

Company number: 1749730

Charity number: 287894

Association for Cultural Advancement Through Visual Art

Report and financial statements

For the year ended 30 September 2020

Association for Cultural Advancement Through Visual Art

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For the year ended 30 September 2020

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Association for Cultural Advancement Through Visual Art

Reference and administrative information

For the year ended 30 September 2020

Company number 1749730 – incorporated in the United Kingdom

Charity number 287894 – registered in England & Wales

Registered office and operational address 54 Blechynden Street
London
W10 6RJ

Trustees Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

Paul Augarde	Appointed 27 November 2019
Alice Boff	Appointed 10 March 2021
Nikhil Gupta	Appointed 14 March 2019
Colin Prescod	Resigned 3 December 2019
Caroline Jenkinson	Resigned 6 March 2020
Michelle Kershaw	Appointed 15 August 2019
Karen Lee	Resigned 6 March 2020
Rebekah Paczek	Appointed 11 March 2020
Gavin Turk	Resigned 6 March 2020
Caspar Van Eijck	Appointed 27 November 2019

Key management personnel Tom Holley Chief Executive

Bankers National Westminster Bank
1st Floor
180 Brompton Road
London
SW3 1HL

Solicitors Russell Cooke LLP
2 Putney Hill
London
SW15 6AB

Auditor Sayer Vincent LLP
Chartered Accountants and Statutory Auditor
Invicta House
108–114 Golden Lane
LONDON
EC1Y 0TL

Trustees' annual report

For the year ended 30 September 2020

The trustees present their report and the audited financial statements for the period ended 30 September 2020. Whilst the audited financial statements run to 30 September 2020, this annual report includes commentary on activities since then, particularly in light of the arrival of COVID-19.

Reference and administrative information set out on page 1 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 and activities

Purposes and aims

The trustees review the aims, objectives and activities of the charity each year. This report looks at what the charity has achieved and the outcomes of its work in the reporting period. The trustees report the success of each key activity and the benefits the charity has brought to those groups of people that it is set up to help. The review also helps the trustees ensure the charity's aims, objectives and activities remained focused on its stated purposes.

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.

An important part of the national arts and cultural infrastructure, ACAVA operates an ecosystem of affordable workspaces, facilities, professional development programmes, exhibitions and public art programmes focused on community collaboration.

ACAVA continued to provide studios and facilities that support the production of the visual arts, and other creative practices, maintaining over 400 studios and workspaces in twenty buildings.

The charity operates in diverse socioeconomic contexts: nine London boroughs; three locations in Essex; and a large heritage regeneration site in Stoke-on-Trent. Studios are located in several areas of low engagement in the arts and culture, for example: LB Tower Hamlets, LB Newham, LB Brent, LB Harrow, North Kensington (RBKC), LB Merton, LB Hammersmith and Fulham, LB Wandsworth, Deptford, Hadleigh (Essex), Harlow (Essex), Ardleigh (Essex) and Stoke-on-Trent.

For over 30 years, ACAVA has been a pioneer of arts in health and wellbeing settings. Fostering creativity and wellbeing remains a central concern of our programmes today. This involves working collaboratively with professional art therapists, local authorities, the NHS, clinical commissioning groups, community groups, individuals, voluntary groups and professional artists who are often ACAVA studio holders.

ACAVA delivers sustainable life-long learning and participation opportunities for people to benefit from high quality arts interventions that are participant led or co-created with professional artists.

Public exhibition and workshop facilities

The charity maintains exhibition and workshop facilities at seven of its studio buildings. They serve as exhibition and event platforms for ACAA artists, our community partners, and others to present arts and cultural programmes that engage the public. These spaces are important shared contexts that enable interaction, knowledge exchange and dialogue between professional artists, local communities, the public and our strategic partners/stakeholders.

Facilities are regularly accessed by diverse local communities across the portfolio where they stage self-initiated independent activities that include curated exhibitions, presentations, workshops, family activities, meetings, art classes, exercise classes, film screenings and more.

Accessible community asset facilities are located at seven sites:

- Studio 1 Workshop – Blechynden Street Studios, North Kensington, London
- Maxilla Gallery – Maxilla Walk Studios, North Kensington, London
- Central Space Galley at Faroe Road Studios – Hammersmith, London
- Whitefriars Gallery, Whitefriars Studios – Harrow, London
- Gatehouse Gallery – Harlow, Essex
- Hadleigh Old Fire Station Community Hall – Hadleigh, Essex
- Spode Works Gallery – Spode Works, Stoke-on-Trent

Workspace occupancy and COVID-19

Despite the pandemic that escalated rapidly in March 2020 occupancy for the year, and into 2021, has remained high with modest variances caused by three national lockdowns. The pandemic caused a sudden and widespread loss of income to the arts sector and especially for freelance workers and sole traders who constitute the majority of ACAA studio holders. The potential financial consequences if studio holders were unable to maintain their studios posed an existential threat. To mitigate the risk, we increased resources given to communications and marketing and streamlined studio allocations processes. The establishment of the ACAA Artists Hardship Fund in May 2020 has proved significant along with several successful fundraising applications that have stabilised finances, addressed some losses and enabled restructuring.

Achievements and performance

The charity's main activities and who it tries to help are described below. All its charitable activities focus on promoting arts education and are undertaken to further the Association for Cultural Advancement Through Visual Art's charitable purposes for the public benefit.

Strategic partnerships and collaborations

The charity has established, and continues to nurture, mutually beneficial relationships with external stakeholders and agencies who fund, commission or collaborate with our public programme activities.

