

REGISTERED COMPANY NUMBER: 03177640 (England and Wales)
REGISTERED CHARITY NUMBER: 1054793

**Report of the Trustees and
Financial Statements
for the Year Ended 31 March 2022
for
STUDIO 3 ARTS**

Haines Watts Essex LLP
Juniper House
Warley Hill Business Park
The Drive
Brentwood
Essex
CM13 3BE

STUDIO 3 ARTS

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for the year ended 31 March 2022**

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STUDIO 3 ARTS

Report of the Trustees for the year ended 31 March 2022

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2022. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

Weathering the storm continued: Studio 3 Arts continues to support diverse communities in the outfall from the pandemic.

Last year I wrote about my reflections on the most challenging year on record for the arts, communities and the global society, not realising that this year would be just as challenging and uncertain. Our capital programme faced delays in completion and so we remained in our temporary accommodation during this year. Regardless of our temporary home we continued to do what Studio 3 Arts does best and huge thanks go to all the staff, volunteers and participants who made sure that the community of Barking and Dagenham remained connected with world class arts practice across a range of art forms.

Sadly, we were forced to continue with a hybrid model of some online and face to face events and our learning through the pandemic meant this was a seamless process. We provided voluntary support to our most isolated participants who have struggled to come to terms with re-engagement face to face having spent almost a year in isolation.

Here are some highlights

Be and Do - Presented by artists Grace Duggan and Matty May, Being Visible has been produced by Studio 3 Arts for Be & Do, our project for Barking and Dagenham's LGBTQIA+ community, to explore queer joy, identity and safety in Barking and Dagenham. From this The Being Visible artworks were created which took the form of print posters with embedded QR codes displayed in public locations across Barking and Dagenham from 18 November 2021.

Big Deal - our young people's performance programme went from strength to strength battling the continued needs of social distancing whilst providing valuable support to young people and their families. Sharlene Carter and her team always deliver fantastic support and performances which continue to attract attention.

Black Art Matters - was Studio 3 Arts' programme of commissions designed to provide black artists with funding to explore and support areas of their artistic practice. Throughout 2021-22 five artists were funded and mentored by industry professionals of their choosing, alongside practical support to realise and produce their projects. Our thanks to Associate Director Ashley Joseph, and Senior Creative Producer, Rosie Ross who led and curated the programme.

Groundbreakers continued to empower and grow the leadership potential of young people in the local area. It also creates leaders who will contribute to the social, economic, and cultural wellbeing of the communities in London.

Outside of the creative programme, construction began on our large capital programme 'Changing the boundary' to refurbish and extend our original space into a world class arts centre.

Finally, this has been another testing year for everyone, and we are no means 'home and dry' yet. Hat's off to the Studio 3 Arts team whose tenacity, resilience and commitment have continued to extraordinary levels. There is no team in the arts who work harder and go above and beyond to serve their community.

As ever, the strength and impact of our work is in the commitment of our Artists, Partners, Funders, Volunteers, Trustees, Staff and our participants and audiences. We are grateful and inspired by their dedication to the organisation.

Objectives and activities

Studio 3 Arts promotes and delivers quality arts to empower local communities and address today's social issues. Working primarily in the London Boroughs of Barking & Dagenham, Havering, Redbridge and Waltham Forest, Studio 3 Arts tailors makes arts activity for all the community in partnership with key local, regional and national organisations.

The main activities of the charity throughout this accounting period are included in the report by the Chair of the Board detailed above.

In reviewing and developing Studio 3 Arts activities and future plans, careful consideration is given to the public benefit arising from the Company's work. The Trustees take particular account of the Charity Commission's general guidance on public benefit when reviewing the aims and objectives of the charity. The Trustees consider that the work of the charity provides considerable benefit to the public as illustrated by the activities described in this report.

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Report of the Trustees for the year ended 31 March 2022

Strategic report Reserves Policy

The Trustees have developed this reserves policy based on the following assumptions:

- In the event of a significant drop in direct programming income to fund project activity, the project expenditure would reduce in line with income.
- Agreed long-term funding from Arts Council England would continue for at least 4 months in the event of a drop in project income, whilst alternative direct funding for projects is sought.

The Trustees have assessed and allocated reserves on the basis of principal risks identified through the Company Risk Assessment, and upon review of the previous policy and funds available.

