

# COCKPIT ARTS

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## REPORT OF THE TRUSTEES AND FINANCIAL STATEMENTS FOR YEAR ENDED 30 SEPTEMBER 2020



# COCKPIT ARTS

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## REFERENCE AND ADMINISTRATIVE INFORMATION FOR THE YEAR ENDED 30 SEPTEMBER 2020

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<b>Status</b>	The organisation is a charitable company limited by guarantee, incorporated on 19 March 1993 and registered as a charity on 2 December 1993 in England and Wales.	
<b>Governing document</b>	The company was established under a memorandum of association which established the objects and powers of the charitable company and is governed under its articles of association. The original memorandum and articles of association were replaced by special resolution on 10 December 2009 by new articles of association. The articles of association were replaced by special resolution on 3 April 2019 by new articles of association.	
<b>Company number</b>	2801969	
<b>Charity number</b>	1029643	
<b>Registered office and operational addresses</b>	Cockpit Yard Northington Street London WC1N 2NP	18-22 Creekside Deptford London SE8 3DZ
<b>Trustees</b>	Cornelius Medvei (Chair) Jill Humphrey (Deputy Chair) Bill Amberg Nishita Dewan (Appointed on 20 November 2019) Samuel Fry Patricia Godfrey Clarissa Hulse Jane Kuria-Ronaldson Pablo Lloyd (Appointed on 20 November 2019) David Moore Sarah Myerscough (Resigned 23 September 2020) Mehul Nathwani (Appointed on 20 November 2019) Ben O'Neill Sarah Samuel (Appointed on 20 November 2019) Alistair Scott (Appointed on 20 November 2019)	
<b>Key management personnel</b>	Annie Warburton Chief Executive and Company Secretary  David Crump, Head of Business Incubation Hugo Godfrey, Financial Controller Janice Hosegood, Head of Communication	
<b>Bankers</b>	NatWest Bank Plc PO Box 159, 332 High Holborn, London WC1V 7PS	
<b>Solicitors</b>	Gunnercooke LLP 1 Cornhill London EC3V 3ND	
<b>Auditors</b>	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG	

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## TRUSTEES' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

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### REPORT OF THE TRUSTEES FOR YEAR ENDED 30 SEPTEMBER 2019

Cockpit Arts is London's leading centre for contemporary craft. We empower makers to succeed creatively and commercially.

Established in 1986, we're the UK's largest, most diverse cluster of makers and the country's only craft business incubator, recognised on the NatWest SE100 index 2020 of top-performing social enterprises.

Home to 150 makers, practicing in over 20 different disciplines – from ceramics to fine jewellery, handweaving to bespoke tailoring – we equip talented people with the tools to succeed: specialist studio space and equipment, in-house business coaching and public showcases. We work with hundreds more makers through careers programmes, outreach, training and consultancy in the UK and internationally.

Creativity, innovation and business success are fuelled by diversity. At Cockpit we foster an inclusive, ambitious culture where all aspects of diversity are seen as fundamental to achievement. Recognising that talent is everywhere but opportunity is not, over three decades our mission has been to break down and overcome the barriers standing in the way of creative success.

Each year we support more than 40 emerging practitioners with awards and bursaries, providing free studio space for 12 months, professional development and training, and introductions to buyers and curators. Funded by City of London Livery Companies, trusts, foundations, individual donors and corporate sponsors, these highly sought-after places provide a grounding for artistic success. Many artists, makers and designers who started out at Cockpit now enjoy a global reputation as leaders in their field.

Providing a vital platform for makers, especially those in their early years, our studios are a destination for local people, collectors, curators, retail buyers, stylists and interior designers, as well as for young people taking their first steps in their craft career. We bring makers' work to public audiences through showcases and events, and offer bespoke tours for schools, colleges and special interest groups.

As a social enterprise, we generate over 80% of our income through earned revenue, and raise the rest from patrons, trusts, foundations, and sponsors. Our annual impact report, *The Cockpit Effect*, consistently demonstrates higher than average economic outcomes for Cockpit makers, accompanied by rich social and cultural impact.

### OBJECTIVES AND ACTIVITIES

#### Aims

In accordance with our charitable objects, Cockpit Arts' aims are to:

- Equip talented craftspeople with the space, training and support to start and grow thriving businesses and artistic practices.
- Promote craft careers, training and education to protect the future of craft skills and open pathways for talent into professional practice.
- Celebrate and present contemporary craft and design to public audiences through exhibitions, publications, broadcasts and live events.

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### Objectives

In meeting these aims, our objectives are to:

- Provide fully sponsored or part-subsidised specialist studio space and/or equipment to craftspeople who would otherwise be unable to afford it.
- Offer creative, professional and business development coaching and training to enable makers to set up and build successful practices and independent businesses.
- Reach and recruit makers from all backgrounds, dissolving any barriers to accessing our services.
- Design and host education and careers programmes to generate opportunities for children and young people to discover and develop craft skills.
- Open Cockpit to local, community, specialist and public audiences as a place for discovering and learning about buying, collecting, commissioning and experiencing contemporary craft.
- Monitor and evaluate the social, cultural and economic impact of our work and disseminate and share our findings with supporters and peers.
- Operate as a sustainable, well-run and well-governed social enterprise, reinvesting any surpluses into delivering our charitable objects and social mission.

### Public Benefit

Cockpit Arts pays due regard to the Charity Commission's public benefit guidance when reviewing our aims and objectives and in planning and making decisions on our future activities.

### Activities 2019-20

With our financial year running 1 October to 30 September the impact of the Covid-19 pandemic struck midway through our reporting year. Therefore, activities during the year reflect two different six-month periods, pre- and post-pandemic.

In March, we took quick action to manage the impact of Covid-19, our objective being to maintain the viability of Cockpit and avoid redundancies while doing all we could to support the financial sustainability of our 150 studio-holders. Introducing radical discounts to already subsidised studio fees, we cut fees by 67% April-June 2020 and 55% July – September. In addition to financial support, we delivered 30+ workshops equipping makers to build resilience and deliver digitally. Responding to the context, we adapted plans for June and December public events (makers' major annual income-earning events) into a digital festival and market. As a result, in Sept. 2020 we ended our financial year with as many makers at our studios as 12 months earlier.

Other priorities delivered during the year included an expansion of our youth and careers programme, writing and implementing an environmental action plan, revising our diversity plan and committing to new diversity objectives, building new national and international partnerships, and developing proposals for refurbishment and expansion of our Deptford site.

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### Awards & Studio Holders

With a core mission to break down and overcome the barriers standing in the way of creative success, our coveted Awards and bursaries programme has never been more vital, especially for those in the fragile early stages of their career. These Awards are funded by City of London Livery Companies, trusts, foundations, individual donors and corporate sponsors, without whose generous support we could not offer these opportunities.

This year, we supported 42 practitioners with 44 awards and bursaries, providing free studio space for 12 months, professional development and training, and introductions to buyers and curators. Some Awards, including the Clothworkers' Award and Leathersellers' Award, offer multi-year support, as well as studio equipment, to provide as strong a ground as possible for creative and commercial success.

In response to disruptions created by the pandemic, and with the express permission of funders, we extended the terms of Awards for beneficiaries to compensate for time lost during lockdown.

Adhering to Government and health guidance, we kept studios open throughout the year for those unable to relocate their practice off-site. This provided a vital resource enabling makers to keep their practices going.

Despite the pandemic, demand for studios remained robust. Applications for places were up by over 50% year-on-year: we received a total of 196 applications, compared to 129 last year. We had 18 starters, with additional places offered and deferred pending lifting of lockdown.

### Business Support Delivery

In the first half of the financial year to March 2020, business support programmes continued as usual. Despite a high level of furlough during the first lockdown, in total we provided 1738 hours of direct support to makers, including vital one-to-one coaching and over 30 workshops, all delivered online. In addition to our standard programme, topics focused on resilience, accessing emergency finance, and building digital marketing, communications and sales skills. This support was vital, particularly in the early months of the pandemic, in supporting makers to respond as positively as possible to the circumstances. The change to digital delivery is positively influencing the way we work with makers in the future, making the best of a blended model of online and in-person support.

