

**REGISTERED CHARITY NUMBER: 1169698**

**GROUP REPORT OF THE TRUSTEES AND  
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020  
FOR  
COUNTY HALL ARTS**

**Wags LLP t/a Wagstaffs  
Chartered Accountants and Statutory Auditors  
Richmond House  
Walkern Road  
Stevenage  
Hertfordshire  
SG1 3QP**

**COUNTY HALL ARTS**

**CONTENTS OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2020**

---

	<b>Page</b>
Reference and Administrative Details	1
Report of the Trustees	2 to 4
Report of the Independent Auditors	5 to 8
Consolidated Statement of Financial Activities	9
Consolidated Statement of Financial Position	10 to 11
Charity Statement of Financial Position	12 to 13
Consolidated Statement of Cash Flows	14
Notes to the Consolidated Statement of Cash Flows	15
Notes to the Financial Statements	16 to 30

---

**COUNTY HALL ARTS**

**REFERENCE AND ADMINISTRATIVE DETAILS  
FOR THE YEAR ENDED 31ST DECEMBER 2020**

---

**TRUSTEES**

K Okamoto  
M Okamoto  
D Sharpe (resigned 18/8/21)  
A L C M Powilewicz (resigned 7/12/20)  
J Chauhan (resigned 7/1/20)  
I Martinez

**PRINCIPAL ADDRESS**

The Riverside Building  
County Hall  
Westminster Bridge Road  
London  
SE1 7PB

**REGISTERED CHARITY NUMBER**

1169698

**AUDITORS**

Wags LLP t/a Wagstaffs  
Chartered Accountants and Statutory Auditors  
Richmond House  
Walkern Road  
Stevenage  
Hertfordshire  
SG1 3QP

## COUNTY HALL ARTS

### GROUP REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST DECEMBER 2020

---

The trustees present their report with the financial statements of the charitable group for the year ended 31st December 2020. 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 2015).

#### **OBJECTIVES AND ACTIVITIES**

##### **Objectives and aims**

To advance the education of people in the arts for the public benefit in particular the arts of, drama, dance, music and motion pictures and culinary arts primarily but not exclusively, through the provision of financial assistance in the education, access and creation of arts and culture. To support these aims, the charity wishes to consider establishing art galleries, museums, schools and culinary arts schools and provide space for cultural events, exhibitions and production of motion picture films.

##### **Public benefit**

The trustees have complied with the duty in section 4 of the Charities Act 2011 and have regard to the public benefit guidance as issued by the Charity Commission as shown in the objectives above.

We have referred to the guidance on public benefit when reviewing our aims and objectives and in planning our future activities in particular, the Trustees consider how planned activities will contribute to the aims and objectives that they have set.

This public benefit statement forms the basis for all judgements regarding operational reports to the Board meetings, in order to be reassured that the facilities and services currently managed by the charity continue to meet these criteria. At these meetings, the Financial Controller also presents the monthly financial position including taking account of any restricted funds and the Charity's status as a going concern.

#### **ACHIEVEMENT AND PERFORMANCE**

##### **Charitable activities**

During the year the charitable group received ongoing funding to allow future investment in the education, access and creation of arts and culture, in line with the charity's objectives. Rents were received from tenants amounting to £6,189,006 for the year (2019: £6,139,669). This is included within investment income as set out at note 4 to the financial statements. Included in expenses are the associated expenses incurred in securing rent yields.

During the year ongoing funding was secured at sufficient levels to allow the charity to provide support in subsequent accounting periods for those activities which facilitate delivery of the charity's objectives.

During the year, the trustees have authorised investment in a freehold property in Spain. This property was acquired for £4,757,176 and will be used as a farming and cookery school as the charity continues to promote the culinary arts.

#### **FINANCIAL REVIEW**

##### **Financial position**

Incoming resources for the group in the year were £21,158,570: comprising £14,790,889 of donations, £6,241,997 of investment income and £125,684 of trading income. None of the income resources were restricted.