Funds have been Designated to cover the following liabilities, in the unlikely event of organisational liquidation:

- 3 months staff salaries
- 3 months organisational overheads
- Redundancy obligations to long-serving staff

These liabilities have been assessed on the basis of the revised staff headcount as £70,000.

Restricted funds were used to pay for the improvements to the property held by Studio 3 Arts. As per the specifics of the individual donations, once expended in line with the restriction, these resulting property improvements have been reclassified as designated or general in nature. The trustees have decided to hold 70% of the property's net book value as designated rather than general funds.

Annual Finance Report 2021-22

Budgeted

Income: £2,182,533 + £261,431 (CBD) = £2,443,964

Expenditure: £475,976 + £164,229 (CBD) = £640,205

Surplus: £1,803,759

Actual

Income: £1,867,032 + £309,875 (CBD) = £2,176,907

Expenditure: £685,296 + £352,714 (CBD) = £1,038,010

Surplus: £1,138,897

The Surplus of £1,138,897 will be added to the organisation's reserves and allocated between restricted and unrestricted funds as agreed by the Trustees.

Reserves

Reserves at 31st March 2022 were £1,786,070.

Restricted funds were £153,217 (decreased by £45,097 compared to 2021).

Unrestricted funds excluding designated funds were £56,958 (decreased by £134,210 compared to 2021);

Designated funds (included within general funds) were £1,576,895 (increased by £1,319,204 compared to 2021).

Comments on Actual performance vs Budgeted 2021-22

In 21-22, another challenging year for all (including Studio 3 Arts) due to the ongoing effect of the Covid-19 Pandemic. Due to this, we purposefully kept our staff team lean and roles were filled with freelancers to increase capacity where needed. The average FTE for the year has been calculated to include the staff working on the Creative Barking & Dagenham project for which, whilst consortium led, Studio 3 Arts is the lead and accountable body.

The surplus for 21-22

Our capital project delay also highlights why our surplus is higher than budgeted, and income and expenditure will match this programme moving forward, allowing for Covid-19 restrictions to be factored in to the delivery of this.

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Report of the Trustees for the year ended 31 March 2022

Analysis

	2021-22	2020-21
Major commissions delivered	6	6
Project total costs	£846K	£715K
Core Costs	£192K	£29K
Core Costs as % of total cost	23%	4%
Salary Costs	£299K	£283K
Staff Numbers (full-time equivalent)	6	6
Total Expenditure	£1,038K	£745K
Total Income	£2,444K	£1,142K
Income less Expenditure/Surplus	£1,139K	£397K

In addition, the % is inflated slightly due to the capitalisation of building improvement works (thus reducing Total Costs accordingly).

Year	SLA	CBD	Trusts	Core	Total income	Project costs	CBD costs	Core costs	Total costs	Outcome
10/11	192k	276k	120k	102 k	690k	231k	276k	102k	609k	+81k
11/12	193k	-	23k	151 k	367k	123k	-	258k	381k	-14k
12/13	78k	34k	65k	125 k	302k	85k	34k	183k	302k	+1k
13/14	39k	99k	81k	111 k	330k	89k	99k	139k	327k	+3k
14/15	31k	316k	42k	108 k	497k	73k	316k	104k	493k	+4k
15/16	101k	425k	90k	95k	711k	425k	425k	85k	702k	+9k
16/17	224k	275k	83k	113 k	666k	289k	275k	92k	655k	+11k
17/18	118k	307k	214k	52k	691k	442k	162k	6k	610k	+81k
18/19	47k	344k	284k	33k	708k	424k	179k	11k	614k	+94k
19/20	38k	182k	465k	24k	709k	426k	228k	41k	695k	+14k
				235 k						
20/21	179k	308k	405k		1,142k	573k	130k	29k	732k	+395k
21/22	171K	261K	1959K	53K	2444K	846K	164K	192K	1038K	+1139K

The Future

We are pleased to share that the following funding is confirmed going forward:

Arts Council England National Portfolio Funding - in its final year of a four year funding agreement, and at the time of this report the Company has just been offered continuing funding as an Arts Council England National Portfolio Organisation and an 37% increase in funding.

An award of £20k has been made by the London Crime Prevention Fund benefitting young people, women and girls, and local residents. Our community safety empowerment programme will answer the questions local people have at this time.

The LB8D's Safe Havens has awarded a grant of £10k to Studio 3 Arts to fund an exhibition highlighting the dangers of knife crime.

