



REPORT OF THE TRUSTEES
AND FINANCIAL STATEMENTS FOR
PERIOD ENDED 31 MARCH 2022

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REFERENCE AND ADMINISTRATIVE INFORMATION
FOR THE PERIOD ENDED 31 MARCH 2022

Status	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.	
Governing document	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 amended by special resolutions on 3 April 2019, on 16 Sep 2021 and on 22 Apr 2022.	
Company number	2801969	
Charity number	1029643	
Registered office and operational addresses	Cockpit Yard Northington Street London WC1N 2NP	18-22 Creekside Deptford London SE8 3DZ
Trustees	Davina Mallinckrodt, (Chair. Appointed April 2021) Pablo Lloyd (Deputy Chair) Bill Amberg Nishita Dewan Samuel Fry Lee Gage (Appointed September 2021) Patricia Godfrey Clarissa Hulse Jill Humphrey (Deputy Chair. Resigned November 2020) Jane Kuria-Ronaldson (Resigned November 2020) Cornelius Medvei (Chair. Resigned March 2021) David Moore Mehul Nathwani Ben O'Neill Sarah Samuel Alistair Scott	
Key management personnel	Annie Warburton, Chief Executive David Crump, Head of Business Incubation Hugo Godfrey, Financial Controller Sandie Mattioli, Head of Development Fabienne O'Neill, Head of Operations	
Bank	NatWest Bank Plc PO Box 159, 332 High Holborn, London WC1V 7PS	
Solicitors	Russell Cooke 2 Putney Hill, London SW15 6AB.	
Auditors	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG	



TRUSTEES' REPORT FOR THE PERIOD ENDED 31 MARCH 2022

COCKPIT TRUSTEES' REPORT 1 October 2020 - 31 March 2022

ABOUT COCKPIT

Cockpit is London's leading centre for contemporary craft. Bridging the gap between talent and opportunity, we empower makers to succeed creatively and commercially.

Established in 1986, we are the UK's largest, most diverse cluster of makers and the country's only craft business incubator, recognised on the NatWest SE100 index 2022 of top-performing social enterprises.

Home to 160 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, run community outreach programmes, and offer bespoke tours for schools, colleges and special interest groups.

As a social enterprise, we typically 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.



TRUSTEES' REPORT FOR THE PERIOD ENDED 31 MARCH 2022

OBJECTIVES AND ACTIVITIES

Aims

In accordance with our charitable objects, Cockpit's 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.

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 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 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.



TRUSTEES' REPORT FOR THE PERIOD ENDED 31 MARCH 2022

Activities October 2020 – March 2022

In 2021, Cockpit changed its financial year end from 30th September to 31st March. This report, therefore, covers the 18-month period October 2020 to March 2021.

Overview

The first 12 months of this financial period were dominated by the Coronavirus pandemic and consequent lockdowns. Like all charities, Cockpit's activities were affected. Nonetheless, Cockpit maintained delivery to its beneficiaries and made significant progress on strategic goals during the 18-month period.

We actively sustained 150 makers through the pandemic and ended the period with increased beneficiary numbers, a growth in demand for our services, bigger public audiences, and improvement in reserves. In September 2021, we secured £2.3m capital funding to improve and extend our Deptford studios.

The period saw us invest in organisational development, including updated Articles of Association, an overhaul of all company policies and procedures, improved governance and a new board committee structure, new website and visual identity, upgraded digital infrastructure, expanded community and youth outreach programmes, and new national and international partnerships to reach more, and more diverse, beneficiaries.

We renewed our active commitments to equity, diversity and inclusion and to environmental sustainability as underpinning themes running through all aspects of our work.

We said farewell to Cornelius Medvei, who served as Chair for nine years. We are grateful for his service and contribution. We welcomed Davina Mallinckrodt as our new Chair of Trustees in April 2021.

Maker Support

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.

During the year, we supported 48 practitioners with 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.

Adhering to Government and NHS guidance, we kept studios open throughout the pandemic, providing a vital resource enabling makers to keep their practices going.

We welcomed 31 new studio holders during the 18-months, and demand for studio space continued to grow rapidly. Over the 18-months, we received 367 applications. When adjusted for comparison purposes, this represents a 25% increase on applications in the previous period, and a 47% increase on the average for the previous five years. High levels of demand have reinforced our commitment to developing a strategy to expand our studio provision at both sites.

"This award has allowed for me to continue my passion in glass making after University, and to give me the inspiration and space to make it a full time pursuit. I am now on my way to setting up a business, having a website, and hopefully will soon be making new products to sell to the public, shops and galleries. It is a very exciting position to be in!" Lulu Harrison, glassmaker



TRUSTEES' REPORT FOR THE PERIOD ENDED 31 MARCH 2022

Business Support Delivery

During the 12 months to March 2022, our business incubation team delivered 2,838 hours of business support, an increase of 63% in contact hours from the previous year (which was suppressed due to lockdowns and furlough). We delivered 109 workshops to 227 makers, and 456 one-to-one coaching sessions to 206 makers.

In addition to our standard programmes, workshop topics focused on resilience, accessing emergency finance, and building digital marketing, communications and sales skills. This support was vital in supporting makers to respond as positively as possible to the circumstances of the pandemic.

The move to digital delivery positively influenced the way we work with makers, making the best of a blended model of online and in-person support. It also led directly to us creating new partnerships with QEST and the Basketmakers' Association to support makers beyond our studios.

An extension of the ERDF-funded London Creative Network programme was confirmed to December 2021. This enabled Cockpit to reach more external makers, and we received a record number of applications received in this round.

"I have had the most amazing two years on the Clothworkers' Award and it has enabled me to explore my craft further and realise what area I want to specialise in. I would not be where I am without the award and will forever sing its praises. It has been a space for exploration, development and growth." Millie Thomas, weaver

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.