Partners include: NHS West London Clinical Commissioning Group (WLCCG); Grenfell Recovery Fund (Young People); City Living Local Life; Al-Manaar The Muslim Cultural Heritage Centre; Kensington and Chelsea Foundation; NHS Central and North West London Mental Health Trust Grenfell Recovery Service; Kensington Aldridge Academy; Royal Borough of Kensington and Chelsea; NHS Central and North West London Mental Health Trust Grenfell Recovery Service; Action Disability Kensington and Chelsea; The Stables Traveller Site; Kensington and Chelsea Social Council; London Borough of Hammersmith and Fulham; London Borough of Merton; London Borough of Brent; London Borough of Ealing; Harrow Council; Essex County Council; Harlow Council; Hadleigh Council; Castle Point Borough Council; Castle Point Regeneration Partnership; Stoke-on-Trent City Council; Action Space; Greater London Authority; Arts Council England; Open Arts – of NHS South Essex Partnership Trust; Golborne and Maxilla Nursery School; St Francis of Assisi RC Primary; Kids on the Green; Bramley House Tenants and Residents Association; Trees for Grenfell; Just Solutions 123; Baraka Supplementary School, EPCA Supplementary School; Silchester Estate Tenants and Residents Association; Maxilla Social Club; Midaye; Grenfell Tower site team; Humanity for Grenfell; Hestia; Volunteer Centre Kensington and Chelsea; Venture Centre; Avondale Park Primary; Barlby Primary; Bevington Primary; Colville Primary; Grenfell United; Lancaster West Estate Tenant and Resident Association; Oxford Gardens Primary; St Charles RC Primary; St Clements and St James Primary; St Thomas' CE Primary; St. Mary's RC Primary; Thomas Jones Primary; BCB; Staffordshire University; Stoke-on-Trent Chamber of Commerce; Pat and Fred Phillips; High Street Heritage Action Zone (Stoke-on-Trent); Community Cinema (Hadleigh).

Public Programmes Summary

Programmes are delivered across a range of different geographical, socio-economic and cultural contexts in London, Essex and Stoke-on-Trent.

Participation

ACAVA delivered 380 public events across its portfolio with 2,500 people attending.

North Kensington, London

The charity's socially inclusive programmes in North Kensington are co-designed, curated and produced by staff based at our Blechynden Street Studios and community workshop headquarters and our studios, gallery and workshop at Maxilla Walk in North Kensington.

The lasting impact of these programmes is testament to successful ACAVA, NHS, clinical commissioning group, local authority, and community collaborations spanning generations.

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For the year ended 30 September 2020

Since the Grenfell Tower fire of June 2017, ACAVA has been the lead arts organisation delivering Grenfell recovery creative programmes that enable local communities to memorialise and recover. In communities suffering displacement and trauma ACAVA has been commended for delivering inclusive programmes including but not limited to the following core activities.

Flourish

A safe space for intergenerational groups/families who have been impacted by the Grenfell Tower fire. Flourish delivers school holiday art programmes led by professional artists and storytellers whose experience includes artist in residence at the Large Hadron Collider, CERN and commissions from EurOcean and the Welcome Collection. They deliver creative experiences that encourage families to explore art in a contemporary context.

We delivered a face to face programme each school holiday. ACAVA at Home translated learning materials for online delivery achieved under challenging circumstances during the first lockdown. The initiative enabled participating families to engage remotely with planned programmes. We produced artist-designed worksheets, storytelling sessions, 'How to' videos and a series of animated gifs focused on mindfulness and mental wellbeing.

Flourish in the Forest

During May 2020 half term a pilot Flourish in the Forest offered families living in overcrowded accommodation with no access to outside space the chance to play and be creative in the Maxilla Forest School Garden. It was a successful and we subsequently secured funding for more support to in-need families over the summer months.

Grenfell Memorial Community Mosaic

This acclaimed community-designed public memorial is delivered in partnership with Al-Manaar Muslim Cultural Heritage Centre. The mosaic is a collective project initiated in April 2018 – an evolving and growing wall-mounted installation situated close to the base of Grenfell Tower. Each month a different community, faith group or school collaborate with artists to craft a new section which is added to the artwork.

Art Therapy for Adults

In response to the Grenfell Tower fire ACAVA worked with a team of state registered art psychotherapists to provide group and individual art therapy sessions for adults affected by the fire.

Art for Wellbeing Everyday (June 2018 – Dec 2019)

A project with local people, professional artists and a graphic designer to co-create a series of 'How to' guides. Eight guides were created explaining mosaic, ink drawing, painting from sculpture, paper sculpture, experimental casting, lino printing, comic book making and basket weaving.

Creativity Clinic

A support programme developed from the Art for Wellbeing Everyday programme that provides a supportive social and creative space every month for AWE alumni to continue to develop their creative practice.

Maxilla Men's Shed

Connected with the international Men's Shed movement, Maxilla Men's Shed is a fully-equipped workshop where local adults can learn, teach, make, share and socialise. The Shed enables social interaction and community cohesion for socially isolated older men. ACAVA delivers courses and workshops focused on skills development. Participants work on practical projects, pursue hobbies, enjoy the benefits of meeting new people and gain access to a computer.

Essex

ACAVA operates three sites in Essex.

Hadleigh Old Fire Station

Community Cinema screenings presented five titles and a community screening of an NHS documentary. Other events included a Christmas Fair supporting local charities and a local community Craft Day.

Gatehouse Studios, Eastgate Gallery, Harlow

Regular exhibitions programme included Harlow College Showcase, International Women's Day Exhibition and Heads on Paper by Jonathan Farningham.

Stoke-on-Trent

In 2016, in collaboration with Stoke-on-Trent City Council and Arts Council England, we built 43 new studios, gallery and CPD programmes in an ambitious regeneration of the post-industrial Spode ceramics factory an important 250 year old heritage site.

Spode Works Gallery

Exhibitions included Dan Southward, Logically Unacceptable Conclusions.

Factory

A monthly skills development programme that supports Staffordshire based artists, designers, makers and small creative enterprises to develop their practice and business skills in partnership with Staffordshire Chambers of Commerce, Staffordshire University and the British Ceramics Biennial. Sessions have covered Pricing, Imposter Syndrome, Networking, Prepare to Sell/Selling online, Photographing your work, From Physical to Digital During COVID-19, Funding and Finance.

Artist studio events

Open studios welcome the public into our studio buildings to meet artists and learn about the creative process in the context of a creative production workspace. Events have been severely reduced by COVID-19 restrictions during the reporting period.

In November 2019 ACAVA Ardleigh Studios, Colchester held an open Festive Studios event.

In July 2020 the Riverside Artists Group London launched Lockdown Exhibition an online exhibition of artworks created during lockdown by 16 of its members.

Financial review

Overview

During the 12 month period income was £1,879,736 (2019: £2,200,423 – 18 months) with expenditure of £1,909,166 (2019: £2,683,400 – 18 months).

