



**Year ended
31 May 2022**

Annual Report and Accounts

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Introduction

Why we're here

Creative Land Trust was founded to tackle a long-standing problem for London, and indeed other global cities.

London's competitiveness as a global city is built on its vibrant creative sector. Our creative industries generate more than £52bn each year. One in six of the UK's new jobs are in this sector. London is a cultural powerhouse, but its very success is pricing artists and makers out of our city.

The loss of affordable workspace, and consequent outflow of artists, presents a serious threat to the wellbeing and prosperity of a city so reliant on creativity for its success. According to (pre-COVID) research conducted for the Mayor of London, 24% of sites containing artists' workspaces were at risk of closure.

Artists are unable to focus their time on their practice due to the instability inherent in relying on temporary workspace, and expert studio providers are displaced from their locations despite years of building social capital. London's many excellent artists face growing difficulty in securing even "meanwhile" space.

Creative Land Trust is building a new financial and operating model to secure long term, affordable workspace that would otherwise be unattainable.

Our Vision

London will always have space for artists to create, collaborate and inspire others.

Our Mission

Over five years we will secure 1,000 studio spaces that otherwise wouldn't exist, and make them available for studio providers to rent to artists and makers. Working across London we'll prove that we've created a sustainable and replicable model, ready to expand in the city and nationwide. And we'll play our part in London's post-COVID-19 recovery, helping to rebuild a vibrant creative city.

Introduction from co-chairs

We are pleased to present Creative Land Trust's Annual Report and Accounts for the year ended 31 May 2022.

In a year of continued turmoil and challenge for everyone, but especially for the creative industries, the Trust has again achieved several key milestones. The acquisition of the Trust's first property was completed, and work began to bring it into use by artists. A second property was secured, an historic building in the heart of Newham called Alice Billings House. A major research paper was launched: 'Creative Places Creating Value' outlined the financial attractiveness and viability of professionally managed creative spaces in residential developments. Finally, a new source of funding was secured through a loan from Nesta (which takes the Trust to over £10m raised since inception).

Creative Land Trust's executive team has been working very hard on getting the new spaces ready for occupation. Wallis Road, in Hackney Wick, will be occupied before the end of the calendar year and we await confirmation of the fitout plans for Alice Billings House in order to proceed there. The team has also continued to find exciting new opportunities to grow the platform from the c200 studios already secured, with prospects at other locations around the south, west and centre of London to complement those already secured in the east. Our thanks go to all the executive team for their continued dedication and hard work over the last year.

Our board of Trustees and Artist Ambassadors has continued to be engaged and committed throughout the year and provide the Trust with fantastic insights and specialist knowledge alongside strong governance and oversight. We are very grateful to all of them.

We would also like to thank our founding partners and funders Mayor of London, Arts Council England, Bloomberg Philanthropies and Outset Contemporary Art Fund who have maintained consistent support both as observers to the Board and in our day-to-day activities.

Once again and to continue #makingspaceforart, we will be focusing in the coming year on our strategies for raising additional funds to buy buildings and make more long term, affordable workspace available for London's creative community. To keep in touch with what we're doing, please visit our website and sign up for our newsletter – we really appreciate your support.

Alexandra Notay and Catherine Webster – co-chairs.

Trustees' Report

The Trustees present their report and the audited financial statements for the year ended 31 May 2022.

Reference and administrative information set out on page 37 and 38 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association, the requirements of a directors' report as required under company law, and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Objectives, activities and plans for the future

The charity's objects are:

To promote arts, crafts and craftsmanship for the public benefit, in particular, but not exclusively, by providing or facilitating access to affordable workspace for the production of arts and crafts to those in need.

Activities, achievements and performance

Our strategy (available on our website) sets out how we will achieve our objectives. This is broken into five workstreams.

Building our portfolio

We acquire freehold or long-leasehold properties that will be leased to workspace providers, thereby safeguarding affordability and long-term stability for London's creative practitioners. Our plan was to begin with 2-3 properties, enough to build up a track record of effective management, and then look to expand to 10-15 properties in years 3-5 of this strategy.

We are currently in year 2 of our plan. During 2021-22 we have secured two properties with a third acquisition planned. Wallis Road (formerly known as Stone Studios) is a new build residential building in Hackney Wick; we now have a 999-year lease for the ground and lower ground floors. This will provide approximately 30,000 square feet of lettable space.

