

Paragon Studios Ltd

(A company limited by guarantee, not having a share capital)

Report and Unaudited Financial Statements

for the year ended 31 May 2018

**Muldoon & Co
Registered Accountants & Reporting Accountants and
16 Mount Charles
Belfast
BT7 1NZ**

**Company Number: NI029491
Charity Number: NIC102460**

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(A company limited by guarantee, not having a share capital)
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Paragon Studios Ltd

(A company limited by guarantee, not having a share capital)

DIRECTORS' AND OTHER INFORMATION

Directors

Ms. Aisling O'Beirn
Mr. Odhran Stockman
Mr. Simon Bridge
Mr. Raymond Cashell
Ms. Bronagh Lawson
Mr. Padraig McCann
Mr. Peter Mutschler
Mr. William Saunders

Company Secretary

Mr. William Saunders

Charity Number in Northern Ireland

NIC102460

Company Number

NI029491

Registered Office

Spencer House
69 Royal Avenue
Belfast
Antrim
BT1 1FE

Accountants

Muldoon & Co
Registered Accountants & Reporting Accountants
16 Mount Charles
Belfast
BT7 1NZ

Bankers

The Co-Operative Bank plc
Skelmerdale
England
WN8 6WT

Paragon Studios Ltd

(A company limited by guarantee, not having a share capital)

DIRECTORS' ANNUAL REPORT

for the year ended 31 May 2018

The directors present their Directors' Annual Report and the unaudited financial statements for the year ended 31 May 2018 prepared in accordance with Charities SORP (effective January 2015) and FRS 102.

The company is limited by guarantee and as such doesn't have any share capital. The liability of each member is limited to £1.

Principal Risks and Uncertainties

The trustees have a risk management strategy which comprises:

- an annual review of the principal risks and uncertainties that the charity faces;
- the establishment of policies, systems and procedures to mitigate those risks identified in the annual review; and
- the implementation of procedures designed to minimise or manage any potential impact on the charity should those risks materialise.

This work is ongoing to identify that financial sustainability is the major financial risk for both the charity. A key element in the management of financial risk is a regular review of available liquid funds to settle debts as they fall due

These risks are managed by ensuring that robust policies and procedures are in place.

Reference and Administrative details

The company Paragon Studios Ltd is limited by guarantee and not having a share capital, was incorporated on 2nd May 1995 and has charitable status. The company registration number is NI029491. Its principal and registered office is Spencer House, 69 Royal Avenue, Belfast, Antrim, BT1 1FE. The company is registered with the Charity Commission Northern Ireland, their charity number is NIC102460.

Directors

The directors who served during the year are as follows:

Ms. Aisling O'Beirn
Mr. Odhran Stockman
Mr. Simon Bridge
Mr. Raymond Cashell
Ms. Bronagh Lawson
Mr. Pdraig McCann
Mr. Peter Mutschler
Mr. William Saunders

Objectives and Activities

Paragon Studios has two main objectives:

- to provide good, affordable and longer-term studio spaces for artists;
- to invite artists and cultural practitioners to produce and show individual or collaborative new work either inside our project space or at outside locations, often with the inclusion of local communities.

With a strong belief in the relevance of art and its function in society, we aim to find new and surprising ways to facilitate art production and make it accessible. This constant process of connecting art and people is tried out in different ways: through long term projects with communities; relevant subjects, participation; openness and inclusion.

We see our voluntary-run arts organisation as artist-led, self-organised and restlessly committed to art and its function to delight, question, provoke and transform. We support artists, whose work is exciting, original and makes art relevant for many.

We see our position as a colourful building step for artists between the start of and midway through their working career. We provide an unrestricted and uncommercial playground for creative people and an experimental field for socially engaged art with communities. It is the artistic freedom and the drive to push for new forms and displays of art which often adds great value to artists and curators in their progression into galleries and exhibitions with more capacity and reach. The same energy allows neighbourhoods to take part in art and creative actions.

Paragon Studios Ltd

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DIRECTORS' ANNUAL REPORT

for the year ended 31 May 2018

Achievements and Performance

The arts programme contained 23 projects, 7 of which involved the participation of communities in North and East Belfast and Ballykinler, Co Down. We worked with 73 artists, organised 15 free workshops with in total 175 participants and partnered with 8 arts organisations and festivals.

The programme ranged from one-off events, talks and performances to comprehensive presentations by individual artists, workshops and long term community engaged projects.

