



The Clifton Community Arts Centre Ltd

Annual Report for the year ending 31st December 2023

Society registration number: 32224R



Society Registration Number

32224R

Directors

Phil Morris-Jones (Chairman)

Nick Brooke

Anne Beresford

Dr Caroline Freeman

Bill Graham

Ray Hughes

Liam McClelland

John McGregor

Heather Reid

Andy Smith

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Damian Breeze

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DIRECTORS



Phillip Morris-Jones MBE

Starting with one car in 1965, Phil built up and expanded the Company Philjo Motors Ltd to include coaches and self-drive vehicles which he sold in 1992 with a purpose built building, 40 staff and 80 vehicles. Phil has been the founder, member, chairman or president of numerous local charitable and community organisations and has been mayor of Wellington on four occasions. In 2008 he was awarded the MBE for community services.



Nick Brooke

Nick's background and training are in community engagement and development. Originally from Missouri, USA, he and his wife moved to Telford in 2017 when Nick accepted the position of Parish Mission Enabler with All Saints church in Wellington. He's passionate about coming alongside and working with individuals and organisations who are seeking to do good works and elevate those on the margins. He and his wife have three young children and a dog named Betty. He enjoys riding motorcycles and playing guitar.



Anne Beresford

Anne grew up in Wellington, where she has fond memories of seeing Fantasia at The Clifton and Dr Doolittle at The Grand Cinema. She is an independent producer working in film and television. Anne is a graduate of Bristol University and a member of the prestigious **Ateliers du Cineēma Europeēn**. She was for many years a director of arts space The Wapping Project and now chairs the Steering Group for Camden Music Hub. Her credits as producer include Prix Italia winner SWAN LAKE BATH BALLET, the award-winning deaf hip hop music drama HERE / NOT HERE and the acclaimed opera film PETER GRIMES ON ALDEBURGH BEACH.



Dr Caroline Freeman

Caroline has recently retired after 30 years as a GP partner at Shawbirch Medical Centre. She now works part time as a GP retainer, and is involved in developing a local Wellbeing centre. She is keen to help develop similar community resources for the next phase of "The Orbit". She lives in Wellington with her 18 year old son, and takes an active part in the local community. She has been a director of Halfway house on the Wrekin, and on the committee for Friends of Bowring Park.



Liam McClelland

Liam joined the Orbit as a volunteer back in 2019 and since then has devoted a lot of his time to the Orbit with marketing as well supporting the running of the cafe and cinema. He has taken on a great deal of the responsibility for the Orbit's digital marketing and continues to deliver high-quality graphic design and video production. Outside of Orbit, Liam works full-time as a Software Engineer at Capgemini.

Bill gained 15 years professional experience in senior roles in theatre, working for both the Royal Shakespeare Company and the Royal Opera House as well as in London's West End. He is a former Technical Director of the ICC, NIA and Symphony Hall in Birmingham where he was closely involved in the final design, installations and commissioning of all three venues. He was latterly part of the NEC Group's specialist international consultancy division, advising on major public venue projects



Bill Graham

Ray retired in 2013 from HM Revenue & Customs after 37 years' service. His last three appointments were as District Inspector in Oswestry, in Special Compliance Office undertaking high risk investigation work and finally in the Large Business Section in Birmingham as a Customer Relationship Manager being the prime point of contact and leading a team of specialists across the whole raft of taxes for initially major businesses in the Chemicals Healthcare and Pharmaceutical Sector and latterly in the Utilities Sector.



Ray Hughes

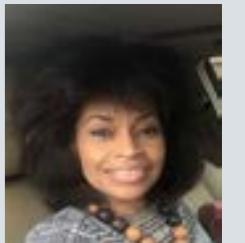
John has over 25 years' experience delivering challenging projects, programmes and portfolios in Government, Finance, Media and Aerospace.

He is internationally experienced, versatile and commercially aware. His experience will be invaluable as we move towards the next phase of the project.



John McGregor

Heather sits on the board of TAARC (Telford African & Afro-Caribbean Resource Centre) raising awareness, promoting diversity and inclusion, liaising with West Mercia Police and T&W Multicultural Development Team, and designing and delivering workshops in local schools. She served as Wellington's first Resident Poet in 2021/22 and cofounded Wellington Community Art Gallery, supporting growing numbers of local artists. Heather is married with four children.



Heather Reid

Starting his marketing business over 20 years ago, Andy has been delivering marketing solutions to businesses nationally and internationally from his Telford base. In 2013, he started a new venture, which attracted investment and has quickly become the leading business in its sector with more than 40 locations in the UK & Northern Ireland. Andy is married with two grown-up children, a motorcycle and a love for local life.



Andy Smith

OBJECTIVES & ACTIVITIES

The Clifton Community Arts Centre Ltd is a charitable Community Benefit Society set up with the aim in their rules to provide arts and cultural facilities for the benefit of the community in Wellington and its environs.

PUBLIC BENEFIT STATEMENT

S2 of the Charities Act 2011 defines charitable purposes as being a purpose that falls within s3(1) of the Act and is for the public benefit in accordance with s4. The Society would confirm it is set up for charitable purposes only thereby meeting the definition of charity at s1. The principal charitable purpose is the advancement of arts and culture at s3(1)(f) but there is an incidental purpose of the advancement of citizenship and community development at s3(1)(e) to include the explanatory subsection at s3(2)(c)(ii) of promoting volunteering.

