

Polka Children's Theatre Limited

Report and Accounts

31 March 2006

**Registered number
938592**



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Polka Children's Theatre Limited
Report and accounts
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Polka Children's Theatre Limited
Report of the Board of Directors

Polka Children's Theatre Limited
240 The Broadway, Wimbledon, London SW19 1SB

The company is limited by guarantee and registered as a charity
Incorporated 10th September 1968
governed by Memorandum and Articles of Association

Charity Registration Number: 256979
Company Registration Number: 938592

OBJECTS

To promote, maintain, improve and advance education particularly by the production of plays for children and the encouragement of the Arts, including the Arts of drama, mime, puppetry, dance and singing and music.

BOARD OF DIRECTORS

The directors of the charitable company (the charity) are its trustees for the purpose of charity law. Throughout this report they are collectively referred to as the Directors.

The Board of Directors for the year ended 31 March 2006 were as follows:

Harry Cowd (Chairman) (retired as Chairman 6 May 2006)

Mary Byrne
Abigail Dankwa
Katharine Davies
Richard Haines
Philippa Hird
Arnie Isaacson (appointed 20 October 2005)
Matilda MacAttram
Anne Millman
Tim Stockil
Tony Warner
Paul Windsor (appointed as Chair 6 May 2006)
Chris Yu

Moyra Gambleton (resigned 20 April 2005)
Rosamunde Hutt (resigned 20 April 2005)
Kenneth Rea (resigned 20 October 2005)

BANKERS

Barclays Bank plc
Onslow Hall Corporate Management Suite
The Little Green
Richmond
Surrey TW9 1QS

AUDITORS

Haxton & Co
Central House
124 High Street
Hampton Hill
Middlesex TW12 1NS

Polka Children's Theatre Limited

Report of the Board of Directors

The Board of Directors present their report and the audited accounts for the year ended 31 March 2006.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

Polka Children's Theatre Limited is a company limited by guarantee governed by its Memorandum and Articles of Association dated 10 September 1968 and amended to allow for current governance arrangements on 16 October 1987 and 14 October 1993. It is registered as a charity with the Charity Commission.

Appointment of directors

As set out in the Articles of Association, the directors have the power at any time to appoint any person to be a member of the board, to fill a casual vacancy or as an additional member of the board. Any person so appointed holds office only until the next Annual General Meeting and is then eligible for re-election. At each Annual General Meeting, one-third of the members of the board retires from office.

Director induction and training

New directors receive briefings on the history of the company, their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the board and decision-making processes, the company plan and recent financial performance of the charity.

Organisation

The board of directors, which can have up to fifteen members determines the long-term objectives of the company. It meets quarterly and there are sub-committees or working groups covering finance, development, staffing and premises. The board appoints executive officers, not being members of the board, to discharge the artistic, administrative and other duties necessary for the proper functioning of the company.

Related parties

There were no related party transactions within the period.

Risk management

The board of directors has a risk management strategy which comprises a regular review of the risk the company may face, the establishment of systems and procedures to mitigate those risks, the implementation of procedures designed to minimise any potential impact on the company should those risks materialise.

Polka Children's Theatre Limited

Report of the Board of Directors

OBJECTIVES AND ACTIVITIES

The objects of the company are:

- to promote, maintain, improve and advance education particularly by the production of plays for children and the encouragement of the Arts, including the Arts of drama, mime, puppetry, dance and singing and music.

The company has the general aim of awakening the imagination and inspiring a passion for the performing arts in all children and young people from every cultural background, through magical world-class theatre, new writing and imaginative educational programmes, in a welcoming and stimulating environment.

The main objectives for the year continue to be the creation and presentation of plays for children and a programme of workshops, exhibitions and other events at the company's theatre in Wimbledon, London. In addition, the company also undertakes occasional engagements at other theatres and arts venues both in the United Kingdom and overseas.

The strategies employed to achieve the company's objectives are to:

- create innovative, relevant and inspiring theatre productions for young audiences, rooted in the diverse cultures from which audiences are drawn.
- retain good relations with the existing core audience while reaching out to new audiences.
- maintain an innovative programme of nurturing writers new to theatre for children and young people.
- run programmes of education and learning activities which enhance audiences' experiences of the productions they see and create opportunities for disadvantaged groups to come into contact with the company, either through outreach or through free visits to the theatre.
- create strategic creative alliances and co-productions with the most exciting theatre practitioners working in the UK and leading theatres.
- experiment in form, space and content and extend the boundaries of live art for children and young people.

Polka Children's Theatre Limited

Report of the Board of Directors

· Education

The Education department is thriving and inventive and works extensively with schools, community groups and families. Its aim is to provide access to the arts for all children and young people, regardless of age, ability, culture or background. Through a range of high-quality and innovative projects, the team offers the opportunity for young people to express themselves creatively and imaginatively, to develop their artistic skills and to foster a life-long interest in the arts.

