

Company Registration Number: 04566484

Registration Charity Number: 1105174

**CREATIVE FOLKESTONE
(FORMERLY THE CREATIVE FOUNDATION)
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

Year ended 31 March 2019

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CREATIVE FOLKESTONE

Strategic Report

For the year ended 31 March 2019

The Trustees, (who are also directors of the Charity for the purposes of the Companies Act) present their annual report together with the audited consolidated financial statements of Creative Folkestone for the year ended 31 March 2019.

The charity's name was changed on 2 May 2019 from the Creative Foundation to Creative Folkestone.

The Trustees confirm that the Annual Report and financial statements of the Charity comply with the current statutory requirements, the requirements of the Charity's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". As Creative Folkestone is a company limited by guarantee, the report and statements also comply with the Companies Act 2006.

Pages 1 to 3 comprise the Strategic Report as required by company law, as well as providing the information required by SORP for the Trustees' Annual Report.

Reference and administrative details

Registered company number	04566484 (England and Wales)
Registered charity number	1105174 (England and Wales)
Registered office	Quarterhouse Mill Bay, Folkestone Kent CT20 1BN
Trustees	Sir Roger M De Haan (Chair) Cathy Beare (appointed in March 2019) Lady Alison De Haan Dr Stephen Deuchar CBE Rachel Higham Paul D Hudson Andrew T Ironside Timothy D Llewellyn OBE Trevor J Minter OBE DL The Earl of Radnor Alastair D Upton Grahame W G Ward
Chief Executive	Alastair D Upton
Company Secretary	Angela C Ludlow
Auditor	RSM UK Audit LLP 25 Farringdon Street London EC4A 4AB
Solicitors	Withers LLP 16 Old Bailey, London EC4M 7EG
Bankers	NatWest Bank Folkestone Branch, Europa House 49 Sandgate Road Folkestone Kent CT20 1RU
Website	www.creativefolkestone.org.uk

CREATIVE FOLKESTONE

Strategic Report

For the year ended 31 March 2019

Objectives and activities

Established in 2002, Creative Folkestone is an arts charity dedicated to producing and enabling the very best creative activity that will transform Folkestone and the surrounding area of Kent. Working with the people of Folkestone, our partners and other stakeholders, we will make the town a better place to live, work, play, study and visit.

The Charity's objectives as set out in the governing document are "The fostering of knowledge and appreciation of art, music and literature; the relief of poverty by assisting individuals who are in need, in particular by assisting artists to become self-supporting through their art; the provision of facilities in the interests of social welfare for the inhabitants of Folkestone and the surrounding district; the promotion of regeneration in areas of social and economic deprivation."

Creative Folkestone believes that everyone is creative, and that creativity has the power to change people and places for the better. With this passion for creativity at its heart, the Charity will enable people's creativity to flourish, enriching the town and those who live in or visit it and transforming Folkestone's reputation.

At the core of our organisation is a love of creativity. All our Board and staff are committed to enabling the very best work to be created. We will always appoint skilled and ambitious curators and programmers who are empathetic to art, artists, place and community. Creativity drove the goals we set in early 2012 and which continue to guide the organisation:

- Goal 1: Creatively engage the people of Folkestone
- Goal 2: Creatively transform the look of Folkestone
- Goal 3: Creatively change the economy of Folkestone
- Goal 4: Change the reputation of Folkestone so it is recognised as a creative town
- Goal 5: Create a sustainable Creative Folkestone

A principal focus for the Charity in achieving these goals is the development of the Creative Quarter in the historic old town area of Folkestone, through a process of property acquisition, refurbishment and letting. The Charity benefits from a collaboration with the Roger De Haan Charitable Trust (RDHCT), which shares many of the Charity's goals. Typically, RDHCT funds the acquisition and refurbishment costs of properties and then leases them to the Charity on a long term basis at a peppercorn rent. Having overseen the requisite refurbishment works, the Charity proceeds to let the refurbished property at affordable rates to artists, education providers and a wide range of creative organisations.

Creative Folkestone has a remarkable record of success having already transformed the most run down part of Folkestone. Around 90 buildings have been restored in the Creative Quarter and the area is populated by artists and creative industries and is home to education, study and research. Quarterhouse, our performance venue, delivers a full programme of music, theatre, dance and comedy. The area has been animated by the annual Folkestone Book Festival and four internationally acclaimed visual art Folkestone Triennials. Folkestone Artworks, an exhibition of works commissioned by the Charity on display in public spaces around the town, continues to grow and develop Folkestone's reputation as a unique destination for those who enjoy contemporary art.

The Charity continues to work with a wide range of public and private sector organisations on a number of strategically important initiatives which are having a profound regenerative impact on the community. The creative transformation of Folkestone is being achieved through the five core projects developed and managed by Creative Folkestone: Creative Quarter, Quarterhouse, Folkestone Book Festival, Folkestone Triennial and Folkestone Artworks, all underpinned by the Learning and Engagement programme and the digital programme, Creative Folkestone Digital.

CREATIVE FOLKESTONE

Strategic Report

For the year ended 31 March 2019

Public benefit

The Charity's Trustees have complied with their duties under the Charities Act 2011 to have due regard to public benefit guidance (PB1, PB2 and PB3) published by the Charity Commission. They are aware of the public benefit requirement, its implications for charities and their duty to report how they have carried out the Charity's purposes for the public benefit, and take the public benefit guidance into account when making decisions.

The Charity's particular public benefit activities are included under Achievements and Performance. Our activities, and particularly our Learning and Engagement work and co-produced festivals, are deeply embedding Creative Folkestone in the local community. Folkestone Triennial and many other activities are free of charge to the public.

The Charity continues to contribute to the overall social and economic regeneration of deprived areas in Folkestone through the advancement of the arts, culture, heritage and education and the establishment of a community of over 500 creative individuals and businesses.

Structure, governance and management

The Charity is a company limited by guarantee with no share capital, and a registered charity. The Charity's memorandum and articles of association are the primary governing documents of the Charity.

Creative Folkestone has a supportive Board of highly skilled and committed Trustees. The Trustees during the year were those set out on page 1. Trustees are also members of the Charity. The Trustees have complied with the duties described under the Charities Act 2011, and with proper regard to the guidance published by the Charity Commission.

The Creative Folkestone Board provides the statutory governance and also governance over artistic vision and quality. The Board is supported by four Sub Committees who oversee Management, Visual Arts, Performing Arts and Creative Quarter Regeneration, and report back their recommendations to the main Board.

New Trustees are appointed by the Board. An induction process is carried out whereby the proposed Trustee is given a copy of the constitution, audited accounts and copies of trustee meeting minutes, together with the Charity Commission's published guidelines for charity trustees. The new Trustee is also given a detailed tour of the Creative Quarter and an introduction to all the projects being undertaken by the Charity.

Although there is no formal training policy in place, the Trustees are encouraged to participate in training programmes either through their principal employer or through participation in ad hoc training courses.

