

CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED

COMPANY LIMITED BY GUARANTEE

**TRUSTEES' REPORT AND
UNAUDITED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2018

Company number 05028177

Charity number 1116957

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CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED
TRUSTEES' REPORT AND INCORPORATED STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2018

Trustees

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

Brendan Hill
Alisdair Cameron
Douglas Hunter
Nelli Stavropoulou
Gordon Burns
Nikki Heeley appointed 18th Oct 2017
John Banks appointed 21st Dec 2017

Company secretary

David Belk resigned 14th March 2018
Carole Ann Hall appointed 14th March 2018

Key management personnel

Robert Malpiedi – Studio Manager

Company number

05028177

Charity number

1116957

Registered office and principal place of business

The Blackfriars Centre,
New Bridge Street,
Newcastle Upon Tyne,
United Kingdom,
NE1 2TQ

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

CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED

TRUSTEES' REPORT AND INCORPORATED STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2018

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 2018.

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 Newcastle and Gateshead Arts Studio Limited ("NAGAS") up till 15 Nov 2017 whereby it legally changed its name to Chilli Studios (Newcastle and Gateshead Arts Studio) Limited. The Charity had been trading under the name Chilli Studios for a number of years.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Chilli Studios 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 7 trustees with two joining during the year. These trustees have strong representation from professionals working in key areas; within Senior Management, Service User Involvement, Influencing Mental Health Policy and Best Practice, Finance, Arts Development, grants management and Social work.

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 2018

STRATEGIC REPORT

REVIEW OF ACTIVITIES, DEVELOPMENTS AND ACHIEVEMENTS

Our service

Chilli Studios 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

This year, with the support from 2 doctoral researchers, Chilli Studios completed its full-service evaluation. The findings from this report provided an important platform which supported our main management focus over the year.

With the financial security of the charity beyond April 2018 entirely uncertain, due to nearly all major grants coming to an end, the main focus of the management turned to achieving long term financial security.

To support this significant task the studio management, with the support of the board, investigated possible options and decided to bring in an external consultant fundraiser to support the task. Fortunately, a previous employee of the charity, who had moved onto an external fundraising post three years earlier, had recently contacted to say he was offering independent consultancy support. This was a perfect opportunity as the management had an excellent relationship with this consultant and the consultant had a deep knowledge of the organisation. Over a period of 10 months 25 grant applications were submitted by both Chilli Studios and the consultant and out of a possible £770,000, £575,000 worth of grant aid was successfully secured, covering a period over the next five years, a success rate of around 75%. With this funding in place the charity has a secure base which should ensure activities continue well into the future, albeit with still significant fundraising required each year to ensure a full service is available.

The level of studios activity remained very buoyant throughout the year thanks to the key staff changes of previous year, which greatly supported the delineation between responsibilities within the team.

An example of the team on the ground delivering and developing the offer was our major new heritage project in partnership with Tyne and Wear Museums and Archives, which began in September. This ground-breaking project, which challenges stigma and creates a new contemporary archive into mental health in the North East, has been possible with the generous support from The Heritage Lottery. This project is led by our Arts Coordinator and has been a massive success with high levels of input from our client group and external partners.

Activities

We have assisted our valued members in developing skills in a wide range of creative based activities, these have included: Drawing, Animation, Painting, Sewing, Knitting, Ceramics, Sculpture, Carnival workshop, Mosaicking, Watercolour, Poetry workshops, Card making, Photography, Digital Media, Printmaking, Glasswork, Textiles, Creative Writing, Zentangling, Felt Making, Marbling, Model making, General Arts and Crafts as well various Music workshops.

CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED

TRUSTEES' REPORT AND INCORPORATED STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2018

Members have been given the freedom to work independently in the studio or join any of our structured workshops which we have delivered weekly.

