

ART SERVICES GRANTS LIMITED
known as [space]

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

Registered Charity No. 267021
Company No. 1157240

LEGAL AND ADMINISTRATIVE DETAILS

COMPANY NUMBER 1157240

REGISTERED CHARITY NUMBER 267021

BOARD OF TRUSTEES
Faisal Abduh'Allah (Appointed 5 December 2011,
Andrew Cameron (deceased June 2012)
Fredrik Carstens (Appointed 5 December 2011)
Simon Crab (Resigned 17 October 2011)
Caroline Douglas
Lew Hodges Hon Treasurer
Alan Leibowitz Chairman
Danielle Salvadori
Karsten Schubert Vice Chairman
Paul Williams

SECRETARY Anna Harding

CHIEF EXECUTIVE Anna Harding

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

INDEPENDENT AUDITORS
Kingston Smith LLP
Chartered Accountants and Registered Auditors
Devonshire House
60 Goswell Road
London EC1M 7AD

SOLICITORS
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

Triodos Bank
Brunel House
11 The Promenade
Bristol BS8 3NN

TRUSTEES' ANNUAL REPORT

The Trustees present their annual report and the audited financial statements for the year ended 31st March 2012.

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 and articles of association and the Statement of Recommended Practice Accounting and Reporting by Charities (SORP 2005).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Art Services Grants Ltd (SPACE) was set up in 1968. In 1974 it was formally registered as a Charity and incorporated as a company limited by guarantee which does not have a share capital. The company is established under a memorandum of association and is governed by its articles of association.

The Members of the company are:

- trustees
- any studio licence holder (excluding any sub-licensee)
- any salaried employee who has successfully completed their probation period, and any person who has been employed by the charity on a contract of at least three months.

The Trustees are the directors of the company. They do not have any financial interest in the company nor are there any significant contracts in which any Trustee has a material interest.

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 triennial basis. Trustees may co-opt further advisors and also Patrons. The Trustees are responsible for the strategic direction and policy of the charity and meet quarterly. There are additional meetings of sub groups to discuss specific topics. The Trustees appoint the Chief Executive to whom the day to day running of the Charity is devolved.

The Board has had a full complement of Trustees throughout the year. 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. Ongoing training is provided to Trustees throughout the year.

This year saw the retirement of one Trustee, Simon Crab, who we thank for his dedication to SPACE over the years. We were pleased to welcome Andrew Cameron and Fredrik Carstens to the Board of Trustees who bring a wealth of advice and expertise from their respective professional backgrounds. We were extremely sad to learn that trustee Andy Cameron died unexpectedly in June 2012, and have sent our condolences to his family.

During the year, the Trustee board has been supported by the establishment of working groups, which include co-opted experts, reporting to the Trustee board. The Property Working Group is grateful for generous pro bono support received from Miles Price at British Land, Claire Day at Colliers CRE and Rory Brooke at URS-Scott Wilson and would like to thank Dalton Warner Davis, our property advisors, who acted on our behalf throughout the year.

Risk Management

Risk management takes place at all levels. Operational risks are passed up for review and approval, 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 programme planning, with practices in place to manage them as below. 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.

TRUSTEES' ANNUAL REPORT

Risk Management Practices:

- annual review of priorities ensures we meet objectives effectively
- lease agreements are negotiated to ensure that our obligations are not onerous
- artist tenancy agreements allow us to give one month's notice
- income generation targets are reviewed monthly and appropriate action taken

SPACE evaluates and responds to risk at regular meetings including:

- quarterly Trustee meetings
- weekly senior management team meetings
- monthly studios management meetings
- monthly programmes meetings
- monthly finance & administration meetings
- monthly operations meetings
- quarterly property working group meetings

OBJECTS AND ACTIVITIES

SPACE was founded in 1968 by artists in the belief that enjoyment of and access to arts and creative processes are intrinsic to the development of a healthy and dynamic culture.

The objects of the organisation are:

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

Our Mission is to provide the space, resources and opportunities for people to create art, for people to engage with art and for people to develop their creative potential.

