



TRUSTEES' REPORT AND ACCOUNTS

**FOR THE YEAR ENDED
31st MARCH 2023**

Charity Number 01105759
Company Number 04961363

THE KOESTLER TRUST
REPORT AND ACCOUNTS

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Trustees' Report for the year ended March 31st, 2023

TRUSTEES' REPORT

The Trustees, who are also directors of the Company for the purposes of the Companies Act, and trustees for charity law purposes, present their combined directors' and trustees' annual report with the financial statements of the charity for the year ended 31st March 2023. The financial statements have been prepared in accordance with the accounting policies set out in Note 1 and comply with the Charity's governing document, applicable law and the requirements of the Statement of Recommended Practice (FRS 102). The Company has taken advantage of the exemptions available to smaller entities.

LEGAL AND ADMINISTRATIVE DETAILS OF THE CHARITY

Charity number: 1105759
Company limited by guarantee number: 4961363
Principal and Registered address: Koestler Arts Centre
168a Du Cane Road, London W12 0TX

Telephone: 020 8740 0333
Email: info@koestlerarts.org.uk
Website: www.koestlerarts.org.uk

Auditors: Knox Cropper LLP
65 Leadenhall Street, London EC3A 2AD

Trustees and company directors: Sir Richard Heaton KCB (Chair from 13 December 2022)
Dame Anne Owers (trustee and Chair to 13 December 2022)
Sally Bacon OBE (from 28 September 2023)
Gary Badley (from 23 March 2023)
Ariane Bankes (to 13 December 2022; reappointed 23 March 2023; Chair of the Arts sub-committee)
David Banks (to 13 December 2022)
Jasmin Booth (Treasurer and Chair of the Finance and HR sub-committee since 13 December 2022)
Thomas Campbell (from 29 September 2022; Chair of the Koestler House sub-committee from 13 December 2022)
Jane Gillespie (resigned as trustee, Treasurer and Chair of the Finance and HR sub-committee, 13 December 2022)
Carl Hardwick
Dr Nora Laraki
Gary Mansfield (Chair of the Outreach and Involvement sub-committee since June 2022)
Page Nyame Satterthwaite
Carrie Peters (from 29 June 2023)
Andrea Rose (Vice Chair)
Nicola Solomon (to 19 May 2023)
Robert Taylor (to 1 May 2022)

Honorary President: Lord David Ramsbotham, who very sadly passed away in December 2022

Company Secretary and Chief Executive Officer: Fiona Curran (Interim Chief Executive from 1 April 2023, Chief Executive from 1 June 2023)
Sally Taylor (to 31 March 2023)

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STRUCTURE, GOVERNANCE AND MANAGEMENT

The Koestler Trust (working name Koestler Arts) is governed by its Memorandum and Articles. Updated Articles of Association were adopted by special resolution passed on 14 December 2022.

The **Board of Trustees** met four times during the year and the Annual General Meeting was held on 14 December 2022.

The Board has four sub-committees, each of which provides oversight of specific aspects of the charity's work:

The **Finance and HR sub-committee** is chaired by the Treasurer (Jane Gillespie until December 2022, and Jasmin Booth from December 2022) and includes the Chair, Vice Chair, Chief Executive and Development Director. It met on four occasions by Zoom during the year, scrutinising the finances and HR, and planning strategic development.

The **Outreach and Involvement sub-committee**, is chaired by Gary Mansfield and serviced by Sarah Matheve, Director of Outreach and Involvement. It oversees the mentoring programme and all other ways that the Charity engages with its beneficiaries, including work experience placements at the Koestler Arts Centre, family days and outreach visits to establishments. The group includes service-users and representatives from partner agencies.

The **Arts sub-committee**, is chaired by Ariane Bankes and serviced by Arts Manager, Joanna Tapp (while Fiona Curran was on maternity leave). It oversees the awards process, exhibitions, and sales. This group also includes award winners, awards judges, and prison art tutors.

The **Koestler House sub-committee** was chaired by David Banks until March 2023, and since then by Tom Campbell. The group provides oversight and guidance around the new Koestler Arts Centre building project.

Staff management is underpinned by Support and Supervision meetings, where each member of staff meets one-to-one with their line manager every 4-6 weeks. The decisions of these meetings are recorded in writing. Team meetings are held fortnightly. The Chief Executive's Support and Supervision is provided by the Chair of Trustees.

RISK AND INTERNAL CONTROL

An overall risk assessment is reported annually to the Board of Trustees. This addresses issues from specific aspects of infrastructure, including data protection, health and safety, human resources, environmental impact and office fabric and equipment. Each of these areas is the responsibility of a designated member of staff, who reports regularly to the team meeting.

AIMS AND OBJECTIVES

The Charity's ongoing aims are to:

- 1) Motivate prisoners, secure patients and detainees to take part and achieve in the arts, helping them to transform their lives
- 2) Increase public understanding and awareness of arts by prisoners, secure patients and detainees to build cohesive, supportive communities

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- 3) Be a dynamic, responsive organisation that engages service-users across its activities, and delivers excellent value for the funding it receives

As registered with the Charities Commission, the Charity's charitable objects are "for the advancement of the arts and education and for purposes beneficial to the community:

a) to promote the creative enterprise of inmates and former inmates of prisons, young offender institutions, secure units and any other establishment for the lawful detention of individuals including patients and former patients in high security psychiatric and other hospital units in the United Kingdom ("the institution") and those subject to non-custodial orders in the United Kingdom and persons subjected to similar regimes outside the United Kingdom in the fields of the visual and performing arts, sciences, crafts or trades by the provision of awards to such persons and groups of persons for meritorious work and the exhibition of their work;

b) to institute or support worthwhile artistic or creative projects at any of the institutions which aim to stimulate the education or skills of such persons and to assist in their rehabilitation and resettlement in society."

The Trustees refer to the guidance contained in the Charity Commission general guidance on public benefit when reviewing the aims and objectives and in planning future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives that have been set.

HOW THE CHARITY'S ACTIVITIES DELIVER PUBLIC BENEFIT

The Charity's awards, feedback, exhibitions, artwork sales, mentoring and outreach form a coordinated and effective programme of motivations for people in the criminal justice system to participate in the arts. The awards provide goals and rewards, feedback and exhibitions offer a connection to the outside world, sales provide recognition, the mentoring encourages participants to sustain their progress after release into the community, and the outreach visits to prisons bring artistic opportunities to new beneficiaries.

These activities bring benefits to the participants themselves - raising their self-awareness, helping them express and understand their feelings, and developing their skills and self-discipline. These improvements, in turn, bring benefits to participants' families and communities, and to the staff who work in prisons and other establishments.

Most importantly, arts activity offers a diversion from re-offending. For the community at large, the overriding benefit of the Charity's activities is to help people in the criminal justice system move towards crime-free lives. The Trust also benefits the public by raising awareness and understanding of people in the criminal justice system, through showcasing their artistic achievements.

ACTIVITIES AND ACHIEVEMENTS DURING 2022-23

2022 was the Charity's 60th anniversary year. Our entrants were at the heart of the annual programme, helping reach out to others within the criminal justice system and sharing an unprecedented number of works through our largest showcase ever. The celebration continued with several displays around the country.

