

ART SERVICES GRANTS LIMITED
known as [space]

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

Registered Charity No. 267021
Company No. 1157240

LEGAL AND ADMINISTRATIVE DETAILS

COMPANY NUMBER 1157240

REGISTERED CHARITY NUMBER 267021

BOARD OF TRUSTEES
Faisal Abdu'Allah
Fredrik Carstens
Caroline Douglas
Lew Hodges Hon Treasurer
Alan Leibowitz (Retired December 2012)
Selina Mason Chair (Appointed December 2012)
Danielle Salvadori
Karsten Schubert (Retired December 2012)
Paul Williams Vice Chairman

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 2013.

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 Chair, 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 Alan Leibowitz, to whom we owe enormous thanks for his dedication as Chairman of the SPACE trustees over the years and we are grateful that he will continue to chair the Property Working Group. We also saw the retirement of Vice Chair Karsten Schubert, a generous supporter and an excellent advocate for SPACE who will continue in an informal capacity as honorary advisor. We were delighted to welcome Selina Mason to the Board of Trustees as our new Chair, who brings a wealth of advice and expertise from her professional background. We also appointed as Vice Chair Paul Williams, whose practice we congratulate on being awarded the Stirling Prize for Architecture 2012.

During the year, the Trustee board was supported by the Property Working Group and a newly formed Development Advisors Group. Both advisory groups include co-opted experts and report to the Trustee board. The Property Working Group welcomed new member Ashley Damiral at CMS Cameron McKenna LLP. We are also grateful for ongoing generous pro bono support received from Miles Price at British Land, Claire Day at Icen Projects 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. We welcome as Development Advisors Nick Farnhill from Poke London, Jeremy Morton from CMS Cameron McKenna and Eva Woloshyn from Eva Woloshyn Associates. The group is chaired by Trustee Fredrik Carstens of Deutsche Bank.

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

TRUSTEES' ANNUAL REPORT

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.

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

Key risks recognised by SPACE include:

- Loss of income – From studio tenants and funding bodies due to current economic climate and due to limited number of affordable long-term leaseholds and freeholds to add to current portfolio.
- Fire and security risks within all our properties
- Reduced operating margins within the existing portfolio as we face substantial rent increases, rent reviews and lease renewals
- Legislation – Changes to planning laws that could mean the potential loss of studios from the current portfolio. Changes to legislation (fire, electrical, health and safety, environmental) requiring additional expenditure making our buildings increasingly costly to run.
- Failure to deliver on grant funded programmes
- Personnel – Whilst we acknowledge changes in personnel to be a risk, we have an experienced staff with no changes to the management team in the last year.

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 650 artists across 17 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.

TRUSTEES' ANNUAL REPORT

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 in January 2010. We maintain our organisational focus on supporting artists and arts related programmes. At the request of Arts Council England we developed an updated strategic plan, which came into place in April 2012. Our effectiveness in delivering the action plan resulting from this is monitored on a quarterly basis.

Studios & Programmes

Strategic Plan 2012- 2015 Target: Develop new sites to continue to support a minimum of 600 artists

This year saw the fit-out and occupation of our new studio site and cultural centre The White Building at Unit 9 Queens Yard, White Post Lane, Hackney Wick. Launched in July 2012 by Jimmy Wales, Founder of Wikipedia, it provides a centre for artistic debate, particularly in relation to the intersection of art 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. The six studios provide space for new tenants including Live Art Development Agency, Public Works, Yard Theatre and Lawrence Lek as well as a shared residency studio and space for the new CRATE pizzeria and micro brewery. We also faced the loss of our studio site at Vauxhall Street in Lambeth after many years. We have been able to rehouse a large proportion of the studio tenants at other sites. Our management of The Malthouse in Barking also came to an end, with the winding up of partners London Thames Gateway Development Corporation. Fortunately all the tenants have been able to stay and the work we began has successfully kick-started this new creative hub.

At the end of the financial year the organisation held 493 studios for 693 tenants, thereby exceeding our target in anticipation of future lease losses.

The increasing pressures of rent increases on our existing sites are reducing our operating margins, making the need for freehold acquisitions increasingly important to our sustainability. With our aim of building sufficient reserves to acquire new freeholds or long leaseholds, we are strongly advised by our property advisors because of the because of the escalating property values in the areas where we operate, to make an acquisition sooner rather than later. Our commitment to new acquisitions should not be overshadowed by the compelling need to upgrade our existing portfolio that has suffered from under-investment over many years.