Key management personnel and pay policy

The Charity considers its key management personnel to be its Board of Trustees and the Chief Executive. The remuneration is set annually in accordance with the pay policy, with any changes taking effect from April each year. The Chief Executive is the only paid member of key management personnel. The pay policy for the Chief Executive is the same as for other staff.

This Strategic Report was approved by the Board of Trustees on 24/09/2019 and signed on their behalf by:



Sir Roger M De Haan – Chair of Trustees

CREATIVE FOLKESTONE

Report of Trustees For the year ended 31 March 2019

Achievements and performance

Creative Folkestone overview

We started the year in April 2018 as a new Arts Council National Portfolio Organisation (NPO) with a robust business plan in place aimed to take us up to March 2022. Our activities for the year to 31 March 2019 were based on this plan and were themed around greater engagement. This encompassed engaging audiences with our art the charity engaging with its audiences and working with its communities.

One of the major developments at the beginning of the year was the return of the Glassworks property after our tenant vacated the building. This resulted in a relocation of the planned digital hub from The Cube to Glassworks and also led to a new definition of the area around the Brewery Tap Garden and the adjoining buildings as Creative Folkestone Campus. The new name was aimed at giving this space a cohesive identity and bringing together a number of projects such as an enhanced visitor experience and the digital hub.

On 27 March 2019 the Charity officially introduced its new brand identity together with its new name, Creative Folkestone. After laying the foundations for 17 years, the organisation wants to embed itself even deeper within the town and capitalise on the improved "brand" of Folkestone, which is now heralded as an example of good practice for production-led creative placemaking. The launch included a new website that replaced the existing six websites bringing together our entire creative output under one new web platform. The new brand was also rolled out across all signage in Quarterhouse, at Glassworks and Folkestone Artworks.

The launch was an opportunity to introduce our first membership scheme which provides exclusive offers, special events and discounts to a core audience who will be advocates for Creative Folkestone, both locally and across the region. Attractive promotional material and a comprehensive communications plan will aim to build a membership that we hope will become a sustainable source of income to support our fundraising efforts.

Over the last 12 months, significant work has been undertaken to improve the ground and first floor of Quarterhouse to create a more welcoming space for visitors and to improve their initial experience. At the end of last year, architectural plans were drawn up by Ben Allen Studio to reconfigure the foyer and part of The Clearing on the first floor with the aim of maximising its use as a new Visitor Centre for the permanent collection, Folkestone Artworks.

Coinciding with the brand refresh, the foyer on the ground floor had its new look unveiled with new furniture and displays conveying information about the organisation. The Visitor Centre in The Clearing is now open and visitors have the opportunity to get an overview of all the artworks through various communication channels. This includes videos and a new comprehensive brochure with recommended walks through the town and detailed information about each artwork. Visitors are also encouraged to take one of the free guided tours which are regularly on offer.

A new Visitor Experience team has been established and the staff have undergone training to create a welcoming and comfortable atmosphere for visitors and to carry out front of house duties and café/bar services. They have also been trained to give visitors insight into the artworks and encourage membership and donations.

Creative Folkestone was honoured to be a partner of 14-18 NOW, the UK's arts programme commemorating the centenary of the First World War. 14-18 NOW commissioned Danny Boyle to produce Pages of the Sea to commemorate the millions of lives lost during the First World War. The events that took place on 11 November 2018 on Sunny Sands Beach centred around a large-scale portrait of the poet Wilfred Owen who took part in the First World War. The portrait was designed by sand artists Sand In Your Eye. In total, it is estimated that more than 8,000 people congregated at the beach, amongst them local families as well as visitors who had travelled from London. This was a hugely successful event which raised the public profile of Folkestone and that of Creative Folkestone both nationally and internationally. It was featured on television around the world.

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Report of Trustees

For the year ended 31 March 2019

For the Performing Arts team, one of the year's highlights was the grand finale of the Crossing Lines project which took place on Saturday 9 June 2018 in Radnor Park, Folkestone, and which was part of the Power of Diversity project funded by Creative Europe. Led by German company Pan Optikum, experienced producers of street theatre and interdisciplinary theatre, the project brought together 10 partner organisations from 8 countries to engage young people aged 16 to 24 to develop performance skills, along with the technical and organisational skills needed to create a large scale outdoor production. An estimated 4,000 visitors attended this free event.

In June 2018, we were informed that the funding application to the EU Interreg North Sea Region programme had been successful. The project, called CUPIDO, submitted in partnership with 16 partners from 7 European countries, offers us the opportunity to share experiences, knowledge and expertise in order to connect digital with the cultural sector. The three-year grant will contribute to the costs of Folkestone Triennial and the conversion of Glassworks into a digital hub.

We were awarded a two-year grant from The South East Creative Cultural and Digital Support (SECCADS) programme to become one of the local cultural hubs in Kent. For the next two years Glassworks will be used as a location for meetings and events to provide business support and networking opportunities for Creative, Cultural and Digital Businesses.

The Board of Trustees would like to express their ongoing appreciation for the continued generosity of its benefactors, in terms of both committed funding and in-kind assistance with the work of the Charity, including Kent County Council (KCC), Arts Council England (ACE) and Folkestone and Hythe District Council (FHDC).

The Board of Trustees would like to convey special thanks to the Trustees of the Roger De Haan Charitable Trust (RDHCT) for their continued support for the work of Creative Folkestone.

The Board of Trustees would also like to convey their appreciation for the dedication and hard work of both the Charity's staff and other committee members who are not Trustees. They have all made an invaluable contribution to another successful year.

Creative Quarter

Creative Quarter has developed into a vibrant urban village of designers, filmmakers, musicians, web developers and artists, making it a hive of activity. Over 90 buildings have been restored so far, and the Creative Quarter Team now look after around 80 flats, 115 studios and offices and over 50 shops. Over the last year it has seen a lot of movement with a number of tenants moving in or out. More than 10 new shops opened and we are proud to report that of all the retail premises three are already in their 11th year of trading. Overall, flats and shops have remained at nearly 100% occupancy and we had far more applicants than properties on offer.

Our property portfolio is now more efficiently managed through the implementation of an Enhanced Space Management System (ESMS). The use of the database will result in better quality spaces attracting a high calibre of diverse artists and creative people to Folkestone. It also provides a system for benchmarking our tenants by assessing their contribution to our events and their own productivity.

We have been receiving high ratings on TripAdvisor, generally between 4 and 5, and many positive comments including recommendations to visit and spend time in the shops, cafés and restaurants.

The establishment of a digital hub has been our response to the growing demand in Folkestone from internet-based businesses for space. The original plan was to establish a createch hub in The Cube, but the decision of the Turner School to vacate Glassworks required us to reassess this initial proposition. The focus is to create new business opportunities through connecting digital with the cultural sector in order to stimulate the local economy and to retain young talent in our area.

Glassworks is now an integral part of Creative Folkestone Campus and the work to convert the building into smaller offices and communal spaces offering hot-desking has advanced well. So far we have

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Report of Trustees For the year ended 31 March 2019

attracted a lot of interest from local businesses with over 100 viewings. It currently houses 19 tenants occupying approximately a third of the rental space. The plan is to achieve 95% occupancy by the end of financial year 2019/20.

