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Charity Registration No. 1043197

Company Registration No. 2999055 (England and Wales)

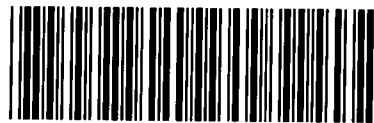
**Adec (Arts Development In East Cambridgeshire)**

**T/A Babylon Arts**

**Annual report and unaudited financial statements**

**For the year ended 31 March 2018**

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**ADEC (ARTS DEVELOPMENT IN EAST CAMBRIDGESHIRE)  
T/A BABYLON ARTS  
LEGAL AND ADMINISTRATIVE INFORMATION**

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<b>Trustees</b>	Mr T Coney Mr I Downey LLB Ms L Holland FRS Mr D Johnson Mr M Macey FCA Mrs V J Massey Mrs E Chase Mr S Green	(Appointed 2 May 2018)  (Appointed 2 May 2018)  (Appointed 15 January 2018) (Appointed 15 January 2018) (Appointed 15 January 2018)
<b>Secretary</b>	Mr I Downey	
<b>Charity number</b>	1043197	
<b>Company number</b>	2999055	
<b>Registered office</b>	Babylon Gallery Babylon Bridge Waterside Ely Cambs CB7 4AU	
<b>Independent examiner</b>	The MHH Partnership Elstree House Watson's Yard High Street Cottenham Cambridge CB24 8RX	

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**ADEC (ARTS DEVELOPMENT IN EAST CAMBRIDGESHIRE)  
T/A BABYLON ARTS  
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**ADEC (ARTS DEVELOPMENT IN EAST CAMBRIDGESHIRE)  
T/A BABYLON ARTS  
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)  
FOR THE YEAR ENDED 31 MARCH 2018**

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**TRUSTEES' REPORT FOR ARTS DEVELOPMENT IN EAST CAMBRIDGESHIRE (ADEC)  
FOR THE YEAR ENDED 31 MARCH 2018**

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their Annual Report together with the financial statements of Arts Development East Cambridgeshire (the charity) for the year ended 31 March 2018. The Trustees confirm that the Annual Report and financial statements of the charity comply with the current statutory requirements, the requirements of the charity's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005. Arts Development in East Cambridgeshire (ADEC) trading as Babylon ARTS, is a charity committed to inspiring, developing and delivering high quality arts events and activities to engage communities in Ely and beyond.

**Objectives and activities**

**a. Policies and objectives**

In setting objectives and planning for activities, the trustees have given due consideration to general guidance published by the charity commission relating to public benefit and they consider that the charity is fulfilling its obligations in this respect.

The charity's objects are to: **Promote, maintain and encourage the arts, including without limitation, the arts of drama, dance, visual art, literature and film, for the advancement of education and to encourage public understanding of the arts, in the Eastern region of England.**

**b. Activities for achieving objectives**

ADEC's vision is to *put arts, culture and entertainment at the heart of everyday life*. It offers a wide ranging programme to actively engage the public in four key ways:

**Accessibility:** Offering a range of arts and creative experiences in an open, transparent and inclusive way.

**Quality:** Striving to provide a quality cultural offer through events in partnership with professional and amateur cultural organisations that showcase the best and brightest talent locally and regionally.

**Sustainability:** Nurturing skills development and providing a platform for professional development to grow, thereby contributing to the local and regional creative economy.

**Diversity:** Valuing diversity, promoting equality and providing a supportive environment for artists, audiences, partners and businesses to be creative in response to a variety of art forms.

**The core activities to meet the objectives are:**

- Running the Babylon Gallery, including live events and participatory activities
- Running the community cinema at The Maltings in Ely
- Delivering arts projects, including Market Place, a large-scale project which is one of 21 Creative People & Places projects funded by Arts Council England
- Providing community arts support services, which include training, advice and assistance

**ADEC (ARTS DEVELOPMENT IN EAST CAMBRIDGESHIRE)  
T/A BABYLON ARTS  
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2018**

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**Achievements and performance**

**Some highlights from our programme between April 2017 and March 2018 include:**

- We welcomed 25,838 visitors to Babylon Gallery. This is a slight increase on visitor numbers for 2016/17.
- We saw over 7,500 admissions to the Cinema, which included a new programme of live and re-screened presentations of theatre, dance and opera productions from the National Theatre, Royal Opera House and others, thus helping those in our rural community access high quality arts that they may otherwise be unable to see.
- We engaged over 12,000 people from communities that have a history of rural and social isolation in bespoke arts and cultural activities through the Creative People & Places Market Place Project in Fenland and Forest Heath.
- We provided training for 23 volunteers in oral history archiving, through a Heritage Lottery Funded project.
- We programmed 73 events and workshops across ten libraries, through the 'Library Presents' project in partnership with Cambridgeshire County Council; bringing a diverse range of dance, theatre, film and visual arts to villages and towns across the county.
- We supported events including the Isle of Ely Arts Festival, Ely Eel Day and Ely Folk Festival through the provision of on-the-day activities and guidance in the lead-up to the events

**There have been some developments to our core activities during this period, details of which are outlined below:**

**Babylon Gallery**

Following the refurbishment of our venue space and re-branding, we continued to position Babylon ARTS as a creative hub for cultural activity in the area. The year focused on creating new and deepening established partnerships, with both local and regional art and community groups.