The impacts of the Covid 19 pandemic could still be felt in the criminal justice system during this period. The establishments we work with were still returning to their usual regimes, including improving access to outside arts charities coming in for workshops, and allowing

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volunteers to re-engage. We know that many establishments carry staff vacancies; that is challenging for the Charity too, as we rely on some of the great individuals working in establishments to help us support entrants. However, we have seen positive signs during this period, with the number of entries increasing, and we continue to use some of the new ways of working with establishments that we deployed during the pandemic period. We were able to carry out new initiatives that were inspired by focus groups of our potential, current and past entrants, to inspire new participants. We were pleased to be able to welcome volunteer judges and feedback-writers back in larger numbers than the previous year.

Work on the new Koestler Arts building began, and it was nearing completion by the end of March 2023. This will be our new home; its successful completion is hugely important to our future profile and ways of working.

Achievements, 2022-23 - Aim 1

Rising populations, and two years of Covid-19 restrictions, saw very restricted access to libraries and other learning facilities during 2020 and 2021-2022. So in 2021 only 22% of those surveyed by the Prison Reform Trust reported that accessing education was either 'very easy' or 'quite easy.' Yet we know that purposeful activity is key to successfully navigating a sentence. 89% of our entrants in 2021 told us that participating in the Koestler Awards built their self-confidence, a crucial stepping-stone to a positive future.

Our priority for 2022-23, therefore, was to ensure that no one felt excluded from our core offer: we made changes to the ways that we inspired people to participate, how we motivated entrants to stay engaged, and to how we fostered stronger, more trusting relationships between people in secure settings and the wider public.

'Creativity has given me purpose and direction in my life. I wake up excited to create, rather than depressed about destroying something.'
Koestler Awards entrant 2022

In 2022, 3,048 men, women and young people entered the Koestler Awards with 6,744 pieces of visual art, music, and writing. 282 secure settings across the UK were represented in the Awards, including prisons, young offender institutions and secure mental health facilities, as well as probation services and approved premises.

This increase in entrant numbers (+20%), artworks created (+4%) and establishments represented (+5%) is an achievement at a challenging time for the criminal justice system. Around £30,000 was awarded in prize money to Koestler Awards entrants by more than 70 volunteer Awards judges, who included Bidisha, Jeremy Deller, Wilfrid Wood, Hot Chip and previous Koestler Awards entrants and Mentees.

1,410 people entered the Koestler Awards for the first time, while 299 entrants have been entering the Awards for over five years. Including exhibition audience feedback, 97.8% of entrants received personalised feedback on at least one of their entries. Judges, volunteers and staff members provided 87% of this, while feedback cards written by visitors to our exhibitions made up the remaining.

2022 marked another record in the history of Koestler Arts, with the work of 1,915 entrants being chosen for exhibition at Southbank Centre in October - around ten times more work than we would normally display.

'It feels magical when a piece I've created speaks to another person.'
Koestler Awards entrant 2022

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35 establishment visits have been made in the year since February 2022, ensuring as many people in secure settings as possible could see the potential for creativity in secure settings and learn about the Awards. Visits also enable staff and prisoners to share feedback on our work and have their achievements celebrated by Koestler Arts staff members at certificate presentations.

The Outreach team also piloted **In-Person Feedback Days**, an idea that came from the focus groups which we held in the first year of funding from Paul Hamlyn Foundation to help us ensure our entrants shape future plans and projects. This pilot saw artists and writers with experience of the value of arts in secure settings join learners at three establishments to lead live feedback sessions: HMP Stafford, HMP & YOI Stoke Heath and St Andrew's Healthcare Birmingham. 28 prisoners and secure patients participated in the sessions, each sharing their own artworks for discussion, and feeding back their thoughts and feelings on the artwork of their peers.

We welcomed 55 staff members from secure settings around the country to our 2022 **Arts Tutor Seminar**, nearly double the number that were able to attend in person in 2021. The seminar allowed teaching staff, who often work in isolation from each other, to share experiences and best practice, as well as feedback on areas where Koestler Arts could grow to offer greater impact in the criminal justice system.

We were thrilled that in 2022 our popular **Friends and Family Events** returned for the first time since the start of the Covid-19 pandemic, with 7 Family and Friends Afternoons at Southbank Centre. Friends and relatives of the 1,915 artists exhibited at our national exhibition received invitations to join Koestler Arts staff at the show, where they were able to view their loved one's artwork in a supportive environment and learn more about the Koestler Awards from specially trained ex-prisoner exhibition hosts. We also hosted Family Days at both our exhibitions in Bracknell and Glasgow, welcoming 26 guests including several of the artists with work on display.

The Koestler Arts **Mentoring Programme** helps further the transformative power of the arts, and provides opportunity, access, and growth in individual lives post release. Over the course of a year, Koestler Arts mentees receive bespoke one-to-one assistance from a specialist in their chosen artform. 15 mentoring relationships are currently being supported through the scheme, with referrals from probation services increasing and in-person sessions now back in place following the pandemic.

We continue to commission and pay mentees to produce our monthly **Art Aid sheets**, and have also been able to offer additional, **paid commissions** to mentees, including the production of unique artworks and paid **speaking opportunities**.

'My involvement with Koestler Arts helped the parole board see me as an individual with aspirations and a strong base to start my life again.'

Koestler Award Winner and Mentee, 2022

Achievements, 2022-23 Aim 2

For our 60th anniversary celebrations we were able to showcase an unprecedented number of entries to the Koestler Awards at events and exhibitions in Glasgow, Newcastle, Bracknell and London, as well as online.

Throughout March 22, **Changing Perceptions** was open and free to the public at Newcastle Cathedral. The exhibition was organised by the Oswin Project, a charity supporting prison-

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leavers in the Northeast of England and showcased 15 Koestler Awards artworks alongside work from the Burnbake Trust, HM Prisons Low Newton and Northumberland.

The summer saw the return of Koestler Arts to the Supreme Court with ***The Future is Never Too Big***, a public display of artwork by under 18s in secure settings or under supervision with a youth offending team, which ran until the autumn.

Freedom, our 15th UK exhibition in partnership with Southbank Centre, opened at the end of October. Curated by artist Ai Weiwei, *Freedom* was our biggest exhibition to date. The exhibition featured daily tours by **ex-prisoner exhibition hosts**, employed by Koestler Arts and trained to help guide visitors around the exhibition, as well as opportunities for visitors to buy over 1,000 pieces of original artwork.

Our annual spoken word and poetry event ***Voices from Prison*** also took place at Southbank Centre in October, as part of the London Literature Festival. The event brought together writers and performers with lived experience of the criminal justice system with a public audience of 150, for an evening of spoken word and poetry readings.

In January 2023 we were able to exhibit in Scotland again, opening ***Our World***, an exhibition of artwork from the Scottish criminal justice system at Glasgow's Tramway gallery. The exhibition was co-curated by a group of prisoners from HMP Shotts, and centred on key themes of nature, identity, current affairs and colour.

Also opening in January 2023, ***On My Plate*** was an exhibition by women in the criminal justice system, in partnership with the University of Surrey's 'Doing Porridge' research project. Held at South Hill Park Arts Centre in Bracknell, the exhibition focused on food inside and outside the criminal justice system, combining art made in the research project's creative workshops and pieces entered into the 2022 Koestler Awards.