The Open Quarter festival last year was extended from 3 to 10 days and took place from 15-24 June. It included the Connecting Creatives networking event, TEDx Folkestone and a substantial number of performances, on-street entertainment, theatre, live music, workshops, exhibitions and open studios by the Creative Quarter tenants. Feedback was excellent and artists in particular appreciated the opportunity offered by the extended duration to both, showing the work in their studios and also have time to attend the many events.

The Creative Quarter team saw the addition of a new member following a review of the Charity's staff structure. It was considered that the start of the Phase III property renovations/new builds was putting an additional workload onto the team and an additional specialist in building management, supporting the building survey work, lease review and the charter was recruited.

Folkestone Artworks

Following each Folkestone Triennial, new artworks are acquired for the Folkestone Artworks exhibition, which has grown to become the UK's largest urban outdoor exhibition of contemporary art.

A great deal of effort during the last year has gone into making sure that the artworks are in the best possible condition for the brand refresh that took place on 27 March 2019. The Charity also marked this occasion by producing a new exhibition guide, introducing new artworks' signage across the exhibition, commissioning a promotional film for use on the new website and social media. The new promotional material is available in the new Visitor Centre in the Clearing and visitors have the opportunity to receive information about each artwork and other ongoing events.

A successful marketing campaign was carried out around the time of the launch aimed at raising Folkestone's image as an 'open space gallery' for this permanent collection. We achieved considerable national and regional press coverage, establishing Folkestone Artworks as a visitor attraction and destination in its own right.

The exhibition is now open and, with its 74 items from 46 artists, is too large in scale for visitors to take in on one visit. Hence, the artworks can be explored in four walks, each of which is based on different historical and geographical interpretations of the town.

Quarterhouse

The Performance Arts team had a very successful year with their Quarterhouse programme that increased the number of events and expanded the artistic variety including comedy, film, festival, theatre and dance performance. In total 367 performances took place with 21,656 tickets sold.

In order to ensure that everybody has the opportunity to participate in our creative programme, we continued with our affordable ticket and pricing policy in particular for young people. A number of events at Quarterhouse have been promoted as Pay-What-You-Decide performances that allow not only young people but all individuals on low income to attend. The average ticket spend for PWYD in 2018/19 was just over £6.

A consolidated programme of contemporary theatre, dance, circus, music, and family shows centered around a broadly populist programme of comedy, music, film and live screenings of NT Live and ROH Live.

The comedy programme was reinvigorated by making new contacts and refreshing old relationships which resulted in comedy having a strong showing in the programme with a series of sold out shows in Autumn 2018/Spring 2019.

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Report of Trustees For the year ended 31 March 2019

A niche for the film programme was established, showing a diverse range of popular independent films that would not ordinarily be seen in Folkestone. This new focus has paid off and audiences for film have grown exponentially over the past year. The team is currently developing the film programme to include special screenings with post-show talks and a new documentary film club.

NT Live continues to perform well while the Sunday afternoon ROH Encore performances attract a steady crowd. We branched out in Spring 2019 and screened the West End hit *Everybody's Talking about Jamie*. The screening sold out to an audience composed mainly of teenagers and their parents.

Creative Folkestone continues to offer a mixed music programme with quality contemporary bands curated by the Brighton based, music promotions company Melting Vinyl. This is offset by the rock, world and jazz acts common to the arts centre circuit. Flamenco guitar and dance continue to have a particular appeal. Relationships are being cultivated with up and coming local bands both through the annual *This Is Psych Festival*, now in its third year, and by active membership of *Folkestone is a Music Town*.

Theatre for families continues to be a popular part of the programme and in 2018/19 several performances were presented for babies and toddlers as well as a show for young people with profound and multiple learning disabilities. Mrs H and the Singalong Band, our riotous monthly session for parents and toddlers, regularly attracts over 100 attendees.

This year, the Christmas Show was produced in-house for the first time and LAs Theatre was commissioned to adapt Dickens's *A Christmas Carol* for the stage. The show was a great success and, although the performance reverted to a touring show for 2019, we are seeking partners for co-producing in the future.

Audiences for theatre and dance continue to be a challenge but there always has been a good audience for circus which we continue to build upon. We offered PWYD for selected theatre events and this has helped widen the audience and encouraged people to take risks on new work.

Our three in-house festivals, Normal? Festival of the Brain, SALT Festival of the Sea and Environment and International Women's Day (formerly WOW Festival) continue to go from strength to strength, both in terms of the progressiveness of the co-curated programmes and the community that gathers around them. All three festivals have attracted some prestigious local and national partnerships.

Quarterhouse took part in two Arts Council Strategic Touring partnerships in 2018/19. The first, led by MAYK in Bristol, looked at ways of supporting small-scale venues to present international participatory work. In Summer 2018, we hosted *We Are Lightning!* by JOF from Australia who worked with three local choirs, a brass band, and a teen band. The second, led by the Marlborough Theatre, Brighton, is a two year project to develop audiences for new LGBTQ+ work. The Charity was also selected to take part in an international programme supported by Future Arts Centre and travelled to Belgium and Ireland with the team from the Cambridge arts centre, Cambridge Junction.

Folkestone Book Festival

The Folkestone Book Festival started in 1982 and is the oldest of Creative Folkestone's five projects and hence one of the annual highlights in the performing arts programme. Last year was the 38th edition and the seventh and last one under the curation of Geraldine d'Amico.

The festival enlivens and enriches Folkestone, making books and ideas take over the town for 10 days in November. It makes a major contribution to the organisation's goals and objectives to creatively engage the people of Folkestone and to change the reputation of Folkestone as a creative town.

Last year it took place from 16-24 November. As always, the opening coincided with the start of the Christmas activities, the Christmas Lights Switch-on in the Old High Street and the lights were switched on by the author Kit de Waal.

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The 2018 Folkestone Book Festival was the most international ever with an Indian Day, an American Day and a Turkish night. There was an eclectic range of talks, from healthy eating to remaining sane in an increasingly difficult world, fighting plastic to fighting tax evasion, graphology, astronomy, politics, philosophy, art, and of course comedy.

Participating authors included Viv Albertine, Anthony Browne, Kit De Waal, Hannah Fry, Matt Haig, Robin Ince, Bettany Hughes, Adam Rutherford, Philippe Sands, Alison Weir, Posy Simmonds, Caroline Lawrence, Jenni Murray, Barbara Nadel and Marina Warner.

Overall, the festival featured a wide range of events resulting in the highest attendance in the sixteen years since Creative Folkestone has been running it. In total, 6,236 tickets were sold for the 53 events.

