



Wellington Orbit

Cinema Arts & Community Centre

The Clifton Community Arts Centre Ltd

Annual Report for the year ending 31st December 2020



Society Registration Number

32224R

Directors

Phil Morris-Jones (Chairman)
Bill Graham
Fiona Hunter
Ray Hughes
Andy Smith
Anne Beresford
Chris Ball
Russell Thomas (appointed 16th January 2020, resigned 24th September 2020)
Jörg Niehoegen (appointed 16th October 2020)

Manager

Damian Breeze

Registered Office

1 Station Road.
Wellington,
Telford,
Shropshire.
Telford.
TF1 1BY

Independent Examiner

James Holyoak & Parker Ltd,
1 Knights Court,
Archers Way.
Battlefield Enterprise Park.
Shrewsbury,
SY1 3GA

Solicitor

Gowling WLG (UK) LLP
Two Snow Hill
Birmingham
B4 5WR

Bankers

Barclays Bank PLC
23 Church Street
Wellington
Telford
Shropshire
TF1 1DQ

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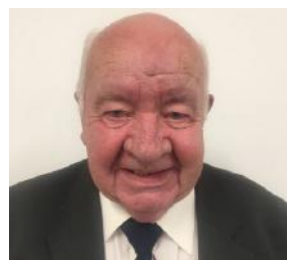
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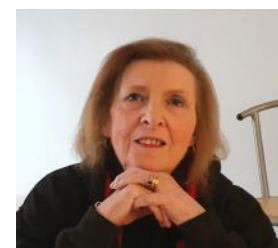
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DIRECTORS



Phillip Morris-Jones MBE

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. Her recent work includes ANTARCTICA: THE FIRST DANCE for Channel 4 and three new short films for Channel 4/Sadler's Wells

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 Telford Town Centre, from school. In 1989, he moved to Los Angeles with Lloyds Bank and in 1994, he left Lloyds to form Newmarket Films, a film finance, production and distribution company. Newmarket became one of the preeminent producers and distributors of independent film in the world 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 in 2009, he named his new company, Wrekin Hill Entertainment.



Chris Ball

Jörg moved with his family to Wellington in 1992. With his wife he started their own veterinary practice in 1996 which they operated jointly until they sold it in 2018. Over the years he held several voluntary positions in veterinary bodies, locally and nationally and co-organised a local wildlife group. He always had an interest in all things culturally and was awarded a Master of History of Art in 2007. Retirement in early 2020 allows him to enjoy more involvement in community projects, further study, walking and archery.



Jörg Niehoegen

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...

Dec
2013

Community Share Issue...

May
2018

Building Acquired...

May
2019

Open for Business

Mar
2020

Covid-19

STRATEGIC REPORT

While a strategic report should be a commentary on the progress and expansion of the charity's business within the context of the Society's charitable aims, the focus for this year has been to ensure that when the current crisis is over the Society has come out on the other side in the best condition it possibly can be without disregarding the fundamental values that underpin the Society's existence.

This being so, it is most appropriate to review the year in a number of stages.



MONTHLY QUIZ NIGHTS PROVED SO POPULAR THAT TABLES WERE BOOKED UP WEEKS IN ADVANCE.

Our total transactions in January & February were higher than any month in 2019. 2020 was going to be a great year.

1st January 2020 to 19th March 2020 - "The old normal"

The early months of the year saw a consolidation learning from the experiences of the first few months of opening. The cinema was now operating seven days a week and our film selection had improved with films being shown closer to release date. Our total transactions of 2504 and 2423 in January and February were higher than any month in 2019 where the highest number was 2018 in November 2019. We were aided by a good selection of films with Little Women and 1917 in particular selling very well and our cinema numbers of 1499 and 1527 for January and February were higher than any other month except November which was boosted by the outstanding success of Downton Abbey.

In addition, we were branching out and were holding regular monthly quizzes, had commenced the parent and toddler sessions on a Tuesday morning and were starting a series of talks with a sell out on a talk on Caravaggio.

This period also saw the completion of the post balance sheet events covered in the previous year's accounts. In chronological order we finalised the negotiations on a new lease on 20th February. The old lease was terminated and replaced by a new lease to finish on 24th March 2030. Rental levels kept the advantageous terms we had with the HSBC underlease but in exchange we agreed to amend the lease to be a full tenant's repairing and insurance lease throughout.

This was in return to the new lease being "inside the Act" which gives us the automatic right of renewal and the ability to sublet. These are important concessions and will in the long term assist us in grant applications. From June 2023, the rent will average out at £45k per annum.

One week later, we received a loan advance of £100,000 from the social investor, Resonance under their West Midlands SITR Fund designed to dismantle poverty in the West Midlands. The terms of the loan are shown in the Notes to the Accounts.

As social investors, we need to acknowledge the contribution of Resonance in developing our business including assisting us in a grant from Social Investment Business designed for that purpose that extended into this year as well as facilitating the provision of pro bono legal services from Gowling WLG that provided advice on the lease negotiations. The result of this was that we were able to finally settle outstanding development debts which together with a substantial donation which has considerably improved our balance sheet with creditors under one year reduced to satisfactory levels.

