

CHARITY NUMBER : 1045067  
COMPANY NUMBER : 03011540 (England and Wales)

**ARTISTS STUDIO COMPANY**

**REPORT AND FINANCIAL STATEMENTS**  
(A company limited by guarantee)

**FOR THE YEAR ENDED 31 DECEMBER 2018**



## **ARTISTS STUDIO COMPANY**

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## **ARTISTS STUDIO COMPANY**

### **Legal and administrative information for the year ended 31 December 2018**

#### **Constitution**

Artists Studio Company is a company limited by guarantee and a registered charity governed by its memorandum and articles of association.

Charity number 1045067.

Company number 03011540 (England and Wales)

#### **Directors and trustees**

The directors of the charitable company ("the charity") are its trustees for the purpose of charity law and throughout this report are collectively referred to as trustees.

<b>Trustees</b>	J Cassidy N Flack J Hammond C Upson
<b>Secretary</b>	C Upson
<b>Chief Executive Officer</b>	P Flack
<b>Registered Office</b>	The Chaplin Centre Taplow House Thurlow Road London, SE17 2DG
<b>Bankers</b>	CAF Bank Ltd 25 Kings Hill Avenue Kings Hill, West Malling Kent, ME19 4JQ  NatWest Bank PO Box 35 10 Southwark Street London Depot Code 190 SE1 1TJ
<b>Solicitors</b>	Royds LLP 65 Carter Lane London, EC4V 5HF
<b>Auditors</b>	Silver Levene (UK) Limited Chartered Certified Accountants 37 Warren Street London W1T 6AD

## **ARTISTS STUDIO COMPANY**

### **Report of the trustees for the period ended 31st December 2018**

The trustees are pleased to present their report together with the financial statements of the Charity for the period ended 31st December 2018.

Legal and administrative information set out on page one forms part of this report. The trustees confirm that the annual report and financial statements of the Charity comply with current statutory requirements, the memorandum and articles of association and the provisions of the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) issued in March 2005 as revised in May 2008.

### **Aims and objectives of the Charity**

The objectives of the Charity are: -

- To advance the education of the public in the arts;
- To relieve poverty by assisting un-established artists to become self-supporting through their art; and
- To promote and improve art and the production of objects and works of artistic merit.

To further the above objectives the Charity in brief:-

- Provides or assists in the provision of accommodation, studio space, equipment and materials for artists of promise who by reason of their poverty are unable to provide such accommodation, studio space, equipment and materials unaided;
- Promotes, encourages sponsors, produces or maintains and assists in the promotion, encouragement, sponsoring, production or maintenance of educational exhibitions and performances in public open spaces and elsewhere of paintings, sculpture, photographs, lithographs, engravings, etchings, bronzes, enamels, jewellery, gems, films, animations, plays, musical works, opera, dance, drama, poetry, literary works and other works or events of artistic, musical or literary merit;
- Provides, maintains and improves or assists in the provision, maintenance and improvement of premises of every description for exhibitions and or performances of paintings, sculpture, photographs, lithographs, engravings, etchings, bronzes, enamels, jewellery, gems, films, animations, plays, musical works, opera, dance, drama, poetry, literary works and other works or events of artistic, musical or literary merit; and
- Provides or assists in the provision of studios, workshops and other premises of every kind for the study and teaching of subjects and matters of artistic, musical or literary merit.

### **Organisation**

The board of trustees currently numbers four but the board may from time to time register an increase of members. Powers to appoint trustees rests with the board of trustees. A chief executive is appointed by the trustees to manage the day-to-day operations of the charity.

### **Investment powers**

The trustees have discretion as to the manner in which funds are invested. Professional advice in this regard is sought through the Charity's financial advisor /broker.

### **Trustee induction and training**

Trustees are provided with an induction pack containing key documents such as the Charity Commissions' welcome leaflet, 'The Essential Trustee' and a summary of the Trustees Act. New trustees are encouraged to spend time on induction and meeting key employees.

## ARTISTS STUDIO COMPANY

### Report of the trustees for the period ended 31st December 2018 *(continued)*

#### Structure, governance and management

New trustees are appointed through recommendation and interview with the full board.