We also signed Heads of Terms with the London Borough of Newham to take on Alice Billings House, a Grade 2 listed building in the centre of Stratford. Backed by funding from the Architectural Heritage Fund and the London Borough of Newham, we will take on a 25 year full-repairing lease and bring this empty property back to life. We have also obtained funding from the GLA's High Streets for All scheme to commission a public art project which will create a sense of interest, intrigue, engagement, and excitement to animate Stratford High Street.

As well as these projects, we continue to develop a healthy pipeline of other property opportunities which are geographically diverse and range from industrial heritage buildings to brand new development sites.

Our focus for the next year will be on activating and managing our existing sites and raising funds for future purchases.

Managing the portfolio

We use an open tender process to select expert studio providers and offer them affordable and secure lease terms. During 2021-22 we entered into leases with Cell Studios and Mainyard Studios for separate blocks within Wallis Road. We have also begun the tender process for finding a partner for Alice Billings House.

We have developed lease agreements and KPIs that will enable us to offer affordable, long term and flexible space while also ensuring that we can monitor our impact.

During the year we also decided to offer financial support to our Wallis Road tenants by contributing directly to fit-out costs. This reflects a change to our original strategy and recognises that COVID-19, rising energy prices and general inflation have made it more challenging to create suitable workspaces.

Achieving financial sustainability

Our aim is to achieve a sustainable model. We will finance acquisitions with a blend of repayable and philanthropic finance. We assess all potential properties against financial benchmarks to ensure that the end rental cost to the artist will be affordable, while generating sufficient return to cover financing and operational costs. We expect to make net losses while we are building the portfolio but aim to break even when we have a portfolio of 10-15 properties.

During the last year we exceeded our targets for external fundraising. We were awarded two further grants from the Architectural Heritage Fund for work on Alice Billings House, and secured commitments from the London Borough of Newham to co-fund the project. We have also been successful in obtaining grant money to work on feasibility studies for future projects.

We also secured our first impact loan. In May 22 we drew down £700,000 from NESTA's Arts and Culture Impact Fund. This will be used primarily to finance fit out costs at Wallis Road in the next financial year.

In total, we have managed to add £2m of additional financing to our original £7.5m seed funding.

Policy and campaigning work

Creative spaces and communities have been shown to have a wider economic and social value, helping to regenerate areas by stimulating local business growth, attracting inward investment and infrastructure development including housing.

We want to ensure that this value is recognised, and that the artists that add this value gain long term security. We aim to provide evidence to developers and local authorities about the value of secure and affordable creative space so that it can be built into future planning opportunities.

During 2021-22 we published original quantitative research that explores the financial link between creative space and property prices. Commissioned in partnership with Get Living and Creative Estuary, the report "Creative Spaces Create Value" (available on our website) has started conversations with developers and has been quoted in a number of places, including as far away as Australia.

We have also continued to work with King's College London on a study of the social and cultural value of creative workspace within communities, using our first location as a key case study.

Finally, we work with studio providers and other creative industries to provide input into policies and initiatives and to collaborate to achieve our wider goals. For example, we recently contributed to a project to produce sustainability guidelines for cultural spaces, and we have provided advice to arts organisations who are trying to secure properties.

Other activities

In addition, we may take on other work that furthers our charitable objects. We have completed some consultancy work (recorded as "other income") with developers looking to include affordable workspace in new projects. We consider that this furthers our charitable objects as it may lead to opportunities for us; however, we charge in order to cover our costs and safeguard our resources.

Members of our team are increasingly asked to appear on panels; we do this for free if it is for a charitable organisation or is an opportunity to promote the sector more widely.

We also make introductions between studio providers and promote opportunities throughout the sector.

Main activities undertaken to further the charity's purposes for the public benefit

Creative Land Trust exists to support the arts and creative sector as a whole.

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

Measuring our impact

The activities listed above describe some of our progress this year; however, we are mindful that these are mostly outputs rather than wider social outcomes.

During the year, we have started to determine how we will measure and collect impact data, to support the social outcomes that we have identified.

Financial stability

We expect that studio providers and artists will be able to grow and develop their businesses as a result of having secure and affordable workspace. We will be collecting data about tenancies and business supported once our buildings are activated.

Internally we can also ensure that our business practices support financial stability; for example working with artists and SMEs and ensuring they are paid fairly and promptly. During 2021-22 our average payment time was 14 days, and we paid 88% of invoices within 30 days.

We also become an accredited London Living Wage employer during the year.

