

ART SERVICES GRANTS LIMITED
known as [space]

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2006

ART SERVICES GRANTS LIMITED
known as [space]

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ART SERVICES GRANTS LIMITED
known as [space]

REFERENCE AND ADMINISTRATIVE DETAILS

COMPANY NUMBER 1157240

REGISTERED CHARITY NUMBER 267021

BOARD OF TRUSTEES M Chanarin (resigned 1 October 2006)
J Green (resigned 3 March 2006)
M Sealy (resigned 6 March 2006)
L Byrne
C Wainwright
T Mc Geagh (resigned 24 October 2005)
F Holliss (appointed 19 December 2005)
K Schubert (appointed 6 March 2006)

SECRETARY A Harding

CHIEF EXECUTIVE A Harding

REGISTERED OFFICE AND BUSINESS ADDRESS The Triangle
129-131 Mare Street
London E8 3RH

AUDITORS Blackstone Franks LLP
Chartered Accountants and Registered Auditors
26-34 Old Street
London
EC1V 9QR

SOLICITORS Stones Solicitors
21 Fore Street
Oke Hampton
Devon EX20 1AJ

Clyde & Co Solicitors
51 Eastcheap
London
EC3M 1JP

BANKERS Natwest Bank Plc
140 Victoria Street
London
SW1E 5LF

COIF Charities Deposit Fund
St Alphage House
2 Fore Street
London
EC2Y 5AQ

TRUSTEES' ANNUAL REPORT

The Trustees present their annual report and the audited financial statements for the year ended 31st March 2006.

The reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the memorandum of articles of association and the Statement of Recommended Practice Accounting and Reporting by Charities (SORP 2005).

Structure, Governance and Management

Governing Document

Art Services Grants Ltd (SPACE Studios) was set up in 1968 and was formally registered as a Charity and incorporated as a company limited by guarantee in 1974. The company is established under a memorandum of association and is governed by its articles of association.

SPACE was incorporated as a non profit making company limited by guarantee which does not have a share capital. The Trustees who are also the directors of the company therefore do not have any financial interest in the company nor are there any significant contracts in which there is a material interest.

Risk Management

Risk management takes place at all levels. Operational risks are passed up for review and approval and organisation level risks are communicated down. Risk is addressed in the appraisal stages of project development. Each staff member and SPACE trustee is responsible for managing risks. SPACE acknowledges the need to tolerate a level of risk with risks clearly identified in financial and artistic planning, with practices in place to manage them:

- Annual review of priorities ensures we meet objectives effectively.
- Our risk profile is driven by our core mission of providing for artists' production needs in a cost-effective and artist-focused way.
- Additional programmes are provided as and when funds are available and when they enhance the organisation's mission strategically.
- SPACE tolerates a level of risk with studio building leases on a short-term basis and buildings awaiting redevelopment where there is uncertainty whether liabilities will be called upon.

Risk management practices:

- New lease agreements have been tightened up in recent years to ensure that repair obligations are less onerous
- Artist tenancy agreements allow SPACE to give one month's notice, giving flexibility in the event of having to leave a building
- Income generation targets are reviewed at monthly programmes and studios meetings and appropriate action taken
- SPACE evaluates and responds to risk at regular management meetings including:
 - quarterly trustee meetings
 - fortnightly studios management meetings,
 - monthly comprehensive programmes meetings
 - monthly programme-specific meetings.
 - annual comprehensive property portfolio review (Autumn).

Organisational Structure and Board of Trustees

The charity is managed by the Board of Trustees, who may serve up to six years, retiring for re-election on a tri-annual basis. Trustees may co-opt further advisors and also Patrons. The Trustees meet quarterly with additional meetings of sub groups to discuss specific topics and are responsible for the strategic direction and policy of the charity. The Trustees appoint the Chief Executive to whom the day to day running of the Charity is devolved.

In order to address vacancies left by the retirement of a number of Trustees during the year, the Board assessed its skills base and is in the process of filling identified gaps by advertising for and recruiting new Trustees. Two new Trustees have been appointed in the year as a result of this process.

New Trustees meet with the Chairman, Chief Executive and other key staff as part of an induction process, and are provided with a full induction pack covering constitutional, policy and financial background, and trustee responsibilities.