In order to improve the quality of our offer, we have been working with a commercial partner, enabling our exhibition programme to include three major named exhibitions featuring work by Hockney, Picasso and Matisse. Linking with these exhibitions we offered educational opportunities through WEA study days giving people a deeper understanding of the artists and their work.

We enhanced our gallery offer, giving people a chance to participate in the arts through taster sessions, open mic events, free family workshops and activities. The improved space allowed more opportunity for live events including gigs, book launches, small scale theatre, pop-up demonstrations and a food & wine banquet. We aim to develop a sustainable business model through a mix of earned income from gallery hire and rental, artist commissions and retail sales and have achieved some success in this area, but there is still room for improvement.

The addition of sofas, a permanent free family activity, with regular artist's talks and demonstrations has helped make our space more welcoming and engaging for both regular visitors and tourists. We have worked to improve our small gift shop, connecting with a wider range of local artists and makers, giving them an outlet for their work locally.

**Ely Cinema**

Despite the opening of a large multiplex in the City the cinema continues to attract local audiences. We are grateful for the continued support from the City of Ely Council for our community cinema housed within the Maltings. We continued to develop a varied film programme, with an increased emphasis on retaining our core audience and encouraging repeat visits given the increased competition from the multiplex just outside of Ely.

We re-launched our Membership Scheme with clearer information about the benefits of supporting our charity. We are passionate about what we offer and we wanted our audiences to be part of that too. The Membership Scheme is part of how we tell our story more effectively and ensuring people know we are a charity.

A BFI grant was used to ensure our cinema was a friendly and welcoming place for people living with dementia. This included a training session for our staff and volunteers which we opened up to other local groups. We now have a core team of 'Dementia Friends' who are more aware of how to support people with dementia who come to our cinema, gallery and live events.

We rely on a large team of volunteers across both the cinema and gallery to help us operate. This year we signed up for the 'Time Credits' scheme, it has proved popular, helping us recruit new people and rewarded those who give their time and skills to ADEC as volunteers.

**ADEC (ARTS DEVELOPMENT IN EAST CAMBRIDGESHIRE)  
T/A BABYLON ARTS  
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2018**

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**Market Place (Creative People and Places Project)**

During the second six months of the financial year the Board, in consultation with the Market Place Consortium, took the decision to re-shape the project delivery team and apply to Arts Council England for an extension to Phase One of the project. This was in order to better meet the aims and objectives of the project and enable the team to become stronger and more effective. These changes, combined with natural staff attrition, have led to a broader change across the organisation, so that a new staffing structure is in place.

ADEC secured additional funds from the Heritage Lottery Fund to run Talkin 'Bout My Generation, which was delivered as part of Market Place A project to capture the teenage musical memories of March, Wisbech, Mildenhall and Brandon from the 1960's-1980's. Baby Boomers will continue to share their experiences of the area's rich, underappreciated, popular music heritage. Participants have explored, celebrated and preserved popular musical heritage of the period, including the associated social, visual and fashion aspects. 23 volunteers attended 8 oral history training workshops, 12 events have been delivered to date including reminiscence workshops, market stalls and events. Website and Cambridgeshire Community Archive Network (CCAN) archive has been created as outputs of the project. The project is continuing into the next financial year.

**Library Presents**

This was a new project during 2017/18. ADEC is the Arts Partner for the project which is led by Cambridgeshire County Council and funded by Arts Council England. Two rounds of programming took place, which saw 73 arts events delivered across ten libraries. This project is also continuing into the next financial year.

**Financial review**

**a. Going concern**

The trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

**b. Review of activities**

A long term approach to planning, combined with prudent financial management, has enabled ADEC to manage the withdrawal of funding from its largest single funder, and continue to operate successfully against a national backdrop of uncertainty for arts organisations. The process of diversification of activities to reduce the reliance on individual funding bodies will continue. In recent years the charity has generally achieved a small surplus on its unrestricted fund allowing it to grow its unrestricted reserves. Steps have been taken to contain core operational costs to ensure the continuing viability of the organisation in the long term.

**c. Investment policy and performance**

The charity does not hold funds for long term investment: funds are received and spent in the short term. Income from bank interest has reduced substantially in recent years.

**d. Reserves policy**

The board of trustees has examined the charity's requirements for reserves in light of the main risks to the charity. It has established a policy whereby the unrestricted funds not committed or invested in tangible fixed assets held by the charity should be approximately 3 to 6 months operating costs. As shown in the management accounts this is between £40,000 and £65,000, being the level of funds required to cover short term cash flow deficits caused when funders pay grants in arrears of expenditure and also to ensure that the charity has sufficient reserves to cover the operational costs during any period of low activity. Currently we have a considerable part of our projects guaranteed for at least nine months into the future.

