

**CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED**

**COMPANY LIMITED BY GUARANTEE  
AMENDED  
TRUSTEES' REPORT AND  
UNAUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2017**

**Company number 05028177**

**Charity number 1116957**

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COMPANIES HOUSE

**CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED**

**REFERENCE AND ADMINISTRATIVE INFORMATION**

**FOR THE YEAR ENDED 31 MARCH 2017**

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**Trustees**

The trustees serving during the year and since the year end were as follows:

Jim Craig (resigned 31 December 2016)  
Brendan Hill  
Alisdair Cameron  
Douglas Hunter  
James Sheerin (resigned 31 December 2016)  
Gordon Burns  
Nelli Stavropoulou  
Nikki Healey (appointed 18 October 2017)

**Company secretary**

David Belk

**Key management personnel**

Robert Malpiedi – Studio Manager

**Company number**

05028177

**Charity number**

1116957

**Registered office and principal  
place of business**

Buttress House  
36 Brenkley Way  
Seaton Burn  
Tyne and Wear  
NE13 6DS

**Independent Examiner**

Clarke's  
Chartered Accountants  
176 Portland Road  
Jesmond  
Newcastle upon Tyne  
NE2 1DJ

**Bankers**

Unity Trust Bank  
Nine Brindleyplace  
Birmingham  
B1 2HB  
  
Santander UK Plc  
Business Banking  
301 St Vincent Street  
Glasgow  
G2 5NT

**CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED**  
**TRUSTEES' REPORT AND INCORPORATED STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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The trustees, who are also directors for the purposes of company law, have pleasure in presenting their report and the unaudited financial statements of the charity for the year ended 31 March 2017.

## **INTRODUCTION**

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Charities Act 2011, the Companies Act 2006 and the requirements of 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 (FRS 102).

The Charity's full name was changed on 15 November 2017 to Chilli Studios (Newcastle and Gateshead Arts Studio) Limited ("NAGAS"). The charity developed the name "Chilli Studios" which it uses for branding and publicity purposes.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

NAGAS is a company limited by guarantee (number 05028177), incorporated on 28 January 2004, and is governed by its articles and memorandum. It is also a registered charity (number 1116957).

Our board currently consists of 6 trustees, with two having left on 31 December 2016. These trustees have strong representation from professionals working in key areas; within Senior Management, Service User Involvement, Influencing Mental Health Policy and Best Practice, Legal Practice, Finance, Personnel Management, Arts Development and Education.

Members of the Board recognise they cannot be experts in all areas of activity and regularly consider what skills may be valuable to add to the existing mix of knowledge and skills. Where a vacancy arises the Board and staff use existing professional, educational, arts and community services networks to identify potential new trustees. Prospective trustees are invited to visit the studios to understand our vision and values and to establish if they wish to join the Board.

## **REFERENCE AND ADMINISTRATION DETAILS**

Reference and administrative details are set out on page 1 and forms part of this report.

## **OBJECTIVES OF THE CHARITY**

To advance the education of the public, in particular persons suffering from the effects of mental illness and mental health problems, living in Newcastle and Gateshead (here-in after called the "area of benefit") through the use and promotion of art and artistic and creative activities.

## **PUBLIC BENEFIT**

The trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission in determining the activities undertaken by the Charity.

The Charity Commission in its "Charities and Public Benefit" Guidance states that there are two key principles to be met in order to show that an organisation's aims are for the public benefit: first there must be an identifiable benefit and, secondly, that the benefit must be to the public or to a section of the public. The trustees are satisfied that the aims and objectives of the charity, and the activities reported on above to achieve those aims, meet these principles.

**CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED**  
**TRUSTEES' REPORT AND INCORPORATED STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**STRATEGIC REPORT**

**REVIEW OF ACTIVITIES, DEVELOPMENTS AND ACHIEVEMENTS**

**Our service**

NAGAS delivers services to those who are, or are at risk of, experiencing diagnosed mental health problems, and those who experience other forms of social exclusion within their communities.