Management accounts are now being prepared on a quarterly basis. By the start of March there were dark clouds on the horizon. We still had a good selection of films in March and had we instituted some of the cost savings covered below we would probably have had a trading surplus. Taking into account the donation, we did in fact have a substantial excess of income over expenditure.

20th March 2020 to 4th July 2020 - Lockdown

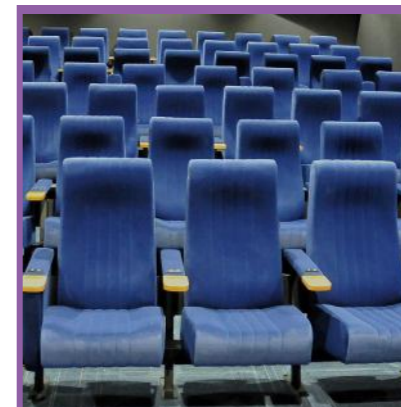
On 4th February our trade association The UK Cinema Association wrote to members to indicate that the global incidence of coronavirus was not a cause of any concern or even alarm.

This is no criticism of the UKCA whose representation of the sector has never been

anything short of outstanding but demonstrates how quickly circumstances changed during the year. In fact, it's probably fair to say that the government has had to respond to the actions of the virus rather than the virus responding to the actions of the government since mid March 2020. As late as 16th March directors met to consider closure of the facilities but with effect from 20th March the decision was taken out of our hands by the compulsory closure of all non trading outlets. This came just before our rent was due and we were due to pay wages.

While we were aided by an extra £10k share subscription it was clear that a prolonged closure would jeopardise the future of the Society unless there was government support in the form of grants and tax breaks.

Happily, this was the case with PAYE and VAT deferrals and in particular the Retail Leisure and Hospitality Grant Fund was received in this period to which could be added support from the BFI who repurposed their grant award capacity to Covid support and we obtained a further grant of £5000.

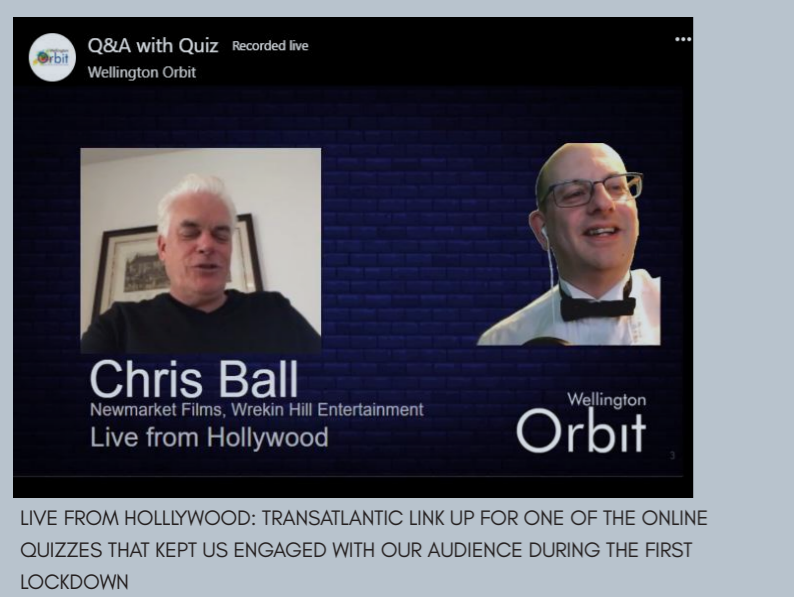


MOTHBALLED. THE CINEMA AND CAFE CLOSED ITS DOORS IN MARCH 2020.

STRATEGIC REPORT



With no new releases, we ran every Harry Potter film on consecutive Thursdays to full houses.



LIVE FROM HOLLYWOOD: TRANSATLANTIC LINK UP FOR ONE OF THE ONLINE QUIZZES THAT KEPT US ENGAGED WITH OUR AUDIENCE DURING THE FIRST LOCKDOWN

Many organisations essentially shut up shop during lockdown. In contrast we sought to maintain community involvement outside the premises through the operation of social media. Many organisations were unable to do this but we were fortunate in our volunteers and one in particular in Liam McClelland who took on social media responsibility which is widely acknowledged to have improved substantially from pre lockdown days.

We were one of the first organisations to start on line quizzes and our first one attracted 959 viewers. We also had weekly crosswords and provided weekly cultural menus which persist to this day.

The lockdown period also afforded the opportunity to reflect on business performance, collate business statistics and review our overall experiences since opening. This was carried forward into the next phase of the year.

“We sought to maintain community involvement outside the premises through the operation of social media.”

We were also grateful for the help we received from Telford and Wrekin Council in the early release of the £25000 RLHGF grant and sympathetically dealing with the unusual circumstances surrounding our claim.