The department facilitates events at the theatre and in a range of other settings including schools, hospitals, secure training units, community centres and festivals and enjoys seeking creative collaborations with other organisations. Recent projects have included links with London Symphony Orchestra; York Theatre Royal, Theatre Royal Plymouth; Cardboard Citizens and Theatre Rites.

As well as providing full education support to teachers and school parties visiting the theatre, the department is committed to a programme of integrated work for deaf and hearing young people; offers inspiring clubs and courses for children and young people; runs Freefalling, an intensive programme for young people at risk of exclusion; offers a primary performance and teacher development project, Playhouse; runs an extensive work placement scheme; facilitates a range of tailor-made creative projects for disabled children and is working in a year-long partnership with 3 schools to ensure maximum creative impact on the school environment.

· Collaborations

The company has entered into or is currently planning a number of key co-productions with major companies, including West Yorkshire Playhouse, Company of Angels, York Theatre Royal, Theatre Rites, Tamasha and Told By An Idiot. Such work provides great stimulus for the company's artistic team, develops Polka's own aesthetic and extends the company's artistic range.

For example, in May 2005, a co-production with Theatre-rites resulted in "Hospital/Works", a site-specific project set in a redundant ward in the Mayday Hospital, Croydon. It explored the experience of hospital for 3-6 year-olds and their parents and transferred to the Stuttgart Festival following its London run.

· New Writing

The company has a designated Associate Director with responsibility for New Writing. The charity's position as a major influence on the nurturing and development of playwrights for children and young people's theatre has been enhanced by the Playgrounding project which began in 2004 and has to date resulted in 8 scripts of real quality which have been given public rehearsed readings. Of these 8, one has been further developed into a full production for the Main House and one is currently in production for the Adventure Theatre. The programme's future was assured in 2005 through support from Arts Council England.

Polka Children's Theatre Limited

Report of the Board of Directors

· Early Years

In addition to programming theatre for the youngest audiences in the Adventure Theatre, a part-time Associate Producer for Early Years promotes Polka within the sector as a national and international venue that supports and advocates the development of Early Years theatre. A recent outcome of this is the company's participation in "Small Size", a network funded by the European Commission until 2009, through which a commitment to develop practice and collaborate on productions with partners from 5 other European countries can be fulfilled.

· Diversity

There has been a considerable increase in the number of black or minority ethnic practitioners employed or commissioned by the company. There is a major commission with the leading black playwright, Roy Williams, and a recent co-production with Asian company, Tamasha Theatre, resulted in a fine play about Indian partition.

The work aimed at attracting a more culturally diverse audience has also included outreach workshops during Black History Month and growing support for monthly free storytelling sessions, World of Stories and Music. These specifically highlight a range of world cultures and have appeal for a diverse family audience.

FINANCIAL REVIEW

After a very strong financial result in the year ended 31st March 2005, which enabled the charity to increase its reserves substantially, the year to 31st March 2006 saw a reduction in box office income and a subsequent loss on the year.

Almost half the company's total income is earned through Box Office ticket sales and fees from participatory clubs and workshops. Ancillary sources, such as café rental, merchandise, interval refreshments, room hire and family card membership represent a small, but significant, element in the mix.

Ticket sales are difficult to predict and there can be significant fluctuations in Box Office income from year to year. This is compounded by the company's commitment to a varied programme of activities, not only producing popular, familiar titles but also new and unknown plays, nurturing new writers, exploring challenging and sometimes controversial topics, experimenting with performance configurations or use of different spaces (often leading to reduced capacities) and creating culturally-specific work aimed at attracting a more diverse audience. The company also aims to have a pricing policy which can incorporate a range of low-price options and ensure that its work is accessible to as many schools and families as possible. All this runs counter to the simple pursuit of maximising box office income.

The company has been in receipt of funding from national, regional and local public authorities since the theatre opened in 1979. In 2005/06, this represented 43% of total income.

Arts Council England, London has increased its support in recent years, as a result of a significant uplift in funding from central government which translated into an extra £25 million allocated to theatre in England. ACE London's funding is confirmed until 2008, with £25k of their grant earmarked for the development of the new writing programme.

Polka Children's Theatre Limited

Report of the Board of Directors

In comparison, local authority grants, from the Association of London Government and the Borough of Merton, having shrunk consistently throughout the 1990s, have been on virtual standstill in recent years. Both authorities have confirmed their grants until 2007 but ongoing subsidy from these sources remains uncertain, particularly when ALG introduces new commission-based funding arrangements in 2007.

The company has enjoyed a steady rise in its fundraising income over the past 3 years. It has strong relationships with a number of major trusts and has forged new ones with 3 additional major trusts in 2005/06. It receives support from a series of smaller trusts and attracts an increasing number each year. It is also focusing on building relationships with individuals, having recently introduced a range of membership schemes, and developing a corporate membership scheme and sponsorship opportunities.

