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REPORT OF THE DIRECTORS AND  
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997  
FOR  
THE SALISBURY ARTS THEATRE LIMITED  
(A COMPANY LIMITED BY GUARANTEE)



A16 \*AVKU02V4\* 448

COMPANIES HOUSE 15/01/98

A02 \*AR2M92NN\* 243

COMPANIES HOUSE 07/01/98

**THE SALISBURY ARTS THEATRE LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

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**for the year ended 31 March 1997**

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**THE SALISBURY ARTS THEATRE LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**COMPANY INFORMATION**  
**for the year ended 31 March 1997**

<b>DIRECTORS:</b>	S P Richards Ms T Carlyle P F Chalke L Harrington Mrs P Killner D Longfield Ms C MacRae Mrs I Throp C C Ware
<b>SECRETARY:</b>	Ms R Morland
<b>REGISTERED OFFICE:</b>	Salisbury Playhouse Malthouse Lane Salisbury SP2 7RA
<b>REGISTERED COMPANY NUMBER:</b>	499076 (England and Wales)
<b>REGISTERED CHARITY NUMBER:</b>	249169
<b>AUDITORS:</b>	Fawcetts Chartered Accountants and Registered Auditors Windover House St Ann Street Salisbury SP1 2DR

**THE SALISBURY ARTS THEATRE LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**REPORT OF THE DIRECTORS**  
**for the year ended 31 March 1997**

The directors (who are also the trustees of the charity) present their report with the financial statements of the company and group for the year ended 31 March 1997 which have been prepared in accordance with the Statement of Recommended Practice: "Accounting by Charities".

**STATUS AND ADMINISTRATION**

The Salisbury Arts Theatre Limited (the Theatre) was incorporated as a limited company on 31 August 1951. The Theatre is a registered charity, number 249169. Its registered company number is 499076. The address of the Theatre, which is also the company's registered office is:

Salisbury Playhouse  
Malthouse Lane  
Salisbury  
SP2 7RA

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of a theatre and production company at Salisbury Playhouse.

The commercial side of the Theatre's operations is carried out by its subsidiary company, Playhouse Services Limited.

**OBJECTS**

The objects of the Theatre, as set out in the Memorandum of Association, are to promote, maintain, improve and advance education, particularly by the production of educational plays and the encouragement of the Arts, including the arts of drama, mime, dance, singing and music.

**REVIEW OF BUSINESS**

The results for the year and financial position of the company are as shown in the annexed financial statements and are outlined in the Report of the Executive Director.

**FIXED ASSETS**

Information regarding fixed assets is contained in note 14 to the financial statements. Following the award of a National Lottery grant of up to £1,476,143 in June 1996 and the continuing refurbishment fundraising appeal, the Theatre has been able to commence its proposed Phase II structural refurbishment programme during the year which has resulted in significant additions to fixed assets.

**ORGANISATION**

The directors determine the general policy of the Theatre. The day to day management is delegated to the Artistic and Executive directors.

**ARTISTIC POLICY**

The Theatre's artistic policy is to provide for the people of Salisbury, Wiltshire, Hampshire and Dorset, a high quality and well balanced programme of local, national and international theatre. Through presenting theatre which is exciting, stimulating and entertaining to its audience, Salisbury Playhouse will continue to be a significant force in regional theatre.

**THE SALISBURY ARTS THEATRE LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**REPORT OF THE DIRECTORS**  
**for the year ended 31 March 1997**

Continued from page 2.

**DIRECTORS**

The directors during the year under review were:

S P Richards  
Ms T Carlyle  
P F Chalke  
L Harrington  
A A Joel - appointed 30 July 1996  
Mrs P Killner  
D Longfield  
Ms C MacRae  
C C Ware

A A Joel resigned as a director on 22 April 1997.  
Mrs I Throp was appointed as a director on 4 July 1997.

**PROFESSIONAL ADVISERS AND KEY PERSONNEL**

Artistic Director:	J Church
Executive Director:	Ms R Morland
Bankers:	National Westminster Bank plc 48 Blue Boar Row Salisbury SP1 1DF
Solicitors:	Wilsons 93 Crane Street Salisbury SP1 2PZ
Auditors:	Fawcetts Chartered Accountants and Registered Auditors Windover House St Ann Street Salisbury SP1 2DR

**ALTERATIONS TO MEMORANDUM AND ARTICLES OF ASSOCIATION**

During the year The Salisbury Arts Theatre Limited amended its Memorandum and Articles of Association enabling it to extend the company's membership. Members of the Friends and Patrons Scheme now have the right to become members.

**MEMBERS' LIABILITY**

The company is limited by the guarantees of its members and has no share capital. The extent of each member's liability to contribute to the company's debts and liabilities, should the company be unable to continue as a going concern, is limited to an amount not exceeding £10.

Continued on page 4.

**THE SALISBURY ARTS THEATRE LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**REPORT OF THE DIRECTORS**  
**for the year ended 31 March 1997**

Continued from page 3.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Law applicable to charities in England and Wales requires the directors (who are also the trustees of the charity) to prepare financial statements for each financial year which give a true and fair view of the state of the charity's and group's financial activities during that period and of its financial position at the end of that period. In preparing financial statements giving a true and fair view, the directors should follow best practice and:

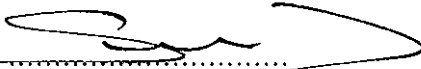
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

**AUDITORS**

The auditors, Fawcetts, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

**ON BEHALF OF THE BOARD:**



S P Richards - DIRECTOR

Dated: 3/12/97

**THE SALISBURY ARTS THEATRE LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**REPORT OF THE EXECUTIVE DIRECTOR**  
**for the year ended 31 March 1997**

**INTRODUCTION**

Since the Playhouse re-opened in September 1995, the year to 31 March 1997 was our first full year of operation - and offered us the opportunity both to consolidate what had been achieved so far, and to develop still further. During the year we continued to produce an enormous volume of high quality work, whilst also completing the second phase of our major refurbishment programme. This did much to enhance the Playhouse's position both regionally and nationally.

**ARTISTIC ACTIVITIES**

The year to 31 March 1997 started with an ambitious project - Aphra Behn's comedy **The Rover**, in repertoire with its sequel **The Banished Cavaliers** (unperformed for 300 years) - presented in an auditorium transformed by moving the stage into the traverse. Other artistic highlights of the fourteen productions we produced during the year were Jonathan Church's powerful production of **The Merchant of Venice**, the witty **Travels With My Aunt** and the premiere of the new musical **Maddie**. **Neville's Island** also proved exceptionally popular as did the Christmas Studio production of **Bouncers**, which attracted many first-time attenders to the theatre.

