

Charity Number: 1081007
Company Number: 3949494

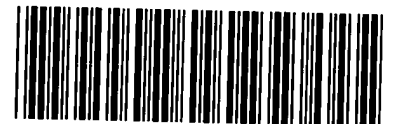
RURAL ARTS NORTH YORKSHIRE

(A company limited by guarantee)

**Report of the Trustees and
Financial Statements**

FOR THE YEAR ENDED 31 MARCH 2020

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RURAL ARTS NORTH YORKSHIRE

REFERENCE AND ADMINISTRATIVE INFORMATION for the year ended 31 March 2020

Council of Management

Mr G Baragwanath	*	Treasurer from September 2018
Mr A Dalton		Retired September 2020
Mrs B Jopling		Retired September 2020
Mr D Lloyd Williams	*	
Mrs D Pollard		Retired September 2020
Mr M Shakespeare	*	Retired January 2020
Mrs S Corden Lloyd	*	
Mrs G Kirby	*	Appointed 06 June 2019, Chair from August 2020
Mrs L Turner	*	Appointed 3 Sep 2020

* These members of the Council of Management are directors of the charitable company for the purposes of Company law. They are also Trustees for the purposes of Charity law.

Company Secretary
Mrs A Holt

Chief Executive Officer
Mr M May

Company Registered Number
3949494 (England and Wales)

Charity Registered Number
1081007

Registered Office
The Old Courthouse
4 Westgate
Thirsk
North Yorkshire
YO7 1QS

Independent Examiner
Geoff Iles
Iles Accountancy Services Ltd
Crail
Sandhutton
Thirsk
North Yorkshire
YO7 4RW

Bankers
Lloyds, Thirsk Branch
Market Place
Thirsk
North Yorkshire
YO7 1HB

Bankers
CAF Bank
10 St Bride Street
London
EC4A 4AD

Solicitors
Jacksons
Innovation House
Yarm Road
Stockton on Tees
TS18 3TN

Introduction

Rural Arts is a registered charity that delivers inspiring and inclusive creative opportunities that enrich lives and connect communities. Working across 3,500 square miles of England's largest county, our vision is creativity in every community in North Yorkshire.

At The Courthouse – Rural Arts' HQ and North Yorkshire's only professionally-run, cross-discipline arts centre – we provide over 400 events and activities each year for local residents and visitors alike. Alongside a public programme of exhibitions, performances, screenings and workshops, we offer a range of participatory programmes and balance our financial sustainability with a café, gallery shop and venue hire (operated by trading subsidiary, Rural Arts Trading Ltd.)

Through ON Tour – our rural touring scheme, servicing North Yorkshire, East Cleveland and the Tees Valley – we programme 70 professional performances per year in rural venues. We work with dedicated volunteers in local communities across the county to ensure that living rurally does not isolate communities from culture and creativity, be that music, dance, theatre or family shows.

With our participatory programmes – which also stretch across all of North Yorkshire – we reach some of the most rurally isolated and vulnerable people within the region. Our work has a strong focus on arts as a conduit for improving health and wellbeing, reducing loneliness and developing life and employability skills. By working closely with partners across the third and public sector, as well as statutory and Trust and Foundation funders, we enrich individual's lives and build community cohesion across North Yorkshire.

Rural Arts was founded in 1993 and is an Arts Council England National Portfolio Organisation.

In February 2019, founder-director Angela Hall retired, making 2019-20 the first financial year under the leadership of Max May.

Our Mission

2019 saw an exciting revisioning process for Rural Arts that helped set the course and reaffirm our ambitions for the organisation's future under new leadership.

The process involved all staff and Trustees and a strong consensus was found for our new mission, vision and values, which re-emphasised rather than redirected our existing understanding.

Our vision is "creativity in every community in North Yorkshire"

Our mission is "enriching lives and connecting communities through inspiring and inclusive creative opportunities".

Our values are to be inclusive, passionate, enriching, innovative and ambitious.