Reserves Policy

It is the current policy of the company that unrestricted funds that have not been designated for a specific use should be maintained at a level equivalent to 3 months of core non-production costs, approximately £100,000. The directors consider that reserves at this level would ensure that, in the event of a significant drop in funding or earned income, they would be able to continue the company's activities while consideration was given to ways in which additional income could be raised. Reserves should also be held to cover possible emergency repairs to the theatre and other expenditure. As the amount of reserves is now well short of the required figure, the directors will be aiming to incorporate into its fund-raising strategy a plan to increase the reserves to the appropriate level over the next 3 years.

REVIEW OF THE PERIOD

We made good progress in the past year in maintaining a mix of progressive, challenging work (particularly through our new writing programme) and popular family entertainment, offering high-quality work from visiting companies both from the UK and overseas, establishing partnerships with other theatre companies, varying the nature and scale of productions and investing in new work.

- We produced 7 new pieces of work – 5 new adaptations, 1 piece of new writing and 1 site-specific piece in a local hospital. Two of these were co-productions with new partners (York Theatre Royal and Theatre Rites). Two visiting directors, one co-producer director and two resident directors created work at Polka.

Adventure theatre

- For the first time we produced 2 shows aimed specifically at babies, *The Ugly Duckling* and *Bear Stories*. For both these shows we created two versions for different age ranges. The baby shows were a huge success and we have recognised a demand for more of this work. We also presented an Italian company, *La Baracca* from Bologna, specialising in work for babies.

- We presented our regular Saturday programme of visiting companies for under-fives and weekly residencies by UK and international companies

Polka Children's Theatre Limited

Report of the Board of Directors

Main theatre

- Dazzling Medusa was a first-time play by award-winning children's author Geraldine McCaughrean. This was a highly theatrical and dynamic piece of new work with choreography by Scott Graham from Frantic Assembly. It received great reviews and audience feedback.

- "The Little Mermaid" was an artistically successful small-scale production capable of meeting programming needs in other venues. It was co-produced with York Theatre Royal and first-time director, Asha Kahlon, was invited to direct it. The show was a huge success with audiences and proved to be a very positive career development for Asha. After Polka, it enjoyed a successful Christmas run at Leicester Haymarket Theatre.

- The Shoe was the first of our Playgrounding scripts to receive a full production at Polka. John Wright, directed this highly experimental piece which explored a non-linear narrative and the use of large-scale puppetry. It was particularly gratifying to bring this experimental piece from the Playgrounding festival to the main stage.

- Programming "A Bear called Paddington" provided the company with a much-loved well-known literary classic at Christmas. There had never been a successful stage adaptation done of Paddington before. It was enjoyed by audiences and critics, receiving enthusiastic reviews in the national press.

- The Nightingale by Yellow Earth Theatre Company was a culturally specific production from an East Asian Theatre company and performers that was programmed to play over Chinese New Year and as part of the city-wide China In London programme.

Other activities

- Our under-5s co-production with Theatre Rites "Hospital works" took place in the Mayday Hospital in Croydon. It was inventive and innovative and enjoyed by all. The audience were wheeled round on hospital beds and explored rooms and hospital objects that were sick. It was a particularly interesting co-production for us as it meant many of our staff and audience experienced Polka out of the building and in a new performance space. It added to the diverse style of work that Polka can produce.

- Playgrounding ran for the second year and culminated in a festival of five new plays. The range and quality of the work built on the first year and the project attracted a team of professional directors from outside the children's theatre sector, including Scott Graham from Frantic Assembly and Jon Lloyd, Acting Artistic Director of Soho. There has been strong interest in some of the plays from other companies.

- World of Stories and Music continues to grow. Up to 120 people turn up each month to this successful free event including new and regular faces. A local group for disabled children, Merton Young Carers, comes on a monthly basis as do several families with disabled children.

- We continue to serve the Early Years sector as a host venue for meetings and small international conferences and to be recognised as a centre of Early Years development within the sector. Our international early years relationships have led to us participating in a European network to further develop this work alongside 6 other European companies with EU funding secured until 2009.

Polka Children's Theatre Limited

Report of the Board of Directors

Education and training

Our Education work is about building meaningful relationships with our audiences and creating stimulating and diverse ways to engage them in theatre and the arts. The work responds to and complements the wider programme. We run numerous projects throughout the year. In the last few years we have been building on our work with deaf children.