"The boys really seemed to enjoy it and hopefully it has opened up a new world of creative careers for them. As a day it was really great fun and it introduced the pupils and myself to some crafts we had never seen or even thought about before. When speaking to the pupils back at school they seemed to be really positive about the whole day and a few of them said they wouldn't mind making stuff for a job, which I can only take as a positive."
Finbarr Cotter-Boston, London Nautical School

Applications for our youth programme, *Make It*, targeted at makers aged 25 or under who are currently unemployed or underemployed, were more than double the previous year: we received 48 applications for three places in 2021.

We were the national lead for craft for *Digital Discover* week 2021, during National Careers Week, and continued digital careers events throughout the year. In autumn 2021, once restrictions were lifted, we hosted a series of in-person schools careers days at both sites. We also developed new partnerships with Creative Futures, Lewisham, and Speakers for Schools, and our Projects Coordinator continued her work as a schools Enterprise Advisor.



TRUSTEES' REPORT FOR THE PERIOD ENDED 31 MARCH 2022

"Thank you for welcoming us so generously to Cockpit. Our young people really enjoyed the day and many were asking when are we doing it again."

"We learned a lot about career paths in the Creative Industries, about being entrepreneurial, skills and enjoying work. The work we saw in the studios, the discussions with the makers and their willingness to engage with our students were very inspiring."

"Our young people loved the hands-on workshop and I can already see the impact it had on their confidence and our relationships. Lots of 'thank you for taking us' and 'I am so proud of myself'!"

"When we got back to school, we went to their D&T teacher (who sadly had not been able to come with us) to show what they had made and tell her about the day. The excitement and pride was palpable!"

"This type of activity is really beneficial to young people when figuring out what they want from their educational and professional future, even more so when students come from socio-economic backgrounds where they do not necessarily have the exposure and confidence to pursue a creative career."

"I hope that we can work together again soon and come back to Cockpit in the near future as well as invite you and some makers to visit us." Celine Nembhard, Deptford Green School

Public Events

During the winter 2020 lockdown we ran a digital alternative to our usual Open Studios event, featuring 121 makers and 16 ticketed online events. 29% of makers reported that sales during the event exceeded expectations.

Our Summer Festival and Open Studios events in June 2021 were our first in-person public events in 18-months. We achieved our highest visitor numbers in eight years at Deptford, and highest numbers in five years at Bloomsbury. Although visitor numbers at Winter Open Studios 2021 were 18% lower than in 2019, makers reported healthier than usual sales.

We continued our online talks and events programmes. Social media audiences over the period grew by 17% and website visitors increased by 16%.

Partnerships, Policy, International Programmes and Consultancy

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

In Deptford, Cockpit was confirmed a partner in *We Are Lewisham* - London Borough of Culture 2022, delivering careers programmes and a mass-participation creative project. In Bloomsbury, we established a partnership with Central Saint Martins to co-produce a week-long symposium on craft's responsibilities in relation to social justice and the climate emergency. Central Saint Martins is a constitutive college of the University of London (UAL) and we also sponsored UAL's Creative Enterprise Awards for the fourth successive year.

As a member of the British Council DICE supplier framework we secured a contract to deliver business and social enterprise support to 200 women entrepreneurs in Pakistan.



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For the Department for Education, Cockpit's CEO chaired the industry expert panel developing the new T-Level (Technical Level) post-GCSE qualification in Craft and Design. Outline content for the qualification was approved in March 2021, ready for the T-Level to be delivered from 2023.

We continued our contribution to sector-wide bodies, including Craft UK, Creative UK (where we are a Council member, representing craft), the Policy and Evidence Centre for the Creative Industries, the Kings Cross Knowledge Quarter, and Social Enterprise UK.

Organisational Development

Funding from the Weston Culture Fund facilitated a digital transformation at Cockpit, providing much-needed investment in our digital infrastructure. This facilitated an upgrade to the speed and reliability of WiFi broadband at both studio sites and new audio-visual rooms at both sites for makers to photograph, film and record their work.

The Weston Culture Fund also enabled us to design and build a new website to improve our reach and offer to digital audiences and improve how we profile our studio-holders. The website was launched, along with a refreshed brand identity, in January 2022.

Following a successful pilot, in January 2022 we recruited a Head of Operations to support organisational development and the Deptford capital project. We invested in a new CRM (customer relationship management) system and have undertaken a full overhaul of all our company policies and procedures, including staff handbooks, Health and Safety, Cyber Security, HR, Data Protection, Environmental, and Equity, Diversity and Inclusion policies.

Property

Bloomsbury

In spring 2020, we began negotiations with London Borough of Camden on our lease at Cockpit Yard. In December 2020 we signed a Tenancy at Will Agreement with London Borough of Camden. We are currently negotiating a new lease with Camden.

Deptford

With expansion and refurbishment of our Deptford studios a long-term strategic goal, we revised our capital programme plans and successfully bid for £2.35m funding from Stride, the Greater London Authority and London Borough of Lewisham to invest in the transformation of Cockpit Deptford.

Our vision is to become a thriving hub for craft in the heart of the Creative Enterprise Zone by increasing affordable artist studio provision to support more makers, improving access to open to the public year-round, and providing a space for a rich community programme of workshops, events, and learning. Designed by Cooke Fawcett Architects and managed by New Stages Ltd., the project commenced in September 2021 and is on track to complete in September 2023.

Our Deptford Studios were accredited in the first wave of the Mayor of London's Workspace Accreditation scheme.



TRUSTEES' REPORT FOR THE PERIOD ENDED 31 MARCH 2022

PERFORMANCE AND IMPACT

The impact of our work saw us recognised for the fourth consecutive year as one of the 100 top-performing UK social enterprises, listed on the NatWest SE100 Index 2022.

We were finalists in two categories at the UK Social Enterprise Awards 2021: We were shortlisted for the Prove It: Social Impact Award, and our CEO was a finalist for the Women in Social Enterprise Award.

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.