The trustees manage the Charity. The full board meets every quarter. The full board of trustees is concerned with policy matters and agrees board strategies and areas of activity for the Charity. The Chief Executive Officer and the Financial Controller advise the full board on more detailed management, which the board review i.e. quarterly internal accounting / finance, monitoring of income and expenditure, staff salaries, studio rent reviews, property rent reviews, public benefit, public exhibitions and events, risk management, future planning and other issues deemed appropriate.

When important matters arise in between meeting cycles the key staff and full board communicate with each other by phone or email in order to reach a decision. In some cases it is felt appropriate to hold a special meeting, for example, when a new property is acquired and heads of terms require agreement.

The responsibilities for day-to-day management of the Charity lies with the Chief Executive Officer, who has the powers and responsibilities approved by the trustees.

None of the trustees receive remuneration from the Charity.

#### Trustees/Directors

The trustees perform the role of the directors. Those who served during the year and up to the date of signature of the financial statements were as follows:

J Cassidy  
N Flack  
J Hammond (Chairman)  
C Upson (Secretary)

#### Achievements, performance and public benefit during the period

##### In 2018 ASC enabled:

- 504 resident artists
- 2 not-for-profit resident arts organisations
- 325 artists exhibited
- 4,091 visitors to ASC sites
- 2,571 visitors to ASC gallery
- 10 ASC Gallery Exhibitions
- 14 ASC project spaces exhibitions/events
- 860 visitors to ASC Project Spaces
- 2 open studios
- 150 visitors to Open Studios
- 476 attended workshops/training
- 239 Young People engaged
- 48 artists trained
- 3 organisations offering training, development and educational activity
- 4 ASC community projects
- 6 ASC educational projects
- 10 artist led children's workshops
- 10 local partners
- 3 artists and groups directly supported by ASC funding and development

During the period the Charity agreed to the early lease surrender of one of its properties, 1<sup>st</sup> Floor, Brixton Village SW9 8PS. This building provided 23 artist's workspace units at 'affordable' rents below market value. The property was reaching the end of its life and estimated improvement costs were excessive. The Charity received financial compensation for the loss of the property which contributed to the refurbishment costs of two new leasehold buildings.

## ARTISTS STUDIO COMPANY

### Report of the trustees for the period ended 31st December 2018 *(continued)*

The Charity agreed a new lease on 1<sup>st</sup> & 2<sup>nd</sup> Floors Brixton Road SW9 7AY in the same period. This property provides 109 artists workspace units. All workspace units are offered at 'affordable' rents and below market value. A limited number are offered at discounted rents to recent graduates. All the Charity's Tenants occupying 1<sup>st</sup> Floor Brixton Village were offered relocation to 1<sup>st</sup> & 2<sup>nd</sup> Floor Stockwell Road under similar lease terms.

The Charity agreed a new lease on 99 Lower Road SE16 2XQ. This property now provides 32 artists workspace units. All workspace units are offered at 'affordable rents' below market value.

The Charity's business plan prioritises the acquisition of permanent properties at purchase prices below market value. In accordance with this, the Charity purchased long term leaseholds on two new build properties, Art House Grafton Road CR03RP (125 year lease term) and 243 Ealing Road HA01QL (99 year lease term). Both properties were purchased at substantially below market values.

In accordance with the Charity's business plan it will acquire further permanent properties through bank finance secured on Art House Grafton Road and 243 Ealing Road.

These buildings are the Charity's first permanent buildings and provide a total of 125 be-spoke, high quality artist's workspace units. All workspace rents are offered at 'affordable' rents and below market value. One workspace unit at 243 Ealing Road is offered rent free to Brent resident artists for the life time of the property. A limited number of workspace units at Grafton Road are offered to recent graduates at a 10.5% rent discount and 8 artists under the age of 25 are offered a 40% rent discount through Creative Enterprise Zone (CEZ) funding.

As on 31<sup>st</sup> December 2018 the Charity provided a total of 'affordable' workspace units across a GIA of approximately 175,000sqft. This was an increase of 168 units on the previous year.

As on 31<sup>st</sup> December 2018 charity recorded a Tenant occupancy level totalling 84.9%. This Tenant occupancy level resulted from expected vacant workspace within our new properties launched during the accounting year. The vacant workspace in these properties has been let very quickly and as on the date of writing this report the Charity recorded an increased Tenant occupancy level totalling 98%.

The Charity continued to support artists led gallery spaces located within Streatham Hill and Empson Street. These venues are provided by ASC to our artist tenants to allow them to promote their work to the public and gain valuable exhibition experience.