The Society has paid due recognition to s4(3) of the Act and published guidance by the Charity

Commission on the meaning of public benefit and are satisfied that the Society is for the public benefit.

The regulating act for the Society is the Co-operative and Community Benefit Societies Act 2014. This Act provides that the determination of charitable status lies within that Act so that separate registration with the Charities Commission is not required. Although the Financial Conduct Authority is the registration body the determination of charitable status has been devolved to HMRC. The Directors can confirm that the Society is recognised by HMRC as a charity.

Nov
2012

Campaign started...

Dec
2013

Initial Community Share Issue...

May
2018

Lease Acquired...

May
2019

Open for Business...

Mar
2020

Covid-19...

Dec
2022

Freehold Acquired...

Mar
2023

Capital Regeneration Programme Award...

CHAIRMAN'S REPORT

There will come a year when this report will show trading throughout the year on a business as usual basis.

This is not that year but again we have finished the year in a better position than we started.

Freehold Acquisition

I already reported in the previous year's accounts that we had acquired the freehold of the building albeit in joint ownership with Wellington Town Council and with the aid of two bridging loans amounting to £75,000.

Our aim was to acquire the property debt free sooner rather than later and our hope was that this would come from an award under the Levelling Up Fund where Telford and Wrekin Council had put a bid in for the regeneration of Wellington that included funding for us.

The fund was a competitive

“...the quantum of the bid was £1,435,160 including matched funding target of 10%...”

fund and despite the indications of a robust bid we were disappointed to discover in mid January that the bid had failed. Fortunately, we had the comfort of the ownership of the building with Wellington Town Council owning part of it and the rental terms were considerably more favourable than the previous lease. Nevertheless, we were left with the prospect of finding long term funding for the bridging loans and we had no other funds towards redevelopment.

We therefore embarked upon efforts to source grant funding including seeking support from Telford and Wrekin Council out of other funding they had received when from a bolt out of the blue

the Chancellor announced a new Capital Regeneration Programme in March which was awarded to 16 bids which had proved to be unsuccessful in the Levelling Up Fund bidding process and we were delighted to discover that one of the recipients was Telford and Wrekin Council for their bid for the regeneration of Wellington.



The quantum of the bid (including the matched funding target of 10% which we more than met) was £1,435,160 and was designed to fund the purchase of the freehold and the redevelopment of the upper floors. In this context, it should be emphasised that although the bid was made by Telford and Wrekin Council all the proceeds of the award will go to the Society with the result that Telford and Wrekin Council have no proprietorial interest in Wellington Orbit whatsoever although they are tasked by the Department for Levelling Up Housing and Communities in ensuring the award is properly spent with appropriate standards of due diligence, procurement, value for money etc.

In consequence, we are working in collaboration with Telford and Wrekin Council to ensure the fulfilment of these aims.

Field Research Project

I need at this stage to heap huge praise on the work of Marc Petty who was engaged for most of the year as a field researcher to approach local businesses and other organisations and

individuals to gauge their appetite for the utilisation of the facilities we are looking to provide and to establish what the community's preferences were. This culminated in the provision to the Board of a hugely impressive report which we cannot publicise because of the provision of confidential information by respondents. It does establish that there is more than ample demand to use the facilities and will form an important reference point as we move towards the redevelopment phase.



Accordingly, although there are no visible signs of any building alterations to date, significant work has been done behind the scenes. This includes project management by the Architectural Design and Building Services Group which is a development consultancy business with Telford and Wrekin Council known as the biT team. They are running the project along the Royal Institute

of British Architects (RIBA) Plan of Work which goes through successive stages. By the end of the year we had completed Stage 0 which establishes our Client Requirements and our Business Case and are well on the way to completing Stage 1 which will set out the strategic direction before we can then embark in the New Year on Stage 2 and onwards which will concentrate on design matters.

Running parallel to this was to perfect the building acquisition

and this was completed in late December with two separate funding awards. The first award reimbursed us for amounts that we had expended in excess of our matched funding award and the impact of this is covered in the financial part of this report below. In addition, it enabled us to pay off the bridging loans together with accrued interest. The second award enabled us to repurchase the half share...

“...our capital and reserves now stand at £645,526.”

...we sold to Wellington Town Council upon purchasing the freehold in December 2022. This was completed on the anniversary of the landlord purchase on 22nd December 2023.

I am pleased that we were able to complete these transactions just before the accounting period end so that the effect of these transactions can be shown in this year's results. It can be seen that our capital and reserves now stand at £645,526.

In the previous report I outlined three benefits of freehold ownership being that any increase in property valuation would accrue to us (now in totality) and that we would not require landlord's permission for any structural alterations. However, the most important advantage was the prospective rent savings we would achieve. Now that we have the repurchase these savings have crystallised in totality

Zero debt

In summary, the Society now owns 100% of the freehold with no debt and with the property not being offered up as security against any borrowings. We have a residue of approximately £970k to spend on the refurbishment. There are some indications with the increase in building costs and the effect of inflation since the formulation of the original LUF bid that that amount could be insufficient to cover all we would wish to achieve. If that is the case we would hope that the strength of our balance sheet would be persuasive to grantors to cover any shortfall.

