

REGISTERED COMPANY NUMBER: 1792824 (England and Wales)

REGISTERED CHARITY NUMBER: 290218

CONSOLIDATED

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2014
FOR
KNEEHIGH THEATRE TRUST LIMITED
(A COMPANY LIMITED BY GUARANTEE)

Lang Bennetts
Statutory Auditors
The Old Carriage Works
Moresk Road
TRURO
Cornwall
TR1 1DG

KNEEHIGH THEATRE TRUST LIMITED
(A COMPANY LIMITED BY GUARANTEE)

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FOR THE YEAR ENDED 31 MARCH 2014

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KNEEHIGH THEATRE TRUST LIMITED
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2014

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2014. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

1792824 (England and Wales)

Registered Charity number

290218

Registered office

15 Walsingham Place
TRURO
Cornwall
TR1 2RP

Trustees

S C Williams

D J T Jubb

P M Cox

S Healey

D J H Skinnard

A Livingston

Vice Chair

- resigned 9/12/2013

- appointed 24/6/2013

- appointed 9/12/2013

Chair

Company Secretary

C B Bond

Auditors

Lang Bennetts
Statutory Auditors
The Old Carriage Works
Moresk Road
TRURO
Cornwall
TR1 1DG

Bankers

Barclays Bank plc
20 Lemon Street
Truro
Cornwall
TR1 2NB

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

Kneehigh Theatre Trust is a company limited by guarantee, governed by Memorandum and Articles of Association incorporated on 28 November 1983 and amended on 15 August 2011. It is registered as a charity with the Charity Commission.

Appointment and terms of office of Board members

The Board may consist of up to 10 Directors. Nominations for new Board members are invited from within the Board and particular attention is made to the skills new members will bring the Board.

New Board members have an induction meeting with the Chief Executive and are sent an induction pack with all relevant background information. They are invited to meet all staff and attend productions and events throughout the year. Appropriate training is carried out as required.

KNEEHIGH THEATRE TRUST LIMITED
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2014

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

The Board meets quarterly and takes ultimate legal and financial responsibility for Kneehigh. The Capital and Finance Sub Committee monitors and reviews all aspects of financial performance and in particular the preparation of budgets, and then reports its recommendations to the full Board of Trustees. The Chief Executive oversees the day to day running of the organisation.

Trustees

Chair and trustee David Jubb resigned in December 2013. The Board of Trustees have appointed one new member, Alan Livingston, who was also voted Chair, in December 2013.

The Kneehigh Asylum Community Interest Company is a wholly owned subsidiary of the Trust, with Peter Cox and Simon Williams as directors.

Management and staff

Paul Crewes is Kneehigh's Executive Producer and Chief Executive. Emma Rice and Mike Shepherd are Joint Artistic Directors. Together they form the Executive Team with responsibility for all aspects of the management of the company.

Equality and diversity

Kneehigh endeavours to operate across all its activities without discrimination, directly or indirectly, in relation to gender, class, race, colour, nationality, ethnic origin, marital status, sexual orientation, age, disability, trade union activity, political or religious belief. The trustees review a Diversity Action Plan on an annual basis.

Risk management

The trustees review the financial, operational and business risks that Kneehigh faces as part of the on-going management of Kneehigh. The trustees review a risk register on an annual basis. This document identifies risks, the steps taken to mitigate those risks and any further action required.

As trustees bring a breadth and depth of experience to the company, individual trustees may have interests that should be declared as from time to time they could prevent a potential 'conflict of interest'. The risk posed by a 'conflict of interest' arising is managed by a company policy as recommended by the Charities SORP.

KNEEHIGH THEATRE TRUST LIMITED
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2014

OBJECTIVES AND ACTIVITIES

Objectives and aims

The purposes of the charity are:

- to educate the public in the arts of theatre, mime and drama of all kinds;
- to further the development of public appreciation and taste in the said arts; and
- to assist and further such charitable institutions and charitable purposes as the trustees shall from time to time determine.

To achieve our objectives our mission is to bring innovative, accessible and excellent theatre to Cornwall, the nation and the world.

We tell stories for people of all ages. We make world-class theatre. We create theatre of humanity on an epic and on a tiny scale. We engineer creative space for an ensemble and community of performers, musicians, artists and managers who are passionate about our particular multi-disciplinary creative process. We push the boundaries of art and business, striving to surprise and challenge ourselves and our audiences alike.

In shaping our objectives for the year and planning our activities, the trustees have considered the Charity Commission's guidance on public benefit, including the guidance on public benefit and fee charging. The charity relies on grants, donations and the income from fees and charges to cover its operating costs. When programming the company's activities the trustees and executive team give careful consideration to the accessibility of the work for those on low incomes, young people and audiences in geographically diverse areas of the South West, the UK and internationally.

The strategies outlined in the charity's three year business plan to achieve the charity's aims and objectives are to:

- Continue to make life-changing, world-class theatre in venues and festivals
- Develop our touring venue, the Asylum
- Increase our youthful and non-elite audience
- Deepen the experience of regular attendees
- Strengthen Kneehigh communities of artists, creatives and supporters
- Refresh how we organise and manage to be entrepreneurial and successful
- Secure investment for risk and innovation

In this financial year these strategies are put into action by delivering world class theatre to venues and audiences throughout the UK and internationally and by exploring different ways in which members of local communities can interact more directly with the company through the continuation of the Rambles Programme (previously called the Connections Programme).