Inspirational Environments

We want our spaces to enhance a local sense of place, be a positive addition to cultural infrastructure and inspire users and passers by. When our spaces are activated, we will look to measure user satisfaction and use this to inform future spaces.

We are also looking for ways to build links between our properties and the communities in which they are located. For example, we recently held an "Open Call" for artists to fund a public art project around Alice Billings House. We appointed Paint The Change to run a series of community workshops that will deliver a number of portraits of local people as part of a wider campaign to reimagine Stratford High Street.

Sustainability

We have embedded environmental sustainability into our operations and will incorporate green KPIs with our lease agreement. See Carbon Reporting and Sustainability for more details about what we have already done.

Accessibility

We want to create accessible spaces, both physically and socially. We will do this through our diversity and inclusion policy, both for resident artists and by opening up opportunities for art to local communities. We will monitor this in partnership with our tenants.

We will also design spaces to ensure physical accessibility that meets all needs. Our first two buildings meet "Approved Document M" requirements, the standard for accessible building.

Systemic change

If we are successful then we will have;

- Built a sustainable and replicable model for ownership of affordable workspace and
- Convinced key players to place more value on creative space.

Our activities this year have promoted both these intentions. As noted above, we have been successful in unlocking new sources of finance and attracting interest in our financial model. And thanks to our research work, networking and publicity, members of our team are increasingly invited to speak at real estate and other events to promote the benefits of creative workspace.

Carbon Reporting and Sustainability

In September 2020 Creative Land Trust declared a climate emergency and adopted a sustainability policy and action plan. We reviewed and updated this in March 22 and will continue to review it each year.

The key steps identified were;

- Incorporate green clauses and practices into our leases, from measuring energy use to encouraging active travel;
- Start measuring and reporting carbon emissions even though it is not required for an organisation of our size;
- Incorporate sustainability principles into all key decisions, for example procurement and banking.

Carbon Reporting

We are voluntarily adopting the Greenhouse Gas Protocol for measuring and reporting our carbon emissions.

As we have no office or vehicles, we have no scope 1 or 2 emissions as an organisation, so we have looked at our scope 3 emissions in as much detail as possible.

For the year ended 31 May 2022, we have calculated our carbon impact as 0.418 tonnes, the equivalent of driving about 2,015km in an average car.

Included in the figures above are emissions from business travel, goods that we have bought, and an estimate of the impact of our computer use.

It should be noted that the impact from business travel is lower than might be expected, due to various lockdowns in place during the year, and it is likely that this will increase in the next year. On the other hand, we have also taken business decisions that will keep our footprint low, such as sourcing second-hand goods, and deciding not to have an office. All of our business processes are paperless. We are committed to active travel, with employees walking or cycling wherever possible and using public transport where not.

Our leased buildings

In standard GGP reporting, emissions from tenants are not considered to be part of the organisational footprint. However, we recognise that as landlords we can influence (negatively or positively) the footprint of the building and we will work with all our tenants to measure and reduce this once they have completed their fit out.

We are also able to use funding from NESTA to help our tenants at Wallis Road fit out to a higher standard. For the Alice Billings project, we are specifying materials and processes that will lead to a lower carbon footprint for that building.

Financial Review

Key financial performance indicators

During the year we received income of £2,687,000 (prior year £977,000). This was predominantly grant income that had already been awarded to us, including £1,119,000 from GLA and £1,280,000 from ACE for completing the purchase of Wallis Road. We had expenditure of £514,000 (prior year £2,002,000, which included £1.5m of grants awarded under the Creative Workspace Resilience Fund programme)

Not included in expenditure are capital additions of £3,834,000.

The surplus of £2,173,000 in 2021-22 predominantly reflects the fact that grant income towards capital purchases is accounted for within income in the SOFA, but the capital purchase itself is accounted for as an asset. To clarify this in our reporting, the Trustees have designated an asset reserve to reflect the value of our capital properties.

With our first acquisitions complete, we began to focus more on fundraising, which explains the increase in "Raising Funds" expenditure from £8,000 in 2020-21 to £153,000 in 2021-22. This line covers all activities (predominantly staff time) relating to acquiring more funds, including bid writing and applications for repayable finance.

At the year end, our cash and current assets position is strong as we drew down the loan of £700,000 from the NESTA Arts and Culture Impact Fund just before year end. This will be spent predominantly on fit out costs at Wallis Road. During the year we recognised and revalued our first property assets on the balance sheet.