Although the strategy is to continue to build reserves through operating surpluses, in the short term, the board of trustees has also considered the extent to which existing activities and expenditure could be curtailed, should such circumstances arise.

**ADEC (ARTS DEVELOPMENT IN EAST CAMBRIDGESHIRE)  
T/A BABYLON ARTS  
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2018**

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**e. General Accounting**

It is disappointing that we are reporting a deficit in the unrestricted funds in our accounts. Our trading and fundraising activities did not achieve the levels that we anticipated. We work in a very difficult and challenging environment and it is a tribute to the resourcefulness and hard work from a small staff, trustees and volunteers that we continue to be very active and the number of, mainly restricted, projects that we deliver continues to expand. Details are outlined elsewhere in these accounts.

CPP Market Place continues to be our largest single project and a number of changes have occurred in this financial year and an extension granted to the end of October 2018. We have again submitted a number of bids this year and whilst unfortunately not all have been successful, we have currently one project that will increase our fundraising capacity. Others that were successful have broadened our areas of expertise, which will enable us to bid more confidently.

One of the big issues continues to relate to the issue of core funding. Grant makers generally restrict the level of core funding and this increases the pressure to contain costs and contributes to the issues of governance to which I referred last year.

Outside of the CPP Market Place project there are only three full time staff and the complexities of business and charity administration, tax, pensions and VAT are considerable. Trustees are inevitably closely involved both strategically but also operationally in an effort to maximise our effectiveness.

There is still no shortage of ideas or opportunities but the pressure on staff to achieve continuous growth is not an easy burden to carry. As a result of this strategic need as mentioned elsewhere, we have recruited an Executive Director, who will start in August 2018, to assist us with the next level of our development. Coinciding with this appointment we have recently secured a significant grant to assist us with that strategic assessment and development.

We view the future with confidence given the comfort of a reserves base that is within the three to six months of operating costs required by our reserves policy.

The Trustees has assessed the major risks to which the Charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

**Plans for the future**

**a. Future developments**

Our key priority continues to be: "Putting arts, culture and entertainment at the heart of everyday life". The project team continue to deliver projects, services and events across Cambridgeshire and Forest Heath. ADEC's home in Ely, within the Babylon Gallery and beside the cinema at the Maltings, will remain the heart of our work, whilst we also embrace the opportunities to reach the wider community across neighbouring districts, as funding permits.

As the lead organisation on the Market Place Consortium, ADEC has been successful in securing Second Phase funding for years 4 to 7 of Market Place, across Fenland and Forest Heath Districts, for the project in October 2018. Work on Phase Two will commence on 1st November 2018. We look forward to continue our work with Arts Council England, the Consortium and other Creative People and Places (CPP) project teams to ensure we're meeting CPP aims and objectives, in a sustainable and manageable way for ADEC, as a project-funded organisation.

Additional funding has been secured through the Catalyst Programme which supports our efforts to diversify our income through corporate and individual giving. The programme enables us to recruit a part-time Fundraising Consultant (0.3 fte) from May 2018 to end March 2019. We hope that this additional capacity and expertise will lead to increased income and stronger relationships with local and regional stakeholders.

As referred to in 'Objectives and Activities' the Board have made agreed changes to the staff structure, which enabled the recruitment of an Executive Director, whose role will also oversee the Market Place project, thus bringing together all the work ADEC undertakes. The new Executive Director will be in post from August 2018 and will work alongside the existing team and Trustees to build a strategic plan for the organisation going forwards.

**ADEC (ARTS DEVELOPMENT IN EAST CAMBRIDGESHIRE)  
T/A BABYLON ARTS  
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2018**

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**Structure, governance and management**

**a. Constitution**

The charity is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association on 7 December 1994. We have permission not to use 'Ltd' in our name. The charity is constituted under a Memorandum of Association dated 7 December 1994 and is a registered charity number 1043197.

**b. Method of appointment or election of Trustees**

The Trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Mr T Coney	
Mr I Downey LLB	(Appointed 2 May 2018)
Mr S Gilligan	(Resigned 20 October 2018)
Ms L Holland FRS	
Mr D Johnson	(Appointed 2 May 2018)
Mr M Macey FCA	
Ms L Phelps	(Resigned 14 May 2018)
Mr B A Watson	(Resigned 20 October 2018)
Mrs A M Morris	(Resigned 1 December 2017)
Ms A Osei	(Resigned 1 December 2017)
Mrs E M Hunter	(Resigned 11 September 2017)
Ms C A Moffat	(Resigned 11 September 2017)
Ms P A Pfrommer	(Resigned 2 May 2018)
Mr T Shallaker	(Appointed 2 May 2018 and resigned 10 September 2018)
Mrs V J Massey	(Appointed 15 January 2018)
Mrs E Chase	(Appointed 15 January 2018)
Mr S Green	(Appointed 15 January 2018)

The management of the charity is the responsibility of the Trustees who are elected or co-opted under the terms of the Articles of Association. The Board of Trustees aim to maintain a broad mix of business, artistic and community based skills, and to this end, an audit of trustee skills is carried out on a regular basis. When particular skills are lost, individuals with the relevant skills are approached to offer themselves for election to the board of trustees. Members are elected to serve for a period of three years after which they can offer themselves for re-election at the next Annual General Meeting.