During the year, we received formal confirmation of the extension of the ERDF-funded London Creative Network programme, enabling it to run to the end of December 2021

### Youth and Careers Programmes

We redoubled our work to attract a larger and more diverse intake of talent and establish a broader range of routes into the creative industries.

Having received 21 applications for our *Make It* programme for makers aged 25 or under who are currently unemployed or underemployed, we offered places to three makers who took up their studios in early 2020. *Make It* is an evolution of our previous *Creative Careers* programme which, by 2019, had supported a total of 26 individuals into employment or self-employment.

As part of the national *Discover! Creative Careers* initiative, we delivered two careers days, bringing in school groups to discover the range of job opportunities in the creative industries and experience contemporary craft first-hand. Cockpit was one of 500 creative businesses taking part in the week across the UK, but only one of two craft organisations involved. Following the success of the initiative we confirmed our commitment as the lead craft organisation for *Digital Discover* week 2021.

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### Public Events

In the first half of the year, public events continued as usual. We welcomed an audience of over 4000 to our Winter Open Studios events, with several makers reporting their 'best open studios ever' for sales. In the first quarter we were already at 76% of our tour target for the year with repeat visits from French college Lycée Renaudeau Cholet, and new visitors including the Korea Arts and Culture Education Service, Arts University Bournemouth, Mawi'Art: Wabanaki Artist Collective from Canada, Canadian Craft Alliance, and participants in the British Council Crafting Futures global programme.

In the summer, unable to run in-person events, we ran our first Cockpit Festival online, with a reach of 160K accessing over 65 events – talks, demonstrations, workshops – featuring more than 80 makers. We followed up in the Autumn with a modest live events programme, including six Covid-safe tours as part of London Craft Week and Bloomsbury Festival, and a partnership with Sipsmith online.

### Partnerships, Policy, International Programmes and Consultancy

We continued to foster a wide range of local and national partnerships with cultural, education and enterprise organisations.

In Deptford, Cockpit was proud to support Lewisham's successful bid for London Borough of Culture 2022. In Holborn, our membership of the Kings Cross Knowledge Quarter led to us to co-produce content with a Central Saint Martins graphic design student for the Knowledge Quarter Zine *Playground*, distributed to local families.

Building on our strong track record of partnership with the British Council, we were formally brought onto the British Council DICE supplier framework and secured new contracts delivering business and social enterprise support in Indonesia and Karachi, Pakistan.

Cockpit sponsored the University of the Arts London's Creative Enterprise Awards for the third successive year. We also delivered content as part of Goldsmiths College's MA Social Enterprise and began development of a new Award and symposium with Central Saint Martins to take place in 2021.

Our CEO represented craft businesses Creative Industries Federation's Creative Leaders round tables developing policy responses to the pandemic for the creative industries and was one of the arts leaders in Camden advising Leader of the Council Cllr Georgia Gould and Sir Keir Starmer MP on the impact of the pandemic on local creative businesses.

The CEO also continued her work for the Department for Education as Chair of the panel developing the new T-Level (Technical Level) post-GCSE qualification in Craft and Design.

### Property

#### *Holborn*

In August 2020, Camden Council published a statement that it had ceased negotiations with the developer U+I on the proposed redevelopment of Cockpit Yard. With the position clarified, we began negotiations on renewal of our lease.

#### *Deptford*

Seeking to provide more studio and education space and open our building up further to public and local community use, we developed proposals to refurbish and extend our Deptford site. These were put forward in an initial preapplication enquiry that received overall positive feedback; in response to



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that feedback, we revised our longer-term proposals and resubmitted them for consideration in September 2020.

The proposals were also the subject of a £1.2m bid to the Mayor of London's Good Growth Fund (GGF) Round 3, supported by 36 local and national organisations. Although the bid went through to the final stage, it was not awarded funding as a similar local project had been supported in a previous round and funders were seeking to achieve a balanced portfolio with their investment. Because of the bid's strength and fit with GGF objectives, the project is one of 14 projects being held in reserve, meaning that funding could be granted if any of the 26 projects that have been approved in principle do not proceed.

During the year, Bellway Homes reworked proposals for Sun Wharf, adjacent to our Deptford site. With expert advice, we responded to those proposals in relation daylight, sunlight and noise in the context of our current and future operations in Deptford. We attended mediation meetings on the proposals convened by Lewisham Council's planning department and the Sun Wharf team adapted their design to reduce impact on Cockpit's operations.

### In their own words

*"I feel incredibly fortunate and grateful to be part of Cockpit Arts during these turbulent times; the support and dedication has been truly inspiring. What we all needed at this time was a calm, pragmatic and quick response, which the team of Cockpit Arts delivered, and in my opinion, they went above and beyond what was expected of them. It was of enormous benefit to have their expertise and knowledge to guide us through this turbulent time."*

*"For many artists, designers, and makers, our biggest outgoings is the studio rent. To have this reduced for a significant amount of time while we took stock and planned for the year ahead was reassuring and invaluable." – Richard McVetis, artist-maker*

*"Aside from the generous licence fee discount offered by Cockpit (that wasn't offered by many other studios), having a business coach has been a lifesaver. Being a creative entrepreneur can be lonely at the best of times let alone during a pandemic. Having an empathetic and supportive cheerleader has been invaluable." – Yusuf Osman, leatherworker and founder, Yussico*

*"Having access to expert guidance from the business incubation team has been such a huge benefit. Before I moved to Cockpit my knowledge of running a business was very little. Having regular mentoring and taking part in the Make It Count workshops has really helped me make progress, and made starting a business so much less overwhelming." – Eva Dennis, weaver*

*"Cockpit were immediately responsive to the pandemic and offered a rent discount which made us all heave a huge sigh of relief, and the confidence to believe we could survive. Cockpit have really been inventive about promoting and showing the work of its designer-makers through public engagement online." – Lush Designs*

*"I am impressed by Cockpit's approach to the Covid-19 crisis and have shared it with my GLA colleagues as an example of best practice." -- Raja Moussaoui, Culture at Risk Officer, Greater London Authority*



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### ACHIEVEMENTS, PERFORMANCE AND IMPACT

The impact of our work saw us recognised once again as one of the 100 top-performing UK social enterprises, listed on the NatWest SE100 Index 2020. We were also recognised on the Social Enterprise UK Roll Call of Honour for our management through the pandemic year and our CEO was named one of the WISE100 Women in Social Enterprise for her leadership through the crisis.

During the year, we became an accredited London Living Wage Employer and, having been nominated by Lewisham Council, were in the first cohort of providers to successfully achieve accreditation in the Mayor of London's Workspace Accreditation Pilot.

### Monitoring and Evaluation

We monitor and evaluate our economic, social and cultural impact, presenting results in an annual impact report *The Cockpit Effect*, published online and disseminated to supporters, partners and beneficiaries.

Quantitative data are complemented by qualitative analysis and beneficiary case studies, including six- and twelve-monthly reports on Awardees and Bursary-holders. In addition, partnership programmes, such as London Creative Network and the British Council DICE programme, are independently evaluated.

### Impact and Performance

Cockpit delivers public benefit through education, training and employment support, as well as through introducing contemporary craft to public audiences through showcases and events.

We are home to 150 independent creative businesses. In 2019/20, 16% of those were on fully sponsored places, supported by Awards and Bursaries, offering studio space, business coaching and, in some cases, equipment. Makers at Cockpit practice 21 different craft disciplines, with concentrations in jewellery (35%), textiles (20%), ceramics (9%) and leatherwork (9%).

Applications to our studios in the year were up by over 50%: we received a total of 196 applications, compared to 129 last year. We had 18 starters, with additional places offered and deferred pending lifting of lockdown. The rate of leavers was no higher than previous years. As a result, by the end of our financial year in September 2020, we achieved our objective of keeping our community together throughout the pandemic, finishing the year with as many studio holders (150) as we began with in October 2019.

*The Cockpit Effect* reports on comparative data from studio holders' two most recent tax years; in the 2021 report, data are drawn from tax years 17/18/18/19 or 19/20. Analysis shows that, for the 65 makers providing more than one year's data, turnover increased by 11% year-on-year, generating a total revenue (for 150 makers) of £3.5m.

