers and the local community as a whole have placed their faith in the Society. We are determined not to let them down.

Finally, we need to cover in this report the exceptional circumstances at the date of signing the accounts arising from the emergency measures in place during the Coronavirus outbreak. We closed our doors on 19th March 2020 and since then our trading income has totally dried up. We are managing the lockdown as a three stage process being temporarily closing off business contracts, promoting the Society's aims through alternative avenues and in particular social media and planning for reopening. Financially, we will receive grants under the Coronavirus Job Retention Scheme with all employees being furloughed and the Retail Hospitality & Leisure Grant Fund. The effect of these is to leave us in a broadly similar financial position up to 30th June at least to where we were on closure and because of this we are not making appeals for working capital requirements at this stage although the position is subject to constant review as the progress of the emergency unfolds.

This is just the start ...

Directors' responsibilities

The Co-operative and Community Benefit Societies Act 2014 requires the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the association and of its income and expenditure for that period.

In preparing these financial statement, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. It has general responsibility for taking reasonable steps to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

Disclosure of information to the independent examiner

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

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

In approving the Directors' Annual Report, we also approve the Strategic Report included therein, in our capacity as Society directors.

On behalf of the board

Signature

Name, Director

Date

Accounting Information

THE CLIFTON COMMUNITY ARTS CENTRE LTD

ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE PREPARATION OF THE UNAUDITED STATUTORY FINANCIAL STATEMENTS OF THE CLIFTON COMMUNITY ARTS CENTRE LTD FOR THE YEAR ENDED 31 DECEMBER 2019

We have reviewed the financial statements of The Clifton Community Arts Centre Ltd for the year ended 31 December 2018, which comprise the Profit and Loss Account, the Balance Sheet and the appended notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the Society's members, as a body, in accordance with regulations made under the Co-operative and Community Benefit Societies Act 2014 and the terms of our engagement letter dated 30 August 2018. Our review has been undertaken so that we may state to the Society's members those matters we have agreed with them in our engagement letter and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members as a body for our work, for this report or the conclusions we have formed.

Directors' Responsibility for the Financial Statements

It is the directors' duty to ensure that The Clifton Community Arts Centre Ltd has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of The Clifton Community Arts Centre Ltd. The directors consider that The Clifton Community Arts Centre Ltd is exempt from the statutory audit requirement for the year.

Accountants' Responsibility

Our responsibility is to express a conclusion based on our review of the financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to review historical financial statements and ICAEW Technical Release TECH 09/13AAF Assurance review engagements on historical financial statements. ISRE 2400 also requires us to comply with the ICAEW Code of Ethics.

Scope of the Assurance Review

A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. We have performed additional procedures to those required under a compilation engagement. These primarily consist of making enquiries of management and others within the entity, as appropriate, applying analytical procedures and evaluating the evidence obtained. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (UK and Ireland). Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements have not been prepared:

- so as to give a true and fair view of the state of the charitable company's affairs as at 31 December 2018, and of its profit for the year then ended;
- in accordance with United Kingdom Generally Accepted Accounting Practice (applicable to smaller entities); and
- in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

James Holyoak & Parker Limited

Chartered Accountants

.....

1 Knights Court
Archers Way
Battlefield Enterprise Park
Shrewsbury
SY1 3GA

Accounting Information

THE CLIFTON COMMUNITY ARTS CENTRE LTD

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £	2018 £
Turnover	192,670	18,563
Cost of sales	<u>(11,915)</u>	<u>(1,992)</u>
Gross profit	180,755	16,571
Administrative expenses	<u>(148,522)</u>	<u>(16,608)</u>
Operating profit/(loss)	32,233	(37)
Interest payable and similar expenses	<u>(1,212)</u>	<u>-</u>
Profit/(loss) before taxation	31,021	(37)
Tax on profit/(loss)	<u>-</u>	<u>-</u>
Profit/(loss) for the financial year	<u><u>31,021</u></u>	<u><u>(37)</u></u>

THE CLIFTON COMMUNITY ARTS CENTRE LTD

BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Intangible assets	3		10,899		5,928
Tangible assets	4		<u>538,747</u>		<u>83,628</u>
			549,646		89,556
Current assets					
Stocks			3,072		1,519
Debtors	5		25,400		72,943
Investments	6		310		310
Cash at bank and in hand			<u>19,794</u>		<u>84,069</u>
			48,576		158,841
Creditors: amounts falling due within one year	7		<u>(128,547)</u>		<u>(140,571)</u>
Net current (liabilities)/assets			(79,971)		18,270
Total assets less current liabilities			469,675		107,826
Creditors: amounts falling due after more than one year	8		<u>(364,612)</u>		<u>(60,236)</u>
Net assets			<u>105,063</u>		<u>47,590</u>
Capital and reserves					
Called up share capital	13		65,797		39,345
Profit and loss reserves			<u>39,266</u>		<u>8,245</u>
Total equity			<u>105,063</u>		<u>47,590</u>

For the financial year ended 31 December 2019 the company was entitled to exemption from audit under section 84 of the Co-operative and Community Benefit Societies Act 2014.