KNEEHIGH THEATRE TRUST LIMITED
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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2014

ACHIEVEMENT AND PERFORMANCE

Charitable activities

This year the company played 286 performances to 106,580 people across three continents. The companies' profile was raised in both Australia and the USA with tours of two of our most popular productions: Brief Encounter and Tristan & Yseult.

On Tour - UK

Tristan & Yseult

Tristan & Yseult, the original hit show that catapulted Kneehigh onto the national stage, returned this year. The show ran at the West Yorkshire Playhouse 14th-22nd June, Hall for Cornwall 25th - 29th June, and Bristol Old Vic 3rd-20th July.

Cornish King Mark is at war; he rules with his head not his heart. But he hasn't counted on falling head over heels for his enemy's sister, or expected the arrival of the enigmatic Tristan.

This is the original tale of forbidden desires, broken hearts and the agony of choosing one human being over another. Seen through the eyes of the 'Unloved', Tristan & Yseult blended comedy, live music, grand passion and tender truths, in an irresistible night of love.

"A spectacular yet intimate show in which the comical, the classical, the heartfelt and the sultry all become one...Did I mention that I loved it?" (Dominic Maxwell, Times)

On Tour - International

Brief Encounter

This year we revisited our version of Noel Coward's Brief Encounter which toured to Australia and America.

The story follows the lives of a married woman Laura and her chance encounter with a doctor, Alec, at a train station. Audiences in Australia and America fell in love with the show as we toured for 12 weeks in Australia (13th September - 30th November) to: Festival Theatre, Adelaide; Canberra Theatre Centre; Athenaeum, Melbourne; The Concourse, Sydney; Illawara Performing Arts Centre, Wollongong; and The Regal, Perth.

The show then transferred to the Wallis Annenberg, LA from 15th February - 23rd March, and Shakespeare Theatre, Washington from 29th March 2014 - 13th April.

"absolutely captivating and engaging...an impeccable performance" (Living Out Loud, LA)

Tristan & Yseult

After its very successful run in the UK the show transferred to America playing at Berkeley Repertory Theatre, San Francisco from 22nd November - January 19th, Guthrie Theatre, Minneapolis from 13th February - 23rd March, and Shakespeare Theatre, Chicago from 30th March - 13th April. American audiences loved the show, many having seen The Wild Bride or Brief Encounter.

"My wife and I had the extreme pleasure of seeing Tristan and Yseult at the Guthrie Theater on Saturday, February 15. To say we were both blown away by the production would be a gross understatement. What a marvellous piece of theatre! Delightful in every aspect, with outstanding performances by the actors. Wonderfully humorous when it needed to be, and devastatingly poignant in its final moments, so much so that I am at a loss to express my feelings adequately. I'll just say that my eyes were rather wet. We were introduced to Kneehigh in 2010 when we were in the audience for Brief Encounter, and have been waiting for a return engagement ever since. I hope there will be future visits from your company."

Radio

On the 21st December Kneehigh hit the airwaves as The Wild Bride was broadcast across the nation as Radio 4's afternoon play. The script had been adapted by Emma Rice from the original by Carl Grose and the recording featured a selection of the original cast. We had a tremendous amount of positive feedback about the broadcast, with many people commenting they had not heard of Kneehigh before but now wanted to find out more about the company. The BBC estimate that just under a million people listened to the show.

"Exuberant and irresistible" (Financial Times)

KNEEHIGH THEATRE TRUST LIMITED
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2014

ACHIEVEMENT AND PERFORMANCE

Charitable activities

Research and development

We held three Research and Development weeks this year. The first was in April at the Bristol Old Vic for our 2014 show, Dead Dog in a Suitcase (and other love songs). A team of actors and musicians assembled to explore the show with director, Mike Shepherd, composer Charles Hazlewood and writer, Carl Grose. In October we held two further development weeks in our rehearsal space on the cliffs at Gorran Haven. First Director Simon Harvey explored the novella FUP by Jim Dodge, and second Adele Thomas looked at Angela Carter's Company of Wolves.

Kneehigh Rambles

This year our outreach programme, The Connections Programme, was re-branded as The Kneehigh Rambles. The scheme is now a year round programme encompassing the following strands:

Artists and Events: Anna Maria Murphy walked through the rain and wind collecting stories along the way. We also held story gathering tea parties in specific communities. While Tristan & Yseult was playing at Hall for Cornwall we created a Love Letter exhibition in the foyer and held an evening event for teachers while the 50 Degrees choir performed on Lemon Quay.

Workshops: We held a variety of creative workshops across Cornwall with selected groups. In the Spring we held Tristan & Yseult themed workshops with participants exploring "Love Letters" through drama, creative writing and singing. These groups were then invited to see Tristan & Yseult at the Hall for Cornwall (see below). We also held "Bread & Bams" workshops, ran a series of app workshops, and held a Continuing Professional Development Day with drama teachers, lead by Mike Shepherd.