Achievements, 2022-23 - Aim 3

The charity was awarded the 2022 **Longford Prize** for our work making 'a vital human connection between prisoners and the public.' We were also shortlisted for the **Calouste Gulbenkian Foundation 2022 Award for Civic Arts Organisations**, in recognition of our work throughout the pandemic in supporting prisoners.

Having resiliently navigated the pandemic to ensure that our core offer continued, levels of fundraising were achieved and staff welfare was prioritised, as a small charity we are now facing the challenges of the **cost of living crisis** in terms of fundraising and HR. In 2022-23 we offered slight pay increases to staff members on the lowest salaries.

While donor retention remained around 85-95%, we are closely monitoring the impact of the current economic climate on our **individual giving**, particularly regular donations, and are focusing on increasing levels of communication and in-person and online opportunities for supporters to be involved with our work. At this time more than ever, **multi-year grants** from trusts and foundations as well as public funders can give us the security to plan ahead. We have been successful in a very competitive round to retain our status as an Arts Council England NPO at our current level of support (£76,380 a year) for 2023-2026, as well as successfully achieving a 3-year grant from HMPPS (£75,000 a year).

The new **Koestler Arts Centre** neared completion in 2022-23, with fit-out work and the move planned for 2023. We are excited to be able to welcome staff, volunteers and visitors to an accessible, environmentally-friendly building, from which we can do much more for our beneficiaries. The use of recycled shipping containers for the new building meant that many of

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the increases in the costs of raw materials seen during the project were less impactful than has been seen in other similar projects during this period. The charity's future budgets will, for the first time, take into account building running costs, although there will be no ongoing rent or loan repayments.

To coincide with the move into our new premises, we also redeveloped our **website**, to ensure it is accessible and clearly represents the charity, our aims and our activities. Through the redevelopment of our main website, as well as our donation and e-commerce platforms, we aim to make the process of supporting Koestler Arts through visiting exhibitions, volunteering, donating and buying artwork and merchandise easier, as well as streamlining the ways people can directly benefit and get involved with our work. **Equality and Diversity** remains a standing item on our Board agendas and staff and stakeholder focus groups are under way to explore additional ways we can remove barriers which people from all backgrounds may face in accessing our work.

This year saw a series of changes to our **Board and Management team**. Dame Anne Owers, Chair of Trustees, alongside 3 long-standing Trustees stood down at our December AGM. A successful round of Board recruitment has brought in new Board members with experience across business, and the prison system, with two new trustees with experience in fundraising and probation joining in 2023-24.

Our Chief Executive, Sally Taylor, stepped down, after nearly eight years in post, at the end of the financial year. The Board and staff of the Charity thank her for her huge contribution over this time; she led us through the challenges of the pandemic and her drive and vision delivered us an inspiring new building. An open recruitment process started early in 2023, and in June the Board was delighted to announce that Fiona Curran, previously Director of Arts with the charity for over 13 years, had been selected as our new Chief Executive.

The charity remains a London Living Wage employer.

FINANCIAL REVIEW

The Koestler Trust's consolidated income in 2022-23 was £946,446. This does not include income raised for our capital funds for the new building.

The Koestler Trust delivered a successful year financially. In terms of Government funding, the Charity retained its annual core grant from HMPPS (£75,000). We remained part of Art Council England's National Portfolio, receiving a core grant of £76,380, which was reconfirmed for the next funding period. Our grant from the Paul Hamlyn Foundation to support our core work, makes the Foundation our largest supporter.

Grant-making Foundations continued to provide the largest proportion of the Charity's income (excluding capital grants), at almost 30%. The Maingot Charitable Trust and the Bromley Trust were among those who maintained their support in 2022-23. During the year, the Trust also continued to receive funding from the Marie Louise von Motesiczky Trust.

This fundraising, alongside continuing much appreciated support for scholarships, named awards and core contributions from both individuals, smaller Trusts and Foundations, and Art Societies, also helped us reach fundraising targets. We were very fortunate to receive generous funds from Legacies left to the Trust during the year - an unusually high amount for the charity.

The Trust continued to receive funds from businesses. Our main corporate donors remain Elysium Healthcare, Serco and Sodexo Justice Services. CCLA Investment Management

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continued their support and to host a collection of Koestler Arts work in their offices. Doughty Street Chambers supported the Visitors Choice Award at the UK exhibition.

RESERVES

The Trust has no permanent endowment. It must therefore raise money on an ongoing basis.

The Trustees' policy is to have reserves of unrestricted funds for the total costs of running the charity for at least three months ahead. At the year end, the Trust had free reserves of £269,090 with the total unrestricted reserve of £537,229.

FUNDRAISING PRACTICES

All fundraising for the Koestler Trust is undertaken by the staff team, led by the Chief Executive and Development Director. No professional fundraisers or commercial participators carry out any fundraising activities on our behalf. Donor data is maintained on a secure database, and staff have undertaken training into the requirements of GDPR legislation.

FUTURE PLANS

The new Board and Senior Leadership Team assembled for a combined strategy day in September 2023, and following that session we will work together to update our five-year business plan. We anticipate that our new strategy will use the new building to improve every aspect of our work. It will also be a welcoming and accessible space for alumni and prison staff to visit, and will reduce our impact on the environment. We will look to digitise processes and use modern software, so that we can respond quicker with tailored support, be better able to monitor participation levels and trends, raise funds more effectively, reach audiences, and support increasing numbers of beneficiaries. We will look to ensure that our offer remains relevant to all possible participants, including young people, those serving short sentences, and those from minority or disadvantaged backgrounds. We will look to showcase work in new ways, across the whole of the UK, covering music and performance as well as the visual arts.

As well as processing an almost 30% increase in Koestler Awards entries, producing a poetry anthology, a UK exhibition and our first exhibition in the South West of England, one of our key activities in 2023-24 will be to open our new Koestler Arts Centre, next door to the current building on the grounds of HMP Wormwood Scrubs. We are very grateful to the individuals, Arts Council England, the Ministry of Justice, The London Borough of Hammersmith and Fulham, and the Trusts and Foundations who have supported this project over the last few years. We also thank the Koestler House sub-committee who have helped steer its progress. The Charity has been able to secure use of its current premises until the end of March 2024, in order to efficiently return the record number of 2023 entries, as we move into our new premises.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the annual report and the financial statement in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. Company Law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the net income or expenditure of the charity for the year. In preparing these financial statements the Trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgments and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed subject to any

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material departures disclosed and explained in the financial statements.

- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Trustees are responsible for maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the charitable company and to 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.

The Trustees, who are directors for the purpose of company law and trustees for the purpose of charity law, who served during the year and up to the date of this report are set out on page 1.

