

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

ARTISTS STUDIO COMPANY

REPORT AND FINANCIAL STATEMENTS
(A company limited by guarantee)

FOR THE YEAR ENDED 31 DECEMBER 2023

ARTISTS STUDIO COMPANY

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ARTISTS STUDIO COMPANY

Legal and administrative information for the year ended 31 December 2023

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
J L Hammond
C Upson
J A Goode

Secretary

C Upson

Chief Executive Officer

P Flack

Registered Office

The Chaplin Centre
Taplow House
Thurlow Road
London, SE17 2DG

Website

www.ascstudios.co.uk

Bankers

CAF Bank Limited
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

Solicitor

Royds LLP
65 Carter Lane
London, EC4V 5HF

Auditor

Goldwins Limited
Chartered Accountants
75 Maygrove Road
West Hampstead
London
NW6 2EG

ARTISTS STUDIO COMPANY

Trustees' report (including Directors' report) for the year ended 31 December 2023

The trustees are pleased to present their annual report together with the financial statements of the Charity for the year ended 31 December 2023.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Charity's memorandum and articles of association, the Companies Act 2006, the Charities Act 2011 and "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 Ireland (FRS102) (effective 1 January 2019)".

Aims and objectives

The objectives of the Charity are: -

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

To further the above objectives the Charity in brief:-

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

Organisation

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

Investment powers

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

Trustee induction and training

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

Public benefit statement

The Trustees have complied with the duty in section 17(5) of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission. The activities mentioned above demonstrate the public benefit arising through the Charity's activities.

ARTISTS STUDIO COMPANY

Trustees' report (including Directors' report) for the year ended 31 December 2023 (continued)

Structure, governance and management

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

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

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

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

None of the trustees receive remuneration from the Charity.

Trustees/Directors

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

J Cassidy

J L Hammond

C Upson (Chairperson, Secretary)

J A Goode

The Charity's buildings:

The Charity operates affordable workspace and exhibition space within 10 buildings located across Greater London. Its buildings are held under various leasehold and freehold terms. All its buildings provide affordable workspace and exhibition space to artists, makers and not-for-profit arts organisations.

All the Charity's buildings comply with planning and building control legislation.

Achievements, performance and public benefit during the year

Over the period, the Charity managed 7 project spaces across our buildings. These are free venues where its tenants can exhibit their work to the public and stage talks and community events. Within these spaces the Charity supported 29 exhibitions and events supporting 52 artists and makers and attracting 1,801 visitors.

The Charity manages a public art gallery, the "ASC Gallery". The gallery aims to promote emerging artists along side those more established. Over the period the "ASC Gallery" staged 8 exhibitions supporting 205 artists and makers and attracting over 2,550 visitors.

The Charity supports open studio events across all our buildings. These events are an opportunity for artists and makers within our buildings to open up their studios to the public. Over the period the Charity supported 3 open studio events attracting 900 visitors.

The Charity continued to support its tenants through its showcasing programme. The programme involves the production and broadcast of short films and interviews showcasing and promoting the work produced by selected tenants.

Over the period, the Charity provided 520 affordable workspaces, supporting 715 artists, makers and arts organisations. The Charity's occupancy levels across all its buildings totalled 98.56% (2022: 98.79%).

Over the period, the Charity acquired a lease on a new building (17,500 sqft GIA). This building provides affordable desk space for not-for-profit arts organisations and start-up creative businesses. The Charity relocated its main office and the "ASC Gallery" to this building and launched 2 large hire gallery spaces, focused on promoting the work of graduate and post graduate artists and designers.

Over the period, the Charity commenced improvement works to 47c Streatham Hill, SW2. Improvement works include a new roof, public gallery space, new frontage, lobby, toilets, kitchen, doors and cycle storage. All works are estimated to complete Q4 2024.

ARTISTS STUDIO COMPANY

Trustees' report (including Directors' report) for the year ended 31 December 2023 (continued)

Fundraising activities

The Charity had no fund raising activities during the year and prior year.

Future plans

The Charity's business includes the acquisition of new properties at below market price or rent. It will consider freehold or long-leasehold buildings offered at discount from market price or rent via s106 Planning Gain Agreement or temporary use buildings offered at low or peppercorn rent. The Charity actively seeks new buildings to maintain and increase its affordable workspace provision.