22 groups attended a workshop including: WILD, Carefree, Coastline Homeless Service, Early Intervention into Pyschosis Team, Treyla and Penhaligon's Friends. This year 425 people took part in a workshop.

Targeted Tickets: 175 young people attended a performance at Tristan & Yseult at Hall for Cornwall for free. We actively hosted the groups attending the show to make sure they felt welcome in the space. Many of the groups had previously attended a workshop and it is vital that after engaging with us they come to a live show.

The Rambles Show: The Ramblers were back out on the Roads Less Travelled this year performing the show in a variety of locations across Cornwall. The stories collected by Anna Maria Murphy were animated by a team of actors, musicians and puppeteers. All the shows were free and the show played on Lemon Quay to passing shoppers, on the windswept harbour side in Looe, and in village halls and schools all over the county. The Kneehigh Rambles also provided pre-show entertainment for the Cornwall Tourism Awards.

We estimate that this year 1,625 people saw a Kneehigh show for free, either at Tristan & Yseult at the Hall for Cornwall, or at a performance of the Rambles show.

The Rambles program this year attracted £61,885 of funding to engage with communities and disadvantaged groups in Cornwall. We were funded by: Esmée Fairbairn Foundation, Joyce Carr Doughty Charitable Trust, West Cornwall Youth Trust and the John Thaw Foundation.

Buildings and Resources

We invested in storage containers to store The Asylum and production sets and equipment.

KNEEHIGH THEATRE TRUST LIMITED
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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2014

FINANCIAL REVIEW

This year we changed our programming pattern from the previous three years which is reflected in our income and expenditure. In the previous years we had been exploring how best to operate The Asylum and investing in infrastructure via our designated Creative Asylum Reserve. This year we have sought to build our reserves to enable further investment in new large scale productions in years to come. We also decided not to programme an Asylum season this year to allow for a period of reflection and re-imagining after our three year commissioning and learning process.

The turnover for the past 3 years has been in the region of £1.2 to £1.5 million, an increase of approximately 50% on 2009 results, despite a cut of 11% in real terms to our Arts Council funding (see note below). This year our income is £1.8 million due to an increase in international touring activity (237 performances compared to 51 in the previous year). As we have been able to control production costs on tour, and we have not made any major capital or production investment in this year, we have made a surplus of £123,826.

TKACIC is a wholly owned subsidiary of KTT, hiring the Asylum structure and related infrastructure (i.e. seating, lighting) to KTT and other clients, as well as providing services as appropriate (for example rigging, on-site catering etc).

Funding

In 2010 and subsequent spending reviews, the government announced substantial reductions in most areas of government spending. This is impacting upon arts organisations nationally via subsequent Arts Council England (ACE) reductions in funding via the National Portfolio Organisation (NPO) funding stream. The majority of NPO's have received an 11% real term cut from RFO levels in 2010.

Kneehigh is one of ACE's National Portfolio Organisations (NPOs) and this is the second year of our agreed three year funding. After a successful NPO bid to ACE for on-going funding for 2015 -18, we are currently in negotiation with ACE to continue to receive annual funding of at least a similar level as this year until March 2018.

Cornwall Council statutory funding was also reduced by 10% in 2011/12, and is forecast to remain static for the foreseeable future.

Additional fundraising efforts in recent years have focussed upon raising funds to finance the Rambles Programme. In this financial year we have been successful in securing grants to support the Rambles Programme totalling £61,885.

The trustees gratefully acknowledge the on-going support received from The Arts Council England and Cornwall Council, and would also like to thank Esmée Fairbairn Foundation, The Joyce Carr Doughty Charitable Trust, The John Thaw Trust, West Cornwall Youth Trust and all the individuals who donated through our Friends scheme and at events.

The general economic climate remains difficult and competition for audiences and funding is fierce. However, demand for Kneehigh productions remains high and we continue to develop our fundraising capacity in the areas of Trusts, Foundations, Donations and Sponsorship.

Reserves policy

Free Reserves:

General Fund: the Trustees have decided to continue the policy of aiming to keep sufficient free reserves to cover 3 months of forecast core running costs, which in 2014-15 are £132,000.

Designated Reserves:

Production Reserve: due to the uncertain funding climate which is unlikely to improve after the general election in 2015, the Trustees have decided to designate £150,000 of reserves to a 'Production Reserve'. This reserve will be used to invest in artistic ideas and processes. In this way we will continue to develop and maintain artistic excellence.

Asset Replacement Reserve: the company has recently invested in the Asylum structure and associated infrastructure and therefore the trustees have decided to continue this reserve to ensure that we are able to replace items that have a limited lifespan, for example The Asylum structure's canvas cover.

Fixed Asset Reserve: has been set up to assist in identifying those funds, which are not free funds. It represents the net book value of tangible fixed assets, which do not form part of the capital restricted funds or a separate designated fund. This reserve will be released against the depreciation of these assets.