As well as an exceptionally positive local press, the work of the theatre also started to attract wider attention during the year, with national reviews appearing for **The Rover/The Banished Cavaliers**, **Maddie** and **Rope** (the last partly inspired by the gala re-opening). Jonathan Church's earlier production of **Educating Rita/Oleanna** was also re-mounted at the Minerva, Chichester and Yvonne Arnaud, Guildford. Southern Arts also awarded its first New Commission Award to the Playhouse to commission Stephen Lowe, and the Playhouse was also awarded the Linbury Prize for Design for the same project (to be performed in May 1998). Since the end of the year two productions have had a further life - **Maddie** was presented in the West End, while **Travels with My Aunt** toured nationally.

A notable aspect of the year was the development of audiences for work in the Studio. Following its refurbishment which included increasing the capacity up to 149, the first in-house production of **A Doll's House** played to near capacity, and attracted many main house attenders. The co-production of **The Government Inspector**, a collaboration with local community theatre company Forest Forge, also proved exceptionally popular, introducing audiences to a different style of work. The visiting companies throughout the spring also did well.

The year also marked the development of a range of artistic collaborations which did much to advance the artistic life of the theatre. Many artists made return visits to the Playhouse, including actors Nicholas Lumley and Carolyn Backhouse, directors Nicholas Le Prevost and Gareth Armstrong and designers Ruari Murchison, Niki Turner and Nick Beadle and composers Matthew Scott and Andrew Friesner (who moved from the Summer School to **Travels with My Aunt**). We have also hosted a Regional Theatre Young Director Scheme trainee director during the year, Rupert Goold, who not only directed **Bouncers** in the Studio but then moved on to direct **Travels with My Aunt** in the main house.

This was also the year when the Playhouse came to originate most of its co-productions. **Time and the Conways** was a co-production with Colchester Mercury, whilst **Maddie** was made possible by the financial input of approximately £50,000 from a commercial producer.

Despite such achievements, and the generally positive way in which the work was received by audiences and critics alike, a number of productions during the year did fail to hit their box office targets. Most notable amongst these was **The Adventures of Pinocchio**, our first ever own-production for children outside Christmas. Although it attracted a number of schools to the Playhouse, aided by support from the Paul Hamlyn Foundation, it failed to develop a significant family audience. Whilst other productions came much closer to achieving their targets, the general shortfall had obvious implications for the theatre which is so box office dependent.

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**THE SALISBURY ARTS THEATRE LIMITED**  
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**REPORT OF THE EXECUTIVE DIRECTOR**  
**for the year ended 31 March 1997**

Continued from page 5.

Attendance figures for the year were nonetheless impressive. Throughout the period we produced or co-produced eleven shows in the main house, and six in the Studio, and hosted seven companies in the Studio and one in the main house. This came to a total of 424 performances, attended by a total of 89,049 people.

**EDUCATION ACHIEVEMENTS**

The first full year of Education since re-opening saw a huge expansion in the range and quantity of activity. Our Youth Theatre - **Stage 65** - mounted two main house productions, **Blood Wedding** and **Henry IV and Henry V**. There were extensive education programmes accompanying the productions of **The Merchant of Venice** (for Key Stage 3/4 English) and **A Doll's House** (A Level Theatre Studies). With Salisbury College we mounted **Our Country's Good** with BTEC Performing Arts students, while younger audiences Junior Theatre Workshop sold out regularly for workshops and visiting companies such as **Storybox**, **Kazzum** and **Treasure Trove Puppets**. Our Teacher Training Days on Directing Large Casts and Marking the Moment were well attended and received. One event that summed up the quality and reach of the Department's work was our first Summer School for Young People: a three week intensive training project that culminated in performances of **The Rime of the Ancient Mariner** in the grounds of Salisbury Cathedral. All this was achieved in a year which saw a completely new staff team for the Department. In the latter part of the year, we received an Education Research and Development Initiative award from the Arts Council of England, and started the process of research and review which should enable the further integration of the Education Department into the theatre as a whole, and the development of a new policy.

344 events, performances and workshops throughout the year were attended, or participated in by 6,518, mainly young people.

**THE REFURBISHMENT**

In May 1996 the Playhouse received notification that its application for a grant of up to £1,476,143 from the National Lottery through the Arts Council of England had been successful. With almost all the partnership funding in place, work was able to get underway in July 1996, and the scheme was completed on time and on budget in December. Apart from a short period of closure at the start of the scheme, and one week of closure at the end, the building remained fully operational throughout the period, with some temporary facilities being provided front of house. This caused considerable operational problems throughout the autumn, and greatly added to the workloads of key members of staff, but did not significantly affect what was provided to audience members. The extent of what has been achieved is quite considerable - enhancing the Studio, transforming the front of house areas, adding to technical equipment and improving what we can offer people with disabilities. This will greatly enhance what we can offer our audiences and potential audiences.

**RELATIONSHIP WITH COMMUNITY**

Re-establishing relationships within the local community has continued to be important - on a number of different levels.

Collaboration between local arts organisations has increased, both formally and informally, and has included moves towards joint marketing activity.

Sponsorship and other business support has increased significantly, indicating an improved position within the community. The number of Corporate Patrons rose from four to eleven within the year, and sponsorship income more than doubled, while the Chamber of Commerce gave Jonathan Church its President's Award for "a significant contribution to the life of the community." Sponsorship in kind also started to take effect, with Salisbury Journal supporting the pantomime with advertisements. We also received a Pairing Scheme Award for attracting a first time sponsor - Wrymams' sponsorship of **The Rover**.

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**THE SALISBURY ARTS THEATRE LIMITED**  
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**REPORT OF THE EXECUTIVE DIRECTOR**  
**for the year ended 31 March 1997**

Continued from page 6.

**FINANCIAL PERFORMANCE AND CONTROL**

Quite obviously, the main factor affecting financial performance was the box office shortfall that occurred during the year. After the first two productions of the year produced a box office shortfall, there was substantial re-budgeting which managed to redress the position during the autumn - only to have it built up again during the spring. Expenditure was generally within budget, although there were some production overspends during the autumn. This was an exceptionally busy period in terms of producing, not helped by the disruption caused by continuous building works, and the majority of this overspend related to staff overtime.

Funding levels have not kept in line with inflation. However, Salisbury District Council were able to implement their £25,000 uplift for the year to 31 March 1997, and indeed provide an inflationary increase. Southern Arts' basic support remained unchanged from the previous year at £292,900 but a supplementary grant of £5,860 was received. Wiltshire County Council was able to contribute £85,000 during the year.

