

Company registration number: NI029491

Charity registration number: 102460

# Paragon Studios Ltd

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 May 2023

Hopper & Co  
Chartered Accountant  
6 Doagh Road  
Ballyclare  
Co Antrim  
BT39 9BG

# Paragon Studios Ltd

## Contents

Reference and Administrative Details	1
Trustees' Report	2 to 5
Statement of Trustees' Responsibilities	6
Independent Examiner's Report	7
Statement of Financial Activities	8
Balance Sheet	9
Notes to the Financial Statements	10 to 21

## **Paragon Studios Ltd**

### **Reference and Administrative Details**

<b>Chairperson</b>	Ray Cashell
<b>Trustees</b>	Peter Mutschler Ray Cashell Anne Mager Katherine Sara Lindsay Rachel Botha Michael Patrick Conlon Sinead Marmion Niamh Scullion
<b>Secretary</b>	Anne Mager
<b>Charity Registration Number</b>	102460
<b>Company Registration Number</b>	NI029491
<b>Registered Office</b>	The charity is incorporated in Northern Ireland. 11 Rosemary Street Belfast BT1 1QA
<b>Independent Examiner</b>	Hopper & Co Chartered Accountant 6 Doagh Road Ballyclare Co Antrim BT39 9BG

# Paragon Studios Ltd

## Trustees' Report

The trustees, who are directors for the purposes of company law, present the annual report together with the financial statements of the charitable company for the year ended 31 May 2023. The trustees as at the date of this report are as set out on page 1.

### **Objectives and activities**

#### ***Objects and aims***

Paragon Studios Ltd ( hereinafter referred to as PS<sup>2</sup> ) has two main objectives:

- 1) to provide good, affordable and long term work spaces for artists
- 2) to support and encourage 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 the production of new work and make it accessible to a wide audience. This aim to connect contemporary art and people is done in different ways - through long term projects with communities, relevant subjects, participation, openness and inclusion.

Our organisation is artist led, efficient and restlessly committed to art and its function for the general public: to stimulate reflection, provoke, inspire enrich and transform. We support artists whose work is exciting, original, relevant and of high artistic quality.

We see our position in the arts ecology as a colourful building step for artists between the start of and midway through their career. We provide and facilitate unrestricted and uncommercial opportunities for artists to show their work and interact with the public.

#### ***Public benefit***

Through the provision of affordable and subsidised workspaces, regular free workshops, community engaged projects and an experimental exhibition programme for early to mid career artists in our project space, the public at large can enjoy and benefit from a greater understanding and appreciation of the arts. In all our activities the wider public is encouraged to participate and co-produce, potentially developing any artistic tendencies they may possess.

The trustees confirm that they have complied with the requirements of section 4 of the Charities Act 2008 to have due regard to the public benefit guidance published by the Charity Commission for Northern Ireland.

# Paragon Studios Ltd

## Trustees' Report

### Achievements and performance

#### Funding

Our core funder remains the National Lottery through the Arts Council of Northern Ireland. Our full time 3 year position is funded by Futurescreen NI, and various streams of project funding come from Belfast City Council. Until the end of 2023, PS<sup>2</sup> still receives funding from the Freelands Foundation for the Freelands Artist Programme ( 2018-2023 ). Since having a part time strategic curator, our funding sources diversified and broadened in the reporting period in line with our 5 year strategy.

#### Premises/studio and workplace provision

PS<sup>2</sup> operates from its premises at 11 and 15 Rosemary Street, with our project space including 11 individual artist studios/workplaces and 3 residency spaces. As much as we now enjoy the premises since moving in over 3 years ago, we only have a Tenancy at Will contract with a high degree of uncertainty. Securing longer term premises continues to be a priority.

#### Arts Programme

PS<sup>2</sup> carried out 23 projects involving 76 artists and 41 workshops with 339 participants during the reporting period. The programme was curated by our new project curator, Davy Mahon. The year round weekly Open Communal Shared Drawing programme, now running for over 3 years delivered online, has a steady and high number of participants from Northern Ireland and abroad, which makes it the most successful and accessible activity.