We complement this quantitative data with qualitative analysis and beneficiary case studies, including detailed six- and 12-monthly reports on Awardees and Bursary-holders, disseminated to funders.

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 160 independent creative businesses. Of those, 19% are on sponsored places, supported by Awards and Bursaries providing studio space, business coaching and, in some cases, equipment for one to three years. Makers at Cockpit practice 22 different craft disciplines, with concentrations currently in jewellery (32%), textiles (23%) and ceramics (11%).

"Without this platform, my voice and presence as a maker would have been diminished - it helped to jumpstart my practice onto a national stage." Fadhel Mourali, weaver

The Cockpit Effect reports on our annual impact. In the 2022 report, analysis shows that total annual sales for Cockpit makers was £7.2million, a social and financial return on investment of £7 for every £1 spent by Cockpit. Makers' turnover increased by 2% year-on-year and average profits were up by 21%, with a total Gross Value Added (GVA) of £3.36m.

With our support, our makers stepped up their digital reach: 71% of Cockpit makers now sell online, and these sales contribute 31% of those makers' turnover. Exports remain robust, despite the challenges to exporting ensuing from Britain's exit from the European Union: 56% of Cockpit businesses exported during the year, up from 46% in the previous year, and back to pre-Covid levels. Top export regions remain Europe (a market for 84% of exporting makers) and North America (68% of exporting makers).

As was the case during the first phase of the pandemic, 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. Throughout, the sense of community at Cockpit was strong and never more important.

However, whilst Cockpit makers continued to prove themselves to be resilient, adaptable, and determined during the successive waves of lockdowns, many faced severe loss of income, with a large proportion falling through the gaps in Government support. The mean loss of trade reported by makers in November 2020 was 63% of pre-pandemic levels, and the median was 70% of pre-pandemic levels.

To support makers, we continued to offer reductions on licence fees from October 2020 to September 2021. Reductions were set at 40% in October 2020, tapering to 20% from December 2020 onwards. Reductions



TRUSTEES' REPORT FOR THE PERIOD ENDED 31 MARCH 2022

applied to all makers in the first quarter and then were granted by application only. More than half of studio holders (57%, 85 makers in total) requested and received reduced licence fees.

Diversity, Equity and Inclusion

With active policies in place to overcome barriers to participation, Cockpit's community is diverse, compared to the wider craft sector: 23% of Cockpit makers are from a Global Majority background, compared to 4% in craft as a whole (Crafts Council, 2016).

During 2020-22, Cockpit redoubled its existing commitment to Diversity, Equity and Inclusion (DEI) and developed a DEI policy and action plan with the following aims:

- Open up access to starting a successful professional career in craft to everyone with talent
- Actively address structural barriers, including systemic racism, inequality of access to education and training, and socio-economic barriers
- Promote and celebrate the diversity of the community of makers at Cockpit
- Continually deepen our learning and evolve our understanding of diversity and inclusion
- Build a more diverse, inclusive and cohesive community: makers, team, Trustees, partners

The plan addresses all protected characteristics, with a focus on race, disability and socio-economic background. The plan is comprehensive, with objectives covering all areas of our activities: awards and applications, communications, buildings, training, outreach, HR, and governance. Every member of staff has a DEI objective in their annual workplan

Whilst all Cockpit Awards and Bursaries are targeted at removing barriers to starting up in practice, in 2020-22, we established a major, three-year Award In partnership with The New Craftsmen, specifically aimed at individuals from backgrounds currently underrepresented in craft.

Diversity, Equity and Inclusion work is led by the CEO and is overseen by the People Committee of the Board of Trustees. As with all our activities and governance, we review and are guided by the Charity Governance Code.

Environment

In the lead-up to the UK hosting the UN climate change conference, COP26, in Glasgow in November 2021, Cockpit researched and published a report into the actions that makers are taking in response to the climate emergency. The research was undertaken by our staff Climate Champion, with pro bono support from a sustainability consultant at PA Consulting, overseen by Trustee Sarah Samuel.

Drawing on the recommendations of this report, the charity drew up a refreshed environmental strategy and action plan with the following overarching aims to:

1. Reach net zero emissions from all our operations by 2030
2. Maximise the energy efficiency of our buildings
3. Minimise the generation of waste and maximise reuse and recycling
4. Provide training and knowledge exchange for makers on environmental responsibility
5. Be a voice and champion for craft's contribution to environmental responsibility

Detailed objectives to deliver these aims have been set in the following areas: buildings, operations, training, behaviour, procurement, advocacy. Progress against these objectives will be monitored annually.

For the past three years, all staff have completed an annual carbon footprint calculator, and this is now being extended to the community of makers.



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Financial Resilience and Fundraising Performance

Through careful financial management, cost control and strong fundraising performance, we steered a steady course through the pandemic and beyond, maintaining the charity's resilience 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 response schemes for which we were eligible.

We accessed the Coronavirus Job Retention Scheme, operating flexible furlough between October 2020 and March 2021, balancing financial sustainability with delivery of artist support and public programmes. We also secured Covid-response support from the Weston Culture Fund, London Borough of Lewisham, and Cultural Recovery Fund.

Revenue fundraising was robust throughout the period. A refreshed Patrons scheme resulted in a gentle uptick in donations but, as in previous years, our strongest fundraising stream was through trusts and foundations.

Fundraising and furlough enabled us to retain all jobs whilst continuing to support studio-holders through substantial reductions in licence fees between October 2020 and September 2021.

In previous years, earned and traded income has contributed 80% of total turnover and has been reinvested back into our workspace provision, business support and employment programmes. During the pandemic, income generated from marketing and events (venue hire, exhibition fees, and private tours) disappeared, we reduced studio fees and increased fundraising. As a result, during this financial period, the proportion of earned income was 69% of total income and fundraising income rose to 31% of total income. However, in the final six months of the period, October 2021 to March 2022, we re-established our usual 80:20 ratio of earned and fundraised income.