- Paragon Studios Ltd former curator in residence Mirjami Schuppert returned to curate a project with Finnish artist Ulrika Fern
Materialities of History, in collaboration with the British Film Archive and NI Screen.
- Clare Gormley, assistant curator in the MAC curated 2 projects for Paragon Studios Ltd, We Speak Silent and as a contribution to the Outburst Queer Arts Festival, Amber Hawk Swanson. Both projects had a strong feminist position and were positively provocative.
- Walk&Sketch, a series of 7 walking and sketching workshops in different parks in Belfast was again organised by artists Cilla Wagner and Sharon Kelly. These free workshops are always over-subscribed and a great invitation to art- making for many people of all ages and ability, linking the green urban environment in the city with creative production and wellbeing.
- Who owns the city? displayed available construction plans by the developers of the Cathedral Quarter and gave space for alternative proposals and protests. How controversial the official regeneration plans are was highlighted in 2 well-attended events with presentations and discussions.
- Placebo Shop was an interactive performance by Linda Byrne, mimicking the environment of a consultation room or surgery. The project attracted lots of interaction, allowing them to talk about real or imagined illnesses, draw sketches and receive a placebo in exchange. The project underlined the power of imagination and art.

Individual projects and the curatorial work of Paragon Studios Ltd continues to be frequently mentioned in BBC's arts extra, The Visual Artist's News Sheet, NVTV, blogs, PHD research, articles, book contributions and conferences.

The loss of our annual funding from the Arts Council of Northern Ireland, partly later regained by Lottery funding with a 20% shortfall, came as a great shock and disappointment. It nearly coincided with the termination of our licence for 11 North Street which we were unable to extend, due to regeneration plans. A planned move to the Union building fell through at the last moment and left us for some months without premises and funding. This caused great frustration, many meetings and discussions about Paragon Studio's future. The Board decided to struggle through and we successfully applied for Lottery funding, signed a licence for Spencer House which significantly increased the financial contributions and commitment for the 8 member artists.

Amidst the drama of lost funding and premises we were selected as one of four organisations in the UK of the Freelands Artist Programme for the next 5 years, together with Talbot Rice Gallery Edinburgh, g39 Cardiff and Site Gallery, Sheffield. During this period we will be able to support 20 Northern Irish based, emerging artists, employ a part time curator for this scheme and grow and strengthen our organisation.

This is an important achievement and recognition for Paragon Studios Ltd by a London based Foundation in light of the loss of the annual support from the Arts Council.

Financial Review

The Statement of Financial Activities and Balance Sheet on pages 9 and 10 detail the Charity's financial performance for the year.

Reserves Policy

The directors' policy in relation to free reserves is to ensure that Paragon Studios Ltd achieves minimum reserves of at least two months of the company's charitable activities to maintain liquidity and to cover any unforeseen costs which may arise and fulfill obligations of Paragon Studios Ltd in the event that current levels of income are not maintained. Free reserves are its total funds excluding restricted funds.

Paragon Studios Ltd

(A company limited by guarantee, not having a share capital)

DIRECTORS' ANNUAL REPORT

for the year ended 31 May 2018

Structure Governance and Management

Paragon Studios Ltd is a registered charity and a company limited by guarantee. A voluntary Board of Directors oversees the company's work and establishes policy and strategy.

The Board remained the same during this period, 4 studio artist members, representing the collective and 4 external members, with a broad range of professional skills and experience.

Except for the new Freelands Artist Programme, all administration and the delivery of the arts programme and activities are carried out by studio members on a voluntary basis. To support and guide them, the company has all necessary policies in place which are reviewed regularly. Throughout the year, the work of Paragon Studios Ltd was greatly supported by the Board and the commitment and dedication of the invited artists and external volunteers.

Recruitment and Appointment of Directors

The members of the company are also the Directors. New directors have an induction meeting with the Chair of the Board. They are briefed on a range of issues including a full introduction to the organisation, its decision making process, its business plan and its recent financial performance, and the roles and responsibilities of a Board Member.

Special provisions relating to small companies

The above report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

By order of the Board

Mr. William Saunders
Director

Date:

Paragon Studios Ltd
STATEMENT OF DIRECTORS' RESPONSIBILITIES

for the year ended 31 May 2018

The directors are responsible for preparing 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 charity and of the net income or expenditure of the charity for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the Charities SORP (effective January 2015) in accordance with FRS 102 has been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with , and all Regulations to be construed as one with that Act. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board

Mr. William Saunders
Director

Date:

Paragon Studios Ltd
INDEPENDENT EXAMINER'S REPORT TO THE BOARD OF
DIRECTORS OF PARAGON STUDIOS LTD

for the year ended 31 May 2018

We report on the accounts of the charity for the year ended 31 March 2018, which are set out on pages 9 to 17.