A surplus of £20,576,681 was made during the year. As at 31 December 2020 total consolidated funds were £40,926,719 (2019: £20,350,038) of which £13,491 (2019: £24,522) is in relation to the non-controlling interests. All of the £40,913,228 (2019: £20,325,516) attributable to the charity relates to general unrestricted funds.

---

## COUNTY HALL ARTS

### GROUP REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST DECEMBER 2020

---

#### **FINANCIAL REVIEW**

##### **Investment powers, policy and objectives**

As required in its articles of association in furtherance of its objects and for no other purposes, the Association has the power to invest the monies of the charity not immediately required for its purposes in or upon such investments, securities or property as may be thought fit, subject nevertheless to such conditions and such consents as may for the time being be imposed or required by law.

##### **Reserves policy**

The Trustees are committed to maintaining a level of unrestricted funds as free reserves. The charity's income is subject to property market conditions and sufficient cash reserves are maintained to allow the charity to take advantage of project opportunities and to continue to operate at its forecasted expenditure level for a period of two years, should a substantial fall in income occur. It is anticipated two years would allow sufficient time for market recovery and based on the most recent budgeted expenditure the reserves requirement totals £7.5m.

#### **FUTURE PLANS**

The aims and objectives of the charitable group in the future are to continue to raise funds with which to provide assistance in the education, access and creation of arts and culture. The activities planned to achieve these objectives include, and are not limited to, sponsoring various motion pictures to support aspiring script writers, actors and other creative talents.

In addition, the trustees will look to further develop the rental space within their property assets in order to generate additional rental income. The object being that future rent yields will continue to positively contribute to the charities long term existence.

The future direction of the group will remain substantially the same as to date, subject to an ongoing monitoring review by all the Trustees.

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **Governing document**

The charity is controlled by its governing document, a deed of trust and constitutes a charitable incorporated organisation.

##### **Recruitment and appointment of new trustees**

Every trustee must be appointed for a term of 5 years by a resolution passed at a properly convened meeting of the charity trustees. In selecting individuals for appointment as charity trustees, the charity trustees must have regard to the skills, knowledge and experience needed for the effective administration of the Charitable Incorporated Organisation.

As stated in the articles of association the maximum number of trustees is twelve and there must be at least three charity trustees. If the number falls below this minimum, the remaining trustee or trustees may act to call a meeting of the charity trustees or appoint a new charity trustee.

##### **Organisational structure**

The charity trustees manage the affairs of the Charitable Incorporation Organisation and may for that purpose exercise all the powers of the CIO.

Any decisions may be taken either at a meeting of the charity trustees or by resolution in writing or electronic form.

---

## COUNTY HALL ARTS

### GROUP REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST DECEMBER 2020

---

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **Induction and training of new trustees**

The charity trustees will make available to each new charity trustee, on or before his or her first appointment, a copy of the current version of the constitution and a copy of the latest trustees annual report and statement of accounts.

##### **Related parties**

The charitable group is related to the groups of companies headed by London Sky Garden Ltd and Cadogan Entertainment Investments Limited via the trustees' directorships and / or shareholdings in the aforementioned groups, all of which operate out of The Riverside Building at County Hall.

All donations received during the year have been received from the above-mentioned related parties to facilitate the charity in its pursuit of its charitable objectives.

#### **STATEMENT OF TRUSTEES RESPONSIBILITIES**


The trustees 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).

The law applicable to charities in England and Wales, the Charities Act 2011, Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed requires the trustees to prepare consolidated financial statements for each financial year which give a true and fair view of the state of affairs of the charitable group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing those consolidated 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 (FRS 102);
- 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 consolidated financial statements on the going concern basis unless it is inappropriate to presume that the charity 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 charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. 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.

Approved by order of the board of trustees on 10 December 2021 and signed on its behalf by:

.....  
  