In accordance with company law, as the company's directors, we certify that:

- so far as we are aware, there is no relevant audit information of which the charitable company's auditors are unaware; and

- as directors of the company, we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

We are privileged to work with thousands of individuals in the criminal justice system who have the potential to thrive, to succeed, and in many cases to turn their lives around. Increasing their wellbeing, self-confidence, hope and resilience is as vital as ever. On behalf of the Trustees, I would like to thank the Charity's small and talented staff team, led passionately and skilfully for many years by Sally Taylor and, since June, by our superb new Chief Executive Fiona Curran. They are the people who have kept this vital work going through some very challenging times. They have also positioned the Charity to modernise and improve its operations, so that we can continue to change lives in the years ahead. On behalf of the Trustees and staff, I would also like to thank all the donors, supporters and volunteers who have shared the Charity's powerful vision and have helped to unlock the talent inside. And I would like to thank my fellow Trustees too, for lending their time and experience to the Charity and for supporting it in so many ways.

Very soon, Koestler Arts will have its own home for the first time. Still in the shadow of HMP Wormwood Scrubs, but constructed from shipping containers, our new headquarters will be as distinctive and different as the Charity itself: a brilliant arts organisation in a penal setting, and a powerful reminder that change is possible.

Approved by the Trustees and signed on their behalf by:



Richard Heaton

Signed on 15/12/23 @ 21:09

Sir Richard Heaton KCB
Chair of Trustees

Date 0023-12-15

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Independent Auditor's Report To The Members Of

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Opinion

We have audited the financial statements of The Koestler Trust (the 'parent company') and its subsidiary ('the group') for the year ended 31 March 2023 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Consolidated Statement of Cash flows 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 group's and parent company's affairs as at 31 March 2023 and of the group's 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information.

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.

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Independent Auditor's Report To The Members Of

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(Continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report .

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement in the Trustees' Report, 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 group's and parent 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 group or parent company or to cease operations, or have no realistic alternative but to do so.

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Independent Auditor's Report To The Members Of

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(Continued)

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:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant are the Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2019), in accordance with the Financial Reporting Standard applicable in the UK (FRS 102) applicable to smaller entities and the Companies Act 2006.
- We understood how the charitable company is complying with those frameworks via communication with those charged with governance, together with the review of the charity's documented policies and procedures. The charitable company is required to comply with both company law and charity law and, based on our knowledge of its activities, we identified that the legal requirement to accurately account for restricted funds was of key significance.
- The audit team, which is experienced in the audit of charities, considered the charity's susceptibility to material misstatement and how fraud may occur. Our considerations included the risk of management override and allocation of costs to charitable activities and restricted funds.
- Our approach was to check that the income from grants and donations were properly identified and accurately disclosed, that expenditure complied with the control procedures and was appropriately charged. We also reviewed the transactions with the subsidiary company, major journal adjustments along with unusual transactions and considered the identification and disclosure of related party transactions.

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.

/Continued ...

The Koestler Trust
Independent Auditor's Report To The Members Of
The Koestler Trust For the year ended 31 March 2023

(Continued)

Use of our report

This report is made solely to the parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken, so that we might state to the parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent company and the parent company's members as a body, for our audit work, for this report or for the opinions we have formed.



Shoaib Arshad (Senior Statutory Auditor)

For and on behalf of:

Knox Cropper LLP

Chartered Accountants & Statutory Auditors

65 Leadenhall Street

London

EC3A 2AD

18 December 2023

Registered company no. 04961363

The Koestler Trust
Consolidated Statement of Financial Activities
(incorporating the Income and Expenditure Account)
For the year ended 31 March 2023

| | Note | Unrestricted Funds 2023 £ | Restricted Funds 2023 £ | Total Funds 2023 £ | Total Funds 2022 £ |
|--------------------------------------|------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| INCOME AND ENDOWMENTS FROM: | | | | | |
| Donations and legacies | | | | | |
| for charitable activities | 2 | 847,792 | 59,236 | 907,028 | 812,448 |
| for capital development | 2 | - | 490,268 | 490,268 | 411,926 |
| Other trading activities | 4 | 37,048 | - | 37,048 | 34,716 |
| Investments | 5 | 2,370 | - | 2,370 | 325 |
| TOTAL | | 887,210 | 549,504 | 1,436,714 | 1,259,415 |
| EXPENDITURE ON: | | | | | |
| Raising funds | | | | | |
| Costs of generating voluntary income | | 136,057 | - | 136,057 | 124,362 |
| Charitable activities | | 765,444 | 94,432 | 859,876 | 757,662 |
| TOTAL EXPENDITURE | 6 | 901,501 | 94,432 | 995,933 | 882,024 |
| NET MOVEMENT IN FUNDS | | (14,291) | 455,072 | 440,781 | 377,391 |
| RECONCILIATION OF FUNDS: | | | | | |
| TOTAL FUNDS AT 1 APRIL 2022 | | 570,788 | 866,455 | 1,437,243 | 1,059,852 |
| TOTAL FUNDS AT 31 MARCH 2023 | | £ 556,497 | £ 1,321,527 | £ 1,878,024 | £ 1,437,243 |

All income and expenditure has arisen from continuing activities. None of the Charity's activities were acquired or discontinued during the above two financial years.

The Koestler Trust
(company limited by guarantee) (registered company no. 04961363)
Consolidated Balance Sheet
As at 31 March 2023

| | Notes | Charity 2023 £ | Group 2023 £ | Charity 2022 £ | Group 2022 £ |
|------------------------------------------------|-------|----------------------|--------------------|----------------------|--------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 10 | 966,638 | 966,637 | 482,076 | 482,075 |
| Investments | 11 | 102,000 | 101,999 | 100,223 | 100,222 |
| | | <u>1,068,638</u> | <u>1,068,636</u> | <u>582,299</u> | <u>582,297</u> |
| CURRENT ASSETS | | | | | |
| Debtors | 13 | 90,304 | 89,202 | 56,822 | 54,883 |
| Short term investments | 14 | - | - | 50,053 | 50,053 |
| Cash at bank and in hand | 15 | 970,102 | 1,004,809 | 935,359 | 949,387 |
| | | <u>1,060,406</u> | <u>1,094,011</u> | <u>1,042,234</u> | <u>1,054,323</u> |
| CREDITORS: amounts falling due within one year | 16 | (270,288) | (284,623) | (193,866) | (199,377) |
| NET CURRENT ASSETS | | <u>790,118</u> | <u>809,388</u> | <u>848,368</u> | <u>854,946</u> |
| NET ASSETS | | <u>£ 1,858,756</u> | <u>£ 1,878,024</u> | <u>£ 1,430,667</u> | <u>£ 1,437,243</u> |
| FUNDS | | | | | |
| Unrestricted funds: | | | | | |
| Designated funds | 17 | 260,730 | 260,730 | 368,195 | 368,195 |
| Subsidiary companies | 17 | - | 19,268 | - | 6,576 |
| General fund | 17 | 276,499 | 276,499 | 196,017 | 196,017 |
| | | <u>537,229</u> | <u>556,497</u> | <u>564,212</u> | <u>570,788</u> |
| Restricted funds | 17 | 1,321,527 | 1,321,527 | 866,455 | 866,455 |
| | | <u>£ 1,858,756</u> | <u>£ 1,878,024</u> | <u>£ 1,430,667</u> | <u>£ 1,437,243</u> |

The financial statements have been prepared in accordance with the special provisions in Part 15 of the Companies Act 2006 relating to small companies and the Financial Reporting Standard 102. The financial statements were approved, and authorised for issue, by the Board of Trustees on **2023-12-18** and signed on their behalf by:-