The Charity's public gallery, the 'ASC Gallery' continued to stage cutting edge exhibitions of work by both international and emerging artists. The venues exhibitions policy prioritizes the exhibition of artwork commissioned for the space and work that cannot be easily exhibited else-where due to its non-commercial nature or ambition. All the venues exhibitions are free to all visitors and include free artists' and curators' talks and free catalogue publications.

#### **Plans for future activities:**

The Charity is planning to purchase long lease holds on 3 new build properties. The details of these acquisitions are commercially sensitive.

The Charity is planning to acquire 2 freehold properties. The details of these acquisitions are commercially sensitive.

Although the Charity's priority is the acquisition of permanent property, we will consider meanwhile spaces subject to suitable terms. 3 buildings have been offered to the charity and are under negotiation. The details of these acquisitions are commercially sensitive.

## **ARTISTS STUDIO COMPANY**

### **Trustees' report for the year ended 31 December 2018 (continued)**

#### **Achievements, performance and public benefit (continued)**

We are planning to lease 2 large shops at peppercorn rent and located on Croydon High Street. We will use these properties as workspace for approximately 10 recent art graduates. These workspaces will be offered free for up to 12 months. We will also display artwork by the Charities artist tenants in up to 10 shop windows.

The Charity is planning to purchase a 75 foot barge with mooring on the Grand Union Canal alongside our Ealing Road property. The barge will be part funded by LB Brent. The vessel will be a be-spoke design allowing it to be used to exhibit artwork, stage educational workshops, community projects and tour events.

#### **Financial review**

This year's financial statements show an unrestricted surplus of £29,647 compared to an unrestricted surplus for the previous year of £103,130. The financial statements show an income of £1,500,045 for this financial year compared with an income of £1,263,005 for the previous year.

The unrestricted surplus reflects a period of property development, growth and associated costs. Over the financial period the charity increasing the number of lettable workspace units we provide by 264. These additional workspaces will increase our turnover and unrestricted surplus substantially from 2019.

#### **Reserves policy and risk management**

The financial statements show a cash balance totalling £527,461 with workspace (returnable) deposits held totalling £259,113. The charity can legally invest deposits held or use as working capital however the organisations reserves policy includes holding a cash balance that will cover this sum.

The Trustees are satisfied that the charity holds a sufficient cash balance to mitigate risks.

The Chief Executive maintains a Major Risks Report detailing the risks the charity is exposed to. The Trustees are satisfied that the systems are in place to mitigate exposure to the major risks.

The Charity continues to maintain and implement strict financial controls in order to safeguard the organisation's assets. The trustees review the financial controls periodically to ensure to meet the organisation's needs.

## ARTISTS STUDIO COMPANY

### Trustees' report for the year ended 31 December 2018 (continued)

#### Trustees' responsibilities statement

The trustees, who are also directors of Artists Studio Company for the purposes of company law, are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees must prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue to operate.

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

#### Disclosure of information to auditors

The trustees confirm that so far as they are aware, there is no relevant audit information (as defined by section 418(3) of the Companies Act 2006) of which the charitable company's auditors are unaware. They have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

#### Auditors

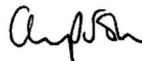
In accordance with the company's articles, a resolution proposing that Silver Levene (UK) Limited be reappointed as auditor of the company will be put at a General Meeting

This report was approved by the board of trustees on 23 September 2019 and signed on its behalf by:

J Hammond



C Upson





## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARTISTS STUDIO COMPANY**

### **Opinion on financial statements**

We have audited the financial statements of Artists Studio Company for the year ended 31 December 2018 which comprise the Statement of Financial Activities, the Balance Sheet, Cash Flow and the related notes and accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial reporting Standard 102 The Financial reporting Standard applicable in the UK and Republic of Ireland (United Kingdom General 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 December 2018 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 Charities Act 2011.

### **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 Auditor's 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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report other than the financial statements and our auditor's report 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that

We have nothing to report in this regard.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the accounts is inconsistent in any material respect with the Trustees' Report; or
- sufficient accounting records have not been kept; or
- the accounts are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARTISTS STUDIO COMPANY**

### **Responsibilities of trustees**

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.

