

tees valley arts
(A company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2005

Charity Number : 515369

Company Number : 1656560



tees valley arts

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LEGAL AND ADMINISTRATIVE INFORMATION

Status

tees valley arts is a company limited by guarantee and a registered charity governed by its memorandum and articles of association.

Directors and Trustees

Under the Articles of Association the Board of Management, who are the trustees of the charity, will consist of not less than 14 and up to 18 Directors constituted as follows:-

- Four Directors nominated by Arts Council England, North East. These are shown below by (*).
(Term of Office: One year, renewable).
- Ten Directors chosen by the Board of Management to reflect the arts interests in the community including education, the media, industry and commerce, the major arts organisations and local authorities in the area. These are shown below by (**).
(Term of Office: One year, renewable).
- Three Directors elected by all Members of the company who are present at the Annual General Meeting. These are shown below by (***).
(Term of Office: One year, renewable).
- One Director co-opted by the Board of Management. There is no such director in place at the moment. (Term of Office: One year, renewable).

The trustees who served during the year were:-

Mr G Bates	(**)	
Cllr C Beadle	(**)	Resigned 28.01.05
Mr A Campbell	(*)	
Ms C Cooke	(**)	Appointed 01.04.04
Revd R Cooper	(***)	Appointed 14.10.04
Cllr A Cunningham	(**)	Appointed 02.06.04
Mr N Etherington	(*)	
Mr C Frere-Smith	(***)	Appointed 14.10.04
Cllr W Kerr	(**)	(Chair & Co. Secretary)
Mr K Howard	(**)	Appointed 01.04.04
Cllr J Kennedy	(**)	Appointed 07.07.04
Prof. P Manning	(**)	
Mrs V L Oates	(*)	Resigned 14.10.04
Dr R O'Rourke	(*)	Resigned 07.07.04
Cllr B Pearson	(**)	Resigned 07.07.04
Mr J Pendleton	(**)	
Mr A Price	(**)	Resigned 31.01.05
Mr A Roughton	(**)	Resigned 06.12.04
Mrs F Sangowawa	(**)	Appointed 25.05.04
Mrs E Hardwick	(**)	Appointed 01.04.04
Mr T Teasdel	(***)	

tees valley arts

LEGAL AND ADMINISTRATIVE INFORMATION

Director

Lesley Featherstone

REGISTERED OFFICE

3rd Floor
Melrose House
Melrose Street
Middlesbrough
TS1 2HZ

AUDITORS

S V Bye
New Garth House
Upper Garth Gardens
Guisborough
TS14 6HA

BANKERS

HSBC plc
60 Albert Road
Middlesbrough

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST MARCH 2005

The trustees are pleased to present their report together with the financial statements of the charity for the year ended 31st March 2005.

This report has been prepared in accordance with the special provisions of Part VII of The Companies Act 1985 relating to small companies.

OBJECTS OF THE CHARITY

The Memorandum and Articles of Association of the charity state its principal objects to be "to promote, maintain and encourage for the education of the public, the development of the whole range of arts activity in the area currently known as the Tees Valley and its environs including drama, dance, music, opera, ballet, visual arts, photography, exhibitions, crafts, films, literature and community arts, for all members of the local community, without regard to disability, ethnic background, sexuality, age, gender, ability or religious or other belief."

tees valley arts continues to work to develop the arts in the Boroughs of Hartlepool, Middlesbrough, Redcar and Cleveland, Stockton on Tees and Darlington. It aims to develop art projects with a wide range of people, to develop audiences for a range of arts events, to support locally-based artists and to liaise with other arts providers.

tees valley arts works in partnership with local authorities, building developers, architects, social services, the education sector, business, artists and local people to develop arts projects.

ORGANISATION

A board of trustees of between 14 and 18 members, who meet quarterly, administers the charity. A Chief Executive, whose title is Director but they are not a director for the purposes of the Companies Act 1985, is appointed by the trustees to manage the day-to-day operations of the charity.