This report is made solely to the company directors, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the company's Board of Directors that we have done so, and state those matters that we have agreed to state to them in this 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 company and the company's Board of Directors, as a body, for our work, or for this report.

Respective responsibilities of directors and examiner

As the charity trustees (and also the directors if the company for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006. Having satisfied myself that the charity is not subject to audit under company law, and is eligible for independent examination, it is our responsibility to:

- examine the accounts under section 65 of the Charities Act;
- follow the procedures laid down in the general Directions given by the Charity Commission for Northern Ireland under section 65(9)(b) of the Charities Act; and
- state whether particular matters have come to our attention.

Basis of independent examiner's report

We have examined your charity accounts as required under section 65 of the Charities Act and our examination was carried out in accordance with the general Directions given by the Charity Commission for Northern Ireland under section 65(9)(b) of the Charities Act. The examination included a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It's also included consideration of the accounts presented with those records. It also included consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as charity trustees concerning any such matters.

Our role is to state whether any material matters have come to my attention giving me cause to believe:

1. That accounting records were not kept in accordance with section 386 of Companies Act 2006;
2. That the accounts do not accord with those accounting records;
3. That the accounts do not comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Charities Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland; and
4. That there is further information needed for a proper understanding of the accounts to be reached.

Independent examiner's statement

We have completed my examination and have no concerns in respect of the matters (1) to (4) listed above and, in connection with following the Directions of the Charity Commission for Northern Ireland, we have found no matters that require drawing to your attention.

MULDOON & CO

Registered Accountants & Reporting Accountants
16 Mount Charles
Belfast
BT7 1NZ

Date:

Paragon Studios Ltd

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STATEMENT OF FINANCIAL ACTIVITIES

(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)

as at 31 May 2018

	Notes	Unrestricted Funds 2018 £	Restricted Funds 2018 £	Total 2018 £	Total 2017 £
Income from:					
Donations		2,210	-	2,210	35
Income from Charitable Activities	3	1,630	19,928	21,558	27,726
Total Income		<u>3,840</u>	<u>19,928</u>	<u>23,768</u>	<u>27,761</u>
Expenditure on:					
Charitable Activities	4	13	26,348	26,361	22,747
Total Expenditure		<u>13</u>	<u>26,348</u>	<u>26,361</u>	<u>22,747</u>
Surplus/(Deficit) for the year		3,827	(6,420)	(2,593)	5,014
Transfer between funds		(2,454)	2,454	-	-
Net movement in funds		1,373	(3,966)	(2,593)	5,014
Reconciliation of funds					
Balances brought forward		2,675	9,006	11,681	6,667
Balances carried forward		<u>4,048</u>	<u>5,040</u>	<u>9,088</u>	<u>11,681</u>

Paragon Studios Ltd

(A company limited by guarantee, not having a share capital)

Company Number: NI029491

BALANCE SHEET

as at 31 May 2018

	Notes	2018 £	2017 £
Fixed Assets	6	-	-
Current Assets			
Debtors	7	-	1,019
Cash and cash equivalents		10,138	15,107
		10,138	16,126
Creditors: Amounts falling due within one year	8	(1,050)	(4,445)
Net Current Assets		9,088	11,681
Total Assets less Current Liabilities		9,088	11,681
Net Assets		9,088	11,681
Funds			
Restricted funds		5,040	18,014
General fund (unrestricted)		4,048	(6,334)
Total funds	10	9,088	11,680

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

For the financial year ended 31 May 2018 the company was entitled to exemption from audit under Section 477 of the Companies Act 2006; and no notice has been deposited under Section 476.

The directors acknowledge their responsibility for ensuring that the company keeps accounting records which comply with Section 386 and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit and loss for the 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 company.

Approved by the board and authorised for issue on and signed on its behalf by

Mr. William Saunders
Director

Paragon Studios Ltd

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2018

1. COMPANY INFORMATION

Paragon Studios Ltd is a company limited by guarantee, incorporated in Northern Ireland. The address of the registered office is given in the charity information on page 3 of these financial statements.

2. ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Companies Act 2006 and UK Generally Accepted Accounting Practice. The charity has applied Update Bulletin 1 as published on 2 February 2016 and does not include a cash flow statement on the grounds it is applying FRS 102 Section 1A.

The financial statements have been prepared under the historical cost convention. The financial statements are presented in sterling which is the functional currency of the charity and rounded to the nearest £1.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Cash flow statement

The company has availed of the exemption in FRS 102 from the requirement to produce a cash flow statement because it is classified as a small company.