However, this global figure occludes the reality of the challenges posed by the pandemic: the median loss of income (compared to the previous year) due to the pandemic was 70%. Moreover, although 20 makers access small amounts of emergency funding from Arts Council England with Cockpit support, a large proportion of makers fell through the gaps in Government support: 43% were ineligible for the Self Employment Income Support Scheme.

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During the year, Cockpit makers proved themselves to be resilient, adaptable, and determined. Throughout, a sense of community has been strong and never more important. Studios remained open throughout the year, in line with Government guidance and health protocols, for those who were unable to work from home, and this was vital for sustaining their businesses.

In the early stages of the first lockdown, makers came together within Cockpit and in their local communities to provide facemasks and other items of PPE. Once this phase passed, we started to see makers introduce changes in their businesses to adapt to the situation, for example, developing new products, switching to running workshops and events digitally (including during Cockpit Festival), and taking part in the Artist Support Pledge.

Unsurprisingly, compared to previous years, the numbers of additional staff and freelancers employed by Cockpit makers dropped compared to the previous year. The number of makers exporting this year was down to 46%, compared to 55% last year. However, exports remained significant, amounting to nearly 20% of total revenues. At the time of writing, the full effects of Brexit are not known, but are a concern for our makers.

Cockpit has always been a diverse community: 20% of Cockpit makers identify as Black, Asian or Minority Ethnic, compared to 4% in the UK craft sector as a whole; 81% are female, compared to 32% in the self-employed UK craft workforce. In this year in which awareness grew of the scale of racial injustice still prevalent in culture and society, we redoubled our commitment to further educating ourselves and dismantling barriers standing in the way of participation in culture.

In terms of public events, although it was impossible to welcome in-person visitors from March onwards, we grew digital audiences by 14%.

Whilst the year has been undoubtedly challenging for Cockpit makers, the growing demand for our services and the results delivered during the year demonstrate that our work to support new talent unlocks to start and grow a successful business is more vital than ever.

### **Financial Resilience and Fundraising Performance**

Through careful financial management, cost control and strong fundraising performance, we steered a course through the pandemic, maintaining the charity's resilience, and avoiding having to make redundancies, whilst supporting our community of studio holders. To manage risk, we minimised costs, eliminated non-essential expenditure, operated on a skeleton staff, and accessed all Covid-19 response schemes for which we were eligible.

Pre-pandemic, we were in good financial health. In our 2018/19 financial year, ending 30 September 2019, we had achieved our highest annual income to date and were building our reserves. By 1 April 2020, we had grown free reserves to £99,174.

During the year, we secured Covid-response support from the following sources:

- Arts Council England Emergency Response Fund: £34,923
- Creative Workspace Resilience Fund: £35,995
- Lewisham Local Authority Discretionary Grant: £25,000

We also accessed the Coronavirus Job Retention Scheme. April to June, 70% of staff were furloughed with minimum staff continuing to work to maintain essential operations. From July 2020 onwards, we operated flexible furlough, balancing financial sustainability with delivery of artist support and public programmes.

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Aside from payroll, our major cost is rent. We applied for and received partial rent relief April-Sept 2020, with a value of £62,625. Although we requested further relief, Camden Council could not offer tenants more support, and we have paid full rent from October 2020.

Together, rent relief and funding enabled us to support studio-holders through substantial discounts to fees. We cut licence fees to 33% of normal levels for April – June and to 45% of normal levels for July – September. Therefore, during the year, income from licence fees, services recharged to beneficiaries and other rental income fell. In addition, from early 2020, income generated from marketing and events (venue hire, exhibition fees, and private tours) dropped and then disappeared.

In previous years, earned and traded income totalled 80% of our turnover and was reinvested back into our workspace provision, business support and employment programmes. As a consequence of the pandemic, this year, the proportion of earned income dropped to 69% and fundraising income rose to 31% of total turnover.

In addition to emergency funding, we were grateful to all the funders who continued their support of our Awards and bursaries which, in turn, enabled us to continue our support to makers through the pandemic, including extending the terms of their Awards to compensate for lost time during lockdown. In total, funding received for Awards and Bursaries enabled us to support 42 makers through 44 Awards.

With partners, having secured a second round of ERDF funding to extend the London Creative Network programme to June 2020 we submitted an application for a third and final round of funding to extend the programme beyond June 2020 to December 2021.

Taking in both regular and emergency funding, we achieved 125% of the fundraising target set at the beginning of the year. Implementing a fundraising strategy focused on long-term and multi-year funding to ensure resilience, by the end of the 2019/20 financial year, we had already secured 69% of our target for the following financial year.

We ended the year with £139,017 free reserves.

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### **FUTURE PLANS**

Priorities and plans for 2020-21:

#### **Craft a long-range strategic plan**

We will create a new, five-year strategic plan, consolidating and building on successes to date. We will appraise our business model and develop our offer to optimise economic, cultural and social impact.

#### **Extend opportunities to a wider range of makers**

We will continue to extend our services to a wider range of makers, including those operating outside our studio premises, through new partnerships, the ERDF-funded London Creative Network programme, consultancy, and international delivery under the British Council's DICE initiative. We will aim to support a wider set of types of craft practice, including those focused on sustainability and experimental work.

#### **Encourage future makers**

Building on the growth of our careers and youth programmes in 2019-20, we will step up our work opening routes into craft careers for young people through our *Make It* programme aimed at 18-25-year-olds starting up in business.

We will continue to contribute to the national *Discover Creative Careers* programme through hosting immersive careers events for local school students and develop new community- and youth-focused programmes.

We will support development routes into craft through offering funded Apprenticeships, and in chairing the Department for Education's expert panel writing the Craft and Design T-level (Technical Level) post-GCSE qualification.

#### **Reach wider public audiences**

Harnessing the opportunity afforded by digital technology, we will continue to grow our public audiences to bring high-quality craft to a greater number and more diverse range of people. We specifically intend to raise funds to invest in improving our digital offer.

Once Covid-19 restrictions are lifted, and it is safe to do so, we will resume our programme of in-person events, talks, showcases, and exhibitions.

Developing our national and international profile, and strengthening both existing and new partnerships, we will consolidate our position as the leading voice for contemporary craft in London, reaching new audiences and generating opportunities for the makers we support.

#### **Open up opportunity and promote diversity and inclusion**

We will continue to implement our updated inclusion and diversity plan, and monitor its impact, working to improve diversity across all dimensions and in all activity areas: Board, staff, studio holders, training delivery and audience.

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### **Implement a revised environmental sustainability plan**

Building on plans drawn up in 2019, we will review our environmental policy and targets, agree new targets and implement a new plan.

### **Measure and communicate impact**

We will continue our commitment to impact measurement and to communicating our social, economic and artistic results through events, publications, and online – complementing rigorous quantitative data with case studies that reveal the rich stories behind our work.

### **Invest in staff and Board development**

In 2020-21, we will recruit a new Chair of Trustees to succeed Cornelius Medvei who is due to complete his third and final term as Chair in 2021. Following their appointment, we will conduct a review of Board sub-committees and establish new committees as needed. We will continue to invest in staff development to achieve our organisational objectives.

### **Secure long-term resilience**

We will continue to respond to the Covid pandemic ensuring the safety, health and financial resilience of the charity and our beneficiaries.

We will negotiate a new lease for our Bloomsbury site with London Borough of Camden.

In Deptford, having become sole owners of the Drake House freehold in 2019-20 with completion of our mortgage repayment, we will embark on a fundraising campaign to redevelop and open up the building to the public, expanding studio provision and creating new community spaces.

We will implement a new, long-term fundraising and revenue generation strategy, diversifying our funding base to further strengthen resilience and our ability to deliver our social and cultural mission.

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### LEGAL STRUCTURE, GOVERNANCE AND MANAGEMENT

#### Governing document

Cockpit Arts was established as a charitable company limited by guarantee in 1993. The company was established under a Memorandum of Association, stating the objects and powers of the charitable company, and is governed and administered in accordance with its Articles of Association.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 30 September 2020 was 14 (2019: 10). The Trustees are members of the charity, but this entitles them only to voting rights.