For the 12 month period ended 30 September 2020, the charity incurred a deficit of £29,430. In the previous 18 month period, a deficit of £482,977 was incurred.

Updated cloud based finance and property management systems have created more transparent and efficient management and enabled a seamless transition from office based to remote working. External management accountants appointed in March 2020 significantly strengthened financial management, finance communications and reporting. This has been key to handling the unprecedented levels of negotiations with studio holders, stakeholders, funders, bank and landlords through the pandemic.

Financial management

An experienced interim part time Financial Director was contracted from specialist cultural and third sector firm Counterculture Partnership LLP. The appointment was supported by a full time agency bookkeeper employed at the same time. ACAVA's existing part time Finance Officer remained in post.

In recent years, the charity has been navigating a challenging financial period caused by increasing operational costs, reduced development opportunities, inflation in the London property market and the impact of Covid 19.

This has been partially mitigated by the sale of shared ownership live/work properties in ACAVA's Honeypot Lane portfolio in previous years which generated £899,000. The sale of the last of the five properties at Honeypot Lane was expected to complete during the 2018/19 period with a projected income of £262,500. The property was sold in February 2020, generating £247,500 (75% of £330,000), £15,000 below projections.

Consequently, it was necessary to renew the charity's overdraft to manage cash flow. The agreement had two conditions: the sale of the final unit at Honeypot Lane and achieving a high rate of increased income from studio license fees.

In April 2019, the charity increased licence fees by an average 16%, which met the bank's lending requirements. This helped to achieve a subsequent overdraft renewal, a further temporary increase

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For the year ended 30 September 2020

and gave the bank confidence that progress was being made on financial recovery other than solely by the unsustainable sale of property assets. Due to the Covid 19 pandemic, no further increase to licence fees have been made. However, budgets are being set to ensure future profitability and viability of the property portfolio.

Throughout this period, changes have continued to be made that recalibrate the business model, improve financial performance, manage cash flow, reduce debt and stabilise the financial position.

Finance staff capacity was augmented by contracting external management accountants in March 2020 increasing capability at a reduced cost.

The complex migration of data from old finance systems to new and the resetting of accounting and business processes has taken time to complete. The outcome is a positive step change in the management of the charity's finances critical to its financial recovery.

There are several short and longer term objectives planned that will continue financial recovery, albeit their implementation has been slowed by the impact of COVID-19. Proposals include the delivery of a fundraising strategy (implemented in May 2021), diversification of income through commercial activities, increased margins from studio buildings, comprehensive changes to utilities recharging (progressing in 2021), debt recovery, reduction of business rates, refinancing, negotiations to reduce rents, exiting unprofitable buildings, generating value from long leasehold properties and income generating development of freehold properties.

Property assets

The charity's shares in five live/work properties at Honeypot Lane are restricted under a section 106 agreement but could be sold on when this expires in approximately four years.

The balance sheet shows two freehold property assets historically valued at £110k. It should be noted that surveys carried out on behalf of our bank in July 2019 value them at £783,000 and £660,000 a potential market value of £1,443,000. The charity does not intend to dispose of these assets but is considering the potential to redevelop them.

The two freehold properties have the potential to generate considerable funds that would be used to refurbish studios in the London Borough of Hammersmith and Fulham. Plans have been drawn up and discussions with the local authority have been positive. A pre-planning application was submitted in August 2020.

Principal risks and uncertainties

The charity maintains a detailed risk register that is reviewed and discussed at board and management team meetings. The highest priority risks and mitigating actions are listed below.

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Economic downturn

Unprecedented economic and political uncertainty caused by the UK leaving the EU and the global impacts of the COVID-19 pandemic are of concern to the immediate and long term future of the charity.

ACAVA has successfully navigated the challenges of the COVID-19 pandemic until now, however, the arts and the charity sectors face a difficult future in the short term.

Many studio holders are freelancers who work in the creative sector and have experienced lost, or much reduced, incomes. International working is an important part of cultural production and presentation, and international cultural exchange has been radically curtailed.

In mitigation, we introduced a light touch hardship fund in May 2020 that supports studio holders to maintain their studios by offering discounts to studio licence fees and utilities based on need. The organisation has focused on minimising void periods, increased marketing and communications about vacant studios, extended newsletter circulation and information about income making opportunities, successfully applied for C-19 recovery funding to underpin the hardship fund, strengthen capacity and resilience, and support a step change in fundraising, communications and administration.

Profitability

Several buildings are loss making, where income received does not cover that building's expenditure. These losses are unsustainable. The historical model of cross-subsidy between buildings needs long term planning and revised pricing policies to correct.

In mitigation, the charity continues to focus on increasing its profitability and reducing historical debt. Excellent progress in finance and administration efficiencies that improve yield, minimise costs and streamline cash flow have been achieved and are under constant review and modification. Refinancing has temporarily strengthened the cash position and created some working capital. Property development projects are progressing at three sites and seek to increase the number and quality of workspaces and exterior landscapes to generate higher levels of income from studios and hires. Recent grant awards include provision for legal and professional fees towards negotiating either improved rental terms or exits from leases especially those that make a loss. Early lease exits are difficult to achieve and can be costly, however, a number of ACAA lease terms will expire in the next two years.

Health and safety noncompliance

Maintaining health and safety compliance has been challenging with a small team and geographically distributed portfolio. There is high degree of risk related to this. COVID-19 has brought increased need for cleaning, hygiene, logistics and general facilities management. In mitigation we appointed a temporary Health and Safety Manager on a fixed term contract who made excellent progress with policies and procedures bringing the organisation in line with legal requirements. They have now moved on but this post remains a key area for capacity building. Financial planning account for the need to appoint several roles including a senior property team leader with the appropriate health and safety experience. ACAA's public spaces closed and re-

Trustees' annual report

For the year ended 30 September 2020

opened during COVID-19 lockdowns in 2020 and in 2021. H&S and C-19 policies have been developed and regularly updated.

Capacity

The organisation is managed by a comparatively small core team augmented by a full time external management accountant and specialists in HR, fundraising, property development and regeneration on a project basis as required. This causes several risks to property management with persistently heavy workloads in all teams and the potential loss of valued employees.