Going concern

The Trustees have reviewed our five year financial plan and also a more detailed cashflow forecast for the next 18 months to determine whether the charity has adequate resources to continue. The cashflow forecast takes a prudent view of the future, including all known commitments but excluding potential sources of income. The five year plan and 18 month cash flow is reviewed at least every quarter and whenever a major decision is to be taken to ensure that the charity does not over commit its resources.

As a result of these reviews, the Trustees have concluded that the charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, we continue to adopt the going concern basis in preparing the financial statements.

Reserves Policy

One of our overarching aims is to provide financial stability to the creative workspace sector. This means ensuring that we do not enter into commitments that we cannot fund, as noted above, and also that we have sufficient reserves to fund an orderly wind up should it be decided that the organisation should not continue. For this reason, the charity aims to have at least three months' running costs in reserve plus additional winding up costs. This means a target reserve level of approximately £240,000.

The charity currently has free reserves of £15,000. The low level of reserves is due to the fact that we are currently funded by start-up grants and all of our activities are funded by restricted reserves. However, over time, we would expect to hold our target level of reserves in unrestricted funds.

Principal risks and uncertainties

The charity maintains a risk register which is reviewed by Trustees every quarter. The main risks to our business (and mitigations) are as follows:

Increased risk to financial stability of studio providers

As reported last year, Covid has continued to bring further pressures on existing reserves, and we altered our business plan to anticipate providing support with fit-out costs. The increase in energy costs presents a further challenge and our mitigation will be to explore on-site generation options wherever possible.

Increased fit out costs

Building materials and labour costs have increased significantly in the last year and are expected to remain high, at least in the short term. Our mitigation is to assume higher costs for fit out and be cautious about committing funding to new projects to ensure we have sufficient funds to complete our current ones.

Fundraising

While most of our focus this year has been on raising repayable finance we have started to prepare for more philanthropic fundraising in future years.

During the year we signed up to the Code of Fundraising Practice and have created new internal policies around donation acceptance. We did not solicit or receive any donations from members of the public during the year, and we have had no complaints about our fundraising activity.

We do not use third-party fundraisers.

Structure, governance and management

Constitution

The charity is registered as a charitable company limited by guarantee (charity number 1182876) and was set up by a Memorandum and Articles of Association on 25 March 2019. The Articles of Association have subsequently been amended on 30th September 2021.

Method of appointment or election of Trustees

The management of the company is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association. We have two Artist Trustees at any time. Other board members are recruited through an open recruitment process and Trustee vacancies are posted on our website.

Trustees are provided with an induction pack, and we aim to run a trustee training session at least once a year.

Organisational structure and decision making

The Board of Trustees governs the charity. The Board meets at least four times a year. The Board has three sub-committees, set up to consider issues in detail. These are;

- Finance, Audit and Risk Committee
- Property Committee
- Development Committee

The organisation is run by a Chief Executive and four permanent members of staff. This executive team makes day-to-day operational decisions, within a scheme of delegation from the Board.

Executive pay is governed by a remuneration policy, which, among other things, sets out that pay will be reviewed annually and that the Trustees are responsible for reviewing pay levels.

Statement of responsibilities of the Trustees

Statement of responsibilities of the Trustees

The Trustees (who are also directors of Creative Land Trust for the purposes of company law) are responsible for preparing the Trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which 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 judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards and statements of recommended practice 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 charity will continue in operation.

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

In so far as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware, and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The Trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

The Trustees' report has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime. The Trustees' annual report has been approved by the Trustees on 6th October 2022 and signed on their behalf by :

Alexandra Notay

Independent Auditor's Report to members of Creative Land Trust

Opinion

We have audited the financial statements of Creative Land Trust (the 'charitable company') for the year ended 31 May 2022 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 May 2022 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
- 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 Creative Land Trust'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 trustees' annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance

conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The trustees' annual 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual 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; or
- The directors 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' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual 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 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.