- We launched Freefalling – a project working with young people who have been excluded from mainstream education.
- Arising from our Arts Access programme, we entered into a collaboration with the London Symphony Orchestra and Oak Lodge, a school for deaf children in Wandsworth. We facilitated a 6-week project in Linden Lodge, a Merton school for children with visual impairments. We are also planning to have a year-long partnership with Paddock school for children with PMLD next year.
- Building on our relationships with York Theatre Royal and Theatre Royal, Plymouth we created a teacher development project for year 6 pupils and their teachers called “Playhouse” working with professional writers.
- In Black History month, in collaboration with Merton Adult Education, we took storytelling events into local community centres and schools. We also ran an extensive programme of workshops, employing Black workshop leaders.
- We continue to develop our scholarship scheme to enable all children and young people to access our after-school and holiday activities, consulting with local schools, groups and organisations.
- We supported an emerging British Asian director in his application to Grants for the Arts to train as a Director with Soho Theatre, Nottingham Playhouse, Yellow Earth and Polka. He was successful and will continue to be resident with the three companies throughout the next year.

PLANS FOR FUTURE PERIODS

Future challenges for the company include

- broadening its income base through the development of new donor schemes and capitalising on its strong relations with major trusts
- maximising box office income while maintaining a balanced programme of productions with an appeal for different age-ranges and capable of attracting diverse audiences
- making the case for continued and increased funding from its current local authority funders
- building on the successes of its education department and reaching out to new audiences and participants
- appointing a new Artistic Director in 2006
- undertaking a feasibility study into the development and enhancement of the theatre premises

Polka Children's Theatre Limited
Report of the Board of Directors

ACTIVITIES DURING THE PERIOD

Main theatre

Home Productions and Co-productions

Jacqueline Wilson's Bad Girls by Vicky Ireland

Dazzling Medusa by Geraldine McCaughrean

The Little Mermaid by Mike Kenny

The Shoe by Roger Lang

Michael Bond's A Bear Called Paddington by Annie Wood

Visiting Productions

The Mouse Queen Little Angel Theatre

Cinderella's Sisters Catherine Wheels Theatre

Comedy 4 Kids James Campbell

The Gruffalo's Child Tall Stories

The Nightingale Yellow Earth Theatre

Crowstarver Theatre Alibi

Faux Departs (False Starts) Theatre Dynamo, Montreal

Fantastic Mr Fox Little Angel Theatre

Adventure theatre

Home Productions

The Ugly Duckling by Annie Wood & Jay Manley

Martin Waddell's Bear Stories by Annie Wood & Richard Shannon

Visiting Productions

The Colours of Water Teatro Testoni Ragazzi/La Baracca

The Birdy and the Eagle Lyngo Theatre

Teddy In His Rucksack Quicksilver Theatre

Three Billy Goats Gruff Theatre of Widdershins

The Sorcerer's Apprentice Garlic Theatre

Red Riding Hood Krazy Kat Theatre

The Fish's Wishes Lyngo Theatre

Can You Keep A Secret Major Mustard's Travelling Roadshow

The Magical Mustard Pot Major Mustard's Travelling Roadshow

That's Mine Theatr lolo

Goldilocks Hand to Mouth Theatre

Dustbin Ditty Pete Belcher

Animal Tales Major Mustard's Travelling Roadshow

Tales With A Twist Major Mustard's Travelling Roadshow

Three Little Pigs Krazy Kat Theatre

The Magic Sandals Tam Tam Theatre

The Dream Tree Tam Tam Theatre

The Emperor's New Clothes Hand to Mouth Theatre

Three Billy Goats Gruff Garlic Theatre

Ling Cheung the Dragon Tam Tam Theatre

Polka Children's Theatre Limited

Report of the Board of Directors

Foyer

World of Stories and Music

Faustin Charles - Trinidad

Winston Nzinga – Africa and Caribbean

Seema Anand - India

Roman Stefanski - Poland

Usifu Jalloh - Africa

Ramon Abad – Far East

DrumHer - Caribbean

George Fiawoo – West Africa

Veronica Needa - China

Yasmin Meyers & Caroline Burghard - Japan

Other performances

Hospitalworks - residency in Mayday Hospital, Croydon A co-production with Theatre-rites

The Little Mermaid - residencies at York Theatre Royal and Leicester Haymarket.

The Word - Children's Literary Festival

Education and training

After-School and Holiday Clubs

School and Community Workshops

Arts Access Programmes – including work with Oak Lodge School, London Symphony Orchestra and Linden Lodge School

Freefalling Youth Theatre and Summer School

Polka Youth Theatre - production as part of Shell Connections

Integrated Summer School for Deaf and Hearing Children

Storytelling Community Projects

Playhouse Writing Project with York Theatre Royal and Plymouth Theatre Royal

TOTAL PERFORMANCES

720 (343 Main House. 281 Adventure Theatre. 10 Foyer. 32 Mayday Hospital. 54 On Tour)

TOTAL PARTICIPATORY SESSIONS

746 (385 Clubs and Courses. 353 School and Community Workshops)

TOTAL ATTENDANCES

103,075

Polka Children's Theatre Limited
Report of the Board of Directors

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements that give a true and fair view of the state of affairs of the charity at the end of the financial year and of its surplus or deficit for that period. In doing so, the directors are required to:

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

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

In accordance with company law, as the company's directors, we certify that:

- so far as we are aware, there is no relevant audit information of which the company's auditors are unaware; and
- as the directors of the company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

AUDITORS

A resolution to reappoint Haxton & Co as auditors will be put to the members at the Annual General Meeting.