The Charity has won a tender to operate 20 affordable artist and maker workspaces across several historic buildings, located within Chiswick House and Gardens W4. The buildings will be held by the Charity on a 25-year lease. The fit-out costs will be 100% funded through grant funding and practical completion is estimated in Q4 2025.

The Charity has agreed terms to purchase a new build property, Watkin Road HA9, at a substantial discount from market price via s106 Planning Gain Agreement. The project will provide 23 affordable artists and makers workspaces. The London Borough of Brent has agreed to provide a substantial grant funding to help towards the project's fit out costs. Lease completion is estimated Q4 2024 and practical completion is estimated in Q2 2025. The building will be held by the organisation on a 249-year lease.

Financial position:

The period experienced huge increases in the costs of energy, goods and services, together with Bank of England interest rate increases. Increased costs posed a challenge for the Charity, however through careful financial management the organisation mitigated the financial risk without imposing significant workspace rent increases on its tenants. The trustees are pleased that, despite the financial challenges over the period, the financial statements show increases in the Charity's surplus, gross income and net assets.

The Financial Statements show a surplus for the year totalling £560,660 (2022: £441,700), and a gross income for the year totalling £2,958,924 (2022: £2,574,486), including grants. The Charity has improved its financial position in terms of net assets to £4,563,141 (2022: £4,002,481).

Reserves policy and risk management

As at 31 December 2023 the Charity recorded funds totalling £4,563,141, including fair value gain of £1,336,323. The Charity's free reserves include £375,021 returnable workspace deposits that may legally be used as working capital. The trustees have agreed a minimum free reserve totalling £450,000, including £375,021 returnable workspace deposits. This is the sum the trustees agree is a reasonable sum to safeguard against the Charity's identified risks.

The trustees agree that within the total free reserves up to £2,776,818 may be used to acquire new buildings, for building improvements or early repayments of Loans.

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.

Investment Policy

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

ARTISTS STUDIO COMPANY

Trustees' report (including Directors' report) for the year ended 31 December 2023 (*continued*)

Trustees' responsibilities statement

The trustees, who are also the directors of Artists Studio Company for the purposes of company law, are responsible for preparing the Trustees' 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 are sufficient to show and explain the charitable company's transactions and 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

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 Goldwins Limited be reappointed as auditor of the company will be put at a General Meeting.

Small companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board of trustees on 31 October 2024 and signed on its behalf by:

C Upson

J Cassidy

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

Opinion

We have audited the financial statements of Artists Studio Company for the year ended 31 December 2023 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 December 2023 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 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 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 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.

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 (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report (incorporating the directors' report) have been prepared in accordance with applicable legal requirements.

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 5, 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 are set out below.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- inspected the minutes of meetings of those charged with governance.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

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. 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: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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

Use of our report

This report is made solely to the Charity'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 Charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**Anthony Epton (Senior Statutory Auditor)
for and on behalf of Goldwins Limited
Statutory Auditor
Chartered Accountants
75 Maygrove Road
West Hampstead
London
NW6 2EG**

Date: 31 October 2024

ARTISTS STUDIO COMPANY

**STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	Unrestricted Funds	Restricted Funds	Total Funds	Total Funds
		2023	2023	2023	2022
		£	£	£	£
INCOME					
Income from charitable activities					
Studio licence fees		2,746,661	-	2,746,661	2,498,101
Other incoming resources		32,263	-	32,263	27,335
Grant income	14	180,000	-	180,000	49,050
TOTAL INCOME		<u>2,958,924</u>	<u>-</u>	<u>2,958,924</u>	<u>2,574,486</u>
EXPENDITURE					
Charitable activities	3	2,398,264	-	2,398,264	2,132,786
TOTAL EXPENDITURE		<u>2,398,264</u>	<u>-</u>	<u>2,398,264</u>	<u>2,132,786</u>
NET INCOME/(EXPENDITURE)		<u>560,660</u>	<u>-</u>	<u>560,660</u>	<u>441,700</u>
Transfer of funds		9,988	(9,988)	-	-
NET MOVEMENTS IN FUNDS		570,648	(9,988)	560,660	441,700
RECONCILIATION OF FUNDS					
Total funds brought forward At 1 January 2023		3,992,493	9,988	4,002,481	3,560,781
TOTAL FUNDS CARRIED FORWARD AT 31 DECEMBER 2023	10	<u>4,563,141</u>	<u>-</u>	<u>4,563,141</u>	<u>4,002,481</u>

The notes on pages 12 to 19 form part of the financial statements.

