

COMPANY NUMBER: 3006904

CHARITY NUMBER: 1049698

**HEADSTRONG PRODUCTIONS
ANNUAL REPORT AND ACCOUNTS**

2011

HEADSTRONG PRODUCTIONS
(A company limited by guarantee and not having a share capital)

Company No: 3006904

Charity No: 1049698

FINANACIAL STATEMENTS

for the year ended 31 March 2011

NICKALLS ACCOUNTANTS

**Chartered Certified Accountants
Ashington
Northumberland**

HEADSTRONG PRODUCTIONS

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HEADSTRONG PRODUCTIONS
TRUSTEES ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

The trustees present their report and audited financial statements for the year ended 31 March 2011.

Reference and Administrative Details

INCORPORATION:	Incorporated 6.1.1995 Company number 3006904 Charity number 1049698
DIRECTORS/TRUSTEES:	M Dungworth P D James R S Morland B Pidcock C Ross T Richardson H Mills
SECRETARY:	F M Castle
REGISTERED OFFICE:	21 Quay Road Blyth Northumberland NE24 2AS
INDEPENDENT ACCOUNTANTS:	Nickalls Accountants Chartered Certified Accountants 4 Lintonville Terrace Ashington Northumberland NE63 9UN
BANKERS:	Lloyds TSB 3-5 Newgate Street Morpeth Northumberland NE61 1AN

HEADSTRONG PRODUCTIONS
TRUSTEES ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

Structure Governance and Management

Governing Document

The company is governed by its memorandum and articles of association. The company is limited by guarantee, not having a share capital.

Recruitment and Appointment of Directors/Trustees

New Directors/Trustees are appointed as necessary and re-appointed annually. There have been no changes to the board in the year.

Director/Trustee Induction and Training

New Directors/Trustees are actively encouraged by the existing Directors/Trustees, having regard to any specialist skills required. New Directors/Trustees are briefed on their legal obligations under company and charity law, our Memorandum and Articles of Association, the Committee and the decision making process, future plans and recent performance. They are encouraged to attend appropriate training and made aware of Charity Commission publications. Feedback is encouraged.

Risk Management

We have assessed (and reviewed annually) the major risks to which we are exposed, in particular those related to our operations and finances, and are satisfied that systems are in place to mitigate our exposure.

Objectives and Principal Activity

Our objectives continue to be to advance education, training and personal development for the benefit of the community and specifically those with special needs. Our policies to achieve our objectives continue to be the promotion of arts, in particular but not exclusively, the art of drama.

Development, Activities and Achievements

Major changes in the regional arts infrastructure have created both obstacles and opportunities this year and the Company has worked hard to strengthen its position as a leading organisation in the field of arts and social inclusion. Despite current funding situations the Company has increased its overall turnover and developed its reputation as a vibrant, high quality arts organisation with many new and exciting projects. We continue to support Seven Stars Learning Disabled Theatre Group and Random Youth Theatre and have developed a new Learning Disabled Youth Theatre Group in Hexham thanks to our Aiming High Funding. Our previous award winning European projects have led to further cooperation in Europe with projects in Italy, Ireland, Spain, Turkey, Sweden, Belgium and Lithuania currently taking place. Future exchanges will see the Company's international profile expand with a visit to Canada to work with a Learning Disabled Theatre Group in Montreal. It is hoped the Canadian group will be able to participate in this year's 'Come On Down' Festival, which itself has grown from a small local festival into a national and international phenomenon!

HEADSTRONG PRODUCTIONS
TRUSTEES ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

Development, Activities and Achievements (cont)

Through the coming year Headway Arts will work to continue its good practice with projects around the region and will work to strengthen the company's profile nationally. It will build on its international work, disseminating its working methodology to other European organisations and examining best practice in arts and social inclusion. Strategically, and in order to better fulfil its aims, Headway Arts needs new premises where the work can be consolidated and best practice applied. During 2010/11 funding from the Arts Council, Northumberland County Council and PNE gave us the opportunity to work with ArtReach Consultants to develop a new business plan and facilities study; this year the Company will look to begin implementing those plans, developing a Centre of Excellence for Arts and Social Inclusion in Blyth, where the Company can continue to practice its innovative, high quality arts work.