A trading arm, Cockpit Arts & Exhibitions Ltd, is a dormant limited company with no accounting transactions at present.

#### Trustee recruitment, appointment and induction

The Board of Trustees comprises individuals who are both trustees and non-executive directors of the company. Trustees serve for three years and are eligible for re-election for up to two further terms of three years each. All members of the Board serve in an individual capacity with a duty to support Cockpit Arts rather than to act as representatives of a particular interest group.

Trustees are recruited through an open process. Vacancies are advertised widely, with an emphasis on recruiting from a diverse range of backgrounds to meet the organisation's skills and knowledge needs. Applications are shortlisted by the Nominations Committee, which comprises the Chair, two Trustees and the CEO. Following interview of shortlisted candidates, recommendations for appointment are proposed to the full Board for their consideration and approval.

Following a wide recruitment campaign in autumn 2019, we received 28 applications from individuals seeking to join the Board. Following interviews in October, we invited five new Trustees onto the Board, who joined formally in November 2019. In summer 2020, we began recruitment for a new Chair to succeed Cornelius Medvei when he steps down in April 2021. received a strong set of applications for the new Chair of Trustees. Following shortlisting by the nominations committee, chaired by Trustee Jill Humphrey, seven candidates went forward for first interview in September. Final interviews took place in the new, 2020/21 financial year.

On appointment, Trustees receive an induction pack comprising the governing documents, most recent annual report, recent performance reports, strategic planning documents, corporate policies, impact reports and any other relevant materials. They are also provided with up-to-date materials on charity governance, including Charity Commission guidance, the Charity Governance Code, and Cultural Governance Alliance material. New Trustees meet with staff to understand their roles in the organisation and are invited to attend Cockpit Arts events. Opportunities for Trustee training are provided, and all Trustees take part in an annual Away Day as well as quarterly Board meetings.

#### Management and decision-making

Trustees are responsible for making decisions on Cockpit Arts' long-term direction and activities, and for ensuring that all Board responsibilities delegated to staff are carried out.



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An annual business plan sets out how the charity's activities will deliver its aims and objectives, within the context of a longer-range, five-year strategic plan.

Trustee sub-committees provide detailed analysis and recommendations on specific activity areas. These are currently the Audit & Risk Committee (which meets five times a year), Fundraising Committee and Nominations Committee. Other sub-committees and working groups, for example on property matters, are convened where required. Committee members and Chairs are appointed by the Chair of the Board of Trustees and approved by the Board.

### Executive team

The Board appoints a Chief Executive to shape Cockpit Arts' strategic direction and lead the organisation. The Chief Executive formally reports on progress to the full Board every quarter, as well as to Board subcommittees.

Staff remuneration is subject, in most cases, to an annual inflationary review, with any additional pay increase dependent on change of role scope or responsibility. Recommendations on remuneration made by the Audit & Risk Committee are subject to approval by the full Board of Trustees.

### RISK MANAGEMENT

The Trustees meet regularly to review the financial position and to ensure that effective management and controls are in place. The Audit and Risk Committee and the Board of Trustees each review the charity's risk register quarterly. Attending to all risk categories (strategic, operational, legal, reputational), they monitor risk status (probability, impact and proximity) and take action to manage each risk as appropriate (mitigate, transfer, accept, avoid or exploit).

Principal risks identified in relation to the charity's finances are the risk of generating insufficient fundraising income and the risk of premises in Camden becoming unaffordable. Trustees have ensured that there are sufficient reserves to meet all the charity's immediate liabilities and to continue to do so in the short term.

To mitigate the risk of a fundraising shortfall, the charity has diversified earned and traded income and has implemented a new fundraising strategy. Actively cultivating new funding sources, this strategy harnesses our strong track record of successfully delivering programmes to meet funders' objectives.

With our landlord, Camden Council's formal withdrawal from negotiations on redevelopment of the Cockpit Yard site in August 2020, the risk of disruption at our Holborn site has diminished. The charity is in regular communication with property officers at the Council to negotiate an affordable, and longer-term lease on the premises.

Since the outbreak of Covid-19 in March 2020, Trustees have regularly reviewed new risks arising from the pandemic and have taken steps to mitigate their impact.

The principal risks have related to health and finances. Health: additional hygiene measures were introduced in our buildings in February 2020 and guidance was issued to all studio holders to reduce the risk of transmission of the coronavirus. All Cockpit employees began working from home a week before the UK Government's lockdown and new home working protocols and guidance were introduced. Back-up plans were put in place to prepare for the eventuality that one or more Cockpit staff should fall ill. During the course of the pandemic, as Government guidance has evolved, Cockpit has regularly reviewed its practice and updated guidance to staff and studio-holders accordingly.



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## TRUSTEES' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

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An emergency group of Trustees was convened in immediate response to the pandemic, meeting initially several times a week, then weekly, to review the potential financial impact on Cockpit Arts. Potential loss of income was identified, and detailed cash flow forecasts produced, based on different scenarios to ensure that Cockpit Arts manages its finances effectively through the crisis and beyond. All inessential costs were eliminated from the business; regular analyses of Government and other support schemes were carried out; staff were furloughed (on full pay); and an active fundraising strategy was implemented.

Careful financial management and fundraising through the crisis has enabled Cockpit to extend considerable support to its beneficiaries whilst preserve the charity's long-term financial sustainability.

### FINANCIAL REVIEW

#### Income

Total income for the year 2019/20 was £904,686, compared with £1,019,992 in the previous year.

During the year £57,249 was received from the European Regional Development Fund for the London Creative Network Programme. Managed by SPACE, with Cockpit Arts, Four Corners and Photofusion as delivery partners, the programme funds business support provision to resident studio holders and external makers. The first edition of the programme began in January 2016. Funding for second phase was awarded in December 2018; delivery began in January 2019 and concluded in June 2020. Negotiations are in place for a third, and final, phase of the programme to begin in 2020/21.

We received income from the British Council to deliver two international creative and social value programmes in Pakistan and Indonesia as part of the DICE programme; and from the Department for Education to contribute towards time spent chairing the industry panel developing the T-Level in Craft and Design.

Reflecting the discounts that we extended to studio holders from April 2020 onwards (67% discounts in April – June, 55% discounts July – September) licence fee income for the year was considerably below that of the previous year. Income from venue hire, tours, and open studios events was, due to the restrictions of lockdowns, lower than previous years.

Cockpit again received generous support from charitable trusts and foundations, enabling us to offer bursaries and awards to talented craftspeople to develop their careers. We are grateful to The Clothworkers' Company, The Worshipful Company of Leathersellers, The Haberdashers' Company, The Worshipful Company of Turners, The Worshipful Company of Woolmen and The Arts Society, and for their continued support of Awards and Bursaries for individual craftspeople in specific craft disciplines.

We are also grateful to SHA Trust for continuing their support of The Cockpit Arts Rosalind Stracey Ceramic Residency, and to Marsh Christian Trust and the Worshipful Company of Curriers for their contribution towards core costs.

We were grateful to receive Covid-19 emergency funding from London Borough of Lewisham, the Creative Workspace Resilience Fund, managed by the Creative Land Trust; and the Emergency Response Fund from Arts Council England.

During the year, we received support for new specialist Awards for craftspeople from Texselect, Harriet's Trust, Newby Trust, CAPITB Trust, The Golsoncott Foundation, The Worshipful Company

# COCKPIT ARTS

## TRUSTEES' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

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of Basketmakers, and The Worshipful Company of Feltmakers. We are grateful to them all for their generous support.

In support of our youth programmes, we are grateful to the John S Cohen Foundation for their support of our careers and schools programmes and to the Sir William Boreman's Foundation for their support of a young person living in the borough of Greenwich or Lewisham to take up an Apprenticeship on our Creative Employment Programme.

We are grateful to corporate sponsor, Clear Insurance Management Ltd, for their continued support of the annual Cockpit Arts / Clear Insurance Award, and from local businesses La Fromagerie, Persephone Books and Waitrose for in-kind support.