**PERSONNEL ISSUES**

We implemented a system of informal staff reviews towards the end of the summer season. These indicated a generally positive and committed attitude amongst staff, and almost every member of technical staff then returned for the new season. The exceptionally busy autumn that followed in both main house and studio, exacerbated by the continuous building works around the building, did lead to very heavy workloads and stress amongst technical staff in particular, with one person leaving as a result. A less hectic spring, together with some quite constructive dialogues to address specific problems, has led to a more positive situation. However, the autumn did underline how borderline our staffing levels are, and how this can place unreasonable demands upon key staff. Although staffing levels appear to have risen during the year, this is only because we have now brought our workshop in-house, adding two carpenters to the staff, and have similarly employed a scenic artist - instead of paying fees to set-builders and freelance scenic artists. In both cases, this has enabled us to have more control over the quality of the work we produce at no additional cost.

Staff turnover has generally been low throughout the year, with the exception of the Education Department which underwent a complete change of personnel. At the very end of the year two members of the senior management team, Marketing Manager, Sam McAuley and Finance Manager, Peter Grinyer, left. We took the opportunity to review the structure of the Finance Department, and have now appointed a Finance Manager to work less than full time. We have also appointed a Marketing Manager. We were able to offer nearly all staff some sort of inflationary pay increase during the year. However, we have to operate an across-the-board payfreeze for the year to 31 March 1998.

As part of the review process, staff were encouraged to identify areas for career development/training, which we have then tried to provide during the year. This has included our Assistant Electrician moving from designing Studio shows to a main house show, and our Scenic Artist being offered the opportunity to design a Youth Theatre Show.

**THE BOARD**

During the year the Board have continued to play an active role in monitoring and managing the theatre, with monthly board meeting. There have been no changes in Board membership, except that Wiltshire County Council exercised its right to nominate a new Councillor to sit on the Board, Councillor Alan Joel, who was appointed on 30 July 1996. At the Annual General Meeting on 26 November 1996, a variety of changes were agreed in the theatre's Memorandum and Articles of Association. Most notably, membership of the company (formerly restricted to ex-Board members) was opened out to any member of the Friends and Patrons of the Playhouse who wanted to join. This should have the effect of making membership of the company far more representative.

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**THE SALISBURY ARTS THEATRE LIMITED**  
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**REPORT OF THE EXECUTIVE DIRECTOR**  
**for the year ended 31 March 1997**

Continued from page 7.

**EQUAL OPPORTUNITIES**

In September 1996, the Board formally approved an Equal Opportunities policy for the Playhouse, following a process of internal consultation and debate. Implementation of this policy is obviously a long term affair, but initial steps have been taken, most especially through use of monitoring forms for all job applicants, and awareness of equal opportunity criteria for those who interview. Access issues also became important during the refurbishment process, with an access audit providing a thorough review of provision.

**SUMMARY**

Although this has been a successful year in many respects, it is hard to look forward in any way without considering funding issues. We are still £40,000 under the funding level that it was projected we needed to operate on two years ago - and that was looking at a level of activity significantly lower than we are currently managing. The only way to produce a balanced budget for the year to 31 March 1998 was to take quite strong measures - including freezing staff salaries and cutting the Education budget - and this leaves even less room to manoeuvre for the year to 31 March 1999. With the majority of the main house productions providing a net gain, we have every incentive to produce more not less, despite the strain it places on diminished resources - but we are now producing as much as is possible and earning, proportionately, a very high percentage of our turnover. Without additional support for the year to 31 March 1999 we will have to look at cutting other areas of our work, and those which then become vulnerable, like Education, and Studio work, are those which have a net cost to the Playhouse. They are also at the heart of our artistic policy, and are considered as important by all who support us.



.....  
Ms R Morland - EXECUTIVE DIRECTOR

Dated: 3/12/97

**THE SALISBURY ARTS THEATRE LIMITED  
(A COMPANY LIMITED BY GUARANTEE)**

**REPORT OF THE AUDITORS TO THE MEMBERS OF  
THE SALISBURY ARTS THEATRE LIMITED  
(A COMPANY LIMITED BY GUARANTEE)**

We have audited the financial statements on pages ten to twenty five which have been prepared under the historical cost convention and the accounting policies set out on pages thirteen and fourteen.

**Respective responsibilities of directors and auditors**

As described on page four the directors, who are also the trustees of The Salisbury Arts Theatre Limited, are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Going concern**

In forming our opinion we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the uncertainty as to the continuation of the financial support from the Theatre's bankers and funders. The financial statements have been prepared on a going concern basis and do not contain any adjustments that might result if this support did not continue; the principal adjustments would relate to the value of the freehold theatre site, as described in note 14 to the financial statements, and the repayment of lottery monies received, as described in note 6 to the financial statements. In view of the significance of this uncertainty, we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the charitable company and the group as at 31 March 1997 and the group's incoming resources and application of resources, including its income and expenditure in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Fawcetts*

Fawcetts  
Chartered Accountants  
and Registered Auditors  
Windover House  
St Ann Street  
Salisbury  
SP1 2DR

Dated: 4 December 1997

**THE SALISBURY ARTS THEATRE LIMITED**  
(A COMPANY LIMITED BY GUARANTEE)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
for the year ended 31 March 1997

		Unrestricted Funds		Restricted Funds	Total	Total
		Theatre	Other		1997	1996
Notes		£	£	£	£	£
<b>INCOME AND EXPENDITURE</b>						
<b>INCOMING RESOURCES</b>						
Charitable trading income	4	669,425	-	-	669,425	545,194
Grants receivable	5	527,118	-	-	527,118	565,000
- deferred income		(15,297)	-	-	(15,297)	400
Salisbury District Council		-	-	-	-	300,000
National Lottery	6	-	-	1,386,571	1,386,571	-
Legacies	7	-	-	111,000	111,000	30,000
Sponsorship and donations	8	42,867	-	16,492	59,359	106,403
Rent receivable		5,000	-	-	5,000	3,750
Deposit account interest		-	-	-	-	98
Administration charge		36,898	-	-	36,898	-
Other income		34,105	-	-	34,105	22,204
Intangible income	9	18,246	-	-	18,246	17,401
Income of trading subsidiary	10	-	177,119	-	177,119	20,926
<b>Total incoming resources</b>		<b>1,318,362</b>	<b>177,119</b>	<b>1,514,063</b>	<b>3,009,544</b>	<b>1,611,376</b>
<b>RESOURCES EXPENDED</b>						
Direct charitable expenditure						
Charitable trading expenditure	11	935,458	-	-	935,458	612,961
Support costs	12	352,981	-	-	352,981	262,715
		<b>1,288,439</b>	<b>-</b>	<b>-</b>	<b>1,288,439</b>	<b>875,676</b>
Other expenditure						
Fundraising and publicity	12	126,453	-	-	126,453	115,829
Management and administration	12	163,481	-	-	163,481	105,413
Expenditure of trading subsidiary	10	-	178,674	-	178,674	38,881
Taxation	13	-	-	-	-	9,700
		<b>289,934</b>	<b>178,674</b>	<b>-</b>	<b>468,608</b>	<b>269,823</b>
<b>Total resources expended</b>		<b>1,578,373</b>	<b>178,674</b>	<b>-</b>	<b>1,757,047</b>	<b>1,145,499</b>

Continued on page 11.