Our Aim is: Improving Mental Health through Creativity.

Our project objectives will be:

- To widely promote our service and engage new members, supporting social inclusion
- To use creative participation as an intervention to prevent deterioration
- To develop members involvement in activities that support recovery
- To signpost and support members to achieve goals within realistic timeframes.

**Overview**

Following the key staff changes and the expected settling in period last year, this year has seen growth and success. The new structure has increased effectiveness, improving delivery and freeing up valuable time for all-important strategic based work.

Studio activities flourished with increase in our creative offering, whilst attendance and referral levels grew to a level where capacity is now becoming a major issue.

We have invested time into new partnerships and seized opportunities. Exemplified by the 'Heads and Tails' project development with Tyne and Wear Museum and Archives, through consultation support for The Recovery College as well as now leading in the Byker development for the Well Newcastle and Gateshead initiative. Significant work has been conducted; planning, redesigning, promoting and managing the Chill Bizarre venture. This included; business planning support from Newcastle University Business School scoping out how to commercially develop. Following their findings, we redesigned and constructed an entirely new space with assistance from Newcastle University School of Architecture. Finally we restructured, recruited, devised procedures and promoted the enterprise.

**Profile**

Our extremely focused work has indicated an increased level of visibility. Our identity as a cultural and wellbeing asset to the city has been developed with involvement in events such as Newcastle Council's New Year Parade, Open Studios, The Late Shows and numerous promotional events like World Mental Health Day.

**Activities**

We have assisted our valued members in developing skills in a wide range of creative based activities. These have included Drawing, Painting, Ceramics, Sculpture, Photography, Digital Media, Printmaking, Glasswork, Textiles, Creative Writing, General Arts and Crafts as well as Music.

**Overview of main activities**

- External work: Opened up studio to public 4 times with 120 members of public engaged. Proactively involved in 6 external events with public attendance in total of over 31,000.
- Provided 18 visits to places of interest including Edinburgh Fringe, The Laing and Baltic with 158 attendances.
- Worked directly with numerous creative and community based organisations/partnerships including: Baltic, Seven Stories, Northern Print, The Sage Gateshead, Helix Arts and many others.
- Became lead organisation in Well Newcastle Gateshead initiative in Byker.
- Delivered outreach programme to 254 non-members within 3 different services.
- Internal: provided 796 workshop sessions in print, creative computing, watercolours, ceramics, debating, animation, photoshop, advice sessions, creative writing and 5 different music sessions with 4472 total attendances.
- Guest sessions in playwriting, heritage, fabric dyeing, mask and puppet making.

## CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED

### TRUSTEES' REPORT AND INCORPORATED STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2017

- Artist presentations from: Mary Ann Rodgers and Derek Eland.
- 16 training opportunities provided by peer led skill sessions to 241 members in various activities including photography, poetry, and welfare advice.
- Now providing activities 6 days a week.
- Completed an in-depth fundraising timetable with support from a consultant for the next 12 months.
- Commenced full service evaluation with 2 doctoral researchers, and was part of 2 research projects: welfare changes and music therapy.
- Produced an annual report, 3 newsletters and 1 poetry book.
- Completed new Chilli seed model.
- Uploaded 28 music podcasts, 29 pieces of artwork for sale online and 30 online animations.
- Provided 5 school placements.

#### Data on activities over 48 weeks/192 days

Core artistic sessions	796
Skill share sessions and member training sessions	16
Trips to cultural venues/sites	19
Outreach sessions	67
Guest sessions at studio	43
Exhibitions & screenings	11
Events held overall	36
of which Public events/outreach	26
Publications & productions	13

Referrals have continued to come from a wide range of areas including Social Workers, Carers, Community Psychiatric Nurses, Occupational Therapists, Doctors and Support Workers. Each member was required to complete a form, which gives staff the essential information required to facilitate a safe and well informed working space. This information has continued to be stored on a secure database and is updated regularly.