By providing affordable studio space to over 700 artists across 19 sites in London we support young, emerging and established artists. We complement this with an arts and education programme of contemporary art exhibitions, media arts, neighbourhood based learning and participation projects and training for both young people and professional artists.

Our activities support the growth of individuals, encourage ownership of creativity and nurture a creative society.

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17 of the Charities Act 2011 to have regard to the Charity Commission's general guidance on public benefit. SPACE's charitable purpose is realised through the promotion of creative practice as explained in its objects and activities set out above.

ACHIEVEMENTS AND PERFORMANCE

Strategic Delivery

We have continued working effectively to our strategic plan approved by the board of trustees in January 2010. We maintain our organisational focus on supporting artists and art related programmes. At the request of Arts Council England we have developed an updated strategic plan to come into place in April 2012.

TRUSTEES' ANNUAL REPORT

Studios & Programmes

Strategic Plan 2010-2013 Target: Develop new sites to continue to support a minimum of 600 artists

This year saw an increase in our portfolio from 17 to 19 sites. We acquired the freehold of Haymerle Road in Peckham and converted it to provide 70 new studios. We have also taken a lease on Unit 9 Queens Yard, White Post Lane, Hackney Wick (The White Building), which in addition to 6 studios will provide a centre for artistic debate, particularly in relation to the intersection of technology and sustainability. This is a partnership project supported by London Legacy Development Corporation, who recognise our ability to provide Olympic Legacy benefits by extending opportunities for the local artistic and residential communities of Fish Island and Hackney Wick. With London Thames Gateway Development Corporation coming to an end, the lease at the Malthouse was moved to new landlord Roofff.

At the end of the financial year the organisation held 502 studios for 745 tenants, thereby exceeding our target in anticipation of future lease losses.

Strategic Plan 2010-2013 Target: Improved services to artists

Our monthly e-newsletter and regular website updates provide valuable communications with artists. Open studio events at Dean Street, Haymerle Road, Vauxhall and Martello Street have also been opportunities for artists to showcase their work. The *Neu!* exhibitions and Permacultures residencies programme are supporting artists at a critical stage early in their careers.

Strategic Plan 2010-2013 Target: To develop the Learning and Participation Programme

Major sponsorship from Bloomberg, the Bloomberg ON programme, supported the development of our White Building artist residencies and People Power schools programme, *Neu!* exhibitions and two new graduate bursary awards at our new studios in Haymerle Road.

Key programme initiatives included:

- Pilot phase of CLAS (Creative Learning and Artists Studios) promoting studios as a unique learning resource for local schools. This action based on professional development, knowledge and exchange benefitted early career artists, secondary pupils and teachers. A research team from Goldsmiths, University of London, provided a detailed and insightful evaluation that we will use in order to roll out the programme to benefit more schools and artists. Our aim is to work with schools in close proximity to SPACE studio sites, with a view to establishing partner schools for each studio building.
- *People Power* continued valuable work with Bow Boys' School in Tower Hamlets, exploring the potential of renewable energies with artist Brendan Walker. The collaboration used creativity to unlock interest in and explore the possibilities of renewable energy, engaging young people with technology and aiming to improve their interest in science, technology, engineering and maths (STEM) subjects.
- *The Cut* artist led oral history project, focusing on the Lea River Navigational Channel, (otherwise known as The Cut), along the Olympic Park, concluded. Artists worked with local schools and communities to uncover stories and histories and exhibited new work at SPACE and the View Tube, and made a publication in newspaper format.
- Ania Dabrowska, artist in residence at the Creative Space at Arlington worked with 32 residents using photography, creative writing and blogging and also presented an exhibition at SPACE.
- Juneau Projects artist duo completed their residency with year 10 students at Barking Abbey and Warren Schools with an exhibition in the Malthouse at Barking and at Dagenham Civic Centre for the Artist Programme #3.