The notes form part of these financial statements

**THE SALISBURY ARTS THEATRE LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**for the year ended 31 March 1997**

Continued from page 10.

		Unrestricted Funds		Restricted Funds	Total	Total
		Theatre	Other		1997	1996
	Notes	£	£	£	£	£
<b>NET INCOMING/OUTGOING RESOURCES BEFORE TRANSFERS</b>		(260,011)	(1,555)	1,514,063	1,252,497	465,877
Transfers between funds	23	124,876	-	(124,876)	-	-
<b>NET MOVEMENT IN FUNDS</b>	2	(135,135)	(1,555)	1,389,187	1,252,497	465,877
Balances brought forward at 1 April 1996		(204,794)	(49,654)	826,488	572,040	106,163
<b>BALANCES CARRIED FORWARD AT 31 MARCH 1997</b>		<u>(339,929)</u>	<u>(51,209)</u>	<u>2,215,675</u>	<u>1,824,537</u>	<u>572,040</u>

**CONTINUING OPERATIONS**

None of the group's activities were acquired or discontinued during the current or previous years.

**TOTAL RECOGNISED GAINS AND LOSSES**

The group has no recognised gains or losses other than the net movement in funds for the current or previous years.

**THE SALISBURY ARTS THEATRE LIMITED**  
(A COMPANY LIMITED BY GUARANTEE)

**BALANCE SHEETS**  
31 March 1997

	Notes	Consolidated		Company	
		1997 £	1996 £	1997 £	1996 £
<b>FIXED ASSETS:</b>					
Tangible assets	14	2,359,652	1,037,408	2,359,652	1,037,408
Investments	15	-	-	100	100
		<u>2,359,652</u>	<u>1,037,408</u>	<u>2,359,752</u>	<u>1,037,508</u>
<b>CURRENT ASSETS:</b>					
Stocks	16	19,824	800	10,385	-
Debtors	17	124,329	32,702	158,725	46,747
Cash at bank and in hand		<u>8,101</u>	<u>8,086</u>	<u>7,601</u>	<u>8,036</u>
		152,254	41,588	176,711	54,783
<b>CREDITORS:</b> Amounts falling due within one year	18	<u>573,203</u>	<u>422,956</u>	<u>546,551</u>	<u>386,597</u>
<b>NET CURRENT LIABILITIES:</b>		<u>(420,949)</u>	<u>(381,368)</u>	<u>(369,840)</u>	<u>(331,814)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES:</b>		1,938,703	656,040	1,989,912	705,694
<b>CREDITORS:</b> Amounts falling due after more than one year	19	<u>114,166</u>	<u>84,000</u>	<u>114,166</u>	<u>84,000</u>
<b>NET ASSETS:</b>		<u>1,824,537</u>	<u>572,040</u>	<u>1,875,746</u>	<u>621,694</u>
<b>FUNDS:</b>					
Unrestricted funds					
- General reserve fund	22	(339,929)	(204,794)	(339,929)	(204,794)
- Non-charitable trading funds	22	(51,209)	(49,654)	-	-
Restricted funds	23	<u>2,215,675</u>	<u>826,488</u>	<u>2,215,675</u>	<u>826,488</u>
	24	<u>1,824,537</u>	<u>572,040</u>	<u>1,875,746</u>	<u>621,694</u>

**ON BEHALF OF THE BOARD:**



S P Richards - DIRECTOR

Approved by the Board on... 3/12/97

The notes form part of these financial statements

**THE SALISBURY ARTS THEATRE LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 March 1997**

**1. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared on a going concern basis. The company is dependent on the continuing financial support of its bankers, who provide an overdraft facility from which the Theatre is able to meet its day to day working capital requirements, and its funders, principally Southern Arts, Wiltshire County Council and Salisbury District Council. The directors consider it reasonable to rely on this support continuing and the going concern basis is therefore believed to be appropriate. The financial statements do not contain any adjustments that might be necessary if this support was withdrawn.

If the going concern basis was not considered to be appropriate, the main adjustments to the financial statements would be the revaluation of the freehold theatre site to £1, as explained in note 14 to the financial statements, and the possible creation of a liability to the Arts Council of England for lottery monies received which would become repayable under the terms of the grant as explained in note 6 to the financial statements.

**Basis of accounting**

The financial statements have been prepared under the historical cost convention and are in accordance with the Statement of Recommended Practice: "Accounting by Charities" and applicable accounting standards. To ensure consistency with the Statement of Recommended Practice, changes have been made to the format of the financial statements and comparative figures have been restated as necessary.

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Theatre and its subsidiary undertaking, Playhouse Services Limited.

**Financial Reporting Standard Number 1**

The company is not required to prepare a cash flow statement on the grounds of its size.

**Fund accounting**

The company's reserves have been allocated to separate funds for future application.

**General unrestricted funds**

These resources arise from the accumulated surpluses and deficits on the provision of general charitable purposes.

**Restricted funds**

These funds are subject to specific conditions imposed by the donors.

**Incoming resources**

Income, with the exception of legacies and capital grants, is recognised on an accruals basis. Deferred income represents the net difference between amounts utilised from previous accounting periods and amounts deferred to future accounting periods.

Charitable trading income represents the amounts (excluding value added tax) received in respect of ticket and programme sales for theatre productions performed during the year and the amounts receivable (excluding value added tax) in respect of educational services and exhibitions.

Grants and sponsorship and donations represent income from various sources as disclosed in the notes to the financial statements.

Legacies are recognised when receivable and when capable of financial measurement and are included in the financial statements at a reasonable estimate of their value to the charity.

**THE SALISBURY ARTS THEATRE LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 March 1997**

**1. ACCOUNTING POLICIES - continued**

Government grants for capital expenditure are recognised when they become receivable under the terms of the grant.

Intangible income represents donated facilities, which are quantifiable and capable of financial measurement and which the Theatre would have otherwise needed to purchase.