K Okamb - Trustee

**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF  
COUNTY HALL ARTS**

---

**Opinion**

We have audited the financial statements of County Hall Arts (the 'charity') and its subsidiaries (the "group") for the year ended 31st December 2020 which comprise the Consolidated Statement of Financial Activities, the Consolidated Statement of Financial Position, the Charity Statement of Financial Position, the Consolidated Statement of Cash Flows and notes to the consolidated 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 group's and charity's affairs as at 31st December 2020 and of the group's incoming resources and application of resources 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 Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charity 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 charity'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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF  
COUNTY HALL ARTS**

---

**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 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 there is a material misstatement of this other information, we are required to report that fact. 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 where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept by the parent entity; or
- the parent entity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of trustees**

As explained more fully in the Statement of Trustees Responsibilities, the trustees are responsible for the preparation of the financial statements which 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 group'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 charity or to cease operations, or have no realistic alternative but to do so.



**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF  
COUNTY HALL ARTS**

---

**Our responsibilities for the audit of the financial statements**

We have been appointed as auditors under Section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 obtained an understanding of the legal and regulatory framework applicable to the charity and the sector in which they operate. We determined that the following laws and regulations were most significant: the Charities Act 2011.
- We obtained an understanding of how the charity is complying with those legal and regulatory frameworks by making inquiries to the management. We corroborated our inquiries through our review of board minutes and papers provided by those charged with governance.
- We assessed the susceptibility of the charity's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team include:
  - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
  - understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
  - challenging assumptions and judgments made by management in its significant accounting estimates;
  - identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
  - assessing the extent of compliance with the relevant laws and regulations.
- We have reviewed the financial statements and considered whether they are consistent with our understanding of the entity or indicate a previously unrecognised risk of material misstatement that could be due to fraud.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Independent Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF  
COUNTY HALL ARTS**

---

**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 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.

*Wagstaffs*

for and on behalf of Wags LLP t/a Wagstaffs  
Chartered Accountants and Statutory Auditors  
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006  
Richmond House  
Walkern Road  
Stevenage  
Hertfordshire  
SG1 3QP

Date: ..... 17 December ..... 2021

COUNTY HALL ARTS

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31ST DECEMBER 2020

		Year Ended 31.12.20 Unrestricted funds £	Year Ended 31.12.19 Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>			
Donations and legacies	3	14,790,889	2,500,000
Investment income	4	6,241,997	6,283,121
Trading income	5	<u>125,684</u>	<u>223,637</u>
<b>Total</b>		<b>21,158,570</b>	<b>9,006,758</b>
<b>EXPENDITURE ON</b>			
Raising funds	6	374,945	380,510
<b>Charitable activities</b>	7		
Direct charitable expenditure		75,174	161,421
Other resources expended		133,878	87,883
Governance costs		<u>9,862</u>	<u>9,054</u>
		<b>593,859</b>	<b>638,868</b>
Tax	8	<u>(11,970)</u>	<u>3,422</u>
<b>Total</b>		<b>581,889</b>	<b>642,290</b>
<b>NET INCOME</b>		<b><u>20,576,681</u></b>	<b><u>8,364,468</u></b>
<b>RECONCILIATION OF FUNDS</b>			
<b>Total funds brought forward</b>		<b>20,350,038</b>	11,985,570
Owners of parent		20,587,712	8,363,203
Non-controlling interests	21	<u>(11,031)</u>	<u>1,265</u>
		<b>20,576,681</b>	<b>8,364,468</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b><u>40,926,719</u></b>	<b><u>20,350,038</u></b>

The notes form part of these financial statements

COUNTY HALL ARTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 31ST DECEMBER 2020

		2020 Unrestricted funds £	2019 Total funds £
<b>FIXED ASSETS</b>	Notes		
Tangible assets	14	5,586,790	1,113,993
Heritage assets	15	<u>132,510</u>	<u>88,850</u>
		<b>5,719,300</b>	<b>1,202,843</b>
<b>CURRENT ASSETS</b>			
Debtors	17	16,972,348	7,390,696
Cash at bank		<u>20,225,909</u>	<u>14,044,458</u>
		<b>37,198,257</b>	<b>21,435,154</b>
<b>CREDITORS</b>			
Amounts falling due within one year	18	<u>(1,988,620)</u>	<u>(2,273,771)</u>
<b>NET CURRENT ASSETS</b>		<u><b>35,209,637</b></u>	<u><b>19,161,383</b></u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>40,928,937</b>	<b>20,364,226</b>
<b>PROVISIONS FOR LIABILITIES</b>	19	<u>(2,218)</u>	<u>(14,188)</u>
<b>NET ASSETS</b>		<u><b>40,926,719</b></u>	<u><b>20,350,038</b></u>