#### Selected Projects

Professional development is one of the key aspects of our artist support. The Freelands Artist Programme, which will end after 5 years in December 2023, saw 20 emerging and re-emerging artists based in Northern Ireland receiving tailored curatorial support, peer learning, exhibitions and other opportunities.

The programme of 3, year long, residencies continued and demonstrated the benefit of longer term commitment:

- 1) With Clodagh Boyce, a new curator in residence was selected, focusing on people of colour and queer communities in their collaborative programme
- 2) The critical writing residency continued their collaboration with African Artists Foundation, Nigeria, focusing on 'Reclaiming Art Histories & Developing Critical Disclosure'
- 3) Soft Fiction Projects continued their collective residency, working on publications and running workshops for Risograph printing as a tool for empowerment

### Financial review

#### *Policy on reserves*

The directors' policy in relation to free reserves is to ensure that PS<sup>2</sup> maintains minimum reserves equivalent to at least two months of normal charitable expenditure in order to maintain liquidity, to cover any unforeseen costs which may arise, and to fulfill obligations of PS<sup>2</sup> in the event current levels of income are not maintained.

Free reserves are defined as total reserves excluding any restricted funds.

# Paragon Studios Ltd

## Trustees' Report

### Plans for future periods

#### *Aims and key objectives for future periods*

PS<sup>2</sup> has completed a business plan for 2022-2025 outlining the vision and aims of the organisation. The transition from a volunteer to an organisation led by paid professionals is underway and progressing. The next urgent steps for a sustainable future are:

- 1) establish additional paid positions i.e. a creative director and a finance administrator. To make a successful transition possible and to continue and expand the programme and activities offered, PS<sup>2</sup> and its Board must look for additional funding sources.
- 2) secure longer term premises for our studios and project space
- 3) strengthen and refresh the Board with dedicated external expertise and studio members

### Structure, governance and management

#### *Nature of governing document*

PS<sup>2</sup> is a registered charity and a company limited by guarantee and so does not have a share capital. The liability of each member is limited to £1. The company is governed by its Articles of Association.

#### *Induction and training of trustees*

New Trustees - who are also appointed as 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, business plan and recent financial performance, and the roles and responsibilities of a Board member. Thanks to a Belfast City Council grant, an intensive Board training programme happened in January 2023, culminating with a full Planning and Review day with a consultant. Individual Board members also attended sessions with Arts & Business and Thrive.

#### *Organisational structure*

A voluntary Board of Directors who are also the Trustees oversees the work of the company and establishes policy and strategy.

The year saw considerable changes in the Board structure, marking a renewal of positions. Bronagh Lawson stepped down as Chairperson in December 2022, handing over this position to long standing Board member, Ray Cashell. At the same time, studio and Board members Bill Saunders and Dougal Mackenzie, as Secretary, resigned. Anne Mager filled his position. Sadly, Hugh O'Donnell died far too young in the same month. Hugh was a strong advocate for equal opportunities for artists with disabilities, and his input will be sorely missed. We thank all past Board members for their time and work.

New Board members were appointed: Sinead Marmion and Katy Lindsay in May, Mitch Conlon and Rachel Botha in March and June 2023. Our current Board consists of three studio members, representing the collective, and five external members, with a broad range of professional skills and experience.

PS<sup>2</sup> now employs one full time project curator ( Davy Mahon ), one part time curator for the Freelands Artist Programme ( Ciara Hickey ) and one part time, freelance, strategic vision and development curator ( Jane Morrow ). The creative director is still held in a voluntary position ( Peter Mutschler ).

The company has all necessary policies in place which are reviewed regularly. Throughout the year the work of PS<sup>2</sup> was greatly supported by the Board and the commitment and dedication of the invited artists and external volunteers.