Pioneering Places

Pioneering Places is part of the national Great Place Scheme, an ambitious project that will make East Kent an even better place to live, work and visit by exploring heritage, developing civic pride and connecting artists and communities. The four projects in Canterbury (The Marlowe/Canterbury City Council), Dover (The Land Trust), Folkestone (Creative Folkestone) and Ramsgate (Turner Contemporary) have been designed to encourage local people to get involved and shape the place where they live. Pioneering places is financially supported by Arts Council England, the National Lottery Heritage Fund, Artsworld, the South East Bridge, Kent County Council and Christ Church Canterbury University, with Historic England providing advice.

By strengthening the networks between culture, civic and community organisations, and by involving citizens and local businesses, the Pioneering Places projects will enhance the role that culture plays in the future of each place. In time this will lead to the wide range of social and economic benefits that arts, culture and heritage can achieve.

Over the last year project delivery has been progressing well at all sites with most of the activity focusing on setting up and establishing the framework of the project.

The focus of the Folkestone project is on the Gasworks site on Ship Street. In 2018 two neighbourhood history researchers started to capture memories and material related to the site. The aim was to create a new sense of place for the local community and an identity for the former Gasworks site. Activities included a community Memory Café and an exhibition at Sunflower House in November 2018. Exploring new visions for the Gasworks site started in October 2018 with the engagement of Little Architect, the education programme led by the Architectural Association School of Architecture, to facilitate a programme with four local schools and our Learning Officer. The programme aimed to develop new methods for approaching the future use of the Gasworks site, with the school children engaged in wayfinding activities to improve their understanding of the surrounding area and how it connects with the site. The work created has been compiled into a printed book and will feature in a summer 2019 exhibition in Folkestone.

East, a London architectural firm specialising in public realm and urban design projects has been commissioned to draw up a masterplan for the Gasworks site showing ideas of how the Gasworks site could be utilised. They have taken the history of the site, stories provided by local people and the outcome of the school project conducted by Little Architect into consideration. All three of their ideas have in common to open the site to the public although show a varying degree of housing, community and educational use. It is hoped that this feasibility study will increase interest in the site, and potentially lead to its redevelopment.

Learning and Engagement

Last year, 35 workshops took place in our Learning and Engagement space, Block 67, attended by more than 1,300 children of all ages. The programme consisted of family drop-ins and school workshops, artist talks and workshops responding to our ongoing festivals and Folkestone Triennial. Two free Quarterhouse performances were organised as part of the Folkestone Book Festival with illustrators of children's books. In total they were attended by 1,010 pupils.

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Report of Trustees

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Our popular Neon After School workshops gave the attending 121 children the opportunity to explore a variety of art forms, techniques and styles for those interested in the visual and performing arts. We are also currently supporting four schools in the local area in the Discover and Explore Level of Arts Award, involving about 180 children.

Becoming an NPO ACE organisation has given the Charity the opportunity to expand the Learning and Engagement programme and as a first step it was decided to review the current offer. As part of a grant received from the Paul Hamlyn Foundation, an external consultant undertook extensive research to better understand our approach to learning, the kind of young people that take part in the programme, and how well it caters for the needs of the community. This approach also helped to better understand where the programme's strengths and weaknesses are.

Plans for the future

Following the launch of our new name, Creative Folkestone, and the associated new brand identity, the emphasis in the coming year will be embedding the changes announced at the end of March 2019.

This will include putting Creative Folkestone at the heart of all our activities so that people associate the Charity with our works and so become members and financial supporters.

To that end, a new Creative Folkestone brochure will replace all the individual brochures, enabling us to run marketing campaigns more effectively and cohesively, showcasing the programme of the organisation every season. It will include all Quarterhouse, Creative Quarter and Folkestone Book Festival events, as well as our ever expanding Learning and Engagement programme that will encourage residents of, and visitors to, Folkestone to 'Get Creative'.

The new approach to promote the permanent collection, Folkestone Artworks, will go along with an enhanced programme of visual art activity aimed at highlighting its use of the open space in Folkestone. We will finish the acquisition of works from the 2017 Folkestone Triennial to grow the Folkestone Artworks.

The dates and theme of the 2020 Folkestone Triennial will be announced in October 2019 and the artists involved in March 2020. The exhibition will again commission new pieces from international and UK artists, both well known and emerging new talent maintaining, the full diversity of artists we work with.

The work to convert Glassworks into a digital hub will be completed in the coming year and will go along with an increased effort to advertise the space to businesses that either wish to expand or relocate to Folkestone. It is anticipated that the building will be fully rented by the end of this financial year.

The Glassworks will be able to take a full part in the fourth Open Quarter in June. Our tenants have already expressed great interest in participating in the vibrant and exciting event that gives them the opportunity to open their studios and shops and showcase their work to the public. During the year the Charity will receive from the RDHCT the newly constructed 69 The Old High Street which is a mix of residential and creative industry space along with a bar.

Quarterhouse and the performing arts programme will continue growing audiences for its full range of activities which will include the SALT festival of sea and environment, a new Christmas show and further development of the streaming work. We are proud that all of our community make use of our building to enjoy our highly diverse range of performers and work.

After taking Folkestone Book Festival to record levels last year, we have now appointed a pair of new curators, Sean Doran and Liam Brown who will follow a different concept for the 2019 festival. The new look festival holds the title '*The Shape of Things to Come - FUTURES*' and will be a festival of books, ideas and future thinking.

The festival - in reaching its 40th year - will be wide-ranging, shining a light on possible futures across the arts and sciences as well as celebrating iconic moments of creativity from our past that still influence

CREATIVE FOLKESTONE

Report of Trustees For the year ended 31 March 2019

and affect us today. It is hoped it will bring national attention to Folkestone and attract new visitors as well as raise the interest of our long-standing audience.

The review of our Learning and Engagement programme has shown that it is already extensive, of high quality, and caters for children from a young age through to young adults. The programme has evolved organically over the last two years, but going forward it is anticipated that it will grow within a strategic framework.

We are very pleased that the new membership scheme launched in March 2019 has got off to solid start and during 2020 we look forward to growing the numbers of people with whom we can cultivate this special relationship.

Financial review

The financial position of the Charity is as set out in the financial statements for the year. During the year total combined funds for the Charity fell by £1,040 from £18,454,777 to £18,453,737.

The leasehold properties are owned by the Roger De Haan Charitable Trust, and leased to Creative Folkestone at a peppercorn rent for 125 years. These properties provide a rental income for the Charity which it uses to help achieve its charitable objectives. There are restrictions on how these properties can be used and therefore their value may never be realised by the Charity.

The high level of restricted funds shown in the balance sheet as at 31 March 2019 relates principally to the Charity's properties in the Creative Quarter rather than available cash resources.

We are grateful for the support from Kent County Council and Folkestone and Hythe District Council and ACE.

Reserves policy

Having a cash reserve in addition to the property assets represents a stronger management position and therefore we will seek to build a reserve over the next 10 year period. A risk based assessment of need has set a target range of between £250,000 and £400,000 and the Trustees are satisfied that progress is being made towards this target.

The reserves are set out in Note 21 to the financial statements. Restricted funds are subject to specific terms and conditions declared by the donor(s), and are only used for the purposes for which they are given.