TRUSTEES' ANNUAL REPORT (continued)

Objects and Activities

SPACE is an Arts Educational charity. The objects of the charity are:

- a) To foster promote, advance, maintain and improve public education and to promote interest in and appreciation of all forms of art.
- b) To aid, assist and educate necessitous artists.
- c) To promote and improve art and the production of objects of artistic merit.

The differences it seeks to make are:

Studios - Enabling artistic production by providing accommodation and equipment for artists of promise who by reason of their poverty or circumstances are unable to provide such accommodation and equipment unaided.

Programmes (Collaborations, Media Arts, Exhibitions and Professional Development) - By providing advisory and educational services enabling a wider range of artists to work at a professional level

Achievements and Performance

Changes in Structure

Anna Harding started as CEO in September 05. Following a staffing review commencing with Val Millington's consultancy, the trustees and CEO decided on a substantial restructure involving redundancies for the 3 director level staff in order to make necessary financial savings and to streamline management. The staff structure has moved from 4 semi-autonomous programmes departments to 3 departments: studios, finance and admin, and programmes. SPACE has merged all the various artistic programme activities into one department, to create coherence and joined up planning and marketing.

MAJOR ACHIEVEMENTS:

Phase 2 capital development of Triangle premises has been a substantial commitment and has generated new high specification secure workspaces at Triangle, including a new commissioning studio, 6 new studios, relocating Media Arts office and media suites to the Triangle building and fully equipping their space, doubling the facilities for East London Printmakers who offer open access workshops through SPACE, providing level ramped access, induction loop for the gallery, new reception area and large new street facing project space/networking space. The refurbishment has enabled SPACE to realise the potential of this site in terms of use of space and rental income generation, offering a diversity of studio provision.

Studios - During the year SPACE maintained excellent levels of occupancy of over 95%, and worked to significantly reduce arrears levels. There is an ever increasing demand for our studios with an increased number of artists registered with us looking for studio space. At the end of the year new studios at Bridget Riley, Britannia and Triangle were opened creating better use of existing space in these properties, replacing studios lost with the end of the lease at Barons Place.

International Residency programme - SPACE managed two 6-month residencies with Canada Council for the Arts as part of an ongoing partnership and secured funds for a new UK – Kazakhstan artist exchange to begin April 06.

Open Studios took place as part of Arts Unwrapped at Triangle, Britannia Works and Vauxhall Street, in addition to open studio events at Richmond House, Victor House and Martello Street studios.

TRUSTEES' ANNUAL REPORT (continued)

Media Arts

- Ongoing delivery of open access media suites and software training courses at Triangle site.
- Development of Wireless Free Network support for Central Hackney.
- Media Arts became an Arts Council England RFO funded client in this year, which provided strategic development support and a new post of Emergent Technologies Coordinator.
- Delivery of UK Sound TV with Hi8us, an innovative, youth led broadcasting platform.

Artists' Professional Development

- **Trajectory**, a bespoke mid-career professional development initiative offering high level support for a selected group of culturally diverse, professional artists, produced with Artquest, commenced September 05.
- Monthly peer critique events were run in collaboration with Whitechapel Art Gallery.
- Delivered professional development for Byam Shaw students at SPACE.
- portfolio review sessions were delivered with external tutors Lisa Le Feuvre, Naomi Siderfin and Kirsty Ogg.

The following Exhibitions took place at the Triangle:

- Arlene Gottfried's *Midnight* was a first UK solo exhibition, mounted in collaboration with Autograph.
- SPACE Open Exhibition was selected by Bea de Souza, Danny Rolph and Sacha Craddock.
- *Modern Tales: Violent Times* was a painting installation by Martin McGinn.
- Canadian Residency Exhibition was by Cynthia Girard.
- *Strangers with Angelic Faces* curated by Levent Calikoglu supported by SPACE artist Denizan Ozer, was a major showcase of British and Turkish artists in a thematic show, sponsored by Akbank. The exhibited also travelled to Istanbul and a substantial catalogue was published. Opening events included a press conference at SPACE attended by Turkish critics who had flown over specially.