# Paragon Studios Ltd

## Trustees' Report

### *Major risks and management of those risks*

#### *Financial sustainability*

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
- the implementation of procedures designed to minimise or manage any potential impact on the charity should these risks materialise

Financial sustainability has been identified as the major risk facing the charity at any point in time.

Financial sustainability has been identified as the major risk facing the charity at any point in time. All identified risks are managed by ensuring that robust policies and procedures are in place. A key element in the management of financial risk is a regular review of available liquid funds to settle debts as they fall due.

### **Small companies provision statement**

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

The annual report was approved by the trustees of the charity on 11 December 2023 and signed on its behalf by:

.....

Anne Mager  
Company Secretary and Trustee

## Paragon Studios Ltd

### Statement of Trustees' Responsibilities

The trustees (who are also the directors of Paragon Studios Ltd for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The report and accounts have been prepared in accordance with the provisions in the Companies Act 2006 relating to small companies.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees 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 charitable company and of the incoming resources and application of resources, including its income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 that can disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the trustees of the charity on 11 December 2023 and signed on its behalf by:

.....

Anne Mager  
Company secretary and trustee



## Paragon Studios Ltd

### Independent Examiner's Report to the trustees of Paragon Studios Ltd ('the Company')

I report to the charity trustees on my examination of the accounts of the Company for the year ended 31 May 2023.

#### Responsibilities and basis of report

As the charity's trustees of Paragon Studios Ltd (and also its directors 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 ('the 2006 Act').

Having satisfied myself that the accounts of Paragon Studios Ltd are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your charity's accounts as carried out under section 65 (2) of the Charities Act (Northern Ireland) 2008 ('the 2008 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission for Northern Ireland under section 65(9)(b) of the 2008 Act.

#### Independent examiner's statement

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

1. accounting records were not kept in respect of Paragon Studios Ltd as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities [applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)].

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

.....  
Michael Hopper, FCA  
Chartered Accountant

6 Doagh Road  
Ballyclare  
Co Antrim  
BT39 9BG

12 December 2023

## Paragon Studios Ltd

### Statement of Financial Activities for the Year Ended 31 May 2023 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Restricted funds £	Total 2023 £
<b>Income and Endowments from:</b>				
Donations and legacies	3	32,326	-	32,326
Charitable activities	4	4,960	126,319	131,279
Other income	5	813	-	813
Total income		<u>38,099</u>	<u>126,319</u>	<u>164,418</u>
<b>Expenditure on:</b>				
Charitable activities	7	<u>(37,405)</u>	<u>(125,918)</u>	<u>(163,323)</u>
Total expenditure		<u>(37,405)</u>	<u>(125,918)</u>	<u>(163,323)</u>
Net income		694	401	1,095
Transfers between funds		<u>(9)</u>	<u>9</u>	<u>-</u>
Net movement in funds		685	410	1,095
<b>Reconciliation of funds</b>				
Total funds brought forward		<u>12,027</u>	<u>58,824</u>	<u>70,851</u>
Total funds carried forward	16	<u>12,712</u>	<u>59,234</u>	<u>71,946</u>
	Note	Unrestricted funds £	Restricted funds £	Total 2022 £
<b>Income and Endowments from:</b>				
Donations and legacies	3	32,666	-	32,666
Charitable activities	4	5,080	142,897	147,977
Total income		<u>37,746</u>	<u>142,897</u>	<u>180,643</u>
<b>Expenditure on:</b>				
Charitable activities	7	<u>(35,330)</u>	<u>(109,742)</u>	<u>(145,072)</u>
Total expenditure		<u>(35,330)</u>	<u>(109,742)</u>	<u>(145,072)</u>
Net income		<u>2,416</u>	<u>33,155</u>	<u>35,571</u>
Net movement in funds		2,416	33,155	35,571
<b>Reconciliation of funds</b>				
Total funds brought forward		<u>9,610</u>	<u>25,670</u>	<u>35,280</u>
Total funds carried forward	16	<u>12,026</u>	<u>58,825</u>	<u>70,851</u>

All of the charity's activities derive from continuing operations during the above two periods.  
The funds breakdown is shown in note 16.