Capability of the audit in detecting irregularities

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 and the finance, audit and risk committee, which included obtaining and reviewing supporting documentation, concerning the Trust's policies and procedures relating to:

- Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
 - We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the Trust operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the Trust from our professional and sector experience
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- 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. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

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

Fleur Holden (Senior Statutory Auditor)

14 October 2022

for and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Statement of Financial Accounts (incorporating the Income and Expenditure account)

Year ended 31 May 2022

		Restricted Funds	Designated Funds	General Funds	Total Funds	Total Funds
		2022	2022	2022	2022	2021
		£	£	£	£	£
Income From Note						
Donations and Legacies	2	2,678,040	-	-	2,678,040	973,030
Investment income	3	2,231	-	13	2,244	3,800
Other trading income		-	-	7,000	7,000	-
Total Income		2,680,271	-	7,013	2,687,284	976,830
Expenditure on						
Raising Funds	4	153,477	-	-	153,477	8,268
Charitable Activities	4	354,866	-	5,686	360,551	1,993,697
Total Expenditure		508,342	-	5,686	514,028	2,001,965
Net Income/(expenditure) for the year		2,171,929	-	1,327	2,173,256	(1,025,135)
Transfers between funds		(4,272,981)	4,272,981	-	-	-
Net income / (expenditure) before other recognised gains and losses		(2,101,052)	4,272,981	1,327	2,173,256	(1,025,135)
Gains on revaluation of fixed assets		-	497,878	-	497,878	-
Net movement in Funds		(2,101,052)	4,770,859	1,327	2,671,134	(1,025,135)
Reconciliation of Funds						
Total Funds Brought Forward		3,458,535	-	13,770	3,472,305	4,497,440
Total Funds carried forward		1,357,483	4,770,859	15,097	6,143,439	3,472,305

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in note 11 to the financial statements.

Balance Sheet

As at 31 May 2022

		2022	2021
		£	£
	Note		
Fixed Assets			
Tangible Fixed Assets	8	4,770,859	439,826
		<u>4,770,859</u>	<u>439,826</u>
Current Assets			
Debtors	9	69,999	22,969
Cash at bank and in hand		<u>2,120,506</u>	<u>3,078,167</u>
		2,190,505	3,101,136
Creditors: Amounts falling due within one year	10	(117,924)	(68,657)
Net current assets		<u>2,072,580</u>	<u>3,032,479</u>
Creditors: amounts falling due in more than one year	10	(700,000)	-
Total Net Assets		<u>6,143,439</u>	<u>3,472,305</u>
Charity Funds			
Restricted Funds	11	1,357,483	3,458,535
Designated funds:	11	4,770,859	-
General Funds	11	<u>15,097</u>	<u>13,770</u>
		<u>6,143,439</u>	<u>3,472,305</u>

Approved by the trustees on: 6th October 2022
and signed on their behalf by A Notay,
Trustee and Co-chair:

Registered Company No: 11367824

Statement of cashflows

Year ended 31 May 2022

		2022	2021
		£	£
	Note		
Cash flows from operating activities			
Net income / (expenditure) for the reporting period		2,173,256	(1,025,135)
Depreciation	6	400	400
Interest earned	3	(2,244)	(16)
(Increase) / decrease in debtors	9	(47,030)	1,826,015
Increase in creditors	10	49,267	50,247
Net cash flows provided by operating activities		2,173,649	851,511
Cash flows from investing activities			
Purchase of fixed assets	8	(3,833,554)	(439,059)
Interest received	3	2,244	16
Net cash provided by used in investing activities		(3,831,310)	(439,043)
Cashflows from financing activities			
New borrowing		700,000	-
Net cash provided by financing activities		700,000	-
Change in cash and cash equivalents in year		(957,661)	412,468
Cash and cash equivalents at the start of the year		3,078,167	2,665,699
Cash and cash equivalents at the end of the year		2,120,506	3,078,167

1. Accounting Policies

a) Statutory information

Creative Land Trust is a charitable company limited by guarantee and is incorporated in England. The registered office address is Invicta House, 108-114 Golden Lane, London EC1Y 0TL

b) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – (Charities SORP FRS 102), The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

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.

c) Public benefit entity

The charity meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. The impact of COVID-19 has been included in the charity's planning for the future and the going concern assumption takes this into consideration. The approach to the going concern assessment has been explained in the Trustees' annual report.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

f) Interest receivable

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

1. Accounting Policies Continued

g) Fund Accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund. Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

h) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charity in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose. This includes bid-writing and other efforts to secure grants, and also activities relating to securing repayable finance.
- Expenditure on charitable activities includes the costs of acquiring and managing property and undertaking policy and campaign work to further the purposes of the charity.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

i) Grants payable

Grants payable are made to third parties in furtherance of the charity's objects. Single or multi-year grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and that any condition attaching to the grant is outside of the control of the charity.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

j) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. The cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned based on the proportion of direct expenses attributable to those activities.

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

k) Operating leases

Rental charges are charged on a straight-line basis over the term of the lease.