TRUSTEES' ANNUAL REPORT

Strategic Plan 2010-2013 Target: Enhance the Reputation of The Triangle Building

Neu! continued to provide a platform for young emerging artists to showcase their work in the gallery. Exhibition highlights of the year included *Some Variations on a Theme of Bob* (Bob Cobbing exhibition of concrete poetry), *'HEX'* and *Roy Ascott: The Syncretic Sense* – which received excellent reviews (4 stars in Time Out, Recommended on the Tate blog, praised by Art Monthly), bringing this prescient work to wider and deserved attention.

SPACE hosted 8 residencies in its Media Lab as part of the Permacultures programme. Yuri Pattison's Faraday Cage was built in the Gallery as an outcome of his residency and was accompanied by a series of performances.

Strategic Plan 2010-2013 Target: Widen access to and diversify participation in the arts

A range of affordable courses in film and video visual effects, digital media, design and web technologies were well received, and we continued to run Jelly open access to our MediaLab on Thursdays. Over 350 people have attended in the year.

A new project Broadgate Stories was started, working with students from Hackney Community College to develop an App. about the Broadgate Estate, using the resources of our Medialab for technical training and visits to the site to make recordings. All participants completed an Arts Award and Hackney Community College valued the high quality opportunity for students to gain work experience.

Advocacy

A key part of our role is advocacy for art and artists. This ranges from identifying and delivering new places and spaces to support artistic practice, to participating in and leading debates on the provision of affordable workspace as a key component of creative practice. Advocacy activities have included:

- Our Chairman giving a speech at City Hall for the GLA conference on Studio Provision in London. He explained the challenges of running affordable studios to an audience of policy makers, developers and local authority representatives and flagged up potential for future collaborations and opportunities;
- Working with the London Legacy Development Corporation to deliver The White Building, an Olympic edge space to showcase and develop local and international creative projects and a key Olympic Legacy project;
- Participating in planning consultations relating to future development of Hackney Wick and Fish Island and supporting events such as Hackney Wicked, to ensure that the Olympic Fringe of Hackney Wick and Fish Island is retained for use by SPACE and other creative practitioners;
- Working to ensure that art and creativity are embedded in the development in East London of a Tech City digital technology cluster;
- Continuing to provide advice and management for The London Thames Gateway Development Cooperation and The London Borough of Barking and Dagenham with regard to the development of the Barking Creative Quarter.

Volunteers

SPACE has a pool of volunteers who continue to provide excellent support to our programmes department – we are grateful for the contribution they make.

TRUSTEES' ANNUAL REPORT

FINANCIAL REVIEW

Income from studios represented 77% of SPACE's revenue, with occupancy in the studios continuing at over 95%. Grants represented 11% of income.

In addition to grants received which were restricted to specific projects, Arts Council England has continued to recognise the work of SPACE through providing core funding of £109,030 towards studio provision and £66,825 towards Media Arts.

The company generated a surplus on total funds of £230,548 in the year. The positive results for the year enable us to continue the essential programme of maintenance and upgrades on our current portfolio and build a fund for future studio developments.

Closing funds comprise £1,199,503 of restricted funds and £1,719,702 of unrestricted funds. Within the unrestricted funds, £975,500 has been designated by the trustees toward future costs of property development and acquisitions. Free funds which represent the general reserves of the charity after deducting designated funds and amounts tied up in fixed assets (net of related funding loans) amount to a negative £895,813.

Reserves Policy

The Trustees' strategy is to ensure a reserves position that provides the organisation with minimum working capital levels, provides for obligations at lease ends and builds a fund to take advantage of opportunities to develop new studio properties.

The designated fund of £975,500 is set aside toward new freehold or long leasehold developments requiring significant investment; and essential upgrade and repair work needed to meet obligations under Health and Safety legislation and maintenance and dilapidations responsibilities under current property leases. These address our minimum obligations as a landlord, whilst ensuring that we keep rents to artists as low as possible.

The Trustees continue to have a target range of £450,000 to £650,000 for general reserves, being the appropriate level necessary for the Charity to continue its normal activities in the event of a significant drop in income. At 31 March 2012 SPACE held general funds of £744,202 and we are therefore operating above our target range, however, all our undesignated general funds are tied up in our fixed assets and our free funds are in deficit. This will be reviewed during 2012-13 in order to build up designated funds for future capital need.

