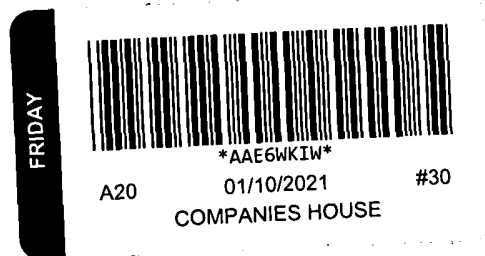


CHARITY NUMBER : 1045067
COMPANY NUMBER : 03011540 (England and Wales)

ARTIST STUDIO COMPANY
REPORT AND FINANCIAL STATEMENTS
(A Company limited by Guarantee)
FOR THE YEAR ENDED 31ST DECEMBER 2020



ARTISTS STUDIO COMPANY

Contents

	Page
. Contents	2
. Legal and administrative information	3
. Trustees' report	4 - 7
. Independent auditors' report	8-10
. Statement of financial activities	11
. Balance sheet	12
. Cash flow statement	13
. Notes to the financial statements	14 - 20

ARTISTS STUDIO COMPANY

Legal and administrative information for the year ended 31 December 2020

Constitution

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

Charity number 1045067.

Company number 03011540 (England and Wales)

Directors and trustees

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

Trustees

J Cassidy
N Flack (resigned 20th October 2020)
J Hammond
C Upson
C Upson

Secretary

C Upson
P Flack

Chief Executive Officer

The Chaplin Centre

Registered Office

Taplow House
Thurlov Road
London, SE17 2DG

Website

www.ascstudios.co.uk

Bankers

CAF Bank Ltd
25 Kings Hill Avenue
Kings Hill, West Malling
Kent, ME19 4JQ

NatWest Bank

PO Box 35

10 Southwark Street

London

Depot Code 190

SE1 1TJ

Solicitors

Royds LLP

65 Carter Lane

London, EC4V 5HF

Auditors

Silver Levene (UK) Limited

Chartered Certified Accountants

37 Warren Street

London

W1T 6AD

ARTISTS STUDIO COMPANY

Report of the trustees for the year ended 31st December 2020

The trustees are pleased to present their report together with the financial statements of the Charity for the year ended 31st December 2020

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

Aims and objectives of the Charity

The objectives of the Charity are:-

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

To further the above objectives the Charity in brief:-

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

Organisation

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

Investment powers

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

Trustee induction and training

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

ARTISTS STUDIO COMPANY

Report of the trustees for the year ended 31st December 2020 (continued)

Structure, governance and management

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

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

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

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

None of the trustees receive remuneration from the Charity.

Trustees/Directors

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

J Cassidy
N Flack (*resigned 20th October 2020*)
J Hammond (Chairman)
C Upson (Secretary)

Achievements, performance and public benefit during the year

In 2020 ASC:

- Supported 718 artists, makers within 600 affordable workspaces across 8 locations
- Supported 3 arts organisations within 6 affordable workspaces across 2 locations
- Recorded 1,590 visitors to ASC events
- Staged 8 exhibitions and events
- Exhibited 44 artists
- Provided 5 young artists with 40% workspace rent discounts for 2 years
- Provided 1 free workspace to a young artist for 2 years
- Provided 32 recent graduate artists suffering financial hardship with 20% rent discounts for 12 months.
- Provided 209 artists suffering financial hardship with 50% rent discounts for 12 months.

The Covid 19 pandemic presented many challenges and to safeguard ASC's staff and visitors the Charity cancelled all its public events between April 2020 to September 2020. For this reason the number of artists we supported through exhibition opportunities and the numbers of visitors we welcomed were drastically reduced.

The pandemic resulted in many artists and makers suffering severe financial hardship. ASC helped by providing 209 artists with 50% - 100% rent discounts between 1st May 2020 – 31st March 2021. We also introduced a Recent Graduate Scheme which provided 20% rent discounts to 32 young artists for 12 months.