Business Performance

As regards the business performance in the year the income and expenditure account is swelled by the extraordinary items but absent of these a reduced loss would have occurred which has demonstrated that in the absence of continuing support by way of share capital for working capital or donations, the fact that two floors

of the building were not being utilised in the period would make the long term future of the Society unviable.

Having said that, for the second year the cinema considerably outperformed the national trends which witnessed a 8.3% increase in turnover over the previous year. Our increase in terms of turnover was nearly 25%. In terms of footfall this increased from 15395 to 18426 which is an increase of 23% which is well in excess of our projections which were 2.2% pure organic growth per annum and an additional 1.5% for the population increase in the borough.

This trend has continued in the first month of 2024 where we have experienced an increase of approximately 500 in footfall compared to the previous year. This is a particularly impressive figure in the January is always a popular month for cinema going and we did have two of our top ten sellers of 2023 featuring in January. Our target for 2024 would be a footfall figure of 19200 which would equate to a figure of 1600 per month. However, there are two cautionary factors being that we may have to close for a short period in the year on account of construction work and there

is uncertainty over the effect of the now resolved Hollywood writers and actors disputes on the quality of the film slate both nationally and at the Orbit. I am expecting the effect to be smaller at the Orbit as our core catalogue of stand out films include a proportionally higher number of British dramas.



PEOPLE

Our staff and volunteers.

The changes that we had previously carried out had equipped us better to run the business in its current state and for most of the year we were running with a stable workforce.

There were three changes with the first one being the employment of one volunteer as an additional duty manager to cover occasional shortfalls on a zero hours basis

Secondly, Sarah Chard who had been engaged on a self employed basis ceased that self employment and was put on the payroll.

There was then the question of the volunteer co-ordinator. This was a part time post for an initial 12 months secured last year by a grant from the National Lottery Community Fund finishing in July 2023. The

idea is to release managerial time to have a bespoke person to recruit, retain and develop volunteers. There are no counselling responsibilities per se but the co-ordinator is used to ensure any non work related issues are directed towards the appropriate channels. After two occupants of the post left, we decided to assign extra hours to the catering manager on a temporary basis.

We were hoping for an extension via the fund or another fund for a further year and are hoping that with redevelopment we can in the future self fund the post from increased turnover. In October we were successful in gaining further funding for another year and we are using that funding to create a part time post of a servery manager so that the catering manager can carry on doing

the volunteer co-ordinator role. The recruitment process was completed in December.



for free. That will never be unrecognised or undervalued. Disregarding the many duties the directors do on an unpaid basis we would conservatively calculate the economic value of the volunteers using national minimum wage rates to be in the region of £100k which will significantly contribute towards our level of reserves.

Overall, I would be failing in my duties if I did not thank all the staff for their dedication, enthusiasm, commitment and hard work during another challenging year. We are blessed with the quality of all our staff.

This will of course extend to our army of volunteers without which our business could not run. Currently our numbers extend to around 40 operational and administrative posts aided by the volunteer co-ordinator post outlined above.

We never lose sight of the fact that our reserves are swelled by the precious gift of the devotion of their time

SOCIAL IMPACT

Put simply, if it's not benefiting the community we shouldn't be doing it.

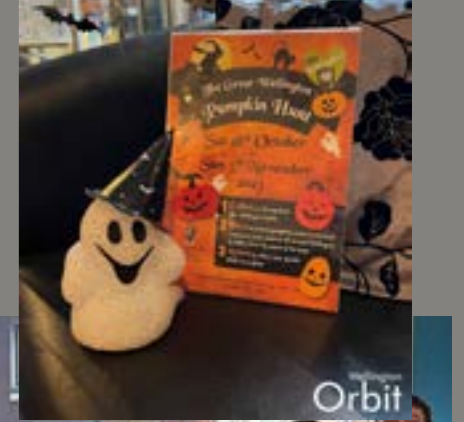
Our stated purpose within our rules of providing arts and cultural facilities for the benefit of the community needs to be considered in its entirety. This building cannot be an ivory tower satisfying esoteric predilections of a minority that do not satisfy wider needs, but that is more for the future and the expansion into the upper floors.

Besides the continuation of the parents and toddlers groups and the screening of films on request for local schools, running charities, the Telford Climate Emergency committee and Wellington Walkers are welcome other highlights include:

- » Providing the facilities for Love Wellington as the focal/collection point for their Pumpkin and Easter Egg trail
- » We held a festival of classic and vintage cars in the grounds of All Saints Church and in the Market Square.
- » The setting up of the same facilities for Community Resource to enable them to carry out their local garden trail with our kitchen garden featuring as one of the

gardens on display.

- » In September Wellington Town Council again provided finance to enable us to show for a full day a free film for the benefit of the town's pensioners and funded an earlier number of screenings on one Saturday.
- » We received a grant from the BFI Film Hub to support the specialised screening of films for relaxed screening and for visually impaired or hearing difficulties customers.
- » The hire of Chitty Chitty Bang Bang which despite the poor weather attracted over 3000 people to see it in the Market Square. We also had 146 customers to see the film and recorded our best one day's takings ever.
- » An Orbit Rocks music festival in the Square celebrating local talent facilitated by a grant from the Birmingham Lord Mayor's Grant Fund.
- » Working with TWC's equality officer and Telford African and Afro-Caribbean Resource Centre to screen the film Chevalier as part of Black History Month.
- » We were able in the year to announce our 1000th share subscription since formation.