Although not confirmed presently, a proposal has also been submitted to the Paul Hamblyn Foundation to fund our flagship Big Deal cross arts programme for 8 to 21 year olds offering free termly and holiday sessions working with industry professionals in drama, music making and production, filmmaking, street dance, set design and more.

Finally, at the time of this report a proposal has been submitted to the City Bridge Trust in the hope of securing funding for a new senior post, Business and Partnership Director, over a three year period. The post will focus on rigorous financial management, with strategic business and funding partnerships, building management, income generation and workforce development. Is spokesperson for and represents Studio 3 Arts in civic and business networks locally, regionally and nationally.

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Report of the Trustees
for the year ended 31 March 2022

Fundraising will continue throughout the coming year in order to secure income not only for the direct costs involved with running a project but also to fund the indirect costs required to fund the organisations core operational costs. Many funders cap the amount they allow to be allocated to the core staff and operational costs of an organisation and for this reason the business model for Studio 3 is lean with a small number of key operational staff complemented by a team of freelance creatives and artists with a specific skill set appropriate to an individual project who are engaged to work on our individual programming strands.

Structure, governance and management

Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

Trustee's guarantee

The number of directors shall never be less than three, and until otherwise determined by a general meeting shall not be more than 12.

None of the Trustees have any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £10 in the event of a wind up.

Reference and administrative details

Registered Company number

03177640 (England and Wales)

Registered Charity number

1054793

Registered office

The Galleon Centre
Boundary Road
Barking
Essex
IG11 7JR

Trustees

Ms S Murray Manager
Miss L L Cox Consultant
Mr F McDonagh Engineer
Miss C R S N Meaby Director
Mr S W D Abaka-Wood Freelancer (resigned 12.8.2022)
Ms K M West-Whyllie Chief Officer
Ms E A Baker Trade Union Organiser (appointed 2.6.2021)
Ms E Doran Freelance (appointed 2.6.2021)
Mr S A Durham Company Director (appointed 2.6.2021) (resigned 17.8.2022)

Auditors

Haines Watts Essex LLP
Juniper House
Warley Hill Business Park
The Drive
Brentwood
Essex
CM13 3BE

Statement of trustees' responsibilities

The trustees (who are also the directors of Studio 3 Arts for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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Report of the Trustees for the year ended 31 March 2022

Statement of trustees' responsibilities - continued

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- 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 charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are 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 auditors are aware of that information.

Auditors

The auditors, Haines Watts Essex LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 30th March 23, and signed on the board's behalf by:


Ms K M West-Whyte - Trustee

Report of the Independent Auditors to the Members of Studio 3 Arts

Opinion

We have audited the financial statements of Studio 3 Arts (the 'charitable company') for the year ended 31 March 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. 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).

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 2022 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 prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Report of the Independent Auditors to the Members of Studio 3 Arts

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the charity and the environment in which it operates, and considered the risk of acts by the charity that were contrary to applicable laws and regulations. We discussed amongst the audit team the identified laws and regulation, and remained alert to any indications of non-compliance.

During the audit we focussed on laws and regulations which could reasonably be expected to give rise to a material misstatement in the financial statements, including, but not limited to, the Charities Act 2016 and where applicable, Companies Act 2006. Our tests included agreeing the financial statement disclosure to underlying supporting documentation and enquiries with management.

Our procedures in relation to fraud included but were not limited to: enquiries of management whether they have any knowledge of any actual, suspected or alleged fraud, and discussions amongst the audit team regarding risk of fraud such as opportunities for fraudulent manipulation of financial statements. We determined that the principal risks related to posting manual journal entries to manipulate financial performance and management bias through judgements in accounting estimates. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the trustees that represented a risk of material misstatement due to fraud.