ASC adopted alternative ways of working to safeguard the health of the organisation's tenants, visitors and staff. Early in the year ASC introduced home working and new technology to allow for remote and on-line working practices.

ARTISTS STUDIO COMPANY

Report of the trustees for the year ended 31st December 2020 (continued)

As a direct result of the pandemic the Charity experienced a large increase in tenant churn and workspace vacancies however occupancy levels bounced back quickly and as at 31st December 2020 the Charity recorded a tenant occupancy level across all its buildings totalling 94.56%. This was an increase in occupancy of 2.25% from the level recorded the previous year.

During the year ASC received a formal Break Notice on 99 Lower Road, Rotherhithe. The Notice required ASC to vacate the property on 1st February 2021. ASC served notice on our tenants occupying the property in December 2020. This was a 'meanwhile' building that provided 32 affordable workspaces together with an artists led gallery space. ASC found suitable alternative workspace for 100% of its tenants who requested relocation.

This year ASC had plans to purchase a 75 foot barge with mooring on the Grand Union Canal alongside the organisations Ealing Road property. LB Brent had formally agreed to part fund the purchase. As a result of the pandemic ASC elected to cancel the project. The trustees agreed it represented too much of a financial risk given an uncertain economic climate.

Future Plans

ASC's business plan is based on acquiring new properties at below market value or rent. We consider meanwhile and permanent property. We define permanent property as property held on long leasehold (over 99 year terms) or freehold.

ASC is the chosen operator and has agreed terms on the affordable workspace elements included in a number of new build mixed use development schemes. All these properties have been offered to the Charity at purchase and rental prices at least 50% below market value. The details of these properties are commercially sensitive. All are currently under construction. We plan to provide affordable workspace to artists and makers in all these properties.

The Charity purchased one of our existing buildings, 47C Streatham Hill, in September 2021. ASC occupied the property under a lease from 2006 however the lease expired in September 2021. We agreed a £200,000 grant from LB Lambeth to help cover purchase and refurbishment costs totalling £2,000,000. Our refurbishment plans include a new roof, electrical and heating system and a new public gallery. The purchase of this property has safeguarded affordable workspace for 57 artists with much improved facilities.

The purchase of 47C Streatham Hill has increased the Charities portfolio of permanent buildings to three.

This year's Financial Statements show a surplus for the year totalling £317,743 compared with a surplus the previous year totalling £123,229. The financial statements show a gross income for the year totalling £2,534,869 compared to the previous year totalling £2,139,581. Given the challenges the Charity faced dealing with the Covid 19 pandemic, the trustees agree an increase in gross income totalling £201,997 (excluding grants) reflected the Charities robust financial position and excellent management of the crisis.

Reserves policy and risk management

As at 31st December 2020 ASC recorded unrestricted funds totalling £1,655,981. The Charities free reserves include £302,500 returnable workspace deposits that may legally be used as working capital. The trustees agree that returnable workspace deposits must be held in addition to a minimum free reserve target equivalent to three months gross income (excluding grant) or £585,395. This is the sum the trustees agree is a reasonable sum to safeguard against the Charities

The trustees agree that within the total free reserves up to £768,086 may be used to acquire new buildings or for building improvements.

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

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

ARTISTS STUDIO COMPANY

Trustees' report for the year ended 31 December 2020 (continued)

Investment Policy

ASC's investments are safeguarded in accordance with the Charities governing document and having regard to the Trustee Act 2000. All the Charities investments are held in low risk bank accounts

Trustees' responsibilities statement

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

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue to operate.

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

Disclosure of information to auditors

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

Auditor

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

This report was approved by the board of trustees on 27.09.21. and signed on its behalf by:

J Hammond



C Upson



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

Opinion on financial statements

We have audited the financial statements of Artists Studio Company for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Balance Sheet, Cash Flow and the related notes and accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial reporting Standard 102 The Financial reporting Standard applicable in the UK and Republic of Ireland (United Kingdom General Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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 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' Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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.

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

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 8, 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.

Discussions were held with, and enquiries made of, management and those charged with governance with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the entity.