Richard Heaton
Signed on 15/12/23 @ 21:09

SIR RICHARD HEATON KCB, Chair



J Booth
Signed on 18/12/23 @ 13:52

JASMIN BOOTH, Treasurer

The Koestler Trust

Consolidated Cash Flow Statement

For the year ended 31 March 2023

| | 2023 £ | 2022 £ |
|-------------------------------------------------------------|-------------------------|--------------------------|
| Cash flows from operating activities | | |
| Surplus for the financial year | 440,781 | 377,391 |
| Adjustments for: | | |
| Depreciation | 5,844 | 2,912 |
| (Increase)/decrease in debtors | (34,319) | 31,818 |
| Decrease in creditors | 85,246 | 14,687 |
| Investment income | (2,370) | (325) |
| Net cash flows from operating activities | 495,182 | 426,483 |
| Cash flows from investing activities | | |
| Purchase of tangible fixed assets | (490,406) | (473,065) |
| Purchase of investments (fixed and short term) | 48,276 | (42) |
| Return on investment - interest receivable | 2,370 | 325 |
| Net increase/(decrease) in cash and cash equivalents | 55,422 | (46,299) |
| Cash and cash equivalents at 1 April 2022 | 949,387 | 995,686 |
| Cash and cash equivalents at 31 March 2023 | £ 1,004,809 | £ 949,387 |
| Components of cash and cash equivalents | | |
| | At 1 April 2022 £ | At 31 March 2023 £ |
| Cash at bank and in hand | <u>949,387</u> | <u>1,004,809</u> |

The Koestler Trust

Notes to the consolidated Financial Statements

For the year ended 31 March 2023

1. ACCOUNTING POLICIES

Basis of preparation of financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102 have been prepared under the historical cost convention, and in accordance with applicable United Kingdom accounting standards and the requirements of the Statement of Recommended Practice 'Accounting and Reporting by Charities' (FRS 102) and the Companies Act 2006. The presentational currency of the financial statements is Pound Sterling (£).

The Trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern.

Group financial statements

These financial statements consolidate the results of the Charity and its wholly-owned subsidiary, Koestler (Sales) Limited, on a line by line basis. A separate Statement of Financial Activities for the Charity itself is not presented because the Charity has taken advantage of the exemptions afforded by the Companies Act 2006 and SORP 2015.

Company status

The Koestler Trust is a company limited by guarantee. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charity.

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objects of the Charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors which have been raised by the Charity for particular purposes. The cost of administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements. Statutory grants which are given as contributions towards the Charity's core services are treated as unrestricted.

Incoming resources

All incoming resources are included in the Statement of Financial Activities (SOFA) when the charity is legally entitled to the income, it is probable that the amount will be received and the amount can be quantified with reasonable accuracy. Revenue grants received are deferred when conditions are attached, for example when they relate to a specific future period.

Investment Income is recognised on an accruals basis.

The Koestler Trust

Notes to the consolidated Financial Statements

For the year ended 31 March 2023

Resources Expended

Expenditure is recognised on an accruals basis, inclusive of irrecoverable VAT.

Charitable activities include expenditure associated with the staging of art exhibitions as an essential part of promoting artistic activities on the part of people within the criminal justice system, as set out in the Trust's Objectives stated in the Trustees report. They also include the award of prizes for the artistic merit of the work and the activities of the Koestler Art Centre, which organises the exhibitions, promotes the work of the Trust within the prison system, including specific arts projects and exhibits prisoner art on a permanent basis.

Support costs are overhead expenditure and management costs necessary in order to control the charitable activities of the Trust and ensure that the Trust's objectives are being achieved. They are allocated over the charity's expenditure headings, including fundraising, charitable activities and governance based on staff costs.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

| | |
|--------------------------------|--------------|
| Computer equipment | Over 4 years |
| Fixtures, fittings & equipment | Over 7 years |

Pensions

The Charity contributes to a defined contribution pension scheme on behalf of a number of employees. The pension charge represents the amount payable by the charity to the pension fund in respect of the year.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Judgements and key sources of estimation uncertainty

Judgements and key sources of estimation uncertainty are detailed in the above accounting policies, where applicable.

Financial Instruments

The Charity only has financial assets and liabilities of a kind that qualify as basic financial instruments, for example debtors, cash at bank and creditors. These are initially recognised at transaction value and subsequently valued at settlement value.

The Koestler Trust

Notes to the consolidated Financial Statements

For the year ended 31 March 2023

2. DONATIONS AND LEGACIES

| | Unrestricted Funds 2023 £ | Restricted Funds 2023 £ | Total Funds 2023 £ | Total Funds 2022 £ |
|-----------------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Income for Charitable activities | | | | |
| Donations from Public Sector | 151,380 | 11,250 | 162,630 | 151,380 |
| Donations from Trusts | 253,903 | 28,543 | 282,446 | 395,477 |
| Donations from Businesses | 76,261 | 12,817 | 89,078 | 54,609 |
| Donations from Individuals | 85,857 | 6,626 | 92,483 | 101,091 |
| Sales of Donated Goods | - | - | - | 2,574 |
| Legacies | 280,391 | - | 280,391 | 107,317 |
| | <u>847,792</u> | <u>59,236</u> | <u>907,028</u> | <u>812,448</u> |
| Capital Grants (note 3) | - | 490,268 | 490,268 | 411,926 |
| | <u>£ 847,792</u> | <u>£ 549,504</u> | <u>£ 1,397,296</u> | <u>£ 1,224,374</u> |

Comparative donations and legacies

| | Unrestricted Funds 2022 £ | Restricted Funds 2022 £ | Total Funds 2022 £ |
|-----------------------------------------|------------------------------------|----------------------------------|-----------------------------|
| Income for Charitable activities | | | |
| Donations from Public Sector | 151,380 | - | 151,380 |
| Donations from Trusts | 344,159 | 51,318 | 395,477 |
| Donations from Businesses | 52,609 | 2,000 | 54,609 |
| Donations from Individuals | 100,091 | 1,000 | 101,091 |
| Sales of Donated Goods | 2,574 | - | 2,574 |
| Legacies | 107,317 | - | 107,317 |
| | <u>758,130</u> | <u>54,318</u> | <u>812,448</u> |
| | <u>-</u> | <u>411,926</u> | <u>411,926</u> |
| | <u>£ 758,130</u> | <u>£ 466,244</u> | <u>£ 1,224,374</u> |

In addition to the above grants, donations and legacies, the Trust receives the use of 168a Du Cane Road, and the costs associated with maintaining the premises, free of charge from HMP Wormwood Scrubs. This benefit is not included in the Statement of Financial Activities as the value cannot be ascertained without substantial expense on a quantity surveyor.