In mitigation, where feasible, employees' terms and conditions have been modestly improved and a supportive culture of collaboration is nurtured. The charity identified new roles that have been temporary funded through grants, specifically – Administrator, Head of Fundraising, Fundraising Consultant (p/t), Head of Communications. Grants contributed towards increasing the Communications Manager from one to four days p/w and to the permanent appointment of a Head of Finance and Administration by covering the first year's salary (in recruitment).

When compared to similar organisations, ACAVA's leadership and senior management teams are significantly under resourced and the property team is also stretched beyond capacity.

Strengthening these teams is a long term objective – financial planning, fundraising, organisational development and new business development prioritise both capacity and increased/diversified income.

Safeguarding vulnerable people

The charity maintains comprehensive up to date policies and procedures that ensure the safety and wellbeing of vulnerable people of all ages. We follow NSPCC best practice in policies relating to children and young people, and access relevant local Safeguarding Children Board training for staff and freelancers.

Children and Young People (CYP) policies

Safeguarding CYP Policy Statement (Jan 2020), Safeguarding CYP in School Settings (Jan 2020), Safeguarding CYP in Community Settings (Jan 2020), Local Authority Designated Officer (LADO) Procedure for Allegations against Professionals (Jan 2020), CYP Anti-bullying Statement (Aug 2020).

Adults at Risk policies

Safeguarding Adults at Risk Policy (Dec 2019), Mental Capacity Act Policy (May 2019), ACAVA Data Protection Policy (Jul 2018).

Reserves policy and going concern

Reserves

Reserves have been depleted in recent years. Total reserves on 30 September 2020 were £830,265 (2019: £859,695).

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Of this £154,296 (2019: £52,925) were held as restricted funds.

Excluding property assets, bank loans and restricted funds, unrestricted general funds were negative £377,222 (2019: £375,057). It should be noted that this includes deposits from tenants of £195,640.

Our reserves policy sets a minimum target of £24,000 p/a for unrestricted reserves over the next five years with a target of £120,000.

It is our policy that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three and six months' expenditure. The trustees consider that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the charity's current activities while consideration is given to ways in which additional funds may be raised.

Bank loans

In February 2020, our overdraft limit was reduced to £50,000 and has not been needed since.

The charity continued to meet its monthly loan repayments. No new loans were applied for.

Going concern

Trustees believe the charity is a going concern having made excellent progress over the past year on restructuring which has led to a stabilised financial position. This work is ongoing and will require more time to complete.

At the time of reporting cash flow is under control, the overdraft limit has been reduced to £50,000 and has not been needed. Discussions with our bank suggest that we will remove the overdraft in the near future but no date has been set.

The reduction of historical debt is being addressed through measures that have already been implemented, are in progress or are planned as detailed elsewhere in this report.

Grant funding of £554,881 raised from statutory bodies in the six months between May and October 2020 is evidence of broad support for ACAVA's progress. The charity has clearly been acknowledged as a critical part of the UK's creative and cultural infrastructure.

In March 2021, we were awarded a further £208,477 from the DCMS/Arts Council England Culture Recovery Fund Round 2, the maximum amount available to us. Since May 2020, we have been awarded over £750,000 in emergency grant income which has enabled the continuation of the hardship fund, partially covers lost income, enables temporary capacity building in fundraising and communications and enables a property development feasibility study led by an experienced architecture and urban planning practice.

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We are actively targeting statutory funders, trusts and foundation, major donations, legacies, corporate foundations, in-kind partnerships and capital funds. A revised Case for Support was completed in June 2021 and ambitious fundraising targets have been set.

Property redevelopment of two sites is in planning and an extensive feasibility study and community consultation at another site, funded by DCMS/Arts Council England Culture Recovery Fund Round 2, begins in June 2021. Public fundraising campaigns are planned for two sites. New workspace and placemaking opportunities are actively being sought and if successful will generate new income streams.

Grant funding

£253,719 in restricted grant funding has been raised during the reporting period.

ACAVA has received endorsements from several funders who have generously supported our recovery strategy and plans. During 2020/21, we received grants from the Arts Council England Emergency Response Fund, Creative Land Trust and the Mayor of London Creative Workspace Resilience Fund and Arts Council England/DCMS Culture Recovery Fund rounds 1 and 2 (R2 in March 2021).

ACAVA's fundraising is compliant with fundraising regulation and codes. We are not aware of any non-compliance with any code and no complaints about the organisation's fundraising activities have been received. Until now, the organisation has not used professional fundraisers or commercial participators. No third parties have carried out fundraising activity on behalf of the charity.

COVID-19

The impact of the COVID-19 pandemic on the charity has been severe. There have been three main issues: an immediate shortfall in income from studios and licence fee increases not applied as planned, the closure of public facilities and the need to invest in staff capacity in communications and health and safety as workloads increased dramatically.

ACAVA's studio holders are predominantly freelance education and cultural sector workers, sole traders or not for profit organisations. The sudden closure of education and cultural institutions caused by COVID-19 and lockdown decimated the livelihoods of thousands and caused a national crisis for workspace providers. Many studio holders were unable to pay their licence fees leading to unprecedented cash flow difficulties for the charity.

The latest figures indicate a shortfall in income from unpaid licence fees and utilities of between 15% – 20%. Additionally, plans to increase income by 7% during 2020 have not been possible to implement and consequently represents a loss of income. It is unclear at this time what the equivalent loss will be during the 2021 calendar year with ongoing uncertainty regarding future

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lockdowns, funding support, the furlough scheme, loan deferrals, bank support and the opening up of the cultural, entertainment and hospitality sectors, and travel related restrictions.

The charity has been energetically proactive in response to these challenges and taken the following mitigating actions, which have been effective:

- Studio buildings remained open helping to maintain core income and stabilise cash flow.
- Negotiated loan repayment holidays for 10–12 month periods effective from May 2020 saving £7,000 p/m.
- Six staff (40%) were furloughed saving approximately £7,000 p/m. They returned to work in September 2020.
- Established the ACAVA COVID–19 Artists Hardship Fund with a modest sum of £5,645, increasing to £126,345 (June 2020) through successful fundraising activity. The fund supports artists in the most need to pay their licence fees and utilities bills, enables the charity to support individual artists and protect its primary source of income.
- Programme activity was suspended in March 2020; some venues re-opened in July 2020.
- Programme activities successfully transitioned to online delivery, enabling continuity.
- Our head office has been closed since March 2020 and rented as a workspace generating new income. Office staff continue to work remotely.