The notes form part of these financial statements

COUNTY HALL ARTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - CONTINUED  
AT 31ST DECEMBER 2020

---

		2020	2019
		Unrestricted	Total funds
		funds	
		£	£
<b>FUNDS</b>	Notes		
Unrestricted funds	20	40,913,228	20,325,516
Non-controlling interests	21	<u>13,491</u>	<u>24,522</u>
<b>TOTAL FUNDS</b>		<u><b>40,926,719</b></u>	<u><b>20,350,038</b></u>

The financial statements were approved by the Board of Trustees on 10 December 2021 and were signed on its behalf by:

  
.....  
K Okamoto - Trustee

The notes form part of these financial statements

**COUNTY HALL ARTS**

**CHARITY STATEMENT OF FINANCIAL POSITION  
AT 31ST DECEMBER 2020**

		2020	2019
		Unrestricted	Total funds
		funds	
		£	£
<b>FIXED ASSETS</b>	Notes		
Tangible assets	14	5,575,117	835,665
Heritage assets	15	132,510	88,850
Investments	16	<u>209,308</u>	<u>209,308</u>
		5,916,935	1,133,823
 <b>CURRENT ASSETS</b>			
Debtors	17	16,938,902	7,334,562
Cash at bank		<u>20,052,267</u>	<u>13,975,922</u>
		36,991,169	21,310,484
 <b>CREDITORS</b>			
Amounts falling due within one year	18	<u>(1,906,992)</u>	<u>(2,130,182)</u>
 <b>NET CURRENT ASSETS</b>		<u>35,084,177</u>	<u>19,180,302</u>
 <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>41,001,112</u>	<u>20,314,125</u>
 <b>NET ASSETS</b>		<u>41,001,112</u>	<u>20,314,125</u>

The notes form part of these financial statements

COUNTY HALL ARTS

CHARITY STATEMENT OF FINANCIAL POSITION - CONTINUED  
AT 31ST DECEMBER 2020

---

	<b>2020</b>	2019
	<b>Unrestricted</b>	Total funds
	<b>funds</b>	
	<b>£</b>	£
<b>FUNDS</b>		
Unrestricted funds	<u>41,001,112</u>	<u>20,314,125</u>
<b>TOTAL FUNDS</b>	<u>41,001,112</u>	<u>20,314,125</u>
Charity net movement in funds for the year	<u>20,686,987</u>	<u>8,355,811</u>

The financial statements were approved by the Board of Trustees on 10 December 2021 and were signed on its behalf by:



.....  
K Okamoto - Trustee

The notes form part of these financial statements

**COUNTY HALL ARTS**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31ST DECEMBER 2020**

	Notes	Year Ended 31.12.20 £	Year Ended 31.12.19 £
<b>Cash flows from operating activities:</b>			
Cash generated from operations	1	<u>10,727,210</u>	<u>7,196,383</u>
<b>Net cash provided by (used in) operating activities</b>		<u>10,727,210</u>	<u>7,196,383</u>
<b>Cash flows from investing activities:</b>			
Purchase of fixed assets		<u>(4,802,559)</u>	(44,399)
Disposal of fixed assets		<u>256,800</u>	<u>-</u>
<b>Net cash provided by (used in) investing activities</b>		<u>(4,545,759)</u>	<u>(44,399)</u>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>6,181,451</b>	7,151,984
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<u>14,044,458</u>	<u>6,892,474</u>
<b>Cash and cash equivalents at the end of the reporting period</b>		<u>20,225,909</u>	<u>14,044,458</u>