Financially, closure comprised three phases being the winding down of the business entailing the suspension of non essential contracts, managing the business in a period where all the staff were put on furlough with the proviso that furloughed staff could not provide services to the employer and planning for reopening.

At the same time, we needed to ensure that we did not abandon our community or neglect our fundamental values at a time when community support was never more required.

Through the efforts of non remunerated directors we were able to manage our finances judiciously and in fact recorded a surplus of £6000 in the management accounts for the three months to 30th June 2020 when very little other income and no trading income was coming in. It also enabled us to top up employee’s salaries during furlough which legally was optional but morally felt to be the right thing to do.

4th July 2020 to 5 November 2020 – Easing of Restriction

By early July the government were able to confirm that they considered the virus to be sufficiently under control that they were able to proceed with the preannounced plan to lift restrictions on hospitality venues so that they could reopen subject to satisfactory safeguarding and social distancing measures being in place.

The advance notice took place when the furloughing arrangements were in place and the Society relied heavily upon their volunteers to undertake the preparatory work. In particular, we need to acknowledge the contribution of Jörg Niehoegen who was later appointed to the Board and set up the policies and oversaw the implementation of the measures and Liam McClelland who masterminded promotional instructional videos to give customers information of the measures in place and reassurance that the Society were taking these seriously.

We were able to reopen the café on 4th July on a reduced basis bring two part time staff back from furlough while being able under the new rules to flexibly furlough the other two and were able to reopen the



MANAGER DAMIAN BREEZE

cinema at a reduced capacity to reflect the social distancing rules on 31st July.

This period also saw the implementation of the review that had taken place during the lockdown and needed to be placed also against the context that we were opening for just the five days until such time as the incidence of the virus decreased or was eliminated and seven day opening could be justified.

The first was to dispense with our contract cleaning service and bring cleaning in house. Ultimately, we will be looking for two part time cleaners that gives us flexibility over leave and illness instances and that produced a considerable saving. The second was to review the position of the chief officer and we felt a more effective structure could be put in place that produced both cost savings and extra man hours if that person were to be made redundant and this took place in August with the assistant manager being given overall operational responsibility and administration services being outsourced. The chef’s hours were increased to allow the café to be open on Tuesdays as well and there is scope for an extra duty manager when seven day opening resumes.

Overall, the performance in this period was affected in line with the cinema industry as a whole by two factors. The first was an understandable reluctance by people to venture out despite the decrease in the virus rates and the assurances given. The second was the poor quality of films on offer as the major studios generally held back the release of their blockbusters.



OUR FAMILY TICKET AND GREAT VALUE SNACKS PUT A NIGHT AT THE CINEMA IN REACH OF MANY.

In August and September we were running at just over a third of our previous year which was

in excess of the industry average but October proved to be a very good month in context and was hugely encouraging. In fact, the cinema footfall for October aided by a better choice of films and possibly half term and the temporary closure of Cineworld exceeded our footfall in both the months of September and October 2019.

Further details are provided in our social impact report of the work done in this period. In summary, we were able to record a small surplus in our management accounts to 30th September which was aided by Government measures including a reduction in the rate of VAT and also awards under the Cultural Recovery Fund for covering safeguarding expenditure and a separate sustainability grant. The latter is designed to leave independent cinemas in a break even position during the pandemic and we were pleased to receive an award of £61985

to cover us up to 31st March 2021. This award is extremely welcome although it is computed on a cash basis and does not cover interest repayments and asset depreciation which we would have liked.

While there were grounds for optimism, the long term view became increasingly pessimistic in this time.

5 November 2020 to 31st December 2020 - The Second Surge

In the summer ministerial announcements were made to the effect that the public should plan on enjoying a normal Christmas. This was in spite of sporadic lockdowns in hot spots and the position was then exacerbated by outbreaks in schools and colleges that culminated in a further lockdown in November as a "circuit breaker" under less stringent conditions that

enabled us to continue offering a take away service where we were further sustained by an impacted business interruption grant from Telford and Wrekin Council.

While the lockdown was lifted for November this was against the backdrop of the introduction of a more contagious variant. Our December trading managed to be above predictions on the Culture Recovery Fund projections but it was clear that confidence was evaporating and ended up in a further lockdown being imposed on the last day of the year. Overall we made a significant trading loss in the last quarter of the year.

The conclusion now has to be that prophylactic measures will be insufficient in wiping out the virus but can arrest its prevalence. Either herd immunity or an effective vaccine will enable it to die out and at the end of the year there are encouraging signs that vaccines are in place that will enable a return to normality in the New Year and this is suggested by the fact that there is a second round of the Culture Recovery Fund in place which is now designed to leave businesses in a break even position up to June 2021.

Overall, the Society has faced extremely challenging trading conditions that will persist into next year.

We are better placed than many to deal with continuing pressures in the first half of next year but there will be no clear picture on how trading will develop while the current restrictions are in place. Further comment is within the financial and future plans section.

We are better placed than many to deal with the continuing pressures.



FLOOR STICKERS, SERVERY SCREENS, HAND SANITISER AND SOCIAL DISTANCING MEASURES IN PLACE.