In addition to emergency response funding, we are 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. In total, funding received for Awards and Bursaries enabled us to support 48 makers during the 18 months, of which 26 were makers who joined Cockpit during this financial period.

Taking in both regular and emergency funding, we achieved 128% of the fundraising target set at the beginning of the period. Implementing a fundraising strategy focused on long-term and multi-year funding to ensure resilience, by March 2022, we had secured 48% of our target for 2022-3.

In February 2021 we resumed our capital fundraising campaign to secure investment to remodel, expand and improve our Deptford site. In September 2021, £2.35m capital funds were confirmed from Stride, the Mayor of London and London Borough of Lewisham to deliver the project.



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FUTURE PLANS

Our three priorities for 2022-3 are: Growing Spaces, Growing Communities and Growing Audiences.

Growing Spaces: Expand and improve our two studio buildings to accommodate more makers and support their growth.

Growing Communities: Extend our community and youth programmes to reach more, and more diverse, people. Enrich our offer to makers and cultivate a strong maker community at Cockpit and beyond our studios.

Growing Audiences: Grow and diversify digital audiences, increase visitor numbers to our events, and build Cockpit's profile as a leading national centre for contemporary craft.

We will deliver these in 2022-23 through the following actions:

1. Craft a long-range strategic plan

We will design 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.

2. Empower more makers

We will continue to build new partnerships and consultancy to extend our services to a wider range of makers, in and beyond Cockpit. We will develop our digital offer, reaching makers in the UK and globally with our business and professional development offer.

We will sustain our Awards and Bursaries programme, continuing to support 20% of our makers with highly-subsidised studios. We will attract makers working in wider range of practices, including collectible craft, experimental work, sustainable practices, and socially engaged practices.

3. Encourage future makers

We will step up the growth of our careers and young people's programmes to open routes into craft careers through *Make It*, our programme for makers aged under 26 starting up in business.

We will continue to host immersive careers events for local school students, contributing to the national *Discover Creative Careers* programme and national Careers Week.

4. Build public audiences

Building on our 2021 digital transformation, we will grow our audiences and bring contemporary craft to more people through a rich programme of in-person events, talks, publications, exhibitions. We will create new cultural, education and commercial partnerships and consolidate our position as a leading voice for contemporary craft, to reach new audiences and generate opportunities for makers.

We will develop an expanded community outreach programme and deliver a mass participation project as a key partner in *We Are Lewisham*, London Borough of Culture 2022.

5. Measure and communicate impact

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



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6. Invest in organisational development

We will build on the organisational development programme that we initiated in 2020, by continuing to invest in operational improvements, staff development and Board development to sustain an ambitious, healthy, happy, motivated, and well-functioning organisation.

7. Secure long-term resilience

We will continue delivery of our Deptford capital development project, securing all funds, completing a new studio block, and beginning the build of indoor and outdoor community and public spaces to open in September 2023. In Bloomsbury, we will negotiate a new, long-term lease with London Borough of Camden. We will implement a long-term fundraising and revenue generation strategy, diversifying our funding base to further strengthen Cockpit's resilience and our ability to deliver our social and cultural mission

LEGAL STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

Cockpit 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.

The Board approved revised Articles of Association, brought up to date with current legislation, in September 2021 and April 2022.

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 31 March 2022 was 13 (2020: 14). 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. As a result, the trading arm has not been consolidated in these financial statements.

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 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.

Cornelius Medvei stepped down as Chair of Trustees in April 2021, having served for nine years. In response to a open recruitment campaign in summer 2020, we shortlisted seven applicants to join the Board as our new Chair. Following two rounds of interviews with the Nominations Committee, Davina Mallinckrodt was appointed Chair Designate in November 2021 and assumed the Chair in April 2021.



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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 guidance. New Trustees meet with staff to understand their roles in the organisation and are invited to attend Cockpit events. All Trustees take part in an annual Away Day as well as quarterly Board meetings. Opportunities for Trustee training are provided, including this year training on Diversity, Equity and Inclusion, and a full governance briefing and update from Russell-Cooke solicitors.

Management and decision-making

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

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 the Audit & Risk Committee (quarterly), Development Committee (quarterly), Finance and Business Committee (quarterly), People Committee (three times a year) and Property Committee (monthly). 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's 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 to an annual inflationary review, with any additional pay increase dependent on change of role scope or responsibility. Recommendations on remuneration made by the Finance & Business Committee are subject to approval by the full Board of Trustees.

We are an accredited London Living Wage Employer.

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 (capital and revenue) 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.

Fundraising performance has been strong over the current period, drawing on expertise in the senior executive team and building on strong track record of successfully delivering programmes to meet funders' objectives. To mitigate the risk of any potential fundraising shortfall in the future, the charity has successfully diversified earned



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and traded income, implemented a new fundraising strategy, and actively cultivated new funding sources. The charity has invested in additional fundraising resource to raise the final 20% of capital funds for the Deptford project, and this 20% is underwritten by a mortgage loan of £750,000 from NatWest Bank. This was subject to rigorous affordability tests before approval.

Cockpit is registered with the Fundraising Regulator and abides by the Regulator's Code of Fundraising Practice. Fundraising is carried out by the CEO and the Head of Development. Cockpit does not employ an external professional fundraiser. The charity received no complaints during the year about fundraising activity.

The charity is in regular communication with property officers at Camden Council to negotiate an affordable, longer-term lease on our Bloomsbury premises, with increased space to meet growing demand for studios.

The charity has reassessed cyber security risks in response to heightened cyber threats globally. All staff have received cyber security training and have quarterly refreshers, and additional security measures and two factor authentication have been implemented. The charity is protected by cyber insurance.

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 on the charity and its beneficiaries. The principal risks have related to health and finances, and have been managed as follows.

The charity continued to apply additional hygiene measures to reduce the risk of coronavirus transmission. As Government and NHS guidance has evolved, Cockpit has regularly reviewed its practice and updated guidance to staff, studio-holders and visitors accordingly.