ARTISTS STUDIO COMPANY
BALANCE SHEET AS AT 31 DECEMBER 2023

		2023		2022	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	6		7,631,269		7,547,675
			<u>7,631,269</u>		<u>7,547,675</u>
CURRENT ASSETS					
Debtors	7	288,367		312,861	
Cash at bank and in hand		564,324		603,902	
		<u>852,691</u>		<u>916,763</u>	
CREDITORS: Amounts falling due within one year	8	<u>(3,304,183)</u>		<u>(1,239,519)</u>	
NET CURRENT ASSETS/(LIABILITIES)			(2,451,492)		(322,756)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>5,179,777</u>		<u>7,224,919</u>
CREDITORS: Amounts falling due after more than one year	9		(616,636)		(3,222,438)
NET ASSETS			<u>4,563,141</u>		<u>4,002,481</u>
FUNDS					
Unrestricted funds			3,226,818		2,656,170
Restricted funds			-		9,988
Revaluation reserves			1,336,323		1,336,323
TOTAL FUNDS	10		<u>4,563,141</u>		<u>4,002,481</u>

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

Approved by the trustees on 31 October 2024 and signed on their behalf by:

Trustee C Upson

Trustee J Cassidy

Company number 03011540 (England and Wales)

ARTISTS STUDIO COMPANY
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022
	£	£
Cash flows from operating activities		
Cash generated from operations	790,974	820,971
Investing activities		
Purchase of tangible fixed assets	<u>(180,003)</u>	<u>(122,481)</u>
Net cash used in investing activities	<u>(180,003)</u>	<u>(122,481)</u>
Financing activities		
Proceeds from bank loans	-	-
Repayment of bank loans (including interest)	<u>(650,549)</u>	<u>(1,119,944)</u>
Net cash (used in)/from financing activities	<u>(650,549)</u>	<u>(1,119,944)</u>
Net decrease in cash and cash equivalents	(39,578)	(421,454)
Cash and cash equivalents at beginning of period	<u>603,902</u>	<u>1,025,356</u>
Cash and cash equivalents at the end of period	<u><u>564,324</u></u>	<u><u>603,902</u></u>
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	<u><u>564,324</u></u>	<u><u>603,902</u></u>

ARTISTS STUDIO COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. ACCOUNTING POLICIES

Charity information

Artists Studio Company is a private company limited by guarantee incorporated in England and Wales. The registered office is The Chaplin Centre, Taplow House, Thurlow Road, London, SE17 2DG.

1.1 Basis of preparation

The financial statements have been prepared in accordance with the Charity's memorandum and article of association, the Charities Act 2011 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)".

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

The Charity meets the definition of a public benefit entity under FRS 102. The financial statement have been prepared under the historical cost convention, modified to include the revaluation of properties at fair value. The principal accounting policies adopted are set out below.

1.2 Going Concern

The trustees consider that there are no material uncertainties regarding the Charity's ability to continue as a going concern.

No key judgements have been made by the charitable company which have a significant effect on the accounts.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

1.3 Income recognition

Income is recognised when the Charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Income from studio licence fees is recognised on a straight line basis.

Grants and donations are only included in the SoFA when the general income recognition criteria are met.

In the case of performance related grants, income must only be recognised to the extent that the charity has provided the specified goods or services as entitlement to the grant only occurs when the performance related conditions are met.

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 reliably.

All expenditure is accounted for on an accruals basis.

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

1.5 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:

Leasehold improvements	Over the lease period or grant period
Motor Vehicle	25% reducing balance
Fixtures & fittings	25% reducing balance
Equipment	33.3% straight line

1. ACCOUNTING POLICIES (CONTINUED)

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

Properties whose fair value can be measured reliably are held under the revaluation model and are carried at a revalued amount, being their fair value at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value of the land and buildings is usually considered to be their market value.

Revaluation gains and losses are recognised in other recognised gains and losses and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in net income/(expenditure) or a revaluation loss exceeds the accumulated revaluation gains recognised in equity; such gains and loss are recognised in net income/(expenditure) for the year.

1.6 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).

1.7 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.