**c. Organisational structure and decision making**

ADEC has a board of trustees of up to 15 members who meet six times a year and are responsible for the strategic direction and policy of the charity. At the 2017/18 year end the committee was made up of nine members from a variety of backgrounds relevant to the work of the charity. The secretary who attended the meetings of the board had no voting rights. The board is accountable for the general management of ADEC, and responsible for the direction of its affairs; it determines all policy matters including ADEC's strategy, Business Plan and Budget, and the board determines the delegated powers to its chair and any sub-committees. Sub-committees report to the board, and a sub-committee may authorise its chair to take appropriate executive action, according to its delegated powers.

**d. Policies adopted for the induction and training of Trustees**

Potential trustees are provided with an information pack, including information about the structure and activities of the charity, and the role of the trustee in the operation of the charity, and are invited to visit ADEC and meet the staff team. All trustees are regularly invited to attend events and activities run by the charity.



**ADEC (ARTS DEVELOPMENT IN EAST CAMBRIDGESHIRE)  
T/A BABYLON ARTS  
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)  
*FOR THE YEAR ENDED 31 MARCH 2018***

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**e. Related part relationships**

In so far as it is complementary to the charity's objects, the charity is guided by both local and national policy. These policies fall into two main categories: arts and cultural policy, and broader non-arts policies, where the arts are able to play a positive role in meeting policy needs. Owing to the nature of the charity's operations and the composition of the board of trustees being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the charity's financial regulations and normal procurement procedures.

**f. Risk Management**

The Trustees have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the charity, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks. A risk register has been established which is reviewed annually. Where appropriate, systems have been established to mitigate the risks faced by the charity. External risks to funding have led to the development of a strategic plan, which allows for the diversification of funding and activities. 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.

**ADEC (ARTS DEVELOPMENT IN EAST CAMBRIDGESHIRE)  
T/A BABYLON ARTS  
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)  
*FOR THE YEAR ENDED 31 MARCH 2018***

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**g. Chairman's Report**

I am pleased to report that it has been another very satisfactory year for us although unfortunately artistic success and achievement do not always produce a financial return. It is disappointing to report a loss this year. As in the past, with a lot more achieved than our size as an organisation could lead anyone to expect.

Our small team of staff, volunteers, and the Board members themselves continue to achieve very remarkable things across the arts with limited resources and a relatively small Gallery space in which to stage exhibitions and other events.

I know the whole team are rightly proud of what has been achieved. It has brought us to a point where we can start to grow that team under new leadership which we feel essential to focus our efforts and actually put more working hours and personnel resources into delivering our programme into the community both locally and outside what might be seen as beyond our logical immediate reach.

The end of 2017 saw a change in the way we lead Market Place, one of 21 Creative People & Places projects nationally, funded by Arts Council, which operates across Fenland and Forest Heath Districts. Nathan Jones, our former Director of Projects helped steer the changes with the support of the Market Place team and two new Market Place staff – Theresa Veith and Lorna O'Brian. This has led to Babylon ARTS being granted the go-ahead for Phase Two which will commence in November 2018.

As well as this major project, which has at times put pressure on our ability to serve communities in East Cambridgeshire, Nathan continued to inspire and lead work in the arts with many local groups. Nathan took the decision to move on after the year end, but we are fortunate to have recruited Florence Tong, our new Head of Project Delivery. A period of overlap made for a smooth handover and we will certainly not be losing touch with Nathan in the future, I am pleased to say.

Caroline Cawley has principal responsibility for the programme we put on in the cinema that we run in The Maltings several times a week using our own digital projection equipment, the Gallery space (including its use for events as well as a display area), and our publicity outreach. Our cinema showings have continued to provide a different style of offer to the new Cineworld cinema in Ely and we have also taken streamed, live theatre screenings where these have suited our overall style of programme. Managing that balance of content in our programme is very challenging and Caroline puts a great deal of expertise and effort into achieving the appropriate balance so that our programme can be both artistically appropriate and also financially viable.

The exhibitions in the Gallery – free entry at the door six days a week – continue to include “famous name” artists as well as giving a showroom to local artists. We continue to get very many appreciative comments about the range and quality of our exhibition programme. It has also proved possible to include a diversity of innovative and exciting performances and other exhibitions within the space, even while the programme of art exhibitions is on the walls as the backdrop. The shop area within the Gallery continues to provide useful income as well as giving local creative talent a route to retail, even for small-scale producers. The publicity and promotion side has been identified as needing additional resources and this will be given going forward. Caroline's responsibility covers a huge part of what Babylon ARTS is seen to be locally, and the members of the Board continue to give support to relieve those aspects that get in the way of programme delivery.