The Koestler Trust

Notes to the consolidated Financial Statements

For the year ended 31 March 2023

| | | |
|--------------------------------------------|------------------|------------------|
| 3. KOESTLER HOUSE DEVELOPMENT | 2023 | 2022 |
| | £ | £ |
| Capital Funds brought forward | 479,724 | 82,503 |
| Restricted grants and donations (note 2) | 490,268 | 397,221 |
| | <u>£ 969,992</u> | <u>£ 479,724</u> |
| Analysis of Capital Funds (note 17) | | |
| Designated Funds | 82,503 | 82,503 |
| Restricted Funds | 887,489 | 397,221 |
| | <u>£ 969,992</u> | <u>£ 479,724</u> |

The development of the new building started during the year and will be completed in 2023-4. The costs of £959,228 incurred by 31 March 2023 has been reported as additions to leasehold building under note 11 of these financial statements.

| | | | | |
|-----------------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| 4. INCOME FROM OTHER TRADING ACTIVITIES | Unrestricted Funds 2023 £ | Restricted Funds 2023 £ | Total Funds 2023 £ | Total Funds 2022 £ |
| Trading income | 37,048 | - | 37,048 | 34,716 |
| Total 2023 | <u>£ 37,048</u> | <u>£ Nil</u> | <u>£ 37,048</u> | |
| Total 2022 | <u>£ 34,716</u> | <u>£ Nil</u> | | <u>£ 34,716</u> |

| | | | | |
|---------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| 5. INVESTMENT INCOME | Unrestricted Funds 2023 £ | Restricted Funds 2023 £ | Total Funds 2023 £ | Total Funds 2022 £ |
| Interest receivable from: | | | | |
| Bank interest | 2,370 | - | 2,370 | 325 |
| Total 2023 | <u>£ 2,370</u> | <u>£ Nil</u> | <u>£ 2,370</u> | |
| Total 2022 | <u>£ 325</u> | <u>£ Nil</u> | | <u>£ 325</u> |

The Koestler Trust

Notes to the consolidated Financial Statements

For the year ended 31 March 2023

6. RESOURCES EXPENDED

| | Staff costs | Other direct costs | Support costs | Total 2023 | Total 2022 |
|-------------------------------------------|------------------|--------------------|------------------|------------------|------------------|
| | £ | £ | £ | £ | £ |
| Cost of charitable activities by project: | | | | | |
| UK Exhibition at Southbank | 35,323 | 101,462 | 22,482 | 159,267 | 87,559 |
| Out of London Exhibitions | 32,307 | 23,480 | 20,562 | 76,349 | 106,067 |
| Prizes Awarded | - | 28,539 | - | 28,539 | 29,836 |
| Arts Response & Awards | 141,538 | 28,008 | 90,084 | 259,630 | 244,792 |
| Publicity | 27,925 | 34,102 | 17,773 | 79,800 | 58,124 |
| Mentoring | 41,195 | 9,200 | 26,219 | 76,614 | 72,081 |
| Outreach and Involvement | 90,761 | 9,295 | 57,766 | 157,822 | 130,621 |
| Koestler sales | - | 21,855 | - | 21,855 | 28,582 |
| Total charitable expenditure | 369,049 | 255,941 | 234,886 | 859,876 | 757,662 |
| Costs of generating voluntary income | 74,837 | 13,589 | 47,631 | 136,057 | 124,362 |
| | <u>£ 443,886</u> | <u>£ 269,530</u> | <u>£ 282,517</u> | <u>£ 995,933</u> | <u>£ 882,024</u> |

Resources expended include:

| | 2023 | 2022 |
|------------------------------|-------|-------|
| Audit fee (inclusive of VAT) | 6,600 | 4,680 |
| Other services | 2,040 | 1,566 |
| Depreciation | 5,844 | 4,981 |

Details of staff costs are given in Note 8.

The Koestler Trust

Notes to the consolidated Financial Statements

For the year ended 31 March 2023

6. RESOURCES EXPENDED (continued)

Comparative resources expended

| | Staff costs | Other direct costs | Support costs | Total 2022 |
|--------------------------------------------------|------------------|--------------------|------------------|------------------|
| | £ | £ | £ | £ |
| <i>Cost of charitable activities by project:</i> | | | | |
| UK Exhibition at Southbank | 29,649 | 42,121 | 15,789 | 87,559 |
| Out of London Exhibitions | 64,318 | 7,498 | 34,251 | 106,067 |
| Prizes Awarded | - | 29,836 | - | 29,836 |
| Arts Response & Awards | 144,690 | 23,051 | 77,051 | 244,792 |
| Publicity | 26,542 | 17,448 | 14,134 | 58,124 |
| Mentoring | 42,684 | 6,667 | 22,730 | 72,081 |
| Outreach and Involvement | 82,912 | 3,556 | 44,153 | 130,621 |
| Koestler sales | - | 28,582 | - | 28,582 |
| <i>Total charitable expenditure</i> | <i>390,795</i> | <i>158,759</i> | <i>208,108</i> | <i>757,662</i> |
| <i>Costs of generating voluntary income</i> | <i>69,679</i> | <i>17,577</i> | <i>37,106</i> | <i>124,362</i> |
| | <u>£ 460,474</u> | <u>£ 176,336</u> | <u>£ 245,214</u> | <u>£ 882,024</u> |

7. SUPPORT COSTS

| | Total 2023 | Total 2022 |
|-------------------|------------------|------------------|
| | £ | £ |
| Governance costs | 15,520 | 7,813 |
| Staff costs | 168,605 | 143,932 |
| General overheads | 98,392 | 93,469 |
| | <u>£ 282,517</u> | <u>£ 245,214</u> |

The Koestler Trust

Notes to the consolidated Financial Statements

For the year ended 31 March 2023

8. STAFF NUMBERS AND COSTS

| | 2023 | 2022 |
|-----------------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 521,700 | 527,087 |
| Social security costs | 42,927 | 42,920 |
| Pension costs | 28,294 | 29,249 |
| Cost of contracted staff | - | 1,200 |
| Other staff costs | 19,570 | 3,950 |
| | <u>£ 612,491</u> | <u>£ 604,406</u> |
| | | |
| | 2023 | 2022 |
| | £ | £ |
| Allocated to: | | |
| Charitable activities | 369,049 | 390,795 |
| Fundraising costs | 74,837 | 69,679 |
| Support costs | 168,605 | 143,932 |
| | <u>£ 612,491</u> | <u>£ 604,406</u> |
| | | |
| Average number of employees | <u>21</u> | <u>19</u> |

One (2022: one) employee received remuneration of more than £60,000 between £60,001 to £70,000.

The key management personnel of the Charity are those persons having authority and responsibility for planning, directing and controlling the activities of the Charity, directly or indirectly, including any Trustee of the Charity. In addition to the Trustees, Key management personnel includes the management team.

Following the recommendations of the National Council for Voluntary Organisations' guidance on *Setting and Communicating Remuneration Policies* (April 2014), and with the agreement of the individual staff involved, the Koestler Trust has started publishing the gross salaries of its management team. These are as follows:

| | 2023 | 2022 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Chief Executive | 71,685 | 68,612 |
| Director of Arts | 17,886 | 46,581 |
| Director of Outreach & Involvement | 40,456 | 39,063 |
| Director of Development | 46,038 | 44,154 |
| | <u>£ 176,065</u> | <u>£ 198,410</u> |

The Koestler Trust

Notes to the consolidated Financial Statements

For the year ended 31 March 2023

9. TRUSTEES REMUNERATION AND BENEFITS

The Articles of Association allow for the payment of professional fees to Trustees under certain circumstances, however, during the year, no members of the Board of Trustees received any remuneration (2022 - £NIL).