SPACE Collaborations activities were:

- Bow Festival delivered in summer 05 celebrating the outcomes of commissioned public realm projects which took place over the year in a highly visible street event.
- One Night Grandstand was a collaborative project with Old Ford Housing and The People Speak artist group, engaging young people and their families to encourage discussion around the refurbishment of the football kickabout area on the Ranwell Estate in Bow, Tower Hamlets. This project enabled young people to develop self confidence and communication skills, delivering live commentary, along with Phil Parry (BBC Radio London).
- The Bigger Picture was an interactive mural design process on Ranwell Estate, Bow, in consultation with area youth, to redesign a kickabout area between 2 tower blocks.
 - “I was so pleased the way all my boys got on together. They had such a positive attitude, and they respected each other on the pitch” - Youth Worker, Old Ford Housing
 - “When can we do it again?” - Age 10, Ranwell Estate tenant
 - “Excellent local get together for all the community. These events have a function as a distraction from ills in the community” - Parent.
- Commissioning and project management of sound art commission by artist Thor McIntyre McBurnie with the ICT department at Islington Arts and Media School for Creative Partnerships.
- Participation in East London Enquire research project involving setting up and managing an artist commission at Stoke Newington School and exhibition at The Nunnery with Whitechapel Art Gallery, Chisenhale Gallery and Bow Arts Trust.
- A review of collaborations has taken place to consider priorities for the future.

TRUSTEES' ANNUAL REPORT (continued)

Financial Review

The staff restructure, coupled with a cost reduction exercise across all areas, has produced substantial savings in the year resulting in a reduction in total resources expended of 10% on prior year. However levels of activities were maintained, with direct spend on programmes increasing by £152,431 and occupancy levels in studios continuing at over 95%.

Income from studios now represents 73% of SPACE's income (2005: 70%) with a combination of increased number of studios available, rental increases and improved income collection and occupancy rates leading to an increase of 17% on prior year. Grant income remained steady at £454,557 representing 25% of income (2005: 27%).

Arts Council England has continued to recognise the work of SPACE through providing a grant towards administrative and staffing costs of £101,335 and additionally awarding in the year a strategic development grant of £35,000 towards the Media Arts work.

The cost savings and income increases have resulted in a turnaround in the results for the year, with net incoming resources after transfers between funds of £76,736 on general funds and £119,081 on restricted funds, allowing SPACE to rebuild its reserves, and strengthening the financial position of the organisation.

Reserves policy

Although the results for the year have signalled a turnaround in the financial position, the balance sheet continued to show net current liabilities at the year end, and unrestricted reserves carried forward remain low at £77,736.

The Trustees have put in place a strategy to work towards a reserves position to restore working capital levels, manage cash flows, guard against sudden short-falls in income and provide a fund to take advantages of opportunities to take on new leases and develop studio properties, as they arise, in order to replace properties in the portfolio as the leases end.

They have set a target range of £225,000 to £450,000 for unrestricted reserves, to be achieved gradually over the next 3 to 5 years, to allow for a balance to be achieved between restoring reserves levels and continued investment in new development, and continued delivery of key objectives.

The full effect of the restructuring and cost savings is expected to be seen in the year to 31 March 2007, and SPACE expects a surplus on general funds for the 06-07 year as a result, moving the organisation back into a net current assets position, and continuing to rebuild reserves levels.

Investment policy

The Charity's investments are managed in accordance with the Trust's governing document, having regard to the Trustee Act 2000. Monies not immediately required for the activities of the Charity were held in cash deposits at the year end.

Plans for Future Periods

- Retaining c450 studios, by developing to replace buildings which we lose, taking on longer leases and freeholds where possible.
- Our main aspirations are: appropriate quality, affordability and accessibility of studios
- Providing both artist-facing as well as community-facing services in the areas where we have studios
- Implementing cultural diversity action plan.

Activities planned to achieve these objectives are as follows:

- Focus on developing partnership working.
- Diversifying funding sources to ensure SPACE is not reliant on public funding.
- Focus on marketing of short hire facilities at the Triangle.
- Considering new investment models for new property development.
- Building up development funds to enable us to move at the necessary speed on new property developments.
- Looking at other means of support to artists beyond studio provision: resources such as online support, bookable short-term spaces, shared spaces, high spec spaces to cross-subsidise standard provision.