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 low risk cash deposits throughout the year.

PLANS FOR FUTURE PERIODS

Studios: Our major commitment is the opening of The White Building in July 2012 and delivering a successful programme to meet the Olympic Legacy expectations of our partners the London Legacy Development Corporation. It will be a centre for creative practice at the intersection of art, technology and sustainability and support the growth of the artistic community at Hackney Wick. Sponsorship from Bloomberg will assist us in developing a programme of artist residencies, schools programmes, studios and a café.

We are hopeful that an Arts Council England Capital Bid will enable us to begin a major programme of upgrades to key properties, with a special focus on Deborah House, Haymerle Road and Martello Street. We will also continue our rolling maintenance programme on our studio sites. The upgrade of our Rent Management System will be completed, providing a more efficient service to our tenants, and Phase 2 of updating our database systems will be carried out.

TRUSTEES' ANNUAL REPORT

Media Arts: we will move the Permacultures Residency programme offering UK and international artists residencies to The White Building, where we will establish a group Residency Studio and event programme.

Technology workshops and media training in the Media Lab will be further developed, and a major new professional development programme for artists seeking to improve their marketing and sales skills will be introduced, extending our commitment to Artists Professional Development. This will be delivered with SPACE as a lead in a consortium, working in partnership with Craft Central, Four Corners and Photofusion.

Learning & Participation: We are hopeful that funding will be achieved to enable us to roll out the Creative Learning in Artists Studios (CLAS) programme following its successful pilot phase and evaluation.

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also directors of Art Services Grants Limited 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).

Company law requires trustees to prepare financial statements for each financial year, which give a true and fair view of the state of the affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK 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 charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charity's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information;
- The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

SMALL COMPANY RULES

These accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and in accordance with the Financial Reporting Standards for Smaller Entities (effective April 2008).

TRUSTEES' ANNUAL REPORT

AUDITORS

Kingston Smith LLP were the appointed auditors during the year and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

ON BEHALF OF THE BOARD



Chairman: Alan Leibowitz

Date: 22.10.12

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ART SERVICES GRANTS LIMITED**
Known as [Space]

We have audited the financial statements of Arts Services Grants Limited for the year ended 31 March 2012 which comprise the Statement of Financial Activities incorporating the Summary Income and Expenditure Account, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 Part 16 of the Companies Act 2006. Our audit work has been undertaken for no purpose other than to draw to the attention of the charitable company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and Auditor

As explained more fully in the Trustees' Responsibilities Statement [set out on page 11], the trustees' (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ART SERVICES GRANTS LIMITED
Known as [Space]

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remunerations specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report.

Kingston Smith Ltd

Sandra De Lord, Senior Statutory Auditor
for and on behalf of Kingston Smith LLP, Statutory Auditor

Devonshire House, 60 Goswell
Road, London, EC1M 7AD

Date: 30.10.12

STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2012
(Incorporating Income and Expenditure Account)

	Note	General Funds £	Restricted Funds £	Total Funds 2012 £	Total Funds 2011 £
Incoming Resources					
Incoming resources from generated funds:					
<i>Voluntary income:</i>					
Donations		201,959	-	201,959	189,581
Interest receivable:		1,057	-	1,057	3,785
Incoming resources from charitable activities:					
Grants		176,666	143,362	320,028	448,848
Rental income		2,177,965	-	2,177,965	1,759,734
Other earned income		40,487	-	40,487	54,504
Other incoming resources:		96,084	2,000	98,084	50,334
Total incoming resources	2	<u>2,694,218</u>	<u>145,362</u>	<u>2,839,580</u>	<u>2,506,786</u>
Resources Expended					
Costs of generating funds :					
Voluntary and other incoming resources	3	81,526	11,574	93,100	73,090
Charitable expenditure :					
Studios costs	3	2,032,124	147,505	2,179,629	1,848,761
Programme costs	3	207,092	119,648	326,740	339,809
Governance costs	3	9,563	-	9,563	9,960
Total resources expended	3	<u>2,330,305</u>	<u>278,727</u>	<u>2,609,032</u>	<u>2,271,620</u>
Net incoming/(outgoing) resources		363,913	(133,365)	230,548	235,166
Net incoming/(outgoing) resources after transfers		363,913	(133,365)	230,548	235,166
Total funds at 1 April 2011		1,355,789	1,332,868	2,688,657	2,453,491
Total funds at 31 March 2012	12	<u>1,719,702</u>	<u>1,199,503</u>	<u>2,919,205</u>	<u>2,688,657</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
known as [space]