KNEEHIGH THEATRE TRUST LIMITED
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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2014

FINANCIAL REVIEW

TKACIC Deferred Grant reserve: this represents the net book value of the capital portion of grants made by KTT to TKACIC to assist with the purchase of the Asylum structure and associated infrastructure. This reserve will be released against the depreciation of these assets.

Restricted Reserves:

Rambles: This reserve is the remaining part of The Esmee Fairbairn Foundation and The John Thaw Foundation grants towards Rambles activity that was undertaken in April 2014.

At 31 March 2014 the total reserves were £503,075.

Debtors and Cashflow

At the end of the financial year the group had operational debtors of £98,543 and accrued income included within other debtors of £234,875. This is due to the schedule of activity which included international touring in February and March, and therefore the fees associated with this activity are outstanding at the year end. However the increased level of debtors, coupled with the current difficult financial climate, (where some venues are struggling financially and therefore settling their accounts later), highlights lack of cashflow as an increased risk to the group. The Trustees continue to implement procedures, and explore options, to reduce both the likelihood and the impact of this risk.

Exchange Rate

In 2013 sterling increased in value against both the US and Australian dollar. Fees from international touring are agreed in the international venues' currency. In previous years the fees had been converted into sterling when they were paid into our sterling account on the agreed payment date. The rising value of sterling this year meant that the sterling value of our agreed international fees would be less than we had previously anticipated. In order to manage this risk we opened a US and Australian dollar account and have been able to keep the majority of our international fees in their original currency until the exchange rate has moved in our favour again.

The value of our international fees is currently shown in our accounts in the exchange rate on the date that the fees were received by us. Any variance between that value and the value of the currency held in our dollar accounts on the 31st March is shown in the Exchange Rate Variance.

FUTURE DEVELOPMENTS

Kneehigh's plans for 2014/15 are to continue to achieve our charitable objects by:

- Completing our 'Tristan and Yseult' international tour.
- Completing our 'Brief Encounter' international tour.
- Producing a Rambles programme in Cornwall.
- Producing a new production 'Dead Dog in a Suitcase (& other love songs)' in co-production with Liverpool Everyman and Playhouse.
- Presenting an Asylum season at The Lost Gardens of Heligan.
- Reviving 'Tristan & Yseult' for further international touring in the winter of 2014/15.
- Continuing research and development for future projects.

KNEEHIGH THEATRE TRUST LIMITED
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2014

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of Kneehigh Theatre Trust Limited (A Company Limited by Guarantee) for the purposes of company law) are responsible for preparing the 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

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

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

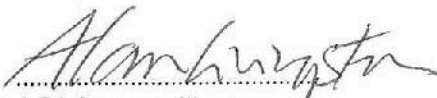
In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The Trustees have decided to undergo a tender process before appointing auditors for the next accounting period (2014-15).

Approved by order of the board of trustees on 15/12/14 and signed on its behalf by:


.....
A Livingston - Trustee

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF
KNEEHIGH THEATRE TRUST LIMITED
(A COMPANY LIMITED BY GUARANTEE)

We have audited the financial statements of Kneehigh Theatre Trust Limited (A Company Limited by Guarantee) for the year ended 31 March 2014 on pages eleven to twenty five. 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).

This report is made solely to the charitable company's trustees, as a body, in accordance with regulations made under section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state to them in an auditors' 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees Responsibilities set out on page nine, 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.

We have been appointed auditor under section 151 of the Charities Act 2011 and report in accordance with this Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2014, and of the group's 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 Charities Act 2011.

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF
KNEEHIGH THEATRE TRUST LIMITED
(A COMPANY LIMITED BY GUARANTEE)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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.

Lang Bennetts

Lang Bennetts
Statutory Auditors
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
The Old Carriage Works
Moresk Road
TRURO
Cornwall
TR1 1DG

Date: *17/12/2014*

KNEEHIGH THEATRE TRUST LIMITED
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2014

		Unrestricted	Restricted	Total	2014	Total	2013
	Notes	funds	funds		funds		funds
		£	£		£		£
INCOMING RESOURCES							
Incoming resources from generated funds							
Voluntary income	2	391,187	73,260		464,447		420,403
Activities for generating funds	3	43,063	-		43,063		94,853
Investment income	4	1,248	-		1,248		724
Incoming resources from charitable activities							
Productions	5	1,410,539	-		1,410,539		713,323
Other incoming resources		-	-		-		4,938
Total incoming resources		1,846,037	73,260		1,919,297		1,234,241
RESOURCES EXPENDED							
Costs of generating funds							
Costs of generating voluntary income	6	9,617	-		9,617		15,122
Fundraising trading: cost of goods sold and other costs	7	14,507	-		14,507		10,031
Charitable activities							
Productions	8	1,671,445	75,995		1,747,440		1,295,294
Governance costs	10	23,907	-		23,907		19,566
Total resources expended		1,719,476	75,995		1,795,471		1,340,013
NET INCOMING/(OUTGOING) RESOURCES		126,561	(2,735)		123,826		(105,772)
RECONCILIATION OF FUNDS							
Total funds brought forward		369,054	9,295		379,249		485,021
TOTAL FUNDS CARRIED FORWARD		<u>496,515</u>	<u>6,560</u>		<u>503,075</u>		<u>379,249</u>

CONTINUING OPERATIONS

All incoming resources and resources expended arise from continuing activities.