Activities for the public benefit

The directors / trustees are mindful of the responsibility to act in the public interest. The activities of the charity continue to include a core commitment to the promotion of the arts, enabling personal development of those in our care and providing a benefit to the wider community.

Financial Review

The charity, like many other organizations, has had to operate in difficult economic conditions in the past year. Cash flows have been managed very carefully and expenditure controlled in line with resources available. The surplus for the year represents an excellent result, especially following the difficulties of recent years. Similar difficulties will be faced in the year ahead but cash reserves have been built up where possible to cover approximately two months running costs, providing some security whilst the sourcing of funding continues on an ongoing basis.

Principle Funding Sources

Grants received are treated as restricted incoming resources to be used for specific purposes. The charity is grateful to the following organisations for their grant support during the year: Arts Council England, BBC Children in Need, The Clothworkers Foundation, Community Foundation, Ecorys, Lloyds TSB, LSIS, Northern Rock Foundation, Northumberland County Council, PNE Development and The 1989 Willan Charitable Trust. Grant income from Northumberland Learning Disability Development Fund relates to projects scheduled for 2011/12 and is deferred accordingly.

Reserves Policy

Free reserves are those funds not tied up in designated or restricted funds. The level of free reserves at 31 March 2011 was £22,787, which would cover approximately two months of running costs. Whilst the current levels of reserves may prove to be sufficient, it is considered prudent to grow the level of free reserves to cover at least three months of running costs. Reserves at 31 March 2011 were stated as follows;

Unrestricted reserves	£ 22,787
Restricted reserves	-
	<hr/> 22,787

HEADSTRONG PRODUCTIONS
TRUSTEES ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

Reserves Policy (Cont)

The overall surplus for the year has been charged to reserves as follows:

	£
Unrestricted funds	2,535
Restricted funds	-
	2,535

Total reserves carried forward at 31 March 2011 are:

	<u>B/fwd</u>	<u>2010/11</u>	<u>C/fwd</u>
	£	£	£
Unrestricted funds			
Designated funds	-	-	-
Undesignated funds	20,252	2,535	22,787
Restricted funds	-	-	-
	20,252	2,535	22,787

Plans for Future Periods

As in previous years and over the coming year we will continue to fulfill our aims and objectives and further extend our work, both nationally and internationally and we continue our search for suitable premises which will allow us to expand our base in Blyth and develop a centre for excellence in the field of arts and social inclusion. We begin the new year working to maintain the immediate and long-term sustainability of the Company looking at new fundraising and enterprise opportunities and how we can attract new sources of funding for the fantastic projects we continue to develop.

Signed on behalf of the board of directors on 10 August 2011

B. Pidcock
 Director

**INDEPENDENT EXAMINER'S REPORT
TO THE TRUSTEES OF HEADSTRONG PRODUCTIONS**

I report on the accounts of the Charity for the year ended 31 March 2011, which are set out on pages 6 to 12.

Respective responsibilities of trustees and independent examiner

The charity's trustees are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required for this year under section 43(2) of the Charities Act 1993 (the 1993 Act) and that an independent examination is needed.

Having satisfied myself that the charity is not subject to audit under company law, it is my responsibility to:

- examine the accounts under section 43 of the 1993 Act;
- to follow the procedures laid down in the general Directions given by the Charity Commission under section 43(7)(b) of the 1993 Act; and
- to state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the general directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent examiner's statement

In connection with my examination, no matter has come to my attention :

- which gives me reasonable cause to believe that, in any material respect, the requirements:
 - (a) to keep accounting records in accordance with section 386 of the Companies Act 2006; and
 - (b) to prepare accounts which accord with the accounting records, comply with the accounting requirements of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice : Accounting and Reporting by Charities (revised 2005) have not been met, or
- to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