The notes form part of these financial statements



**COUNTY HALL ARTS**

**NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31ST DECEMBER 2020**

**1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	<b>Year Ended 31.12.20 £</b>	<b>Year Ended 31.12.19 £</b>
<b>Net income for the reporting period (as per the statement of financial activities)</b>	<b>20,576,681</b>	<b>8,364,468</b>
<b>Adjustments for:</b>		
Depreciation charges	29,302	29,659
(Decrease) / Increase in deferred tax provision	(11,970)	3,422
Increase in debtors	(9,581,643)	(1,699,026)
(Decrease) / Increase in creditors	(285,160)	497,860
<b>Net cash provided by (used in) operating activities</b>	<b><u>10,727,210</u></b>	<b><u>7,196,383</u></b>

**2. ANALYSIS OF CHANGES IN NET FUNDS**

	<b>At 1.1.20 £</b>	<b>Cash flow £</b>	<b>At 31.12.20 £</b>
<b>Net cash</b>			
Cash at bank	<u>14,044,458</u>	<u>6,181,451</u>	<u>20,225,909</u>
	<u>14,044,458</u>	<u>6,181,451</u>	<u>20,225,909</u>
<b>Total</b>	<b><u>14,044,458</u></b>	<b><u>6,181,451</u></b>	<b><u>20,225,909</u></b>

## COUNTY HALL ARTS

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020

---

#### 1. STATUTORY INFORMATION

County Hall Arts is a charitable incorporated organisation, registered as a charity in England and Wales. The charity registration number and principal address can be found within the reference and administrative details on page 1.

#### 2. ACCOUNTING POLICIES

##### **Basis of preparing the financial statements**

The financial statements of the charitable incorporated organisation, which is a public benefit entity, 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.

The financial statements have been prepared on a going concern basis.

##### **Basis of consolidation**

The group consolidated financial statements include the financial statements of the charity and all of its subsidiary undertakings made up to 31 December 2020. A subsidiary is an entity controlled by the group. Control is power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where a subsidiary has different accounting policies to the group, adjustments are made to those subsidiary financial statement to apply the group's accounting policies when preparing the consolidated financial statements.

##### **Non-controlling interests**

Non-controlling interests at the statement of financial position date, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Charity, whether directly or indirectly through subsidiaries, are presented in the consolidated statement of financial position as a separate fund. Non-controlling interests in the results of the Group for the year are also separately presented in the consolidated statement of financial activities.

##### **Individual Statement of Financial Activities**

As permitted by the Charities Act 2011, the Income Statement of the parent undertaking is not presented as part of these financial statements.

##### **Significant judgements and estimates**

In the application of the company's accounting policies, which are described throughout note 2, management is required to make judgements estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

## COUNTY HALL ARTS

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31ST DECEMBER 2020

---

#### 2. ACCOUNTING POLICIES - continued

##### **Significant judgements and estimates**

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

##### **Useful Economic Life of Tangible Assets:**

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful 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, based on technological advancement, future investments, economic utilisation, and 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.

##### **Rental income**

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are taken to the statement of financial activities in the period in which they are incurred. Rental income is invoiced in advance of the period to which it relates and hence is shown as deferred income within liabilities on the statement of financial position until the revenue recognition criteria are satisfied.

##### **Interest income**

Interest income is recognised when it is probable that the economic benefit will flow to the entity and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

##### **Trading income**

Trading income is recognised when goods have been delivered and services supplied to customers such that risks and rewards of ownership have transferred to them.

##### **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.

## COUNTY HALL ARTS

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31ST DECEMBER 2020

---

#### 2. ACCOUNTING POLICIES - continued

##### **Expenditure**

Grants offered subject to conditions which have not been met at the year end date are noted as a commitment but not accrued as expenditure.

##### **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	- 50 years straight line and over the life of the lease
Fixtures and fittings	- 20% on cost

##### **Heritage assets**

The heritage assets held by the charity relate to various pieces of artwork. Heritage assets have been recognised at cost. No depreciation is provided on heritage assets due to the indefinite useful life of the assets.

##### **Fixed asset investments**

Fixed asset investments are stated at cost less and provision for diminution in value.

##### **Tax**

The charity is exempt from tax on its charitable activities.

The subsidiary is subject to tax at the applicable rates. Tax for the year comprises current and deferred tax. Tax is recognised in the Statement of Financial Activities, except to the extent that it relates to items recognised in other comprehensive income or directly in funds.