Our aims were updated to reflect our new mission, vision and values:

1. Programme a vibrant rural touring network of high-quality performance in non-professional venues across North Yorkshire and the Tees Valley
2. Improve the lives of older people, young people and those rurally isolated through the arts
3. Develop The Courthouse as the go-to artistic hub for the region
4. Improve access to creative careers and contribute towards reversing the 'brain drain' out of the region
5. Develop the sustainability of the organisation
6. Evaluate activity effectively to provide the best service possible to customers, participants and funders alike
7. Champion diversity in all of its forms

Headline Achievements

2019/20 was both an incredibly challenging and incredibly successful year. Due to historic financial difficulties, March 2019 saw significant restructuring and the cessation of some activities. Throughout the year, the staff have worked tirelessly to rebalance our financial operations and revitalise our offer to North Yorkshire. The Trustees wish to thank them all for their hard work, dedication and sacrifices throughout the year. The staff themselves are Rural Arts' headline achievement for the year 2019/20. Others include:

Outreach Programmes

Heart and Craft: creative workshops for older people

Our two-year action research project Art on Your Doorstep, funded by Arts Council England and The Baring Foundation, concluded in February 2019, having reached over 1200 people. We secured funding from the National Lottery Community Fund to develop the project in eight rural locations, including The Courthouse in Thirsk. Over 2019/20, we led 100 workshops receiving 1283 engagements from 174 individuals. Many of the groups have put on additional workshops for their communities, including half-term intergenerational workshops. The project was an immediate success, and has provided vital social interaction, community development and even end-of-life support for people between 55 and 100 in North Yorkshire.

Monday Makers: creative business skills for unemployed people

We received funding for a new programme to support the development of creative business skills for unemployed people across North Yorkshire through the ESF Community Grants programme. We have developed a new ten-week structure to the course that has proved highly successful and will be replicated in future.

Action Towards Inclusion: creative wellbeing interventions for those furthest from education, employment or training

We continued to develop our delivery on Action Towards Inclusion and towards the end of the year secured a further three year contract to expand our delivery across a further two districts.

ArtBeat: An art doctor for North Yorkshire

At the very end of the year, funding was secured for a flagship new programme that will be transformational for the health and wellbeing of people living in care homes and those housebound across North Yorkshire. The innovative new scheme will see the employment of a full time 'art doctor' who will provide both group and one-on-one interventions in care homes and individuals' houses across the county. Unfortunately the March 2020 COVID-19 outbreak has postponed the launch of the programme until at least Spring 2021.

ON Tour

During the year 19/20, ON Tour reached 3,602 people through 71 performances in 70 venues, engaging 60 performers. Due to the cessation of Create Tour, a three-year funded ON Tour project, our overall reach through the programme has reduced however the scheme itself continues to go from strength to strength, particularly in our developing relationships with other rural touring schemes, regional producers and presenters and international partners.

The Courthouse

The year 19/20 saw an important shift for The Courthouse, rebalancing our funding streams so that some strands of deliveries – e.g. visual arts workshops – returned a surplus to the organisation, from which the wider charity and its outreach work across the county could be supported.

Visual arts workshops at Rural Arts had their most successful year ever, with 214 workshops reaching 1273 and generating an overall surplus to subsidise other activities. The re-introduction of screenings was also a success, with 11 titles reaching 416 audience members. In total, we worked with 234 artists at The Courthouse over the year, and welcomed an additional 19,170 visitors, and received 125 room hires.

During the year, capital investment for redevelopment of The Courthouse was secured from Arts Council England and the Peter Sowerby Foundation. We look forward to bringing this project to fruition over the upcoming financial year.

Financial Review

In 2019/20 Rural Arts turnover increased to £353,072, funded by diverse income streams including multi-year grants, one-off project grants, earned income and donations from individuals, companies and our Trading Subsidiary. A total surplus of £70,369 is recorded, £64,000 of which can be contributed to Rural Arts' unrestricted reserves. Following a number of challenging years, this is a significant achievement. Unfortunately, the Coronavirus pandemic forced the suspension of all Rural Arts' activities two weeks before the end of the financial year, so this contribution to reserves is likely to be put into immediate use. Whilst this safeguards the future of the charity, it may not do so in as long-term a manner as had been hoped.

Arts Council England continue to be a major funder, both through core funding and strategic project grants. A total of £84,490.90 was received in the year 2019/20, comprising £75,509 of National Portfolio Organisation funding and £10,495 from the Strategic Touring fund.

ON Tour had a total income of £58,186.82, £23,755.00 of which was designated internally from Arts Council England National Portfolio funding, £3,000 from Craven District Council and £5,145.42 from small grants and other sources, including the National Rural Touring Forum, the Rural Touring Dance Initiative and £1,000 of sponsorship. The remaining £26,286.40 (41%) was income generated by ticket sales and performance fees, represents a healthy balance for the organisation's overall financial sustainability.