The notes on pages 10 to 21 form an integral part of these financial statements.

**Paragon Studios Ltd**  
**(Registration number: NI029491)**  
**Balance Sheet as at 31 May 2023**

	Note	2023 £	2022 £
<b>Fixed assets</b>			
Tangible assets	13	1,011	1,415
<b>Current assets</b>			
Cash at bank and in hand	14	71,655	70,156
<b>Creditors: Amounts falling due within one year</b>	15	<u>(720)</u>	<u>(720)</u>
<b>Net current assets</b>		<u>70,935</u>	<u>69,436</u>
<b>Net assets</b>		<u><u>71,946</u></u>	<u><u>70,851</u></u>
<b>Funds of the charity:</b>			
<b>Restricted income funds</b>			
Restricted funds	16	59,234	58,824
<b>Unrestricted income funds</b>			
Unrestricted funds		<u>12,712</u>	<u>12,027</u>
<b>Total funds</b>	16	<u><u>71,946</u></u>	<u><u>70,851</u></u>

For the financial year ending 31 May 2023 the charity was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the charity to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

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

The financial statements on pages 8 to 21 were approved by the trustees, and authorised for issue on 11 December 2023 and signed on their behalf by:

.....  
Ray Cashell  
Chairman and Trustee

.....  
Anne Mager  
Company Secretary and Trustee

The notes on pages 10 to 21 form an integral part of these financial statements.

## **Paragon Studios Ltd**

### **Notes to the Financial Statements for the Year Ended 31 May 2023**

#### **1 Charity status**

The charity is limited by guarantee, incorporated in Northern Ireland, and consequently does not have share capital. Each of the trustees is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

The address of its registered office is:

11 Rosemary Street

Belfast

BT1 1QA

These financial statements were authorised for issue by the trustees on 11 December 2023.

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

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

##### **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) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). They also comply with the Companies Act 2006 and Charities Act (Northern Ireland.) 2008 and 2013.

##### **Basis of preparation**

Paragon Studios Ltd meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

## **Paragon Studios Ltd**

### **Notes to the Financial Statements for the Year Ended 31 May 2023**

#### **Going concern**

The financial statements have been prepared on a going concern basis.

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

In March 2020 the charity took steps (in line with government advice) to help contain the outbreak of COVID-19. This meant that the charity had to slightly curtail, or change, how it operates although the charity has been able to continue the bulk of its activities using online services and adopting Covid compliant practices.

The Covid crisis may accelerate the fall in some of our income. Our ability to survive the crisis will rely on adapting quickly to this fall in income whilst striving to build and find alternatives and doing all we can to be ready for any economic bounce back. The nature of funding is such that the Trustees cannot be certain that projected future funding will materialise.

At the time of approving the accounts, despite financial challenges and following assessment, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, therefore the Trustees continue to adopt the going concern basis of accounting in preparing these financial statements.

#### **Income and endowments**

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of the income receivable can be measured reliably.

#### ***Donations and legacies***

Donations are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance by the charity before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that these conditions will be fulfilled in the reporting period.

#### ***Donated services and facilities***

Where services or facilities are provided to the charity as a donation that would normally be purchased from our suppliers, this benefit is included in the financial statements at its fair value unless its fair value cannot be reliably measured, then at the cost to the donor or the resale value of goods that are to be sold.

#### **Expenditure**

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

## Paragon Studios Ltd

### Notes to the Financial Statements for the Year Ended 31 May 2023

#### ***Charitable activities***

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

#### **Governance costs**

These include the costs attributable to the charity's compliance with constitutional and statutory requirements, including audit, strategic management and trustees meetings and reimbursed expenses.