Overview of main activities

- Delivered core timetable, 1028 sessions with 5108 participations.
- 6 different guest artists delivered 22 sessions to 168 participants
- 5 different Outreach projects in-conjunction with Macmillian, Recoco, Age UK, Northumbria Police, and Newcastle City Council
- Facilitated 10 Events with 82 member attendance and approx. 1465 public in attendance
- Commenced a major project in conjunction with The Heritage Lottery, this includes such partners as Disability North, TWAM, Launchpad, We are Media, Byker Community Centre and many others. By April we have supported 51 sessions to 280 participants with support from 84 Volunteers and 765 members of the public in attendance
- Provided 16 creative based trips for 100 participants
- Had 7 Exhibitions with 201 members participating with footfall of 5872
- Provided 36 activity sessions within our Art Café, with 383 members participating and an estimated footfall of 3600.
- 21 members and volunteers delivered training sessions with 282 participations
- Provided 5 staff training sessions
- Significantly promoted the service with over 60 publications online and in print.

Referrals have continued 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	715
Overall member attendance for 12 months	6396
General public attendance at events Chilli Studios delivered	9092

STAFFING

During this period we have retained the following staff team:

The Studio Manager is the founder of the service. They have 24 years' experience of community development, housing support and studio management. Their role is to lead in responding to Members'

CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED

TRUSTEES' REPORT AND INCORPORATED STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2018

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 maintain such as policies, procedures, equality and diversity and support.

The Admin Worker post has changed to a Charity Officer role, this change was brought about by the previous Admin Worker moving on to a new social worker trainee position. The studio advertised the new post in May and recruited a highly experience Charity Worker in June 2017. This new employee has 25 years health and social care management experience a degree in 3D design glass and ceramics as well as an MBA.

The User Involvement officer has a BA degree in ceramics, PGCE and 20 years personal experience of significant mental health issues having started off involvement as a member of the service.

We regularly contract 5 freelance professional Artists in Arts Music and Creative Writing

Evaluation

As previously discussed, the Charity received the completed full external evaluation during this year following an extensive process of review which included input from:

Interviewees / survey respondents

- 9 active regular attendees
- 6 intermittent attendees
- 4 lapsed members
- 1 potential member
- 3 case studies (non-surveyed studio members)

Focus group

- 8 current members
- 2 volunteers

Stakeholders

- NHS mental health referring practitioner (anon)
- Representative from Tyne and Wear Archives and Museums
- Representative from Blue Stone Consortium
- Building manager (Chilli Studios' landlord)
- Representative from Crisis Skylight (referral agent)
- Colleague from North Tyneside Art Studio (part of a studio group that includes Chilli Studios)

Studio staff

- 2 employed staff
- 1 studio manager
- Informal conversations with sessional artists

The completed document is available to review on:

https://issuu.com/chillistudios/docs/chilli_document_for_web_2a5e4f31187589

The studio continued to measure wellbeing factors with our membership

These unaudited financial statements have been subject to independent examination. See report on page 8.

CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED

TRUSTEES' REPORT AND INCORPORATED STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2018

Data on outcomes

- The EPDA assessment tool has recorded members showing an overall average increase of 66% towards recovery.
- Members recorded an average increase this year of 45.5% in Achievement goals which relates to Self-initiated & actively seeking new opportunities
- This year average: 0.271, a 6% increase rate in from last year

Chilli Bizarre

Chilli Bizarre greatly supports our interest in nurturing long-term improvements to our Members' by forming a bridge into the community, which evidence shows, supports other positive life changes. We know from our evaluation and contact with ex-Members that our project is often a precursor to moving into volunteering, training, employment and self-employment.

To ensure our service remains sustainable we have worked tirelessly with Members to develop our Chilli Direct income stream which describes the income generated through activities such as our café, art sales, donations and fees paid by membership.

Financial Review

The results of the charity's financial position at the end of this year are shown in the attached financial statement.

Overall the financial year to 31st March 2018 resulted in the Charitable company carrying forward total funds of £70,312 (2017: £24,725), of which £9,266 (2017: £2,443) was restricted and £61,046 (2017: £22,282) was unrestricted. A surplus of £45,587 (2017: £19,361 deficit) was experienced during the financial year.

Reserves

Reserves are that part of the charity's unrestricted funds that are freely available to spend on any of the charity's purposes. They exclude restricted income funds.

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 at all times a minimum amount equivalent to 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.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Chilli 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 (United Kingdom Generally Accepted Accounting Practice).

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

These unaudited financial statements have been subject to independent examination. See report on page 8.

CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED

TRUSTEES' REPORT AND INCORPORATED STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2018

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 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 20 December 2018

CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED

TRUSTEES' REPORT AND INCORPORATED STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2018

**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 2018, which are set out on pages 9 to 18.

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: 20 December 2018

CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED

STATEMENT OF FINANCIAL ACTIVITIES (Incorporating Income and Expenditure Account)

YEAR ENDED 31 MARCH 2018

	Notes	Unrestricted funds £	Restricted funds £	31 March 2018 Total £	31 March 2017 Total £
INCOME FROM:					
Donations and legacies	2	20,783	-	20,783	3,390
Charitable activities	3	13,137	169,585	182,722	133,770
Other trading activities	4	20,173	-	20,173	7,325
Investments	5	-	-	-	12
Total income		<u>54,093</u>	<u>169,585</u>	<u>223,678</u>	<u>144,497</u>
EXPENDITURE ON:					
Charitable activities	6	<u>15,329</u>	<u>162,762</u>	<u>178,091</u>	<u>163,858</u>
Total expenditure		<u>15,329</u>	<u>162,762</u>	<u>178,091</u>	<u>163,858</u>
Net income/(expenditure)	7	38,764	6,823	45,587	(19,361)
Transfers between funds		-	-	-	-
Net movement in funds		<u>38,764</u>	<u>6,823</u>	<u>45,587</u>	<u>(19,361)</u>
RECONCILIATION OF FUNDS					
Total funds brought forward		<u>22,282</u>	<u>2,443</u>	<u>24,725</u>	<u>44,086</u>
Total funds carried forward	12	<u>61,046</u>	<u>9,266</u>	<u>70,312</u>	<u>24,725</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 11 to 18 form part of these financial statements.

These unaudited financial statements have been subject to independent examination. See report on page 8.

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

BALANCE SHEET

YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
Current assets			
Debtors	9	2,642	2,636
Cash at bank and in hand		<u>151,528</u>	<u>46,110</u>
		154,170	48,746
 Creditors: amounts falling due within one year			
	10	<u>(83,858)</u>	<u>(24,021)</u>
Net current assets	13	<u>70,312</u>	<u>24,725</u>
Net assets		<u>70,312</u>	<u>24,725</u>
 The funds of the charity			
Restricted funds	12	9,266	6,307
Unrestricted funds	12	<u>61,046</u>	<u>18,418</u>
Total charity funds		<u>70,312</u>	<u>24,725</u>

For the year ending 31 March 2018 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 20 December 2018 and are signed on their behalf by:

A. S. Cameron

Alisdair Cameron
Trustee

CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2018

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 2018

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

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.

CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

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 2018 £	31 March 2017 £
Donations	<u>20,783</u>	<u>-</u>	<u>20,783</u>	<u>3,390</u>

3. Income from charitable activities

	Unrestricted funds £	Restricted funds £	31 March 2018 £	31 March 2017 £
Grants	-	169,585	169,585	120,129
Members contributions	<u>13,137</u>	<u>-</u>	<u>13,137</u>	<u>13,641</u>
	<u>13,137</u>	<u>169,585</u>	<u>182,722</u>	<u>133,770</u>

4. Income from other trading activities

	Unrestricted funds £	Restricted funds £	31 March 2018 £	31 March 2017 £
Sales of goods	17,958	-	17,958	7,325
Other Income	<u>2,215</u>	<u>-</u>	<u>2,215</u>	<u>-</u>
	<u>20,173</u>	<u>-</u>	<u>20,173</u>	<u>7,325</u>

These unaudited financial statements have been subject to independent examination. See report on page 8.

CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

5. Investment income

	Unrestricted funds £	Restricted funds £	31 March 2018 £	31 March 2017 £
Bank interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>12</u>

6. Expenditure on charitable activities

	Direct costs £	Support costs £	31 March 2018 £	31 March 2017 £
Funding for the promotion of art and artistic and creative activities	78,783	97,430	176,213	160,708
Governance costs	<u>-</u>	<u>1,878</u>	<u>1,878</u>	<u>3,150</u>
	<u>78,783</u>	<u>99,308</u>	<u>178,091</u>	<u>163,858</u>

Expenditure on charitable activities was £178,091 (2017: £163,858) of which £15,329 (2017: £24,061) was unrestricted and £162,762 (2017: £139,797) was restricted.