1. Accounting Policies Continued

l) Tangible Fixed assets

Expenditure on properties is recognised as an asset at the point where we are legally committed to purchase the property and if there are no outstanding conditions. Prior to this, deposit and associated acquisition costs are recognised as an asset under construction in the balance sheet and is not depreciated until the asset is brought into use.

Properties are treated as tangible fixed assets, not investment properties, as they are held in order to pursue our charitable objects.

Land and buildings are revalued on a regular basis and gains and losses on revaluation are recognised in the Statement of Financial Activities and in a revaluation reserve in the Balance Sheet.

Items of equipment are capitalised where the purchase price exceeds £1,000 and where the economic benefit will last for more than one year.

Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities.

Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

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

Leasehold Improvements	Over the remaining life of the lease
Computer Equipment	3 years

m) Debtors

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

n) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

o) 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.

p) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

q) Pensions

The charity operates one defined contribution scheme and makes contributions to another. The pension charge represents the amounts payable by the charity to the schemes in respect of the year. The assets of the schemes are held separately from those of the charity in independently administered funds.

2. Income from donations

	Restricted Funds	Unrestricted Funds	Total
	2022	2022	2022
	£	£	£
Donations	10,110	-	10,110
Grants From			
Arts Council England	1,435,250	-	1,435,250
Greater London Authority	1,153,031	-	1,153,031
Architectural Heritage Fund	79,649	-	79,649
Total Funds	2,678,040	-	2,678,040
Prior Year			
	Restricted Funds	Unrestricted Funds	Total
	2021	2021	2021
	£	£	£
Grants From			
Arts Council England	155,250	-	155,250
Bloomberg Philanthropies	550,134	-	550,134
Greater London Authority	250,000	-	250,000
Architectural Heritage Fund	7,646	-	7,646
Total Funds	973,030	-	973,030

GLA (Main programme), Arts Council England and Bloomberg Philanthropies funding makes up the original seed funding for Creative Land Trust.

3. Income from investments

	Restricted Funds	Unrestricted Funds	Total
	2022	2022	2022
	£	£	£
Investment income	2,231	13	2,244
Total Funds	2,231	13	2,244

Prior Year:

	Restricted Funds	Unrestricted Funds	Total
	2021	2021	2021
	£	£	£
Investment income	3,784	16	3,800
Total Funds	3,784	16	3,800

4a. Analysis of Expenditure – Current Year

	Raising Funds	Building our Portfolio	Charitable Activities		Support Costs	Governance Costs	2022 Total	2021 Total
	£	£	Policy and Campaign	Creative Workspace Resilience Fund	£	£	£	
Salary Costs	88,295	133,394	8,275	112	83,914	38,238	352,227	316,219
Grant expenses	-	-	-	-	-	-	-	1,536,314
Consulting	1,600	-	-	-	-	-	1,600	47,622
Legal and professional fees	8,301	69,804	19,786	-	3,270	12,120	113,281	59,632
Other	8,832	19,724	105	383	14,972	2,904	46,919	42,178
	107,028	222,922	28,166	495	102,156	53,262	514,028	2,001,965
Allocation of Support Costs	30,531	63,590	8,035	-	(102,156)	-	-	-
Allocation of Governance Costs	15,918	33,154	4,189	-	-	(53,262)	-	-
Total Expenditure 2022	153,477	319,666	40,390	495	-	-	514,028	
Total Expenditure 2021	8,268	365,975	46,095	1,581,627	-	-		2,001,965

4b. Analysis of Expenditure – Prior Year

	Raising Funds	Building our Portfolio	Charitable Activities		Support Costs	Governance Costs	
	£	£	Policy and Campaign	Creative Workspace Resilience Fund	£	£	£
Salary Costs	3,866	157,582	2,481	18,343	103,703	30,244	316,219
Grant expenses	-	-	-	1,536,314	-	-	1,536,314
Consulting	-	7,800	-	26,290	13,532	-	47,622
Legal and professional fees	-	9,702	19,568	-	18,842	11,520	59,632
Other	90	15	5	680	41,358	30	42,178
	3,956	175,099	22,054	1,581,627	177,435	41,794	2,001,965
Allocation of Support Costs	3,490	154,487	19,458	-	(177,435)	-	-
Allocation of Governance Costs	822	36,389	4,583	-	-	(41,794)	-
Total Expenditure 2021	8,268	365,975	46,095	1,581,627	-	-	2,001,965

5. Grant Making activities

There were no grant-making activities in the current year.