Current or deferred tax assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

##### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

COUNTY HALL ARTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31ST DECEMBER 2020

---

**2. ACCOUNTING POLICIES - continued**

**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.

All funds were unrestricted as at the period end date.

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

The group operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the statement of financial activities in the period to which they relate.

COUNTY HALL ARTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31ST DECEMBER 2020

---

**3. DONATIONS AND LEGACIES**

	Year Ended 31.12.20 £	Year Ended 31.12.19 £
Donations	<u>14,790,889</u>	<u>2,500,000</u>

**4. INVESTMENT INCOME**

	Year Ended 31.12.20 £	Year Ended 31.12.19 £
Rents received	6,189,006	6,139,669
Interest received	<u>52,991</u>	<u>143,452</u>
	<u>6,241,997</u>	<u>6,283,121</u>

**5. TRADING INCOME**

	Year Ended 31.12.20 £	Year Ended 31.12.19 £
Income generated from trading activities	<u>125,684</u>	<u>223,637</u>

---

COUNTY HALL ARTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31ST DECEMBER 2020

6. RAISING FUNDS

Investment management costs

	Year Ended 31.12.20 £	Year Ended 31.12.19 £
Rents payable	252,580	254,532
Legal fees	214	2,774
Consultancy and Design fees	<u>122,151</u>	<u>123,204</u>
	<u>374,945</u>	<u>380,510</u>

7. CHARITABLE ACTIVITIES COSTS

	Direct costs £	Grant funding of activities (See note 8) £	Support costs (See note 9) £	Totals £	Year Ended 31.12.19 £
Direct charitable expenditure	32,450	25,000	17,724	75,174	161,421
Other resources expended			133,878	133,878	87,833
Governance costs	-	-	<u>9,862</u>	<u>9,862</u>	<u>9,054</u>
	<u>32,450</u>	<u>25,000</u>	<u>161,464</u>	<u>218,914</u>	<u>258,308</u>

8. TAXATION

	Year Ended 31.12.20 £	Year Ended 31.12.19 £
Deferred tax	<u>(11,970)</u>	<u>3,422</u>
	<u>(11,970)</u>	<u>3,422</u>

**COUNTY HALL ARTS**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31ST DECEMBER 2020**

**9. GRANTS PAYABLE**

	<b>Year Ended 31.12.20</b>	<b>Year Ended 31.12.19</b>
	<b>£</b>	<b>£</b>
Direct charitable expenditure	<u><b>25,000</b></u>	<u><b>123,350</b></u>

The total grants awarded during the year was as follows:

	<b>Year Ended 31.12.20</b>	<b>Year Ended 31.12.19</b>
	<b>£</b>	<b>£</b>
NFTS	<b>25,000</b>	3,950
Picture Hooks	-	100,000
Y Kawasaki Sponsorship	-	<u>19,400</u>
	<u><b>25,000</b></u>	<u><b>123,350</b></u>

**10. SUPPORT COSTS**

	<b>Management</b>	<b>Finance</b>	<b>Other</b>	<b>Governance Costs</b>	<b>Totals</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Direct charitable expenditure	-	-	<b>17,724</b>	-	<b>17,724</b>
Other resources expended	<b>95,990</b>	<b>113</b>	<b>37,775</b>	-	<b>133,878</b>
Governance costs	-	-	-	<u><b>9,862</b></u>	<u><b>9,862</b></u>
	<u><b>95,990</b></u>	<u><b>113</b></u>	<u><b>55,499</b></u>	<u><b>9,862</b></u>	<u><b>161,464</b></u>

**11. TRUSTEES' REMUNERATION AND BENEFITS**

There were no trustees' remuneration or expenses paid for the year ended 31st December 2020 nor for the period ended 31st December 2019.