TRUSTEES' ANNUAL REPORT (continued)

Directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

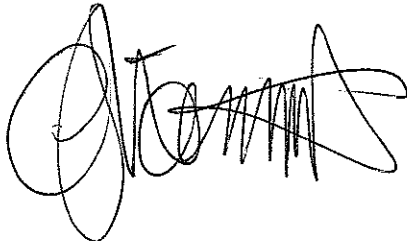
Auditors

A resolution to appoint Blackstone Franks LLP as auditors will be put to the members at the Annual General Meeting.

ON BEHALF OF THE BOARD

Chairman: Chris Wainwright

Date: 23/1/07



ART SERVICES GRANTS LIMITED
known as [space]

**INDEPENDENT AUDITORS REPORT TO THE DIRECTORS OF
ART SERVICES GRANTS LIMITED**

We have audited the financial statements on pages 9 to 15 of Art Services Grants Ltd for the year ended 31st March 2006. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

The report is made solely to the charity's members as a body, in accordance with S235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charity's members those matters we require to state to them in an auditor's 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 charity and the charity's members as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of trustee directors and auditors

The trustees' (who are also the directors of Art Services Grants Ltd for the purpose of company law) responsibilities for preparing the Directors' Annual Report and the financial statements in accordance with applicable law and United Kingdom Auditing Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards of Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

We read the other information contained in the Director's Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards of Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and properly disclosed.

ART SERVICES GRANTS LIMITED
known as [space]

**INDEPENDENT AUDITORS REPORT TO THE DIRECTORS OF
ART SERVICES GRANTS LIMITED**

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

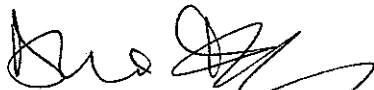
Going Concern

The directors are of the opinion that the charity will continue to trade profitably and hence it is appropriate for the financial statements to be prepared on a going concern basis. Notwithstanding the net current liabilities of £72,964 at 31st March 2006, the validity of this assumption depends on the charity being able to continue to raise funds in the future. The financial statements do not include any adjustments that would result if the charity made losses and such financial support were withdrawn. If the charity was unable to trade, adjustments would have to be made to reduce the value of assets to their realisable amounts, provide for further liabilities that may arise and to reclassify fixed assets and long term liabilities as current assets and liabilities.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the charity's affairs as at 31st March 2006 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended.
- the financial statements have been properly prepared in accordance with the Companies Act 1985.
- the information given in the Report of the Directors is consistent with the financial statements.



BLACKSTONE FRANKS LLP

Chartered Accountants and

Registered Auditors

Barbican House

26-34 Old Street

London EC1V 9QR

Date: 23rd January 2007

Ref: LRB/A268

ART SERVICES GRANTS LIMITED
known as [space]

STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2006
(Incorporating Income and Expenditure Account)

	Note	General Funds £	Restricted Funds £	Total Funds 2006 £	Total Funds 2005 £
Incoming Resources					
Incoming resources from generated funds:					
<i>Investment income:</i>		437	-	437	208
Incoming resources from charitable activities:					
Grants	2	154,302	300,255	454,557	451,537
Rental income		1,346,538	-	1,346,538	1,152,017
Training income		20,033	-	20,033	12,395
Other incoming resources:		18,219	659	18,878	36,019
Total incoming resources		<u>1,539,529</u>	<u>300,914</u>	<u>1,840,443</u>	<u>1,652,176</u>
Resources Expended					
Charitable expenditure :					
Studio and programme costs	3	1,426,052	205,437	1,631,489	1,812,664
Governance costs		13,137	-	13,137	21,803
Total resources expended	3	<u>1,439,189</u>	<u>205,437</u>	<u>1,644,626</u>	<u>1,834,467</u>
Net incoming/(outgoing) resources		100,340	95,477	195,817	(182,291)
Transfer between funds		(23,604)	23,604	-	-
Net incoming/(outgoing) resources after transfers		76,736	119,081	195,817	(182,291)
Total funds at 1 April 2005		720	1,177,527	1,178,247	1,360,538
Total funds at 31 March 2006	12	<u>77,456</u>	<u>1,296,608</u>	<u>1,374,064</u>	<u>1,178,247</u>

All amounts relate to continuing activities in respect of both years.
There were no other recognised gains or losses during the two financial years.