BY ORDER OF THE BOARD OF DIRECTORS

Stephen P Midlane
Secretary
12 October 2006



Polka Children's Theatre Limited

Auditors' Report

Independent auditors' report to the members of Polka Children's Theatre Limited

We have audited the accounts of Polka Children's Theatre Limited for the year ended 31 March 2006 which comprise pages 14 to 24. These accounts 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 directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 Directors' Report is not consistent with the accounts, 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 Directors' 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 amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the 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 accounts 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 accounts.

Polka Children's Theatre Limited
Auditors' Report

Opinion

In our opinion the accounts give a true and fair view of the charitable company's state of affairs as at 31 March 2006 and of the incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Haxton & Co
Chartered Accountants and Registered Auditors

Central House
124 High Street
Hampton Hill
Middlesex
TW12 1NS

12 October 2006

Polka Children's Theatre Limited
Statement of Financial Activities
for the year ended 31 March 2006

		UNRESTRICTED FUNDS	RESTRICTED FUNDS	TOTAL	TOTAL
	Notes	£	£	2006 £	2005 £
INCOMING RESOURCES					
<i>Incoming resources from generated funds:</i>					
<i>Voluntary income</i>					
Grants and donations	4	678,407	126,805	805,212	801,555
Investment income		1,496	-	1,496	1,552
<i>Incoming resources from charitable activities</i>					
	2	650,015	-	650,015	797,297
Other incoming resources	5	-	-	-	34,403
TOTAL INCOMING RESOURCES		<u>1,329,918</u>	<u>126,805</u>	<u>1,456,723</u>	<u>1,634,807</u>
RESOURCES EXPENDED					
<i>Costs of generating funds</i>					
Fund raising and publicity	3	203,317	-	203,317	188,642
Charitable activities	3	1,133,084	126,805	1,259,889	1,225,594
Governance costs	3	137,828	-	137,828	121,619
TOTAL RESOURCES EXPENDED		<u>1,474,229</u>	<u>126,805</u>	<u>1,601,034</u>	<u>1,535,855</u>
NET (OUTGOING)/ INCOMING RESOURCES	6	(144,311)	-	(144,311)	98,952
FUND BALANCES AT 1 APRIL		516,723	-	516,723	417,771
FUND BALANCES AT 31 MARCH	16	<u>372,412</u>	<u>-</u>	<u>372,412</u>	<u>516,723</u>

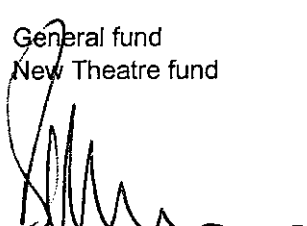
The above statement of Financial Activities is the equivalent of the Statement of Income and Expenditure required by the Companies Act 1985. All amounts derive from continuing operations. There were no recognised gains or losses for 2006 or 2005 other than those disclosed in the profit and loss account.

Polka Children's Theatre Limited
Statement of total recognised gains and losses
for the year ended 31 March 2006

	Notes	2006 £	2005 £
(Deficit)/surplus for the financial year		(144,311)	112,824
Prior year adjustment (note 17)		-	(13,872)
Total recognised gains and losses related to the year		<u>(144,311)</u>	<u>98,952</u>

Polka Children's Theatre Limited
Balance Sheet
as at 31 March 2006

	Notes	2006 £	2005 £
Fixed assets			
Tangible assets		481,770	488,653
Current assets			
Stocks	10	4,474	3,271
Debtors	11	41,235	73,938
Cash at bank and in hand		217,990	135,282
		<u>263,699</u>	<u>212,491</u>
Creditors: amounts falling due within one year	12	(316,623)	(120,305)
Net current (liabilities)/assets		<u>(52,924)</u>	<u>92,186</u>
Total assets less current liabilities		<u>428,846</u>	<u>580,839</u>
Creditors: amounts falling due after more than one year	13	(56,434)	(64,116)
		<u>372,412</u>	<u>516,723</u>
The funds of the charity			
Unrestricted income funds			
General fund	14	330	139,332
New Theatre fund	15	372,082	377,391
		<u>372,412</u>	<u>516,723</u>


Paul Windsor
Chair

Approved by the Committee of Management on 12 October 2006

Polka Children's Theatre Limited
Notes to the Accounts
for the year ended 31 March 2006

1 Accounting policies

Accounting convention

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 2005) issued in March 2005, applicable UK Accounting Standards and the Companies Act 1985. . The principal accounting policies adopted in the preparation of the financial statements are set out below.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset evenly over its expected useful life. The annual rates used, which are applied on a straight line basis, are currently as follows:

Freehold buildings and long term leasehold	over the period of the lease
Motor vehicles	25%
Fixtures and fittings	10%
Stage and film equipment	12.5% - 25%

Capital expenditure

Capital expenditure is written off to the profit and loss account as it is incurred.