#### Membership and attendance details

Total membership recorded at end of year	643
<i>Note – Absentees of over 3 years removed from membership on a yearly basis</i>	
Overall member attendance for 12 months	6240
Total members recorded as participating in activities	6074
General public attendance at events at which Chilli Studios had a presence	37202

#### Staffing

During this period we have retained the following staff team:

The Studio Manager is the founder of the service. He has 24 years experience of community development, housing support and studio management. Their role is to lead in responding to members' direction as well as management of staff, sustainability, promotion/networking, recruitment, reporting to board, funders and stakeholders as well as leading in all operational aspects, including Chilli Bizarre.

The Arts Project Worker has a BA in Multimedia and a Masters in Cultural Management with 14 years experience within the voluntary sector. They report to the studio manager and lead on the entire creative program among other key areas, and maintaining policies, procedures, equality and diversity and support.

The Admin Worker has a Degree in Museums, Galleries and Cultural Management and a Masters in Heritage Studies. They support the charity with administrative affairs and compliance with governance requirements.

The User Involvement Officer has a BA degree in Ceramics, PGCE and 20 years personal experience of significant mental health issues having begun their involvement as a member of the service.

## **CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED**

### **TRUSTEES' REPORT AND INCORPORATED STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 MARCH 2017**

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We regularly contract 4 freelance professional artists in Arts, Music and Creative Writing. We had support from 33 volunteers of which 4 were doing PHD's, 6 Masters, 7 degree students, 5 school work experience and 6 in early career positions. With the new developments in the shop we changed the staff structure by rescaling the existing Shop Co-ordinator post into 2 part time posts.

Shop Manager and Assistant. The first recruitment for the Manager post left by mutual agreement after 2 months when they became aware of the expectations of the post. The next person recruited has settled well and supported Chilli Bizarre greatly.

Both the arts and administration roles have had their hours increased from 26 & 22.5 hrs to 32 hrs each to deal with greater activity and numbers. This financial commitment was achieved by utilising our non-ringfenced income generation and consultancy income. Long term we wish the core costs to be secured via long-term grant aid.

#### **Evaluation**

The studio continues to measure wellbeing factors within our membership.

#### **Data on outcomes**

- Members reported a positive effect on their mental health from engagement with the service (92%).
- EPDA members positive recovery levels reported at 61%
- EPDA report increase YEAR TO YEAR in positive engagement, participation, development and achievement levels. (9%)

Work commenced this year on our full external evaluation which was finished in September 2017.

### **FINANCIAL REVIEW**

#### **Results**

The results of the charity's financial position at the end of the year are shown in the attached financial statements. Overall the financial year to 31 March 2017 resulted in the charitable company carrying forward total funds of £24,725 (2016: £44,086), of which £2443 (2016: £22,111) was restricted and £22,282 (2016: £21,975) was unrestricted. A deficit of £19361 (2016: £32,269 surplus) was experienced during the financial year.

#### **Reserves**

Unrestricted Reserves are that part of the charity's funds that are freely available to spend on any of the charity's purposes. Restricted income funds are shown separately.

The trustees have considered the need for reserves to be maintained by the charity. The Charity does not have recurring obligations, other than the need to govern itself. The trustees have concluded therefore that an appropriate reserves policy is to hold sufficient reserves to meet one year's governance costs in the prior accounting year.

#### **Going concern**

The trustees are satisfied that the charity is able to operate for the foreseeable future, on the basis of support for the charity. The going concern basis of accounting is therefore appropriate.

**CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED**

**TRUSTEES' REPORT AND INCORPORATED STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 MARCH 2017**

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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The trustees (who are also the directors of Chill Studios (Newcastle and Gateshead Arts Studio) Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Company law requires the charity trustees to prepare financial statements for each year which 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 the financial statements, the trustees are required to:

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

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

**SMALL COMPANY PROVISIONS**

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

**INDEPENDENT EXAMINER**

A resolution to re-appoint Clarke's Chartered Accountants as Independent Examiner for the ensuing year will be put to the members.