Plans for the future

The charity aims to generate sufficient income to continue to deliver its two main activities:

Creative workspace and facilities

The provision of workspace and facilities that support artists of all disciplines, but primarily in the visual arts, and enable the production of art and culture.

To maintain the necessary number of buildings and studio holders, the charity continually seeks new opportunities to establish studio buildings in London and the UK regions.

Increasingly, this requires dialogue with potential stakeholders working in placemaking and regeneration contexts where art, culture and the creative industries are recognised drivers key to community participation and cultural engagement.

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It is essential to position ACAVA visibly with regeneration agencies, third sector organisations, cultural sector partners, businesses, architects, property developers, local and regional authorities, national government bodies and statutory funders.

Our future strategy includes increased communications, targeted marketing, and relationship building.

In recent years, the charity has established new buildings in three UK regions and will continue to explore similar opportunities in different parts of the country to reach a wider range of communities and beneficiaries with studio and workspace provision allied to ambitious community engagement programmes.

Programmes

ACAVA has accumulated unique knowledge and experience in community and wellbeing settings and we aim to build on and expand our delivery of this work.

To support this, we plan to carry out external evaluation and impact studies that capture our achievements. Robust research based evidence will strengthen advocacy, celebrate our work, and increase the organisation's profile with potential collaborators.

An enhanced digital footprint including a refreshed identity, new website and enhanced digital content across all platforms will launch in Winter 2020.

We will seek to maximise income generating potential of properties across the portfolio including developing sites, increasing the number of studios.

Other initiatives will be introduced to diversify income streams beyond our traditional approach to fundraising to include commercial income generation, for example, from hires.

Structure, governance and management

Association for Cultural Advancement through Visual Art (ACAVA) is a charitable company limited by guarantee, incorporated on 2 September 1983, and registered as a charity on 29 March 1984. The company is governed by Articles of Association revised, updated, and adopted on 29 January 2020.

Objects

The Charity's Object is:

For the public benefit in the UK, to advance education in the arts and culture, in particular but not exclusively by providing opportunities for the creation and display of art and access to courses, events and workshops.

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For the year ended 30 September 2020

The main activities undertaken to achieve those purposes are:

- 1 To establish and maintain studios, workshops, and other facilities that support the production of the arts and culture.
- 2 To produce, curate, and promote participatory public arts programmes and educational activities for the public benefit.

The board of trustees administers the charity and meets a minimum of four times a year. Two sub-committees that meet regularly between board meetings have oversight of specific areas of business: Finance and General Purposes Sub-Committee and Property Sub-Committee report and make recommendations to the board.

The CEO reports to the trustees and has authority over all operational matters including business development, strategy, finance, fundraising, HR, studio operations, policies, communications, and programmes.

The trustees review the aims, objectives, and activities of the charity each year. This report looks at what the charity has achieved and the outcomes of its work in the reporting period.

The review also helps the trustees ensure the charity's aims, objectives and activities remained focused on its stated purposes.

Trustees give their time voluntarily and receive no benefits from the charity.

Management

Internal systems and processes have been updated with integrated cloud computing systems deployed in finance, property management, studio allocations, general administration, and internal communications. This has delivered significant improvements in efficiency and enabled collaborative working and knowledge sharing essential during the pandemic. Our office was closed in March 2020 and staff continue to work remotely.

Appointment of trustees

Prospective trustees are identified through a formal recruitment process. A trustee recruitment pack is circulated via the charity's website, social media, public mailing lists and personal networks.

The charity retains the services of a HR consultant who acts as an independent adviser, responds to enquiries, reviews applications, and carries out an initial conversation with applicants. Shortlisted candidates are invited to meet trustees and, at a separate meeting, the CEO, prior to attending a board meeting as an observer where they are briefed on trustees' obligations, the organisation's business plan, financial performance, and risk management.

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New trustees may only be appointed by a formally convened meeting of the board of trustees. Once appointed, trustees undertake a thorough induction to the organisation by the Chief Executive Officer.

Remuneration policy for key management personnel

When recruiting for the post of Chief Executive Officer in 2018 trustees employed a specialist recruitment consultant. The salary for the role was aligned with that of the outgoing post holder.

In August 2019, the charity's HR adviser was briefed to undertake a benchmarking survey to ascertain whether its salary levels were competitive.

The method included obtaining salary ranges of similar roles, using knowledge of the sector, sector surveys, advertised salaries and contacts in the arts. Salaries were compared with the general not for profit sector as well as the arts. Where possible, similar sized organisations were used as comparators.

Statement of responsibilities of the trustees

The trustees (who are also directors of Association for Cultural Advancement Through Visual Art 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
- 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.

Association for Cultural Advancement Through Visual Art

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For the year ended 30 September 2020

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware
- 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.

The directors' annual 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 24 June 2021 and signed on their behalf by

Name: Michelle Kershaw

Title: Chair of the Board of Trustees

Independent auditor's report

To the members of

Association for Cultural Advancement Through Visual Art

Opinion

We have audited the financial statements of Association for Cultural Advancement Through Visual Art (the 'charitable company') for the period ended 30 September 2020 which comprise the statement of financial activities, balance sheet, 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 charitable company's affairs as at 30 September 2020 and of its incoming resources and application of resources, including its income and expenditure, for the period 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent auditor's report

To the members of

Association for Cultural Advancement Through Visual Art

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the trustees' annual report for the financial period for which the financial statements are prepared is consistent with the financial statements
- 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 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' 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial

Independent auditor's report

To the members of

Association for Cultural Advancement Through Visual Art

statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

Judith Miller (Senior statutory auditor)