KNEEHIGH THEATRE TRUST LIMITED
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED BALANCE SHEET
AT 31 MARCH 2014

	Notes	Unrestricted funds £	Restricted funds £	2014 Total funds £	2013 Total funds £
FIXED ASSETS					
Tangible assets	14	<u>394,070</u>	-	<u>394,070</u>	<u>451,555</u>
		394,070	-	394,070	451,555
CURRENT ASSETS					
Stocks		3,457	-	3,457	7,842
Debtors	16	460,273	-	460,273	220,260
Cash at bank and in hand		<u>289,703</u>	<u>6,560</u>	<u>296,263</u>	<u>127,883</u>
		753,433	6,560	759,993	355,985
CREDITORS					
Amounts falling due within one year	17	<u>(383,254)</u>	-	<u>(383,254)</u>	<u>(130,603)</u>
NET CURRENT ASSETS					
		<u>370,179</u>	<u>6,560</u>	<u>376,739</u>	<u>225,382</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
		764,249	6,560	770,809	676,937
CREDITORS					
Amounts falling due after more than one year	19	<u>(267,734)</u>	-	<u>(267,734)</u>	<u>(297,688)</u>
NET ASSETS					
		<u>496,515</u>	<u>6,560</u>	<u>503,075</u>	<u>379,249</u>
FUNDS					
	20				
Unrestricted funds:					
General fund				148,296	145,336
Production reserve				150,000	-
Fixed Asset Reserve				21,756	21,191
Asset replacement reserve				110,000	110,000
TKACIC deferred grant reserve				<u>66,463</u>	<u>93,427</u>
				496,515	369,954
Restricted funds:					
Rambles				6,560	-
CRM system				<u>-</u>	<u>9,295</u>
				<u>6,560</u>	<u>9,295</u>
TOTAL FUNDS					
				<u>503,075</u>	<u>379,249</u>

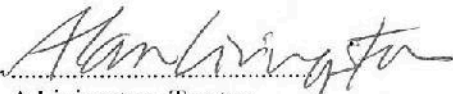
The notes form part of these financial statements

KNEEHIGH THEATRE TRUST LIMITED
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED BALANCE SHEET - CONTINUED
AT 31 MARCH 2014

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board of Trustees on 5/12/14 and were signed on its behalf by:


A Livingston -Trustee

KNEEHIGH THEATRE TRUST LIMITED
(A COMPANY LIMITED BY GUARANTEE)

CHARITY BALANCE SHEET
AT 31 MARCH 2014

		Unrestricted funds	Restricted funds	Total	Total
	Notes	£	£	2014 funds £	2013 funds £
FIXED ASSETS					
Tangible assets	14	21,756	-	21,756	30,487
Investments	15	<u>100</u>	<u>-</u>	<u>100</u>	<u>100</u>
		21,856	-	21,856	30,587
CURRENT ASSETS					
Stocks		3,457	-	3,457	7,842
Debtors	16	480,255	-	480,255	257,889
Cash at bank and in hand		<u>282,078</u>	<u>6,560</u>	<u>288,638</u>	<u>126,107</u>
		765,790	6,560	772,350	391,838
CREDITORS					
Amounts falling due within one year	18	(347,423)	-	(347,423)	(139,839)
		<u>418,367</u>	<u>6,560</u>	<u>424,927</u>	<u>251,999</u>
NET CURRENT ASSETS					
		<u>418,367</u>	<u>6,560</u>	<u>424,927</u>	<u>251,999</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
		<u>440,223</u>	<u>6,560</u>	<u>446,783</u>	<u>282,586</u>
NET ASSETS					
		<u>440,223</u>	<u>6,560</u>	<u>446,783</u>	<u>282,586</u>
FUNDS					
20					
Unrestricted funds:					
General fund				158,367	142,000
Production reserve				150,000	-
Fixed asset reserve				21,856	21,291
Asset replacement reserve				<u>110,000</u>	<u>110,000</u>
				440,223	273,291
Restricted funds:					
Rambles				6,560	-
CRM system				<u>-</u>	<u>9,295</u>
				6,560	9,295
TOTAL FUNDS					
				<u>446,783</u>	<u>282,586</u>

The notes form part of these financial statements

KNEEHIGH THEATRE TRUST LIMITED
(A COMPANY LIMITED BY GUARANTEE)

CHARITY BALANCE SHEET - CONTINUED
AT 31 MARCH 2014

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2014.

The members have not deposited notice, pursuant to Section 476 of the Companies Act 2006 requiring an audit of these financial statements.

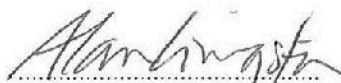
The trustees acknowledge their responsibilities for

- (a) ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charitable company.

These financial statements have been audited under the requirements of Section 144 of the Charities Act 2011.

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies.

The financial statements were approved by the Board of Trustees on 15/12/14 and were signed on its behalf by:



A Livingston -Trustee

KNEEHIGH THEATRE TRUST LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, the Companies Act 2006 and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities.