RESPONSIBILITIES OF THE TRUSTEES

Company law requires the trustees, who are directors of the company for the purpose of company law, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the financial year. In preparing those financial statements, the trustees should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue on that basis.

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The trustees are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST MARCH 2005

RESERVES POLICY

It is the policy of the charity that, in order to maximise the amount of funding available for arts activities, that unrestricted funds not committed or invested in tangible fixed assets ('the free reserves') held by the charity should not exceed £25000. At 31st March 2005 the level of free reserves was £29759, but the trustees have decided that part of this balance should be used to employ a part time fundraiser. It is hoped that this will generate more funding to allow the charity to expand its activities.

This policy will be regularly reviewed by the trustees in the light of prevailing financial circumstances.

INVESTMENT POLICY

The charity invests its surplus funds according to its anticipated short and medium term needs. At present bank deposit accounts are considered to be the most suitable medium. The trustees will continue to review this policy.

RISK REVIEW

The charity has produced a business plan which determines the policies, strategies, aims and objectives of the organisation over a 3 year period while fully taking into account external threats and opportunities. Internal risks are minimised by the implementation of procedures for authorisation of all transactions and projects and to ensure consistent quality of delivery for all operational aspects of the charitable company. These procedures are periodically reviewed to ensure that they still meet the needs of the charity.

RELATED PARTIES

The charity has a very close relationship with Arts Council England, North East, which is itself a charity. It can nominate trustees and provides funding to enable the charity to carry out its charitable objects. A summary of transactions with this party is shown in note 12 to the Financial Statements.

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST MARCH 2005

Creativity in lifelong learning

During 2004/05 **tees valley arts** has made excellent progress towards establishing ourselves as a key figure in the strategic development and delivery of the cultural and educational agenda in the Tees Valley. This has been achieved through the development of key strategic partnerships, advocacy for promoting creativity in lifelong learning, the development of strategies and action plans to support good creative programme delivery and the development of new projects.

Fundraising Consultancy

At the beginning of the year the Board of Directors agreed to the employment of a Fundraising Consultant, to be paid out of the organisations free reserves, and following a recruitment process, Clive Rawson of Training and Development Services was employed. Clive has instigated a thorough analysis of our Creative Programme and our Financial and Management processes and procedures and demonstrated the importance of all the organisations' activities in relation to fundraising success. The Initial Report, presented in October 2004, highlighted a number of areas that would benefit from improved procedures and some suggestions that we could adopt to achieve those improvements, including, improving the customer experience, developing the role of Project Co-ordinators, exploring capacity issues, building partnerships and marketing and promotion. Over the intervening period, we have worked together on adopting these improvements, in particular:

- Training and development work with Project Co-ordinators
- A consistent project planning, budgeting and proposal procedure
- Strategic Partnership Development Plan
- Marketing Strategy and website development
- Creative Programme - defining key areas of work, processes, funding requirements.
- Exploring the "fit" of our Programme with Tees Valley priorities
- Identifying Funding sources and linking to particular programmes and projects
- A number of specific applications for funding

These areas are all ongoing and a second six month period of work during 2005/06 will help us to consolidate and implement these improvements.

Three clear areas of work for this period will be:

1. Focus on integrating the improvements
2. Strategic Partnership Development
3. Developing a number of bids or packages of bids for key creative programmes

Marketing Strategy

Focusing on our Marketing and promotion work, we have developed a Fundraising Strategy and Action Plan that aims to support the strategic development of **tees valley arts** with strong, attractive promotional material, a revamped website and the identification of key stakeholders and forums that will promote the integration of our work within the Tees Valley.

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST MARCH 2005

Strategic Forums

The Arts Education Forum Tees Valley, is chaired and administered by **tees valley arts** and attended by representatives from ACENE, Local Authority arts and education departments, Creative Partnerships, Arc and CTC. The Forum worked with a facilitator, Linda Innes in May 2004 to establish a key focus, agree a Vision Statement and identify key areas of work that could be developed with a Tees Valley wide focus. In October the Forum organised its first event the Creative Education Fair which successfully showcased cultural organisations and artists and promoted the value of creative education to visiting teachers. The Forum agreed to organise another such event in 2005/06.