We are also grateful to our many individual donors – our Patrons, Champions and Fans - who donated funds in support of our work. Donations from individual donors, including donations made at Open Studios, totalled £18,426.

Cockpit Arts is registered with the Fundraising Regulator and abides by the Regulator's Code of Fundraising Practice.

### Expenditure

Total expenditure in the year was £838,282 compared with last year's expenditure of £942,109. Funds spent on business support programmes were £361,155, compared with £407,927 in the previous year.

### Movement in funds

Net income was £66,404 for the year ended 30 September 2020. There is a surplus for the year on unrestricted funds of £59,210.

### RESERVES POLICY

The charity's reserves policy is to build free reserves equivalent to three months' running costs. This policy was reviewed and approved by Trustees during the year ended 30 September 2019 and remains current.

Free reserves at 30 September 2020 are £139,017 and 3 months of unrestricted expenditure at 30 September 2020 is £156,719. The difference of £17,702 between the actual and target is the lowest difference to date and Cockpit Arts looks to reduce the difference further.

The charity currently holds the following reserves:

General unrestricted funds	538,212
Restricted funds	1,029,830
	<hr/>
	£1,568,042
	<hr/> <hr/>

# COCKPIT ARTS

## TRUSTEES' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

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### STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees who served during the year were:

Cornelius Medvei (Chair)  
Jill Humphrey (Deputy Chair)  
Bill Amberg  
Nishita Dewan (Appointed on 20 November 2019)  
Samuel Fry  
Patricia Godfrey  
Clarissa Hulse  
Jane Kuria-Ronaldson  
Pablo Lloyd (Appointed on 20 November 2019)  
David Moore  
Sarah Myerscough (Resigned 23 September 2020)  
Mehul Nathwani (Appointed on 20 November 2019)  
Ben O'Neill  
Sarah Samuel (Appointed on 20 November 2019)  
Alistair Scott (Appointed on 20 November 2019)

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

Company law requires the trustees to prepare financial statements for each financial year that give a true and fair view of the state of the affairs of the charitable company and of the income 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 apply them consistently;
- observe methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charitable company will continue in operation.

The trustees are also responsible for keeping proper 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.

# COCKPIT ARTS

## TRUSTEES' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

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### STATEMENT OF TRUSTEES RESPONSIBILITIES (Cont.)

So far as the trustees are aware:

- (a) there is no relevant audit information of which the Company's auditors are unaware, and
- (b) 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 Company's auditors are aware of that information.

Approved by the trustees on 07 April 2021 and signed on their behalf by:



Cornelius Medvei  
Chair of Trustees

# COCKPIT ARTS

## INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

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### Opinion

We have audited the financial statements of Cockpit Arts for the year ended 30 September 2020 which comprise the Statement of Financial Activities, the Charitable Company Balance Sheet, the Charitable Company 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, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (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 30 September 2020 and of the charitable company's net movement in funds, including the 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 Auditor's 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.

### Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on pages 13 and 14, 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.

### 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: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

# COCKPIT ARTS

## INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

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### 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 charitable 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. 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.

### 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 Trustees' Annual Report (which includes the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report have 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 Trustees' Annual Report (which incorporates the strategic report and the directors' report).

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

- adequate accounting records have not been kept by the charitable company; or
- the charitable company 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

# COCKPIT ARTS

## INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

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### 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 Auditor's 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.



**Siobhan Holmes (Senior Statutory Auditor)**

Date: 08 April 2021

For and on behalf of  
Haysmacintyre LLP, Statutory Auditors  
10 Queen Street Place  
London, EC4R 1AG



# COCKPIT ARTS

## STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income and Expenditure Account)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	Restricted funds £	Unrestricted Funds £	Total 2020 £	Total 2019 £
<b>Income and Expenditure</b>					
<b>Income from:</b>					
<b><i>Donations</i></b>					
Fundraising		-	18,425	18,425	19,858
Marketing and events		-	39,455	39,455	64,276
General grants	2	67,426	25,000	92,426	-
Government grants		-	67,853	67,853	-
<b><i>Charitable activities</i></b>					
Provision of workspace	3	-	513,593	513,593	697,137
Business support programmes	4	151,174	21,175	172,349	237,642
<b><i>Investment income</i></b>					
		-	585	585	1,079
<b>Total income</b>		218,600	686,086	904,686	1,019,992
<b>Expenditure on:</b>					
<b><i>Raising funds</i></b>					
Fundraising		-	21,014	21,014	21,169
Marketing and events		-	58,608	58,608	72,111
<b><i>Charitable activities</i></b>					
Provision of workspace		18,267	379,238	397,505	440,902
Business support programmes		193,139	168,016	361,155	407,927
<b>Total expenditure</b>	5	211,406	626,876	838,282	942,109
<b>Net income/(expenditure) and movement in funds</b>		7,194	59,210	66,404	77,883
<b>Reconciliation of funds</b>					
Total funds brought forward		1,022,636	479,002	1,501,638	1,423,755
<b>Total funds carried forward</b>		1,029,830	538,212	1,568,042	1,501,638

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. The accompanying notes form an integral part of these financial statements.

Movements in funds are disclosed in Note 14 to the financial statements.

Full comparative figures for the year ended 30 September 2019 are shown in note 18.

# COCKPIT ARTS

## BALANCE SHEET

AT 30 SEPTEMBER 2020

Registered company number: 02801969

	Notes	2020 £	2019 £
<b>FIXED ASSETS</b>	9	<u>1,327,295</u>	<u>1,358,310</u>
<b>CURRENT ASSETS</b>			
Debtors	10	71,401	87,809
Cash at bank and in hand		<u>446,689</u>	<u>367,014</u>
		518,090	454,823
Creditors: amounts falling due within one year	11	<u>(227,343)</u>	<u>(308,280)</u>
<b>NET CURRENT ASSETS</b>		<u>290,747</u>	<u>146,543</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,618,042	1,504,853
Creditors: amounts falling due after more than one year	12	<u>(50,000)</u>	<u>(3,215)</u>
<b>NET ASSETS</b>	13	<u>1,568,042</u>	<u>1,501,638</u>
<b>RESERVES</b>			
Unrestricted funds	14	538,212	479,002
Restricted funds	14	<u>1,029,830</u>	<u>1,022,636</u>
		<u>1,568,042</u>	<u>1,501,638</u>

The financial statements were approved and authorised for issue by the trustees on 07 April 2021 and signed on their behalf by:



Chair of Trustees  
Cornelius Medvei



Chair of Audit and Risk Committee  
Pablo Lloyd

The accompanying notes form an integral part of these financial statements.

# COCKPIT ARTS

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	2020 £	2019 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	A	63,745	148,409
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest paid		(409)	(1,390)
Interest received		585	672
<b>Cash provided/(used in) investing activities</b>		<u>176</u>	<u>(718)</u>
Increase in /(repayment of) borrowings		15,754	(50,861)
<b>Net cash provided by/ (used in) financing activities</b>		<u>15,754</u>	<u>(50,861)</u>
<b>INCREASE/ (DECREASE) IN CASH IN THE YEAR</b>		<u><u>79,675</u></u>	<u><u>96,830</u></u>
<b>Cash and cash equivalents at the beginning of the year</b>		<u><u>367,014</u></u>	<u><u>270,184</u></u>
<b>TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<u><u>446,689</u></u>	<u><u>367,014</u></u>

### NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

<b>A. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>2020 £</b>	<b>2019 £</b>
Net income/(expenditure)	66,405	77,883
Depreciation charge	31,015	31,015
(Increase)/Decrease in debtors	16,408	30,206
(Decrease)/Increase in creditors	(49,907)	8,587
Interest payable	409	1,390
Interest received	(585)	(672)
<b>Net cash generated by operating activities</b>	<u><u>63,745</u></u>	<u><u>148,409</u></u>

# COCKPIT ARTS

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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### 1. PRINCIPAL ACCOUNTING POLICIES

#### Basis of Preparation

##### Statement of compliance

The financial statements are prepared under the historical cost convention. The format of the financial statements has been presented to comply with the Companies Act 2006, FRS102 *The Financial Reporting Standard applicable in the UK and Ireland* and the Statement of Recommended Practice *Accounting and Reporting by Charities* ("SORP 2019"). The Charity is a Public Benefit Entity as defined by FRS102.