1.8 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, with the net amounts presented in the financial statements, when there is a legally 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 transactions price including transaction costs and subsequently carried at amortised cost using the effective interest method, less any impairment unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting 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 net income/(expenditure) for the year.

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 net income/(expenditure) for the year.

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 Charity 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.

ARTISTS STUDIO COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. ACCOUNTING POLICIES (CONTINUED)

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans 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 operations 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 Charity's contractual obligations expire or are discharged or cancelled.

1.9 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.10 Retirement benefits

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 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.12 Operating Leases

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

1.13 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.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1.14 Taxation

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

ARTISTS STUDIO COMPANY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

2. LEGAL STATUS OF the Charity

The Charity is a company limited by guarantee. The members of the company are the trustees named on page 3. In the event of the Charity being wound up, the liabilities in respect of the guarantee is limited to £1 per member of the Charity.

3. CHARITABLE EXPENDITURE

	Basis	Unrestricted £	2023 Total £	2023 Total £
Rent	Direct	840,042	840,042	825,582
Rates	Direct	163,389	163,389	100,612
Building insurances	Direct	76,040	76,040	68,858
Light and heat	Direct	245,664	245,664	200,639
Repairs and maintenance	Direct	119,864	119,864	109,125
Leasehold amortisation	Direct	89,338	89,338	78,449
Salaries	Staff time	394,611	394,611	379,974
Social security costs	Staff time	34,798	34,798	26,702
Pension costs	Direct	17,766	17,766	18,235
Staff welfare/training/recruitment	Direct	11,245	11,245	9,197
Travelling expenses	Direct	6,745	6,745	4,718
Motor expenses	Direct	8,674	8,674	8,381
Printing, postage and stationery	Direct	1,721	1,721	5,417
Telephone costs	Direct	30,489	30,489	27,513
Computer & website expenses	Direct	7,690	7,690	17,791
Bank, card and other charges	Direct	322	322	315
Insurance	Direct	16,113	16,113	10,745
Gallery expenses	Direct	2,656	2,656	3,589
Sundry office expenses	Direct	6,075	6,075	6,611
Legal and professional	Direct	79,654	79,654	48,348
Auditors' remuneration	Direct	10,500	10,500	9,300
Bank loan interest	Direct	227,797	227,797	160,299
Depreciation on motor vehicle	Direct	2,988	2,988	3,984
Depreciation on fixtures & fittings	Direct	4,083	4,083	8,402
		2,398,264	2,398,264	2,132,786

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.

	2023 £	2022 £
The staff costs were:		
Wages and salaries	394,611	379,974
Social security costs	34,798	26,702
Pension costs	17,766	18,235
	447,175	424,911

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

Other staff	9	9
Administrative	2	2

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

£120,001 - £130,000	1	1
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The number of employees for whom retirement benefits are accruing under a money purchase scheme totalled 8 (2022 - 9).

ARTISTS STUDIO COMPANY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

5. MOVEMENT IN TOTAL FUNDS FOR THE YEAR	2023	2022
	£	£
This is stated after charging:		
Operating leases - land & buildings	840,042	825,582
Depreciation of tangible fixed assets	96,409	90,835
Auditor's remuneration for audit services	6,500	9,300

6. TANGIBLE FIXED ASSETS

	Leasehold land and buildings	Leasehold improvements	Fixtures, fittings, equipment & motor vehicle	Total
	£	£	£	£
Cost or valuation				
At 1 January 2023	7,272,442	879,252	41,370	8,193,064
Additions	-	180,003		180,003
At 31 December 2023	7,272,442	1,059,255	41,370	8,373,067
Depreciation				
At 1 January 2023	-	621,723	23,666	645,389
Charge for the year	-	89,338	7,071	96,409
At 31 December 2023	-	711,061	30,737	741,798
Carrying amount				
At 31 December 2023	7,272,442	348,194	10,633	7,631,269
At 31 December 2022	7,272,442	257,529	17,704	7,547,675

National Westminster Bank Plc has the 1st legal charge on the land and building and its associated assets.

The fair value of the leasehold properties has been arrived at on a basis of a valuation by JLL, Chartered Surveyors who are not connected to the company on 23 July 2021. The valuations were made on an open market value and fair value basis by reference to market evidence of transaction prices for similar properties and referencing increased demand in the market. The trustees consider that the carrying value is not significantly different from current market value at the end of the reporting period.