Strategic Plan 2012- 2015 Target: Improved services to artists

We have greatly expanded our digital communication in the last year, now running 5 special different monthly e-newsletters as well as regular website updates providing valuable communications with artists. Open studio events at Bridget Riley Studios, Britannia Works, Eastway, Haymerle Road, Martello Street, Victor House, and The White Building have 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. We launched a major new specialist Professional Development programme for small creative businesses (primarily photographers, artists and designers) with generous support from the European Regional Development Fund. SPACE is leading this London-wide programme with delivery partners Craft Central, Four Corners and Photofusion. Using an overall budget of £2m, with a 50% contribution from ERDF, we aim to support 400 small creative businesses between 2012 and 2015 to increase sales and find new markets for their work.

We welcomed new residency partners IASPIS and Goethe Institut. We are also delighted to continue our residency in partnership with South London Gallery, including an exhibition at the gallery. Edward Thomasson and Eoghan Ryan were the first two artists to gain this award. We completed a 10 year residency partnership

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with Canada Council for the Arts, which has enabled 20 artists to work in London. A two year residency partnership with LG has supported Korean artists.

We developed a new biannual online survey to better gauge the effectiveness of our services to artists. This received a very good response and the detailed responses to this will inform our policy and investment decisions. We noted that a key concern is poor insulation, roof leaks and difficulty heating studios in winter months, which reconfirms the priorities set in our major upgrades programme which has been awarded an Arts Council Capital Grant and will be implemented over the next two years. We also introduced a new rent management and database system to upgrade our operational efficiency and effectiveness.

Strategic Plan 2012-2015 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 graduate bursary awards at our studios in Haymerle Road.

Key programme initiatives included:

- Commencing delivery of a programme at The White Building to meet the Olympic Legacy expectations of our partners the London Legacy Development Corporation. We have successfully established this new 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 has assisted us in developing a programme of artist residencies, talks and schools programmes.
- CLAS (Creative Learning and Artists Studios) promoted studios as a unique learning resource for local schools, working with 7 schools this year. We published an evaluation of the pilot year and hope 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* is a pioneering programme using creativity to unlock interest in science, technology, engineering and maths (STEM) subjects. Artist-Technologist Brendan Walker explored the possibilities of renewable energy with Bow Boys' School in Tower Hamlets, while Technology Will Save Us worked with Hackney's Petchey Academy on Solar Swarm, producing a solar-powered light installation outside The White Building and solar powered Thirsty Plant Detectors with Chisenhale Primary School.
- The Creative Space at Arlington offered workshops in printmaking, drawing, creative writing, drama and poetry throughout the year with Ania Dabrowska, The Drawing Shed, Stephanie Turner and Clare Fry for the homeless community.

Strategic Plan 2012-2015 Target: Enhance the Reputation of The Triangle Building

A strong exhibitions programme featured retrospectives and emerging artists. *Neu!* successfully supported emerging artists, including Patrick Staff, Aleksandra Domanovic and Marlie Mul on their first show in London – these artists now have an established international reputation. Retrospectives from artists such as Jo Spence, Hex and Stewart Home were also well received, contributing to our wide arts press coverage including *Frieze*, *Art Monthly*, *The Guardian*, *Telegraph*, *Tate*, as well as extensive blog coverage.

Strategic Plan 2012-15 Target: Widen access to and diversify participation in the arts

A range of affordable courses in video production, 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 650 people used the MediaLab in the year, with 278 non White-British attendees, indicating its success as an accessible resource reaching a wide cross-section of the community.

The White Building provides an important new platform for widening access to the arts at the edge of the Olympic Park. It has a specific remit to

TRUSTEES' ANNUAL REPORT

- Support the promotion of Hackney Wick Fish Island as a major London creative hub
- Facilitate creative activities for surrounding residential communities
- Provide space and facilities to enable existing creative organisations and artists in the area to develop strong national and international profiles
- Help to link surrounding communities to the Legacy through residencies, talks, showcase events and school visits.

Broadgate Stories worked 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. We are delighted to continue the partnership with British Land and Broadgate Estate for a second year.

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:

- Working with the London Legacy Development Corporation to deliver The White Building, our Olympic edge space;
- 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;
- Advocacy to raise awareness of the potential impact of planning relaxation on creative workspace provision, working closely with East London's Tech City digital technology cluster.

Volunteers

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

FINANCIAL REVIEW

Income from studios represented 56% of SPACE's revenue, with occupancy in the studios continuing at over 96%. Grants represented 34% 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 a capital grant of £986,800 and National Portfolio core funding totalling £230,855 towards studio provision, Media Arts projects and artists professional development. This has resulted in a generated surplus on total funds of £1,179,850 in the year. The positive results enable us to continue the essential programme of maintenance and upgrades on our current portfolio and build a fund for future studio developments, which are recognised in our three year plan as essential to our sustainability.