RISKS & UNCERTAINCIES

The board confirms that it has carried out an assessment of the principal risks facing the Society, including those that would threaten its business model, future performance, solvency or liquidity. The board's assessment of the principal risks and uncertainties and the mitigations in place is set out below.

RISK	IMPACT	MITIGATION
The Society will be unable to generate sufficient funds to develop the whole building	insufficient utilisation of the building and attendant loss of revenue	Securing the freehold without debt, stand alone funding to redevelop the upper floors with the potential to obtain further grants to cover any shortfall
There will be insufficient unrestricted reserves &/or cash to pay back existing loans	Additional financial burden going forward	Additional security through holding the freehold, redevelopments achieved through awards, refinancing of Resonance loan
The Society will be unable to obtain grants	Stalling on the redevelopment of the upper floors	Provision of award to substantially perfect the project. Robust balance sheet to support any further capital projects going forward
The Society will become insolvent	Ultimate dissolution	Securing the freehold so increase in value will accrue to the Society. Achievement of redevelopments through the award
The Society will not be able to attract sufficient volunteers	Incomplete satisfaction of charitable objectives	Support, encouragement and recognition of existing volunteers, sourcing of volunteers from a wide area of outlets. Engagement of volunteer co-ordinator.
The Society will lose its charitable status or be affected by other tax and legislative changes	Loss of favourable treatment for rates and taxes, breaching the aims of the Society according to the rules, reputational damage in denying the favourable tax treatment for Social investment Tax Relief loans and shares	Monitoring all activities to ensure they are within the rules, liaising with national bodies who lobby government on legislative changes and anomalies.
The Society will suffer business interruption	Loss of income through inability to open	Full insurance to cover risks. Re-modelled cash reserves policy building on the impact of the Coronavirus pandemic with the long term aim of holding in reserves nine months of operational expenditure

Financial review (including reserves policy)

As I have already said the reality is that the business of the Society is not sustainable in the long term in the absence of the full utilisation of building and has been substantially sustained in the interim by further injections of share capital and donations.

Having said that, I have already alluded to the fact that the cinema outperformed the industry as a whole.

This also reflects itself in relation to the café performance with the increase in kiosk sales but beyond that the café blew in the water its target of £66k turnover with a turnover of £82k although a part of this was accountable by a change in methodology in accounting for the treatment of point of sale commission which in all likelihood understated the café turnover in the past while overstating the film performance. This by no means reflects the whole story and the performance is testament to the efforts of the catering manager and all the staff and volunteers beneath her.

An innovation in the year which was in response to requests from members was to introduce the WOW membership scheme that affords discounts on films and food to members upon an initial fee of £20 which for the first year was free for shareholders but notwithstanding that has proved extremely popular with non shareholders.

The Society has business models that set turnover targets, targeted profit rates and budgets for overheads to ascertain the break even position and an acceptable surplus bearing in mind the level of incidental income and revenue grants are volatile. These models are very much working documents being revised frequently on the basis of experience and quarterly management accounts were prepared to measure performance against targets. For 2023 we consider that we are in a transitional period while finalisation of the award is awaited and this will persist into

2024. In the meantime we are projecting on the current state of affairs and seeing the extent to which we require temporary additional support before the business can be self sustaining.

With the termination of the lease and having received a professional valuation that the freehold value of the building would increase to £850k after completion of the works which will now be met out of an award the directors are of the view that there is sufficient evidence that there would be no loss on the expenditure incurred and that the value of the freehold should include this expenditure with consequent adjustments to the balance sheet in the creation of a revaluation reserve in 2022 which we see no reason to disturb in this year now that we have repurchased the half share of the freehold from Wellington Town Council.

In the year, the Directors have set the following financial policies:

We are looking at a debt equity ratio of no more of 1:1. This was achieved during the year and was favourably reached by the purchase of the freehold so that for the foreseeable future there is no reasonable prospect of this being breached.

We were looking to have an interest rate cover ratio of 3:1 using EBITDA (earnings before interest, tax, depreciation and amortisation) as the measure. This would not have been achieved in this accounting period but for the exceptional item that has skewed everything although there was also additional share capital to take into account. Looking forward there will be a period of flux for some time before the position stabilises and that will include paying off debt.

Under the SORP for charities, charities are required to have a reserves policy. All charity trustees or directors have an obligation to manage their charity in the best interests of the charity and its beneficiaries. This involves managing the charity's income, running costs, future plans and potential risks. Originally going forward, the

directors have taken into account the regular cash flows from the business and felt that we should work to a reserves policy that would leave reserves equivalent to an average three months expenditure. The pandemic was one of the rainy days that reserves are meant to be in place for and our capital and reserves are in excess of three months expenditure. However the experience of the pandemic led to a reconsideration and to look more at cash reserves. The worst case scenario has been put at a business interruption of nine months with no insurance recovery or government support and the directors have calculated that cash reserves of £120k would cover any such contingency. Accordingly, the long term aim would be to strive towards that figure.