No members of the Board of Trustees received reimbursement of expenses (2022 - £NIL).

10. TANGIBLE FIXED ASSETS

| | Koestler House | Fixture and fittings | Computer equipment | Total |
|-----------------------|---------------------------|---------------------------------|-------------------------------|------------------|
| | £ | £ | £ | £ |
| Cost | | | | |
| At 1 April 2022 | 470,964 | 3,176 | 17,840 | 491,980 |
| Additions | 488,264 | 608 | 1,534 | 490,406 |
| At 31 March 2023 | <u>959,228</u> | <u>3,784</u> | <u>19,374</u> | <u>982,386</u> |
| Depreciation | | | | |
| At 1 April 2022 | - | 1,065 | 8,840 | 9,905 |
| Charge for the year | - | 1,015 | 4,829 | 5,844 |
| At 31 March 2023 | <u>-</u> | <u>2,080</u> | <u>13,669</u> | <u>15,749</u> |
| Net book value | | | | |
| At 31 March 2023 | <u>£ 959,228</u> | <u>£ 1,704</u> | <u>£ 5,705</u> | <u>£ 966,637</u> |
| At 31 March 2022 | <u>£ 470,964</u> | <u>£ 2,111</u> | <u>£ 9,000</u> | <u>£ 482,075</u> |

A new building 'Koestler House' is under construction on leased land. Accounting for the depreciation of Koester House will commence when the building becomes operational.

11. INVESTMENTS

| | Charity 2023 | Group 2023 | Charity 2022 | Group 2022 |
|--------------------------------------|-------------------------|-----------------------|-------------------------|-----------------------|
| | £ | £ | £ | £ |
| CCLA COIF Charities Deposit Fund | 101,999 | 101,999 | 100,222 | 100,222 |
| Investment in subsidiaries (note 12) | 1 | - | 1 | - |
| | <u>£ 102,000</u> | <u>£ 101,999</u> | <u>£ 100,223</u> | <u>£ 100,222</u> |

The Koestler Trust

Notes to the consolidated Financial Statements

For the year ended 31 March 2023

12. INVESTMENT IN SUBSIDIARIES

Koestler (Sales) Limited is a company limited by guarantee whose members are also the trustees of the Koestler Trust. The Company had a policy of donating 25% of sales income from artwork to Victim Support and is included in the costs of sales. The Company also had a policy to gift aid its profits to the Trust. Three of the Trustees were directors of Koestler (Sales) Ltd during the year: Dr Nora Laraki, (appointed December 2022) Gary Mansfield, and Robert Taylor (resigned September 2022).

The financial results of Koestler (Sales) Limited are as follows:

| | 2023 | 2022 |
|------------------------------------------------|----------|----------|
| | £ | £ |
| Turnover | 37,048 | 34,716 |
| Cost of sales | (17,712) | (25,083) |
| Administrative costs | (3,750) | (3,499) |
| Profit in the year before Gift Aid | 15,586 | 6,134 |
| Gift Aid donations to Koestler Trust (Charity) | (2,501) | (1,566) |
| Corporation tax charge | (393) | - |
| Profit in the year | 12,692 | £ 4,568 |
| Current assets | 34,708 | 14,029 |
| | 34,708 | 14,029 |
| Liabilities | (15,440) | (7,453) |
| | 19,268 | £ 6,576 |
| Profit and loss account | 19,268 | 6,576 |
| Capital and reserves | 19,268 | £ 6,576 |

Following are the inter-company transactions during the year and balances held at the year end.

| | 2023 | 2022 |
|---------------------------------------------------|-------|-------|
| | £ | £ |
| Balance due to Koestler Trust as at 31 March 2023 | 1,667 | 2,501 |
| Koestler Trust income entitlement during the year | 2,501 | 1,566 |

The Koestler Trust

Notes to the consolidated Financial Statements

For the year ended 31 March 2023

13. DEBTORS

| | Charity 2023 £ | Group 2023 £ | Charity 2022 £ | Group 2022 £ |
|--------------------------------|----------------------|--------------------|----------------------|--------------------|
| Due within one year | | | | |
| Due from group undertakings | 1,667 | - | 2,501 | - |
| Prepayments and accrued income | 79,484 | 80,049 | 54,321 | 54,883 |
| | <u>£ 90,304</u> | <u>£ 89,202</u> | <u>£ 56,822</u> | <u>£ 54,883</u> |

14. INVESTMENTS HELD AS CURRENT ASSETS

| | Charity 2023 £ | Group 2023 £ | Charity 2022 £ | Group 2022 £ |
|-------------------------------------|----------------------|--------------------|----------------------|--------------------|
| CAF 12 months fixed rate investment | - | - | 50,053 | 50,053 |

15. Cash at bank and in hand

The year end cash balance reflects the funds already raised and received for the construction of the new Koestler Arts building which will be completed in 2023-24

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Charity 2023 £ | Group 2023 £ | Charity 2022 £ | Group 2022 £ |
|---------------------------------|----------------------|--------------------|----------------------|--------------------|
| Grants in advance | 214,178 | 214,178 | 160,794 | 160,794 |
| Social security and other taxes | 10,062 | 10,062 | 9,535 | 9,535 |
| Accruals | 40,303 | 40,603 | 18,771 | 18,771 |
| Other creditors | 5,745 | 14,153 | 4,766 | 10,277 |
| | <u>£ 270,288</u> | <u>£ 284,623</u> | <u>£ 193,866</u> | <u>£ 199,377</u> |

The Koestler Trust

Notes to the consolidated Financial Statements

For the year ended 31 March 2023

17. STATEMENT OF FUNDS

| | Brought Forward £ | Incoming Resources £ | Resources Expended £ | Transfers and investment gains/(losses) £ | Carried Forward £ |
|------------------------------------------|-------------------------|----------------------------|----------------------------|----------------------------------------------------|-------------------------|
| DESIGNATED FUNDS | | | | | |
| 2022-23 Projects | 40,000 | - | (40,000) | - | - |
| Outreach Fund | - | - | | 65,000 | 65,000 |
| Mentoring Fund | 35,000 | - | (35,000) | 50,000 | 50,000 |
| Arts Awards and Response Fund | 90,000 | - | (90,000) | 100,000 | 100,000 |
| Family Support and Hosts Fund | 15,000 | - | - | - | 15,000 |
| Website and Database Development Fund | 40,000 | - | (9,270) | - | 30,730 |
| Koestler House Development Fund | 82,503 | - | (82,503) | - | - |
| Koestler House Running Costs Fund | 15,000 | - | (15,000) | - | - |
| Mentoring Fund | 50,692 | - | (50,692) | - | - |
| | <u>£ 368,195</u> | <u>£ Nil</u> | <u>£ (322,465)</u> | <u>£ 215,000</u> | <u>£ 260,730</u> |
| RESTRICTED FUNDS | | | | | |
| UK Exhibition at Southbank | - | 17,818 | (17,818) | - | - |
| Koestler House Development Fund | 809,147 | 490,268 | - | - | 1,299,415 |
| Mentoring | 57,308 | 41,418 | (76,614) | - | 22,112 |
| | <u>£ 866,455</u> | <u>£ 549,504</u> | <u>£ (94,432)</u> | <u>£ Nil</u> | <u>£ 1,321,527</u> |
| SUMMARY OF FUNDS | | | | | |
| Designated Funds | 368,195 | - | (322,465) | 215,000 | 260,730 |
| Subsidiary companies | 6,576 | 37,048 | (24,356) | - | 19,268 |
| General Funds | <u>196,017</u> | <u>850,162</u> | <u>(554,680)</u> | <u>(215,000)</u> | <u>276,499</u> |
| | 570,788 | 887,210 | (901,501) | - | 556,497 |
| Restricted Funds | 866,455 | 549,504 | (94,432) | - | 1,321,527 |
| | <u>£ 1,437,243</u> | <u>£ 1,436,714</u> | <u>£ (995,933)</u> | <u>£ Nil</u> | <u>£ 1,878,024</u> |