ART SERVICES GRANTS LIMITED
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BALANCE SHEET
as at 31 March 2006

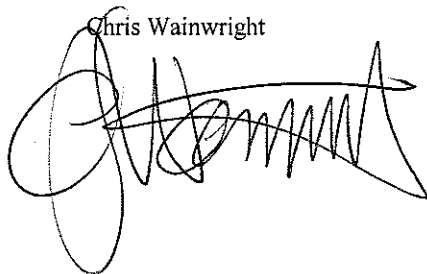
		2006		2005	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7	1,658,594		1,618,404	
CURRENT ASSETS					
Debtors	8	234,906		151,982	
Cash on short term deposit at bank and in hand		<u>120,433</u>		<u>7,903</u>	
		355,339		159,885	
CREDITORS: Amounts falling due within one year	9	<u>(428,303)</u>		<u>(415,833)</u>	
NET CURRENT (LIABILITIES)		(72,964)		(255,948)	
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,585,630</u>		<u>1,362,456</u>	
CREDITORS: Amounts falling due after more than one year	10	<u>(211,566)</u>		<u>(184,209)</u>	
TOTAL NET ASSETS		<u><u>1,374,064</u></u>		<u><u>1,178,247</u></u>	
FUNDS					
Unrestricted Funds	12	77,456		720	
Restricted Funds	12	1,296,608		1,177,527	
TOTAL FUNDS		<u><u>1,374,064</u></u>		<u><u>1,178,247</u></u>	

The accounts are prepared in accordance with the special provision of part VII of Companies Act 1985 relating to small entities.

Approved by the Board of Directors on 23 January 2007 and signed on its behalf by:

Chairman:

Chris Wainwright



NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2006

1. ACCOUNTING POLICIES

a) Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005), the Companies Act 1985, the Charities Act 1993 and the Statement of Recommended Practice Accounting and Reporting by Charities issued in March 2005.

b) Fixed Assets

Fixed assets are recorded at cost. Amounts incurred on capital items over £100 are capitalised.

Tangible fixed assets are depreciated at annual rates to write off the cost of the assets over their estimated useful lives using the following methods and rates:-

	% per annum	Method
Equipment	10% - 33 1/3%	Straight line
Motor vehicle	25%	Straight line
Computer software	50%	Straight line
Development costs	4% - 25%	Straight line

c) Incoming resources

Rental income is recognised when receivable. Donations are recognised in the year they are received.

Grants, where entitlement is not conditional on the delivery of a specific performance by the charity are recognised when the charity becomes unconditionally entitled to the grant.

d) Expenditure and its basis of allocation

All expenditure is dealt with on the accruals basis and includes value added tax where appropriate. Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services. It includes direct costs of activities and those costs of an indirect nature necessary to support those activities, allocated between expenditure categories on an appropriate basis as set out in note 3.

Governance costs are those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

e) Dilapidation costs

No provision is made in the accounts for dilapidation costs of leased properties until the expenditure is actually incurred.

f) Cash flow statement

The company has taken advantage of the exemption from preparing a cash flow statement as set out in FRS1 as it qualifies as a small company.

g) Operating Leases

All payments under operating leases are charged to the statement of financial activities in the year in which they fall due.

ART SERVICES GRANTS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2006

1. ACCOUNTING POLICIES (continued)

h) Fund accounting

The unrestricted funds are rent and other income receivable or generated for the objectives of the charity without further specified purpose, and are available as general funds.

The 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.