Income of trading subsidiary represents the turnover (excluding value added tax) of Playhouse Services Limited, the principal activities of which are the running of a restaurant, bar, shop and costume hire service at Salisbury Playhouse.

**Resources expended**

Resources expended are accounted for on an accruals basis.

Direct charitable expenditure is in respect of charitable trading income. Expenditure which is incurred on theatre productions to be performed after the balance sheet date is deferred to future accounting periods.

Fundraising and publicity expenditure includes costs directly attributable to raising income.

Management and administration expenditure consists of costs not directly attributable to direct charitable, fundraising or publicity expenditure, but which are in respect of the general administration of the theatre and of the overall management of the funds.

**Allocation of resources expended**

Resources expended are allocated to support costs, fundraising and publicity and management and administration on an actual basis where appropriate and a percentage basis, as determined by the directors, when allocation on an actual basis is not possible.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property and improvements	- over remaining period to 31 March 2026
Plant and equipment	- 10% to 25% on cost

**Stocks**

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Pensions**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable for the year are charged in the income and expenditure account.

**Leasing**

Rentals paid under operating leases are charged when payable.



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**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 1997

**2. NET MOVEMENT IN FUNDS**

The net movement in funds is stated after charging/(crediting):

	1997 £	1996 £
Depreciation - owned assets	96,088	50,203
Loss on disposal of fixed assets	(3,110)	-
Auditors' remuneration	11,000	5,500
Hire of equipment	5,946	5,418
Exceptional item - doubtful debt provision written back re amount due from subsidiary	<u>-</u>	<u>(12,984)</u>
Directors' emoluments and other benefits etc	<u>-</u>	<u>-</u>

**3. STAFF COSTS**

	1997 £	1996 £
Wages and salaries	796,494	496,480
National insurance	63,539	36,878
Pension costs	<u>832</u>	<u>818</u>
	<u>860,865</u>	<u>534,176</u>

There were no prepaid or outstanding amounts at the balance sheet date in respect of pension costs.

None of the directors received any emoluments during the year.

No employee earned £40,000 per annum or more.

The average weekly number of employees during the year was as follows:

	1997	1996
Theatre	50	34
Restaurant, bar, shop and costume hire	<u>7</u>	<u>1</u>
	<u>57</u>	<u>35</u>

	1997 £	1996 £
Directors' travelling expenses reimbursed	<u>1,140</u>	<u>606</u>
Number of directors receiving expenses	<u>3</u>	<u>4</u>

**THE SALISBURY ARTS THEATRE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 1997

**4. CHARITABLE TRADING INCOME**

	1997 £	1996 £
Box office income	547,208	495,170
Co-production income	63,089	-
Education income	32,579	40,321
Programmes sales	22,639	8,011
Exhibition income	<u>3,910</u>	<u>1,692</u>
	<u>669,425</u>	<u>545,194</u>

**5. GRANTS RECEIVABLE**

	1997 £	1996 £
<b>General:</b>		
Southern Arts - base grant	292,900	292,900
- supplementary grant	5,860	-
Foundation for Sports and the Arts	-	100,000
Salisbury District Council	113,355	86,200
Wiltshire County Council	85,000	84,800
North Dorset District Council	2,500	-
New Forest District Council	1,500	-
The Test Valley Borough Council	500	1,500
North Wiltshire District Council	150	-
<b>Other:</b>		
Arts Council of England	1,556	-
Paul Hamlyn Foundation	1,000	-
The Calouste Gulbenkian Foundation, Pearson Television and Channel Four Television	<u>7,500</u>	<u>-</u>
	<u>511,821</u>	<u>565,400</u>
Received	527,118	565,000
Deferred income	<u>(15,297)</u>	<u>400</u>
	<u>511,821</u>	<u>565,400</u>

**THE SALISBURY ARTS THEATRE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 1997

**6. NATIONAL LOTTERY**

	1997 £	1996 £
The Arts Council of England	<u>1,386,571</u>	<u>-</u>

The Salisbury Arts Theatre Limited is the recipient of a National Lottery Grant from the Arts Council of England to contribute towards the costs of the Theatre's structural refurbishment programme started in July 1996. This award is payable in stages to a total of £1,476,143 to defray expenditure incurred.

Under the terms of the grant the grant shall become repayable to the Arts Council of England, and any future payments stopped if:

- the recipient ceases to operate, or is declared bankrupt, or is placed into receivership or liquidation;
- the recipient fails to apply the grant for the purposes for which it was obtained, or fails to complete the project;
- the recipient fails to comply with the conditions of the grant.

At the balance sheet date The Salisbury Arts Theatre Limited had received £1,384,675 and was expected to receive a further £1,896 in respect of qualifying expenditure incurred to this date.

**7. LEGACIES**

	1997 £	1996 £
Eda Moore bequest	<u>111,000</u>	<u>30,000</u>

At 31 March 1997, the only significant legacy to which the Theatre is entitled is from Eda Moore. The estimated total receipts from this bequest as at 31 March 1997 are expected to be £141,000 of which £95,000 has been received to the date of the balance sheet. The balance outstanding of £46,000, which is currently shown as a debtor as disclosed in note 17 to the financial statements, represents a reasonable estimate, based on probate values and other information available, of the remaining legacy yet to be distributed but to which the Theatre is entitled.

**THE SALISBURY ARTS THEATRE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 1997

**8. SPONSORSHIP AND DONATIONS**

	1997 £	1996 £
<b>Unrestricted funds:</b>		
<b>Sponsorship:</b>		
Colourcare International Limited	3,000	-
Gibbs Mew plc	1,000	-
John Lewis Partnership	5,000	-
New Hall Hospital	3,128	5,500
Wrynam's of Salisbury	-	1,500
Marks and Spencer plc	150	-
Salisbury Printing	510	-
<b>Corporate Patrons:</b>		
Capel Cure Myers	750	187
Friends Provident	750	188
The Red Lion Hotel	563	-
The Royal Bank of Scotland plc	562	-
Salisbury Journal	750	-
Sarum Cleaning Services	750	-
Smith and Williamson	750	188
Spire FM Limited	750	-
Strutt and Parker	750	-
Trethowans	563	187
Woolley and Wallis	<u>562</u>	<u>-</u>
Sponsorship and corporate patrons	20,288	7,750
<b>Other:</b>		
Friends and patrons	18,298	17,833
Estate of Daniel Pettiward	4,000	-
Individual giving	<u>281</u>	<u>360</u>
	42,867	25,943
<b>Restricted funds:</b>		
Donations in respect of seat appeal	<u>16,492</u>	<u>80,460</u>
	<u>59,359</u>	<u>106,403</u>

**9. INTANGIBLE INCOME**

This is represented by the following donated facilities which are also included within the Theatre's outgoing resources:

	1997 £	1996 £
Rates - discretionary relief	4,216	4,056
Bank charges - loan arrangement fees waived	1,700	1,700
Deemed beneficial loan interest	<u>12,330</u>	<u>11,645</u>
	<u>18,246</u>	<u>17,401</u>

Deemed beneficial loan interest has been estimated at 9% per annum (1996 8.5%) on the loans from Salisbury District Council and Wiltshire County Council.