Lorree True is also a very valued member of our office team, often being the first contact someone speaks to when they phone in to book tickets or with another enquiry. Her courtesy and diligence continues to represent the organisation in an exemplary manner.

It is impossible to underestimate the role our volunteers have at Babylon ARTS. They assist at the cinema, in the Gallery and at our other, very diverse, events. The Board recognises the value of this and has discussed working to enlarge the group including appointing village/area representatives who would be responsible for widening the distribution of our publicity leaflets as well as raising our profile generally. We are looking for opportunities to take advantage of our known capability to work with local groups and take art in all its variety out to local communities where this complements, rather than conflicts with, our work through Market Place.

As Acting-Chairman, I am endlessly indebted to my fellow Board members for their active involvement in the running of the organisation. We are blessed to include a wide range of talents without whom Babylon ARTS would struggle to survive. The “back room” duties of a charity are crucial to its running and effectiveness, particularly in support of our paid employees, and I am pleased to report that the various talents of Board members have been generously provided where appropriate.

**ADEC (ARTS DEVELOPMENT IN EAST CAMBRIDGESHIRE)  
T/A BABYLON ARTS  
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)  
*FOR THE YEAR ENDED 31 MARCH 2018***

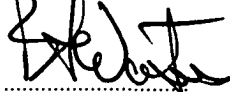
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Financial challenges continue to limit what we could achieve, but it is expected the newly-established fundraising sub-committee will attract improved income through a widening of our Membership Scheme as well as through a range of sponsorship and partnership options. In addition, I would hope that Babylon ARTS can continue to present some arts activities that more than cover their costs without external funding and contribute to our core costs which, of course, rise year on year.

I recognise the present financial climate makes that particularly challenging but surely good art in every category, presented at fair ticket prices and well publicised, can attract good audiences?

So, in conclusion, it has been another successful year in terms of programme and arts provision locally and farther afield. We are not alone in feeling the pinch of austerity, but we recognise the challenges and are actively evolving our organisation to meet them.

The Trustees' report was approved by the Board of Trustees:



.....  
**Mr B A Watson**

Trustee/ Acting Chairperson

Dated: 20/10/2018

**ADEC (ARTS DEVELOPMENT IN EAST CAMBRIDGESHIRE)  
T/A BABYLON ARTS  
INDEPENDENT EXAMINER'S REPORT  
TO THE TRUSTEES OF ADEC (ARTS DEVELOPMENT IN EAST CAMBRIDGESHIRE)**

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I report on the financial statements of ADEC (Arts Development In East Cambridgeshire) for the year ended 31 March 2018, which are set out on pages 10 to 22.

**Responsibilities and basis of report**

As the Trustees Charity (and also its directors for the purposes of company law) you are responsible for the preparation of the financial statements in accordance with the requirements of the Companies Act 2006 (the 2006 Act) and the Charities Act 2011 (the 2011 Act).

The trustees consider that an audit is not required for this year under Section 144(2) of the Charities Act 2011 and that an independent examination is needed.

The charity's gross income exceeded £500,000 and I am qualified to undertake an examination by virtue of being a qualified member of the Association of Charity Independent Examiners and also the Association of Accounting Technicians.

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

- a) examine the accounts under s.145 of the 2011 Act
- b) follow the procedures laid down in the General Directions given by the Charity Commissioner under s.145 (5) (b) of the 2011 Act; and
- (c) to state whether particular matters have come to my attention.

My examination was carried out in accordance with the General Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the Charity and a comparison of the accounts with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the accounts present a "true and fair view" and the report is limited to those matters set out in the statement below.

**Independent examiner's statement**

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

- 1 accounting records were not kept in respect of the Charity as required by section 386 of the 2006 Act; or
- 2 the financial statements do not accord with those records; or
- 3 the financial statements do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a true and fair view which is not a matter considered as part of an independent examination; or
- 4 the financial statements have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

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

*The MHH Partnership*

The MHH Partnership  
Mrs H M Hawes FMAAT FCIE  
Elstree House  
Watson's Yard  
High Street  
Cottenham  
Cambridge  
CB24 8RX