Visual arts workshops at The Courthouse generated income of £46,220.49, whilst performances and other activity generated £8,463.66. The sale of workshops outside The Courthouse generated income of £7322.50.

For other Outreach projects, £27,236 was received from North Yorkshire County Council for the delivery of Community Learning, and £25,000 for ArtBeat.

From Your Consortium we received £9778.80 for our delivery of Action Towards Inclusion and £6,900 from Community Grants 5 to deliver Monday Makers.

£43,530.16 was received from the National Lottery Community Fund for Heart and Craft.

FUSE had a total income of £29,844.60. £15,770 was received from Your Consortium, £9,680 from the Awards for All programme at the National Lottery Community Fund, and £2,012 from The LOCAL Fund as administered by the Two Ridings Community Foundation. The remaining income constituted £1,035 of donations and £1,347.60 of voluntary participant contributions.

A further £698 was raised in donations and fundraising events, alongside £422 from the sale of Gift Vouchers and £5.32 in bank interest.

£13,891 was donated by our trading subsidiary, Rural Arts Trading Ltd, as surplus from the café, gallery shop and room hire activity.

Rural Arts has a strict system of financial controls in place, which includes two-person authorisation of all payments, monthly meetings with the Finance Committee and monthly management accounts. We have a policy to increase our reserves until we realise our reserves target (see note on reserves).

Organisational Development

Finance and Fundraising

During the year 19/20, Rural Arts invested heavily in the sustainability of the organisation, reviewing and renewing our business model as well as increasing fundraising substantially. This focus on finance and fundraising will continue throughout 2020-21 and beyond.

Policies and Procedures

We review all policies and procedures annually to ensure compliance with law and, where possible, the delivery of best practice inclusive support for the communities we work with.

We have an ongoing commitment to equality and diversity, as evidenced by our Single Equality Action Plan, and recognise our role in combatting the climate emergency through our Environmental Action Plan and Green Touring policies for promoters and performers alike. We have actively reviewed policies around data management, safeguarding, whistleblowing, personnel and more.

Structure, Governance and Management

Rural Arts was established under a Memorandum and Articles of Association on 10th March 1993 (Charity number: 1018523). A new set of Articles were adopted on the 16th March 2000, resulting in the creation of a new organisation (Charity number 1081007) on 2nd June 2000. The assets of the former charity were transferred to the current charity on 25th October 2000. On 10th December 2003 a Special Resolution was passed to change the objects to extend the areas on which rural Arts can operate from 'North Yorkshire' to 'the United Kingdom and primarily North Yorkshire'.

As set out in the Articles, the Chair and new Trustees are nominated and elected by members of the Charity. The Chair must stand down for re-election after every three-year term and, set on rotation according to election dates, a third of Trustees must stand down for re-election each year. New Trustees meet with the Chair of the Board and receive an induction pack that outlines their legal obligations under charity law. They are also updated on the current situation of the Charity's finances and activities. They are invited to observe at least one meeting before formal election.

During the year, M Shakespeare, A Dalton, B Jopking and D Pollard resigned from the Board, and Gaye Kirby and Laura Turner joined the Board. The Trustees designate day-to-day responsibility of the running of the charity to the Chief Executive Officer, Max May.

TRUSTEES' REPORT

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 Rural Arts North Yorkshire (the company) for the year ended 31 March 2020. The Trustees confirm that the annual report and financial statements of the company comply with the current statutory requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Since the company qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

OBJECTIVES AND ACTIVITIES

Objectives and aims

The principal aims of the charity are as follows:-

- (a) The promotion of rural arts in all their forms in the United Kingdom and primarily in the area of North Yorkshire.

Public benefit

1. Programme a vibrant rural touring network of high-quality performance in non-professional venues across North Yorkshire and the Tees Valley
2. Improve the lives of older people, young people and those rurally isolated through the arts
3. Develop The Courthouse as the go-to artistic hub for the region
4. Improve access to creative careers and contribute towards reversing the 'brain drain' out of the region
5. Develop the sustainability of the organisation
6. Evaluate activity effectively to provide the best service possible to customers, participants and funders alike
7. Champion diversity in all of its forms

In setting objectives and planning for activities, the Trustees have given careful consideration to the general guidance published by the Charity Commission relating to public benefit.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

Rural Arts North Yorkshire is a company limited by guarantee governed by its Memorandum and Articles of Association dated 16th March 2000 and amended to allow the company to work outside the boundaries of North Yorkshire on 10th December 2003. It is registered as a charity with the Charity Commission.