2. GRANTS

	General Funds	Restricted Funds	Total 2006	2005
	£	£	£	£
Arts Council of England (core and strategic grants)	136,135	-	136,135	131,462
Public Arts - Bow Festival	-	23,890	23,890	73,625
Public Arts - Other activities	-	22,988	22,988	53,881
Media Arts grants	-	58,424	58,424	8,315
Canadian residency	9,411	26,018	35,429	44,014
Other residency grants	-	10,000	10,000	16,500
Exhibitions	-	19,371	19,371	7,810
Professional development grants	-	28,199	28,199	89,101
Refurbishment -Triangle	-	111,365	111,365	16,500
Training grants	8,756	-	8,756	10,329
	<u>154,302</u>	<u>300,255</u>	<u>454,557</u>	<u>451,537</u>

3. TOTAL RESOURCES EXPENDED

	Studios costs	Programme costs	Governance costs	Support costs	2006	2005
	£	£	£	£	£	£
Rent, rates, maintenance and other property costs	755,936	-	-	74,072	830,008	899,804
Staff and related costs	110,906	195,881	-	149,287	417,488	449,895
General office expenses	4,534	4,459	-	9,702	18,695	38,732
Publicity and marketing	694	14,948	-	250	15,892	16,142
Print, post, stationery	304	2,362	-	8,834	11,501	14,315
Information systems and equipment	986	11,933	-	24,892	37,810	27,748
Audit	-	-	10,575	-	10,575	12,000
Bad debts	8,608	-	-	-	8,608	9,501
Legal and professional	18,997	-	2,562	-	21,559	34,896
Depreciation	129,675	1,101	-	16,846	147,622	151,651
Bank charges and interest	20,058	64	-	6,836	26,959	27,352
Other programmes costs	1,641	57,682	-	-	97,909	152,431
	<u>1,052,340</u>	<u>288,430</u>	<u>13,137</u>	<u>290,719</u>	<u>1,644,626</u>	<u>1,834,467</u>
Allocation of support costs	185,904	104,815	-	(290,719)	-	-
Total resources expended	<u>1,238,244</u>	<u>393,245</u>	<u>13,137</u>	<u>-</u>	<u>1,644,626</u>	<u>1,834,467</u>

Support costs have been allocated to activities on the basis of time spent for staff costs, floor area for property costs and activity levels for all other costs, in accordance with the Statement of Recommended Practice (issued March 2005).

Amounts of £487,631 included under Support and Management and Administration in 2005 have been re-allocated to activities for the prior year to ensure a consistent basis.

ART SERVICES GRANTS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2006

4. NET INCOMING RESOURCES	2006	2005
Net incoming resources are stated after charging:	£	£
Auditors' remuneration	10,575	12,000
Depreciation	147,623	151,651
Rentals paid under operating leases – property	<u>597,833</u>	<u>609,378</u>

5. TRUSTEE DIRECTORS AND STAFF COSTS	2006	2005
	£	£
a) The total remuneration was:		
Wages and salaries	320,581	385,184
Pensions	2,625	-
Social Security costs	<u>30,740</u>	<u>36,821</u>
	<u>353,946</u>	<u>422,005</u>

b) There were no employees during the current and previous year whose emoluments amounted to

c) No emoluments or expenses were paid to the trustee directors during the year.

d) The average weekly number of employees, employed by the company, during the year was 17

6. TAXATION

The company was registered as a charity in February 1974 and consequently no corporation tax is payable on the results for the year.

7. TANGIBLE FIXED ASSETS

	Development Costs	Equipment	Motor Vehicles	Total
	£	£	£	£
Costs:				
At 1 April 2005	2,151,400	216,168	7,867	2,375,435
Additions	182,380	5,433	-	187,813
Disposal	(18,285)	-	-	(18,285)
At 31 March 2006	<u>2,315,495</u>	<u>221,601</u>	<u>7,867</u>	<u>2,544,963</u>
Depreciation:				
At 1 April 2005	557,152	192,012	7,867	757,031
Charge for year	128,972	18,651	-	147,623
Depreciation on disposal	(18,285)	-	-	(18,285)
At 31 March 2006	<u>667,839</u>	<u>210,663</u>	<u>7,867</u>	<u>886,369</u>
Net book value:				
As at 31 March 2006	<u>1,647,656</u>	<u>10,938</u>	<u>-</u>	<u>1,658,594</u>
As at 31 March 2005	<u>1,594,248</u>	<u>24,156</u>	<u>-</u>	<u>1,618,404</u>

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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2006