Based on the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more than compliance with a law or regulation is removed from the events and transactions reflected in the financial statement, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than errors, as fraud involves intentional concealment, forgery, collusion, omission or miscegenation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

**Report of the Independent Auditors to the Members of
Studio 3 Arts**

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jane Wills (Senior Statutory Auditor)
for and on behalf of Haines Watts Essex LLP
Juniper House
Warley Hill Business Park
The Drive
Brentwood
Essex
CM13 3BE

Date:

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**Statement of Financial Activities
for the year ended 31 March 2022**

	Notes	Unrestricted funds £	Restricted funds £	2022 Total funds £	2021 Total funds £
Income and endowments from					
Donations and legacies	2	466,766	1,710,102	2,176,868	1,114,128
Investment income	3	39	-	39	150
Other income		-	-	-	27,643
Total		466,805	1,710,102	2,176,907	1,141,921
 Expenditure on					
Charitable activities	4				
Project costs		23,514	568,768	592,282	715,806
Audit fees		8,850	-	8,850	7,500
Other support costs		436,878	-	436,878	21,607
Total		469,242	568,768	1,038,010	744,913
 NET INCOME/(EXPENDITURE)		(2,437)	1,141,334	1,138,897	397,008
Transfers between funds	13	1,186,431	(1,186,431)	-	-
Net movement in funds		1,183,994	(45,097)	1,138,897	397,008
 Reconciliation of funds					
Total funds brought forward		448,859	198,314	647,173	250,165
Total funds carried forward		1,632,853	153,217	1,786,070	647,173

The notes form part of these financial statements

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Balance Sheet
31 March 2022

	Notes	Unrestricted funds £	Restricted funds £	2022 Total funds £	2021 Total funds £
Fixed assets					
Tangible assets	10	1,900,389	-	1,900,389	195,562
Current assets					
Debtors	11	138,321	-	138,321	320,479
Cash at bank		<u>169,429</u>	<u>153,217</u>	<u>322,646</u>	<u>370,851</u>
		307,750	153,217	460,967	691,330
Creditors					
Amounts falling due within one year	12	(575,286)	-	(575,286)	(239,719)
Net current assets		<u>(267,536)</u>	<u>153,217</u>	<u>(114,319)</u>	<u>451,611</u>
Total assets less current liabilities		<u>1,632,853</u>	<u>153,217</u>	<u>1,786,070</u>	<u>647,173</u>
NET ASSETS		<u>1,632,853</u>	<u>153,217</u>	<u>1,786,070</u>	<u>647,173</u>
Funds	13				
Unrestricted funds				1,632,853	448,859
Restricted funds				<u>153,217</u>	<u>198,314</u>
Total funds				<u>1,786,070</u>	<u>647,173</u>

The financial statements were approved by the Board of Trustees and authorised for issue on
and were signed on its behalf by:

29th March 2023

Karen West-Whyte
Ms K M West-Whyte - Trustee

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Cash Flow Statement
for the year ended 31 March 2022

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	1	<u>1,698,995</u>	<u>225,383</u>
Net cash provided by operating activities		<u>1,698,995</u>	<u>225,383</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		<u>(1,747,239)</u>	<u>(89,940)</u>
Interest received		<u>39</u>	<u>150</u>
Net cash used in investing activities		<u>(1,747,200)</u>	<u>(89,790)</u>
Change in cash and cash equivalents in the reporting period		<u>(48,205)</u>	<u>135,593</u>
Cash and cash equivalents at the beginning of the reporting period		<u>370,851</u>	<u>235,258</u>
Cash and cash equivalents at the end of the reporting period		<u>322,646</u>	<u>370,851</u>

The notes form part of these financial statements

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Notes to the Cash Flow Statement for the year ended 31 March 2022

1. Reconciliation of net income to net cash flow from operating activities			
	2022	2021	
	£	£	
Net income for the reporting period (as per the Statement of Financial Activities)	1,138,897	397,008	
Adjustments for:			
Depreciation charges	42,413	16,784	
Interest received	(39)	(150)	
Decrease/(increase) in debtors	182,158	(102,794)	
Increase/(decrease) in creditors	335,566	(85,465)	
Net cash provided by operations	<u>1,698,995</u>	<u>225,383</u>	
2. Analysis of changes in net funds			
	At 1.4.21	Cash flow	At 31.3.22
	£	£	£
Net cash			
Cash at bank	<u>370,851</u>	<u>(48,205)</u>	<u>322,646</u>
	<u>370,851</u>	<u>(48,205)</u>	<u>322,646</u>
Total	<u>370,851</u>	<u>(48,205)</u>	<u>322,646</u>

The notes form part of these financial statements

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Notes to the Financial Statements for the year ended 31 March 2022

1. Accounting policies

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Company status

The charity is a company limited by guarantee, registered in the UK. The members of the company are the Trustees.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgement that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

The annual depreciation charge for tangible fixed assets is considered a key accounting estimate as it is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates and the physical condition of the assets.