STRUCTURE, GOVERNANCE AND MANAGEMENT - continued

Structure

The Board of Trustees administers the charity through the Council of Management. The board meets regularly throughout the year.

A Director and CEO is appointed by the Trustees to manage the day-to-day operations of the charity. To facilitate effective operations, the director has delegated authority, within terms of delegation approved by the Trustees, for operational matters including finance, employment and artistic programme related activity.

Brenda Thiede continues as Patron for her long standing contribution to the organisation.

Appointment, induction and training of new trustees

Trustees are appointed by invitation of the members of the Council of Management.

New Trustees undergo an orientation day to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the Committee and decision-making processes, the business plan and the recent financial performance of the Charity. During the induction day the new Trustees meet key employees and other Trustees. Trustees are encouraged to attend appropriate external training events where these will support their role as a trustee.

Risk Management

The Council of Management has conducted its own review of the major risks to which the Charity is exposed during the annual review of the business plan. A reliance on external grant funding has been identified and additional revenue streams are being pursued to mitigate the risk if the organisation's major funders were to reduce funding.

Internal risks are minimised by the close involvement of the Council of Management. Undertaking of quality standards such as Matrix ensure best practices are used to help the efficient running of the organisation.

The Trustees have recognised the need to manage cash flow carefully and endeavour to increase free reserves in the future.

ACHIEVEMENTS AND PERFORMANCE

Achievements

Please see the Annual Report on pages 1-5 for the achievements of the organisation in the year.

FINANCIAL REVIEW

Financial Review

Income for the year was £353,072 (2019: £311,418) and expenditure for the year was £282,703 (2019: £357,675), resulting in a Surplus for the year of £70,369 (2019: £-46,257).

Net assets at the year end were £431,605 (2019: £361,236) of which £376,036 (2019: £339,276) were unrestricted funds and £55,569 (2019: £21,960) were restricted funds.

Going Concern

The Trustees have prepared these financial statements on the basis that the organisation is a going concern.

Reserves policy

The Council of Management has established the policy whereby unrestricted funds which have not been designated for a specific use should be maintained at a value of three to six months expenditure. This level of general reserves would finance operations in the event of short term funding gaps and finance immediate obligations should Rural Arts lose its funding, or alternatively in the event that the organisation should need to close.

During the year to 31 March 2020, the general free reserves stand at £64,775 and it is the Trustees' aims to build on general reserves in future years by further developing income generating activities to support our grant dependency and to ensure a high level of astute financial management is maintained. The trading subsidiary company Rural Arts Trading Limited will allow Rural Arts to expand its trading capacity and bring additional income into the charity to increase the free reserves.

TRUSTEES' REPORT

for the year ended 31 March 2020

TRUSTEES' RESPONSIBILITIES STATEMENT

The Trustees (who are also directors of Rural Arts North Yorkshire for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In preparing this report, the Trustees have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

The report was approved by the Trustees on 15/12/2020 and signed on their behalf by:


Mr G Baragwanath
Treasurer & Trustee


Mrs G Kirby
Chair of Trustees

Independent Examiner's Report to the Trustees of Rural Arts North Yorkshire

I report on the financial statements of the charity for the year ended 31 March 2020 which are set out on pages 13 to 27.

This report is made solely to the charity's Trustees, as a body, in accordance with section 145 of the Charities Act 2011 and regulations made under section 154 of that Act. My work has been undertaken so that I might state to the charity's Trustees those matters I am required to state to them in an Independent Examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity and the charity's Trustees as a body, for my work or for this report.

Respective responsibilities of Trustees and Examiner

The Trustees, who are also directors of the company for the purposes of company law, are responsible for the preparation of the financial statements. The Trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the Act) and that an independent examination is needed.

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

- examine the financial statements under section 145 of the Act;
- follow the procedures laid down in the General Directions given by the Charity Commission under section 145(5)(b) of the Act; and
- state whether particular matters have come to my attention.

Basis of Independent Examiner's Report

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 financial statements presented with those records. It also includes consideration of any unusual items or disclosures in the financial statements, and seeking explanations from you as Trustees concerning any 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 financial statements present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent Examiner's Statement

In connection with my examination, no matter has come to my attention:

- (1) which gives me reasonable cause to believe that in any material respect the requirements:
- to keep accounting records in accordance with section 386 of the Companies Act 2006; and
 - to prepare the financial statements which accord with the accounting records and comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities

have not been met; or

- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached.