As a consequence the financial statements do not include an income and expenditure account in the form specified by the Companies Act 2006. This is a departure from the statutory format of financial statements, but it is required by Companies Act 2006 to enable the financial statements to give a true and fair view. In all other respects, the financial statements have been prepared in accordance with the Companies Act 2006.

Company Status

The charity is a company limited by guarantee. The members of the company are the trustees named on page 1. 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.

Financial reporting standard number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the charitable company qualifies as a small charitable company.

Incoming resources

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Voluntary income comprises all incoming resources from grants (except performance related grants), donations, sponsorship and members. Voluntary income is recognised on a receivable basis in the appropriate fund except where the donor has specified that the donation or grant relates to a future period or that certain pre-conditions must be fulfilled before use.

Activities for generating funds includes all merchandise income and hire of rehearsal spaces and offices.

Incoming resources from charitable activities includes all performance related grants, touring fees, box office income, project fees and royalties.

Investment income includes all interest on bank and treasury deposits.

Resources expended

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. Grants offered subject to conditions which have not been met at the year end date are noted as a commitment but not accrued as expenditure.

Cost of generating funds

Costs of generating voluntary income are those costs incurred in fundraising and friends' scheme costs.

Charitable activities

Charitable activities include all expenditure associated with putting on productions and education related work and includes both direct and support costs.

Governance costs

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

Allocation and apportionment of costs

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with use of resources, e.g. allocating staff costs by time spent and other costs by their usage.

KNEEHIGH THEATRE TRUST LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2014

1. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life. Tangible fixed assets are included at cost, being purchase price.

Equipment - IT	- 33% on cost
Equipment - excluding IT	- 25% on cost
Equipment - National Lottery Funded	- 25% on cost
Short leasehold improvements	- Straight line over the lease term of 20 years
Motor vehicles	- 25% on cost

Individual assets costing £1,000 or more are capitalised at cost.

Stocks

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

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

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

Designated funds comprise unrestricted funds that have been set aside by the directors for particular purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charitable company for particular purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

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.

Volunteers and donated services and facilities

The value of services provided by volunteers is not incorporated into these financial statements.

Grant making

Grants are recognised in the year in which they are approved and such approval has been communicated to the recipient, except to the extent that it is subject to conditions that enable the company to revoke the reward.

Costs of new productions

The materials costs of new productions, associated creative team fees and rehearsal costs are carried forward on the balance sheet until they are expensed on the date of the opening night performance. Internal labour costs are expensed as incurred.

KNEEHIGH THEATRE TRUST LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2014

2. VOLUNTARY INCOME

	2014	2013
	£	£
Friends Scheme	17,950	32,810
Arts Council England	353,237	352,628
Cornwall Council	20,000	20,000
FEAST	3,965	3,965
Albert Van Den Bergh Charitable Trust	-	1,000
Joyce Carr Doughty	10,000	10,000
Esmee Fairbairn Foundation	37,380	-
Unlocking Cornish Potential	6,600	-
Creative Employment Programme	4,775	-
West Cornwall Youth Trust	5,000	-
John Thaw Foundation	5,540	-
	<u>464,447</u>	<u>420,403</u>

3. ACTIVITIES FOR GENERATING FUNDS

	2014	2013
	£	£
Merchandise income	9,897	26,538
Hire income	-	1,635
Education/training	3,212	1,137
The Kneehigh Asylum Community Interest Company	29,954	65,543
	<u>43,063</u>	<u>94,853</u>

4. INVESTMENT INCOME

	2014	2013
	£	£
Deposit account interest	<u>1,248</u>	<u>724</u>

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

		2014	2013
	Activity	£	£
UK touring and box office	Productions	192,924	513,911
International touring	Productions	1,217,615	199,412
		<u>1,410,539</u>	<u>713,323</u>

6. COSTS OF GENERATING VOLUNTARY INCOME

	2014	2013
	£	£
Sundries	2,197	6,115
Support costs	7,420	9,005
	<u>9,617</u>	<u>15,120</u>

KNEEHIGH THEATRE TRUST LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2014

7. FUNDRAISING TRADING: COST OF GOODS SOLD AND OTHER COSTS

	2014	2013
	£	£
Purchases	<u>14,507</u>	<u>10,031</u>

8. CHARITABLE ACTIVITIES COSTS

	Direct costs	Support costs (See note 9)	Totals
	£	£	£
Productions	<u>1,275,815</u>	<u>471,625</u>	<u>1,747,440</u>

9. SUPPORT COSTS

	Management £
Costs of generating voluntary income	7,420
Governance costs	9,274
Productions	<u>471,625</u>
	<u>488,319</u>

10. GOVERNANCE COSTS

	2014	2013
	£	£
Miscellaneous expenses	4,849	4,512
Bank and other fees	1,901	2,446
Auditors' remuneration	7,883	5,405
Support costs	<u>9,274</u>	<u>7,203</u>
	<u>23,907</u>	<u>19,566</u>

11. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting):

	2014	2013
	£	£
Auditors' remuneration	9,508	6,980
Depreciation - owned assets	70,004	69,247
Other operating leases	<u>16,158</u>	<u>14,327</u>

KNEEHIGH THEATRE TRUST LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2014

12. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2014 nor for the year ended 31 March 2013.