28 June 2021

for and on behalf of Sayer Vincent LLP, Statutory Auditor

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

Association For Cultural Advancement Through Visual Art

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 30 September 2020

				12 months ended 30 September 2020 Total £			18 months ended 30 September 2019 Total £
	Note	Unrestricted £	Restricted £		Unrestricted £	Restricted £	
Income from:							
Donations and legacies	2	24,132	–	24,132	4,170	3,531	7,701
Charitable activities							
Community programme	3	–	250,344	250,344	13,719	111,520	125,239
Studio provision	3	1,305,078	3,375	1,308,453	2,026,313	–	2,026,313
Other trading activities	4	124,336	–	124,336	40,250	–	40,250
Other	5	172,471	–	172,471	920	–	920
Total income		1,626,017	253,719	1,879,736	2,085,372	115,051	2,200,423
Expenditure on:							
Charitable activities							
Community programme	6	9,588	152,348	161,936	69,680	125,990	195,670
Studio provision	6	1,747,230	–	1,747,230	2,487,730	–	2,487,730
Total expenditure		1,756,818	152,348	1,909,166	2,557,410	125,990	2,683,400
Net income / (expenditure) for the period	7						
		(130,801)	101,371	(29,430)	(472,038)	(10,939)	(482,977)
Transfers between funds		–	–	–	855,208	(855,208)	–
Net movement in funds		(130,801)	101,371	(29,430)	383,170	(866,147)	(482,977)
Reconciliation of funds:							
Total funds brought forward		806,770	52,925	859,695	423,600	919,072	1,342,672
Total funds carried forward		675,969	154,296	830,265	806,770	52,925	859,695

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 19 to the financial statements.

Association For Cultural Advancement Through Visual Art

Balance sheet

Company no. 01749730

As at 30 September 2020

	Note	£	2020 £	£	2019 £
Fixed assets:					
Tangible assets	12		1,417,207		1,593,971
			<u>1,417,207</u>		<u>1,593,971</u>
Current assets:					
Debtors	13	366,663		302,935	
Cash at bank and in hand		201,387		3,269	
		<u>568,050</u>		<u>306,204</u>	
Liabilities:					
Creditors: amounts falling due within one year	14	(793,639)		(651,672)	
Net current liabilities			<u>(225,589)</u>		<u>(345,468)</u>
Total assets less current liabilities			1,191,618		1,248,503
Creditors: amounts falling due after one year	15		(351,353)		(377,732)
Provisions for liabilities	16		<u>(10,000)</u>		<u>(11,076)</u>
Total net assets	18		<u>830,265</u>		<u>859,695</u>
The funds of the charity:	19				
Restricted income funds			154,296		52,925
Unrestricted income funds:					
Designated funds		1,053,191		1,181,827	
General funds		<u>(377,222)</u>		<u>(375,057)</u>	
Total unrestricted funds			<u>675,969</u>		<u>806,770</u>
Total charity funds			<u>830,265</u>		<u>859,695</u>

Approved by the trustees on 24 June 2021 and signed on their behalf by

Michelle Kershaw
Chair of the Board of Trustees

Association For Cultural Advancement Through Visual Art

Statement of cash flows

For the year ended 30 September 2020

	Note	12 months ended 30 September 2020 £	£	18 months ended 30 September 2019 £	£
Cash flows from operating activities					
Net income/(expenditure) for the reporting period (as per the statement of financial activities)		(29,430)		(482,977)	
Depreciation charges		108,265		158,110	
(Profit)/loss on disposal of fixed assets		(172,471)		58,577	
(Increase)/decrease in debtors		(63,728)		47,579	
Increase in creditors		234,209		96,206	
Decrease in provisions		(1,076)		(44,827)	
Net cash provided by/(used in) operating activities			75,769		(167,332)
Cash flows from investing activities:					
Proceeds from the sale of fixed assets		245,515		–	
Purchase of fixed assets		(4,545)		(11,764)	
Net cash provided by/(used in) investing activities			240,970		(11,764)
Cash flows from financing activities:					
Repayments of borrowing		(48,128)		(102,088)	
Net cash (used in) financing activities			(48,128)		(102,088)
Change in cash and cash equivalents in the period			268,611		(281,184)
Cash and cash equivalents at the beginning of the period			(67,224)		213,960
Cash and cash equivalents at the end of the period a			201,387		(67,224)

Analysis of cash and cash equivalents and of net debt

	At 30 September 2019 £	Cash flows £	Other non-cash changes £	At 30 September 2020 £
Cash at bank and in hand	3,269	198,118	–	201,387
Overdraft facility repayable on demand	(70,493)	70,493	–	–
a Total cash and cash equivalents	(67,224)	268,611	–	201,387
Loans falling due within one year	(42,012)	26,949	–	(15,063)
Loans falling due after more than one year	(370,132)	21,179	–	(348,953)
Total net debt	(479,368)	316,739	–	(162,629)

Notes to the financial statements

For the year ended 30 September 2020

1 Accounting policies

a) Statutory information

Association for Cultural Advancement through Visual Art (ACAVA) is a charitable company limited by guarantee and is incorporated in England and Wales.

The registered office address is 54 Blechynden Street, London W10 6RJ.

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.

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.

As at 30 September 2020, the trustees are confident that ACAVA is a going concern and the financial statements have been prepared on that basis. In the period between the period end and May 2021, the financial position has continued to improve, with the receipt of grant income from The Arts Council Cultural Recovery Fund, Round 1 & 2, which has injected cash into the organisation and funded salaries and other costs. The organisation continues to receive a consistent and stable stream of licence fees. In addition, ACAVA has continued to apply for a number of grants to support its ongoing activities, and long term strategy. The cash position is good, and is anticipated to remain so for the foreseeable future. In addition, ACAVA is in the fortunate position of owning a number of property assets where the market value far exceeds the carrying value in the financial statements.

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.

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.

Project fees are treated as income when the services have been met. Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

Licence fees and rental income are treated as income when the space has been utilised by the hiree.

Income is recognised on the sale of property assets when they have legally exchanged.

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.

Notes to the financial statements

For the year ended 30 September 2020

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.

Designated funds are unrestricted funds earmarked by the trustees for particular 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:

- Expenditure on charitable activities includes the costs of delivering services, exhibitions and projects and providing studio space to further the purposes of the charity, and their associated support costs

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

i) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity.

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.

j) Operating leases

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

k) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £500. 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:

- | | |
|--------------------------|----------------------------|
| ● Freehold property | 50 years |
| ● Leasehold property | Over the term of the lease |
| ● Leasehold improvements | Over the term of the lease |
| ● Computer equipment | 3 – 10 years |

l) 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.

m) 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.

n) 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.

o) 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 with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Notes to the financial statements

For the year ended 30 September 2020

1 Accounting policies (continued)

p) Pensions

The charity makes contributions to a defined contribution scheme for eligible employees. The charity's obligation is limited to monthly contributions as they fall due.