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Notes to the consolidated Financial Statements

For the year ended 31 March 2023

17. STATEMENT OF FUNDS (continued)

Comparative statement of funds

| | <i>Brought Forward</i> | <i>Incoming Resources</i> | <i>Resources Expended</i> | <i>Transfers and investment gains/(losses)</i> | <i>Carried Forward</i> |
|------------------------------------------|----------------------------|-------------------------------|-------------------------------|--------------------------------------------------------|----------------------------|
| | £ | £ | £ | £ | £ |
| DESIGNATED FUNDS | | | | | |
| 2021-22 Projects | 21,001 | - | (21,001) | - | - |
| 2022-23 Projects | - | 40,000 | - | - | 40,000 |
| Regional Exhibition Fund | 50,000 | - | (50,000) | - | - |
| Mentoring & Outreach Fund | 40,000 | - | (5,000) | - | 35,000 |
| Arts Awards and Response Fund | 110,000 | - | (110,000) | 90,000 | 90,000 |
| Family Support and Hosts Fund | 25,000 | - | (10,000) | - | 15,000 |
| Website and Database Development Fund | 40,000 | - | - | - | 40,000 |
| Koestler House Development Fund | 82,503 | - | - | - | 82,503 |
| Koestler House Running Costs Fund | 15,000 | - | - | - | 15,000 |
| Scholarships | 24,000 | - | (24,000) | - | - |
| Mentoring Fund | - | - | - | 50,692 | 50,692 |
| | <u>£ 407,504</u> | <u>£ 40,000</u> | <u>£ (220,001)</u> | <u>£ 140,692</u> | <u>£ 368,195</u> |
| RESTRICTED FUNDS | | | | | |
| UK Exhibition at Southbank | - | 17,818 | (17,818) | - | - |
| Koestler House Development Fund | 397,221 | 411,926 | - | - | 809,147 |
| Mentoring | 69,889 | 36,500 | (49,081) | - | 57,308 |
| | <u>£ 467,110</u> | <u>£ 466,244</u> | <u>£ (66,899)</u> | <u>£ Nil</u> | <u>£ 866,455</u> |
| SUMMARY OF FUNDS | | | | | |
| Designated Funds | 407,504 | 40,000 | (220,001) | 140,692 | 368,195 |
| Subsidiary companies | 2,008 | 34,716 | (30,148) | - | 6,576 |
| General Funds | 183,230 | 718,455 | (564,976) | (140,692) | 196,017 |
| | <u>592,742</u> | <u>793,171</u> | <u>(815,125)</u> | <u>-</u> | <u>570,788</u> |
| Restricted Funds | 467,110 | 466,244 | (66,899) | - | 866,455 |
| | <u>£ 1,059,852</u> | <u>£ 1,259,415</u> | <u>£ (882,024)</u> | <u>£ Nil</u> | <u>£ 1,437,243</u> |

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Notes to the consolidated Financial Statements

For the year ended 31 March 2023

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted Funds | | Restricted Funds | Total Funds |
|-------------------------|--------------------|------------------|--------------------|--------------------|
| | Designated Funds | General Funds | | |
| | £ | £ | £ | £ |
| Tangible fixed assets | - | 7,409 | 959,228 | 966,637 |
| Fixed asset investments | - | 101,999 | - | 101,999 |
| Net current assets | 260,730 | 186,359 | 362,299 | 809,388 |
| | <u>£ 260,730</u> | <u>£ 295,767</u> | <u>£ 1,321,527</u> | <u>£ 1,878,024</u> |

Comparative analysis of net assets between funds

| | Unrestricted Funds | | Restricted Funds | Total Funds |
|--------------------------------|--------------------|------------------|------------------|--------------------|
| | Designated Funds | General Funds | | |
| | £ | £ | £ | £ |
| <i>Tangible fixed assets</i> | - | 11,111 | 470,964 | 482,075 |
| <i>Fixed asset investments</i> | - | 100,222 | - | 100,222 |
| <i>Net current assets</i> | 368,195 | 91,260 | 866,455 | 854,946 |
| | <u>£ 368,195</u> | <u>£ 202,593</u> | <u>£ 866,455</u> | <u>£ 1,437,243</u> |

19. PENSION COMMITMENTS

Pension costs in note 8 relate to payments made to a defined contribution pension scheme. The charitable company's liability is limited to making the payments due to the scheme on a timely basis. The liability at the 31 March 2023 is £5,746 (2022 : £4,768).

20. RELATED PARTIES

There were no related party transactions, other than those disclosed in note 6 and 7.

The Koestler Trust

Notes to the consolidated Financial Statements

For the year ended 31 March 2023

21. COMPARATIVE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

| | <i>Unrestricted</i> | <i>Restricted</i> | <i>Total</i> |
|-------------------------------------|---------------------|-------------------|--------------------|
| | <i>Funds</i> | <i>Funds</i> | <i>Funds</i> |
| | <i>2022</i> | <i>2022</i> | <i>2022</i> |
| | <i>£</i> | <i>£</i> | <i>£</i> |
| INCOME AND ENDOWMENTS FROM: | | | |
| Donations and legacies | | | |
| for charitable activities | 717,398 | 95,050 | 812,448 |
| for capital development | - | 397,221 | 411,926 |
| Other trading activities | 34,716 | - | 34,716 |
| Investments | 325 | - | 325 |
| TOTAL | <u>752,439</u> | <u>492,271</u> | <u>1,259,415</u> |
| EXPENDITURE ON: | | | |
| Raising funds | | | |
| Costs of generating voluntary | | | |
| income | 124,362 | - | 124,362 |
| Charitable activities | 669,501 | 88,161 | 757,662 |
| TOTAL EXPENDITURE | <u>793,863</u> | <u>88,161</u> | <u>882,024</u> |
| NET MOVEMENT IN FUNDS | (41,424) | 404,110 | 377,391 |
| RECONCILIATION OF FUNDS: | | | |
| TOTAL FUNDS AT 31 MARCH 2021 | 996,852 | 63,000 | 1,059,852 |
| TOTAL FUNDS AT 31 MARCH 2022 | <u>£ 955,428</u> | <u>£ 467,110</u> | <u>£ 1,437,243</u> |