Dated: *4-12-18*

**ADEC (ARTS DEVELOPMENT IN EAST CAMBRIDGESHIRE)  
T/A BABYLON ARTS  
STATEMENT OF FINANCIAL ACTIVITIES  
INCLUDING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	Unrestricted funds 2018 £	Restricted funds 2018 £	Total 2018 £	Total 2017 £
<b><u>Income from:</u></b>					
Donations, legacies & grants	3	7,090	403,097	410,187	224,859
Incoming resources from charitable activities	4	68,255	18,060	86,315	126,520
Other trading activities	5	9,259	-	9,259	7,432
Investments	6	6	-	6	14
Donated use of Maltings Cinema by ECDC		9,600	-	9,600	9,600
<b>Total income</b>		<b>94,210</b>	<b>421,157</b>	<b>515,367</b>	<b>368,425</b>
<b><u>Expenditure on:</u></b>					
<b>Resources expended</b>	7	<b>88,835</b>	<b>340,242</b>	<b>429,077</b>	<b>394,887</b>
<b>Support Costs</b>		<b>16,458</b>	<b>33,360</b>	<b>49,818</b>	<b>54,563</b>
<b>Total resources expended</b>		<b>105,293</b>	<b>373,602</b>	<b>478,895</b>	<b>449,450</b>
<b>Net (outgoing)/incoming resources before transfers</b>		<b>(11,083)</b>	<b>47,555</b>	<b>36,472</b>	<b>(81,025)</b>
Gross transfers between funds		(7,930)	7,930	-	-
<b>Net (expenditure)/income for the year/ Net movement in funds</b>		<b>(19,013)</b>	<b>55,485</b>	<b>36,472</b>	<b>(81,025)</b>
Fund balances at 1 April 2017		69,688	50,208	119,896	200,922
<b>Fund balances at 31 March 2018</b>		<b>50,675</b>	<b>105,693</b>	<b>156,368</b>	<b>119,897</b>

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

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

**ADEC (ARTS DEVELOPMENT IN EAST CAMBRIDGESHIRE)**  
**T/A BABYLON ARTS**  
**BALANCE SHEET**

*AS AT 31 MARCH 2018*

	Notes	2018		2017	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	10		980		8,039
<b>Current assets</b>					
Stocks	11	613		698	
Debtors	12	17,934		12,107	
Cash at bank and in hand		211,015		142,852	
		<u>229,562</u>		<u>155,657</u>	
<b>Creditors: amounts falling due within one year</b>	13	(68,615)		(41,653)	
Net current assets			160,947		114,004
<b>Total assets less current liabilities</b>			<u>161,927</u>		<u>122,043</u>
<b>Creditors: amounts falling due after more than one year</b>	14		(5,559)		(2,146)
Net assets			<u>156,368</u>		<u>119,897</u>
<b>Income funds</b>					
Restricted funds	16	105,693		50,209	
Unrestricted funds		50,675		69,688	
		<u>156,368</u>		<u>119,897</u>	

**ADEC (ARTS DEVELOPMENT IN EAST CAMBRIDGESHIRE)  
T/A BABYLON ARTS  
BALANCE SHEET (CONTINUED)**

**AS AT 31 MARCH 2018**

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	Notes	2018	£	2017	£
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The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 March 2018. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these financial statements.

The Trustees acknowledge their responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

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

The financial statements were approved by the Trustees on .....3/12/18

.....

Trustee

Company Registration No. 2999055

NAME OF SIGNATORY:

MIKE MACEY

TREASURER

**ADEC (ARTS DEVELOPMENT IN EAST CAMBRIDGESHIRE)**  
**T/A BABYLON ARTS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	2018		2017	
		£	£	£	£
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	19		68,157		(43,125)
<b>Investing activities</b>					
Purchase of tangible fixed assets		-		(1,401)	
Interest received		6		14	
<b>Net cash generated from/(used in) investing activities</b>			6		(1,387)
<b>Net cash used in financing activities</b>			-		-
<b>Net increase/(decrease) in cash and cash equivalents</b>			68,163		(44,512)
Cash and cash equivalents at beginning of year			142,852		187,364
<b>Cash and cash equivalents at end of year</b>			<u>211,015</u>		<u>142,852</u>



**ADEC (ARTS DEVELOPMENT IN EAST CAMBRIDGESHIRE)**  
**T/A BABYLON ARTS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
***FOR THE YEAR ENDED 31 MARCH 2018***

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**1 Accounting policies**

**Charity information**

ADEC (Arts Development In East Cambridgeshire) is a private company limited by guarantee incorporated in England and Wales. The registered office is Babylon Gallery Babylon Bridge, Waterside, Ely, Cambs, CB7 4AU.

**1.1 Accounting convention**

The financial statements have been prepared in accordance with the Companies Act 2006 and “Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)” (as amended for accounting periods commencing from 1 January 2016). The Charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling. 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.

**1.2 Going concern**

At the time of approving the financial statements, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

**1.3 Charitable funds**

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

**1.4 Incoming resources**

Income is recognised when the Charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the Charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the Charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

**ADEC (ARTS DEVELOPMENT IN EAST CAMBRIDGESHIRE)**  
**T/A BABYLON ARTS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

---

**1 Accounting policies**

**(Continued)**

**1.5 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.

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:

Gallery equipment	20% straight line
Cinema equipment	20% straight line

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 recognised in net income/(expenditure) for the year.