PEOPLE

Our staff and volunteers.



OPEN FOR BUSINESS ONCE AGAIN

By the time that we reopened on 4th July, we had had the opportunity to review our first period of trading to consider whether the structure for staffing met the requirements of the business to take into account the level of remuneration, the functions undertaken by each employee or those that had been performed voluntarily and the usage of hours. In consequence, the directors undertook a restructuring that they felt was more in line with the future operational requirements that would initially entail just five days opening but

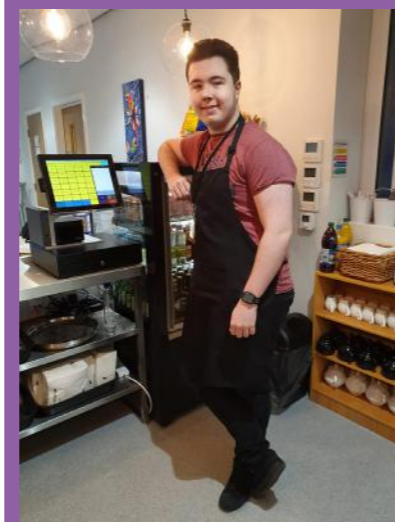
would eventually accommodate a return to seven day's opening. The need for the post of the Chief Officer to carry out the duties that she was carrying out had diminished and the post was declared redundant.



MEZE PLATTER FROM THE KITCHEN

A considerable saving was made through this measure. That enabled the Society in a restructuring programme to outsource much of the administration which gave greater flexibility in the current environment where the severity of the effects of the virus are so volatile and to create space for an extra duty manager or café supervisor and extend the chef's hours to allow the café to be open for food on a Tuesday as

well. These not only extended the number of working hours available but came also at a cost saving. At present the additional duty manager/ café supervisor post remains vacant as there are sufficient hours available to cover the current working requirements. It is possible that this post could be eventually filled by using the Government's Kick Start scheme where we have placed an expression of interest and await progress.



BEHIND THE SCENES AND FRONT OF HOUSE, LIAM MCCLELLAND SERVES UP GREAT CONTENT.



SENSE OF BELONGING

Our volunteering value is conservative at £105,000

We have also experienced heavy demand on the kitchen on a Saturday even during the current restrictions and will be looking soon to engage a kitchen assistant on a part time basis in 2021.

The other area which we looked at was cleaning. Initially we had engaged a contract cleaner. Taking into account both the long term and short term requirements of the business we have changed and brought these services in house. We have one cleaner engaged on a part time basis who had volunteered for us and that will be increased to two once 7 day opening resumes as it gives us flexibility to cover annual and sick leave while for the duration of the Covid restrictions we have been funded through the BFI Safety grant for the cost of an additional cleaner to clean the auditorium between performances.

We continue to measure the value of volunteering at a conservative £105,000 a year just employing national minimum wage criteria and it is probably more when taking into account the commercial value of some of the functions performed. It should also be emphasised that beyond their executive duties as directors many of the directors undertake operational functions for no reward. That was particularly so during the first lockdown when the furlough rules prohibited the performance of any duties on behalf of the organisation by employees. That enabled the Society to carry on with the smooth running of the business including in particular successful grant funding and contributed towards the Society being able to optionally top up the employees salaries to 100% during furlough as it was seen to be the right thing to do although there was no legal obligation to do so.

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 at the Orbit or elsewhere 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. We have no hesitation in featuring many of our volunteers on our front cover and would make special mention of one, Jackie Evans, who funded the purchase of a defibrillator and gifted it to the Society. The requirement for that extends beyond the building and is for the benefit of the town. It is truly a magnificent gesture.

This is just one of the many ways in which the Society is endeavouring to make a social impact and others are covered on the next page



BAFTA AWARD-WINNING PRODUCER LINN WAITE DURING THE Q&A AFTER THE SCREENING OF 'BAIT'



JACKIE EVANS WITH PHIL MORRIS-JONES MBE AND THE DEFIBRILLATOR

One member told us how Wellington Orbit had been such a lifeline to her and her friends and we are proud that we have served our community in these dark times.

SOCIAL IMPACT

In last year's accounts we set out our mission as 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.

If anything, the experiences of last year have strengthened that conviction as we cannot be a society that aims to benefit the community at a time when the community needs support more than ever before. We look forward very much to the time where we can screen films to full houses, see a packed café of friends meeting together and socialising without needing to consider the distance between them, reviving the parent and toddler group, holding quizzes in the Orbit etc.

We did our best not to forsake our community in these times and maintained our social media throughout lockdown,

We were pleased to be able to work with the Community Participation Team at Telford and Wrekin Council and were very happy to get an award as part of the borough's VE/VJ celebrations screening the World War 2 drama, A Call to Spy, featuring Churchill's recruitment of female spies in the SOE which we showed at a reduced price and provided a World War 2 menu. We were hoping to participate prominently in the Telford Film Festival which had unfortunately had to be cancelled.