#### **Taxation**

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

#### **Tangible fixed assets**

Individual fixed assets costing £1.00 or more are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

#### **Depreciation and amortisation**

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

#### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Statement of Financial Activities over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the charity has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

## **Paragon Studios Ltd**

### **Notes to the Financial Statements for the Year Ended 31 May 2023**

#### **Foreign exchange**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Other exchange differences are recognised in the Statement of Financial Activities in the period in which they arise except for:

- 1) exchange differences on transactions entered into to hedge certain foreign currency risks (see above);
- 2) exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income; and
- 3) in the case of the consolidated financial statements, exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised in other comprehensive income and reported under equity.

#### **Fund structure**

Unrestricted income funds are general funds that are available for use at the trustees discretion in furtherance of the objectives of the charity.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

#### **Financial instruments**

##### ***Classification***

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the charity after deducting all of its liabilities.

## **Paragon Studios Ltd**

### **Notes to the Financial Statements for the Year Ended 31 May 2023**

#### ***Recognition and measurement***

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the charity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the charity transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the charity, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.



## Paragon Studios Ltd

### Notes to the Financial Statements for the Year Ended 31 May 2023

#### *Debt instruments*

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

#### *Investments*

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

Investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

## Paragon Studios Ltd

### Notes to the Financial Statements for the Year Ended 31 May 2023

#### *Derivative financial instruments*

The charity uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The charity does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in statement of financial activities immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in statement of financial activities depends on the nature of the hedge relationship.

#### *Fair value measurement*

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

### 3 Income from donations and legacies

	<b>Unrestricted funds General £</b>	<b>Total funds £</b>
Donations and legacies;		
Donations from individuals	646	646
Donated services and facilities	31,680	31,680
<b>Total for 2023</b>	<b>32,326</b>	<b>32,326</b>
<b>Total for 2022</b>	<b>32,666</b>	<b>32,666</b>

### 4 Income from charitable activities

	<b>Unrestricted funds General £</b>	<b>Restricted funds £</b>	<b>Total funds £</b>
Studio operating costs	4,960	-	4,960
Arts Council	-	18,881	18,881
Belfast City Council	-	13,627	13,627
University of Ulster	-	21,919	21,919
Freelands	-	62,892	62,892
Esme Mitchell	-	6,000	6,000
Elephant Trust	-	2,000	2,000
Cavehill Primary School	-	1,000	1,000
<b>Total for 2023</b>	<b>4,960</b>	<b>126,319</b>	<b>131,279</b>
<b>Total for 2022</b>	<b>5,080</b>	<b>142,897</b>	<b>147,977</b>

## Paragon Studios Ltd

### Notes to the Financial Statements for the Year Ended 31 May 2023

#### 5 Other income

	<b>Unrestricted funds General £</b>	<b>Total funds £</b>
Fees and supplies	813	813
<b>Total for 2023</b>	813	813

#### 6 Expenditure on raising funds

**Total  
costs  
£**

#### 7 Expenditure on charitable activities

	<b>Note</b>	<b>Unrestricted funds General £</b>	<b>Restricted funds £</b>	<b>Total funds £</b>
Studio operating costs		37,405	-	37,405
Arts Council		-	7,826	7,826
Belfast City Council		-	12,768	12,768
University of Ulster		-	19,033	19,033
Freelands		-	58,632	58,632
British Council		-	23,149	23,149
The Mac		-	317	317
Elephant Trust		-	2,072	2,072
Cavehill Primary School		-	937	937
Depreciation, amortisation and other similar costs		-	404	404
Governance costs	8	-	780	780
<b>Total for 2023</b>		37,405	125,918	163,323
<b>Total for 2022</b>		35,330	109,742	145,072

**Total  
expenditure  
£**

In addition to the expenditure analysed above, there are also governance costs of £780 (2022 - £720) which relate directly to charitable activities. See note 8 for further details.