Designated funds

In preparation for the Folkestone Triennial the Board will seek to designate a proportion of its reserves to future Triennials in the years between exhibitions. The cost of a Triennial is circa £2,100,000.

The Trustees have designated £100,000 of the current reserves to the 2020 Triennial.

Investment policy

As cash reserves strengthened over the year, it became appropriate to consider an Investment Policy, which the Charity produced in July 2017. The policy sets out a low risk approach which provides income from cash reserves while making them available as needed for the Charity's activities.

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For the year ended 31 March 2019

Fundraising review

Creative Folkestone is a charity and has ambitious annual fundraising targets. We employ a small in-house Development Team who work on different aspects of our various fundraising approaches. We do not employ any external professional fundraisers to fundraise on our behalf but all staff members and any volunteers, including trustees, involved in fundraising activities are trained in accordance with recognised standards so as to ensure that the public, including vulnerable people, are protected from unreasonable or intrusive approaches. Creative Folkestone has not received any complaints about our fundraising activities. We are committed to following the Fundraising Regulator's Code of Fundraising Practice and are compliant with General Data Protection Regulation requirements.

Principal risks and uncertainties

The Trustees have a duty to identify and review the risks to which the Charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error. Regular formal trustee and management meetings are held to review progress towards achieving the Charity's objectives and to promote strategic direction within the operation. The Senior Team addresses regularly the full risk schedule identified by the Trustees and puts in place procedures and controls so as to ensure those risks are adequately managed. The principal risks are a) economic downturn and political uncertainty, b) loss of key Board members and staff and c) failure to hit earned income and fundraising targets. The mitigating actions are identified in the business plan, including ensuring necessary reserves, good property management, succession planning and investment in the fundraising team.

Equal opportunities and diversity policy

The Trustees recognise that ensuring equal opportunities for all is an integral part of good practice within the workplace and the Charity remains committed to its comprehensive Equality and Diversity Policy.

The Charity ensures that the buildings it occupies comply fully with the statutory regulations in place in relation to disabled access.

Auditor

RSM UK Audit LLP was appointed auditor to the Charity in accordance with section 485 of the Companies Act 2006 and has indicated its willingness to continue in office.

Strategic report

The matters which the Trustees deem to be of strategic importance have been included within the Strategic Report on pages 1 to 3 in accordance with section 414c(11) of the Companies Act 2006.

This Report was approved by the Board of Trustees on 24 September 2019 and signed on their behalf, by:



Sir Roger M De Haan – Chair of Trustees

CREATIVE FOLKESTONE

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of Creative Folkestone for the purposes of company law) are responsible for preparing the Strategic Report, Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

In preparing those financial statements, the Trustees are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. observe the methods and principles in the Charities SORP;
- c. make judgements and accounting estimates that are reasonable and prudent;
- d. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements and;
- e. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CREATIVE FOLKESTONE

Opinion on financial statements

We have audited the financial statements of Creative Folkestone (the 'charitable company') for the year ended 31 March 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CREATIVE FOLKESTONE

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees or the Strategic Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 12 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

Nicholas Sladden (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP
Statutory Auditor, Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

14 October 2019

**CREATIVE FOLKESTONE
(FORMERLY THE CREATIVE FOUNDATION)**

Statement of Financial Activities (Including Income and Expenditure Account)

For the year ended 31 March 2019

		Year ended 31 March 2019			Seventeen month period ended 31 March 2018
	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds £	Total Funds £
Income from:					
Donations and legacies	2	51,231	466,796	518,027	2,035,159
Charitable activities	3	1,948,072	350,239	2,298,311	3,882,976
Other trading activities	4	123,116	-	123,116	163,295
Investments	5	1,340	-	1,340	1,349
Total income		<u>2,123,759</u>	<u>817,035</u>	<u>2,940,794</u>	<u>6,082,779</u>
Expenditure on:					
Charitable activities	6	2,008,748	882,154	2,890,902	4,456,281
Other trading activities	9	50,932	-	50,932	99,374
Total expenditure		<u>2,059,680</u>	<u>882,154</u>	<u>2,941,834</u>	<u>4,555,655</u>
Net (expenditure)/income before transfers		64,079	(65,119)	(1,040)	1,527,124
Gross transfers between funds	21	(216,537)	216,537	-	-
Movement in funds		<u>(152,458)</u>	<u>151,418</u>	<u>(1,040)</u>	<u>1,527,124</u>
Total funds at 1 April/1 November		1,132,195	17,322,582	18,454,777	16,927,653
Total funds at 31 March		<u>979,737</u>	<u>17,474,000</u>	<u>18,453,737</u>	<u>18,454,777</u>

**CREATIVE FOLKESTONE
(FORMERLY THE CREATIVE FOUNDATION)**

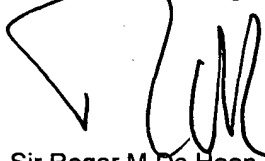
Balance Sheet

At 31 March 2019

Company Registration Number: 04566484

	Notes	2019 £	2018 £
Fixed assets			
Tangible assets	13	17,714,722	17,527,210
Heritage assets	14	53,400	53,400
Investments	15	1	1
		<u>17,768,123</u>	<u>17,580,611</u>
Current assets			
Debtors	16	424,477	300,479
Cash at bank and in hand		1,040,163	1,090,037
		<u>1,464,640</u>	<u>1,390,516</u>
Creditors: amounts falling due within one year	17	(779,026)	(516,350)
Net current assets		<u>685,614</u>	<u>874,166</u>
Net assets		<u>18,453,737</u>	<u>18,454,777</u>
Funds			
Unrestricted funds	21	979,737	1,132,195
Restricted funds	21	17,474,000	17,322,582
Total funds		<u>18,453,737</u>	<u>18,454,777</u>

The financial statements on pages 15 to 31 were approved by the board and authorised for issue on 24.9.19 and signed on its behalf by:



Sir Roger M De Haan – Chair of Trustees

**CREATIVE FOLKESTONE
(FORMERLY THE CREATIVE FOUNDATION)**

Statement of Cash Flows

For the year ended 31 March 2019

	Notes	2019 £	2018 £
Cash outflow from operating activities:			
Net cash provided by operating activities	23	(51,214)	(247,796)
Interest received		1,340	1,349
		<u>(49,874)</u>	<u>(246,447)</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		-	(29,063)
Net decrease in cash and cash equivalents		<u>(49,874)</u>	<u>(275,510)</u>
Cash and cash equivalents 1 April/ 1 November		1,090,037	1,365,547
Cash and cash equivalents 31 March		<u>1,040,163</u>	<u>1,090,037</u>
Relating to:			
Cash at bank and in hand		<u>1,040,163</u>	<u>1,090,037</u>

CREATIVE FOLKESTONE (FORMERLY THE CREATIVE FOUNDATION)

Notes to the Financial Statements For the year ended 31 March 2019

1 Accounting policies

Legal status

The Charity is a company limited by guarantee. The members of the company are the Trustees. 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. Since the last audited financial statements the charity has changed its name to Creative Folkestone from the name of The Creative Foundation.