Being volunteer led, we ran a volunteer film group who came up with the proposal of setting up a Cult and Classics Film Club which opened up to a full house screening of the Italian classic, Cinema Paradiso.



CULTS AND CLASSICS. A MONTHLY FILM EVENT STARTED BY VOLUNTEERS AND REGULARLY SOLD OUT



4K RESTO OF CINEMA PARADISO WAS THE FIRST SHOWING



MEDIA INTERVIEW



DELIVERING HAMPERS TO THE LOCAL HOSPITAL.

We were also fortunate in obtaining a grant from the National Community Lottery Fund to provide free films to disadvantaged groups as a fillip to recover from the hardships of the virus which was well received. We were grateful that when lockdown prevented us from running the programme through to conclusion we obtained agreement to repurpose the fund rather than returning money which we used for the provision of hampers to go to the Princess Royal Hospital to support beleaguered hospital workers at a time when they needed to have appreciation the most and each hamper went out with a personalised message from the community who could not personally present their gratitude.

In the final months after the cinema reopened we paid emphasis on local connections and were very pleased to show the award winning film, Bait, with a Q&A with its producer, Linn Waite who was brought up in Shrewsbury as well as having a personal Christmas greeting to Orbit patrons from James Bowen, the star of a Christmas Gift from Bob.

Perhaps the event that demonstrated the particular local flavour to our Society was our screening of the locally produced film, The Crucible of The Vampire produced by the Wellington company Ghost Dog Films which again sold out to a full house which also included a Q & A session with producer Amanda Murray and we were very grateful that the film could be screened without paying film commission. We were also hoping to show a further short film from a local director, Luke Allen. A screening was planned but

became a victim of the November lockdown but we will resurrect this in the New Year.



Q&A WITH LOCAL FILM MAKERS

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. Creation of Restricted Reserves to earmark funds for redevelopment. |
| 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 | Extension of the lease. Plans in place to show the impact of acquiring the freehold. |
| The Society will suffer business interruption | Loss of income through inability to open | Full insurance to cover risks. Re-modelled cash reserves policy building on the impact of the Coronavirus pandemic. |

Financial review (including reserves policy)

Last year's report concluded with the statement that this was just the start. Potentially Coronavirus could have spelt the end but it hasn't. Coronavirus could have severely crippled the Society but it hasn't. Coronavirus has however caused a financial and developmental stutter.

At the highest level, the position remains even more so that 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 and as before overall responsibility for the Society's financial matters remains with the same director who 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.

The first achievement was to secure a reduction in creditors due in less than one year to an acceptable level with a reduction from the unacceptably high level of 126602 to 13663. Overall, most suppliers will allow 30 days credit and while 2020 was such an unusual year the level of trade creditors would be within a target of being between 2 and 3 months of annual expenditure. Being a community organisation, we feel it is important to be seen as good payers.

This was associated with the securing of funds from the social investor Resonance 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 as it relies upon the tax advantages from Social Investment Tax Relief (SITR). Social Investment Tax Relief (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 which extra funding coming from loans and shares with SITR attached to it that has exceeded an additional £100k. The tax relief remains a key component of our funding and we hope to get further funds in before its withdrawal at the end of the 2020/21 tax year and beyond that, we funded the capital programme with a mixture of retained profit, share capital, grants and further loans, While going forward, our concentration on the business remains to maintain the business in a steadier operational state the exceptional circumstances of the year have required a different approach. Any customer facing business in the time of a pandemic with staying at home and enforced closures would be faced with the same dilemma as we were. With our sources of income all but cut off and that being to a major part through government policy the quest was to find alternative sources of income. That effectively meant government financial support and government tax breaks.

On the latter we were aided by a VAT reduction to 5% where we felt it was appropriate to pass on the benefit of the decrease to the customer and deferrals in the PAYE/NIC bill which unravelled itself during the year and the March 2020 VAT bill which will unwind next year.

By far the most beneficial was the outright financial support which besides a £5000 grant from the British Film Institute (BFI) came from the Government. These included grants under the furlough scheme which covered 80% of staff wages and enabled us to keep staff in place during the first lockdown. We did feel that as the circumstances were not down to anything the staff had done we would voluntarily top up the wages to leave them in no worse a position and this was generally welcomed.

During the first lockdown we also benefitted from a £25000 grant under the Retail Hospitality and Leisure Grant Fund which facilitated the top up and at the time of the award it was felt that that amount would be sufficient to navigate the worst ravages of the virus. However, it was recognised that the enforced closure and subsequent restrictions by way of social distancing presented unique difficulties for the hospitality industry and recovery would not be straightforward. As a result, the Government announced in July a £1.57billion Cultural Recovery Fund of which £30 million was allocated to the independent cinema sector and was to be administered by the BFI.

The grant has two rounds to it and the first tranche was designed towards leaving the cinemas in a break even position during the pandemic up to 31st March 2021 and contained an element for additional safeguarding expenditure. The second element which will be awarded in March 2021 is designed to enable the cinemas to prepare for full reopening with the grant extending up to June 2021.