Income

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

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Long leasehold	-	4-10% on cost
Fixtures and fittings	-	20% on cost

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment.

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Designated funds are unrestricted funds that the trustees have set aside for a particular purpose.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Pension costs and other post-retirement benefits

The charity operates a defined contribution pension scheme. Contributions payable to the charity's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

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Notes to the Financial Statements - continued for the year ended 31 March 2022

1. Accounting policies - continued

Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Liabilities and Provisions

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation.

2. Donations and legacies

	2022	2021
	£	£
Grants	2,161,434	1,090,966
Other income	15,434	23,162
	<u>2,176,868</u>	<u>1,114,128</u>

3. Investment income

	2022	2021
	£	£
Deposit account interest	<u>39</u>	<u>150</u>

4. Charitable activities costs

	Direct Costs £	Support costs (see note 5) £	Totals £
Project costs	592,282	-	592,282
Audit fees	-	8,850	8,850
Other support costs	408,832	28,046	436,878
	<u>1,001,114</u>	<u>36,896</u>	<u>1,038,010</u>

STUDIO 3 ARTS

Notes to the Financial Statements - continued for the year ended 31 March 2022

5. Support costs

	Finance £	Governance costs £	Totals £
Audit fees	-	8,850	8,850
Other support costs	<u>28,046</u>	-	<u>28,046</u>
	<u>28,046</u>	<u>8,850</u>	<u>36,896</u>

6. Net income/(expenditure)

Net income/(expenditure) is stated after charging/(crediting):

	2022 £	2021 £
Auditors remuneration	8,850	7,500
Depreciation - owned assets	<u>42,413</u>	<u>16,785</u>

7. Trustees' remuneration and benefits

There were no trustees' remuneration or other benefits for the year ended 31 March 2022 nor for the year ended 31 March 2021.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 March 2022 nor for the year ended 31 March 2021.

8. Staff costs

	2022 £	2021 £
Wages and salaries	267,381	252,822
Social security costs	27,049	26,376
Other pension costs	<u>4,123</u>	<u>4,117</u>
	<u>298,553</u>	<u>283,315</u>

The average monthly number of employees during the year was as follows:

	2022	2021
Charitable activities	<u>8</u>	<u>6</u>

No employees received emoluments in excess of £60,000.

STUDIO 3 ARTS

**Notes to the Financial Statements - continued
for the year ended 31 March 2022**

9. Comparatives for the statement of financial activities

	Unrestricted funds £	Restricted funds £	Total funds £
Income and endowments from			
Donations and legacies	375,547	738,581	1,114,128
Investment income	150	-	150
Other income	27,643	-	27,643
Total	403,340	738,581	1,141,921
Expenditure on			
Charitable activities			
Project costs	156,186	559,620	715,806
Audit fees	7,500	-	7,500
Other support costs	21,607	-	21,607
Total	185,293	559,620	744,913
NET INCOME	218,047	178,961	397,008
Transfers between funds	48,465	(48,465)	-
Net movement in funds	266,512	130,496	397,008
Reconciliation of funds			
Total funds brought forward	182,347	67,818	250,165
Total funds carried forward	448,859	198,314	647,173

10. Tangible fixed assets

	Long leasehold £	Improvements to property £	Fixtures and fittings £	Totals £
Cost				
At 1 April 2021	209,804	-	175,364	385,168
Additions	842,085	1,255,235	26,490	2,123,810
Reclassification	878,665	(1,255,235)	-	(376,570)
At 31 March 2022	1,930,554	-	201,854	2,132,408
Depreciation				
At 1 April 2021	22,113	-	167,493	189,606
Charge for year	35,680	-	6,733	42,413
At 31 March 2022	57,793	-	174,226	232,019
Net book value				
At 31 March 2022	1,872,761	-	27,628	1,900,389
At 31 March 2021	187,691	-	7,871	195,562

STUDIO 3 ARTS

**Notes to the Financial Statements - continued
for the year ended 31 March 2022**

11. Debtors: amounts falling due within one year

	2022	2021
	£	£
Trade debtors	108,391	138,602
Prepayments and accrued income	29,930	181,877
	<u>138,321</u>	<u>320,479</u>

12. Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	497,650	45,405
Other creditors	8,507	1,670
Accruals and deferred income	69,129	192,644
	<u>575,286</u>	<u>239,719</u>