The Charity's objectives and aims are disclosed in the Trustees' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the requirements of the Companies Act 2006 and under the historical cost convention. The financial statements have also been prepared in accordance with the accounting policies set out in more detail below, to comply with the Charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with The Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014 (the FRS 102 Charities SORP 2015).

The financial statements are prepared in sterling, which is the functional currency of the charitable company. Monetary amounts in these financial statements are rounded to the nearest £1.

The Charity constitutes a public benefit entity as defined by FRS 102.

Going concern

The Trustees have reviewed the Charity's forecasts and projections covering a period that exceeds twelve months from the date of signing these financial statements and based on the level of existing cash and estimated levels of income and expenditure, the Trustees are satisfied that the Charity has adequate resources to continue in operation for the foreseeable future. Accordingly, the going concern basis has been used in preparing these financial statements.

Consolidation

The financial statements present information about the Charity as an individual undertaking and not about its group. The Charity has taken advantage of section 402 of the Companies Act 2006 not to prepare consolidated financial statements as the directors consider that the Charity's subsidiary may be excluded from consolidation as it is immaterial for the purpose of a true and fair view.

Income

Income is recognised when the Charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Donated facilities and gifts in kind are included at the value to the Charity where this can be quantified, and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

Income from government and other grants, whether 'capital' grants relating to tangible fixed assets or 'revenue' grants, is recognised when the Charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

CREATIVE FOLKESTONE (FORMERLY THE CREATIVE FOUNDATION)

Notes to the Financial Statements (continued) For the year ended 31 March 2019

Expenditure

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Governance costs include those costs incurred in the governance of the Charity and are primarily associated with constitutional and statutory requirements.

Support costs represent finance, administration and other indirect central costs. The support costs have been allocated in proportion to the direct costs incurred in respect of each activity.

Fund accounting

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

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

Heritage assets

Metropole:

This comprises artworks that were collected through the Metropole Arts Centre that are owned by the Charity. This artwork is recognised as a heritage asset for the purposes of these financial statements, in accordance with the Charity SORP Section 18, since it is held and maintained principally for its contribution to knowledge and culture. The Trustees valued this artwork at £53,400 based upon valuations for various parts of the collection. The Trustees do not believe that the value of the artwork has changed. The entire collection has been lent to another Charity, The Friends of the Folkestone Collections, which bears the responsibility for insuring and storing the collection.

Art Buff:

The Charity owns the Banksy artwork known as "Art Buff". This artwork is recognised as a heritage asset for the purposes of these financial statements, in accordance with the Charity SORP Section 18, since it is held and maintained principally for its contribution to knowledge and culture. It is included at zero net book value since information on its value is not available and a reliable estimate cannot be made of the asset's fair value. Furthermore, it is considered that the asset has no monetary value to the Charity, because the Charity considers that it would not be appropriate to sell the asset.

Taxation

Creative Folkestone is a registered Charity and as such its income and gains falling within Sections 471 to 489 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 are exempt from corporation tax to the extent that they are applied to its charitable objectives.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and impairment losses. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Freehold property	50 years straight line
Long leasehold	straight line over life of lease
Leasehold improvements	straight line over life of lease
Plant and machinery	15 – 33% on cost straight line
Computer equipment	33% on cost straight line
Fixtures and fittings	15% on cost straight line

**CREATIVE FOLKESTONE
(FORMERLY THE CREATIVE FOUNDATION)**

**Notes to the Financial Statements (continued)
For the year ended 31 March 2019**

A full year of depreciation is charged in the year of purchase and no depreciation is charged in the year of disposal.

At each reporting end date, the Trustees review the carrying amounts of its freehold and leasehold assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, with original maturities of three months or less, and bank overdrafts.

Financial instruments

The charitable company applies the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments. Financial instruments are recognised when the charitable company becomes party to the contractual provisions of the instrument.

Financial assets and financial liabilities are recognised when the charitable company becomes a party to the contractual provisions of the instrument, and are offset only when the charitable company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Basic financial assets, including trade and other receivables (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at transaction price and subsequently measured at amortised cost, being the transaction price less amounts settled and any impairment losses.

Basic financial liabilities, including trade and other payables are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

Agency Arrangements

The charity acts as an agent in the administering of the Great Place Scheme Pioneering Places: East Kent Fund for the Heritage Lottery Fund (HLF). Related payments received from HLF and subsequent disbursements to other partners within the scheme are excluded from the statement of financial activities to the extent that the charity does not have a beneficial interest in the individual transactions

**CREATIVE FOLKESTONE
(FORMERLY THE CREATIVE FOUNDATION)**

**Notes to the Financial Statements (continued)
For the year ended 31 March 2019**

Accounting estimates and areas of judgment

In application of the Charity's accounting policies, the Trustees are required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgments

Heritage assets

The carrying value of the heritage assets, as valued by the trustees, is considered to be a key area of estimation.

2 Donations and legacies	2019 £	2018 £
Restricted		
Roger De Haan Charitable Trust:		
Transfer of leasehold properties	430,000	1,907,250
Folkestone Festivals Fund	36,796	67,750
Total restricted	466,796	1,975,000
Unrestricted		
McAlpine donation	40,000	40,000
Durtnell Charitable Trust	10,000	20,000
Other	1,231	159
Total unrestricted	51,231	60,159
Total donations and legacies	518,027	2,035,159

**CREATIVE FOLKESTONE
(FORMERLY THE CREATIVE FOUNDATION)**

**Notes to the Financial Statements (continued)
For the year ended 31 March 2019**

3 Charitable activities

	Rental income	Grants	Other sources of income	Total
	£	£	£	£
Creative Quarter	1,103,050	-	15,063	1,118,113
Arts programme festivals and events	-	8,300	34,518	42,818
Folkestone Triennial	-	166,668	150	166,818
Folkestone Artworks	-	10,000	119,195	129,195
Quarterhouse	24,507	296,911	117,649	439,067
Learning & Engagement	-	143,333	2,399	145,732
Great Place Scheme	-	132,165	-	132,165
Development	-	124,403	-	124,403
2019 Total activities	<u>1,127,557</u>	<u>881,780</u>	<u>288,974</u>	<u>2,298,311</u>
2018 Total activities	<u>1,639,999</u>	<u>1,617,265</u>	<u>625,712</u>	<u>3,882,976</u>

Of the £3,882,976 income received in the period to 31 March 2018, £1,932,535 was attributable to restricted funds and £1,950,441 was attributable to unrestricted funds.