BALANCE SHEET
as at 31 March 2012

		2012		2011	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7		4,721,870		2,615,200
CURRENT ASSETS					
Debtors	8	373,129		528,425	
Cash on short term deposit at bank and in hand		<u>386,395</u>		<u>780,243</u>	
		759,524		1,308,668	
CREDITORS: Amounts falling due within one year	9	<u>(588,579)</u>		<u>(577,919)</u>	
NET CURRENT ASSETS			170,945		730,749
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,892,815</u>		<u>3,345,949</u>
CREDITORS: Amounts falling due after more than one year	10		(1,973,610)		(657,292)
TOTAL NET ASSETS			<u><u>2,919,205</u></u>		<u><u>2,688,657</u></u>
FUNDS					
Unrestricted Funds:					
General funds	12	744,202		405,789	
Designated funds	12	975,500		950,000	
Restricted Funds	12		1,199,503		1,332,868
TOTAL FUNDS			<u><u>2,919,205</u></u>		<u><u>2,688,657</u></u>

The accounts are prepared in accordance with the special provision of part 15 of Companies Act 2006 relating to small entities.

Approved by the Board of Directors and authorised for issue on 23 July 2012:



Chairman: Alan Leibowitz
Company No. 1157240

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2012

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 April 2008), the Companies Act 2006, the Charities Act 2011 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 £500 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
Freehold land and buildings	4%	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, although funds are designated to this aim.

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.

h) Pension Policy

The company operates a pensions policy in compliance with the stakeholders pension requirements. SPACE contributes between 0-10% of an employee's salary. SPACE employees who contribute to the pension scheme are members of the Scottish Widows Stakeholder pension scheme.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2012

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.

Designated funds are unrestricted funds set aside by the Board for specific purposes.

2. INCOMING RESOURCES

	General Funds £	Restricted Funds £	Total 2012 £	2011 £
Voluntary income:				
Donations	201,959	-	201,959	189,581
Interest receivable:	1,057	-	1,057	3,785
Grants:				
Arts Council of England:				
RFO: Strategic Grant Space Core	109,030	-	109,030	116,762
RFO: Strategic Grant Media Arts	66,825	-	66,825	72,127
Active Advisors	-	4,500	4,500	-
Active Energy	-	-	-	2,138
Barking Creative Quarter	-	10,000	10,000	6,000
Outdoor Commission	-	-	-	1,500
British Land Company	-	20,000	20,000	-
Canada Council for the Arts: Residency grant	-	38,577	38,577	38,577
Esmee Fairbairn	-	15,000	15,000	-
LG Fashion	-	18,638	18,638	11,269
LB Hackney:				
Hackney's Here project	-	-	-	17,250
Legacy Now	-	3,000	3,000	2,000
Olympic Hosts	-	-	-	19,412
Learning & Skills Council: Momentum project	-	1,147	1,147	55,255
London Thames Gateway Development Corporation:				
Outdoor Commission	-	-	-	2,500
National Heritage Fund	-	25,000	25,000	25,000
Paddington Arts: Young Londoners Fund	-	-	-	45,000
Paul Hamlyn Foundation	-	-	-	25,000
Other (individual grants less than £10,000)	811	7,500	8,311	9,058
Total grants	176,666	143,362	320,028	448,848
Rental income	2,177,965	-	2,177,965	1,759,734
Other earned income:				
Property Management Fees	18,743	-	18,743	47,850
Training income	21,744	-	21,744	6,654
Other incoming resources:	96,084	2,000	98,084	50,334
TOTAL INCOMING RESOURCES	2,694,218	145,362	2,839,580	2,506,786