### **Auditor's 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 an auditor's report 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the charity's trustees, as a body, in accordance with Section 144 of the Charities Act 2011 and the regulations made under Section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Silver Levene (UK) Limited  
Statutory Auditor  
Chartered Certified Accountants  
37 Warren Street  
London  
W1T 6AD

Date

*23 September 2019*

Silver Levene (UK) Limited is eligible for appointment as auditor of the charity, the Trust, by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006

**ARTISTS STUDIO COMPANY**

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2018**

		<b>Year End 31 Dec 2018</b>	<b>Year End 31 Dec 2017</b>
	<b>Notes</b>	<b>Total Funds</b>	<b>Total Funds</b>
		<b>£</b>	<b>£</b>
<b>INCOME</b>			
Income from charitable activities			
Studio licence fees		1,313,363	1,224,920
Other incoming resources		9,682	38,085
Exceptional income		100,000	-
<b>TOTAL INCOME</b>		<u>1,423,045</u>	<u>1,263,005</u>
<b>EXPENDITURE</b>			
Charitable activities	<b>3</b>	1,393,398	1,159,875
<b>TOTAL EXPENDITURE</b>		<u>1,393,398</u>	<u>1,159,875</u>
<b>NET INCOME</b>		29,647	103,130
<b>TOTAL FUNDS BROUGHT FORWARD AT 1 JANUARY 2018</b>		1,185,362	1,082,232
<b>TOTAL FUNDS CARRIED FORWARD AT 31 DECEMBER 2018</b>	<b>10</b>	<u>1,215,009</u>	<u>1,185,362</u>

The notes on pages 11 to 16 form part of the financial statements.

## ARTISTS STUDIO COMPANY

## BALANCE SHEET AS AT 31 DECEMBER 2018

	Notes	Year End 31 Dec 2018 £	Year End 31 Dec 2017 £
<b>FIXED ASSETS</b>			
Tangible Assets	6	433,970	403,349
Investments	6	4,020,341	-
<b>CURRENT ASSETS</b>			
Debtors	7	245,353	177,684
Cash at bank and in hand		527,437	945,340
		<u>772,790</u>	<u>1,123,024</u>
<b>CREDITORS: Amounts falling due within one year</b>	8	<u>(435,040)</u>	<u>(182,938)</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		337,750	940,086
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,792,061</u>	<u>1,343,435</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	9	(3,577,052)	(158,073)
<b>NET ASSETS</b>		<u>1,215,009</u>	<u>1,185,362</u>
<b>FUNDS</b>			
Unrestricted funds		1,185,362	1,082,232
Surplus for the year		29,647	103,130
<b>TOTAL FUNDS</b>	10	<u>1,215,009</u>	<u>1,185,362</u>

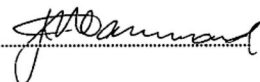
The Trustees are satisfied that the company is entitled to exemption from the requirement to obtain an audit under section 477 of the Companies Act 2006. However, the Trustees are satisfied that an audit is required under the Charities Act 2011.

## Trustees' responsibilities:

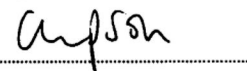
- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476 of the Companies Act 2006;
- The Trustees acknowledge their responsibilities for complying with the requirements of the act with respect to accounting records and the preparation of financial statements.

Approved by the trustees on 23 September 2019 and signed on their behalf by:

Trustee: J Hammond



Trustee: C Upson



**ARTISTS STUDIO COMPANY**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018**

	Year End 31 Dec 2018 £	Year End 31 Dec 2017 £
<b>Cash flows from operating activities</b>		
Surplus for the financial year	29,647	103,130
<b>Adjustments for:</b>		
Leasehold amortisation	71,447	56,270
Depreciation of tangible assets	719	2,112
Interest paid	37,435	-
Interest received	(660)	(513)
Loan received	3,565,000	-
Loan repayments	(86,726)	-
Decrease/(increase) in debtors	(67,669)	(3,332)
Increase/(Decrease) in creditors	155,372	(115,787)
<b>Net cash generated from operating activities</b>	<b>3,704,564</b>	<b>41,880</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets and improvements	(4,123,128)	-
Interest received	660	513
<b>Net cash from investing activities</b>	<b>(4,122,468)</b>	<b>513</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(417,904)</b>	<b>42,393</b>
Cash and cash equivalents at beginning of period	945,340	902,947
<b>Cash and cash equivalents at the end of period</b>	<b>527,436</b>	<b>945,340</b>
<b>Cash and cash equivalents at the end of period comprise:</b>		
Cash at bank and in hand	527,437	945,340

**ARTISTS STUDIO COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation**

The financial statements have been prepared under historical cost and in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS102)) issued in July 2014.