13. Movement in funds

	At 1.4.21 £	Net movement in funds £	Transfers between funds £	At 31.3.22 £
Unrestricted funds				
General fund	191,168	22,539	(157,749)	55,958
Designated fund	257,691	(24,976)	1,344,180	1,576,895
	448,859	(2,437)	1,186,431	1,632,853
Restricted funds				
Creative Barking & Dagenham Project	162,108	(42,839)	-	119,269
Cultural Recovery Fund	19,706	(85,856)	66,150	-
City of London Corporate Response Fund	16,500	(16,500)	-	-
Capital Project	-	1,255,235	(1,255,235)	-
CIN	-	33,948	-	33,948
YEF	-	(2,654)	2,654	-
	198,314	1,141,334	(1,186,431)	153,217
TOTAL FUNDS	<u>647,173</u>	<u>1,138,897</u>	<u>-</u>	<u>1,786,070</u>

STUDIO 3 ARTS

Notes to the Financial Statements - continued for the year ended 31 March 2022

13. Movement in funds - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	466,805	(444,266)	22,539
Designated fund	-	(24,976)	(24,976)
	466,805	(469,242)	(2,437)
Restricted funds			
Creative Barking & Dagenham Project	309,875	(352,714)	(42,839)
Cultural Recovery Fund	-	(85,856)	(85,856)
City of London Corporate Response	-	(16,500)	(16,500)
Big Deal	4,100	(4,100)	-
Capital Project	1,255,235	-	1,255,235
CIN	50,000	(16,052)	33,948
CIN Covid	39,650	(39,650)	-
GofE	32,197	(32,197)	-
Kickstart	16,200	(16,200)	-
YEF	2,845	(5,499)	(2,654)
	1,710,102	(568,768)	1,141,334
TOTAL FUNDS	2,176,907	(1,038,010)	1,138,897

STUDIO 3 ARTS

Notes to the Financial Statements - continued for the year ended 31 March 2022

13. Movement in funds - continued

Comparatives for movement in funds

	At 1.4.20 £	Net movement in funds £	Transfers between funds £	At 31.3.21 £
Unrestricted funds				
General fund	5,978	218,047	(32,857)	191,168
Designated fund	<u>176,369</u>	<u>-</u>	<u>81,322</u>	<u>257,691</u>
	182,347	218,047	48,465	448,859
Restricted funds				
Creative Barking & Dagenham Project	67,818	94,290	-	162,108
Cultural Recovery Fund	-	19,706	-	19,706
City of London Corporate Response Fund	-	16,500	-	16,500
Capital Project	<u>-</u>	<u>48,465</u>	<u>(48,465)</u>	<u>-</u>
	67,818	178,961	(48,465)	198,314
TOTAL FUNDS	<u>250,165</u>	<u>397,008</u>	<u>-</u>	<u>647,173</u>

STUDIO 3 ARTS

Notes to the Financial Statements - continued for the year ended 31 March 2022

13. Movement in funds - continued

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	403,340	(185,293)	218,047
Restricted funds			
Creative Barking & Dagenham Project	308,247	(213,957)	94,290
Cultural Recovery Fund	149,252	(129,546)	19,706
City of London Corporate Response Fund	22,650	(6,150)	16,500
Capital Project	52,472	(4,007)	48,465
CIN	35,883	(35,883)	-
CIN Covid	39,650	(39,650)	-
GofE	21,185	(21,185)	-
YEF	33,804	(33,804)	-
Lottery	75,438	(75,438)	-
	<u>738,581</u>	<u>(559,620)</u>	<u>178,961</u>
TOTAL FUNDS	<u>1,141,921</u>	<u>(744,913)</u>	<u>397,008</u>

STUDIO 3 ARTS

**Notes to the Financial Statements - continued
for the year ended 31 March 2022**

13. Movement in funds - continued

A current year 12 months and prior year 12 months combined position is as follows:

	At 1.4.20 £	Net movement in funds £	Transfers between funds £	At 31.3.22 £
Unrestricted funds				
General fund	5,978	240,586	(190,606)	55,958
Designated fund	176,369	(24,976)	1,425,502	1,576,895
	182,347	215,610	1,234,896	1,632,853
Restricted funds				
Creative Barking & Dagenham Project	67,818	51,451	-	119,269
Cultural Recovery Fund	-	(66,150)	66,150	-
Capital Project	-	1,303,700	(1,303,700)	-
CIN	-	33,948	-	33,948
YEF	-	(2,654)	2,654	-
	67,818	1,320,295	(1,234,896)	153,217
TOTAL FUNDS	<u>250,165</u>	<u>1,535,905</u>	<u>-</u>	<u>1,786,070</u>