2 Income from donations and legacies

	Unrestricted £	Restricted £	12 months ended 30 September 2020 Total £	Unrestricted £	Restricted £	18 months ended 30 September 2019 Total £
Donations	1,926	–	1,926	4,170	3,531	7,701
Government grants	22,206	–	22,206	–	–	–
	<u>24,132</u>	<u>–</u>	<u>24,132</u>	<u>4,170</u>	<u>3,531</u>	<u>7,701</u>

3 Income from charitable activities

	Unrestricted £	Restricted £	12 months ended 30 September 2020 Total £	Unrestricted £	Restricted £	18 months ended 30 September 2019 Total £
Community programme						
Grants and donations	–	250,344	250,344	13,719	111,520	125,239
Sub-total for Community programme	–	250,344	250,344	13,719	111,520	125,239
Studio provision						
Licence fees	1,288,970	–	1,288,970	2,021,232	–	2,021,232
Membership fees	16,108	3,375	19,483	5,081	–	5,081
Sub-total for studio provision	<u>1,305,078</u>	<u>3,375</u>	<u>1,308,453</u>	<u>2,026,313</u>	<u>–</u>	<u>2,026,313</u>
Total income from charitable activities	<u>1,305,078</u>	<u>253,719</u>	<u>1,558,797</u>	<u>2,040,032</u>	<u>111,520</u>	<u>2,151,552</u>

4 Income from other trading activities

	12 months ended 30 September 2020 Total £	18 months ended 30 September 2019 Total £
Rental income	26,597	40,250
Utility recharges	97,739	–
	<u>124,336</u>	<u>40,250</u>

All income from trading activities is unrestricted.

Notes to the financial statements

For the year ended 30 September 2020

5 Other income

	12 months ended 30 September 2020 Total £	18 months ended 30 September 2019 Total £
Miscellaneous income	-	920
Profit on the sale of tangible fixed assets	172,471	-
	<u>172,471</u>	<u>920</u>

All other income is unrestricted.

Association For Cultural Advancement Through Visual Art

Notes to the financial statements

For the year ended 30 September 2020

6a Analysis of expenditure (current year)

	Charitable activities				12 months ended 30 September 2020	18 months ended 30 September 2019
	Community programme £	Studio provision £	Governance costs £	Support costs £	£	£
Staff costs (Note 8)	–	367,390	–	–	367,390	493,646
Direct project costs	118,273	–	–	–	118,273	189,567
Property expenses	–	271,857	–	–	271,857	385,583
Insurance	–	–	–	48,120	48,120	73,817
Publicity	5,704	–	–	–	5,704	6,103
Legal and professional	–	–	12,000	92,751	104,751	155,388
Travel expenses	–	–	–	3,040	3,040	6,363
Rent	–	697,653	–	–	697,653	1,005,266
Bad debts	–	61,987	–	–	61,987	–
Office expenses	–	–	–	40,378	40,378	111,025
Bank charges and interest	–	24,879	–	–	24,879	35,888
Other	–	–	–	18,910	18,910	4,067
Hardship fund income relief granted	37,959	–	–	–	37,959	–
Depreciation and loss on disposal of assets	–	–	–	108,265	108,265	216,687
	161,936	1,423,766	12,000	311,464	1,909,166	2,683,400
Support costs	–	311,464	–	(311,464)	–	–
Governance costs	–	12,000	(12,000)	–	–	–
Total expenditure 2020	161,936	1,747,230	–	–	1,909,166	
Total expenditure 2019	195,670	2,487,730	–	–		2,683,400

Association For Cultural Advancement Through Visual Art

Notes to the financial statements

For the year ended 30 September 2020

6b Analysis of expenditure (prior year)

	Charitable activities				18 months ended
	Community programme £	Studio provision £	Governance costs £	Support costs £	30 September 2019 £
Staff costs (Note 8)	-	493,646	-	-	493,646
Direct project costs	189,567	-	-	-	189,567
Property expenses	-	385,583	-	-	385,583
Insurance	-	-	-	73,817	73,817
Publicity	6,103	-	-	-	6,103
Legal and professional	-	-	10,000	145,388	155,388
Travel expenses	-	-	-	6,363	6,363
Rent	-	1,005,266	-	-	1,005,266
Office expenses	-	-	-	111,025	111,025
Bank charges and interest	-	35,888	-	-	35,888
Other	-	-	-	4,067	4,067
Depreciation and loss on disposal of assets	-	-	-	216,687	216,687
	195,670	1,920,383	10,000	557,347	2,683,400
Support costs	-	557,347	-	(557,347)	-
Governance costs	-	10,000	(10,000)	-	-
Total expenditure 2019	195,670	2,487,730	-	-	2,683,400

Notes to the financial statements

For the year ended 30 September 2020

7 Net income / (expenditure) for the period

This is stated after charging / (crediting):

	12 months ended 30 September 2020 £	18 months ended 30 September 2019 £
Depreciation	108,265	158,110
(Profit)/loss on disposal of fixed assets	(172,471)	58,577
Operating lease rentals payable:		
Property	697,653	982,107
Auditor's remuneration (excluding VAT):		
Audit	12,000	10,000
Other services	8,400	3,000

8 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	12 months ended 30 September 2020 £	18 months ended 30 September 2019 £
Salaries and wages	335,743	453,303
Social security costs	26,555	34,498
Employer's contribution to defined contribution pension schemes	5,092	5,845
Total	367,390	493,646

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

	2020 No.	2019 No.
£60,000 – £69,999	1	–

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £72,025 (2019: £83,523). The 2019 figure relates to an 18 month period, whereas the 2020 figure is for a 12 month period.

The charity trustees were neither paid nor received any other benefits from employment with the charity in the period (2019: £nil). No charity trustee received payment for professional or other services supplied to the charity (2019: £nil).

No trustees claimed expenses in the year (2019: £Nil)

9 Staff numbers

The average number of employees (head count based on number of staff employed) during the period was 26 (2019: 24).

10 Related party transactions

There are no related party transactions to disclose for 2020 (2019: none).