##### General information

The Charity is a company limited by guarantee, incorporated in England and Wales (company number: 2801969) and a charity registered in England and Wales (charity number: 1029643). The Charity's registered office address is: Cockpit Yard, Northington Street, London, WC1N 2NP.

##### Going concern

The Trustees consider that there are no material uncertainties which would cast doubt on the Charity's ability to continue as a going concern. The Trustees have considered the continued impact of the COVID-19 virus on the going concern basis given the likely cash flow impact of operations 12 months from the date of signing this report.

##### Significant judgments and sources estimation uncertainty

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Charity's accounting policies. The key judgements that have been applied by management relate to the depreciation of fixed assets.

The following principal accounting policies have been applied:

##### Exemption from group accounts

The financial statements present information about the charity as an individual undertaking and not about its group. The charity has a wholly owned subsidiary, Cockpit Arts and Exhibitions Limited, which is dormant and has been since incorporation (note 17). It is not considered necessary to prepare group accounts as the results of the subsidiary are immaterial to the group.

##### Donations

Donations and gifts are included in the statement of financial activities when receivable. Gifts in kind are recognised at the charity's best estimate of the cost of acquiring this gift on the open market. Volunteer time is not included in the financial statements.

##### Fee income

Fee income represents licence fees charged to designer-makers for studio rental in Holborn and Deptford. This is recognised on an accruals basis. Services recharged to licencees comprise business support fees, metered electricity and office services such as photocopying and fax charges.

# COCKPIT ARTS

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 1. PRINCIPAL ACCOUNTING POLICIES (continued)

#### Grant income

Grants are recognised in full in the statement of financial activities in the year in which they are receivable.

Grants for the purchase of fixed assets are credited to restricted income when available. Depreciation of fixed assets purchased with such grants is charged against the restricted fund. Where a fixed asset is donated to the charity for its own use, it is treated in a similar way to a restricted grant.

Support costs comprise the costs of office administration and other central functions which enable the charity to carry out its educational activities.

#### Expenditure

Expenditure is recognised in the period in which it is incurred.

Expenditure is allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff costs, of the amount attributable to each activity.

	General Resources (note 4)	Support Costs
Fundraising	3%	4%
Marketing and events	6%	8%
Provision of workspaces	36%	46%
Business support programmes	33%	41%
Support costs	21%	-
Governance	1%	1%

Governance costs include compliance with constitutional and statutory requirements incurred by the charitable company.

Expenditure on raising funds relate to the costs incurred by the charitable company in raising funds for the charitable work.

# COCKPIT ARTS

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 1. PRINCIPAL ACCOUNTING POLICIES (continued)

#### **Fixed assets**

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

Freehold property (excluding land)	50 years straight line
Leasehold improvements	over period of lease
Office furniture and equipment	25% per annum straight line

Items of equipment are capitalised where the purchase price exceeds £5,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

#### **Financial instruments**

Basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable are accounted for on the following basis:

##### *Cash and cash equivalents*

Cash and cash equivalents includes cash in hand, deposits held at banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within current liabilities.

##### *Debtors and creditors*

Debtors and creditors are measured at the transaction price less any provision for impairment. Any losses arising from impairment are recognised as expenditure.

##### *Bank borrowings*

Liabilities for borrowings which are subject to a market rate of interest are measured at the value of the amount advanced, less capital repayments.

#### **Funds**

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund together with a fair allocation of management and support costs.

Unrestricted funds are donations and other income receivable or generated for the general objects of the charity.

# COCKPIT ARTS

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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### 1. PRINCIPAL ACCOUNTING POLICIES (continued)

#### **Operating leases**

Rentals payable under operating leases, where substantially all the risks and rewards of the ownership remain with the lessor, are charged to the statement of financial activities in the year in which they fall due.

#### **Pension**

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension cost charge represents contributions payable under the scheme by the charity to the fund. The charity has no liability under the scheme other than for the payment of those contributions.

#### **Employee benefits**

Short term benefits including holiday pay are recognised as an expense in the period in which the service is received.



# COCKPIT ARTS

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. GENERAL GRANTS	Restricted funds £	Unrestricted funds £	Total 2020 £	Total 2019 £
Creative Land Trust	35,995	-	35,995	-
Arts Council England	31,431	-	31,431	-
London Borough of Lewisham	-	25,000	25,000	-
	<u>67,426</u>	<u>25,000</u>	<u>92,426</u>	<u>-</u>
	<u><u>67,426</u></u>	<u><u>25,000</u></u>	<u><u>92,426</u></u>	<u><u>-</u></u>
3. PROVISION OF WORKSPACE	Restricted funds £	Unrestricted funds £	Total 2020 £	Total 2019 £
Licence fees	-	422,868	422,868	587,710
Services recharged to licencees	-	55,188	55,188	67,694
Other rental income	-	35,537	35,537	41,733
	<u>-</u>	<u>513,593</u>	<u>513,593</u>	<u>697,137</u>
	<u><u>-</u></u>	<u><u>513,593</u></u>	<u><u>513,593</u></u>	<u><u>697,137</u></u>
<i>Prior year comparative</i>				
	Restricted funds £	Unrestricted funds £	Total 2019 £	Total 2018 £
Licence fees	-	587,710	587,710	586,773
Services recharged to licencees	-	67,694	67,694	67,157
Other rental income	-	41,733	41,733	40,459
	<u>-</u>	<u>697,137</u>	<u>697,137</u>	<u>694,389</u>
	<u><u>-</u></u>	<u><u>697,137</u></u>	<u><u>697,137</u></u>	<u><u>694,389</u></u>

# COCKPIT ARTS

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 4. BUSINESS SUPPORT PROGRAMMES

	Restricted Funds £	Unrestricted Funds £	Total 2020 £	Total 2019 £
European Regional Development Fund (ERDF)	57,249	-	57,249	88,912
Clear Insurance Management Ltd	-	-	-	2,500
The Haberdashers' Company	10,000	-	10,000	10,000
John S Cohen Foundation	5,000	-	5,000	-
The Worshipful Company of Leathersellers	21,750	-	21,750	22,000
The Clothworkers' Foundation	-	-	-	30,000
Weston Jerwood Creative Bursaries	-	-	-	2,253
Jill Humphrey Springboard Prize	6,000	-	6,000	1,700
The Arts Society	3,000	-	3,000	6,000
Newby Trust	8,000	-	8,000	8,000
Sir William Boreman Trust	-	-	-	5,000
Worshipful Company of Basketmakers	8,000	-	8,000	4,000
Texselect	24,300	-	24,300	-
Worshipful Company of Feltmakers	-	-	-	5,000
Arts Council England	-	-	-	10,624
Worshipful Company of Turners	875	-	875	7,000
Worshipful company of Woolmen	-	-	-	1,000
Harriet's Trust	3,000	-	3,000	5,000
CAPITB Trust	4,000	-	4,000	-
SHA Trust	-	-	-	5,000
Worshipful Company of Curriers	-	1,000	1,000	-
Golonscott Foundation	-	500	500	1,000
Consultancy Income and Fees Charged	-	19,675	19,675	22,653
	<u>151,174</u>	<u>21,175</u>	<u>172,349</u>	<u>237,642</u>

# COCKPIT ARTS

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 4. BUSINESS SUPPORT PROGRAMMES (continued)