Early in 2005 **tees valley arts** was invited to join the Tees Valley DCMS Group and to consider leading on Education and Community Networks Projects. The group is charged to promote a sub-regional Cultural Strategy, administer the Tees Valley Investment Fund [Tees Valley Partnership money allocated to implement tourism and culture strategies and in particular to support projects that contribute to the Tees Valley wide development of cultural infrastructure.]

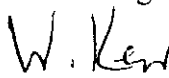
Office Space

tees valley arts' office space has received a much needed face-lift, with a reorganisation of storage space, repainting throughout and the acquisition of two new sofas and rugs, that create a relaxing space for informal meetings. We are able to provide a number of computers for the use of our freelance Project Co-ordinators and two open access computers linked to Ukonline. We have started to open up the space and the meeting room for the use of artists and project participants, and currently a number of groups use the space for Steering Group Meetings, training sessions and planning meetings.

The Staff Team

The Staff Team has been stable throughout the year, with Lesley Featherstone as Director, Andrea Williams as Administrator and Janette Pratt as Programme Manager: Education. We have also been able to continue to employ Simon Smith as Administrative Officer, with greater responsibility for marketing and creative programme support, Andy Wray as Administrative Assistant and Tim Coyte as Project Officer. These employees are on temporary contracts linked to project funding. We also work with a wide variety of freelance Project Co-ordinators and artists, too many to mention here. All staff have worked with commitment, flair and creativity to ensure that we deliver our creative programme effectively.

Approved by the Trustees
and authorised to sign on their behalf

B Kerr 
Trustee
5th September 2005

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
tees valley arts**

We have audited the financial statements of **tees valley arts** for the year ended 31st March 2005 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As described in the Statement of Trustees' Responsibilities on page 3 the trustees who are also the directors of **tees valley arts** for the purposes of company law, are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

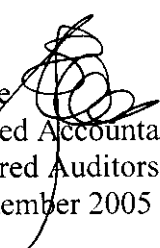
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amount and disclosures in the financial statements. It also includes an assessment of the judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the charitable company's affairs as at 31st March 2005 and of its incoming resources and application of resources, including its income and expenditure in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

New Garth House
Upper Garth Gardens
Guisborough
TS14 6HA

S V Bye 
Chartered Accountants
Registered Auditors
5th September 2005

tees valley arts

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31ST MARCH 2005

	NOTE	Unrestricted £	Restricted £	Total Funds 2005 £	Total Funds 2004 £
INCOMING RESOURCES					
Donations and grants for core funding	2	91104	-	91104	99392
Activities to further the charity's objects					
Grants and contracts for promotion of arts activities in the area	3	324925	16117	341042	322891
Investment income - bank interest		2680	-	2680	2060
Total Incoming Resources		<u>418709</u>	<u>16117</u>	<u>434826</u>	<u>424343</u>
RESOURCES EXPENDED					
Charitable expenditure					
Costs of promotion of arts activities in the area	4	413420	53187	466607	358141
Management and administration	4	10320	-	10320	11007
Total Resources Expended	4	<u>423740</u>	<u>53187</u>	<u>476927</u>	<u>369148</u>
Net incoming resources/(resources expended)					
- Net surplus/(deficit) for the year		(5031)	(37070)	(42101)	55195
Total funds at 1 st April		34790	37070	71860	16665
Transfers		-	-	-	-
Total funds at 31st March	11	<u>29759</u>	<u>-</u>	<u>29759</u>	<u>71860</u>

The notes on pages 11 to 15 form part of these accounts.

tees valley arts
(Limited by Guarantee, not having a share capital)

BALANCE SHEET

AS AT 31ST MARCH 2005

	NOTE		2005		2004
		£	£	£	£
FIXED ASSETS					
Tangible assets	7		-		5268
CURRENT ASSETS					
Debtors	8	55360		66509	
Cash at bank and in hand		68884		156003	
		-----		-----	
		124244		222512	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	(94485)		(155920)	
		-----		-----	
NET CURRENT ASSETS			29759		66592
			-----		-----
NET ASSETS			29759		71860
			-----		-----
FUNDS					
Unrestricted	11		29759		34790
Restricted	11		-		37070
			-----		-----
			29759		71860
			=====		=====

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies, and The Financial Reporting Standard for Smaller Entities (effective June 2002).