**1.6 Impairment of fixed assets**

At each reporting end date, the Charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

**1.7 Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

**1.8 Cash and cash equivalents**

Cash and cash equivalents 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.

**1.9 Financial instruments**

The Charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Charity's balance sheet when the Charity becomes party to the contractual provisions of the instrument.

***Basic financial assets***

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs.

***Basic financial liabilities***

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

**ADEC (ARTS DEVELOPMENT IN EAST CAMBRIDGESHIRE)**  
**T/A BABYLON ARTS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**1 Accounting policies**

**(Continued)**

***Derecognition of financial liabilities***

Financial liabilities are derecognised when the Charity's contractual obligations expire or are discharged or cancelled.

**1.10 Employee benefits**

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 Charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**2 Critical accounting estimates and judgements**

In the application of the Charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**3 Donations, legacies & grants**

	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Total</b>	Total
	<b>2018</b>	<b>2018</b>	<b>2018</b>	2017
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Donations and gifts	7,090	415	7,505	9,209
Grants received	-	402,682	402,682	215,650
	<u>7,090</u>	<u>403,097</u>	<u>410,187</u>	<u>224,859</u>
<b>For the year ended 31 March 2017</b>	<u><u>6,179</u></u>	<u><u>218,680</u></u>		<u><u>224,859</u></u>
<b>Donations and gifts</b>				
Donations received	4,701	415	5,116	7,731
Gift Aid tax reclaimed	1,330	-	1,330	1,081
Donated goods, facilities and services	309	-	309	397
Other	750	-	750	-
	<u>7,090</u>	<u>415</u>	<u>7,505</u>	<u>9,209</u>

**ADEC (ARTS DEVELOPMENT IN EAST CAMBRIDGESHIRE)**  
**T/A BABYLON ARTS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**3 Donations, legacies & grants (Continued)**

**Grants receivable for core activities**

Kick Start	-	7,020	7,020	-
Arts Festival	-	6,657	6,657	-
CPP (Creative People and Places) (Arts Council England)	-	340,620	340,620	160,000
BFI Dementia Friendly screening	-	2,000	2,000	-
Catalyst (Arts Council England)	-	235	235	-
Heritage Lottery Fund	-	32,100	32,100	-
Live Events	-	2,400	2,400	-
The Library Presents	-	3,100	3,100	-
Youth Band Workshop	-	8,550	8,550	-
Other	-	-	-	55,650
		<u>402,682</u>	<u>402,682</u>	<u>215,650</u>

**4 Incoming resources from charitable activities**

	Babylon Gallery	Ely Cinema	ADeC live events	Sundry earned income	Total 2018	Total 2017
	£	£	£	£	£	£
Sales within charitable activities	<u>14,497</u>	<u>48,593</u>	<u>6,528</u>	<u>16,697</u>	<u>86,315</u>	<u>126,520</u>
Analysis by fund						
Unrestricted funds	14,497	45,703	6,528	1,527	68,255	
Restricted funds	-	2,890	-	15,170	18,060	
	<u>14,497</u>	<u>48,593</u>	<u>6,528</u>	<u>16,697</u>	<u>86,315</u>	
<b>For the year ended 31 March 2017</b>						
Unrestricted funds	15,187	54,524	6,794	9,933		86,438
Restricted funds	-	-	-	40,082		40,082
	<u>15,187</u>	<u>54,524</u>	<u>6,794</u>	<u>50,015</u>		<u>126,520</u>

**ADEC (ARTS DEVELOPMENT IN EAST CAMBRIDGESHIRE)**  
**T/A BABYLON ARTS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**5 Other trading activities**

	<b>Unrestricted funds</b>	Total
	<b>2018</b>	2017
	<b>£</b>	<b>£</b>
Rental income from Gallery lettings	9,259	7,432

**6 Investments**

	<b>Unrestricted funds</b>	Total
	<b>2018</b>	2017
	<b>£</b>	<b>£</b>
Interest receivable	6	14

**7 Resources expended**

	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Total 2018</b>	<b>Total 2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b><u>Resources expended</u></b>				
Fundraising costs	226	-	226	9,014
Cost of goods sold - general Projects	38,023	216,319	254,342	236,401
Advertising	1,167	846	2,013	8,138
Use of Maltings Cinema	9,600	-	9,600	9,600
Staff costs	32,760	123,077	155,837	124,814
Depreciation and impairment	7,059	-	7,059	6,920
<b>Resources expended</b>	<b>88,835</b>	<b>340,242</b>	<b>429,077</b>	<b>394,887</b>
	<b>88,835</b>	<b>340,242</b>	<b>429,077</b>	<b>394,887</b>
<b>For the year ended 31 March 2017</b>				
<b>Resources expended</b>	<b>101,883</b>	<b>293,004</b>		<b>394,887</b>

**8 Trustees**

During the year no Trustee received any remuneration or expenses other than mileage costs for attending various seminars and meetings for the charity. These amounted to £470 (2017 - £514).