The directors acknowledge their responsibilities for complying with the requirements of the Co-operative and Community Benefit Society Act 2014 with respect to accounting records and the preparation of financial statements, and the accounts in the opinion of the directors give a true and fair view under s80 (3) of the Act.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Accounting Information

THE CLIFTON COMMUNITY ARTS CENTRE LTD

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2019

The financial statements were approved by the board of directors and authorised for issue on 23rd April 2020. and are signed on its behalf by:



.....
A Smith
Director

.....
R Hughes
Director

THE CLIFTON COMMUNITY ARTS CENTRE LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

The Clifton Community Arts Centre Ltd is a Community Benefits Society limited by shares incorporated under the Co-operative and Community Benefits Society Act 2014 and regulated by the Financial Conduct Authority. Under s79 of the Act it is required to produce accounts. The registered office is 1 Station Road, Wellington, Telford, Shropshire, TF1 1BY.

1.1 Accounting convention

Although the society is a charity it is not regulated by the Charities Commission. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: 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) issued on 16 July 2014 (as updated through Update Bulletin 1 published on 2 February 2016), 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 in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The society has adopted the standards of materiality covered in the SORP whereby an item is material if in the directors' view its inclusion or exclusion from the accounts would be likely to change the reader's view about the accounts. In the directors' view no items have been excluded from the Accounts which could be considered material.

1.2 Turnover

All incoming resources are included in Profit and Loss Account when the society 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.

Voluntary income is received by way of grants, donations and gifts, and is included in full in the Profit and Loss Account when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the society, are recognised when the society becomes unconditionally entitled to the grant.

Investment income is included as it becomes receivable.

1.3 Intangible fixed assets other than goodwill

This represents the value of the project manager's fees employed on bringing systems and processes in place with a view to the Orbit being operational and will be amortised once the building is trading.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Accounting Information

THE CLIFTON COMMUNITY ARTS CENTRE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	10-25 years on a straight line basis
Other plant and equipment	10 years on a straight line basis
Fixtures and fittings	10 years on a straight line basis
Cafe equipment	10 years on a straight line basis
Cinema equipment	10 years on a straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Leasehold assets will be depreciated once trading has commenced.

1.5 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.6 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.8 Taxation

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.

The society voluntarily registered for VAT on 1st November 2018 despite having turnover below the registration threshold and is currently making monthly returns. This has been deemed necessary for cash flow purposes as the society will be in a repayment position throughout the construction phase.

THE CLIFTON COMMUNITY ARTS CENTRE LTD

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.10 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.11 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.12 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 2 (2018 - 0).

Accounting Information

THE CLIFTON COMMUNITY ARTS CENTRE LTD NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

3 Intangible fixed assets

	Development costs £
Cost	
At 1 January 2019	5,928
Additions	5,645
	<hr/>
At 31 December 2019	11,573
	<hr/>
Amortisation and impairment	
At 1 January 2019	-
Amortisation charged for the year	674
	<hr/>
At 31 December 2019	674
	<hr/>
Carrying amount	
At 31 December 2019	10,899
	<hr/>
At 31 December 2018	5,928
	<hr/> <hr/>

CLIFTON COMMUNITY ARTS CENTRE LTD NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Intangible fixed assets

	Leasehold land and buildings £	Assets under construction £	Other plant and equipment £	Fixtures and fittings £	Cafe equipment £	Cinema equipment £	Total £
Cost							
At 1 January 2019	6,205	69,273	-	8,831	-	-	84,309
Additions	103,329	-	12,154	242,787	41,254	89,160	488,684
Transfers	19,265	(69,273)	-	50,008	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	128,799	-	12,154	301,626	41,254	89,160	572,993
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation and impairment							
At 1 January 2019	-	-	-	681	-	-	681
Depreciation charged in the year	3,506	-	981	17,808	3,199	8,071	33,565
Transfers	-	-	212	(563)	351	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	3,506	-	1,193	17,926	3,550	8,071	34,246
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount							
At 31 December 2019	125,293	-	10,961	283,700	37,704	81,089	538,747
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	6,205	69,273	-	8,150	-	-	83,628
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Accounting Information

THE CLIFTON COMMUNITY ARTS CENTRE LTD NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

4 Tangible fixed assets

Other equipment comprises office equipment, cleaning equipment and other miscellaneous equipment that is not allocated to the cinema or café cost centers. In 2018 fixtures and fittings were allocated to one heading alone. For 2019 it has been considered to be clearer to allocate early acquisitions to various cost centers and historic depreciation has been reallocated.