Under the first round we were awarded total grants in excess of £5k and the awarded is spread over this and the next accounting period. It does appear to be somewhat churlish to be anything other than extremely grateful for this support. However, we do have some difficulty with the interpretation - and this has been driven by the Department of Culture Media and Sport - on what constitutes a break even position. The guidelines outline certain ineligible expenditure and while we would acknowledge that the voluntary top up during furlough should not be covered by an award we have considerable difficulty in understanding why interest payments and depreciation were excluded. The whole point in investing in an asset or acquiring through debt is that the anticipation would be that the asset will generate sufficient income over the useful economic life to justify the acquisition. It would therefore seem legitimate when looking at a break even figure that the wear and tear on the asset and interest payments at least should be factored into the break even formula. However

this has not been accepted by the awarder which means that if the donations are excluded the Society's losses have not been fully recouped with the result that we will have to recover those losses when normal trading resumes or we will have to extend the useful economic life of the assets,

The Society has business models that 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. These took on a different character during the year, These models are very much working documents being revised frequently on the basis of experience and quarterly management accounts will be prepared to measure performance against targets. It was gratifying that despite all the issues during the year our closing cash figure was some £k higher than our break even forecast which has importance for the eventual interest and capital serving requirements'

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, The future plans are also relevant to this

We are looking at a debt equity ratio of no more of 1:1. This has comfortably been achieved by treating directors' loans as quasi equity in addition to grants with capital and reserves enhanced during the year. 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,

Structure, governance and management

additional share capital and grants. Potentially a freehold acquisition could be part debt funded.

We need to manage out interest exposure and while we are fortunate that we are paying a low rate of interest on account of the SISR 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. Originally 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. The pandemic was one of the rainy days that reserves are meant to be in place for and our capital and reserves are in excess of three months expenditure. However this year's experience has caused the directors to revisit the position and look more at cash reserves. The worst case scenario has been put at a business interruption of nine months with no insurance recovery or government support and the directors have calculated that cash reserves of £20k would cover any such contingency. Accordingly the long term aim would be to strive towards that figure.

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.

Throughout the year Board Meetings have been held each month. Since the pandemic meetings have been held by Zoom with local directors either meeting collectively or at home depending on the social distancing rules. Wider strategic issues and operational performance are discussed at these meetings which include a report and presentation from the Office Manager. 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 as required.

A distinction needs to be made between the directors' powers which were deemed

appropriate could be delegated and the operational requirements of the business. The Board have a manager 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 manager 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. Various volunteer steering groups with a board member sponsor have been established in 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

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

The most significant development is in relation to our tenure was the improved terms to our lease which was renegotiated in February 2020.

The uncertainty of our original tenure which was an underlease that would expire in 2023 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.

Following a change in freeholder HSBC surrendered their Head Lease on 4th June 2019 as a result of which the Society became the direct tenant of the new landlord with whom a constructive working relationship had been established. 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 24th

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 and indeed the ultimate acquisition of the freehold.

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.

Plans for future periods & Post Balance Sheet Events

The Coronavirus outbreak has effectively put the brake on grant awarding bodies in relation to capital developments and much of the available funds are being applied to fight fires. However, the crisis will not last for ever and there are signs that with an effective vaccine there will be a return to normality some time during the year.

The Board have been preparing for the future and have constructed a variety of business models contemplating both the redevelopment of the upper floors and the acquisition of the freehold so that when the moment is right cogent business cases can be presented to all kinds of investors. The duty of the Board is to manage the business of the Society and do that well which has involved making difficult decisions that had to be made for the long term good. The models constructed which are based on conservative assumptions would indicate that not only would the Society be solvent but if the aspirations above are fully accomplished there will be no need for the Society to seek support by way of grants but the position will go full circle and the Society itself will be in the position to make grants to improve the artistic and cultural landscape throughout the borough.

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.



(Phil Morris-Jones - Chairman)

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
Phillip Morris-Jones MBE, Director

1st June 2020

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 2020

We have reviewed the financial statements of The Clifton Community Arts Centre Ltd for the year ended 31 December 2020, 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 2020, 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

BALANCE SHEET

AS AT 31 DECEMBER 2020

| | Notes | 2020 | | 2019 | |
|--|-------|-----------------|-----------------------|------------------|-----------------------|
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Intangible assets | 3 | | 9,923 | | 10,899 |
| Tangible assets | 4 | | 494,146 | | 538,747 |
| | | | <u>504,069</u> | | <u>549,646</u> |
| Current assets | | | | | |
| Stocks | | 2,488 | | 3,072 | |
| Debtors | 5 | 32,321 | | 25,400 | |
| Investments | 6 | 310 | | 310 | |
| Cash at bank and in hand | | 34,127 | | 19,794 | |
| | | <u>69,246</u> | | <u>48,576</u> | |
| Creditors: amounts falling due within one year | 7 | <u>(17,769)</u> | | <u>(128,547)</u> | |
| Net current assets/(liabilities) | | | <u>51,477</u> | | <u>(79,971)</u> |
| Total assets less current liabilities | | | <u>555,546</u> | | <u>469,675</u> |
| Creditors: amounts falling due after more than one year | 8 | | <u>(343,382)</u> | | <u>(364,612)</u> |
| Net assets | | | <u><u>212,164</u></u> | | <u><u>105,063</u></u> |
| Capital and reserves | | | | | |
| Called up share capital | | | 76,561 | | 65,797 |
| Profit and loss reserves | | | 135,603 | | 39,266 |
| | | | <u>212,164</u> | | <u>105,063</u> |

For the financial year ended 31 December 2020 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.