**ADEC (ARTS DEVELOPMENT IN EAST CAMBRIDGESHIRE)**  
**T/A BABYLON ARTS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**9 Employees**

**Number of employees**

The average monthly number of employees during the year was:

	<b>2018</b>	<b>2017</b>
	<b>Number</b>	<b>Number</b>
Charitable activities	10	10
Administrative activities	2	2
	<u>12</u>	<u>12</u>

**Employment costs**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Wages and salaries	155,837	124,814
	<u>155,837</u>	<u>124,814</u>

The majority of staff are part-time.

There were no employees whose annual remuneration was £60,000 or more.

**10 Tangible fixed assets**

	<b>Gallery equipment</b>
	<b>£</b>
<b>Cost</b>	
At 1 April 2017	47,215
At 31 March 2018	<u>47,215</u>
<b>Depreciation and impairment</b>	
At 1 April 2017	39,176
Depreciation charged in the year	7,059
At 31 March 2018	<u>46,235</u>
<b>Carrying amount</b>	
At 31 March 2018	<u>980</u>
At 31 March 2017	<u>8,039</u>

**11 Stocks**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Stocks	<u>613</u>	<u>698</u>

**ADEC (ARTS DEVELOPMENT IN EAST CAMBRIDGESHIRE)**  
**T/A BABYLON ARTS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

<b>12 Debtors</b>	<b>2018</b>	<b>2017</b>
<b>Amounts falling due within one year:</b>	<b>£</b>	<b>£</b>
Trade debtors	3,239	4,730
Other debtors	9,950	4,744
Prepayments and accrued income	4,745	2,633
	<u>17,934</u>	<u>12,107</u>
	<u><u>17,934</u></u>	<u><u>12,107</u></u>
<b>13 Creditors: amounts falling due within one year</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Other taxation and social security	5,520	3,185
Trade creditors	39,909	23,762
Other creditors	1,483	9,634
Accruals and deferred income	21,703	5,072
	<u>68,615</u>	<u>41,653</u>
	<u><u>68,615</u></u>	<u><u>41,653</u></u>
<b>14 Creditors: amounts falling due after more than one year</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Other creditors	5,559	2,146
	<u>5,559</u>	<u>2,146</u>
	<u><u>5,559</u></u>	<u><u>2,146</u></u>

**15 Retirement benefit schemes**

The charity operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the charity to the scheme and amounted to £20288 (2017 - £14,880).

Contributions totaling £1,763 (2017 - £1,480) were payable to the scheme at the end of the period and are included in creditors.

**ADEC (ARTS DEVELOPMENT IN EAST CAMBRIDGESHIRE)**  
**T/A BABYLON ARTS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**16 Restricted funds**

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 April 2017	Movement in funds		Transfers	Balance at 31 March 2018
	£	Incoming resources £	Resources expended £	£	£
Creative People & Places	46,546	344,479	(303,019)	7,930	95,935
Test & Embed Project	1,000	-	(1,000)	-	-
Ely Youth Hub	1,000	-	(1,000)	-	-
Heritage Lottery Fund	-	32,100	(23,244)	-	8,856
Arts Awards	96	747	(843)	-	-
Kick Start	-	7,020	(6,920)	-	100
Fenland Poet	-	249	(249)	-	-
Folk Festival	30	200	(230)	-	-
Music Arts Project	-	1,269	(1,269)	-	-
Ouse washes	343	-	(343)	-	-
Twilight Museum	943	-	(943)	-	-
Interfaith week	250	-	(250)	-	-
Summer of Music	-	-	200	-	200
Save the Ely Eel	-	300	-	-	300
Youth Band Workshop	-	8,550	(8,250)	-	300
Projects started and finished in the year	-	26,243	(26,243)	-	-
	<u>50208</u>	<u>421157</u>	<u>373603</u>	<u>7930</u>	<u>105693</u>

**17 Analysis of net assets between funds**

	Unrestricted Funds £	Restricted Funds £	Total £
Fund balances at 31 March 2018 are represented by:			
Tangible assets	980	-	980
Current assets/(liabilities)	63,184	97,763	160,947
Long term liabilities	(5,559)	-	(5,559)
	<u>58,605</u>	<u>97,763</u>	<u>156,368</u>

**18 Related party transactions**

During the year several Trustees made donations to the charity.



**ADEC (ARTS DEVELOPMENT IN EAST CAMBRIDGESHIRE)**  
**T/A BABYLON ARTS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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<b>19 Cash generated from operations</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Surplus/(deficit) for the year	36,471	(81,025)
Adjustments for:		
Investment income recognised in statement of financial activities	(6)	(14)
Depreciation and impairment of tangible fixed assets	7,059	6,920
Movements in working capital:		
Decrease/(increase) in stocks	85	(698)
(Increase) in debtors	(5,827)	(12,107)
Increase in creditors	30,375	43,799
<b>Cash generated from/(absorbed by) operations</b>	<b>68,157</b>	<b>(43,125)</b>