Stocks

Stock is valued at the lower of cost and net realisable value.

Income

Income represents monies received from the productions staged in the theatre, or on tour , miscellaneous items effected through the theatre's ancillary operations and net fees receivable from productions after deducting percentages withheld by theatres. Income is deferred when admission fees are received in advance of the performances to which they relate.

Donations and grants

Income from donations and grants is included in incoming resources on a receipts basis, unless the donors specify that donations and grants given to the charity must be used in future accounting periods. In this event the income is deferred until those periods.

Resources expended

Resources expended are included in the Statement of Financial Activities on an accrual basis.

Pensions

Employees of the company are entitled to participate in the stakeholder pension scheme operated by AXA Sun Life. This scheme is open to any employee over 18 who has been with the company for at least 3 months. After 1 full year's employment, the company offers an employer's contribution of 2% of the employee's gross pay.

Polka Children's Theatre Limited
Notes to the Accounts
for the year ended 31 March 2006

2 Incoming resources from charitable activities

	2006 £	2005 £
Box office	515,000	599,385
Education	91,405	75,394
Touring	4,561	27,246
Merchandising	13,230	18,439
Other	25,819	76,833
	<u>650,015</u>	<u>797,297</u>

3 Resources expended

	2006 £	2005 £
Charitable activities		
Actors and production costs	623,684	572,782
Direct costs	374,973	400,612
Touring and project costs	3,426	33,439
Central and premises costs	175,123	136,780
Depreciation	6,883	6,883
Administration of box office	75,800	75,098

(Included in direct activity and production costs were restricted funds costs amounting to £126,805)

<u>1,259,889</u>	<u>1,225,594</u>
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Fund raising and publicity

Salaries and wages	95,806	78,760
Marketing	92,542	98,023
Sponsorship	14,969	11,859
	<u>203,317</u>	<u>188,642</u>

Governance costs

Salaries and wages	69,389	53,353
Audit and accountancy	3,000	3,000
Office costs	65,439	65,266
	<u>137,828</u>	<u>121,619</u>

Total

<u>1,601,034</u>	<u>1,535,855</u>
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Polka Children's Theatre Limited
Notes to the Accounts
for the year ended 31 March 2006

4 Grants and donations

	Unrestricted £	Restricted £	2006 £	2005 £
GRANTS				
Arts Council England, London				
Revenue grant	510,000	-	510,000	475,000
Grants for Arts	-	-	-	1,734
Directors' Training fund	-	-	-	10,000
Theatre for Children fund	-	-	-	34,000
Association of London Government				
Revenue grant	85,000	-	85,000	85,000
London Borough of Merton	-			
Revenue grant	28,490	-	28,490	27,670
SUBSIDY INCOME	<u>623,490</u>	<u>-</u>	<u>623,490</u>	<u>633,404</u>
SPONSORSHIP AND DONATIONS				
Anonymous	-	40,000	40,000	40,000
Bridge House Trust	-	30,000	30,000	20,000
Foyle Foundation	-	10,000	10,000	-
Wolfson Foundation	-	10,000	10,000	-
Garfield Weston Foundation	-	10,000	10,000	50,000
True Colours Trust	-	10,000	10,000	7,700
Paul Hamlyn Foundation	-	9,305	9,305	-
D'Oyle Carte Charitable Trust	-	5,000	5,000	-
Andor Charitable Trust	5,000	-	5,000	-
Accenture Foundation	4,000	-	4,000	-
Vernon Ely Charitable Settlement	2,500	-	2,500	2,500
The Kirby Laing Foundation	2,500	-	2,500	2,500
Barbara Whatmore Trust	-	2,500	2,500	2,000
Starkie Bence Charitable Trust	2,200	-	2,200	-
Derek Tullett	-	-	-	15,000
CMG Partners	-	-	-	2,500
Mercers' Company	-	-	-	2,000
Other	38,717	-	38,717	23,951
FUND RAISING INCOME	<u>54,917</u>	<u>126,805</u>	<u>181,722</u>	<u>168,151</u>
TOTAL	<u>678,407</u>	<u>126,805</u>	<u>805,212</u>	<u>801,555</u>

Polka Children's Theatre Limited
Notes to the Accounts
for the year ended 31 March 2006