Support costs are made up of:

	31 March 2018 £	31 March 2017 £
Support staff costs	54,325	62,404
Rent	27,786	26,808
Repairs and maintenance	82	1,717
Legal and professional fees	9,359	4,241
Promotion and marketing	3,020	1,722
Insurance	644	608
Other support costs	2,214	2,242
Governance costs	<u>1,878</u>	<u>3,150</u>
	<u>99,308</u>	<u>102,892</u>

Governance costs are made up as follows:

	31 March 2018 £	31 March 2017 £
Accountancy services	910	1,920
Independent examination	960	1,080
Crowdfunding fees	-	137
Companies House filing fees	<u>8</u>	<u>13</u>
	<u>1,878</u>	<u>3,150</u>

These unaudited financial statements have been subject to independent examination. See report on page 8.

CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

7. Net outgoing resources

	31 March 2018 £	31 March 2017 £
The net outgoing resources for the year is stated after charging:		
Clarke's fees:		
Independent examination	960	1,080
	<u> </u>	<u> </u>

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

Staff costs

	31 March 2018 £	31 March 2017 £
Wages and salaries	68,944	63,860
Social security costs	-	5,454
Other pension costs	<u>569</u>	<u>612</u>
	<u>69,513</u>	<u>69,926</u>

Particulars of employees

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

	31 March 2018 £	31 March 2017 £
Management and administration staff	<u>4</u>	<u>3</u>

No trustee received any remuneration for professional or other services supplied to the charity (2017: £nil).

No employees earned in excess of £60,000 during the year (2017: nil).

No expenses were reimbursed to the trustees during the year (2017: £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 £30,881 (2017: £31,989).

CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

9. Debtors

	31 March 2018 £	31 March 2017 £
Prepayments	2,392	2,386
Trade Debtors	<u>250</u>	<u>250</u>
	<u>2,642</u>	<u>2,636</u>

10. Creditors: amounts falling due within one year

	31 March 2018 £	31 March 2017 £
Trade creditors	8,217	7,021
Accruals and deferred income	<u>75,641</u>	<u>17,000</u>
	<u>83,858</u>	<u>24,021</u>

11. Deferred income

	31 March 2018 £	31 March 2017 £
Deferred income at 1 April 2017	15300	-
Released from previous years	(15300)	-
Amounts deferred in the year	<u>73,361</u>	<u>15300</u>
Deferred income at 31 March 2018	<u>73,361</u>	<u>15300</u>

CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

12. Analysis of charitable funds

	As at 1 April 2017	Income	Expenditure	Transfers	As at 31 March 2018
	£	£	£	£	£
Restricted funds					
Northstar	2,476	9,000	16,403	-	(4,927)
Big Lottery Fund	2,800	100,202	103,631	-	(629)
Others	<u>(2,833)</u>	<u>60,383</u>	<u>42,728</u>	-	<u>14,822</u>
	2,443	169,585	(162,762)	-	9,266
Unrestricted funds					
General	<u>22,282</u>	<u>54,093</u>	<u>(15,329)</u>	-	<u>61,046</u>
Total funds	<u>24,725</u>	<u>223,678</u>	<u>(178,091)</u>	-	<u>70,312</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 Barbour Foundation; the Hospital of God at Greatham; the Newcastle Cultural Investment Fund; the Willan Charitable Trust; the Heritage Lottery Fund; the Tudor Trust and Garfield Weston.

Unrestricted funds

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

13. Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Current assets	41,026	113,144	154,170	48,747
Current liabilities	<u>(8,217)</u>	<u>(75,641)</u>	<u>(83,858)</u>	<u>(24,022)</u>
	<u>32,809</u>	<u>37,503</u>	<u>70,312</u>	<u>24,725</u>

CHILLI STUDIOS (NEWCASTLE AND GATESHEAD ARTS STUDIO) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

14. 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 (2017: £612). There were no outstanding amounts payable at the year end.

15. 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.

16. 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.

17. 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.