Signed:



Dated: 15th Dec 2020

Mr Geoff Iles

Iles Accountancy Services Ltd
Crail
Sandhutton
Thirsk
North Yorkshire
YO7 4RW

RURAL ARTS NORTH YORKSHIRE

STATEMENT OF FINANCIAL ACTIVITIES (incorporating the income and expenditure account) for the year ended 31 March 2020

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income and endowments from:					
Donations and legacies	2	16,192	-	16,192	14,220
Charitable activities	3	114,241	158,649	272,890	248,298
Other trading activities	4	63,984	-	63,984	47,892
Other	5	5	-	5	1,008
Total income and endowments		194,423	158,649	353,072	311,418
Expenditure on:					
Raising funds	6	7,810	5,464	13,274	17,506
Charitable activities	7	113,885	155,544	269,429	340,168
Total expenditure		121,695	161,008	282,703	357,674
Net income / (expenditure)		72,728	(2,359)	70,369	(46,256)
Transfers between funds	22	(35,968)	35,968	-	-
Net movement in funds		36,760	33,609	70,369	47,356
Reconciliation of funds:					
Total funds at 1 April 2019	22	339,276	21,960	361,236	407,492
Total funds at 31 March 2020	22	376,036	55,569	431,605	361,236

The notes on pages 16 to 27 form part of these financial statements.

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

RURAL ARTS NORTH YORKSHIRE

BALANCE SHEET

for the year ended 31 March 2019

	Note	£	2020 £	£	2019 £
Fixed assets					
Tangible assets	15		506,222		512,630
Investments	16		10		10
			506,232		512,640
Current assets					
Debtors	17	25,070		31,675	
Cash at bank and in hand	18	112,175		49,619	
		137,245		81,294	
Creditors: amounts falling due within one year	19	(16,901)		(30,965)	
Net current assets			120,344		50,329
Total assets less current liabilities			626,576		562,969
Creditors: amounts falling due after more than one year	20		(194,970)		(201,732)
Net assets			431,605		361,236
Charity funds					
Restricted funds	23		55,569		21,960
Unrestricted funds - general	21		376,036		339,276
Total charity funds			431,605		361,236

BALANCE SHEET (continued)
for the year ended 31 March 2020

The Trustees consider that the charity is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the charity to obtain an audit for the year in question in accordance with section 476 of the Act.

The Trustees acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and for preparing financial statements which give a true and fair view of the state of affairs of the charity as at 31 March 2018 and of its net resources expended for the year in accordance with the requirements of sections 394 and 395 of the Act and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charity.

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Trustees on 15/12/2019 and signed on their behalf, by:



Mr G Baragwanath
Treasurer & Trustee



Mrs G Kirby
Chair of Trustees

The notes on pages 15 to 26 form part of these financial statements.

1 Accounting policies
(a) General information and basis of preparation of financial statements

The charity is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the charity information on page 1 of these financial statements. The nature of the charity's operations and principal activities are on page 7 of these financial statements.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with 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) issues on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The financial statements do not include a statement of cash flows because the charitable company, as a small reporting entity, is exempt from the requirement to prepare such a statement under SORP (FRS 102).

(b) Funds

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

1 Accounting policies (continued)

(c) Income recognition

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained, then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

Investment income is earned through holding assets for investment purposes such as shares. It includes dividends and interest. Where it is not practicable to identify investment management costs incurred within a scheme with reasonable accuracy the investment income is reported net of these costs. It is included when the amount can be measured reliably. Interest income is recognised using the effective interest method and dividend income is recognised as the charity's right to receive payment is established.

Other income includes income such as gains on disposals of tangible fixed assets.

(d) Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

(e) Support costs allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, administrative and payroll costs. They are incurred directly in support of expenditure on the objects of the charity. Where support costs cannot be directly attributed to particular headings they have been allocated to expenditure on charitable activities on a basis consistent with use of the resources.

The analysis of these costs is included in note 8.