Finally, I need to refer to the Society's debt position.

We had two types of Social Investment Tax Relief debt with the first of these being home originated debt. Several of these debts matured during the year and with the exception of one loan the rest of the lenders have agreed to a temporary extension while our cash flow position becomes clearer when we will discover what demands will be put on our reserves during the redevelopment stage.

The other debt relates to the loan we received from Resonance to part fund the initial construction which was capital repayment free until February 2023 and would then become interest and capital repaying over the next three years. There is no doubt that the role played by Resonance in the development of the Society was a significant one in particular opening doors that we could not have done on our own but to allow the loan to continue would have put severe pressure on our cash flow. Accordingly, this loan was refinanced by a director's loan account over 20 years at base rate and subject to the Society's finances permitting it annual payments of 5%.

“..we have repurchased the half share of the freehold from Wellington Town Council.”

While the overall reserves figure is robust the cash reserves figure is less so. In this connection, the purchase of the freehold in 2022 had virtually stripped us of cash reserves and throughout most of the years cash flow was an issue with on one occasion a director advancing £5000 of his own money to enable wages to be paid without going into overdraft.

Mercifully, this situation was alleviated late in the year through the exceptional item which included in part funds that covered amounts we had already paid in excess of our matched funding requirements. Therefore our cash reserves figure was considerably higher than it was at the start which has enabled us to open a deposit account with £25k in it.

In addition, if the director died during the term of the loan any balance would be gifted to the Society. This measure has a flavour of quasi equity about it and will significantly improve the Society's cash flow position.

Structure, governance and management

The Society's rules underpin everything and set out the organisation's hierarchy.

There is no higher level of ownership and control than that exercised by the members and as stated before the Board would encourage as many people in the local community to become members as the Society's assets then become their own and they can influence and collectively dictate the future of the Society albeit within the context of the rules.

It is the members who appoint the directors at a General Meeting and can choose not to re-elect them or seek their removal at a general meeting by way of ordinary resolution.

The directors are tasked by the rules to manage the business of the Society. All directors are members of the Society although it is possible to co-opt an independent director for their particular abilities. Currently the Board consists of ten members. Directors are not appointed simply to make up the numbers or as a name dropping exercise but are selected for the wide range of abilities they possess that can benefit the Society although the bottom line is that they must passionately care about the town and the community.

During the year there was a position of stability with no appointments or resignations and the position of secretary remained in the very capable hands of Pam Booth-Jones.

Throughout the year Board Meetings have been held each month. Since the pandemic meetings have been held by Zoom with local directors either meeting collectively or at home depending on the social distancing rules. Wider strategic issues and operational performance are discussed at these meetings which include a report and presentation from the Office Manager. Occasionally mini local director meetings will be held to discuss issues of immediate import that don't extend to wider strategic issues

Beyond that, the manager, Damian Breeze, has overall responsibility for the other staff members and the recruitment, retention, motivation and recognition of volunteers. The management team of Damian, Sarah Chard (office manager) and Lynn Willans (Catering Manger) has remained stable throughout the year and this is an opportune moment to pay full tribute to the capabilities, talents, devotion and enthusiasm.



Damian, Harriet and Graham - Guardians of the Galaxy



WOW Card Premiere



Halloween Spirit



The Autumn Film Collection

Plans for future periods & Post Balance Sheet Events



The Mayor, TADLOP and Damian with Chitty



Elvis has not left the building yet

The Board have a clear vision of how the Society should continue and develop which is

- To use the whole building for the Society's stated aims
- To be debt free
- To continue to own the freehold without debt or being offered up as security
- To have an annual excess of income over expenditure
- Subject to the reserves policy, apply reserves to advance the charitable objectives outside the four corners of the building
- To provide satisfying and fulfilling careers for employees
- To encourage and develop volunteers to cater for their individual needs
- To provide for the community what they want and not tell them what they want
- To help residents feel citizens and not just inhabitants of Wellington
- To contribute towards the regeneration of Wellington Town Centre
- To encourage membership so that the asset is "our" asset
- To help people to love as well as live in Wellington

The purchase of the freehold has now been accomplished and the vision has been slightly modified in this respect. The shift in focus is now towards redevelopment and further progress will take place as a result of the award after the accounting period end.


P Morris-Jones MBE (Chairman)

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board


Phillip Morris-Jones MBE, Chair

25th April 2024

Accounting Information

ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE PREPARATION OF THE UNAUDITED STATUTORY FINANCIAL STATEMENTS OF THE CLIFTON COMMUNITY ARTS CENTRE LTD FOR THE YEAR ENDED 31 DECEMBER 2023

We have reviewed the financial statements of The Clifton Community Arts Centre Ltd for the year ended 31 December 2023, which comprise the Profit and Loss Account, the Balance Sheet and the appended notes. 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".

This report is made solely to the Society's members, as a body, in accordance with regulations made under the Co-operative and Community Benefit Societies Act 2014 and the terms of our engagement letter dated 30 August 2018. Our review has been undertaken so that we may state to the Society's members those matters we have agreed with them in our engagement letter and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members as a body for our work, for this report or the conclusions we have formed.