From October 2020, the charity continued its careful approach to managing the financial impact of the pandemic, which had been introduced in the previous period: Rigorous cost control; part-time furloughing of staff (on full pay); accessing all Government and other support schemes for which we were eligible; and implementing an active fundraising strategy.

Prudent financial management and fundraising through the crisis enabled Cockpit to continue to extend support to its beneficiaries from October 2020 to September 2021 (in the form of licence fee reductions) whilst preserving the charity's long-term financial sustainability.



TRUSTEES' REPORT FOR THE PERIOD ENDED 31 MARCH 2022

FINANCIAL REVIEW

Income

Total income for the 18-month period 1 October 2020 to 31 March 2022 was £1,904,444, compared with £904,686 in the 12-month period 2019/20. The figure for 2022 includes £133,738 in capital funds.

During the period, £115,879 was received from the European Regional Development Fund for the London Creative Network Programme. Managed by SPACE, with Cockpit, 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. A third, phase of the programme began in July 2020 and concluded in March 2022.

We received income from the Department for Education to contribute towards time spent chairing the industry panel developing the T-Level in Craft and Design and from British Council to deliver the DICE Women's Fellowship. Cockpit was jointly commissioned by the Basketmakers Association and Worshipful Company of Basketmakers to develop and deliver a bespoke programme for their members, and was commissioned by QEST (the Queen Elizabeth Scholarship Trust) to deliver professional and business development programmes for QEST Scholars.

Reflecting high occupancy at both sites, licence fee income for the period remained buoyant, despite the Covid reductions we offered between 1 October 2020 and 30 September 2021. Income from venue hire, tours, and open studios events was lower than previous periods due to the restrictions of lockdowns and social distancing.

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 CAPITB Trust, Harriet's Trust, Newby Trust, SHA Trust, The Arts Society, The Arts Society GLA, The Clothworkers' Company, The Drapers Charitable Fund, The Haberdashers' Company, The Worshipful Company of Basketmakers, The Worshipful Company of Curriers, The Worshipful Company of Leathersellers, and The Worshipful Company of Turners for their continued support of Awards and Bursaries for individual craftspeople in specific craft disciplines.

We were grateful to receive Covid emergency funding from the Weston Culture Fund, London Borough of Lewisham, and the Cultural Recovery Fund, managed by Arts Council England. These grants enabled us to extend further support to our makers during the period, produce new cultural events for the public, and to undertake urgent investment in our digital infrastructure to enable our makers to reach new audiences.

During the year, we received support for new specialist Awards for craftspeople from The Radcliffe Trust, The Worshipful Company of Glass Sellers, The Worshipful Company of Needlemakers and The Worshipful Company of Tin Plate Workers, and The New Craftsmen co-created and funded a new multi-year award aimed specifically at overcoming underrepresentation of in contemporary craft of makers from Global Majority backgrounds. 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. We thank Marsh Charitable Trust for their contribution towards core costs.

We are grateful to our corporate sponsors for their support: Clear Insurance Management Ltd, for their continued support of the annual Cockpit Clear Bursary; Shalini Misra for support for Cockpit's Make It Count creative business programme; Briffa for generous in-kind support; Deutsche Bank and Waitrose.



**TRUSTEES' REPORT
FOR THE PERIOD ENDED 31 MARCH 2022**

We are also grateful to our many individual donors – our Patrons, Champions and Friends - who donated funds in support of our work. Donations from individual donors, including donations made at Open Studios, totalled £10,672.

In September 2021, Cockpit received confirmation of funding of £2,350,000 towards remodelling and expansion of its Deptford site from Stride, the Mayor of London's Good Growth Fund, and London Borough of Lewisham. We are grateful to these partners for their belief in, and backing of, our vision to create an enhanced centre of excellence for craft and making in Deptford.

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

Expenditure

Total expenditure in the 18-month period was £1,634,972 compared with 2019/2020 expenditure of £838,282. Funds spent on business support programmes in the 18-month period were £662,397, compared with £361,155 in the previous year.

Movement in funds

Net income was £269,472 for the period ended 31 March 2022. There is a surplus for the year on unrestricted funds of £91,471.

RESERVES POLICY

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

Free reserves at 31 March 2022 are £249,611 and three months of unrestricted expenditure at 31 March 2022 is £178,079.

At 31st March 2022, the charity held the following reserves:

General unrestricted funds	629,683
Restricted funds	1,207,831
	<hr/>
	1,837,514
	<hr/> <hr/>



TRUSTEES' REPORT FOR THE PERIOD ENDED 31 MARCH 2022

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees who served during the period were:

Davina Mallinckrodt, (Chair. Appointed April 2021)
Pablo Lloyd (Deputy Chair)
Bill Amberg
Nishita Dewan
Samuel Fry
Lee Gage (Appointed September 2021)
Patricia Godfrey
Clarissa Hulse
Jill Humphrey (Deputy Chair. Resigned November 2020)
Jane Kuria-Ronaldson (Resigned November 2020)
Cornelius Medvei (Chair. Resigned March 2021)
David Moore
Mehul Nathwani
Ben O'Neill
Sarah Samuel
Alistair Scott

The trustees, who are also directors of Cockpit 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.



TRUSTEES' REPORT
FOR THE PERIOD ENDED 31 MARCH 2022

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 28 September 2022 and signed on their behalf by:

Davina Mallinckrodt

Davina Mallinckrodt, Chair of Trustees



INDEPENDENT AUDITOR'S REPORT FOR THE PERIOD ENDED 31 MARCH 2022

Independent auditor's report to the members of Cockpit Arts

Opinion

We have audited the financial statements of Cockpit Arts for the period ended 31 March 2022 which comprise the Statement of Financial Activities, The Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, 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 31 March 2022 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.

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' 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' Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.