Aggregate donations from related parties were £nil (2019: £nil).

Notes to the financial statements

For the year ended 30 September 2020

11 Taxation

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

12 Tangible fixed assets

	Freehold property £	Leasehold property and improvement £	Computer equipment £	Total £
Cost				
At the start of the period	157,033	2,459,337	174,298	2,790,668
Additions in period	–	4,545	–	4,545
Disposals in period	–	(79,449)	–	(79,449)
At the end of the period	157,033	2,384,433	174,298	2,715,764
Depreciation				
At the start of the period	47,349	990,128	159,220	1,196,697
Charge for the period	3,140	95,377	9,748	108,265
Eliminated on disposal	–	(6,405)	–	(6,405)
At the end of the period	50,489	1,079,100	168,968	1,298,557
Net book value				
At the end of the period	106,544	1,305,333	5,330	1,417,207
At the start of the period	109,684	1,469,209	15,078	1,593,971

The trustees have undertaken an impairment review during the period of all fixed assets and are satisfied that there is no indication of impairment for any assets. In addition, it should be noted that the two freehold properties carried at historic cost, less depreciation, of £106,544 were revalued in July 2019, where the market value was deemed to be £1.443 million. The trustees continue to recognise all tangible fixed assets at historic cost rather than adopt a revaluation model and so this valuation has not been reflected in the above figures.

All of the above assets are used for charitable purposes.

13 Debtors

	2020 £	2019 £
Trade debtors	68,843	78,662
Other debtors	275	–
Prepayments and accrued income	297,545	224,273
	366,663	302,935

14 Creditors: amounts falling due within one year

	2020 £	2019 £
Overdraft	–	70,493
Bank loans	15,063	42,012
Trade creditors	444,346	297,925
Taxation and social security	86,700	25,077
Other creditors	219,810	190,560
Accruals	27,720	25,605
	793,639	651,672

Notes to the financial statements

For the year ended 30 September 2020

15 Creditors: amounts falling due after one year

	2020 £	2019 £
Bank loans	348,953	370,132
Other creditors	2,400	7,600
	351,353	377,732

Bank loans totalling £364,016 (2019: £412,144) are secured by fixed charges over the Association's freehold properties at 62 Hetley Road and 23 to 20 Faroe Road and long leasehold property interests.

16 Provisions for liabilities

Provisions for liabilities comprises a dilapidation provision relating to operating leases on studios.

	2020 £	2019 £
Balance at the beginning of the period	11,076	55,903
Decrease in provision in the period	(1,076)	(44,827)
Balance at the end of the period	10,000	11,076

18a Analysis of net assets between funds (current period)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	–	1,417,207	–	1,417,207
Net current assets/(liabilities)	(364,822)	(15,063)	154,296	(225,589)
Long term liabilities	(2,400)	(348,953)	–	(351,353)
Provisions for liabilities	(10,000)	–	–	(10,000)
Net assets at 30 September 2020	(377,222)	1,053,191	154,296	830,265

18b Analysis of net assets between funds (prior period)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	–	1,593,971	–	1,593,971
Net current assets/(liabilities)	(356,381)	(42,012)	52,925	(345,468)
Long term liabilities	(7,600)	(370,132)	–	(377,732)
Provisions for liabilities	(11,076)	–	–	(11,076)
Net assets at 30 September 2019	(375,057)	1,181,827	52,925	859,695

Notes to the financial statements

For the year ended 30 September 2020

19a Movements in funds (current year)

	At 30 September 2019 £	Income & gains £	Expenditure & losses £	Transfers £	At 30 September 2020 £
Restricted funds:					
Project funds	52,925	113,624	(112,468)	–	54,081
Grants	–	140,095	(39,880)	–	100,215
Total restricted funds	52,925	253,719	(152,348)	–	154,296
Unrestricted funds:					
Designated funds:					
Property	1,181,827	–	–	(128,636)	1,053,191
Total designated funds	1,181,827	–	–	(128,636)	1,053,191
General funds	(375,057)	1,626,017	(1,756,818)	128,636	(377,222)
Total unrestricted funds	806,770	1,626,017	(1,756,818)	–	675,969
Total funds	859,695	1,879,736	(1,909,166)	–	830,265

The narrative to explain the purpose of each fund and the reason for the transfers are given at the foot of the note below.

19b Movements in funds (prior period)

	At 1 April 2018 £	Income & gains £	Expenditure & losses £	Transfers £	At 30 September 2019 £
Restricted funds:					
Capital fund	855,208	–	–	(855,208)	–
Project funds	63,864	115,051	(125,990)	–	52,925
Total restricted funds	919,072	115,051	(125,990)	(855,208)	52,925
Unrestricted funds:					
Designated funds:					
Property	540,617	–	(216,687)	857,897	1,181,827
Project fund	11,188	–	(11,188)	–	–
Total designated funds	551,805	–	(227,875)	857,897	1,181,827
General funds	(128,205)	2,085,372	(2,329,535)	(2,689)	(375,057)
Total unrestricted funds	423,600	2,085,372	(2,557,410)	855,208	806,770
Total funds	1,342,672	2,200,423	(2,683,400)	–	859,695

Purposes of restricted funds

Capital fund

The capital fund was for the refurbishment of Blechynden Studios and other capital purchases where expenditure was specified by the donor, Arts Council England. A charge was held over this asset for an initial period following the refurbishment, however this charge has now been satisfied. As such, the assets have been reclassified as unrestricted funds as there is no expectation that any funds require repayment to the donor.

Project fund

This relates to charitable activity projects funded by specific grants by donors.

19 Purposes of designated funds

Property

This represents the net book value of all tangible fixed assets as these do not form part of the free reserves of the charity less the value of bank loans secured on these properties.

Project fund

This relates to resources allocated to earmarked projects identified by the trustees.

20 Operating lease commitments payable as a lessee

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods

	Property 2020 £	2019 £
Less than one year	665,399	665,787
One to five years	2,031,423	2,099,786
Over five years	3,031,215	3,217,686
Total	5,728,037	5,983,259

The future commitments includes the liability for a rent review of a property, that took place after the year end. However, the increased liability has been included above, as the review created a genuine future commitment for that lease.

21 Legal status 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.