	Restricted Funds £	Unrestricted Funds £	Total 2019 £	Total 2018 £
<i>Prior year comparative</i>				
European Regional Development Fund (ERDF)	88,912	-	88,912	93,668
Clear Insurance Management Ltd	2,500	-	2,500	2,500
The Haberdashers' Company	10,000	-	10,000	10,000
John S Cohen Foundation	-	-	-	5,000
The Worshipful Company of Leathersellers	22,000	-	22,000	21,000
The Clothworkers' Foundation	30,000	-	30,000	-
Weston Jerwood Creative Bursaries	2,253	-	2,253	12,766
Jill Humphrey Springboard Prize	1,700	-	1,700	1,000
The Arts Society	6,000	-	6,000	3,000
Newby Trust	8,000	-	8,000	-
Sir William Boreman Trust	5,000	-	5,000	-
Worshipful Company of Basketmakers	4,000	-	4,000	-
Worshipful Company of Feltmakers	5,000	-	5,000	-
Arts Council England	1,190	9,434	10,624	5,000
Harriet's Trust	5,000	-	5,000	-
Radcliffe Trust	-	-	-	3,000
SHA Trust	5,000	-	5,000	5,000
Worshipful Company of Turners	7,000	-	7,000	-
Worshipful company of Woolmen	1,000	-	1,000	-
Golonscott Foundation	-	1,000	1,000	-
Consultancy Income and Fees Charged	-	22,653	22,653	865
	<u>204,555</u>	<u>33,087</u>	<u>237,642</u>	<u>162,799</u>

# COCKPIT ARTS

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

#### 5. TOTAL EXPENDITURE

	Fundraising expenses £	Marketing & events £	Provision of workspace £	Business support programmes £	Support £	Governance £	2020 Total £	2019 Total £
Staff costs (note 6)	12,402	24,804	148,826	136,424	86,815	4,134	413,405	406,405
Rent and rates	-	-	70,233	64,381	-	-	134,614	195,362
Repairs and maintenance	-	-	35,496	32,538	-	-	68,034	90,451
Utilities	-	-	19,501	17,875	-	-	37,376	34,939
Insurance	397	794	4,763	4,366	2,778	132	13,230	16,021
Bad debts	-	-	456	-	-	-	456	-
Depreciation	-	-	31,015	-	-	-	31,015	31,015
Legal and professional fees	557	1,113	6,679	6,123	3,897	186	18,555	6,245
Bank interest	-	-	409	-	-	-	409	1,390
Audit fees	-	-	-	-	-	11,000	11,000	9,600
Project expenses	-	18,996	5,140	32,120	-	-	56,256	74,735
General expenses	445	890	5,337	4,893	3,114	148	14,827	23,321
Office expenses – general	660	1,319	7,916	7,256	4,617	220	21,988	26,859
- Telephones	-	-	-	-	-	-	-	5,375
- Stationery	79	158	946	868	552	26	2,629	3,280
- Sundry admin	170	341	2,044	1,874	1,192	57	5,678	5,696
- Unreclaimable VAT	264	529	3,172	2,907	1,850	88	8,810	11,415
Carried forward	14,974	48,944	341,933	311,625	104,815	15,991	838,282	942,109

# COCKPIT ARTS

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

5. TOTAL EXPENDITURE (continued)	Fundraising expenses £	Marketing & events £	Provision of workspace £	Business support programmes £	Support £	Governance £	2020 Total £	2019 Total £
Brought forward	14,974	48,944	341,933	311,625	104,815	15,991	838,282	942,109
Split support costs	6,040	9,664	55,572	49,530	(104,815)	(15,991)	-	-
	<u>21,014</u>	<u>58,608</u>	<u>397,505</u>	<u>361,155</u>	<u>-</u>	<u>-</u>	<u>838,282</u>	<u>942,109</u>
Costs split	3%	6%	36%	33%	21%	1%	100%	100%
Support costs split	<u>5%</u>	<u>8%</u>	<u>46%</u>	<u>41%</u>	<u>-100%</u>	<u>-100%</u>	<u>-</u>	<u>-</u>

# COCKPIT ARTS

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

#### 5. TOTAL EXPENDITURE (continued)

*Prior year comparative*

	Fundraising expenses £	Marketing & events £	Provision of workspace £	Business support programmes £	Support £	Governance £	2019 Total £	2018 Total £
Staff costs (note 6)	12,192	24,384	146,306	134,114	85,345	4,064	406,405	382,916
Rent and rates	-	-	101,928	93,434	-	-	195,362	188,898
Repairs and maintenance	-	-	47,192	43,259	-	-	90,451	89,710
Utilities	-	-	18,229	16,710	-	-	34,939	38,903
Insurance	481	961	5,768	5,287	3,364	160	16,021	16,326
Bad debts	-	-	-	-	-	-	-	383
Depreciation	-	-	31,015	-	-	-	31,015	31,015
Legal and professional fees	187	375	2,249	2,061	1,311	62	6,245	42,186
Bank interest	-	-	1,390	-	-	-	1,390	2,057
Audit fees	-	-	-	-	-	9,600	9,600	8,900
Project expenses	-	32,184	4,003	38,548	-	-	74,735	93,253
General expenses	700	1,399	8,396	7,696	4,897	233	23,321	23,330
Office expenses – general	806	1,612	9,669	8,863	5,640	269	26,859	24,135
- Telephones	161	323	1,934	1,774	1,129	54	5,375	5,679
- Stationery	98	197	1,181	1,082	689	33	3,280	3,265
- Sundry admin	171	342	2,050	1,880	1,196	57	5,696	6,744
- Unreclaimable VAT	342	685	4,110	3,767	2,397	114	11,415	16,065
Carried forward	15,138	62,462	385,420	358,475	105,968	14,646	942,109	973,765

# COCKPIT ARTS

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 5. TOTAL EXPENDITURE (continued)

*Prior year comparative*

	Fundraising expenses £	Marketing & events £	Provision of workspace £	Business support programmes £	Support £	Governance £	2019 Total £	2018 Total £
Brought forward	15,138	62,462	385,420	358,475	105,968	14,646	942,109	973,765
Split support costs	6,031	9,649	55,482	49,452	(105,968)	(14,646)	-	-
	<u>21,169</u>	<u>72,111</u>	<u>440,902</u>	<u>407,927</u>	<u>-</u>	<u>-</u>	<u>942,109</u>	<u>973,765</u>
Costs split	3%	6%	36%	33%	21%	1%	100%	100%
Support costs split	<u>5%</u>	<u>8%</u>	<u>46%</u>	<u>41%</u>	<u>-100%</u>	<u>-100%</u>	<u>-</u>	<u>-</u>



# COCKPIT ARTS

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

6. NET INCOME/(EXPENDITURE)	2020 £	2019 £
<b>This is stated after charging:</b>		
Interest payable	409	1,390
Depreciation	31,015	31,015
Trustees' indemnity insurance	1,088	1,527
Trustees' remuneration	-	-
Trustees' reimbursed expenses	-	-
Auditors' remuneration:		
- audit	10,500	9,000
- additional work	500	600
Operating lease rentals:		
- property	167,000	167,000

7. STAFF COSTS AND NUMBERS	2020 £	2019 £
Staff costs were as follows:		
Salaries and wages	365,803	357,753
Employer national insurance	31,964	31,777
Pension contributions	13,820	11,782
Contract staff	1,818	5,091
	413,405	406,403

One employee earned more than £70,000 during the year (2019: £60,000).

	No.	No.
The average weekly number of employees during the year was as follows:		
Fundraising and publicity	1.2	1.3
Provision of workspace	2.2	2.1
Business support programmes	3.3	3.6
Support	2.2	2.1
Management and administration	.1	.1
(5 Full time, 7 Part time)	9.0	9.2

No trustee received remuneration during the year (2019: Nil). No expenses were reimbursed to Trustees in the year (2019: Nil).

The aggregate remuneration of the charity's key management personnel amounted to £193,555 (2019: £182,558).

# COCKPIT ARTS

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

#### 8. TAXATION

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

#### 9. TANGIBLE FIXED ASSETS

	Property £	Leasehold Improvements £	Office Equipment £	Total £
<b>Cost</b>				
At 30 September 2019 and at 30 September 2020	1,915,538	140,236	93,037	2,148,811
<b>Depreciation</b>				
At 30 September 2019	557,228	140,236	93,037	790,501
Charge for the year	31,015	-	-	31,015
At 30 September 2020	588,243	140,236	93,037	821,516
<b>Net Book Value</b>				
At 30 September 2020	1,327,295	-	-	1,327,295
At 30 September 2019	1,358,310	-	-	1,358,310

A loan with the NatWest Bank plc is secured on the freehold property (Note 11).