**COUNTY HALL ARTS**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31ST DECEMBER 2020**

**12. STAFF COSTS**

	<b>Year Ended 31.12.20</b>	<b>Year Ended 31.12.19</b>
	<b>£</b>	<b>£</b>
Wages	<b>78,160</b>	52,280
Social security	<b>3,040</b>	3,938
Pension	<u><b>1,155</b></u>	<u>962</u>
	<u><b>82,355</b></u>	<u><b>57,180</b></u>

No employees received emoluments in excess of £60,000 (2019: None)

The average number of employees during the year was 3 (2019: 3)

**13. COMPARATIVES FOR THE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**

	Unrestricted funds £
<b>INCOME AND ENDOWMENTS FROM</b>	
Donations and legacies	2,500,000
Investment income	6,283,121
Trading income	<u>223,637</u>
<b>Total</b>	<b>9,006,758</b>
<b>EXPENDITURE ON</b>	
Raising funds	380,510
<b>Charitable activities</b>	
Direct charitable expenditure	161,421
Other resources expended	87,883
Governance costs	<u>9,054</u>
	638,868
Tax	<u>3,422</u>
<b>Total</b>	<b>642,290</b>
<b>NET INCOME</b>	<u><b>8,364,468</b></u>
<b>RECONCILIATION OF FUNDS</b>	
<b>Total funds brought forward</b>	11,985,570
Funds attributable to group	8,363,203
Non-controlling interests	<u>1,265</u>
	<u><b>8,364,468</b></u>
<b>TOTAL FUNDS CARRIED FORWARD</b>	<u><b>20,350,038</b></u>

COUNTY HALL ARTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31ST DECEMBER 2020

14. TANGIBLE FIXED ASSETS

Group

	Long leasehold £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>			
At 1st January 2020	886,197	322,047	1,208,244
Additions	4,757,176	1,723	4,758,899
Disposals	-	(256,799)	(256,799)
	<u>5,643,373</u>	<u>66,971</u>	<u>5,710,344</u>
<b>Depreciation</b>			
At 1st January 2020	50,532	43,719	94,251
Charge for year	17,724	11,579	29,303
	<u>68,256</u>	<u>55,298</u>	<u>123,554</u>
<b>Net book value</b>			
At 31st December 2020	<u>5,575,117</u>	<u>11,673</u>	<u>5,586,790</u>
At 31st December 2019	<u>835,665</u>	<u>278,328</u>	<u>1,113,993</u>

COUNTY HALL ARTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31ST DECEMBER 2020

---

14. TANGIBLE FIXED ASSETS - continued

Charity

	Long leasehold £
<b>Cost</b>	
At 1st January 2020	886,197
Additions	<u>4,757,176</u>
At 31st December 2020	<u>5,643,373</u>
<b>Depreciation</b>	
At 1st January 2020	50,532
Charge for year	<u>17,724</u>
At 31st December 2020	<u>68,256</u>
<b>Net book value</b>	
At 31st December 2020	<u>5,575,117</u>
At 31st December 2019	<u>835,665</u>

COUNTY HALL ARTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31ST DECEMBER 2020

---

15. HERITAGE ASSETS

Group and Charity

	Total £
<b>Market value</b>	
At 1st January 2020	88,850
Additions	<u>43,660</u>
At 31st December 2020	<u>132,510</u>
 <b>Net book value</b>	
At 31st December 2020	<u>132,510</u>
At 31st December 2019	<u>88,850</u>

COUNTY HALL ARTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31ST DECEMBER 2020

16. FIXED ASSET INVESTMENTS

Charity

	Equity investment in group undertakings £
<b>Market value</b>	
As at 1st January 2020 and 31st December 2020	<u>209,308</u>
<b>Net book value</b>	
At 31st December 2020	<u>209,308</u>
At 31st December 2019	<u>209,308</u>

There were no investment assets outside the UK.