5 Debtors

	2019	2018
	£	£
Amounts falling due within one year:		
Trade debtors	4,090	100
Other debtors	4,027	14,017
Prepayments and accrued income	5,283	46,826
	<u>13,400</u>	<u>60,943</u>
Amounts falling due after more than one year:		
Other debtors	12,000	12,000
	<u>25,400</u>	<u>72,943</u>

Other debtors comprise a Gift Aid repayment of £177 and £3,850 trading bonds with a major film distributors and will be released after periods varying from 6-12 months of satisfactory trading.

Other debtors over one year is a rent deposit paid to HSBC to cover any loss that they could potentially incur in the event of a default that was due to be returned at the end of the underlease. The amount has been placed in an escrow account and will be returned at termination of the lease provided there are no default issues. It would appear that HSBC have put it in an account bearing an annual interest at 0.05%.

6 Current asset investments

	2019	2018
	£	£
Other investments	310	310

Other investments relate solely to a loan made to a local circus as a contribution towards the purchase of magical equipment that will bear the Society's logo. There are no fixed terms of repayment but the loan will be repaid out of shows performed or services to be supplied. No repayments were made in the year.

THE CLIFTON COMMUNITY ARTS CENTRE LTD NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

7 Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	110,969	80,343
Taxation and social security	11,256	-
Government grants	-	52,159
Other creditors	-	7,369
Accruals and deferred income	6,322	700
	<u>128,547</u>	<u>140,571</u>

8 Creditors: amounts falling due after more than one year

	2019	2018
	£	£
Other borrowings	209,819	60,236
Trade creditors	700	-
Government grants	154,093	-
	<u>364,612</u>	<u>60,236</u>

All Social Investment Tax Relief Loans are for a term of five years with a fixed interest rate of 2.25%. The amount due is repayable on maturity. £100 is repayable in 2021, £60,136 in 2023 and £25,000 in 2024.

Government Grants include an amount of £99 from the British Film Institute awarded out of National Lottery money to purchase a Blu Ray player. It is amortised over its estimated useful economic life and the amortisation is netted off against depreciation. In addition three grants totalling £166,500 have been received from Telford & Wrekin Council being a Telford @ 50 legacy grant, An Empty Unit Incentive Grant and a Façade Improvement Grant. £923 of the latter has been written off against revenue expenditure in the year. The balance has been allocated against either cinema equipment or fixtures with priority being given against moveable tenant's trade fixtures that could be removed from the premises in the event of any relocation. The grant has been amortised over the useful economic life of the assets and the amortisation has been netted off against depreciation. The directors took advice from the suppliers of the cinema seating and projection equipment and were informed that the useful economic life would be ten years which has resulted at a 10% straight line amortisation rate. The amortisation rate for fixtures is 9.64% to take into account the average depreciation rate over fixtures as a whole that includes some assets that will inevitably become part of the building where a straight line depreciation rate of 4% has been used. The amount written back in the year amounted to £11,583 to take into account the date of opening of the premises.

Accounting Information

THE CLIFTON COMMUNITY ARTS CENTRE LTD NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

9 Income from donations and legacies

	2019 £	2018 £
Gifts	52,014	4,476
Aviva community fund	1,000	1,000
Sustain fresh start	200	-
Tescos bags of help	1,000	-
Reach	15,620	-
Wellington town council	500	-
Telford and Wrekin Council facade improvement grant	922	-
	<u>71,256</u>	<u>5,476</u>

Gifts included a donation of £50,000 from All Saints Church

£923 (2018 - £0) of government grants were received for power washing the exterior of the building as part of a Façade Improvement Grant from Telford & Wrekin Council of £6,500. The balance of the grant has been allocated against capital items.