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.

TRUSTEES' ANNUAL REPORT

SPACE had generated total unrestricted funds for the year of £3,021,316. The designated fund of £2,027,000 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 have a target range of £700,000 to £1,000,000 for general unrestricted funds, 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 2013 SPACE held general unrestricted funds of £994,316 and we are therefore operating within our target range, however, all our undesignated general funds are tied up in our fixed assets therefore limiting the liquidity of our free funds.

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

Having been successful in securing an Arts Council England Capital Works Grant, we will begin a major programme of upgrades to key properties Deborah House, Haymerle Road and Martello Street. We have appointed Sarah Wigglesworth Architects to assist us. We will also continue our rolling maintenance programme on our studio sites. Phase 2 of updating our rent management and database systems will be carried out.

We will continue to develop The White Building programme as a flagship centre for Art, Technology and Sustainability.

Technology workshops and media training in the Media Lab will be further developed with the launch a 3-d fabrication space if we are successful in our fundraising.

New Creative Markets, our professional development programme for artists seeking to improve their marketing and sales skills will continue, extending our commitment to Artists Professional Development.

Learning & Participation: We are hopeful that funding will be achieved to roll out Creative Learning in Artists Studios (CLAS) and to build on the success of People Power and Broadgate Stories.

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;

TRUSTEES' ANNUAL REPORT

- 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.

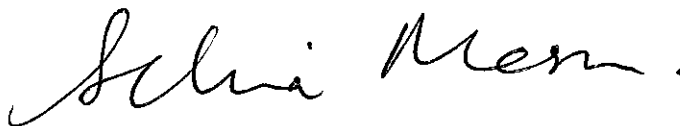
SMALL COMPANY RULES

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).

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



Chair: Selina Mason

Date: 15.07.13

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

We have audited the financial statements of Art Services Grants Limited for the year ended 31 March 2013 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 2013 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.

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.

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

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 LLP

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: 6.08.13

STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 March 2013
(Incorporating Income and Expenditure Account)

	Note	General Funds £	Restricted Funds £	Total Funds 2013 £	Total Funds 2012 £
Incoming Resources					
Incoming resources from generated funds:					
<i>Voluntary income:</i>					
Donations		151,600	-	151,600	201,959
Interest receivable:		1,434	-	1,434	1,057
Incoming resources from charitable activities:					
Grants		230,855	1,171,662	1,402,517	320,028
Rental income		2,279,974	-	2,279,974	2,177,965
Other earned income		60,679	2,000	62,679	40,487
Other incoming resources:		159,279	13,014	172,293	98,084
Total incoming resources	2	<u>2,883,821</u>	<u>1,186,676</u>	<u>4,070,497</u>	<u>2,839,580</u>
Resources Expended					
Costs of generating funds :					
Voluntary and other incoming resources	3	105,205	6,805	112,010	93,100
Charitable expenditure :					
Studios costs	3	2,172,376	79,077	2,251,453	2,179,629
Programme costs	3	278,849	235,758	514,607	326,740
Governance costs	3	12,577	-	12,577	9,563
Total resources expended	3	<u>2,569,007</u>	<u>321,640</u>	<u>2,890,647</u>	<u>2,609,032</u>
Net incoming/(outgoing) resources		314,814	865,036	1,179,850	230,548
Transfer between funds	12	986,800	(986,800)	-	-
Net incoming/(outgoing) resources after transfers		<u>1,301,614</u>	<u>(121,764)</u>	<u>1,179,850</u>	<u>230,548</u>
Total funds at 1 April 2012		1,719,702	1,199,503	2,919,205	2,688,657
Total funds at 31 March 2013	12	<u>3,021,316</u>	<u>1,077,739</u>	<u>4,099,055</u>	<u>2,919,205</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 2013

		2013		2012	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7		4,528,700		4,721,870
CURRENT ASSETS					
Debtors	8		516,567		373,129
Cash on short term deposit at bank and in hand			<u>629,841</u>		<u>386,395</u>
			1,146,408		759,524
CREDITORS: Amounts falling due within one year	9		<u>(668,359)</u>		<u>(588,579)</u>
NET CURRENT ASSETS			478,049		170,945
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>5,006,749</u>		<u>4,892,815</u>
CREDITORS: Amounts falling due after more than one year	10		(907,694)		(1,973,610)
TOTAL NET ASSETS			<u>4,099,055</u>		<u>2,919,205</u>
FUNDS					
Unrestricted Funds:					
General funds	12		994,316		744,202
Designated funds	12		2,027,000		975,500
Restricted Funds	12		1,077,739		1,199,503
TOTAL FUNDS			<u>4,099,055</u>		<u>2,919,205</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 15 July 2013:



Chair: Selina Mason
Company No. 1157240

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2013

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 2013

1. ACCOUNTING POLICIES (continued)

i) 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 2013 £	2012 £
Voluntary income:				
Donations	151,600	-	151,600	201,959
Interest receivable:	1,434	-	1,434	1,057
Grants:				
Arts Council of England:				
Grant in Aid Capital Resources	-	986,800	986,800	-
NPO: Core Funding Programme	230,855	-	230,855	175,855
Active Advisors	-	500	500	4,500
Barking Creative Quarter	-	-	-	10,000
British Land Company	-	30,088	30,088	20,000
Canada Council for the Arts: Residency Grant	-	-	-	38,577
Greater London Authority: ERDF Grant	-	119,649	119,649	-
Esmee Fairbairn	-	-	-	15,000
LG Fashion	-	7,368	7,368	18,638
LB Hackney: Legacy Now	-	-	-	3,000
Learning & Skills Council: Momentum Project	-	-	-	1,147
National Heritage Fund	-	-	-	25,000
Swedish Arts Grant Committee for IASPIS	-	10,113	10,113	-
Other (individual grants less than £10,000)	-	17,144	17,144	8,311
Total grants	230,855	1,171,662	1,402,517	320,028
Rental income	2,279,974	-	2,279,974	2,177,965
Other earned income:				
Management Fees	39,012	2,000	41,012	18,743
Training income	21,667	-	21,667	21,744
Other incoming resources:	159,279	13,014	172,293	98,084
TOTAL INCOMING RESOURCES	2,883,821	1,186,676	4,070,497	2,839,580

ART SERVICES GRANTS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2013

3. TOTAL RESOURCES EXPENDED

	Studios costs £	Programme costs £	Governance costs £	Costs of generating funds £	Support costs £	2013 £	2012 £
Staff costs (see note 5)	160,975	149,774	-	61,608	167,227	539,584	480,883
Other staff related costs	2,161	40,480	-	5,897	12,029	60,567	59,199
Rent, rates, maintenance and other property costs	1,389,396	11,473	-	3,225	63,613	1,467,707	1,392,795
General office expenses	4,889	1,595	-	1,304	24,639	32,427	37,509
Publicity and marketing	3,977	12,224	-	2,584	300	19,085	20,478
Print, post, stationery	1,255	3,036	-	1,240	14,053	19,584	7,184
Information systems and equipment	206	10,587	-	1,419	36,810	49,022	26,835
Audit	-	-	12,577	-	-	12,577	9,563
Bad debts	5,125	-	-	-	-	5,125	6,602
Legal and professional	42,204	-	-	600	53	42,857	47,406
Depreciation	300,753	340	-	255	20,422	321,770	308,446
Bank charges and interest	84,911	940	-	50	3,863	89,764	92,264
Other programmes costs	36,343	184,585	-	8,207	1,443	230,578	119,868
	2,032,195	415,034	12,577	86,389	344,452	2,890,647	2,609,032
Allocation of support costs	219,258	99,573	-	25,621	(344,452)	-	-
Total resources expended	2,251,453	514,607	12,577	112,010	-	2,890,647	2,609,032

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

	2013 £	2012 £
Net incoming resources are stated after charging:		
Auditors' remuneration	10,140	9,450
Depreciation	321,770	308,446
Rentals paid under operating leases – property	982,554	899,046

5. STAFF COSTS

	2013 £	2012 £
a) The total remuneration was:		
Wages and salaries	484,774	431,985
Pensions	6,001	5,855
Social Security costs	48,809	43,043
	539,584	480,883

b) There was one employee during the current year whose emoluments fell between the range of £60,000 - £70,000 (2012: 0).

c) No emoluments or expenses were paid to the trustee directors during the year. (2012:0)

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

	No.	No.
Studios	5	4
Programmes	4	3
Cost of generating funds	2	1
Support	5	5
	16	13