4 Grants and donations

- Arts Council England's revenue grant was provided on the basis that Polka Theatre is an important client in terms of the infrastructure of theatre in London, and of particular importance as a building based-theatre for children and young people, an area of high priority.
- The Association of London Government's grant of £85,000 was received for the financial year ended 31 March 2005 as a contribution towards general running costs and salaries and the full sum was used for these purposes.
- The London Borough of Merton's grant was made to support the company's programme of work for the local community.
- An anonymous Foundation supported the company's Curtain-Up! free ticketing scheme.
- The Bridge House Trust supported the Arts Access scheme.
- The Foyle Foundation supported the New Writing Programme.
- The Wolfson Foundation supported the purchase of a Polka van.
- The Garfield Weston Foundation provided support towards the theatre's Education Programme
- The True Colours Trust supported the theatre's Early Years programme
- The Paul Hamlyn Foundation supported 'Freefalling' for excluded teenagers
- The D'Oyly Carte Charitable Trust supported the company's Curtain-Up! free ticketing scheme.
- The Andor Charitable Trust supported Polka's core costs
- The Accenture Foundation supported Polka's core costs
- The Starkie Bence Charitable Trust supported Polka's core costs
- The Barbara Whatmore Trust supported 'World of Stories & Music'.
- The Vernon Ely Charitable Settlement supported Polka's core costs
- The Kirby Laing Foundaton supported Polka's core costs
- Donations from many other trusts, foundations and individuals were provided to support the company's general running costsrunning costs.

Polka Children's Theatre Limited
Notes to the Accounts
for the year ended 31 March 2006

5 Other incoming resources

During the course of the previous year the company continued to benefit from a new VAT policy, qualifying as an eligible body for the purposes of exempting the right of admission to certain cultural activities. As a result the company was able to re-claim overpaid VAT in respect of the past 3 years.

6 Net (outgoing)/incoming resources	2006	2005
	£	£
This is stated after charging:		
Wages and salaries (see note 7)	706,928	684,199
Other external charges	884,223	841,770
Depreciation of owned fixed assets	6,883	6,886
Auditors' remuneration	3,000	3,000

7 Staff costs	2006	2005
	£	£
Wages and salaries	660,023	627,283
Pension contributions	2,105	2,180
Social security costs	44,800	54,736
	<u>706,928</u>	<u>684,199</u>

No employee earned more than £60,000 per annum (2004 - nil)

No members of the Board of Directors received any remuneration during the year for executive services.

The Board members were not paid or reimbursed for expenses during the year.

Average number of employees during the year	Number	Number
Directors and performers	13	13
Makers	1	1
Sales and administration	16	16
	<u>30</u>	<u>30</u>

8 Interest payable	2006	2005
	£	£
Mortgage loan interest	<u>5,519</u>	<u>6,034</u>

Polka Children's Theatre Limited
Notes to the Accounts
for the year ended 31 March 2006

9 Tangible fixed assets

	Freehold land and buildings £	Short leasehold land and buildings £	Plant and machinery £	Total £
Cost				
1 April 2005	206,838	448,766	81,626	737,230
31 March 2006	<u>206,838</u>	<u>448,766</u>	<u>81,626</u>	<u>737,230</u>
Depreciation				
1 April 2005	44,399	122,553	81,625	248,577
Charge for the year	2,288	4,595	-	6,883
31 March 2006	<u>46,687</u>	<u>127,148</u>	<u>81,625</u>	<u>255,460</u>
Net book value				
31 March 2006	<u>160,151</u>	<u>321,618</u>	<u>1</u>	<u>481,770</u>
1 April 2005	<u>162,439</u>	<u>326,213</u>	<u>1</u>	<u>488,653</u>

10 Stocks	2006 £	2005 £
Raw materials and consumables	<u>4,474</u>	<u>3,271</u>

The difference between purchase price of stocks and their replacement cost is not material.

11 Debtors	2006 £	2005 £
Grants and donations	8,000	31,867
Other debtors	<u>33,235</u>	<u>42,071</u>
	<u>41,235</u>	<u>73,938</u>

12 Creditors: amounts falling due within one year	2006 £	2005 £
Mortgage loan (secured)	12,830	12,830
Other taxes and social security costs	11,080	(1,932)
Other creditors	<u>292,713</u>	<u>109,407</u>
	<u>316,623</u>	<u>120,305</u>

Included in creditors within one year are advance box office receipts in respect of performances which take place after 31 March 2006.

Polka Children's Theatre Limited
Notes to the Accounts
for the year ended 31 March 2006

13 Creditors: amounts falling due after one year	2006 £	2005 £
Mortgage loan (secured)	<u>56,434</u>	<u>64,116</u>
Repayable between one and five years	51,320	51,320
Repayable in five years or more	<u>5,114</u>	<u>12,796</u>
	<u>56,434</u>	<u>64,116</u>

14 General fund	2006 £	2005 £
At 1 April	139,332	35,071
Surplus/(deficit) for the period	(144,311)	112,824
Prior year adjustment (note 17)	-	(13,872)
Transfer from New Theatre fund	5,309	5,309
At 31 March	<u>330</u>	<u>139,332</u>

15 New theatre fund	2006 £	2005 £
At 1 April	377,391	382,700
Transfer to the profit and loss account	(5,309)	(5,309)
At 31 March	<u>372,082</u>	<u>377,391</u>

Grants and donations received towards the cost of the new theatre and the annexe between 1977 and 1983 were credited directly to the new theatre fund. A proportion of the fund is credited to the current year's statement of income and expenditure in respect of assets purchased originally with new theatre monies.