By order of the Board



**Alisdair Cameron**

Trustee

Approved by the Board on 21 December 2017

**INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF  
CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED**

I report on the financial statements of Chilli Studios (Newcastle and Gateshead Arts Studio) Limited for the year ended 31 March 2017, which are set out on pages 8 to 17.

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

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

- examine the accounts under section 145 of the 2011 Act;
- to follow the procedures laid down in the general Directions given by the Charity Commission under section 145 (5)(b) of the 2011 Act; and
- to 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 accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, 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 accounts present a "true and fair view" and the report is limited to those matters set out in the statement below.

**Independent examiner's statement**

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 accounts which accord with the accounting records, 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 accounts to be reached.

Name: Pamela Clarke  
Relevant professional qualification or body: ICAEW

*P. M. Clarke*

ON BEHALF OF CLARKE'S CHARTERED ACCOUNTANTS  
176 Portland Road  
Jesmond  
Newcastle upon Tyne  
NE2 1 DJ

Date: 21 December 2017



**CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED**  
**STATEMENT OF FINANCIAL ACTIVITIES (Incorporating Income and Expenditure Account)**  
**YEAR ENDED 31 MARCH 2017**

	Notes	Unrestricted funds	Restricted funds	31 March 2017 Total	31 March 2016 Total
		£	£	£	£
<b>INCOME FROM:</b>					
Donations and legacies	2	3,390	-	3,390	3,470
Charitable activities	3	13,641	120,129	133,770	172,033
Other trading activities	4	7,325	-	7,325	2,414
Investments	5	<u>12</u>	<u>-</u>	<u>12</u>	<u>65</u>
<b>Total income</b>		<u>24,368</u>	<u>120,129</u>	<u>144,497</u>	<u>177,982</u>
<b>EXPENDITURE ON:</b>					
Charitable activities	6	<u>24,061</u>	<u>139,797</u>	<u>163,858</u>	<u>145,713</u>
<b>Total expenditure</b>		<u>24,061</u>	<u>139,797</u>	<u>163,858</u>	<u>145,713</u>
Net income/(expenditure)	7	307	(19,668)	(19,361)	32,269
Transfers between funds		-	-	-	-
<b>Net movement in funds</b>		307	(19,668)	(19,361)	32,269
<b>RECONCILIATION OF FUNDS</b>					
Total funds brought forward		<u>21,975</u>	<u>22,111</u>	<u>44,086</u>	<u>11,817</u>
<b>Total funds carried forward</b>	13	<u>22,282</u>	<u>2,443</u>	<u>24,725</u>	<u>44,086</u>

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

All income and expenditure relate to continuing activities.

The notes on pages 10 to 18 form part of these financial statements. These unaudited financial statements have been subject to independent examination. See report on page 7.

**CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED**  
Company Registration Number 05028177

**BALANCE SHEET**  
**YEAR ENDED 31 MARCH 2017**

	Notes	2017 £	2016 £
<b>Current assets</b>			
Debtors	9	2,636	296
Cash at bank and in hand		<u>46,110</u>	<u>53,606</u>
		48,746	53,902
<b>Creditors: amounts falling due within one year</b>	10	<u>(24,021)</u>	<u>(9,816)</u>
<b>Net current assets</b>	14	<u>24,725</u>	<u>44,086</u>
<b>Net assets</b>		<u>24,725</u>	<u>44,086</u>
<b>The funds of the charity</b>			
Restricted funds	13	6,307	22,111
Unrestricted funds	13	<u>18,418</u>	<u>21,975</u>
<b>Total charity funds</b>		<u>24,725</u>	<u>44,086</u>

For the year ending 31 March 2017 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies and its members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

These financial statements were approved by the members of the committee and authorised for issue on 21 December 2017 and are signed on their behalf by:

Alisdair Cameron  
Trustee



The notes on pages 10 to 18 form part of these financial statements. These unaudited financial statements have been subject to independent examination. See report on page 7.

# CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

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### 1. Accounting policies

#### **Basis of preparation**

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK (FRS 102), charities SORP (FRS 102) and the Companies Act 2006.

Chilli Studios (Newcastle and Gateshead Arts Studio) Limited is a Charitable Company limited by Guarantee, registered in England. The charity meets the definition of public benefit entity under FRS 102.

Assets and liabilities are initially recognised at historical cost of transaction value unless otherwise stated in the relevant accounting policy note.

In accordance with FRS 102 (as revised by Update Bulletin 1) the charity has not presented a statement of cash flows, as the charity is small.

The financial statements are presented in sterling which is also the functional currency of the Charitable Company. The monetary amounts in these financial statements are rounded to the nearest £, except where otherwise indicated.

#### **Going concern**

Financial Reporting Standard 102 requires, if appropriate, the charity's financial statements are prepared on the going concern basis, which means that the charity is able to operate for the foreseeable future on the basis of known and reasonable projected resources. There are no material uncertainties in respect of the charity's ability to continue as going concern. Although the nature of donations and grants can be difficult to forecast, the trustees believe there is sufficient support to the charity to enable the charity to continue to meet its liabilities as they fall due. As a result the going concern basis of accounting is appropriate.

#### **Income**

Income is recognised in the period in which the charitable company has entitlement to the funds, any conditions attached to the income have been met, it is probable that the income will be received and the amount can be measured reliably.

#### ***Donations and grants***

Income from donations and grants, including capital grants, is included in income when these are receivable, except as follows:

- When the donors specify that donations and grants given to the charity must be used in future accounting periods, the income is deferred until those periods.
- When donors impose conditions which have to be fulfilled before the charity becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre-conditions for use have been met.
- When donors specify that donations and grants, including capital grants, are for particular restricted purposes, which do not amount to pre-conditions regarding entitlement, this income is included in income of restricted funds when receivable.

**CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 MARCH 2017**

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**1. Accounting policies (continued)**

*Income from charitable activities*

Income from charitable activities is recognised in the Statement of Financial Activities as received.

*Investment income*

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

**Expenditure**

Expenditure is all considered as expenditure on charitable activities. Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party; it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Resources expended are included in the Statement of Financial Activities on an accruals basis, inclusive of VAT. They include:

- Charitable expenditure which comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the costs linked to the strategic management of the charity.

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of resources.

**Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless these costs are required to be capitalised as an intangible or tangible fixed asset.

Certain employees are entitled to carry forward unused holiday entitlement at the reporting date. The cost of any unused entitlement is recognised in the period in which the employee's services are required.

**Retirement benefits**

For defined contribution schemes the amount charged to income and expenditure is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

**Fund accounting**

*Restricted funds*

Restricted funds have been provided to the charity for particular purposes. The trustees carefully monitor the application of these funds in accordance with the restriction placed upon them.

*Unrestricted funds*

The charity maintains a general unrestricted fund which represents funds which are expended at the discretion of the trustees in furtherance of the objectives of the charity.

**Financial Instruments**

The charity has elected to apply the provisions of Section 11 "Basic Financial Instruments" and Section 12 "Other Financial Instruments Issues" of FRS102, in full to all of its financial instruments.

All of the charities financial assets and financial liabilities qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

These unaudited financial statements have been subject to independent examination. See report on page 7.

# CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2017

### 1. Accounting policies (continued)

#### Cash at bank and in hand

Cash at bank and in hand includes deposits held at call with banks.

#### Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of all funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount.

#### Critical accounting estimates and areas of judgment

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under circumstances.