1 Accounting policies (continued)***(f) Tangible fixed assets and depreciation***

Tangible fixed assets are stated at cost less accumulated depreciation. Costs includes costs directly attributable to making the asset capable of operating as intended. Assets costing less than £200 are not capitalised.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less their estimated residual value, of each asset on a systematic basis over its expected useful lives as follows:

Freehold Land and Buildings	- 2% on cost per annum
IT Equipment	- 25% on cost per annum
Motor	- 25% on cost per annum
Capital Bid	- 20% Straight Line
Other equipment - Other	- 25% on cost per annum
- Kiln	- 5% on cost per annum

(g) Investments

Investments are recognised initially at fair value which is normally the transaction price excluding transactions costs. Subsequently, they are measured at fair value with changes recognised in 'net gains/(losses) on investment' in the SoFA if the shares are publicly traded or their fair value can otherwise be measured reliably.

(h) Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

(i) Tax

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

2 Income from donations and legacies

	2020 £	2019 £
Donations	2,301	110
Gift Aid by Subsidiary	13,891	14,110
	16,192	14,220

Income from donations and legacies was £16,192 (2019: £14,220) £15,157 was attributable to unrestricted funds (2019: £14,220) and £1,035.00 (2019: Nil) to restricted funds.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2020

3 Income from charitable activities

		2020 £	2019 £
Arts Council England		51,754	40,410
On Tour/Create Tour	3.1	68,682	94,374
NYCC/Your Consortium - Community Learning		27,236	13,886
Your Consortium - FUSE		27,462	16,590
National Lottery - Heart & Craft		43,530	29,020
Your Consortium - Action Towards Inclusion		9,779	2,600
NYCC - Art Beat		25,000	
Arts Admin		1,200	
Garfield West Foundation		10,000	-
Fuse - Participants contributions		1,348	-
Humber Learning- Monday Makers		6,900	-
Army Welfare Services - Stitched Together		-	1,826
Your Consortium - Community Grants		-	16,554
Art on your Doorstep/ Celebrating AGE		-	11,259
Aged Vets / Ex Forces		-	7,961
Artichoke		-	1,250
English Heritage - Richmond Castle		-	7,100
Humber Learning- Time to Change		-	500
Two Ridings- Generation Exchange		-	4,969
		272,890	248,299

Income from charitable activities was £272,890 (2019: £248,299) of which £158,649 (2019: £143,83) was attributable to restricted and £114,241 (2019: £104,475) was attributable to unrestricted funds.

3.1 Income from On Tour/Create Tour

	2020 £	2019 £
Arts Council England	34,250	35,600
Esme- Create Tour	-	20,000
Promoters Income	26,286	33,624
Local Authorities and other	8,145	5,150
	68,682	94,374

4 Other trading income

	2020 £	2019 £
Courthouse	54,684	46,301
Fundraising events	1,556	
Gift Voucher	422	
Outreach Sales	7,323	1,591
	63,984	47,892

Income from other trading activities was £63,984 (2019: £47,892) all of which was attributable to unrestricted funds.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2020

5 Other income

	2020 £	2019 £
Apprenticeship grant	-	-
Sundry income	5	1,008
	<u>5</u>	<u>1,008</u>

Other income amounted to £5 (2019: £1,008) of which £Nil (2019: £Nil) was attributable to restricted and £5 (2019: £1,008) was attributable to unrestricted funds.

6 Analysis of expenditure on raising funds

	2020 £	2019 £
General activities - publishing	2,028	2,915
Marketing salaries	11,246	14,591
	<u>13,274</u>	<u>17,506</u>

£5,464 (2019: £276) of the above costs were attributable to restricted funds and £7,810 (2019: £17,230) of the above costs were attributable to unrestricted funds.

7 Analysis of expenditure on charitable activities

	Activities undertaken directly £	Support costs £	Total 2020 £
On Tour/Create Tour	44,864	40,301	85,165
Charitable Activities	39,322	55,241	94,563
Default & Courtroom	23,584	66,117	89,701
	<u>107,771</u>	<u>161,659</u>	<u>269,429</u>

£155,544 (2019: £165,068) of the above costs were attributable to restricted funds.

£113,885 (2019: £175,100) of the above costs were attributable to unrestricted funds.

RURAL ARTS NORTH YORKSHIRE

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 March 2020

8 Allocation of support costs				
	On Tour / Create £	Charitable Activities £	Other Activities £	Total £
Wages	28,220	41,443	28,209	97,872
Staff Costs	871	1,001	1,737	3,610
Professional fees	463	1,445	172	2,080
Premises Costs & Overheads	9,800	11,122	(4,105)	16,818
Office Costs	803	86	1,940	2,829
IT and communications			4,709	4,709
Finance costs			13,600	13,600
Depreciation			18,909	18,909
Profit on disposal				-
	40,157	55,097	65,172	160,426
Governance	144	144	945	1,233
	40,301	55,241	66,117	161,659

The basis of allocation of support costs is actual spend.