I R Smith FCCA

Nickalls Accountants
Chartered Certified Accountants
4 Lintonville Terrace
Ashington
Northumberland
NE63 9UN

10 August 2011

HEADSTRONG PRODUCTIONS

STATEMENT OF FINANCIAL ACTIVITIES

(Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	Note	Unrestricted Funds £	Restricted Funds £	Total 2011 £	Total 2010 £
INCOMING RESOURCES					
<i>Incoming resources from generated funds</i>					
<i>Investment Income:</i>					
Bank Interest Received		3	-	3	-
<i>Incoming resources from charitable activities</i>					
Sales		127,827	-	127,827	81,063
Grants Received		-	102,953	102,953	92,961
Donations		6,290	-	6,290	67
		<hr/>	<hr/>	<hr/>	<hr/>
TOTAL INCOMING RESOURCES	3	134,120	102,953	237,073	174,091
		<hr/>	<hr/>	<hr/>	<hr/>
RESOURCES EXPENDED					
<i>Charitable Expenditure</i>	4	130,427	102,953	233,380	166,128
<i>Governance Costs</i>	4	1,158	-	1,158	1,101
		<hr/>	<hr/>	<hr/>	<hr/>
		131,585	102,953	234,538	167,229
		<hr/>	<hr/>	<hr/>	<hr/>
NET OUTGOING RESOURCES		2,535	-	2,535	6,862
Transfers between funds		-	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
NET MOVEMENT IN FUNDS		2,535	-	2,535	6,862
Total funds brought forward		20,252	-	20,252	13,390
		<hr/>	<hr/>	<hr/>	<hr/>
Total funds carried forward	12	22,787	-	22,787	20,252
		<hr/>	<hr/>	<hr/>	<hr/>

No activities were acquired or discontinued during the year.

There were no recognised gains or losses other than as shown during the above two financial years.

The notes on page 8 to 12 form part of the accounts.

HEADSTRONG PRODUCTIONS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

1. BASIS OF ACCOUNTING

The accounts have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice: Accounting and Reporting for Charities issued in March 2005.

2. ACCOUNTING POLICIES

Incoming resources

All incoming resources are included in the Statement of Financial Activities when we are entitled to the Income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of Income:

- Voluntary Income is received by way of Grants, Donations and Gifts and included in the Statement of Financial Activities when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by ourselves, are recognized when we become unconditionally entitled to the grant. Grants related to performance and specific deliverables are accounted for as we earn the right to consideration by our performance.
- Investment Income is included when receivable.
- The value of services provided by volunteers has not been included in these accounts.

Resources expended

Expenditure is recognised on an accruals basis, including VAT:

- Charitable Expenditure comprises those costs incurred in the delivery of our activities and services. It includes both costs that can be allocated to such activities and those costs that can be allocated to such activities and those costs of an indirect nature necessary to support them.
- Governance Costs include those costs associated with meeting our constitutional and statutory requirements, including Accountancy Fees and costs linked to our strategy.
- All costs are allocated between the Expenditure categories of the Statement of Financial Activities on a basis designed to reflect the usage of that resource.

Fixed assets

Depreciation is provided on reducing balances at the following annual rate in order to write off each asset over its estimated useful life:

Fixtures, Fittings and Equipment	33.3%
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Cashflow Statement

We have taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No 1 on the grounds that we qualify as a small company under the Companies Act 2006.

3. INCOMING RESOURCES	Unrestricted	Restricted	Total 2011	Total 2010
Sales	127,827	-	127,827	81,063
Grants Received	-	102,953	102,953	92,961
Bank Interest Received	3	-	3	-
Donations Received	6,290	-	6,290	67
	<u>134,120</u>	<u>102,953</u>	<u>237,073</u>	<u>174,091</u>