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2013

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 2012	3,345,753	2,687,166	313,230	17,054	6,363,203
Additions	5,607	106,766	16,227	-	128,600
Disposals	-	-	-	-	-
At 31 March 2013	<u>3,351,360</u>	<u>2,793,932</u>	<u>329,457</u>	<u>17,054</u>	<u>6,491,803</u>
Depreciation:					
At 1 April 2012	220,606	1,124,554	281,028	15,145	1,641,333
Charge for year	144,367	154,477	21,017	1,909	321,770
Disposals	-	-	-	-	-
At 31 March 2013	<u>364,973</u>	<u>1,279,031</u>	<u>302,045</u>	<u>17,054</u>	<u>1,963,103</u>
Net book value:					
As at 31 March 2013	<u>2,986,387</u>	<u>1,514,901</u>	<u>27,412</u>	<u>-</u>	<u>4,528,700</u>
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>

The Mayor and Burgesses of The London Borough of Hackney holds a fixed charge over certain leasehold buildings. Arts Council England holds a fixed charge over certain freehold properties and a floating charge over the Charity assets and undertakings.

8. DEBTORS

	2013 £	2012 £
Rental debtors (including electricity costs recharged to tenants)	81,748	93,748
Other debtors	120,233	23,412
Prepayments	261,991	255,969
Accrued income	52,595	-
	<u>516,567</u>	<u>373,129</u>

9. CREDITORS: Amounts falling due within one year

	2013 £	2012 £
Tenant deposits held on account	82,068	89,879
Rental creditors	30,076	31,557
Other taxes and social security costs	15,102	12,407
Bank loan	80,605	74,736
Trade creditors	148,803	45,683
Other creditors	26,761	16,204
Accruals and deferred income	284,944	318,113
	<u>668,359</u>	<u>588,579</u>

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10. CREDITORS FALLING DUE AFTER ONE YEAR	2013	2012
	£	£
Bank Loans		
Amounts falling due:		
Between one to two years	59,491	113,763
Between two to five years	62,349	138,957
Over five years	785,854	1,720,890
	907,694	1,973,610

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

	At 1st April 2012	Incoming Resources	Resources Expended	Transfers	At 31st March 2013
	£	£	£	£	£
Unrestricted Funds:					
General reserve	744,202	2,883,821	2,569,007	(64,700)	994,316
Designated funds:					
schedule of works	123,500	-		500	124,000
new property fund	700,000		-	1,000,000	1,700,000
property development/dilapidations fund	152,000		-	51,000	203,000
Total unrestricted funds	1,719,702	2,883,821	2,569,007	986,800	3,021,316
Restricted Funds:					
Restricted Programme funds	50,953	1,186,676	248,300	(986,800)	2,529
Restricted Property Funds:					
ACE Capital Works fund	-	-	2,462	-	(2,462)
Triangle fund	827,284	-	49,430	-	777,854
Sarah Lane fund	135,891	-	13,200	-	122,691
Bridget Riley Studios fund	12,575	-	1,048	-	11,527
Haymerle Road fund	172,800	-	7,200	-	165,600
Total restricted property funds	1,148,550	-	73,340	-	1,075,210
Total restricted funds	1,199,503	1,186,676	321,640	(986,800)	1,077,739
Total funds	2,919,205	4,070,497	2,890,647	-	4,099,055

Designated funds are held in respect of studios properties, for repair, maintenance and improvements and acquiring new studios. The Capital in Aid grant from Arts Council England has enabled us to substantially increase our new property designated fund.

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. The transfer to unrestricted funds reflects the release of a capital fund which has been utilised in the year.

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.

ACE capital works funds reflect expenditure incurred against capital grant funding due to be received from Arts Council England in 2013-14.

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 2013

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General Funds	Designated Funds	Restricted Funds	Total
	£	£	£	£
Fund balances at 31 March 2013 are represented by:				
Tangible fixed assets	3,451,028	-	1,077,672	4,528,700
Net current assets/liabilities	(1,549,018)	2,027,000	67	478,049
Long term liabilities	(907,694)	-	-	(907,694)
Total net assets	994,316	2,027,000	1,077,739	4,099,055

14. CONTINGENT LIABILITIES AND OTHER FINANCIAL COMMITMENTS

There were no contingent liabilities as at 31 March 2013 (2012:0).

At 31 March 2013, there were annual commitments under non-cancellable operating leases as follows:

	Equipment		Land and buildings	
	2013	2012	2013	2012
	£	£	£	£
Operating leases which expire:				
Within one year	-	-	8,625	74,121
Between two to five years	14,515	6,812	147,696	89,092
Over five years	-	-	692,696	668,700
	14,515	6,812	849,017	831,913

15. RELATED PARTY TRANSACTIONS

There were no related party transactions throughout the year (2012:0).