10 Income from charitable activities

	2019 £	2018 £
Film sales	44,636	7,726
Cafe sales	32,683	4,259
Merchandise sales	48	368
Art sales	1,530	-
Room hire	162	-
	<u>79,061</u>	<u>13,087</u>

THE CLIFTON COMMUNITY ARTS CENTRE LTD NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

11 Income from other activities

	2019 £	2018 £
Fund raising events	-	734
Twinkl lottery	1,134	-
Quizzes	58	-
Raffles	246	-
Seat sponsorship	6,900	-
Pheasant orbit beer sponsorship	421	-
Compensation and recharges	33,595	-
	<u>42,354</u>	<u>734</u>

Compensation and recharges represent amount received from HSBC in respect of expenditure incurred that relates to obligations falling on them

12 Income from other investments

	2019 £	2018 £
Other	1	1
	<u>1</u>	<u>1</u>

A small amount of repayment interest below £1 was received in both years on Gift Aid repayment claims.

13 Called up share capital

	2019 £	2018 £
Ordinary share capital Issued and fully paid		
65,797 Ordinary of £1 each	65,797	39,345
	<u>65,797</u>	<u>39,345</u>

14 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2019 £	2018 £
	66,062	86,082

Accounting Information

THE CLIFTON COMMUNITY ARTS CENTRE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

11 Income from other activities

	2019	2018
	£	£
Fund raising events	-	734
Twinkl lottery	1,134	-
Quizzes	58	-
Raffles	246	-
Seat sponsorship	6,900	-
Pheasant orbit beer sponsorship	421	-
Compensation and recharges	33,595	-
	<u>42,354</u>	<u>734</u>

Compensation and recharges represent amount received from HSBC in respect of expenditure incurred that relates to obligations falling on them

12 Income from other investments

	2019	2018
	£	£
Other	1	1
	<u>1</u>	<u>1</u>

A small amount of repayment interest below £1 was received in both years on Gift Aid repayment claims.

13 Called up share capital

	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
65,797 Ordinary of £1 each	<u>65,797</u>	<u>39,345</u>

14 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2019	2018
	£	£
	<u>66,062</u>	<u>86,082</u>

THE CLIFTON COMMUNITY ARTS CENTRE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

14 Operating lease commitments

The note reflects the position at 31st December 2019. Since then the lease has been surrendered and a new lease entered into. Further information is provided in note 15.

15 Events after the reporting date

On 21st February 2020, the Society surrendered their existing underlease and entered into a new lease with their landlord.

On 27th February 2020, the Society obtained further finance from Resonance Ltd of £100,000.

On 29th February 2020, £115,000 of the directors loan account was paid back. The proceeds of the repayment were than paid back to the Society as a donation.

These transactions are covered further in the Directors' Annual Report

Accounting Information

THE CLIFTON COMMUNITY ARTS CENTRE LTD DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2019

	£	2019 £	£	2018 £
Turnover				
Donations, grants and sponsorship		71,256		5,476
Merchandise and miscellaneous		48		368
Film sales		44,636		7,726
Other events		1,438		634
Café sales		32,683		4,259
Art Sales		1,530		-
Sundry income		41,079		100
		<u>192,670</u>		<u>18,563</u>
Cost of sales				
Merchandise	184		383	
Café food, ice creams and refreshments	11,731		1,609	
		<u>(11,915)</u>		<u>(1,992)</u>
Gross profit	93.82%	180,755	89.27%	16,571
Administrative expenses				
Wages and salaries	49,469		-	
Staff pension costs defined contribution	1,968		-	
Royalties payable	210		157	
Commissions payable	1,288		-	
Rent re operating leases	20,049		2,947	
Cleaning	7,637		412	
Power, light and heat	4,977		563	
Premises insurance	2,001		745	
Equipment repairs	665		-	
Removals	750		-	
Training, travel and subsistence	-		61	
Subscriptions	-		114	
Consultancy fees	9,880		168	
Accountancy	2,250		700	
Printing, postage and stationery	1,188		519	
Film screening fees and royalties	16,481		2,786	
Film delivery fee	1,271		-	
Film booker's fee	1,175		-	
Advertising	422		2,168	
Website costs	200		301	
Room hire	120		1,056	
Entertainers	-		3,172	
Telecommunications	1,628		-	
Sundry expenses	1,079		229	
Art	1,157		-	
Depreciation	22,657		510	
		<u>(148,522)</u>		<u>(16,608)</u>
Operating profit/(loss) c/fwd		32,233		(37)

THE CLIFTON COMMUNITY ARTS CENTRE LTD DETAILED TRADING AND PROFIT AND LOSS ACCOUNT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

	£	2019 £	£	2018 £
Operating profit/(loss) b/fwd		32,233		(37)
Interest payable and similar expenses				
Bank interest on loans and overdrafts		(1,212)		-
Profit/(loss) before taxation		<u>31,021</u>		<u>(37)</u>

The Clifton Community Arts Centre Ltd
Annual Report for the year ended 31st December 2019