STUDIO 3 ARTS

Notes to the Financial Statements - continued for the year ended 31 March 2022

13. Movement in funds - continued

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	870,145	(629,559)	240,586
Designated fund	-	(24,976)	(24,976)
	870,145	(654,535)	215,610
Restricted funds			
Creative Barking & Dagenham Project	618,122	(566,671)	51,451
Cultural Recovery Fund	149,252	(215,402)	(66,150)
City of London Corporate Response Fund	22,650	(22,650)	-
Big Deal	4,100	(4,100)	-
Capital Project	1,307,707	(4,007)	1,303,700
CIN	85,883	(51,935)	33,948
CIN Covid	79,300	(79,300)	-
GoE	53,382	(53,382)	-
Kickstart	16,200	(16,200)	-
YEF	36,649	(39,303)	(2,654)
Lottery	75,438	(75,438)	-
	2,448,683	(1,128,388)	1,320,295
TOTAL FUNDS	3,318,828	(1,782,923)	1,535,905

Designated funds

The trustees have decided to designate the net book value of the leasehold property in order to present a clearer picture of their liquid assets held in the General Fund.

They have also designated £70k of funds to cover the following liabilities, in the unlikely event of organisational liquidation:

- 3 months staff salaries
- 3 months organisational overheads
- Redundancy obligations to long-serving staff

These liabilities have been assessed on the basis of the revised staff headcount.

The trustees have decided to hold 70% of the property's net book value as designated rather than general funds. Restricted funds were used to pay for the improvements to the property held by Studio 3 Arts. As per the specifics of the individual donations, once expended in line with the restriction, these resulting property improvements have been reclassified as designated or general in nature.

STUDIO 3 ARTS

Notes to the Financial Statements - continued for the year ended 31 March 2022

13. Movement in funds - continued

Restricted funds

Name of restricted fund	Balance £	Description, nature and purpose of fund
Creative Barking & Dagenham Project	119,269	Funding for the sole purpose of delivering Creative People and Places.
Cultural Recovery Fund	-	To assist the organisation through the challenges presented by the pandemic.
City of London Corporate Response Fund	-	In support of an artistic programme supporting a team of creative Cultural Connectors to support their development and to allow them to share their practise within the local community.
Capital Project	-	To realise the refurbishment of our HQ's on Boundary Road which includes a 110 seat theatre, studio space, library, and foyer area.
Children in Need	33,948	To focus on delivering a programme of work, on line and, when allowed, in person to young people.
Youth Investment Fund	-	Contributed funding to Big Deal to allow for the expansion of the project.

14. Related party disclosures

There were no related party transactions for the year ended 31 March 2022.

STUDIO 3 ARTS

Detailed Statement of Financial Activities for the year ended 31 March 2022

	2022 £	2021 £
Income and endowments		
Donations and legacies		
Grants	2,161,434	1,090,966
Other income	<u>15,434</u>	<u>23,162</u>
	2,176,868	1,114,128
Investment income		
Deposit account interest	39	150
Other income		
Furlough income	<u>-</u>	<u>27,643</u>
Total incoming resources	2,176,907	1,141,921
Expenditure		
Charitable activities		
Wages	267,381	252,822
Social security	27,049	26,376
Pensions	4,123	4,117
Insurance	6,200	3,624
Telephone	8,860	8,006
Postage and stationery	4,255	4,212
Advertising	48,952	18,462
Sundries	4,325	5,080
Travel	3,107	21,462
Property costs	7,374	6,251
Galleon Centre Overheads	502,239	288,974
Artist fees	53,919	32,540
Computer costs	20,580	25,476
Bank charges	337	1,620
Short leasehold	35,680	8,618
Fixtures and fittings	<u>6,733</u>	<u>8,166</u>
	1,001,114	715,806
Support costs		
Finance		
Accountancy and legal fees	28,046	21,607
Governance costs		
Auditors' remuneration	<u>8,850</u>	<u>7,500</u>
Total resources expended	<u>1,038,010</u>	<u>744,913</u>
Net income	<u>1,138,897</u>	<u>397,008</u>

This page does not form part of the statutory financial statements