INDEPENDENT AUDITOR'S REPORT FOR THE PERIOD ENDED 31 MARCH 2022

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' 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 returns adequate for our audit have not been received from branches not visited by us; 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.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement [set out on page 17-18], 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.

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:

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to non-compliance with the Charities Act, Companies Act and Health and Safety legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Charities Act 2011, payroll tax and sales tax.

INDEPENDENT AUDITOR'S REPORT FOR THE PERIOD ENDED 31 MARCH 2022

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to recognising income in the incorrect financial period. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Substantive test of detail on income transactions and review of income transactions around the financial year end; and
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions.

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

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

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)
For and on behalf of Haysmacintyre LLP, Statutory Auditor

30 September 2022

10 Queen Street Place
London
EC4R 1AG



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

FOR THE PERIOD ENDED 31 MARCH 2022

		18 Months to 31 March 2022			12 Months to 30 September 2020
	Notes	Restricted funds £	Unrestricted Funds £	Total 2022 £	Total 2020 £
Income and Expenditure					
Income from:					
<i>Donations</i>					
Fundraising		-	40,514	40,514	18,425
Marketing and events		-	39,437	39,437	39,455
General grants	2	295,667	8,000	303,667	92,426
Government grants		-	22,284	22,284	67,853
<i>Charitable activities</i>					
Provision of workspace	3	-	1,015,823	1,015,823	513,593
Business support programmes	4	295,590	53,303	348,893	172,349
Capital project		133,738	-	133,738	-
<i>Investment income</i>		-	88	88	585
Total income		724,995	1,179,449	1,904,444	904,686
Expenditure on:					
<i>Raising funds</i>					
Fundraising		-	33,039	33,039	21,014
Marketing and events		25,689	92,538	118,227	58,608
<i>Charitable activities</i>					
Provision of workspace		269,386	551,923	821,309	397,505
Business support programmes		251,919	410,978	662,397	361,155
Total expenditure	5	546,994	1,087,978	1,634,972	838,282
Net income/(expenditure) and movement in funds		178,001	91,471	269,472	66,404
Reconciliation of funds					
Total funds brought forward		1,029,830	538,212	1,568,042	1,501,638
Total funds carried forward		1,207,831	629,683	1,837,514	1,568,042

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 2020 are shown in note 19.

COCKPIT

BALANCE SHEET

AT 31 MARCH 2022

Registered company number: 02801969

	Notes	2022 £	2020 £
FIXED ASSETS	9	1,414,501	1,327,295
CURRENT ASSETS			
Debtors	10	215,498	71,401
Cash at bank and in hand		510,439	446,689
		725,937	518,090
Creditors: amounts falling due within one year	11	(260,563)	(227,343)
NET CURRENT ASSETS		465,374	290,747
TOTAL ASSETS LESS CURRENT LIABILITIES		1,879,875	1,618,042
Creditors: amounts falling due after more than one year	12	(42,361)	(50,000)
NET ASSETS	13	1,837,514	1,568,042
RESERVES			
Unrestricted funds	14	629,683	538,212
Restricted funds	14	1,207,831	1,029,830
		1,837,514	1,568,042

The financial statements were approved and authorised for issue by the trustees on 28 September 2022 and signed on their behalf by:

Davina Mallinckrodt

Davina Mallinckrodt
Chair of Trustees

Patricia Godfrey

Patricia Godfrey
Trustee

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



CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2022

	Notes	2022 £	2020 £
CASH FLOWS FROM OPERATING ACTIVITIES	A	208,764	63,745
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest paid		(582)	(409)
Interest received		88	585
Cash (used in) / provided investing activities		<u>(494)</u>	<u>176</u>
(Repayment of) / increase in borrowings		<u>(10,791)</u>	<u>15,754</u>
Net cash provided by/ (used in) financing activities		<u>(10,791)</u>	<u>15,754</u>
Cash used in purchase of fixed assets		<u>(133,729)</u>	<u>-</u>
INCREASE/ (DECREASE) IN CASH IN THE YEAR		<u><u>63,750</u></u>	<u><u>79,675</u></u>
Cash and cash equivalents at the beginning of the year		<u><u>446,689</u></u>	<u><u>367,014</u></u>
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		<u><u>510,439</u></u>	<u><u>446,689</u></u>

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

A. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES	2022 £	2020 £
Net income/(expenditure)	269,472	66,405
Depreciation charge	46,523	31,015
(Increase)/Decrease in debtors	(144,097)	16,408
Increase/(Decrease) in creditors	36,372	(49,907)
Interest payable	582	409
Interest received	(88)	(585)
Net cash generated by operating activities	<u><u>208,764</u></u>	<u><u>63,745</u></u>

Analysis of the changes in net debt are disclosed in note 17 to the accounts.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2022

1. PRINCIPAL ACCOUNTING POLICIES

Basis of Preparation

Statement of compliance

The financial statements for the eighteen month period ended 31 March 2022 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 Second Edition 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 and the cost of living crisis 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.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Fee income

Fee income represents licence fees charged to designer-makers for studio rental in Bloomsbury 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.

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 Expenditure (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.

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 31 MARCH 2022

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.