Restricted funds

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

Unrestricted free reserves

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Incoming Resources

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity 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.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

Donated facilities and donated professional services are recognised in income at their fair value when their economic benefit is probable, it can be measured reliably and the charity has control over the item. Fair value is determined on the basis of the value of the gift to the charity. For example the amount the charity would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure. No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102).

Where practicable, gifts in kind donated for distribution to the beneficiaries of the charity are included in stock and donations in the financial statements upon receipt. If it is impracticable to assess the fair value at receipt or if the costs to undertake such a valuation outweigh any benefits, then the fair value is recognised as a component of donations when it is distributed and an equivalent amount recognised as charitable expenditure.

Income from government and other grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

Paragon Studios Ltd

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2018

2. ACCOUNTING POLICIES (CONTINUED)

Resources Expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

Allocation of Support Costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the Charity's artistic programmes and activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in note 10.

Debtors and creditors receivable in one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or at valuation, less accumulated depreciation. The charge to depreciation is calculated to write off the original cost or valuation of tangible fixed assets, less their estimated residual value, over their expected useful lives as follows:

Fixtures, fittings and equipment	-	15% Straight line
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Taxation

The charity is an exempt charity and is considered to pass the tests out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Paragon Studios Ltd

(A company limited by guarantee, not having a share capital)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2018

3. INCOME FROM CHARITABLE ACTIVITIES

	2018 £	2017 £
Studio fees	1,630	1,790
Curator fee	-	300
Arts Council	12,815	20,370
Belfast City Council	5,040	1,774
NI Screen	2,073	1,500
Photo Festival	-	1,503
Village Works	-	489
	<u>21,558</u>	<u>27,726</u>

4. EXPENDITURE ON CHARITABLE ACTIVITIES

	2018 £	2017 £
Artist fees	10,831	8,113
Catering	75	65
Freelance General Fees	3,797	2,741
Materials	4,705	3,101
Support costs (Note 5)	6,953	8,727
	<u>26,361</u>	<u>22,747</u>

5. ANALYSIS OF SUPPORT COSTS

	2018 £	2017 £
Rent Payable	381	396
Insurance	855	824
Light and Heat	995	664
Repairs and Maintenance	432	2,594
Printing, postage and Stationary	705	139
Advertising	454	872
Telephone	740	706
Travel and Subsistence	497	577
General Expenses	13	(18)
Subscriptions	831	250
Governance costs:		
Accountancy	1,050	1,050
Legal and Professional	-	673
	<u>6,953</u>	<u>8,727</u>

Paragon Studios Ltd

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2018

continued

6. TANGIBLE FIXED ASSETS

	Fixtures, fittings and equipment £	Total £
Cost		
At 31 May 2018	485	485
Depreciation		
At 31 May 2018	485	485
Net book value		
At 31 May 2018	-	-

7. DEBTORS

	2018 £	2017 £
Prepayments and accrued income	-	1,019

8. CREDITORS**Amounts falling due within one year**

	2018 £	2017 £
Accruals and deferred income	1,050	4,445

9. ANALYSIS OF NET ASSETS BY FUND

	Current assets £	Current liabilities £	Total £
Restricted funds			
Belfast City Council	5,040	-	5,040
Unrestricted funds			
Unrestricted	5,098	(1,050)	9,088
	10,138	(1,050)	9,088

Paragon Studios Ltd

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2018

continued

10. ANALYSIS OF MOVEMENTS ON FUNDS

	Balance 1 June 2017 £	Incoming resources £	Resources expended £	Inter-fund transfers £	Balance 31 May 2018 £
Restricted income					
Arts Council NI	6,784	12,815	(20,646)	1,047	-
Belfast City Council	-	5,040	-	-	5,040
Frame Fund	722	-	(1,261)	539	-
NI Screen	1,500	2,073	(4,441)	868	-
	<u>9,006</u>	<u>19,928</u>	<u>(26,348)</u>	<u>2,454</u>	<u>5,040</u>
Unrestricted income					
Unrestricted	2,675	3,840	(13)	(2,454)	4,048
	<u>2,675</u>	<u>3,840</u>	<u>(13)</u>	<u>(2,454)</u>	<u>4,048</u>
Total funds	<u>11,681</u>	<u>23,768</u>	<u>26,361</u>	<u>-</u>	<u>9,088</u>

Arts Council NI is for the purpose of core and program costs.

Belfast City Council is for the purpose of core and program costs.

Frame Fund is for the purpose of program costs.

NI Screen is for the purpose of program costs.

11. COMPANY LIMITED BY GUARANTEE

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

The liability of the members is limited to £1.

12. POST-BALANCE SHEET EVENTS

There have been no significant events affecting the Charity since the year-end.