B KERR *W. Kerr* DIRECTOR AND TRUSTEE

Approved by the Board: 5th September 2005
and signed on its behalf by the above.

The notes on pages 11 to 15 form part of these accounts.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2005**

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2000) issued in October 2000, the Financial Reporting Standard for Smaller Entities (effective June 2002) and the Companies Act 1985. The principal accounting policies adopted in the preparation of the financial statements are as follows:

INCOMING RESOURCES

Donations and grants

Income from donations and grants, including capital grants, is included in incoming resources when these are receivable, except when donors specify that donations must be used in future accounting periods, when the income is deferred until those periods.

Contracts for the provision of services

Such income, which takes the form of grants and fees for services, is included in incoming resources when receivable except where it has been received in advance of the provision of the service. In these cases the income is deferred until the particular service is provided in full.

Interest receivable

Interest is included when receivable by the charity.

RESOURCES EXPENDED

Resources expended are included in the Statement of Financial Activities on an accruals basis, inclusive of any VAT which cannot be recovered.

Certain expenditure is directly attributable to specific activities and has been included in those cost categories. Certain other costs, which are attributable to more than one activity, are apportioned across cost categories on the basis of an estimate of the proportion of time spent by staff on those activities.

Operating leases

Rentals payable under operating leases are charged to the Statement of Financial Activities as incurred over the term of the lease.

TANGIBLE FIXED ASSETS

Tangible fixed assets are depreciated on a straight-line basis over their estimated useful lives as follows:-

	Annual rate
Office equipment	25%
Theatre equipment	25%

LEGAL STATUS OF THE CHARITY

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding-up is limited to £1.

tees valley arts

NOTES TO THE ACCOUNTS

2.	DONATIONS AND GRANTS FOR CORE FUNDING		Unrestricted				
			Total	Total			
			2005	2004			
			£	£			
	Arts Council Northern England-Core		70104	70104			
	Arts Council Northern England-Restructuring		-	13288			
	Middlesbrough Borough Council		4000	4000			
	Hartlepool Borough Council		4000	4000			
	Stockton on Tees Borough Council		4000	4000			
	Redcar and Cleveland Borough Council		4000	4000			
	Darlington Borough Council		5000	-			
			<hr/>	<hr/>			
			91104	99392			
			<hr/> <hr/>	<hr/> <hr/>			
3.	INCOMING RESOURCES TO FURTHER THE CHARITY'S OBJECTIVES						
		Unrestricted	Restricted	2005	2004		
		£	£	£	£		
	Social Inclusion	244165	16117	260282	254677		
	Education	75565	-	75565	65479		
	Miscellaneous	5195	-	5195	2735		
		<hr/>	<hr/>	<hr/>	<hr/>		
		324925	16117	341042	322891		
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>		
4.	TOTAL RESOURCES EXPENDED						
		Staff	Other	Other	Depreciation	Total	Total
		Costs	Direct	Allocated		2005	2004
		Costs	Costs	Costs			
		£	£	£	£	£	£
	Promotion of arts activities	87250	312193	61896	5268	466607	358141
	Management and administration	9695	-	625	-	10320	11007
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		96945	312193	62521	5268	476927	369148
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	Other allocated costs include					2005	2004
						£	£
	Auditors remuneration:						
	- Audit fee					2300	2200
	- Accounting and other services					1486	950
	Depreciation of owned assets					5268	5268
						<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE ACCOUNTS

5. TRUSTEES REMUNERATION

The trustees neither received nor waived any emoluments during the year (2004 : £NIL).