Directors' Responsibility for the Financial Statements

It is the directors' duty to ensure that The Clifton Community Arts Centre Ltd has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of The Clifton Community Arts Centre Ltd. The directors consider that The Clifton Community Arts Centre Ltd is exempt from the statutory audit requirement for the year.

Accountants' Responsibility

Our responsibility is to express a conclusion based on our review of the financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to review historical financial statements and ICAEW Technical Release TECH 09/13AAF Assurance review engagements on historical financial statements. ISRE 2400 also requires us to comply with the ICAEW Code of Ethics.

Scope of the Assurance Review

A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. We have performed additional procedures to those required under a compilation engagement. These primarily consist of making enquiries of management and others within the entity, as appropriate, applying analytical procedures and evaluating the evidence obtained. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (UK and Ireland). Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements have not been prepared:

- so as to give a true and fair view of the state of the charitable company's affairs as at 31 December 2023, and of its profit for the year then ended;
- in accordance with United Kingdom Generally Accepted Accounting Practice (applicable to smaller entities); and
- in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.


James Holyoak & Parker Limited

Chartered Accountants

.....
1 Knights Court
Archers Way
Battlefield Enterprise Park
Shrewsbury
SY1 3GA

Accounting Information

THE CLIFTON COMMUNITY ARTS CENTRE LTD

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 £	2022 £
Turnover		253,707	231,600
Cost of sales		(95,163)	(78,661)
Gross profit		158,544	152,939
Administrative expenses		(194,707)	(198,907)
Other operating income		15,458	17,371
Exceptional item	4	318,324	-
Operating profit/(loss)		297,619	(28,597)
Interest payable and similar expenses		(4,252)	(8,423)
Profit/(loss) before taxation		293,367	(37,020)
Tax on profit/(loss)		-	-
Profit/(loss) for the financial year		293,367	(37,020)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

THE CLIFTON COMMUNITY ARTS CENTRE LTD

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Share capital £	Revaluation reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2022		124,716	-	88,611	213,327
Year ended 31 December 2022:					
Loss		-	-	(37,020)	(37,020)
Other comprehensive income:					
Revaluation of tangible fixed assets		-	46,678	-	46,678
Total comprehensive income		-	46,678	(37,020)	9,658
Issue of share capital		112,408	-	-	112,408
Balance at 31 December 2022		237,124	46,678	51,591	335,393
Year ended 31 December 2023:					
Profit and total comprehensive income		-	-	293,367	293,367
Issue of share capital		16,766	-	-	16,766
Balance at 31 December 2023		253,890	46,678	344,958	645,526

Accounting Information

THE CLIFTON COMMUNITY ARTS CENTRE LTD

BALANCE SHEET

AS AT 31 DECEMBER 2023

	Notes	2023		2022	
		£	£	£	£
Fixed assets					
Intangible assets	5	8,887		9,760	
Tangible assets	6	938,173		742,642	
		947,060		752,402	
Current assets					
Stocks		4,255		4,035	
Debtors	9	12,184		8,565	
Investments	7	560		310	
Cash at bank and in hand		44,555		10,272	
		61,554		23,182	
Creditors: amounts falling due within one year	8	(53,132)		(39,273)	
Net current assets/(liabilities)		8,422		(16,091)	
Total assets less current liabilities		955,482		736,311	
Creditors: amounts falling due after more than one year	10	(309,956)		(400,918)	
Net assets		645,526		335,393	
Capital and reserves					
Called up share capital		253,890		237,124	
Revaluation reserve	13	46,678		46,678	
Profit and loss reserves		344,958		51,591	
Total equity		645,526		335,393	

THE CLIFTON COMMUNITY ARTS CENTRE LTD

BALANCE SHEET

AS AT 31 DECEMBER 2023


For the financial year ended 31 December 2023 the company was entitled to exemption from audit under section 84 of the Co-operative and Community Benefit Societies Act 2014.

The directors acknowledge their responsibilities for complying with the requirements of the Co-operative and Community Benefit Society Act 2014 with respect to accounting records and the preparation of financial statements, and the accounts in the opinion of the directors give a true and fair view under s80 (3) of the Act.


The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 80.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.


The financial statements were approved by the board of directors and authorised for issue on and are signed on its behalf by:



 A Smith
 Director



 R Hughes
 Director



 Pamela Booth-Jones
 P Booth-Jones
 Secretary

Company Registration No. 32224R

Accounting Information

BALANCE SHEET (CONTINUED) AS AT 31 DECEMBER 2023

1 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, 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.

2 Accounting policies

Society information

The Clifton Community Arts Centre Ltd is a Community Benefits Society limited by shares incorporated under the Co-operative and Community Benefits Society Act 2014 and regulated by the Financial Conduct Authority. Under s79 of the Act it is required to produce accounts. The registered office is 1 Station Road, Wellington, Telford, Shropshire, TF1 1BY.

2.1 Accounting convention

Although the society is a charity it is not regulated by the Charities Commission. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 (as updated through Update Bulletin 1 published on 2 February 2016), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The society has adopted the standards of materiality covered in the SORP whereby an item is material if in the directors' view its inclusion or exclusion from the accounts would be likely to change the reader's view about the accounts. In the directors' view no items have been excluded from the Accounts which could be considered material.