#### 10a. DEBTORS: amounts due within one year

	2020 £	2019 £
Due from licensees	5,977	14,423
Prepayments and accrued income	65,424	67,003
Cockpit Arts and Ingenious Business Growth Loan Fund	-	3,370
	71,401	84,796

#### 10b. DEBTORS: amounts due in over one year

	2020 £	2019 £
Cockpit Arts and Ingenious Business Growth Loan Fund	-	3,013

# COCKPIT ARTS

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

<b>11. CREDITORS: amounts due within one year</b>	<b>2020 £</b>	<b>2019 £</b>
Bank loans	8,252	42,497
Trade creditors	49,254	63,648
Taxation and social security	23,934	16,728
Accruals and deferred income	63,847	101,891
Deposits held on behalf of licensees	64,886	61,062
Other creditors	17,170	22,454
	<u>227,343</u>	<u>308,280</u>

#### DEFERRED INCOME

Movements on deferred income balances included within accruals and deferred income above:

Balance as at 1 October 2019	16,780	20,146
Released in the year	(16,780)	(20,146)
Amounts deferred in the year	12,907	16,780
	<u>12,907</u>	<u>16,780</u>
Balance as at 30 September 2020	<u>12,907</u>	<u>16,780</u>

<b>12. CREDITORS: amounts due after more than one year</b>	<b>2020 £</b>	<b>2019 £</b>
Bank loan	50,000	-
Other creditors	-	3,215
	<u>50,000</u>	<u>3,215</u>

The charity has a bank loan secured on the property at Deptford. Interest is charged at 1.25% over base rate and the loan is repayable in equal monthly instalments ending in November 2020. This amount is recognised as due within one year.

The charity also has a loan under the Bounce Back Loan scheme for £50,000. Interest is charged at 2.5% per annum with no interest charged for the first 12 months. Capital repayments are due to be made in 60 equal instalments commencing in October 2021.

# COCKPIT ARTS

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 12. CREDITORS: amounts due after more than one year (continued)

The loans are repayable as follows:

	2020 £	2019 £
Within 1 year	8,252	42,497
Between 2 – 5 years	40,000	-
More than 5 years	10,000	-
	<u>58,252</u>	<u>42,497</u>

### 13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted Funds £	Unrestricted Funds £	Total Fund £
Tangible fixed assets	928,100	399,195	1,327,295
Net current assets/(liabilities)	101,730	189,017	290,747
Creditors: amounts falling due after more than one year	-	(50,000)	(50,000)
	<u>1,029,830</u>	<u>538,212</u>	<u>1,568,042</u>

### 13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

*Prior year comparative:*

	Restricted Funds £	Unrestricted Funds £	Total Fund £
Tangible fixed assets	946,367	411,943	1,358,310
Net current assets/(liabilities)	76,269	70,274	146,543
Creditors: amounts falling due after more than one year	-	(3,215)	(3,215)
	<u>1,022,636</u>	<u>479,002</u>	<u>1,501,638</u>

# COCKPIT ARTS

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

14. MOVEMENT IN FUNDS	At the start of the year £	Income £	Expenditure £	At the end of the year £
<b>Restricted funds:</b>				
Deptford capital funds	946,367	-	(18,267)	928,100
General grants	-	67,426	(45,419)	22,007
Provision of workspace	-	-	-	-
Business support programme	76,269	151,174	(147,720)	79,723
<b>Total restricted funds</b>	<u>1,022,636</u>	<u>218,600</u>	<u>(211,406)</u>	<u>1,029,830</u>
<b>Unrestricted funds:</b>				
General funds	479,002	686,086	(626,876)	538,212
<b>Total funds</b>	<u><u>1,501,638</u></u>	<u><u>904,686</u></u>	<u><u>(838,282)</u></u>	<u><u>1,568,042</u></u>

#### *Prior year comparative*

14. MOVEMENT IN FUNDS	At the start of the year £	Income £	Expenditure £	At the end of the year £
<b>Restricted funds:</b>				
Deptford capital funds	964,634	-	(18,267)	946,367
Provision of workspace	-	-	-	-
Business support programme	66,009	204,555	(194,295)	76,269
Fundraising	793	-	(793)	-
<b>Total restricted funds</b>	<u>1,031,436</u>	<u>204,555</u>	<u>(213,355)</u>	<u>1,022,636</u>
<b>Unrestricted funds:</b>				
General funds	392,319	815,437	(728,754)	479,002
<b>Total funds</b>	<u><u>1,423,755</u></u>	<u><u>1,019,992</u></u>	<u><u>(942,109)</u></u>	<u><u>1,501,638</u></u>

# COCKPIT ARTS

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 30 SEPTEMBER 2020

#### Purposes of restricted funds

Deptford capital fund	Net book value of the Deptford property funded by grants from London Development Agency (LDA) Cluster Fund, London Borough of Lewisham and SRB Silwood. Depreciation will be charged to this fund over 50 years.
General grants	Funding received towards the running costs of Cockpit Arts during the COVID-19 pandemic.
Business support programme	Funding received towards the running costs of the business support programmes.

The comparative breakdown of funds and movement on funds for the prior year can be found in the prior year financial statements which have been filed at the Charity commission and are available at:

[http://apps.charitycomission.gov.uk/Accounts/Ends43/0001029643\\_AC\\_20160930\\_E\\_C.pdf](http://apps.charitycomission.gov.uk/Accounts/Ends43/0001029643_AC_20160930_E_C.pdf)

#### 15. OPERATING LEASE COMMITMENTS

	2020 £	2019 £
The charity has future lease payments at the year end under operating leases for each of the following periods:		
Less than one year	41,750	167,000
1 – 5 years	-	41,750
	<u>41,750</u>	<u>208,750</u>

The charity had a commitment under its current lease up to the date of expiry at 24 December 2020.

#### 16. RELATED PARTY TRANSACTIONS

During the year Cockpit Arts had no related party transactions.

#### 17. SUBSIDIARY COMPANY

Cockpit Arts has a wholly owned trading subsidiary, Cockpit Arts & Exhibitions Limited, company number 0341833. It has no assets other than its £2 share capital. The company is dormant and has not traded in 2020 or 2019. The registered office of the company is Cockpit Yard, Northington Street, London WC1N 2NP

Jill Humphrey became the sole director of this subsidiary company during the year. There were no inter-company transactions in 2020 or 2019.

# COCKPIT ARTS

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 18. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITY

	Notes	Restricted funds £	Unrestricted Funds £	Total 2019 £	Total 2018 £
<b>Income and Expenditure</b>					
<b>Income from:</b>					
<b>Donations</b>					
Fundraising		-	19,858	19,858	23,298
Marketing and events		-	64,276	64,276	79,278
<b>Charitable activities</b>					
Provision of workspace	2	-	697,137	697,137	694,389
Business support programmes	3	204,555	33,087	237,642	162,799
<b>Investment income</b>					
		-	1,079	1,079	711
<b>Total income</b>		<u>204,555</u>	<u>815,437</u>	<u>1,019,992</u>	<u>960,475</u>
<b>Expenditure on:</b>					
<b>Raising funds</b>					
Fundraising		793	20,376	21,169	21,791
Marketing and events		-	72,111	72,111	63,809
<b>Charitable activities</b>					
Provision of workspace		18,267	422,635	440,902	450,375
Business support programmes		194,295	213,632	407,927	437,790
<b>Total expenditure</b>	4	<u>213,355</u>	<u>728,754</u>	<u>942,109</u>	<u>973,765</u>
<b>Net income/(expenditure) and movement in funds</b>		<u>(8,800)</u>	<u>86,683</u>	<u>77,883</u>	<u>(13,290)</u>
<b>Reconciliation of funds</b>					
Total funds brought forward		<u>1,031,436</u>	<u>392,319</u>	<u>1,423,755</u>	<u>1,437,045</u>
<b>Total funds carried forward</b>		<u><u>1,022,636</u></u>	<u><u>479,002</u></u>	<u><u>1,501,638</u></u>	<u><u>1,423,755</u></u>