4 Other trading activities

	Unrestricted	
	2019 £	2018 £
Bar income	49,733	118,029
Other sundry income	73,383	45,266
	<u>123,116</u>	<u>163,295</u>

5 Investments

	Unrestricted	
	2019 £	2018 £
Deposit account interest	<u>1,340</u>	<u>1,349</u>

**CREATIVE FOLKESTONE
(FORMERLY THE CREATIVE FOUNDATION)**

**Notes to the Financial Statements (continued)
For the year ended 31 March 2019**

6 Charitable activities

	Direct Costs £	Grants payable £	Support costs £	Total £
Creative Quarter	918,426	-	185,477	1,103,903
Arts programme festivals and events	39,499	36,796	9,357	85,652
Folkestone Triennial	270,917	-	64,174	335,091
Folkestone Artworks	159,021	-	37,669	196,690
Quarterhouse	590,242	-	248,549	838,791
Learning & Engagement	83,170	-	19,701	102,871
Great Place Scheme	130,331	-	30,873	161,204
Development	22,500	-	28,200	50,700
IT grant	-	-	16,000	16,000
2019 Total activities	2,214,106	36,796	640,000	2,890,902
2018 Total activities	3,696,092	67,750	692,439	4,456,281

Of the £4,456,281 charitable activities expenditure in the period to 31 March 2018, £2,628,830 was attributable to restricted funds and £1,827,451 was attributable to unrestricted funds.

7 Grants payable

	Unrestricted 2019 £	2018 £
Arts programme festivals and events	36,796	67,750

8 Support costs

Support costs represent finance, administration and other indirect central costs. The support costs have been allocated in proportion to the direct costs incurred in respect of each activity excluding depreciation and gifts in kind.

9 Other trading activities

	Unrestricted 2019 £	2018 £
Bar expenditure	48,538	96,447
Other sundry expenditure	2,394	2,927
	50,932	99,374

**CREATIVE FOLKESTONE
(FORMERLY THE CREATIVE FOUNDATION)**

**Notes to the Financial Statements (continued)
For the year ended 31 March 2019**

10 Auditor's remuneration	2019 £	2018 £
Audit services – statutory audit of the charity	14,750	16,250
Other services:		
Audit-related assurance services	1,000	1,000
Auditor's non-audit services	2,000	2,000
	<u>17,750</u>	<u>19,250</u>

11 Net income	2019 £	2018 £
This is stated after charging:		
Depreciation – owned assets	242,488	339,732
Other operating leases	1,675	1,675
	<u>244,163</u>	<u>341,407</u>

12 Staff costs and remuneration of key management personnel	2019 £	2018 £
Wages and salaries	627,367	952,378
Social security costs	55,191	78,799
Other pension costs	43,266	58,635
	<u>725,824</u>	<u>1,089,812</u>

The average monthly number of employees during the year was as follows:	2019 no.	2018 no.
Creative Quarter	2	3
Development	2	2
Folkestone Artworks	-	1
Marketing	3	3
Learning and engagement	1	1
Folkestone Triennial	-	3
Management and administration	5	5
Quarterhouse	3	11
Visitor Experience	6	-
	<u>22</u>	<u>29</u>

The number of employees whose emoluments for the year fell within the following bands was:

£80,001 - £90,000	1	-
£110,001 - £120,000	-	1
	<u>1</u>	<u>1</u>

All employees earning more than £60,000 participated in the pension scheme.

**CREATIVE FOLKESTONE
(FORMERLY THE CREATIVE FOUNDATION)**

**Notes to the Financial Statements (continued)
For the year ended 31 March 2019**

12 Staff costs and remuneration of key management personnel (continued)

The Chief Executive, Mr A Upton, was also a member of the Board of Trustees during the year and received remuneration and benefits for his services in that office, through an employment contract with the Charity, of £73,117 (2018: £99,168 for 17 month period) and pension contributions for the period of £10,450 (2018: £14,875 for 17 month period). The Charity considers its Board of Trustees, including the Chief Executive, as their key management personnel. No other members of the key management personnel received remuneration during the current period or previous year.

No members of the Board of Trustees were reimbursed expenses during either period.

**CREATIVE FOLKESTONE
(FORMERLY THE CREATIVE FOUNDATION)**

**Notes to the Financial Statements (continued)
For the year ended 31 March 2019**

13	Tangible fixed assets	Freehold property £	Long leasehold £	Leasehold improvements £	Plant and machinery £	Furniture & Fixtures £	Computer equipment £	Total £
	Cost							
	1 April 2018	5,992,909	12,497,451	854,378	187,552	23,490	24,978	19,580,758
	Additions	-	430,000	-	-	-	-	430,000
	31 March 2019	5,992,909	12,927,451	854,378	187,552	23,490	24,978	20,010,758
	Depreciation							
	1 April 2018	1,022,712	730,971	85,518	169,300	20,069	24,978	2,053,548
	Charge for the year	119,857	103,431	6,889	10,790	1,521	-	242,488
	31 March 2019	1,142,569	834,402	92,407	180,090	21,590	24,978	2,296,036
	Net book value							
	31 March 2019	4,850,340	12,093,049	761,971	7,462	1,900	-	17,714,722
	31 March 2018	4,970,197	11,766,480	768,860	18,252	3,421	-	17,527,210

**CREATIVE FOLKESTONE
(FORMERLY THE CREATIVE FOUNDATION)**

**Notes to the Financial Statements (continued)
For the year ended 31 March 2019**

14 Heritage assets	Total £
Market value At 1 April 2018 and 31 March 2019	<u>53,400</u>
Net book value At 1 April 2018 and 31 March 2019	<u>53,400</u>
15 Fixed asset investments	Shares in group undertakings £
Market value At 1 April 2018 and 31 March 2019	<u>1</u>
Net book value At 1 April 2018 and 31 March 2019	<u>1</u>

There were no investment assets outside the UK.

The Charity's investment at the balance sheet date was held in the following company:

	Class of share	% held Directly Indirectly	Nature of business
The Creative Foundation (Trading) Limited	Ordinary A	100% -	Dormant

16 Debtors: amounts falling due within one year	2019 £	2018 £
Trade debtors	15,630	14,293
VAT	15,005	8,463
Prepayments and accrued income	393,842	277,723
	<u>424,477</u>	<u>300,479</u>

**CREATIVE FOLKESTONE
(FORMERLY THE CREATIVE FOUNDATION)**

**Notes to the Financial Statements (continued)
For the year ended 31 March 2019**

17	Creditors: amounts falling due within one year	2019 £	2018 £
	Trade creditors	275,924	170,226
	Amounts owed to group undertakings	647	647
	Social security and other taxes	13,857	13,490
	Other creditors	332,319	147,592
	Accruals	111,432	43,304
	Deferred income (note 17a)	44,847	141,091
		<u>779,026</u>	<u>516,350</u>

17a	Deferred income	2019 £	2018 £
	Deferred income as at 1 April	141,091	199,631
	Income received requiring deferment	44,847	118,591
	Release of income during the year/period	(141,091)	(177,131)
		<u>44,847</u>	<u>141,091</u>

Deferred income represents income received in advance for property rentals.