	Prior Year		
	Grants to institutions	Support Costs	Total
	2021	2021	2021
	£	£	£
Creative Workspace Resilience Fund	1,536,314	45,313	1,581,627
Total Funds	1,536,314	45,313	1,581,627

The following institutions received material grants (£30,000 or more) through the Creative Workspace Resilience Fund:

	£
SPACE studios	127,600
ACAVA	102,928
ACME	95,700
Bow Arts	89,320
Artists Studio Company	63,800
Cell Project Space	38,280
Cockpit Arts	35,995
V22 London Ltd	31,900

Grants were awarded to 83 recipients and ranged from £2,000 to £127,600. The average award was £18,500.

6. Net expenditure for the year

This is stated after charging:

	2022	2021
	£	£
Depreciation	400	400
Auditor Remuneration:		
Audit fee	10,100	9,600
Other services	1,825	3,415

7. Staff costs and numbers, and trustee remuneration

	2022	2021
	£	£
Wages and Salaries	306,385	276,483
National Insurance Costs	36,693	32,087
Pension Contributions	9,150	7,649
Total Staff costs	352,228	316,219

Contributions totalling £905 were payable and are included in creditors at year end (2020: £nil).

The average number of people employed by the charity during the year was as follows:

	2022	2021
Total	5.0	5.0

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2022	2021
£120,000–£129,999	1	1

The charity considers its key management personnel to be the Chief Executive and the Trustees. The total employment benefits of the Chief Executive were £139,165 (2021: £138,946).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2021: £nil). No charity trustee received payment for professional or other services supplied to the charity (2021: £nil).

No trustees claimed any expenses during this or the previous financial year.

8. Tangible Fixed Assets

	Buildings	Assets Under Construction	Computer Equipment	Total
	£	£	£	£
Cost/Valuation				
Brought forward as at 1 Jun 2021	-	439,059	1,200	440,259
Additions in year	-	3,833,555	-	3,833,555
Revaluations in year	497,878	-	-	497,878
Transfers in year	4,152,122	(4,152,122)	-	-
As at 31 May 2022	4,650,000	120,492	1,200	4,771,692
Depreciation				
Brought forward as at 1 Jun 2021	-	-	433	433
Charge in year	-	-	400	400
As at 31 May 2022	-	-	833	833
Net Book Value				
As at 31 May 2022	4,650,000	120,492	367	4,770,859
As at 31 May 2022	-	439,059	767	439,826

All of the above assets are used for charitable purposes.

9. Debtors

	2022	2021
	£	£
Due within one year		
VAT Debtor	500	5,173
Prepayments	5,383	151
Accrued income	64,116	17,645
Total debtors	69,999	22,969

10. Creditors

	2022	2021
	£	£
Creditors due within one year		
Trade creditors	108,939	10,207
Other creditors	905	1,066
Accruals	8,080	57,384
Total Creditors due within one year	117,924	68,657
Creditors due in more than one year		
Long term loan	700,000	-
	700,000	-

The long term loan represents financing from NESTA's Arts and Culture Impact Fund.

The loan is for a period of 8 years at an interest rate of 3% with a 2 year capital repayment holiday.

Repayments due within 1-5 years:	334,280
Repayments due in more than 5 years	365,720
	700,000

11a. Movement in Funds (Current year)

		Income	Expenditure	Transfers	Revaluation	Balance at 31 May 2022
	£	£	£			£
Unrestricted Funds						
General Funds	13,770	7,013	(5,686)	-	-	15,097
Designated Funds						
Historic Cost	-	-	-	4,272,981	-	4,272,981
Revaluation Reserve	-	-	-	-	497,878	497,878
Restricted Funds						
Main Programme Funding	3,455,703	2,566,622	(496,088)	(4,272,981)	-	1,253,255
Creative Workspace Resilience Fund	2,832	-	(495)	-	-	2,337
GLA – other small grants	-	34,000	(4,406)	-	-	29,594
Architectural Heritage Fund	-	79,649	(7,354)	-	-	72,295
Total Funds	3,472,305	2,687,284	(514,028)	-	497,878	6,143,439

Purpose of restricted funds:

Main Programme Funding: Seed funding granted to acquire buildings and support the operations of Creative Land Trust before it becomes self-sufficient.

Creative Workspace Resilience Fund – fund to provide financial support for studio providers experiencing financial difficulties due to COVID-19.

Architectural Heritage Fund: Project funding to assess viability of restoring a heritage building.
GLA – other small grants – these relate to feasibility studies.