The following laws and regulations were identified as being of significance to the entity:

- Those laws and regulations considered to have a direct effect on the financial statements include UK Financial Reporting Standards, Company Law, Employment Law, Health and Safety legislation, General Data Protection Regulation, Tax and Pensions legislation, and distributable profits legislation.
- It is considered that there are no laws and regulations for which non compliance may be fundamental to the operating aspects of the business.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: inquiries of management and those charged with governance as to whether the entity complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; inspection of relevant legal correspondence; review of board minutes; testing the appropriateness of entries in the nominal ledger, including journal entries; reviewing transactions around the end of the reporting period; and the performance of analytical procedures to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ARTISTS STUDIO COMPANY (continued)**

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Section 144 of the Charities Act 2011 and the regulations made under Section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Silver Levene (UK) Ltd

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

Date 29/09/2021

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

ARTISTS STUDIO COMPANY

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2020

		2020	2019
	Notes	£	£
INCOME			
Income from charitable activities			
Studio licence fees		2,327,656	2,117,781
Other incoming resources		13,922	21,800
Grant income	14	193,291	-
TOTAL INCOME		2,534,869	2,139,581
EXPENDITURE			
Charitable activities	3	2,217,126	2,016,352
TOTAL EXPENDITURE		2,217,126	2,016,352
NET INCOME		317,743	123,229
TOTAL FUNDS BROUGHT FORWARD AT 1 JANUARY 2020		1,338,238	1,215,009
TOTAL FUNDS CARRIED FORWARD AT 31 DECEMBER 2020	10	1,655,981	1,338,238

The notes on pages 14 to 19 form part of the financial statements.

ARTISTS STUDIO COMPANY
BALANCE SHEET AS AT 31 DECEMBER 2020

		2020	2019
	Notes	£	£
FIXED ASSETS			
Tangible Assets	6	297,283	373,390
Investment Properties	6	4,053,678	4,052,684
		<u>4,350,961</u>	<u>4,426,074</u>
CURRENT ASSETS			
Debtors	7	345,505	310,063
Cash at bank and in hand		1,261,824	592,311
		<u>1,607,329</u>	<u>902,374</u>
CREDITORS: Amounts falling due within one year	8	<u>(801,527)</u>	<u>(414,300)</u>
NET CURRENT ASSETS/(LIABILITIES)		805,802	488,073
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,156,763</u>	<u>4,914,147</u>
CREDITORS: Amounts falling due after more than one year	9	(3,500,782)	(3,575,909)
NET ASSETS		<u>1,655,981</u>	<u>1,338,238</u>
FUNDS			
Unrestricted funds		1,338,238	1,215,009
Surplus for the year		317,743	123,229
TOTAL FUNDS	10	<u>1,655,981</u>	<u>1,338,238</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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

Trustees' responsibilities:

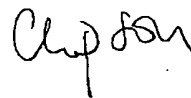
- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476 of the Companies Act 2006;
- The Trustees acknowledge their responsibilities for complying with the requirements of the act with respect to accounting records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

Approved by the trustees on 27/09/2021 and signed on their behalf by:

Trustee: J Hammond



Trustee: C Upson



ARTISTS STUDIO COMPANY

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Cash flows from operating activities			
Surplus(deficit) for the year		317,743	123,229
Adjustments for:			
Leasehold amortisation		79,625	99,900
Depreciation of tangible assets		4,019	843
Interest paid		73,569	89,872
Interest received			(970)
Grants received		482,900	-
Grants disbursed		(175,501)	
Loan repayments		(92,682)	(188,573)
Movements in working capital			
Decrease/(increase) in debtors		(35,444)	(65,025)
Increase/(Decrease) in creditors		23,815	77,133
Cash (absorbed by)/generated from operations	15	<u>678,044</u>	<u>136,410</u>
Cash flows from investing activities			
Purchase of tangible fixed assets and improvements		(8,531)	(72,504)
Interest received			970
Net cash from investing activities		<u>(8,531)</u>	<u>(71,534)</u>
Net increase/(decrease) in cash and cash equivalents		669,513	64,875
Cash and cash equivalents at beginning of period		592,312	527,437
Cash and cash equivalents at the end of period		<u>1,261,825</u>	<u>592,312</u>
Cash and cash equivalents at the end of period comprise:			
Cash at bank and in hand		<u>1,261,825</u>	<u>592,312</u>

ARTISTS STUDIO COMPANY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES

1.1 Basis of preparation

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statement have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going Concern

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

1.3 Income recognition

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

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

Income from grants is included in incoming resources when receivable.