## Paragon Studios Ltd

### Notes to the Financial Statements for the Year Ended 31 May 2023

#### 8 Analysis of governance and support costs

##### Governance costs

	<b>Restricted funds £</b>	<b>Total funds £</b>
Independent examiner fees		
Examination of the financial statements	780	780
<b>Total for 2023</b>	<u>780</u>	<u>780</u>
<b>Total for 2022</b>	<u>720</u>	<u>720</u>

## Paragon Studios Ltd

### Notes to the Financial Statements for the Year Ended 31 May 2023

#### 9 Net incoming/outgoing resources

Net incoming resources for the year include:

	2023 £	2022 £
Depreciation of fixed assets	<u>404</u>	<u>404</u>

#### 10 Trustees remuneration and expenses

No trustees, nor any persons connected with them, have received any remuneration from the charity during the year.

No trustees have received any reimbursed expenses or any other benefits from the charity during the year.

#### 11 Independent examiner's remuneration

	2023 £	2022 £
Examination of the financial statements	<u>780</u>	<u>720</u>

#### 12 Taxation

The charity is a registered charity and is therefore exempt from taxation.

#### 13 Tangible fixed assets

	Furniture and equipment £	Total £
<b>Cost</b>		
At 1 June 2022	<u>3,516</u>	<u>3,516</u>
At 31 May 2023	<u>3,516</u>	<u>3,516</u>
<b>Depreciation</b>		
At 1 June 2022	2,101	2,101
Charge for the year	<u>404</u>	<u>404</u>
At 31 May 2023	<u>2,505</u>	<u>2,505</u>
<b>Net book value</b>		
At 31 May 2023	<u>1,011</u>	<u>1,011</u>
At 31 May 2022	<u>1,415</u>	<u>1,415</u>

## Paragon Studios Ltd

### Notes to the Financial Statements for the Year Ended 31 May 2023

#### 14 Cash and cash equivalents

	2023 £	2022 £
Cash at bank	<u>71,655</u>	<u>70,156</u>

#### 15 Creditors: amounts falling due within one year

	2023 £	2022 £
Accruals	<u>720</u>	<u>720</u>

#### 16 Funds

	Balance at 1 June 2022 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 May 2023 £
<b>Unrestricted</b>					
<i>General</i>					
Unrestricted	12,027	38,099	(37,405)	(9)	12,712
<b>Restricted</b>					
Arts Council NI	6,969	18,881	(8,650)	-	17,200
Belfast City Council	6,000	13,627	(12,768)	-	6,859
University of Ulster	318	21,919	(19,033)	-	3,204
Freelands	7,740	62,892	(58,992)	-	11,640
British Council	35,297	-	(23,149)	-	12,148
The Mac	2,500	-	(317)	-	2,183
Esme Mitchell	-	6,000	-	-	6,000
Elephant Trust	-	2,000	(2,072)	72	-
Cavehill Primary School	-	1,000	(937)	(63)	-
<b>Total restricted</b>	<u>58,824</u>	<u>126,319</u>	<u>(125,918)</u>	<u>9</u>	<u>59,234</u>
<b>Total funds</b>	<u>70,851</u>	<u>164,418</u>	<u>(163,323)</u>	<u>-</u>	<u>71,946</u>

## Paragon Studios Ltd

### Notes to the Financial Statements for the Year Ended 31 May 2023

	Balance at 1 June 2021 £	Incoming resources £	Resources expended £	Balance at 31 May 2022 £
<b>Unrestricted funds</b>				
<i>General</i>				
Unrestricted	9,610	37,746	(35,329)	12,027
<b>Restricted</b>				
Arts Council NI	6,854	16,000	(15,885)	6,969
Belfast City Council	6,000	-	-	6,000
University of Ulster	318	-	-	318
Freelands	12,498	89,100	(93,858)	7,740
British Council	-	35,297	-	35,297
The Mac	-	2,500	-	2,500
	25,670	142,897	(109,743)	58,824
<b>Total restricted funds</b>	<b>25,670</b>	<b>142,897</b>	<b>(109,743)</b>	<b>58,824</b>
<b>Total funds</b>	<b>35,280</b>	<b>180,643</b>	<b>(145,072)</b>	<b>70,851</b>