11b. Movement in funds (prior year)

	Balance at 1 Jun 2020	Income	Expenditure	Balance at 31 May 2021
	£	£	£	£
Unrestricted Funds				
General Funds	13,855	16	(101)	13,770
Restricted Funds				
Main Programme Funding	3,149,126	719,168	(412,591)	3,455,703
Creative Workspace Resilience Fund	1,334,459	250,000	(1,581,627)	2,832
Architectural Heritage Fund	-	7,646	(7,646)	-
Total Funds	4,497,440	976,830	(2,001,965)	3,472,305

12. Analysis of net assets between funds

Current year:

	Restricted	Designated	Unrestricted	Total
	2022	2022	2022	2022
	£	£	£	£
Tangible Fixed Assets	-	4,770,859	-	4,770,859
Current Assets	1,475,408	-	715,097	2,190,505
Current liabilities	(117,924)	-	-	(117,924)
Long term liabilities	-	-	(700,000)	(700,000)
Total	1,357,483	4,770,859	15,097	6,143,439

Prior year:

	Restricted	Designated	Unrestricted	Total
	2021	2021	2021	2021
	£	£	£	£
Tangible Fixed Assets	439,826	-	-	439,826
Current Assets	3,087,366	-	13,770	3,101,136
Current liabilities	(68,657)	-	-	(68,657)
Total	3,458,535	-	13,770	3,472,305

13. Prior Year Statement of Financial Activities

	Restricted Funds	Unrestricted Funds	Total Funds
	2021	2021	2021
	£	£	£
Income From			
Donations and Legacies	973,030	–	973,030
Investment income	3,784	16	3,800
Total Income	976,814	16	976,830
Expenditure on			
Raising Funds	8,268	–	8,268
Charitable Activities	1,993,596	101	1,993,697
Total Expenditure	2,001,864	101	2,001,965
Net Movement in Funds	(1,025,050)	(85)	(1,025,135)
Reconciliation of Funds			
Total Funds Brought Forward	4,483,585	13,855	4,497,440
Net movement in Funds	(1,025,050)	(85)	(1,025,135)
Total Funds carried forward	3,458,535	13,770	3,472,305

14. Operating lease commitments receivable as a lessor

Amounts receivable under non-cancellable operating leases are as follows for each of the following periods:

	2022	2021
	£	£
Less than one year	86,269	-
One to five years	622,217	-
More than five years	-	-
Total	708,486	-

15. Related Party Transactions

There are no related party transactions or balances to disclose for this financial year.

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

16. Taxation

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

17. Capital Commitments

There were no capital commitments at the balance sheet date.

18. Legal position of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

Administrative and Reference Information

Company Number	11367824
Country Incorporation	United Kingdom
Charity number	1182876
Country of registration	England & Wales
Registered office:	Invicta House 108-114 Golden Lane LONDON EC1Y 0TL

[Please note that we do not have a physical office. The best way to contact us is to email admin@creativelandtrust.org]

Trustees (all in place during the year and up to the date of this report)

Catherine Webster (Co-Chair)	Sue-Lin Heng
Alex Notay (Co-Chair)	John Lewis
Malene Oddershede Bach	Alice Millest
Philip Bier	Pawan Sharma
Natalie Carter	Krupa Thakrar
James Cooksey	Haroon Mirza (from 7th July 2022)
Michael Davis	Emmanuel Unaji (to 20th January 2022)
Candida Gertler OBE	Daniel Silver (from 20th January 2022)

Artist Ambassadors:	<p>Haroon Mirza</p> <p>Emmanuel Unaji</p> <p>Yinka Shonibare CBE</p>
Key management:	Gordon Seabright, Chief Executive Officer
Bankers:	<p>The Co-operative Bank</p> <p>P.O. Box 101, 1 Balloon Street, Manchester M60 4EP</p>
Auditors:	<p>Sayer Vincent LLP</p> <p>Chartered Accountants and Statutory Auditor</p> <p>Invicta House</p> <p>108-114 Golden Lane</p>
Solicitors	<p>Burges Salmon LLP</p> <p>One Glass Wharf, Bristol, BS2 0ZX</p> <p>Russell Cooke LLP</p> <p>8 Bedford Row, London WC1R 4BX</p> <p>Dechert LLP</p> <p>160 Queen Victoria St, London EC4V 4QQ</p> <p>Bates, Wells and Braithwaite London LLP</p> <p>10 Queen St Pl, London EC4R 1BE</p>



Making Space for Art