Investment Properties	2023	2022
	£	£
At 1 January 2023	-	7,272,442
Prior year adjustment (see note below)	-	7,272,442
At 31 December 2023	-	-

Prior year adjustments

In prior years, the additions to leasehold land and buildings were incorrectly classified as investment properties. These properties are used by the Charity to provide services for its charitable activities. Therefore, it should be accounted for within tangible fixed assets. Revaluation gains and losses are recognised in other recognised gains and losses and accumulated in equity in revaluation reserves. Adjustments have been made accordingly.

In prior year, the cost and depreciation of the disposal of leasehold improvements were netted off in cost and depreciation charge respectively. Adjustments have been made accordingly.

ARTISTS STUDIO COMPANY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

7 DEBTORS	2023	2022
	£	£
Trade debtors	3,608	8,478
Prepayments	262,157	268,148
Other debtors	22,602	36,235
	<u>288,367</u>	<u>312,861</u>

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Bank loans	3,064,034	999,440
Deposits held on account	900	-
Trade creditors	67,081	55,131
Social security and other taxes	12,853	1,451
Other creditors	17,535	20,247
Accruals	141,780	143,250
Government grants	-	20,000
	<u>3,304,183</u>	<u>1,239,519</u>

9 CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2023	2022
	£	£
Bank loans	242,515	2,729,861
Deposits held on account	374,121	332,577
Government grants	-	160,000
	<u>616,636</u>	<u>3,222,438</u>

Creditors which fall due after five years are as follows:

	2023	2022
	£	£
Payable by instalments	<u>184,019</u>	<u>415,042</u>

The bank loans are secured by fixed and floating charges over the properties and undertaking of the Charity.

10 FUNDS

Analysis of fund movements	Balance at 1 Jan 23	Transfer	Income	Expenditure	Balance at 31 Dec 23
	£		£	£	£
Unrestricted funds	2,656,170	9,988	2,958,924	(2,398,264)	3,226,818
Restricted funds	9,988	(9,988)	-	-	-
Revaluation reserves	1,336,323				1,336,323
	<u>4,002,481</u>	<u>-</u>	<u>2,958,924</u>	<u>(2,398,264)</u>	<u>4,563,141</u>

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

ARTISTS STUDIO COMPANY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)
These funds are represented by:

	2023	2022
	£	£
Tangible fixed assets	7,631,269	7,547,675
Current assets	852,691	916,763
Current liabilities	(3,304,183)	(1,239,519)
Long term liabilities	(616,636)	(3,222,438)
	<u>4,563,141</u>	<u>4,002,481</u>

11 OPERATING LEASE COMMITMENTS

At 31 December 2023 the Charity had outstanding financial commitments for future minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

Expiry date:	2023	2022
	£	£
Within one year	629,479	771,214
Between two and five years	1,094,125	1,629,388
In over five years	306,202	400,418
	<u>2,029,806</u>	<u>2,801,020</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 £17,766 (2022 - £18,235).

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 Charity.

The key management personnel of the Charity comprise the trustees and the Chief Executive Officer of the Charity.

Remuneration of Key management personnel

	2023	2022
	£	£
Aggregate remuneration	<u>128,836</u>	<u>125,742</u>

14 GRANT INCOME

	2023	2022
	£	£
HMRC CJRS grant & Council grant	<u>180,000</u>	<u>20,000</u>
	<u>180,000</u>	<u>20,000</u>

ARTISTS STUDIO COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

15 CASH GENERATED FROM OPERATIONS

	2023	2022
	£	£
Surplus for the year	560,660	441,700
Adjustments for:		
Depreciation	96,409	90,835
Interest	227,797	160,299
Movements in working capital:		
Decrease/(increase) in debtors	24,494	94,488
Increase/(decrease) in creditors	(118,386)	33,649
Cash generated from operations	<u><u>790,974</u></u>	<u><u>820,971</u></u>

16 NET DEBT RECONCILIATION

	01 Jan 23	Cash flows	31 Dec 23
	£	£	£
Cash at bank and in hand	603,902	(39,578)	564,324
Current bank borrowings	(3,729,301)	422,752	(3,306,549)
	<u><u>(3,125,399)</u></u>	<u><u>383,174</u></u>	<u><u>(2,742,225)</u></u>