9 Governance costs		2020 £	2019 £
Independent Examiner's remuneration	11	1,233	945
Trustee's Expenses			-
		1,233	945

10 Net income / (expenditure) for the year			
Net income / (expenditure) is stated after charging /(crediting):			
		2020 £	2019 £
Depreciation of tangible fixed assets:- owned by the charity		18,909	44,946
(Profit)/loss on sale of tangible fixed assets		-	(1,751)

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2020

11 Independent examiners remuneration

The independent examiners remuneration amounts to an independent examination fee of £945 (2019: £945) and two small fund independent examinations mid year.

12 Trustees' remuneration and expenses

The Trustees neither received nor waived any remuneration during the year (2019: £Nil).

The Trustees had expenses reimbursed during the year totalling £Nil (2019: £Nil).

13 Staff costs and employee benefits

The average monthly number of employees and full time equivalent (FTE) during the year was as follows:

	2020 Number	2020 FTE	2019 Number	2019 FTE
Raising funds	1	0.5	1	0.5
Charitable activities	7	3.5	6	5
	<u>8</u>	<u>4.0</u>	<u>7</u>	<u>5.5</u>

The total staff costs and employees benefit's was as follows:

	2020 £	2019 £
Salaries	102,581	122,737
Social security	5,083	7,832
Defined contribution pension costs	1,454	2,663
	<u>109,118</u>	<u>133,232</u>

No employees received total employee benefits (excluding employer pension costs) of more than £60,000.

14 Interest payable and similar charges

	2020 £	2019 £
Bank loans and overdrafts	11,345	11,628
	<u>11,345</u>	<u>11,628</u>

RURAL ARTS NORTH YORKSHIRE

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 March 2020

15	Tangible fixed assets	Freehold land & buildings £	IT equipment £	Other equipment £	Total £
	Cost				
	At 1 April 2018	670,703	199,004	71,224	940,931
	Additions	11,376	1,124	-	12,501
	Disposals	-	-	-	-
		682,079	200,129	71,224	953,432
	Depreciation				
	At 1 April 2019	171,091	198,511	58,699	428,301
	Charge for year	15,689	527	2,692	18,909
	Eliminated on disposal	-	-	-	-
		186,780	199,038	61,391	447,210
	Net book value				
	At 31 March 2020	495,299	1,091	9,834	506,222
	At 31 March 2019	499,612	492	12,526	512,630

Tangible fixed assets with a net book value of £201,704 (2019: £208,405) have been pledged as security for liabilities of the charity.

16 Fixed asset investments

	Subsidiary investments £
Market value	
At 1 April 2019	10
At 31 March 2020	10
Historical cost at 31 March 2020	10

Included within subsidiary investments is a 100% holding in the ordinary share capital of Rural Arts Trading Limited, a company incorporated in England & Wales (company number 08943670). At the year end, the aggregate capital and reserves of the company amounted to £10 and profit for the year amounted to £0. Turnover for the year amounted to £70,817 and expenditure for the year amounted to £56,926

Subsidiary investments are measured at cost less impairment on the basis that they represent shares in entities that are not publicly traded and the fair value cannot otherwise be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2020

17	Debtors	2020	2019
		£	£
	Trade debtors	1,354	17,321
	Bad Debt Provision	(670)	(860)
	Amounts owed by group undertakings	-	-
	Gift Aid Donations from Subsidiary	13,891	14,110
	Other debtors and prepayments	10,495	1,103
		25,070	31,675
18	Cash at bank and in hand	2020	2019
		£	£
	Cash at bank and in hand	112,175	49,619
		112,175	49,619
19	Creditors: amounts falling due within one year	2020	2019
		£	£
	Bank loans and overdrafts	6,735	6,539
	Trade creditors	3,613	8,937
	Other tax and social security	1,361	2,886
	Accruals	-	-
	Other creditors	1,113	888
	Amounts owed to group undertakings	4,079	-
		16,901	19,250
20	Creditors: amounts falling due after more than one year	2020	2019
		£	£
	Bank loans and overdrafts	194,970	208,263
		194,970	208,263

Bank loans totalling £194,970 are secured by a first charge on the freehold land and buildings.