**THE SALISBURY ARTS THEATRE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 March 1997**

**10. TRADING INCOME AND EXPENDITURE**

The Theatre has one wholly owned trading subsidiary, Playhouse Services Limited, which is incorporated in England and Wales. The principal activities of the subsidiary are the running of a restaurant, bar, shop and costume hire service at Salisbury Playhouse. A summary of its results is shown below. Audited accounts have been filed with the Registrar of Companies.

	1997	1996
	£	£
Turnover	177,119	20,926
Cost of sales	<u>126,004</u>	<u>29,448</u>
Gross profit/(loss)	51,115	(8,522)
Administrative expenses	<u>52,670</u>	<u>9,433</u>
Net loss	<u>(1,555)</u>	<u>(17,955)</u>

Administrative expenses includes rent of £5,000 (1996 £3,750) and an administration charge of £36,898 (1996 £Nil) payable to The Salisbury Arts Theatre Limited.

**11. CHARITABLE TRADING EXPENDITURE**

	1997	1996
	£	£
Production costs	845,858	506,689
Education costs	71,894	100,412
Programmes costs	12,213	3,010
Exhibition costs	<u>5,493</u>	<u>2,850</u>
	<u>935,458</u>	<u>612,961</u>

**THE SALISBURY ARTS THEATRE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 1997

**12. RESOURCES EXPENDED**

	Support costs	Fundraising and publicity	Management and administration	Total 1997	Total 1996
	£	£	£	£	£
<b>Unrestricted funds</b>					
Salaries and national insurance	135,764	30,154	91,825	257,743	194,154
Pension costs	-	-	832	832	818
Marketing costs	-	73,181	-	73,181	71,976
Rates	3,963	42	211	4,216	4,056
Water	4,043	43	215	4,301	3,406
Light and heat	25,015	266	1,331	26,612	24,434
Telephone	4,525	3,394	3,394	11,313	9,959
Postage	4,561	3,421	3,421	11,403	8,845
Stationery	7,928	5,945	5,945	19,818	14,677
Insurance	12,353	131	657	13,141	12,528
Repairs and renewals	17,457	186	929	18,572	17,876
Cleaning	23,414	249	1,245	24,908	18,390
Licences and subscriptions	1,794	-	-	1,794	1,974
Staff training	489	366	366	1,221	2,984
Staff recruitment	2,104	1,579	1,579	5,262	4,869
Miscellaneous administration	6,366	4,775	4,775	15,916	11,467
Auditors' remuneration	-	-	10,000	10,000	5,000
Legal and professional fees	-	-	4,816	4,816	950
Agency commission	393	-	-	393	415
Credit card charges	9,565	-	-	9,565	9,559
Bank charges	-	-	9,459	9,459	8,444
Doubtful debt provision written back re amount due from subsidiary	-	-	-	-	(12,984)
Other fundraising costs					
- Sponsorship and donations	-	479	-	479	90
- Friends and patrons	-	1,251	-	1,251	2,418
Bank interest	-	-	5,134	5,134	5,313
Interest on late Inland Revenue payments	-	-	57	57	491
Deemed beneficial loan interest	-	-	12,330	12,330	11,645
Depreciation	90,324	960	4,804	96,088	50,203
Loss on disposal of fixed assets	2,923	31	156	3,110	-
	<u>352,981</u>	<u>126,453</u>	<u>163,481</u>	<u>642,915</u>	<u>483,957</u>

**13. TAXATION**

The company is a registered charity and is not liable to taxation.

The tax charge of £9,700 in 1996 was the result of an Inland Revenue enquiry and related to taxable profits in respect of non-charitable trading activities prior to the formation of the Theatre's subsidiary company, Playhouse Services Limited, which now operates all of the company's commercial activities.

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**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 1997

**14. TANGIBLE FIXED ASSETS**  
Consolidated and company

	Freehold property and improvements	Plant and equipment	Totals
	£	£	£
<b>COST:</b>			
At 1 April 1996	1,283,685	193,668	1,477,353
Additions	1,223,426	198,016	1,421,442
Disposals	-	(19,250)	(19,250)
At 31 March 1997	<u>2,507,111</u>	<u>372,434</u>	<u>2,879,545</u>
<b>DEPRECIATION:</b>			
At 1 April 1996	329,412	110,533	439,945
Charge for year	72,590	23,498	96,088
Eliminated on disposals	-	(16,140)	(16,140)
At 31 March 1997	<u>402,002</u>	<u>117,891</u>	<u>519,893</u>
<b>NET BOOK VALUE:</b>			
At 31 March 1997	<u>2,105,109</u>	<u>254,543</u>	<u>2,359,652</u>
At 31 March 1996	<u>954,273</u>	<u>83,135</u>	<u>1,037,408</u>

Under a Deed of Exchange dated 27 March 1974, the freehold theatre site may be purchased by Salisbury District Council for the sum of £1 if the company shall cease using the site for the purposes set out in the planning application within a period of eighty years.

**15. FIXED ASSET INVESTMENTS**  
Company

Investments of £100 at 31 March 1997 and 31 March 1996 represent the cost of 100 ordinary shares of £1 each in Playhouse Services Limited, an unlisted, wholly owned subsidiary company incorporated in England and Wales, whose principal activities are the running of a restaurant, bar, shop, and costume hire service at Salisbury Playhouse.

At 31 March 1997 the aggregate of the share capital and reserves of Playhouse Services Limited amounted to £(51,109) and the loss for the year to that date was £(1,555).

The financial statements of Playhouse Services Limited have been prepared on the going concern basis. As referred to in the Report of the Auditors and note 1 of that company's financial statements, there is some uncertainty over the appropriateness of the going concern basis as this company is dependent upon The Salisbury Arts Theatre Limited continuing as a going concern and providing financial support. The Report of the Auditors of Playhouse Services Limited is not qualified in this respect.