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

1.4 Expenditure and irrecoverable VAT

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

All expenditure is accounted for on an accruals basis.

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

1.5 Tangible fixed assets

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

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

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

Lease improvements	the life of the lease
Short leasehold property	the life of the lease
Motor Vehicle	25% reducing
Fixtures & fittings	25% reducing
Equipment	33.3% straight line

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

ARTISTS STUDIO COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

ACCOUNTING POLICIES (CONTINUED)

1.6 Investment Properties

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

1.7 Impairment of fixed assets.

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been made. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

1.8 Cash and cash equivalents

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

1.9 Financial instruments

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

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

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

Basic financial assets

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

ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Pensions Costs

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

1.11 Operating Leases

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

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

ARTISTS STUDIO COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

1.12 Fund Accounting

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

1.13 Taxation

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

2. LEGAL STATUS OF THE CHARITY

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

3. CHARITABLE EXPENDITURE

	Basis		2020	2019
		£	£	£
Rent	Direct	763,422	763,422	783,345
Rates	Direct	156,042	156,042	201,627
Building insurances	Direct	57,743	57,743	37,300
Light and heat	Direct	210,413	210,413	200,205
Repairs and maintenance	Direct	157,300	157,300	93,845
Leasehold Amortisation	Direct	79,625	79,625	99,900
Salaries	Staff time	381,943	381,943	360,483
Social security costs	Staff time	37,925	37,925	33,377
Legal and professional	Direct	37,908	37,908	30,316
Funding & development	Direct	70,335	70,335	92,331
Pension costs	Direct	24,154	24,154	17,771
Auditors' remuneration	Direct	9,170	9,170	8,000
Printing, postage and stationery	Direct	2,590	2,590	4,416
Telephone costs	Direct	22,626	22,626	20,423
Computer & website expenses	Direct	2,931	2,931	3,106
Bank, card and other charges	Direct	126	126	56
Travelling expenses	Direct	4,718	4,718	6,684
Motor expenses	Direct	3,233	3,233	3,489
Sundry office expenses	Direct	1,912	1,912	3,840
Depreciation on fixtures & fittings	Direct	4,019	4,019	843
Staff welfare/training/recruitment	Direct	4,468	4,468	6,049
Insurance	Direct	7,308	7,308	6,303
Gallery expenses	Direct	1,714	1,714	2,643
Grants disbursed to artists	Direct	175,501	175,501	
		<u>2,217,126</u>	<u>2,217,126</u>	<u>2,016,352</u>

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

4. STAFF COSTS

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

	2020	2019
	£	£
The staff costs were:		
Wages and salaries	381,943	360,483
Social security costs	37,925	33,377
Pension costs	24,154	17,771
	<u>444,023</u>	<u>411,631</u>

ARTISTS STUDIO COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

STAFF COSTS (contd)

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

Other staff	10	9
Administrative	2	2
The number of employees whose remuneration fell within the following bands:		
£90,000 - £100,000	1	1

The number of employees for whom retirement benefits are accruing under a money purchase scheme totalled 9 (2019 - 7).