Bank loan terms of repayment are 22 years and 24 years and interest is payable at 7.675% and 3.9% on the principal amounts.

Bank loans include aggregate amounts of £59,300 and £92,000 (2019: £71,300 and £105,000) which fall due after five years and which are payable by installments.

21 Leases

Operating leases - lessee:

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2020	2019
	£	£
Not more than one year	-	-
Later than one year and not more than five years	-	3,576
	-	3,576

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2020**22 Fund reconciliation**

		Balance at 1 Apr 2019 £	Net movement in funds £	Balance at 31 Mar 2020 £
Unrestricted funds				
General fund		339,276	36,760	376,036
		<u>339,276</u>	<u>36,760</u>	<u>376,036</u>
Restricted funds				
Restricted projects	22	21,960	33,609	55,569
		<u>21,960</u>	<u>33,609</u>	<u>55,569</u>
Total funds		<u>361,236</u>	<u>70,369</u>	<u>431,605</u>

Net movement in funds, included in the above are as follows:

	Income £	Expenditure £	Transfers £	TFR Capital £
Unrestricted funds				
General fund	194,423	(121,695)	(45,069)	9101
	<u>194,423</u>	<u>(121,695)</u>	<u>(45,069)</u>	<u>9,101</u>
Restricted funds				
Arts Council revenue fund	31,900	(31,900)	45,069	
Other restricted projects	126,749	(129,108)		(9,101)
	<u>158,649</u>	<u>(161,008)</u>	<u>45,069</u>	<u>(9,101)</u>
Total funds	<u>353,072</u>	<u>(282,703)</u>	<u>-</u>	<u>-</u>

Restricted projects include Action Towards Inclusion, FUSE, Heart & Craft, Arts Admin, Monday Makers, Art Beat, Capital Bid and RADISH our response to the Covid-19 crisis.

23 Other Restricted Projects Funds as at 31 March 2020

Project Title	Grant Provider	Balance at 1 Apr 19 £	Income £	Expenditure £	TFR Between Funds TFR Funds	Capital Expenditure	Movement In Funds £	Balance as at 31 Mar 20 £
Create Tour	Esmee Fairburn, Arts Council	20,585	10,495	34,979	45,069		20,585	-
On Tour	Rydale DC, Craven DC, NRTF						0	-
Action Towards Inclusion		255	9,779	11,483			(1,704)	(1,449)
Monday Makers	Humber Learning		6,900	10,756			(3,856)	(3,856)
Art Admin			1,200	1,220			(20)	(20)
Art Beat	NYCC		25,000				25,000	25,000
RADISH	Groundwork UK			61			(61)	(61)
FUSE	Your Consortium	13,303	29,845	29,642			203	13,506
Heart & Craft	National Lottery Fund	28,987	43,530	37,632			5,898	34,885
Capital Bid *	Arts Council			3,335		9,101	(12,436)	(12,436)
		21,960	126,749	129,108	45,069	9,101	33,609	55,569

* Project Grant expected income of £130,000 from Arts Council and £59,403 from Peter Sowerby Foundation

24 Transfers between funds

Transfers in the year totalled £45,069 which related to the fund 'Create Tour'.

As noted in the previous year's accounts, it was decided that the Restricted Fund Create Tour was to cease in 19/20 rather than 20/21. A final grant payment for the project was received in 19/20. The project, which took place over a period of 3 out of 4 financial years, recorded a total deficit of £45,069. This amount will be met by the reserves of Rural Arts, with a transfer shown in the 2019/20 financial statements.

An Adjustment has been made to Include Capital Bid Balance sheet expenditure less depreciation.

25 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total £
Fixed assets	506,232		506,232
Cash and current investments	56,606	55,569	112,175
Other current assets/liabilities	8,169		8,169
Creditor more than one year	(194,970)	-	(194,970)
Total	376,036	55,569	431,605

26 Related party transactions

Guy Baragwanath is the Treasurer of Rural Arts and also the Chair of Thirsk and District Business Association who in the past have rented rooms from Rural Arts Trading Ltd. The value of this for 2019/20 was Nil (2018/19 £Nil).

Andrew Dalton was Chair of Rural Arts has provided paid creative delivery for Rural Arts in the past. The value of these services for 2019/20 were Nil (2018/19 was also Nil).

The value of all related party transactions are always at arms length and market rates.