HEADSTRONG PRODUCTIONS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

4. RESOURCES EXPENDED	Unrestricted	Restricted	Total 2011	Total 2010
Charitable Expenditure				
Materials	2,023	-	2,023	766
Contract Workers	13,219	19,283	32,502	14,815
Wages and Salaries	57,349	83,670	141,019	103,353
Travelling Expenses	30,608	-	30,608	23,111
Office Costs	2,191	-	2,191	3,053
Training Costs	-	-	-	80
Premises Costs	16,855	-	16,855	13,928
Catering	-	-	-	366
Insurances	4,935	-	4,935	4,232
Grant Repayments	-	-	-	1,050
Sundry Expenses	1,235	-	1,235	461
Depreciation	2,012	-	2,012	913
	130,427	102,953	233,380	166,128
Governance Costs				
Accountancy charges	894	-	894	846
Bank charges and interest	264	-	264	255
	1,158	-	1,158	1,101
	131,585	102,953	234,538	167,229
			Total 2011 £	Total 2010 £

5. NET INCOMING RESOURCES FOR THE YEAR

This is stated after charging:

Depreciation – owned assets	2,012	913
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HEADSTRONG PRODUCTIONS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

6. EMPLOYEES

During the financial year the company had a maximum of 7 employees and their remuneration was made up as follows:-

	2011 £	2010 £
Salaries	128,901	94,285
National insurance	12,118	9,068
	141,019	103,353

No employee received emoluments of more than £60,000 (2010: None).

7. TRUSTEE REMUNERATION AND RELATED PARTY TRANSACTIONS

There was no remuneration or other benefit paid to the trustees or connected parties, in the financial year ended 31 March 2011.

There were no transactions undertaken by, or on behalf of the company, in which a member of the trustees or a connected person had a material interest during the financial year ended 31 March 2011.

	Fixtures Fittings & Equipment £	Total 2011 £	Total 2010 £
8. FIXED ASSETS			
Cost			
At 1 April 2010	32,617	32,617	32,617
Additions	4,211	4,211	-
Disposals	-	-	-
At 31 March 2011	36,828	36,828	32,617
Depreciation			
At 1 April 2010	30,791	30,791	29,878
Charge for the year	2,012	2,012	913
At 31 March 2011	32,803	32,803	30,791
Net book value at 31 March 2011	4,025	4,025	1,826
Net book value at 31 March 2010	1,826	1,826	2,739

HEADSTRONG PRODUCTIONS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011**

		2011	2010
		£	£
9.	DEBTORS		
	Sales	1,455	1,845
	Grants receivable	5,000	18,000
	Accrued Income (Note 11)	-	-
		6,455	19,845
		6,455	19,845
10.	CREDITORS DUE WITHIN ONE YEAR		
	Sundry creditors and accrued charges	4,742	6,670
	Deferred income	3,000	6,000
		7,742	12,670
		7,742	12,670
11.	ACCRUED INCOME		
		-	-
		-	-
		-	-

	As At 1 April 2010 £	Income £	Expenditure £	Transfers £	As at 31 March 2011 £
12. STATEMENT OF FUNDS					
UNRESTRICTED FUNDS					
Unrestricted reserves	20,252	134,120	131,585	-	22,787
Total unrestricted funds	20,252	134,120	131,585	-	22,787
RESTRICTED FUNDS					
Arts Council England	-	12,181	12,181	-	-
BBC Children in Need	-	18,159	18,159	-	-
Clothworkers Foundation	-	2,000	2,000	-	-
Community Foundation	-	2,643	2,643	-	-
Ecorys	-	25,610	25,610	-	-
Lloyds TSB	-	9,950	9,950	-	-
LSIS	-	3,000	3,000	-	-
Northern Rock Foundation	-	22,470	22,470	-	-
Northumberland County Council	-	2,000	2,000	-	-
PNE Development	-	2,940	2,940	-	-
1989 Willan Charitable Trust	-	2,000	2,000	-	-
Total restricted funds	-	102,953	102,953	-	-
TOTAL FUNDS	20,252	237,073	234,538	-	22,787

HEADSTRONG PRODUCTIONS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

13. CAPITAL COMMITMENTS

There were no capital commitments authorised and contracted for at 31 March 2011.

14. MEMBERS' LIABILITY

The organisation is a company limited by guarantee and not having a share capital.