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2012

3. TOTAL RESOURCES EXPENDED

	Studios costs £	Programme costs £	Governance costs £	Costs of generating funds £	Support costs £	2012 £	2011 £
Staff costs (see note 5)	126,012	96,307	-	54,077	204,487	480,883	473,184
Other staff related costs	2,974	41,935	-	5,677	8,613	59,199	46,049
Rent, rates, maintenance and other property costs	1,314,466	10,152	-	487	67,690	1,392,795	1,200,715
General office expenses	9,936	1,873	-	516	25,184	37,509	21,058
Publicity and marketing	3,256	15,233	-	1,989	-	20,478	26,302
Print, post, stationery	637	734	-	77	5,736	7,184	15,991
Information systems and equipment	537	2,807	-	884	22,607	26,835	30,300
Audit	-	-	9,563	-	-	9,563	9,960
Bad debts	6,602	-	-	-	-	6,602	1,583
Legal and professional	47,373	-	-	-	33	47,406	112,253
Depreciation	287,693	2,617	-	-	18,136	308,446	188,569
Bank charges and interest	87,866	653	-	2	3,743	92,264	28,919
Other programmes costs	39,081	76,403	-	647	3,737	119,868	116,737
	1,926,433	248,714	9,563	64,356	359,966	2,609,032	2,271,620
Allocation of support costs	253,196	78,026	-	28,744	(359,966)	-	-
Total resources expended	2,179,629	326,740	9,563	93,100	-	2,609,032	2,271,620

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).

4. NET INCOMING RESOURCES

	2012 £	2011 £
Net incoming resources are stated after charging:		
Auditors' remuneration	9,450	9,450
Depreciation	308,446	188,569
Rentals paid under operating leases – property	899,046	784,740

5. STAFF COSTS

	2012 £	2011 £
a) The total remuneration was:		
Wages and salaries	431,985	426,372
Pensions	5,855	5,712
Social Security costs	43,043	41,100
	480,883	473,184

b) There were no employees during the current year whose emoluments amounted to over £60,000 (2011: 0).

c) No emoluments or expenses were paid to the trustee directors during the year. (2011:0)

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

	No.	No.
Studios	4	4
Programmes	3	3
Cost of generating funds	1	2
Support	5	4
	13	13

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2012

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

	Freehold Land & Buildings £	Leasehold Building Development Costs £	Equipment £	Motor Vehicles £	Total £
Costs:					
At 1 April 2011	961,338	2,673,591	296,106	17,054	3,948,089
Additions	2,384,415	13,575	17,124	-	2,415,114
Disposals	-	-	-	-	-
At 31 March 2012	<u>3,345,753</u>	<u>2,687,166</u>	<u>313,230</u>	<u>17,054</u>	<u>6,363,203</u>
Depreciation:					
At 1 April 2011	76,473	983,071	260,276	13,069	1,332,889
Charge for year	144,133	141,483	20,752	2,076	308,444
Disposals	-	-	-	-	-
At 31 March 2012	<u>220,606</u>	<u>1,124,554</u>	<u>281,028</u>	<u>15,145</u>	<u>1,641,333</u>
Net book value:					
As at 31 March 2012	<u>3,125,147</u>	<u>1,562,612</u>	<u>32,202</u>	<u>1,909</u>	<u>4,721,870</u>
As at 31 March 2011	<u>884,865</u>	<u>1,690,520</u>	<u>35,830</u>	<u>3,985</u>	<u>2,615,200</u>

8. DEBTORS

	2012 £	2011 £
Rental debtors (including electricity costs recharged to tenants)	93,748	35,678
Other debtors	23,412	230,916
Prepayments	255,969	258,684
Accrued income	-	3,147
	<u>373,129</u>	<u>528,425</u>