#### Critical accounting estimates and assumptions

The charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

### 2. Donations and legacies

	Unrestricted funds £	Restricted funds £	31 March 2017 £	31 March 2016 £
Donations	<u>3,390</u>	<u>-</u>	<u>3,390</u>	<u>3,470</u>

### 3. Income from charitable activities

	Unrestricted funds £	Restricted funds £	31 March 2017 £	31 March 2016 £
Grants	-	120,129	120,129	164,075
Members contributions	<u>13,641</u>	<u>-</u>	<u>13,641</u>	<u>7,958</u>
	<u>13,641</u>	<u>120,129</u>	<u>133,770</u>	<u>172,033</u>

### 4. Income from other trading activities

	Unrestricted funds £	Restricted funds £	31 March 2017 £	31 March 2016 £
Sales of goods	7,325	-	7,325	737
Consultancy	-	-	-	1,137
Licenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>540</u>
	<u>7,325</u>	<u>-</u>	<u>7,325</u>	<u>2,414</u>

These unaudited financial statements have been subject to independent examination. See report on page 7.

**CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 MARCH 2017**

**5. Investment income**

	Unrestricted funds	Restricted funds	31 March 2017	31 March 2016
	£	£	£	£
Bank interest	<u>12</u>	<u>-</u>	<u>12</u>	<u>65</u>

**6. Expenditure on charitable activities**

	Direct costs £	Support costs £	31 March 2017 £	31 March 2016 £
Funding for the promotion of art and artistic and creative activities	60,966	99,742	160,708	143,687
Governance costs	<u>-</u>	<u>3,150</u>	<u>3,150</u>	<u>2,026</u>
	<u>60,966</u>	<u>102,892</u>	<u>163,858</u>	<u>145,713</u>

Expenditure on charitable activities was £163,858 (2016: £145,713) of which £24,061 (2016: £948) was unrestricted and £139,797 (2016: £144,765) was restricted.

Support costs are made up of:

	31 March 2017 £	31 March 2016 £
Support staff costs	62,404	6,912
Rent	26,808	25,929
Repairs and maintenance	1,717	2,907
Legal and professional fees	4,241	11,010
Promotion and marketing	1,722	3,669
Insurance	608	580
Other support costs	2,242	4,491
Governance costs	<u>3,150</u>	<u>2,026</u>
	<u>102,892</u>	<u>57,524</u>

Governance costs are made up as follows:

	31 March 2017 £	31 March 2016 £
Accountancy services	1,920	1,220
Independent examination	1,080	780
Crowdfunding fees	137	-
Companies House filing fees	<u>13</u>	<u>26</u>
	<u>3,150</u>	<u>2,026</u>

These unaudited financial statements have been subject to independent examination. See report on page 7.

**CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 MARCH 2017**

**7. Net outgoing resources**

	<b>31 March 2017 £</b>	<b>31 March 2016 £</b>
The net outgoing resources for the year is stated after charging:		
Clarke's fees:		
Independent examination	<u>1,080</u>	<u>780</u>

**8. Staff costs, trustee remuneration and expenses, and the cost of key management personnel**

**Staff costs**

	<b>31 March 2017 £</b>	<b>31 March 2016 £</b>
Wages and salaries	63,860	55,236
Social security costs	5,454	4,357
Other pension costs	<u>612</u>	<u>489</u>
	<u>69,926</u>	<u>60,082</u>

**Particulars of employees**

The average number of staff employed by the charity during the year amounts to:

	<b>31 March 2017 £</b>	<b>31 March 2016 £</b>
Management and administration staff	<u>3</u>	<u>3</u>

No trustee received any remuneration for professional or other services supplied to the charity (2016: £nil).

No employees earned in excess of £60,000 during the year (2016: none).

No expenses were reimbursed to the trustees during the year (2016: £nil).

**Key management personnel**

The key management personnel of the charity is listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the charity was £31,989 (2016: £31,989).

**CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 MARCH 2017**

**9. Debtors**

	<b>31 March 2017 £</b>	<b>31 March 2016 £</b>
Prepayments	2,386	296
Trade Debtors	<u>250</u>	<u>-</u>
	<u>2,636</u>	<u>296</u>

**10. Creditors: amounts falling due within one year**

	<b>31 March 2016 £</b>	<b>31 March 2015 £</b>
Trade creditors	7,021	5,565
Accruals and deferred income	<u>17,000</u>	<u>4,251</u>
	<u>24,021</u>	<u>9,816</u>

**11. Deferred income**

	<b>£</b>	<b>£</b>
Deferred income at 1 April 2016	-	16,637
Released from previous years	-	(16,637)
Amounts deferred in the year	<u>15,300</u>	<u>-</u>
Deferred income at 31 March 2017	<u>15,300</u>	<u>-</u>

These unaudited financial statements have been subject to independent examination. See report on page 7.



**CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 MARCH 2017**

**12. Financial instruments**

	<b>31 March 2017 £</b>	<b>31 March 2016 £</b>
<b>Carrying amount of financial assets</b>		
Financial assets measured at amortised cost	<u>46,110</u>	<u>53,606</u>
<b>Carrying amount of financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>24,021</u>	<u>9,816</u>

**13. Analysis of charitable funds**

	<b>As at 1 April 2016 £</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Transfers £</b>	<b>As at 31 March 2017 £</b>
<b>Restricted funds</b>					
Northstar	21,908	2,250	21,682	-	2,476
Big Lottery Fund	-	95,624	92,824	-	2,800
Others	<u>203</u>	<u>22,255</u>	<u>25,291</u>	<u>-</u>	<u>(2,833)</u>
	22,111	120,129	(139,797)	-	2,443
<b>Unrestricted funds</b>					
General	<u>21,975</u>	<u>24,368</u>	<u>(24,061)</u>	<u>-</u>	<u>22,282</u>
<b>Total funds</b>	<u>44,086</u>	<u>144,497</u>	<u>(163,858)</u>	<u>-</u>	<u>24,725</u>

**Restricted funds**

Big Lottery Fund – amounts received are to be used as a contribution towards the salary and running costs of the studio.

Fresh Ideas – Northstar Foundation – funding towards the creation of a shop selling members art work and refreshments.

Included in "others" are kind donations from the Henry Smith Fund; the Rayne Foundation; the Barbour Foundation; the Hospital of God at Greatham; the Wellbeing Fund; and the Shine Fund.

**Unrestricted funds**

General funds – 'free reserves', after allowing for designated funds.

**CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 MARCH 2017**

**14. Analysis of net assets between funds**

	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Total 2017 £</b>	<b>Total 2016 £</b>
Current assets	27,989	20,758	48,747	53,902
Current liabilities	<u>(24,022)</u>	<u>-</u>	<u>(24,022)</u>	<u>(9,816)</u>
	<u>3,967</u>	<u>20,758</u>	<u>24,725</u>	<u>44,086</u>

**15. Retirement benefits**

The charity operates a defined contribution pension scheme for all qualifying employees in the United Kingdom. The assets of the scheme are held separately from those of the charity in an independently administered fund. The contributions payable by the charity expensed to income and expenditure amounted to £612 (2016: £489). There were no outstanding amounts payable at the year end.

**16. Legal status of charity**

The charity is a company limited by guarantee and has no share capital. 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.

**17. Taxation**

The charity is exempt from tax on income and gains falling within Section 505 of the Taxes Act 1988 or Section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the charity.

**18. Volunteer Time**

The charity places great value on the contributions that volunteers make to the organisation. We benefited greatly not only from the considerable time, energy and expertise given by the Board of Trustees, but other volunteers as well. Last year the studio benefited from 33 volunteers being engaged in the service. The approximate total time spent by volunteers supporting our work has significantly improved from last year to a total of 1980 hours.