**THE SALISBURY ARTS THEATRE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 March 1997**

**16. STOCKS**

	Consolidated		Company	
	1997	1996	1997	1996
	£	£	£	£
Raw materials	10,385	-	10,385	-
Goods for resale	<u>9,439</u>	<u>800</u>	<u>-</u>	<u>-</u>
	<u>19,824</u>	<u>800</u>	<u>10,385</u>	<u>-</u>

**17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Consolidated		Company	
	1997	1996	1997	1996
	£	£	£	£
Trade debtors	11,372	9,512	11,357	9,112
Due from Playhouse Services Limited	-	-	34,411	15,046
Other debtors				
National Lottery	1,896	-	1,896	-
Legacy receivable	46,000	-	46,000	-
Grants receivable	2,900	2,900	2,900	2,900
Other	13,389	8,191	13,389	8,191
Prepayments	48,772	11,498	48,772	11,498
Value added tax	-	202	-	-
Corporation tax recoverable	<u>-</u>	<u>399</u>	<u>-</u>	<u>-</u>
	<u>124,329</u>	<u>32,702</u>	<u>158,725</u>	<u>46,747</u>

**18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Consolidated		Company	
	1997	1996	1997	1996
	£	£	£	£
Bank loans and overdrafts (see note 20)	181,062	62,002	181,031	37,002
Loan - Salisbury District Council (see note 20)	8,833	53,000	8,833	53,000
Loan - Wiltshire County Council (see note 20)	14,000	-	14,000	-
Trade creditors	87,014	64,609	71,097	54,127
Other creditors	52,112	30,284	48,710	29,907
Value added tax	7,055	11,289	753	11,289
Payroll taxes	26,347	15,859	26,347	15,859
Deferred income	177,262	148,451	177,262	148,451
Corporation tax	-	9,700	-	9,700
Accrued expenses	<u>19,518</u>	<u>27,762</u>	<u>18,518</u>	<u>27,262</u>
	<u>573,203</u>	<u>422,956</u>	<u>546,551</u>	<u>386,597</u>
Deferred income noted above includes:				
Grants received in advance	<u>129,997</u>	<u>117,200</u>	<u>129,997</u>	<u>117,200</u>



**THE SALISBURY ARTS THEATRE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 March 1997**

**19. CREDITORS: AMOUNTS FALLING  
DUE AFTER MORE THAN ONE YEAR**

	Consolidated		Company	
	1997	1996	1997	1996
	£	£	£	£
Loan - Salisbury District Council (see note 20)	44,166	-	44,166	-
Loan - Wiltshire County Council (see note 20)	<u>70,000</u>	<u>84,000</u>	<u>70,000</u>	<u>84,000</u>
	<u>114,166</u>	<u>84,000</u>	<u>114,166</u>	<u>84,000</u>

**20. LOANS AND OVERDRAFTS**

An analysis of the maturity of loans and overdrafts is given below:

	Consolidated		Company	
	1997	1996	1997	1996
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	181,062	62,002	181,031	37,002
Loan - Salisbury District Council	8,833	53,000	8,833	53,000
Loan - Wiltshire County Council	<u>14,000</u>	<u>-</u>	<u>14,000</u>	<u>-</u>
	<u>203,895</u>	<u>115,002</u>	<u>203,864</u>	<u>90,002</u>

Amounts falling due between one and two years:

Loan - Salisbury District Council	8,833	-	8,833	-
Loan - Wiltshire County Council	<u>14,000</u>	<u>56,000</u>	<u>14,000</u>	<u>56,000</u>
	<u>22,833</u>	<u>56,000</u>	<u>22,833</u>	<u>56,000</u>

Amounts falling due between two and five years:

Loan - Salisbury District Council	26,500	-	26,500	-
Loan - Wiltshire County Council	<u>42,000</u>	<u>28,000</u>	<u>42,000</u>	<u>28,000</u>
	<u>68,500</u>	<u>28,000</u>	<u>68,500</u>	<u>28,000</u>

Amounts falling due in more than five years:

Repayable by instalments				
Loan - Salisbury District Council	8,833	-	8,833	-
Loan - Wiltshire County Council	<u>14,000</u>	<u>-</u>	<u>14,000</u>	<u>-</u>
	<u>22,833</u>	<u>-</u>	<u>22,833</u>	<u>-</u>

During the year Salisbury District Council and Wiltshire County Council re-scheduled the repayment terms for their respective loans which are now both repayable by quarterly instalments over six years.

**THE SALISBURY ARTS THEATRE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 1997

**21. SECURED DEBTS**

The following secured debts are included within creditors:

	Consolidated		Company	
	1997	1996	1997	1996
	£	£	£	£
Bank overdrafts	<u>181,062</u>	<u>62,002</u>	<u>181,031</u>	<u>37,002</u>

The bank overdrafts are secured by a legal mortgage over 100A Fisherton Street, Salisbury dated 14 June 1989 and a legal mortgage debenture, which is unscheduled, over the company's assets dated 13 September 1991.

**22. UNRESTRICTED FUNDS**

**General reserve fund**

This represents funds which have not been given for a specific purpose.

**Non-charitable trading funds**

This represents the net liabilities in Playhouse Services Limited.

**23. RESTRICTED FUNDS**

	Balance at	Movements in funds		Balance at
	1 April 1996	Incoming Resources	Transfers	31 March 1997
	£	£	£	£
Theatre development fund	516,165	16,492	(17,755)	514,902
Eda Moore legacy	20,000	111,000	(48,458)	82,542
Salisbury District Council capital grant	290,323	-	(9,677)	280,646
National Lottery capital grant	-	<u>1,386,571</u>	<u>(48,986)</u>	<u>1,337,585</u>
	<u>826,488</u>	<u>1,514,063</u>	<u>(124,876)</u>	<u>2,215,675</u>

The theatre development fund originally arose from capital donations and grants received in order to fund the building of the theatre and extension. Subsequently, specific fundraising appeals have been launched to help finance the Theatre's various refurbishment programmes, the general donations of which have also been included here. This fund is being released to the general reserve fund (unrestricted funds) over a period equivalent to the estimated useful life of the freehold property and improvements.

The Salisbury District Council and National Lottery funds arose from capital grants received in order to assist in the funding of the 1996 and 1997 theatre refurbishment programmes. These funds are being released to unrestricted funds over a period equivalent to the estimated useful lives of the qualifying assets to which they relate. The balances shown at 31 March 1997 consist of the total grants receivable to date less the amounts so far released to unrestricted funds.

The Eda Moore fund arose from the legacy of the Late Eda Moore who bequeathed funds to the Theatre for the repair and restoration of the theatre building. Under the terms of her will, should The Salisbury Arts Theatre Limited cease to continue as a going concern then any unapplied funds should be held upon trust for, and transferred to, a further named beneficiary. Of the £65,000 received during the year £43,945 has been applied to direct repair costs incurred during the year and £21,055 has been allocated to the cost of purchasing various qualifying fixed assets.