18	Financial instruments	2019 £	2018 £
	Carrying amount of financial assets:		
	Debt instruments measured at amortised cost	<u>291,311</u>	<u>209,254</u>
	Carrying amount of financial liabilities:		
	Measured at amortised cost	<u>730,655</u>	<u>361,767</u>

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets, include trade and other receivables, including accrued income which are receivable within one year and which do not constitute a financing transaction. Financial liabilities, include trade and other payables unless the arrangement constitutes a financing transaction.

19 Pension

The Charity operates a defined contribution scheme. The assets of the scheme are held separately from those of the Charity in an independently administered fund. The pension cost charge represents contributions payable by the Charity to the fund and amounted to £43,266 (2018: £58,635). The total contributions outstanding at the year end were £4,360 (2018: £4,721).

**CREATIVE FOLKESTONE
(FORMERLY THE CREATIVE FOUNDATION)**

**Notes to the Financial Statements (continued)
For the year ended 31 March 2019**

20	Analysis of net assets between funds – Current year to 31 March 2019	Unrestricted funds £	Restricted funds £	Total Funds 2019 £	Total funds 2018 £
	Fixed assets	294,122	17,474,000	17,768,122	17,580,610
	Investments	1	-	1	1
	Current assets	1,464,640	-	1,464,640	1,390,516
	Current liabilities	(779,026)	-	(779,026)	(516,350)
		<u>979,737</u>	<u>17,474,000</u>	<u>18,453,737</u>	<u>18,454,777</u>
	Analysis of net assets between funds – Prior period to 31 March 2018	Unrestricted funds £	Restricted funds £	Total Funds 2018 £	Total funds 2016 £
	Fixed assets	311,872	17,268,738	17,580,610	15,984,029
	Investments	1	-	1	1
	Current assets	1,296,672	93,844	1,390,516	1,565,844
	Current liabilities	(476,350)	(40,000)	(516,350)	(622,221)
		<u>1,132,195</u>	<u>17,322,582</u>	<u>18,454,777</u>	<u>16,927,653</u>
21	Movement in funds	At 31 March 2018 £	Net movement in funds £	Transfers between funds £	At 31 March 2019 £
	Unrestricted funds				
	General fund	739,721	237,791	(329,136)	648,376
	Folkestone Triennial	155,674	(168,273)	112,599	100,000
	Freehold property	236,800	(5,439)	-	231,361
		<u>1,132,195</u>	<u>64,079</u>	<u>(216,537)</u>	<u>979,737</u>
	Restricted funds				
	IT grant	16,000	(16,000)	-	-
	Great Place	13,646	(161,204)	147,558	-
	Freehold and leasehold properties	4,733,398	(119,857)	5,439	4,618,980
	Leasehold properties	12,535,340	319,680	-	12,855,020
	Learning & Engagement	24,198	(59,538)	35,340	-
	Development	-	(28,200)	28,200	-
		<u>17,322,582</u>	<u>(65,119)</u>	<u>216,537</u>	<u>17,474,000</u>
	Total funds	<u>18,454,777</u>	<u>(1,040)</u>	<u>-</u>	<u>18,453,737</u>

The transfers represent the costs in relation to depreciation of unrestricted property and allocation of costs incurred in respect of the Folkestone Triennial and designation by the Trustees.

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**Notes to the Financial Statements (continued)
For the year ended 31 March 2019**

21 Movement in funds (continued)

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

	Income	Expenditure	Movement in funds
	£	£	£
Unrestricted funds			
General fund	1,956,941	(1,719,150)	237,791
Folkestone Triennial	166,818	(335,091)	(168,273)
Freehold property	-	(5,439)	(5,439)
	<u>2,123,759</u>	<u>(2,059,680)</u>	<u>64,079</u>
Restricted funds			
IT grant	-	(16,000)	(16,000)
Folkestone Artworks	129,195	(129,195)	-
Great Place	-	(161,204)	(161,204)
Quarterhouse	146,911	(146,911)	-
Freehold Property	-	(119,857)	(119,857)
Freehold and leasehold properties	430,000	(110,320)	319,680
Arts Programme Festivals & Events	45,096	(45,096)	-
Learning & Engagement	43,333	(102,871)	(59,538)
Development	22,500	(50,700)	(28,200)
	<u>817,035</u>	<u>(882,154)</u>	<u>(65,119)</u>
Total funds	<u>2,940,794</u>	<u>(2,941,834)</u>	<u>(1,040)</u>

Details on funds are as follows:

Freehold Property	Represents grants received by the Charity for capital projects. These are depreciated over the estimated useful economic life of the asset the grant was used to purchase.
Leasehold properties	Represents the transfer of leasehold properties from the Roger De Haan Charitable Trust to the Charity.
Folkestone Triennial	3 yearly public contemporary arts exhibition held in Folkestone.
Folkestone artworks	Maintenance of contemporary artwork left in situ after the Folkestone Triennial.
Quarterhouse	The ownership and operation of the Quarterhouse Performing Arts Centre.
IT grant	The upgrade of the systems and support as part of the IT and Digital Strategy.
Learning and engagement	Learning activity that underpins all of our projects.
Great Place	A collaboration between the Heritage Lottery Fund (HLF), ACE and Historic England.
Arts Programme Festivals & Events	Festival ticket and fundraised income.
Development Fund	Fundraising and development support.

**CREATIVE FOLKESTONE
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**Notes to the Financial Statements (continued)
For the year ended 31 March 2019**

22 Related party disclosures

The Roger De Haan Charitable Trust (RDHCT) donated leasehold properties valued at £430,000 (2018: £1,907,250), made a payment of £128,495 (2018: £67,302) to the Folkestone Artworks and a grant of £Nil (2018: £666,498) for the Folkestone Triennial.

During the year, loan repayments amounting to £Nil (2018: £14,000) were made to the Roger De Haan Charitable Trust (RDHCT) in respect of the original amount loaned to the Charity to fund the completion of the building works for their Millets project. At 31 March 2019, the amount owed to the RDHCT was £Nil (2018: £Nil) and is included within creditors.

Details of trustees' remuneration and benefits can be found in note 12.

23 Net cash flow from operations	2019 £	2018 £
Net (deficit)/income for the year/period	(1,040)	1,527,124
Depreciation	242,488	339,732
Interest received	(1,340)	(1,349)
Increase in debtors	(123,998)	(42,286)
Increase/(Decrease) in creditors	262,676	(163,767)
Donated assets	(430,000)	(1,907,250)
Net cash outflow from operating activities	<u>(51,214)</u>	<u>(247,796)</u>

24 Commitments under operating leases

At 31 March 2019 the Charity was committed to making the following payments under non-cancellable operating leases in the year to 31 March:

	2019 £	2018 £
Operating leases which expire:		
Within one year	1,675	1,675
Between two and five years	553	2,228
	<u>2,228</u>	<u>3,903</u>

25 Agency arrangements

The charity administers the disbursement of the grants due to the partners of The Great Place Scheme Pioneering Places: East Kent, on behalf of Heritage Lottery Fund. In the year amounts were received totalling £274,401 (2018: £40,000). The amount received but not yet distributed at the year end was £225,297 (2018: £40,000) and is included in other creditors at the reporting date.