No out of pocket expenses were reimbursed to any of the trustees.

6. STAFF COSTS	2005	2004
	£	£
Wages and salaries	88362	96981
Social security costs	8583	8540
	<u>96945</u>	<u>105521</u>

No employee earned more than £50000 in the year (2004 : NIL)

The average number of employees, calculated on a full time equivalent basis, was:

	2005	2004
Chief Executive	1	1
Arts officers	1	3
Administration and support staff	2	2
	<u>4</u>	<u>6</u>

7. TANGIBLE FIXED ASSETS

	Office Equipment £	Theatre Equipment £	Total £
COST			
At 1 st April 2004	74036	7544	81580
Additions	-	-	-
	<u>74036</u>	<u>7544</u>	<u>81580</u>
At 31 st March 2005	74036	7544	81580
	<u>74036</u>	<u>7544</u>	<u>81580</u>
DEPRECIATION			
At 1 st April 2004	70654	5658	76312
Charge for the year	3382	1886	5268
	<u>74036</u>	<u>7544</u>	<u>81580</u>
At 31 st March 2005	74036	7544	81580
	<u>74036</u>	<u>7544</u>	<u>81580</u>
NET BOOK VALUE			
At 31 st March 2005	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
At 31 st March 2004	3382	1886	5268
	<u>3382</u>	<u>1886</u>	<u>5268</u>

There were no commitments to capital expenditure at 31st March 2005 and 31st March 2004.

NOTES TO THE ACCOUNTS

8.	DEBTORS	2005	2004
		£	£
	Trade debtors	52226	63282
	Prepayments	3134	3216
	VAT	-	11
		<hr/>	<hr/>
		55360	66509
		<hr/> <hr/>	<hr/> <hr/>

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

	2005	2004
	£	£
Creditors & accruals	4953	16068
Social security and other taxes	2563	2214
Deferred income (see below - note 10)	86969	137638
	<hr/>	<hr/>
	94485	155920
	<hr/> <hr/>	<hr/> <hr/>

10. **DEFERRED INCOME**

	2005
	£
Balance at 1 st April 2004	137638
Amount released to incoming resources	(137638)
Amount deferred in the year	86969
	<hr/>
Balance at 31 st March 2005	86969
	<hr/> <hr/>

Deferred income represents grants received which have been specified by the donor for use in future periods and also fees and grants for arts projects received in advance of the provision of the particular service to be provided.

11. **STATEMENT OF FUNDS**

	Balance at 31st March 2004	Incoming Resources	Resources Expended	Transfers	Balance at 31st March 2005
	£	£	£	£	£
Unrestricted funds	34790	418709	(423740)	-	29759
Restricted Funds					
Diana, Princess of Wales Memorial Fund	37070	16117	(53187)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	71860	434826	(476927)	-	29759
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The restricted fund relates to grants received from the Diana, Princess of Wales, Memorial Fund, administered by the Northern Rock Foundation for the "You are Here" programme. This had all been spent by 31st March 2005.

tees valley arts

NOTES TO THE ACCOUNTS

12. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Tangible fixed assets	-	-	-
Current assets	124244	-	124244
Current liabilities	(94485)	-	(94485)
Net assets at 31 st March 2005	<u>29759</u>	<u>-</u>	<u>29759</u>

13. RELATED PARTIES

The charity has a close relationship with Arts Council England, North East which is itself a charity. It provides funding to enable the charity to carry out its charitable objects.

The following is a summary of transactions with this party.

	2005 £	2004 £
Grants for core funding		
Arts Council England, North East	70104	83392
	<u> </u>	<u> </u>

This income has been included in the financial statements under the heading 'Donations and grants for core funding' in Incoming Resources.

	2005 £	2004 £
Grants and fees paid for services provided		
Arts Council England, North East	22500	60483
	<u> </u>	<u> </u>

This income has been included in the financial statements under the heading "Grants and contracts for promotion of arts activities in the area" in Incoming Resources.