8. DEBTORS	2006	2005
	£	£
Other debtors	114,702	98,985
Prepayments	120,204	52,997
	<u>234,906</u>	<u>151,982</u>

9. CREDITORS: Amounts falling due within one year	2006	2005
	£	£
Bank current account	-	111,820
Deposits held on accounts	61,629	71,694
Other taxes and social security costs	11,107	10,130
Bank loan	58,941	40,065
Accruals and deferred income	132,877	125,521
Other creditors	163,749	56,603
	<u>428,303</u>	<u>415,833</u>

10. CREDITORS FALLING DUE AFTER ONE YEAR	2006	2005
	£	£
Bank Loan	<u>211,566</u>	<u>184,209</u>

11. SHARE CAPITAL

The company is limited by guarantee and has no share capital

12. RESERVES	At 1st April 2005	Incoming Resources	Resources Expended	Transfers	At 31st March 2006
	£	£	£	£	£
General reserve	720	1,539,529	1,439,189	(23,604)	77,456
Total unrestricted funds	<u>720</u>	<u>1,539,529</u>	<u>1,439,189</u>	<u>(23,604)</u>	<u>77,456</u>
Triangle fund	912,817	111,365	68,556	-	955,626
Sarah Lane fund	223,708	-	13,345	-	210,363
Space Place fund	20,002	-	1,197	-	18,805
Eastway fund	21,000	-	7,000	-	14,000
Bow Festival	-	23,890	52,552	26,052	(2,610)
Trafalgar Square project	-	800	800	-	-
Enquire	-	13,405	10,501	(2,448)	456
Islington Arts Media School	-	3,000	2,000	-	1,000
Ranwell Tower Hamlets Project	-	5,783	3,000	-	2,783
UK Sound	-	37,673	11,834	-	25,839
Tagged	-	20,751	5,014	-	15,737
Trajectory	-	26,599	4,438	-	22,162
Fly Fishing for Artists	-	1,600	1,600	-	-
Midnight	-	3,000	3,000	-	-
Strangers with Angelic Faces	-	16,371	13,464	-	2,907
Canadian Residency	-	26,677	6,737	-	19,940
Kazakhstan Residency	-	10,000	400	-	9,600
Total restricted funds	<u>1,177,527</u>	<u>300,914</u>	<u>205,437</u>	<u>23,604</u>	<u>1,296,608</u>
Total funds	<u>1,178,247</u>	<u>1,840,443</u>	<u>1,644,626</u>	<u>-</u>	<u>1,374,064</u>

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12. RESERVES (continued)

Restricted property funds are held in respect of capital development projects for studio properties. The cost of such developments is depreciated over the life of the lease.

Restricted programme funds are held in respect of grants received in relation to specific programmes which are restricted to programme activities in accordance with the terms agreed with the funder.

Transfers between funds relate to strategic decisions made by the Trustees to subsidise certain programmes from general funds, and to final reconciliations on completed programmes.

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	<u>General Funds</u>	<u>Restricted Funds</u>	<u>Total</u>
	£	£	£
Fund balances at 31 March 2006 are represented by:			
Tangible fixed assets	379,029	1,279,565	1,658,594
Current assets	338,296	17,043	355,339
Current liabilities	(428,303)	-	(428,303)
Long term liabilities	(211,566)	-	(211,566)
Total net assets	<u>77,456</u>	<u>1,296,608</u>	<u>1,374,064</u>

14. OTHER FINANCIAL COMMITMENTS

At 31 March 2006, there were annual commitments under non-cancellable operating leases as follows:

	Equipment		Land and buildings	
	2006	2005	2006	2005
	£	£	£	£
Operating leases which expire:				
Within one year	-	-	26,500	63,250
Between two to five years	4,396	-	76,683	171,000
Over five years	-	-	488,200	310,650
	<u>4,396</u>	<u>-</u>	<u>591,383</u>	<u>544,900</u>

15. DEPOSITS HELD ON ACCOUNT

Included in creditors is an amount of £61,629 (2005: £71,694) for deposits held on account for tenants. Deposits equal a tenant's first month's rent.

16. SECURITY

There are fixed and floating charges over all current and future assets of the company.