The charity's investments at the Statement of Financial Position date in the share capital of companies include the following:

**Subsidiaries**

Zen Arts Ltd

Registered office: County Hall, Riverside Buildings, Westminster Bridge, London, SE1 7PB

Company number: 07596404

Nature of business: Specialised design activities

	%	2020	2019
Class of shares:	Holding	£	£
Ordinary	90.00	134,914	245,221
Aggregate capital and reserves		<u>(110,307)</u>	<u>12,655</u>
(Loss) / Profit for the year			

**COUNTY HALL ARTS**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31ST DECEMBER 2020**

**17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	1,370,019	733,289	1,343,137	706,409
Other debtors	<u>15,602,329</u>	<u>6,657,407</u>	<u>15,595,765</u>	<u>6,628,153</u>
	<u>16,972,348</u>	<u>7,390,696</u>	<u>16,938,902</u>	<u>7,334,562</u>

**18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Trade creditors	172	168	-	-
Taxation and social security	257,369	315,239	198,763	308,489
Other creditors	<u>1,731,079</u>	<u>1,958,364</u>	<u>1,708,229</u>	<u>1,821,693</u>
	<u>1,988,620</u>	<u>2,273,771</u>	<u>1,906,992</u>	<u>2,130,182</u>

Included in other creditors of both the Group and Charity is deferred income of £1,348,792 (2019: £1,558,743) relating to rents received in respect of a future financial period.

**19. PROVISIONS FOR LIABILITIES**

	Group	
	2020	2019
	£	£
Deferred tax		
Accelerated capital allowances	<u>2,218</u>	<u>14,188</u>
		<b>Deferred tax</b>
		<b>£</b>
At 1st January 2020		14,188
Provided during year		<u>(11,970)</u>
Balance at 31st December 2020		<u>2,218</u>

COUNTY HALL ARTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31ST DECEMBER 2020

20. CONSOLIDATED MOVEMENT IN FUNDS

	At 1.1.20 £	Net movement in funds £	Transfers between funds £	At 31.12.20 £
<b>Unrestricted funds</b>				
General fund	20,325,516	20,587,712	(13,550,000)	27,363,228
Designated funds	-	-	13,550,000	13,550,000
Non-controlling interest	24,522	(11,031)	-	13,491
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL FUNDS</b>	<b><u>20,350,038</u></b>	<b><u>20,576,681</u></b>	<b><u>-</u></b>	<b><u>40,926,719</u></b>

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

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
General fund	21,146,002	(558,290)	20,587,712
Non-controlling interests	12,568	(23,599)	(11,031)
	<hr/>	<hr/>	<hr/>
<b>TOTAL FUNDS</b>	<b><u>21,158,570</u></b>	<b><u>(581,889)</u></b>	<b><u>20,576,681</u></b>

Designated funds are earmarked as such by the recommendation of the trustees for use in performing future charitable activities. As at 31st March 2021, funds have been designated for future charitable activities including various film projects, sponsorships to be made by the charity and for the establishment of the MOM Culinary Institute. The trustees believe these earmarked funds to total £13,550,000.

**COUNTY HALL ARTS**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED 31ST DECEMBER 2020**

**21. NON-CONTROLLING INTERESTS**

	2020	2019
	£	£
On acquisition	23,257	23,257
Share of results	<u>(9,766)</u>	<u>1,265</u>
<b>Closing non-controlling interests</b>	<b><u>13,491</u></b>	<b><u>24,522</u></b>

**22. RELATED PARTY DISCLOSURES**

During the year County Hall Arts received donations from related parties totalling £14,790,889 (2019: £2,500,000). No conditions were attached to these donations.

At the financial reporting date an amount of £14,349,539 (2019: £5,100,000) was receivable from Ozu Ltd, a company connected to County Hall Arts through the trustees' involvement in the company. This amount comprises of two loans, £12,487,234 (2019: £Nil) and £1,862,305 (2019: £5,100,000).

The loan amount of £12,487,234 (2019: £Nil) is repayable by 31st August 2030 and is free of interest.

There is a formal loan agreement in place for the loan of £1,862,305 (2019: £5,100,000) which states the repayment date to be within the next twelve months and interest is to be charged at 2% above the Bank of England base rate per annum.

**23. LEASING AGREEMENTS**

Minimum estimated lease payments under non-cancellable operating leases fall due as follows:

	<b>Group and charity</b>	
	<b>2020</b>	<b>2019</b>
	£	£
Within one year	213,015	263,863
Between one and five years	802,746	992,144
In more than five years	<u>2,009,893</u>	<u>2,278,984</u>
	<b><u>3,025,654</u></b>	<b><u>3,534,991</u></b>