THE CLIFTON COMMUNITY ARTS CENTRE LTD

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2020

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

.....
A Smith
Director

.....
R Hughes
Director

.....
F Hunter
Director and secretary

Company Registration No. 32224R

Accounting Information

THE CLIFTON COMMUNITY ARTS CENTRE LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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.

THE CLIFTON COMMUNITY ARTS CENTRE LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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Accounting Information

THE CLIFTON COMMUNITY ARTS CENTRE LTD
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

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 company is an exempt entity 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
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

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:

| | 2020 Number | 2019 Number |
|-------|----------------|----------------|
| Total | 5 | 2 |

Accounting Information

THE CLIFTON COMMUNITY ARTS CENTRE LTD NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

3 Intangible fixed assets

| | Development costs £ |
|--|------------------------|
| Cost | |
| At 1 January 2020 and 31 December 2020 | 11,573 |
| Amortisation and impairment | |
| At 1 January 2020 | 674 |
| Amortisation charged for the year | 976 |
| At 31 December 2020 | 1,650 |
| Carrying amount | |
| At 31 December 2020 | 9,923 |
| At 31 December 2019 | 10,899 |

4 Tangible fixed assets

| | Leasehold land and buildings £ | Other plant and equipment £ | Fixtures and fittings £ | Cafe equipment £ | Cinema equipment £ | Total £ |
|------------------------------------|-----------------------------------|--------------------------------|----------------------------|---------------------|-----------------------|------------|
| Cost | | | | | | |
| At 1 January 2020 | 128,799 | 12,154 | 301,626 | 41,254 | 89,160 | 572,993 |
| Additions | 600 | 2,285 | 2,212 | 129 | - | 5,226 |
| At 31 December 2020 | 129,399 | 14,439 | 303,838 | 41,383 | 89,160 | 578,219 |
| Depreciation and impairment | | | | | | |
| At 1 January 2020 | 3,506 | 1,193 | 17,926 | 3,550 | 8,071 | 34,246 |
| Depreciation charged in the year | 6,379 | 1,795 | 28,436 | 4,291 | 8,926 | 49,827 |

5 Debtors

| | 2020 £ | 2019 £ |
|--|-----------|-----------|
| Amounts falling due within one year: | | |
| Trade debtors | 9,426 | 4,090 |
| Other debtors | 3,506 | 4,027 |
| Prepayments and accrued income | 7,389 | 5,283 |
| | 20,321 | 13,400 |
| Amounts falling due after more than one year: | | |
| Other debtors | 12,000 | 12,000 |
| Total debtors | 32,321 | 25,400 |

Other debtors comprise a Gift Aid repayment of £433, a VAT repayment due of £1,073 and trading bonds with a major film distributors of £2,000 which 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 and annual interest at 0.05%.

6 Current asset investments

| | 2020 £ | 2019 £ |
|-------------------|-----------|-----------|
| 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.

7 Creditors: amounts falling due within one year

| | 2020 £ | 2019 £ |
|------------------------------|-----------|-----------|
| Trade creditors | 6,423 | 110,969 |
| Taxation and social security | 4,991 | 11,256 |
| Accruals and deferred income | 6,355 | 6,322 |
| | 17,769 | 128,547 |

Accounting Information

THE CLIFTON COMMUNITY ARTS CENTRE LTD NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

8 Creditors: amounts falling due after more than one year

| | Notes | 2020 £ | 2019 £ |
|-------------------|-------|----------------|----------------|
| Other borrowings | | 204,686 | 209,819 |
| Trade creditors | | - | 700 |
| Government grants | | 138,696 | 154,093 |
| | | <u>343,382</u> | <u>364,612</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. Further loans of £110,000 were made in the year. £10,000 will be repayable in 2025 and has an interest rate of 0.1%. A loan under SISR was made by Resonance on 27th February 2020 for six years. No capital is repayable for the first three years. Repayments are made on a monthly basis after the first three years and will be £26,147, £32,997, £34,858 and £5,998 in 2023 to 2026 respectively. Interest is at 3.5% with a monitoring fee at 2.5% for the first three years and 5.5% and 1.5% thereafter.

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. A grant of £809.49 was received from Veolia in the year towards the cost of playthings for the parent and toddler group. On account of the pandemic this has yet to be spent.