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 MARCH 2022

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 MARCH 2022

2. GENERAL GRANTS	Restricted funds £	Unrestricted funds £	Total 2022 £
Arts Council England	115,197	-	115,197
Garfield Weston Foundation	127,970	-	127,970
London Borough of Lewisham	52,500	8,000	60,500
Creative Land Trust	-	-	-
	<u>295,667</u>	<u>8,000</u>	<u>303,667</u>

Prior year comparative

	Restricted funds £	Unrestricted funds £	Total 2020 £
Arts Council England	31,431	-	31,431
London Borough of Lewisham	-	25,000	25,000
Creative Land Trust	35,995	-	35,995
	<u>67,426</u>	<u>25,000</u>	<u>92,426</u>

3. PROVISION OF WORKSPACE	Restricted funds £	Unrestricted funds £	Total 2022 £
Licence fees	-	854,623	854,623
Services recharged to licencees	-	93,869	93,869
Other rental income	-	67,330	67,330
	<u>-</u>	<u>1,015,822</u>	<u>1,015,822</u>

Prior year comparative

	Restricted funds £	Unrestricted funds £	Total 2020 £
Licence fees	-	422,868	422,868
Services recharged to licencees	-	55,188	55,188
Other rental income	-	35,537	35,537
	<u>-</u>	<u>513,593</u>	<u>513,593</u>

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 31 MARCH 2022

4. BUSINESS SUPPORT PROGRAMMES

	Restricted Funds £	Unrestricted Funds £	Total 2022 £
European Regional Development Fund (ERDF)	115,879	-	115,879
Clear Insurance Management Ltd	2,500	-	2,500
The Haberdashers' Company	10,000	-	10,000
John S Cohen Foundation	5,000	-	5,000
The Worshipful Company of Leathersellers	46,400	-	46,400
The Clothworkers' Foundation	44,334	-	44,334
Jill Humphrey Springboard Prize	1,000	-	1,000
The Arts Society	3,000	-	3,000
Newby Trust	8,000	-	8,000
Drapers Charitable Foundation	11,264	-	11,264
Radcliffe Trust	9,614	-	9,614
Worshipful Company of Basketmakers	6,000	-	6,000
Texselect	-	-	-
Worshipful Company of Turners	2,167	2,000	4,167
Worshipful Company of Needle makers	5,000	-	5,000
Harriet's Trust	7,000	-	7,000
CAPITB Trust	4,000	-	4,000
SHA Trust	5,000	-	5,000
The New Craftsmen	4,000	-	4,000
Worshipful Company of Tin Plate Workers	2,716	-	2,716
Worshipful Company of Glass Sellers	2,716	-	2,716
Worshipful Company of Curriers	-	2,000	2,000
Golonscott Foundation	-	-	-
Consultancy Income and Fees Charged	-	49,303	49,303
	<u>295,590</u>	<u>53,303</u>	<u>348,893</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 MARCH 2022

4. BUSINESS SUPPORT PROGRAMMES
(continued)

	Restricted Funds £	Unrestricted Funds £	Total 2020 £
<i>Prior year comparative</i>			
European Regional Development Fund (ERDF)	57,249	-	57,249
Clear Insurance Management Ltd	-	-	-
The Haberdashers' Company	10,000	-	10,000
John S Cohen Foundation	5,000	-	5,000
The Worshipful Company of Leathersellers	21,750	-	21,750
The Clothworkers' Foundation	-	-	-
Jill Humphrey Springboard Prize	6,000	-	6,000
The Arts Society	3,000	-	3,000
Newby Trust	8,000	-	8,000
Worshipful Company of Basketmakers	8,000	-	8,000
Texselect	24,300	-	24,300
Worshipful Company of Turners	875	-	875
Harriet's Trust	3,000	-	3,000
CAPITB Trust	4,000	-	4,000
Worshipful Company of Curriers	-	1,000	1,000
Golonscott Foundation	-	500	500
Consultancy Income and Fees Charged		19,675	19,675
	<u>151,174</u>	<u>21,175</u>	<u>172,349</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 MARCH 2022

5. TOTAL EXPENDITURE

	Fundraising expenses £	Marketing & events £	Provision of workspace £	Business support programmes £	Support £	Governance £	2022 Total £
Staff costs (note 6)	18,597	37,193	261,638	204,564	130,177	6,199	658,368
Rent and rates	-	-	158,162	144,982	-	-	303,144
Repairs and maintenance	-	-	78,750	72,188	-	-	150,938
Utilities	-	-	34,504	31,629	-	-	66,133
Insurance	764	1,527	9,162	8,398	5,345	255	25,451
Bad debts	-	-	(5)	-	-	-	(5)
Depreciation	-	-	46,523	-	-	-	46,523
Legal and professional fees	1,205	2,410	14,459	13,255	8,435	402	40,166
Bank interest	-	-	582	-	-	-	582
Audit fees	-	-	-	-	-	13,000	13,000
Project expenses	-	55,887	94,007	76,330	-	-	226,224
General expenses	568	1,137	6,823	6,253	3,979	189	18,949
Office expenses – general	1,406	2,813	16,875	15,468	9,844	469	46,875
- Stationery	72	144	865	793	504	24	2,402
- Sundry admin	300	600	3,602	3,302	2,101	100	10,005
- Unreclaimable VAT	787	1,573	9,438	8,651	5,506	262	26,217
Carried forward	23,699	103,284	735,385	585,813	165,891	20,900	1,634,972

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 MARCH 2022

5. TOTAL EXPENDITURE (continued)

	Fundraising expenses £	Marketing & events £	Provision of workspace £	Business support programmes £	Support £	Governance £	2022 Total £
Brought forward	23,699	103,284	735,385	585,813	165,891	20,900	1,634,972
Split support costs	9,340	14,943	85,924	76,584	(165,891)	(20,900)	-
	<u>33,039</u>	<u>118,227</u>	<u>821,309</u>	<u>662,397</u>	<u>-</u>	<u>-</u>	<u>1,634,972</u>
Costs split	3%	6%	36%	33%	21%	1%	100%
Support costs split	<u>5%</u>	<u>8%</u>	<u>46%</u>	<u>41%</u>	<u>-100%</u>	<u>-100%</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 MARCH 2022

5. TOTAL EXPENDITURE (continued)

Prior year comparative

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



NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 MARCH 2022

5. TOTAL EXPENDITURE (continued)

Prior year comparative

	Fundraising expenses £	Marketing & events £	Provision of workspace £	Business support programmes £	Support £	Governance £	2020 Total £
Brought forward	14,974	48,944	341,933	311,625	104,815	15,991	838,282
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>
Costs split	3%	6%	36%	33%	21%	1%	100%
Support costs split	<u>5%</u>	<u>8%</u>	<u>46%</u>	<u>41%</u>	<u>-100%</u>	<u>-100%</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 MARCH 2022