**THE SALISBURY ARTS THEATRE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 1997

**23. RESTRICTED FUNDS - continued**

The transfer to unrestricted funds for the year of £48,458 relates to direct repair costs and an amount equivalent to depreciation charged on those fixed assets financed by the Eda Moore fund. The balance shown at 31 March 1997 consists of the total legacy receivable to date less the amounts so far released to unrestricted funds.

**24. ANALYSIS OF THE GROUP'S NET ASSETS BETWEEN FUNDS**

	Fixed assets £	Net current liabilities £	Long term liabilities £	Total £
<b>Restricted funds:</b>				
Theatre development fund	514,902	-	-	514,902
Eda Moore legacy	36,542	46,000	-	82,542
Salisbury District Council capital grant	280,646	-	-	280,646
National Lottery capital grant	<u>1,337,585</u>	<u>-</u>	<u>-</u>	<u>1,337,585</u>
	2,169,675	46,000	-	2,215,675
<b>Unrestricted funds:</b>				
General reserve fund	189,977	(415,740)	(114,166)	(339,929)
Non-charitable trading funds	<u>-</u>	<u>(51,209)</u>	<u>-</u>	<u>(51,209)</u>
	<u>2,359,652</u>	<u>(420,949)</u>	<u>(114,166)</u>	<u>1,824,537</u>

**25. STATUS**

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

During the year The Salisbury Arts Theatre Limited amended its Memorandum and Articles of Association enabling it to extend the company's membership. Members of the Friends and Patrons Scheme now have the right to become members.

**26. CAPITAL COMMITMENTS**

	1997 £	1996 £
Contracted for but not provided for in the financial statements	<u>69,000</u>	<u>-</u>

**THE SALISBURY ARTS THEATRE LIMITED**  
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**INCOME AND EXPENDITURE ACCOUNT**  
for the year ended 31 March 1997

	1997		1996	
	£	£	£	£
<b>Charitable trading income:</b>				
Box office income	547,208		495,170	
Co-production income	63,089		-	
Education income	32,579		40,321	
Programmes sales	22,639		8,011	
Exhibition income	<u>3,910</u>		<u>1,692</u>	
		669,425		545,194
<b>Charitable trading expenditure:</b>				
Productions costs	845,858		506,689	
Education costs	71,894		100,412	
Programme costs	12,213		3,010	
Exhibition costs	<u>5,493</u>		<u>2,850</u>	
		<u>935,458</u>		<u>612,961</u>
		(266,033)		(67,767)
<b>Grants receivable:</b>				
Southern Arts	298,760		292,900	
Foundation for Sports and the Arts	-		100,000	
Local authorities	203,005		172,500	
Other	<u>10,056</u>		<u>-</u>	
		511,821		565,400
<b>Other income:</b>				
Sponsorship and donations	24,569		7,750	
Friends and patrons	18,298		18,193	
Other income	34,105		22,204	
Rent receivable	5,000		3,750	
Administration charge	36,898		-	
Deposit account interest	<u>-</u>		<u>98</u>	
		<u>118,870</u>		<u>51,995</u>
		364,658		549,628
<b>Intangible income:</b>				
Rates - discretionary relief	4,216		4,056	
Bank charges - loan arrangement fee waived	1,700		1,700	
Deemed beneficial loan interest	<u>12,330</u>		<u>11,645</u>	
		<u>18,246</u>		<u>17,401</u>
Carried forward		382,904		567,029

**THE SALISBURY ARTS THEATRE LIMITED**  
(A COMPANY LIMITED BY GUARANTEE)

**INCOME AND EXPENDITURE ACCOUNT**  
for the year ended 31 March 1997

	1997		1996	
	£	£	£	£
Brought forward		382,904		567,029
<b>Expenditure:</b>				
Salaries - administration	140,329		107,581	
- front of house	72,958		53,958	
- marketing	27,363		22,840	
Pension costs	832		818	
National insurance	17,093		9,775	
Marketing costs	73,181		71,976	
Rates	4,216		4,056	
Water	4,301		3,406	
Light and heat	26,612		24,434	
Telephone	11,313		9,959	
Postage	11,403		8,845	
Stationery	19,818		14,677	
Insurance	13,141		12,528	
Repairs and renewals	18,572		17,876	
Cleaning	24,908		18,390	
Licences and subscriptions	1,794		1,974	
Staff training	1,221		2,984	
Staff recruitment	5,262		4,869	
Miscellaneous administration	15,916		11,467	
Auditors' remuneration	10,000		5,000	
Legal and professional fees	4,816		950	
Agency commission	393		415	
Credit card charges	9,565		9,559	
Bank charges	9,459		8,444	
Doubtful debt provision written back re amount due from subsidiary	-		(12,984)	
Other fundraising costs				
- Sponsorship and donations	479		90	
- Friends and patrons	1,251		2,418	
		526,196		416,305
		(143,292)		150,724
<b>Finance costs:</b>				
Bank interest	5,134		5,313	
Interest on late Inland Revenue payments	57		491	
Deemed beneficial loan interest	12,330		11,645	
		17,521		17,449
		(160,813)		133,275
<b>Depreciation:</b>				
Freehold property and improvements	72,590		31,808	
Plant and equipment	23,498		18,395	
		96,088		50,203
Carried forward		(256,901)		83,072

This page does not form part of the statutory financial statements

**THE SALISBURY ARTS THEATRE LIMITED**  
(A COMPANY LIMITED BY GUARANTEE)

**INCOME AND EXPENDITURE ACCOUNT**  
for the year ended 31 March 1997

	<u>1997</u>		<u>1996</u>	
	£	£	£	£
Brought forward		(256,901)		83,072
<b>Loss on disposal of fixed assets:</b>				
Plant and equipment		<u>(3,110)</u>		<u>-</u>
		(260,011)		83,072
<b>Transfers from restricted funds:</b>				
Theatre Development fund	17,755		17,205	
Eda Moore fund	48,458		10,000	
Capital grants written down:				
- Salisbury District Council	9,677		9,677	
- National Lottery	<u>48,986</u>		<u>-</u>	
		<u>124,876</u>		<u>36,882</u>
		(135,135)		119,954
<b>Exceptional items:</b>				
Corporation tax		<u>-</u>		<u>(9,700)</u>
<b>NET (DEFICIT)/SURPLUS</b>		<u>(135,135)</u>		<u>110,254</u>