The financial statements have been prepared on a going concern basis, which the trustees of the Charity consider appropriate. The trustees have reviewed management accounts, projections and forecasts post year end, and on the basis of this review, the trustees believe it appropriate to prepare the financial statements on a going concern basis.

**1.2 Income recognition**

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

Income from studio licence fees is included in the period in which the company is entitled to receive the income.

Income from grants is included in incoming resources when 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.

**1.3 Expenditure and irrecoverable VAT**

Expenditure is recognised in the financial statements as soon as there is a legal or contractual obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis.

Irrecoverable VAT is charged as a cost against the category of expenditure for which it was incurred.

**1.4 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Fixed assets costing more than £1,000 are capitalised.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Long Leaseholds	no depreciation
Lease improvements	the life of the lease
Short leasehold property	the life of the lease
Motor Vehicle	25% reducing balance
Fixtures & fittings	25% reducing balance
Equipment	33.3% straight line

**1.5 Investment Properties**

Investment property, which is property held to earn rentals and/or for capital expenditure, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

**ARTISTS STUDIO COMPANY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**1. ACCOUNTING POLICIES (CONTINUED)**

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to resource expended in the Statement of Financial Activities.

At each reporting date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the charity estimates the recoverable amount of the cash-generating unit to which the asset

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior year. A reversal of an impairment loss is recognised immediately in resource expended in the Statement of Financial Activities.

**1.6 Cash and cash equivalents**

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

**1.7 Financial instruments**

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transactions price including transaction costs and subsequently carried at amortised cost using the effective interest method, less any impairment unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified less than 1 year are not amortised.

Basic financial liabilities, including creditors, bank loans are initially recognised at transactions price unless it constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

**1.8 Pensions Costs**

The charity has a defined contribution pension scheme. The cost of contributions made by the charity to the scheme are charged as an expenditure as they fall due.

**1.9 Operating Leases**

Rentals payable under operating leases, including any lease incentive received, are charged to the Statement of Financial Activities on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the term pattern in which economic benefits from the lease asset are consumed.

**1.10 Fund Accounting**

Funds held by the charity are unrestricted general funds which can be used in accordance with the charitable objects at the

**1.11 Taxation**

The registered charity is exempt from income and corporation tax in respect of the charitable activities.

# ARTISTS STUDIO COMPANY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 2. LEGAL STATUS OF THE CHARITY

The charity is a company limited by guarantee and has no share capital. The liability in respect of the guarantee is limited to £1 per member of the charity.

### 3. CHARITABLE EXPENDITURE

	Basis	Charitable Activities £	Year End 31 Dec 2018 £ Total	Year End 31 Dec 2017 £ Total
Rent	Direct	614,370	614,370	484,503
Rates	Direct	108,591	108,591	73,372
Building insurances	Direct	28,177	28,177	16,988
Light and heat *	Direct	19,726	19,726	69,368
Repairs and maintenance	Direct	55,930	55,930	50,474
Leasehold Amortisation	Direct	71,447	71,447	56,270
Salaries	Staff time	321,803	321,803	300,658
Social security costs	Staff time	30,476	30,476	28,567
Legal and professional	Direct	29,547	29,547	19,199
Funding & development	Direct	46,846	46,846	4,296
Pension costs	Direct	14,356	14,356	4,631
Auditors' remuneration	Direct	6,300	6,300	6,240
Printing, postage and stationery	Direct	4,928	4,928	3,504
Telephone costs	Direct	14,448	14,448	13,294
Computer & website expenses	Direct	1,740	1,740	1,212
Bank, card and other charges	Direct	342	342	430
Travelling expenses	Direct	5,961	5,961	4,030
Motor expenses	Direct	2,451	2,451	2,656
Sundry office expenses	Direct	4,457	4,457	5,358
Depreciation on fixtures & fittings	Direct	719	719	1,237
Depreciation on motor vehicle	Direct	-	-	875
Staff welfare/training/recruitment	Direct	2,022	2,022	1,469
Insurance	Direct	5,621	5,621	6,215
Gallery expenses	Direct	3,139	3,139	5,029
		<u>1,393,398</u>	<u>1,393,398</u>	<u>1,159,875</u>

\* Salaries of key staff members are allocated to governance costs based on their time spent on management and administration.