6. NET INCOME/(EXPENDITURE)	2022 £	2020 £
This is stated after charging:		
Interest payable	582	409
Depreciation	46,523	31,015
Trustees' indemnity insurance	1,316	1,088
Trustees' remuneration	-	-
Trustees' reimbursed expenses	-	-
Auditors' remuneration:		
- audit	13,000	10,500
- additional work	-	500
Operating lease rentals:		
- property	261,500	167,000
	<u>261,500</u>	<u>167,000</u>
7. STAFF COSTS AND NUMBERS	2022 £	2020 £
Staff costs were as follows:		
Salaries and wages	580,146	365,803
Employer national insurance	53,741	31,964
Pension contributions	21,784	13,820
Contract staff	2,697	1,818
	<u>658,368</u>	<u>413,405</u>

One employee earned more than £110,000 (excluding employer pension costs) during the 18 months to 31 March 2022 (year ended 30 September 2020: £70,000). These higher paid employees are accruing retirement benefits under the defined contribution scheme. Contributions during the 18 months to 31 March 2022 totalled £7,610 (2020: £4,492).

	No.	No.
The average weekly number of employees during the year was as follows:		
Fundraising and publicity	1.4	1.2
Provision of workspace	2.1	2.2
Business support programmes	2.9	3.3
Support	2.6	2.2
Management and administration	.1	.1
(5 Full time, 7 Part time)	<u>9.1</u>	<u>9.0</u>

No trustee received remuneration during the year (2020: Nil). No expenses were reimbursed to Trustees in the year (2020: Nil).

The aggregate remuneration of the charity's key management personnel amounted to £306,141 for the 18 months to 31 March 2022 (year ended 30 September 2020: £193,555).

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 MARCH 2022

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 £
Cost				
At 30 September 2020	1,915,538	140,236	93,037	2,148,811
Additions	133,729	-	-	133,729
31 March 2022	2,049,267	140,236	93,037	2,282,540
Depreciation				
At 30 September 2020	588,243	140,236	93,037	821,516
Charge for the year	46,523	-	-	46,523
At 31 March 2022	634,766	140,236	93,037	868,039
Net Book Value				
At 31 March 2022	1,414,501	-	-	1,414,501
At 30 September 2020	1,327,295	-	-	1,327,295

10a. DEBTORS: amounts due within one year

	2022 £	2020 £
Due from licensees	1,915	5,977
Prepayments and accrued income	213,438	65,424
Other debtors	145	-
	215,498	71,401

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 MARCH 2022

11. CREDITORS: amounts due within one year	2022 £	2020 £
Bank loans	5,100	8,252
Trade creditors	61,206	49,254
Taxation and social security	10,393	23,934
Accruals and deferred income	108,489	63,847
Deposits held on behalf of licensees	70,101	64,886
Other creditors	5,274	17,170
	<u>260,563</u>	<u>227,343</u>

DEFERRED INCOME

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

Balance as at 1 October 2020	12,907	16,780
Released in the year	(12,907)	(16,780)
Amounts deferred in the year	4,970	12,907
	<u>4,970</u>	<u>12,907</u>

12. CREDITORS: amounts due after more than one year	2022 £	2020 £
Bank loan	42,361	50,000
	<u>42,361</u>	<u>50,000</u>

The charity also has a loan under the Bounce Back Loan scheme.

Interest is charged at 2.5% per annum with no interest charged for the first 12 months.

Capital repayments are to be made in 108 equal instalments that commenced in October 2021.

The charity has a charge secured on the property at Deptford from the bank loan repaid in November 2020.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 MARCH 2022

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

The loans are repayable as follows:

	2022 £	2020 £
Within 1 year	5,100	8,252
Between 2 – 5 years	21,709	40,000
More than 5 years	20,652	10,000
	<u>47,461</u>	<u>58,252</u>

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS	Restricted Funds £	Unrestricted Funds £	Total Funds £
Tangible fixed assets	1,034,429	380,072	1,414,501
Net current assets/(liabilities)	173,402	291,972	465,374
Creditors: amounts falling due after more than one year	-	(42,361)	(42,361)
	<u>1,207,831</u>	<u>629,683</u>	<u>1,837,514</u>

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Prior year comparative:

	Restricted Funds £	Unrestricted Funds £	Total Funds £
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>

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 MARCH 2022

14. MOVEMENT IN FUNDS	At the start of the period £	Income £	Expenditure £	At the end of the period £
Restricted funds:				
Deptford capital funds	928,100	133,738	(27,401)	1,034,437
General grants	22,007	295,667	(267,674)	50,000
Business support programme	79,723	295,590	(251,919)	123,394
Total restricted funds	1,029,830	724,995	(546,994)	1,207,831
Unrestricted funds:				
General funds	538,212	1,179,449	(1,087,978)	629,683
Total funds	1,568,042	1,904,444	(1,634,972)	1,837,514

Prior year comparative

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

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 31 MARCH 2022

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.

15. OPERATING LEASE COMMITMENTS

2022
£

2020
£

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
1 – 5 years	-	-
	<u> </u>	<u> </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. ANALYSIS OF CHANGES IN NET DEBT

	As at 1 October 2020 £	Cashflows £	Non-cash movements £	As at 31 March 2022 £
Cash at bank	446,689	63,750	-	510,439
Loans due within one year	(8,252)	10,791	(7,639)	(5,100)
Loans due after one year	(50,000)		7,639	(42,361)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	388,437	74,541	-	462,978
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 MARCH 2022

18. 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 2022 or 2020. The registered office of the company is Cockpit Yard, Northington Street, London WC1N 2NP

Pablo Lloyd became the sole director of this subsidiary company during the year. There were no inter-company transactions in 2022 or 2020.

19. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITY

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