16 Reconciliation of movement on accumulated funds	2006 £	2005 £
At 1 April	516,723	417,771
(Deficit)/surplus for the financial year	(144,311)	112,824
Prior year adjustment (note 17)	-	(13,872)
At 31 March	<u>372,412</u>	<u>516,723</u>

Fund balances at 31 March are represented by

Tangible fixed assets	481,770	488,653
Net assets and liabilities	(109,358)	28,070
	<u>372,412</u>	<u>516,723</u>

Polka Children's Theatre Limited
Notes to the Accounts
for the year ended 31 March 2006

17 Prior year adjustment

During the course of the audit of the current year an error was discovered in respect of the VAT closing balance as at 31 March 2005. The correct balance has been adjusted for by way of a prior year adjustment, in which the profit and loss and balance sheet have been restated.

18 Legal status

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.

19 Taxation

As a registered charity, Polka Children's Theatre Limited is not subject to the provisions of the current legislation relating to corporation tax and capital gains tax.

20 Going concern

The charity is dependent upon the continued support of its donors and public funders for its ongoing operation.

21 Related party transactions

The company directors were not paid or reimbursed expenses during the year and no company director received any emolument or payment for professional or other services.

Polka Children's Theatre Limited
Income and Expenditure Account
for the year ended 31 March 2006
for the information of the directors only

	2006 £	2005 £
Box office	515,000	599,385
Touring	4,561	27,246
Merchandising	13,230	18,439
Catering	15,163	22,074
Subscriptions	3,157	3,000
Lettings	7,499	5,398
Courses and workshops	91,405	75,394
Young Europe Project	-	46,361
TOTAL INCOME	<u>650,015</u>	<u>797,297</u>
TOTAL EXPENSES	(1,580,422)	(1,512,140)
Merchandising expenses	(9,872)	(7,917)
Catering expenses	(4,990)	(8,954)
OPERATING DEFICIT	<u>(945,269)</u>	<u>(731,714)</u>
Interest receivable	1,496	1,552
Mortgage interest	(5,519)	(6,034)
DEFICIT BEFORE GRANTS & DONATIONS	<u>(949,292)</u>	<u>(736,196)</u>

Polka Children's Theatre Limited
Schedule to the Income and Expenditure Account
for the year ended 31 March 2006
for the information of the directors only

	2006	2005
	£	£
Directors	71,093	71,471
Administration	69,389	53,353
Marketing/Development	95,806	78,760
Technical	31,310	32,674
Box office	75,800	75,098
Front of house	112,755	103,732
Education	55,613	39,327
Stage management	72,120	76,892
Pension contributions	2,105	2,180
Actors	120,937	150,712
Freelance production fees	123,571	95,794
Writers' fees	76,683	88,505
Production materials	58,144	53,344
Costume materials	7,065	11,119
Visiting companies' fees	155,116	89,092
Education activities	86,033	63,736
Rent and rates	30,545	20,391
Light and heat	20,293	16,884
Cleaning	30,101	32,352
Building repairs and maintenance	36,606	21,836
Office equipment	34,882	22,356
Production stock	11,017	10,794
Depreciation	6,883	6,883
Marketing	92,542	98,023
Postage	8,748	11,024
Telephone	8,285	9,188
Stationery	12,741	9,325
Travel	11,049	9,358
Insurance	17,178	16,927
Audit and accountancy	3,000	3,000
Subscriptions and professional fees	7,722	9,014
Training and recruitment	8,561	8,351
Bank charges	6,653	7,420
Fundraising and hospitality	14,969	11,859
Miscellaneous administration	1,681	1,588
TOTAL REVENUE EXPENSES	1,576,996	1,412,362
Project costs: Miscellaneous	3,426	33,436
Project costs: Young Europe	-	66,342
TOTAL EXPENSES	1,580,422	1,512,140

Polka Children's Theatre Limited
Income and Expenditure Account
for the year ended 31 March 2006
for the information of the directors only

	2006 £	2005 £
MERCHANDISING		
SALES INCOME	13,230	18,439
EXPENSES		
Costs	9,872	7,917
NET PROFIT	<u>3,358</u>	<u>10,522</u>
CATERING		
REFRESHMENT SALES INCOME	13,351	20,205
RENTAL INCOME	1,812	1,869
	<u>15,163</u>	<u>22,074</u>
EXPENSES		
Refreshment costs	4,990	8,954
Rental costs	231	809
NET PROFIT	<u>9,942</u>	<u>12,311</u>