THE CLIFTON COMMUNITY ARTS CENTRE LTD NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

9 Income from donations and legacies

| | 2020 £ | 2019 £ |
|---|----------------|---------------|
| Gifts | 117,654 | 52,014 |
| BFI Show Fund | 1,200 | - |
| BFI Resilience Fund | 5,000 | - |
| Retail Hospitality and Leisure Group Fund | 25,000 | - |
| TWC VE/VJ Celebrations | 627 | - |
| TWC Business Interruption | 1,600 | - |
| National Lottery | 1,500 | - |
| Coronavirus Job Retention Scheme | 22,354 | - |
| Cultural Recovery Fund | 48,464 | - |
| Aviva community fund | - | 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>223,399</u> | <u>71,256</u> |

The Cultural Recovery Fund awards cover the period up to 31st March 2021 and is not allocated on a monthly basis. The figure shown in the accounts represents the directors' best estimate of the amount of the award that is attributable to the period to 31st December 2020.

10 Income from charitable activities

| | 2020 £ | 2019 £ |
|-------------------|---------------|---------------|
| Film sales | 42,384 | 44,636 |
| Cafe sales | 30,667 | 32,683 |
| Merchandise sales | - | 48 |
| Art sales | 899 | 1,530 |
| Room hire | - | 162 |
| | <u>73,950</u> | <u>79,061</u> |

Accounting Information

THE CLIFTON COMMUNITY ARTS CENTRE LTD NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

11 Income from other activities

| | 2020 | 2019 |
|---------------------------------|--------------|---------------|
| | £ | £ |
| Twinkl lottery | 1,189 | 1,134 |
| Quizzes | - | 58 |
| Raffles | - | 246 |
| Miscellaneous | 304 | - |
| Seat sponsorship | 100 | 6,900 |
| Pheasant orbit beer sponsorship | - | 421 |
| Compensation and recharges | 3,000 | 33,595 |
| | <u>4,593</u> | <u>42,354</u> |

Compensation and recharges represent a final amount received from HSBC in respect of expenditure incurred that relates to obligations falling on them through their Head Lease including their dilapidations obligation on the surrender which the Society have incurred during the redevelopment or will incur on their behalf.

12 Income from other investments

| | 2020 | 2019 |
|-------|----------|----------|
| | £ | £ |
| 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 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:

| | 2020 | 2019 |
|--|----------------|---------------|
| | £ | £ |
| | <u>354,784</u> | <u>66,062</u> |

THE CLIFTON COMMUNITY ARTS CENTRE LTD DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2020

| | 2020 | 2019 |
|--|------------------|------------------|
| | £ | £ |
| Turnover | | |
| Donations, grants and sponsorship | 223,400 | 71,256 |
| Merchandise and miscellaneous | - | 48 |
| Film sales | 42,384 | 44,636 |
| Other events | 1,189 | 1,438 |
| Café sales | 30,667 | 32,683 |
| Art Sales | 899 | 1,530 |
| Sundry income | 3,404 | 41,079 |
| | <u>301,943</u> | <u>192,670</u> |
| Cost of sales | | |
| Merchandise | 92 | 184 |
| Café food, ice creams and refreshments | 9,459 | 11,731 |
| | <u>(9,551)</u> | <u>(11,915)</u> |
| Gross profit | 96.84% | 93.82% |
| | 292,392 | 180,755 |
| Administrative expenses | | |
| Wages and salaries | 71,689 | 49,469 |
| Staff pension costs defined contribution | 3,427 | 1,968 |
| Royalties payable | 498 | 210 |
| Commissions payable | 2,874 | 1,288 |
| Rent re operating leases | 20,055 | 20,049 |
| Cleaning | 3,531 | 7,637 |
| Power, light and heat | 5,209 | 4,977 |
| Premises insurance | 3,981 | 2,001 |
| Equipment repairs | 4,000 | 665 |
| Removals | - | 750 |
| Consultancy fees | 5,443 | 9,880 |
| Accountancy | 4,750 | 2,250 |
| Printing, postage and stationery | 1,686 | 1,188 |
| Film screening fees and royalties | 18,268 | 16,481 |
| Film delivery fee | 1,500 | 1,271 |
| Film booker's fee | 2,625 | 1,175 |
| Advertising | 391 | 422 |
| Website costs | - | 200 |
| Room hire | - | 120 |
| Telecommunications | 2,074 | 1,628 |
| Sundry expenses | 1,486 | 1,079 |
| Art | 704 | 1,157 |
| Depreciation | 34,596 | 22,657 |
| | <u>(188,787)</u> | <u>(148,522)</u> |
| Operating profit | 103,605 | 32,233 |

Accounting Information

THE CLIFTON COMMUNITY ARTS CENTRE LTD
DETAILED TRADING AND PROFIT AND LOSS ACCOUNT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

| | £ | 2020 £ | £ | 2019 £ |
|--|---|----------------|---|----------------|
| Operating profit | | 103,605 | | 32,233 |
| Interest payable and similar expenses | | | | |
| Bank interest on loans and overdrafts | | <u>(7,268)</u> | | <u>(1,212)</u> |
| Profit before taxation | | <u>96,337</u> | | <u>31,021</u> |