5. MOVEMENT IN TOTAL FUNDS FOR THE YEAR

	2020	2019
	£	£
This is stated after charging:		
Operating leases - land & buildings	763,422	783,345
Depreciation of tangible fixed assets	83,644	100,743
Auditors' remuneration for audit services	9,170	8,000

6. TANGIBLE FIXED ASSETS

	Short Leaseholds & Improvements	Investment Properties	Fixtures, Fittings, Equipmen t & Motor Vehicle	Total
	£	£	£	£
Cost				
At 1 January 2020	887,503	4,052,684	16,021	4,956,208
Additions	-	994	7,538	8,532
At 31 December 2020	887,503	4,053,678	23,559	4,964,740
Depreciation				
At 1 January 2020	(518,407)	-	(11,728)	(530,135)
Charge for the year	(79,625)	-	(4,019)	(83,644)
At 31 December 2020	(598,032)	-	(15,747)	(613,779)
Net book values				
At 31 December 2020	289,471	4,053,678	7,812	4,350,961
At 31 December 2019	369,096	4,052,684	4,294	4,426,074

7. DEBTORS

	2020	2019
Trade debtors	39,957	1,938
Prepayments	265,795	297,458
Other debtors	39,753	10,667
	345,505	310,063

ARTISTS STUDIO COMPANY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade creditors	75,853	109,917
Deposits held on account	17,458	15,987
General Provisions	23,000	-
Social security and other taxes	11,658	11,407
Other creditors	18,581	-
Loan	182,154	188,573
Accruals	165,424	88,416
Grants	307,399	-
	<u>801,527</u>	<u>414,300</u>

9 CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020 £	2019 £
Loan	3,215,740	3,228,434
Deposits held on account	285,042	347,475
	<u>3,500,782</u>	<u>3,575,909</u>

10 FUNDS

Analysis of fund movements	£ Balance at 01 Jan 20 b/fwd	£ Income/ Receipts	£ Expenditure/ Disbursements	£ Balance at 31 Dec 20 c/fwd
General funds	1,338,238	2,534,869	(2,217,126)	1,655,981
	<u>1,338,238</u>	<u>2,534,869</u>	<u>(2,217,126)</u>	<u>1,655,981</u>

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

These funds are represented by:

	2020 £	2019 £
Tangible fixed assets	4,350,961	4,426,073
Current assets	1,607,329	902,374
Current liabilities	(801,527)	(414,300)
Long term liabilities	<u>(3,500,782)</u>	<u>(3,575,909)</u>
	<u>1,655,981</u>	<u>1,338,237</u>

ARTISTS STUDIO COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

11 OPERATING LEASE COMMITMENTS

At 31 December 2020 the charitable company had outstanding financial commitments for future minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

Expiry date:	2020	2019
	£	£
Between one to five years	3,408,050	1,829,955
Over five years	721,009	572,564
	<u>4,129,059</u>	<u>2,402,519</u>

12 PENSIONS

The Charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost represents contributions payable by the charity to the fund and amounted to £24,154 (2019 - £17,771).

13 RELATED PARTIES

The charity trustees were not paid or in receipt of any other benefits from the charity in the year neither were they reimbursed expenses during the year. No charity trustees received payment for professional or other services supplied to the key management personnel of the charity comprise the trustees and the Chief Executive Officer of the charity.

The Chief Executive Officer P Flack and the Trustee N Flack are related through a father and son relationship.

Remuneration of Key management personnel	2020	2019
	£	£
Aggregate remuneration	<u>96,410</u>	<u>96,410</u>

14 GRANT INCOME

	2020	2019
	£	£
HMRC JRS Grant	17,790	-
Artists hardship grants	<u>175,501</u>	<u>-</u>
	<u>193,291</u>	<u>-</u>

15 Cash (absorbed by)/ generated from operations

	2020	2019
	£	£
Surplus(deficit) for the year	317,743	123,229
Adjustments for:		
Depreciation	83,644	100,743
Interest (net)	73,569	88,902
Grants (net)	307,399	-
Loan repayments	(92,682)	(188,573)
Movements in working capital		
Decrease/(increase) in debtors	(35,444)	(65,025)
Increase/(Decrease) in creditors	23,815	77,133
Cash generated from operations	<u>678,044</u>	<u>136,410</u>

16 POST BALANCE SHEET EVENTS

ASC have acquired the Streatham Hill building in August 2021 instead of renting it.