

Members' Grants Panel**Astor Theatre, Deal – Application for Revenue Grant Funding**

Further to the Members' Grants Panel meeting of 5 July, the financial accounts for the Astor Theatre have been received and reviewed. This paper summarises the findings of that review, drawing solely upon the information supplied to the Department of Finance and Central Support on 10 July 2001.

Grant Application

The application, received in July 2001, requests revenue grant funding of £8,000 towards a Development Plan for the Astor Theatre. It should be treated as a request for a one-off grant payment. The application makes reference to the Development Plan having been "approved by the Council". For this to be the case, approval would have emanated from Cabinet, together with Policy and Services Committee – although the dates of such approval have not been confirmed by this review.

While the application is for revenue grant funding, it has missed the Council's annual revenue grants round, completed in January, at which time all funding was allocated. Therefore, the application should either be considered as part of the Arts and Events grants round, which is likely to be insufficient to incur the sum applied for, or should be placed before Cabinet plus Policy and Services Committee as a separate grant application. The latter case would require the redirection of expenditure from other budgets in this financial year.

Evidence is noted of professional fees in kind, although this does not detract from the financial situation outlined below in this paper.

Development Plan

In essence, this aims to increase and enhance the range of operations/ services carried out by the Theatre, for example life-long learning in the arts. This confirms the revenue nature of any potential grant funding.

The grant application refers to additional (new) expenditure on professional fees. The financial accounts supplied bear out the fact that additional expenditure has been incurred. However, the total costs associated with the development plan, together with the funding profiles to meet those costs have not been supplied.

Financial Accounts

1. The Balance Sheet and Profit and Loss Account refer to the year ended 31 March 2001, and include comparison with the accounts for the year ended 31 March 2000.
2. It is not clear why the Fixed Assets recorded in the Balance Sheet have been written down in full by "Grants Received". This may merely represent an unusual method of presentation, although it results in the Balance Sheet reporting negative fixed assets of £5,435 at 31/3/01.

3. The Balance Sheet refers to a Development Fund that went into deficit in 2001 – again an unusual feature.
4. The cash and bank balances have substantially reduced from £17,527 at 31/3/00 to £3,819 at 31/3/01.
5. Set against item 4 above, the amounts owing by the Theatre (i.e. Current Liabilities), amount to £10,854. These have increased to the point that demands for payment from creditors cannot be met without, say, a bank overdraft arrangement being made. In essence, it seems to be the non-payment of creditors that is shoring up the immediate financial balances.
6. In the Profit and Loss Account, Turnover has substantially increased from £16,000 in 1999/2000 to £33,000 in 2000/01. We assume that Turnover includes grants received, together with income from activities other than concerts. However, we are not totally clear since no information has been found to support these amounts.
7. While the Profit and Loss account reports that concerts have, by and large, broken even, it is noted that this is before taking account of the cost of sales amounting to a £6,000 deduction. No explanation is provided on these purchases.
8. In the Profit and Loss Account, overheads are shown to have substantially increased. This increase relates to the cost of Administration, which has risen from £5,982 in 1999/2000 to £27,922 in 2000/01.
9. The bottom line to the P&L Account indicates £3,700 profit made in 1999/2000, but a loss of £16,347 has been suffered in 2000/01.

Summary

The Astor Theatre has undertaken substantial additional expenditure commitments, but no funding arrangements appear to have been put in place to offset these. As a result, the Theatre is running at a substantial loss. The Theatre cannot sustain this level of loss into the current financial year (2001/02). If the Theatre were to be successful in its grant application to the Council, it is apparent that this sum would not be sufficient to support the Theatre's costs at currently reported levels.

It should be noted that, in view of the limited time scale available, the review could only be conducted on the information supplied at short notice. No request has been made to Astor Theatre for further explanations, details or analysis of the information supplied. Similarly, comparison between the financial information supplied and the details of the grant application and other correspondence may not be fully comprehensive.

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