\* During the year an over-provision on electricity of £77,000 relating to previous years were credited back to light and heat.

### 4. STAFF COSTS

No remuneration was paid to the trustees in the year, nor were any expenses reimbursed to them.

	Year End 31 Dec 2018 £	Year End 31 Dec 2017 £
The staff costs were:		
Wages and salaries	321,803	300,658
Social security costs	30,476	28,567
Pension costs	11,860	3,360
	<u>364,140</u>	<u>332,585</u>

The average number of full time equivalent employees during the year was as follows:

Other staff	8	7
Administrative	<u>2</u>	<u>2</u>

The number of employees whose remuneration fell within the following bands:

£90,000 - £100,000	<u>1</u>	<u>1</u>
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The number of employees for whom retirement benefits are accruing under a money purchase scheme totalled 5 (2017 - 5).



**ARTISTS STUDIO COMPANY**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

<b>5. MOVEMENT IN TOTAL FUNDS FOR THE YEAR</b>	<b>Year End 31 Dec 2018 £</b>	<b>Year End 31 Dec 2017 £</b>
This is stated after charging:		
Operating leases - land & buildings	614,370	752,357
Depreciation of tangible fixed assets	72,166	142,440
Auditors' remuneration for audit services	6,300	6,248

**6. TANGIBLE FIXED ASSETS**

	<b>Short Leaseholds &amp; Improvements £</b>	<b>Investment Properties £</b>	<b>Fixtures, Fittings, Equip ment &amp; Motor Vehicle £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 January 2018	778,453	-	10,605	789,058
Additions	101,663	4,020,341	1,124	4,123,128
Disposals	(28,482)	-	-	(28,482)
At 31 December 2018	<u>851,634</u>	<u>4,020,341</u>	<u>11,728</u>	<u>4,883,704</u>
<b>Depreciation</b>				
At 1 January 2018	375,541	-	10,167	385,709
Charge for the year	71,447	-	719	72,166
Disposals	(28,482)	-	-	(28,482)
At 31 December 2018	<u>418,507</u>	<u>-</u>	<u>10,886</u>	<u>429,393</u>
<b>Net book values</b>				
At 31 December 2018	<u>433,127</u>	<u>4,020,341</u>	<u>843</u>	<u>4,454,311</u>
At 31 December 2017	<u>402,912</u>	<u>-</u>	<u>438</u>	<u>403,349</u>

<b>7. DEBTORS</b>	<b>Year End 31 Dec 2018 £</b>	<b>Year End 31 Dec 2017 £</b>
Trade debtors	981	1,106
Prepayments	234,371	150,070
Other debtors	10,000	26,508
	<u>245,353</u>	<u>177,684</u>

ARTISTS STUDIO COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Year End 31 Dec 2018 £	Year End 31 Dec 2017 £
Trade creditors	94,661	6,197
Deposits held on account	9,197	12,402
Social security and other taxes	-	8,532
Other creditors	-	6,209
Loan	188,573	-
Accruals	142,608	149,598
	<u>435,040</u>	<u>182,938</u>

9 CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Year End 31 Dec 2018 £	Year End 31 Dec 2017 £
Loan	3,327,135	-
Deposits held on account	249,916	158,073
	<u>3,577,052</u>	<u>158,073</u>

10 FUNDS

	£ Balance at 01 Jan 18 b/fwd	£ Income	£ Expenditure	£ Balance at 31 Dec 18 c/fwd
General funds	1,185,362	1,423,045	(1,393,398)	1,215,010
	<u>1,185,362</u>	<u>1,423,045</u>	<u>(1,393,398)</u>	<u>1,215,009</u>

General funds comprise those funds which the trustees are free to use in accordance with the charitable objects.

These funds are represented by:	Year End 31 Dec 2018 £	Year End 31 Dec 2017 £
Tangible fixed assets	4,454,311	403,349
Current assets	772,790	1,123,024
Current liabilities	(435,040)	(182,938)
Long term liabilities	(3,577,052)	(158,073)
	<u>1,215,009</u>	<u>1,185,362</u>