Trustees' expenses

Trustees were reimbursed the costs of attending trustee meetings to the value of £1,421 (2013: £558).

13. STAFF COSTS

	2014	2013
	£	£
Wages and salaries	879,350	527,467
Social security costs	73,770	52,339
Other pension costs	5,786	5,809
	<u>958,906</u>	<u>585,615</u>

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

	2014	2013
Actors and stage management	25	14
Administration	5	5
	<u>30</u>	<u>19</u>

No employees received emoluments in excess of £60,000.

14. GROUP TANGIBLE FIXED ASSETS

	Short leasehold	Equipment	Lottery funded equipment	Motor vehicles	Totals
	£	£	£	£	£
COST					
At 1 April 2013	29,573	662,889	99,414	38,623	830,499
Additions	-	12,519	-	-	12,519
Disposals	-	(48,823)	-	-	(48,823)
	<u>29,573</u>	<u>626,585</u>	<u>99,414</u>	<u>38,623</u>	<u>794,195</u>
At 31 March 2014	<u>29,573</u>	<u>626,585</u>	<u>99,414</u>	<u>38,623</u>	<u>794,195</u>
DEPRECIATION					
At 1 April 2013	8,381	232,526	99,414	38,623	378,944
Charge for year	1,479	68,525	-	-	11,455
Eliminated on disposal	-	(48,823)	-	-	(48,823)
	<u>9,860</u>	<u>252,228</u>	<u>99,414</u>	<u>38,623</u>	<u>400,125</u>
At 31 March 2014	<u>9,860</u>	<u>252,228</u>	<u>99,414</u>	<u>38,623</u>	<u>400,125</u>
NET BOOK VALUE					
At 31 March 2014	<u>19,713</u>	<u>374,357</u>	<u>-</u>	<u>-</u>	<u>394,070</u>
At 31 March 2013	<u>21,192</u>	<u>430,363</u>	<u>-</u>	<u>-</u>	<u>451,555</u>

KNEEHIGH THEATRE TRUST LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2014

14. CHARITY TANGIBLE FIXED ASSETS

	Short leasehold	Equipment	Lottery funded equipment	Motor vehicles	Totals
	£	£	£	£	£
COST					
At 1 April 2013	29,573	93,629	99,414	38,623	261,239
Additions	-	2,724	-	-	2,724
Disposals	-	(48,823)	-	-	(48,823)
At 31 March 2014	<u>29,573</u>	<u>47,530</u>	<u>99,414</u>	<u>38,623</u>	<u>215,140</u>
DEPRECIATION					
At 1 April 2013	8,381	84,334	99,414	38,623	230,752
Charge for year	1,479	9,976	-	-	11,455
Eliminated on disposal	-	(48,823)	-	-	(48,823)
At 31 March 2014	<u>9,860</u>	<u>45,487</u>	<u>99,414</u>	<u>38,623</u>	<u>193,384</u>
NET BOOK VALUE					
At 31 March 2014	<u>19,713</u>	<u>2,043</u>	<u>-</u>	<u>-</u>	<u>21,756</u>
At 31 March 2013	<u>21,192</u>	<u>9,295</u>	<u>-</u>	<u>-</u>	<u>30,487</u>

15. CHARITY FIXED ASSET INVESTMENTS

	Unlisted investments £
MARKET VALUE	
At 1 April 2013 and 31 March 2014	<u>100</u>
NET BOOK VALUE	
At 31 March 2014	<u>100</u>
At 31 March 2013	<u>100</u>

There were no investment assets outside the UK.

The company's investments at the balance sheet date in the share capital of companies include the following:

The Kneehigh Asylum Community Interest Company:

Nature of business: Acquiring and operating a mobile venue

Class of share:	%
Ordinary	100

	2014 £	2013 £
Aggregate capital and reserves	(10,071)	3,336
(Loss)/profit for the year	<u>(13,407)</u>	<u>1,220</u>

KNEEHIGH THEATRE TRUST LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2014

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 Group £	2014 Charity £	2013 Group £	2013 Charity £
Operational debtors	98,543	93,143	66,375	60,975
Amounts owed by group undertakings	-	25,972	-	63,029
Other debtors	240,230	240,230	110,134	110,134
VAT	19,777	19,187	-	-
Prepayments	<u>101,723</u>	<u>101,723</u>	<u>43,751</u>	<u>23,751</u>
TOTAL	<u>460,273</u>	<u>480,255</u>	<u>220,260</u>	<u>257,889</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 Group £	2014 Charity £	2013 Group £	2013 Charity £
Operational creditors	76,165	71,863	33,145	28,845
Social security and other taxes	24,836	24,836	22,608	22,895
Other creditors	1,182	1,182	11,648	11,648
Income received in advance	97,078	67,124	32,091	2,137
Accrued expenses	<u>183,993</u>	<u>182,418</u>	<u>31,111</u>	<u>74,314</u>
TOTAL	<u>383,254</u>	<u>347,423</u>	<u>130,603</u>	<u>139,839</u>