2.2 Turnover

All incoming resources are included in Profit and Loss Account when the society is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

Voluntary income is received by way of grants, donations and gifts, and is included in full in the Profit and Loss Account when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the society, are recognised when the society becomes unconditionally entitled to the grant.

Investment income is included as it becomes receivable.

2.3 Intangible fixed assets other than goodwill

This represents the value of the project manager's fees employed on bringing systems and processes in place with a view to the Orbit being operational and has been amortised once the building started trading.

2 Accounting policies

(Continued)

2.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	
Other plant and equipment	10 years on a straight line basis
Fixtures and fittings	10 years on a straight line basis
Cafe equipment	10 years on a straight line basis
Cinema equipment	10 years on a straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

2.5 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

2.6 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

2.7 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

2.8 Taxation

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

Accounting Information

THE CLIFTON COMMUNITY ARTS CENTRE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

2 Accounting policies (Continued)

2.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

2.10 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

2.11 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

2.12 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2023 Number	2022 Number
Total	10	12

4 Exceptional item

	2023 £	2022 £
Expenditure		
Grant funding receivable in respect of freehold purchase	(318,324)	-

Exceptional income relates to amounts awarded under the Capital Regeneration Programme which had three elements to it being recompense for amounts paid on the freehold acquisition and development expenditure in excess of the 10% matched funding requirement, amounts to repay the bridging loans on the freehold acquisition and amounts to buy back from Wellington Town Council their half share of the freehold.

THE CLIFTON COMMUNITY ARTS CENTRE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

5 Intangible fixed assets

	Development costs £
Cost	
At 1 January 2023 and 31 December 2023	13,113
Amortisation and impairment	
At 1 January 2023	3,353
Amortisation charged for the year	873
At 31 December 2023	4,226
Carrying amount	
At 31 December 2023	8,887
At 31 December 2022	9,760

6 Tangible fixed assets

	Freehold land & buildings £	Other plant & equipment £	Fixtures and fittings £	Cafe equipment £	Cinema equipment £	Total £
Cost						
At 1 January 2023	561,388	16,333	101,561	42,815	93,829	815,926
Additions	226,607	25	491	89	974	228,186
At 31 December 2023	787,995	16,358	102,052	42,904	94,803	1,044,112
Depreciation and impairment						
At 1 January 2023	-	5,376	27,022	13,303	27,583	73,284
Depreciation charged in the year	-	1,675	8,581	2,826	9,415	22,497
Revaluation	-	-	10,158	-	-	10,158
At 31 December 2023	-	7,051	45,761	16,129	36,998	105,939
Carrying amount						
At 31 December 2023	787,995	9,307	56,291	26,775	57,805	938,173
At 31 December 2022	561,388	10,957	74,539	29,512	66,246	742,642

Accounting Information

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

6 Tangible fixed assets (Continued)

In the previous year the Society acquired the freehold of 1 Station Road for £425k and immediately transferred half of it to Wellington Town Council under a lease. In consequence the directors considered the previous entries for leasehold improvements and categorised them as part of the freehold and also categorised part of the freehold fixtures as such. This was effected by a revaluation based upon having received a professional valuation of £850k for the property in its redeveloped state with that redevelopment being met out of the award received in this accounting period. The society was also to repurchase the share owned by Wellington Town Council. The directors are preferring to await the outcome of the redevelopment and will then obtaining another professional valuation and are until then leaving the revaluation reserve undisturbed.

	2023	2022
	£	£
Other investments	560	310
	<u>560</u>	<u>310</u>

Other investments relate to a loan made to a local circus as a contribution towards the purchase of magical equipment that will bear the Society's logo. There are no fixed terms of repayment but the loan will be repaid out of shows performed or services to be supplied. No repayments were made in the year. In addition the Society invested £250 of shares in Shropshire and Telford Community Energy

	2023	2022
	£	£
Trade creditors	21,723	9,531
Taxation and social security	7,014	5,279
Accruals and deferred income	24,395	24,463
	<u>53,132</u>	<u>39,273</u>

	2023	2022
	£	£
9 Debtors		
Amounts falling due within one year:		
Trade debtors	8,973	6,319
Other debtors	1,104	423
Prepayments and accrued income	2,107	1,823
	<u>12,184</u>	<u>8,565</u>

10 Creditors: amounts falling due after more than one year

	Notes	2023	2022
		£	£
Other borrowings		216,425	217,428
Government grants		93,531	183,490
		<u>309,956</u>	<u>400,918</u>

All Social Investment Tax Relief Loans are for a term of five years with a fixed interest rate of 2.25%. The amount due is repayable on maturity. £100 is repayable in 2021, but the lender agreed to extend for a further 5 years, £60, 136 in 2023 and £25,000 in 2024. Further loans of £110,000 were made in 2020. £10,000 will be repayable in 2025 and has an interest rate of 0.01%. A loan under Sitr was made by Resonance on 27th February 2020 for six years. No capital is repayable for the first three years. Repayments are made on a monthly basis after the first three years and will be £26,147, £32,857, £34,858 and £5,998 in 2023 to 2026 respectively. Interest is at 3.5% with a monitoring fee at 2.5% for the first three years and 5.5% and 1.5% thereafter.