9. CREDITORS: Amounts falling due within one year

	2012 £	2011 £
Tenant deposits held on account	89,879	74,796
Rental creditors	31,557	-
Other taxes and social security costs	12,407	11,601
Bank loan	74,736	26,978
Trade creditors	45,683	92,514
Other creditors	16,204	15,407
Accruals and deferred income	318,113	356,623
	<u>588,579</u>	<u>577,919</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2012

10. CREDITORS FALLING DUE AFTER ONE YEAR	2012	2011
	£	£
Bank Loans		
Amounts falling due:		
Between one to two years	113,763	43,218
Between two to five years	138,957	72,079
Over five years	1,720,890	541,995
	1,973,610	657,292

The bank loans are secured by fixed charges over various of the property leases and freehold. Natwest and Triodos Bank also hold various fixed and floating charges over the Charity assets and undertakings. The loans are repayable under various terms of length. Interest is charged at rates which vary between 8.75% and 3.50% p.a. dependant upon the terms stated at the outset of each loan.

11. SHARE CAPITAL

The company is limited by guarantee and has no share capital. Under the terms of clause 9 of the Memorandum of Association, every member is liable to contribute a sum not exceeding £1 in the event of the Charity being wound up during the time that he or she is a member or for one year thereafter.

12. RESERVES

	<u>At 1st</u> <u>April 2011</u>	<u>Incoming</u> <u>Resources</u>	<u>Resources</u> <u>Expended</u>	<u>Transfers</u>	<u>At 31st</u> <u>March 2012</u>
	£	£	£	£	£
Unrestricted Funds:					
General reserve	405,789	2,694,218	2,330,305	(25,500)	744,202
Designated funds:					
schedule of works	136,500	-	-	(13,000)	123,500
new property fund	700,000	-	-		700,000
property development/dilapidations fund	113,500	-	-	38,500	152,000
Total unrestricted funds	1,355,789	2,694,218	2,330,305	-	1,719,702
Restricted Funds:					
Restricted Programme funds	113,441	145,362	207,850	-	50,953
Restricted Property funds:					
Triangle fund	876,713	-	49,429	-	827,284
Sarah Lane fund	149,091	-	13,200	-	135,891
Bridget Riley Studios fund	13,623	-	1,048	-	12,575
Haymerle Road fund	180,000	-	7,200	-	172,800
Total restricted property funds	1,219,427	-	70,877	-	1,148,550
Total restricted funds	1,332,868	145,362	278,727	-	1,199,503
Total funds	2,688,657	2,839,580	2,609,032	-	2,919,205

Designated funds are held in respect of studios properties, for repair, maintenance and improvements and acquiring new studios.

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.

Restricted property funds are held in respect of capital acquisition and development projects for studio properties. The cost of such acquisitions/developments is depreciated over the useful life of the capitalised asset.

At the year end the Trustees designated a fund from the unrestricted reserves to cover upgrade and repair work needed to meet obligations under Health and Safety legislation and maintenance responsibilities under current property leases for the coming year.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2012

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General Funds	Designated Funds	Restricted Funds	Total
	£	£	£	£
Fund balances at 31 March 2012 are represented by:				
Tangible fixed assets	3,613,625	-	1,108,245	4,721,870
Net current assets	(895,813)	975,500	91,258	170,945
Long term liabilities	(1,973,610)	-	-	(1,973,610)
Total net assets	<u>744,202</u>	<u>975,500</u>	<u>1,199,503</u>	<u>2,919,205</u>

14. CONTINGENT LIABILITIES AND OTHER FINANCIAL COMMITMENTS

There were no contingent liabilities as at 31 March 2012 (2011:0).

At 31 March 2012, there were annual commitments under non-cancellable operating leases as follows:

	Equipment		Land and buildings	
	2012	2011	2012	2011
	£	£	£	£
Operating leases which expire:				
Within one year	-	-	74,121	14,121
Between two to five years	6,812		89,092	206,592
Over five years	-	6,812	668,700	646,516
	<u>6,812</u>	<u>6,812</u>	<u>831,913</u>	<u>867,229</u>

15. RELATED PARTY TRANSACTIONS

There were no related party transactions throughout the year (2011:0).