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2014 Group £	2014 Charity £	2013 Group £	2013 Charity £
Income received in advance	<u>267,734</u>	-	<u>297,688</u>	-
TOTAL	<u>267,734</u>	-	<u>297,688</u>	-

19. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	Land and buildings		Other operating leases	
	2014 £	2013 £	2014 £	2013 £
Expiring:				
Within one year	7,560	23,403	-	747
Between one and five years	-	-	925	-
In more than five years	<u>5,250</u>	<u>5,250</u>	-	-
	<u>12,810</u>	<u>28,653</u>	<u>925</u>	<u>747</u>

KNEEHIGH THEATRE TRUST LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2014

20. GROUP MOVEMENT IN FUNDS

	At 1/4/13 £	Net movement in funds £	Transfers between funds £	At 31/3/14 £
Unrestricted funds				
General fund	145,336	128,721	(125,761)	148,296
Production reserve	-	-	150,000	150,000
Fixed asset reserve	21,191	(2,160)	2,725	21,756
TKACIC deferred grant reserve	93,427	-	(26,964)	66,463
Asset replacement reserve	<u>110,000</u>	<u>-</u>	<u>-</u>	<u>110,000</u>
	369,954	126,561	-	496,515
Restricted funds				
Rambles	-	6,560	-	6,560
CRM system	<u>9,295</u>	<u>(9,295)</u>	<u>-</u>	<u>-</u>
	9,295	(2,735)	-	6,560
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUNDS	<u>379,249</u>	<u>123,826</u>	<u>-</u>	<u>503,075</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	1,846,037	(1,717,316)	128,721
Fixed Asset Reserve	<u>-</u>	<u>(2,160)</u>	<u>(2,160)</u>
	1,846,037	(1,719,476)	126,561
Restricted funds			
Rambles	73,260	(66,700)	6,560
CRM system	<u>-</u>	<u>(9,295)</u>	<u>(9,295)</u>
	73,260	(75,995)	(2,735)
	<u> </u>	<u> </u>	<u> </u>
TOTAL FUNDS	<u>1,919,297</u>	<u>(1,795,471)</u>	<u>123,826</u>

KNEEHIGH THEATRE TRUST LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2014

20. CHARITY MOVEMENT IN FUNDS

	At 1/4/13 £	Net movement in funds £	Transfers between funds £	At 31/3/14 £
Unrestricted funds				
General fund	142,000	169,092	(152,725)	158,367
Production reserve	-	-	150,000	150,000
Fixed asset reserve	21,291	(2,160)	2,725	21,856
Asset replacement reserve	<u>110,000</u>	<u>-</u>	<u>-</u>	<u>110,000</u>
	273,291	166,932	-	440,223
Restricted funds				
Rambles	-	6,560	-	6,560
CRM system	<u>9,295</u>	<u>(9,295)</u>	<u>-</u>	<u>-</u>
	9,295	(2,735)	-	6,560
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUNDS	<u>282,586</u>	<u>164,197</u>	<u>-</u>	<u>446,783</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	1,816,083	(1,646,991)	169,092
Fixed Asset Reserve	<u>-</u>	<u>(2,160)</u>	<u>(2,160)</u>
	1,816,083	(1,649,151)	166,932
Restricted funds			
Rambles	73,260	(66,700)	6,560
CRM system	<u>-</u>	<u>(9,295)</u>	<u>(9,295)</u>
	73,260	(75,995)	(2,735)
	<u> </u>	<u> </u>	<u> </u>
TOTAL FUNDS	<u>1,889,343</u>	<u>(1,725,146)</u>	<u>164,197</u>

KNEEHIGH THEATRE TRUST LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2014

20. MOVEMENT IN FUNDS - continued

Purpose of designated funds:

Production Reserve - due to the uncertain funding climate which is unlikely to improve after the general election in 2015, the Trustees have decided to designate £150,000 of reserves to a 'Production Reserve'. This reserve will be used to invest in artistic ideas and processes. In this way we will continue to develop and maintain artistic excellence.

Fixed asset reserve - has been set up to assist in identifying those funds, which are not free funds. It represents the net book value of tangible fixed assets, which do not form part of the capital restricted funds.

Asset replacement reserve - has been set up to provide funds for the maintenance of the Asylum.

TKACIC Deferred Grant reserve - this represents the net book value of the capital portion of grants made to the Kneehigh Asylum Community Interest Company which is included in the consolidated accounts. This reserve reflects the different accounting treatment in the Charity and the Community Interest Company and will be released in line with the depreciation of the related assets.

Purpose of restricted funds:

Rambles - represents the funding received and the associated expenditure for the Rambles Project (previously known as the Connections project) to encourage new audiences to participate in Kneehigh's productions.

Customer Relationship Management System - represents the funding received and the associated expenditure relating to the CRM system. The balance carried forward relates to the net book value of the capital element of the original cost.

21. RELATED PARTY DISCLOSURES

Shelia Healey, a Trustee, is Chair of Arts Council England South West. Arts Council England provides core funding to Kneehigh Theatre Trust Limited. In the year ended 31 March 2014 this funding amounted to £353,237 (2013: £352,628).