Government Grants include an amount of £99 from the British Film Institute awarded out of National Lottery money to purchase a Blu Ray player. It is amortised over its estimated useful economic life and the amortisation is netted off against depreciation. In addition three grants totalling £166,500 have been received in 2019 from Telford & Wrekin Council being a Telford @ 50 legacy grant, An Empty Unit Incentive Grant and a Façade Improvement Grant. £923 of the latter has been written off against revenue expenditure in the year. The balance has been allocated against either cinema equipment or fixtures with priority being given against moveable tenant's trade fixtures that could be removed from the premises in the event of any relocation. The grant has been amortised over the useful economic life of the assets and the amortisation has been netted off against depreciation. The directors took advice from the suppliers of the cinema seating and projection equipment and were informed that the useful economic life would be ten years which has resulted at a 10% straight line amortisation rate. The amortisation rate for fixtures is 9.64% to take into account the average depreciation rate over fixtures as a whole that includes some assets that will inevitably become part of the building where a straight line depreciation rate of 4% has been used. A grant of £809.49 was received from Veolia in the year towards the cost of playthings for the parent and toddler group. It was spent in the year on soft toys and will be amortised on a straight line basis over 10 years. In 2022 five small grants of £3,564 were received from local authorities. All have been amortised over 10 years on a straight line basis.

11 Income from donations and legacies

	2023	2022
	£	£
Gifts	26,323	46,387
Grants	3,775	-
Sponsorship	983	966
TWC Business Interruption	-	907
Cultural Recovery Fund	-	3,193
Kick Start Grants	-	3,500
Omicron Grant	-	4,000
Cinema of Ideas	-	32
Wrekin Housing Trust	-	469
Garden Grant	-	372
	<u>31,081</u>	<u>59,826</u>

Accounting Information

THE CLIFTON COMMUNITY ARTS CENTRE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

12 Income from charitable activities

	2023	2022
	£	£
Film sales	126,379	100,870
Cafe sales	83,183	62,174
Other ticket sales	2,092	1,684
Art sales	1,669	1,374
Room hire	4,346	2,958
Garden sales	1,209	922
	<u>218,878</u>	<u>169,982</u>

13 Revaluation reserve

	2023	2022
	£	£
At the beginning of the year	46,678	-
Revaluation surplus arising in the year	-	46,678
	<u>46,678</u>	<u>46,678</u>

14 Income from other activities

	2023	2022
	£	£
Twinkl lottery	1,242	1,451
Miscellaneous	2,506	340
	<u>3,748</u>	<u>1,791</u>

THE CLIFTON COMMUNITY ARTS CENTRE LTD

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2023

	£	2023	£	2022
		£		£
Turnover				
Donations, grants and sponsorship		31,081		59,826
Film sales		126,379		100,870
Other events		7,681		6,094
Café sales		83,183		62,174
Art sales		1,669		1,374
Sundry income		3,714		1,262
		<u>253,707</u>		<u>231,600</u>
Cost of sales				
Merchandise	65		-	
Café food, ice creams and refreshments	32,925		28,234	
Film screening fees and royalties	55,035		39,967	
Film delivery fees	-		2,265	
Film booker's fees	5,610		5,368	
Art	1,528		857	
Live performers	-		1,970	
		<u>(95,163)</u>		<u>(78,661)</u>
Gross profit	62.49%	158,544	66.04%	152,939
Other operating income				
Government grants receivable and released		14,958		17,371
Insurance claims receivable		500		-
		<u>15,458</u>		<u>17,371</u>
Subtotal carried forward		174,002		170,310

Accounting Information

THE CLIFTON COMMUNITY ARTS CENTRE LTD

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

	£	2023 £	£	2022 £
Subtotal brought forward		174,002		170,310
Administrative expenses				
Wages and salaries	109,100		90,523	
Staff pension costs defined contribution	3,950		2,756	
Royalties payable	1,682		1,260	
Commissions payable	6,332		5,087	
Rent re operating leases	850		20,512	
Cleaning	3,527		4,038	
Power, light and heat	12,134		10,318	
Premises insurance	7,481		4,944	
Equipment repairs	10,157		8,848	
Subscriptions	155		154	
Consultancy fees	432		11,805	
Accountancy	3,780		2,940	
Charitable donations	-		769	
Bank charges	25		-	
Printing, postage and stationery	1,673		2,478	
Advertising	3,606		835	
Website costs	432		578	
Telecommunications	4,584		3,333	
Sundry expenses	1,338		1,142	
Staff and volunteer training	99		288	
Amortisation	873		808	
Depreciation	22,497		23,299	
Profit or loss on sale of tangible assets	-		2,192	
		(194,707)		(198,907)
Exceptional items				
Grant funding receivable in respect of freehold purchase	318,324		-	
		318,324		-
Operating profit/(loss) c/fwd		297,619		(28,597)
Interest payable and similar expenses				
Bank interest on loans and overdrafts		(4,252)		(8,423)
Profit/(loss) before taxation		293,367		(37,020)

The Clifton Community Arts Centre Ltd
Annual Report for the year ended 31st December 2023