

Company number: 1749730

Charity number: 287894

Association for Cultural Advancement Through Visual Art

Report and financial statements

For the year ended 30 September 2021

Association for Cultural Advancement Through Visual Art

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Association for Cultural Advancement Through Visual Art

Reference and administrative information

For the year ended 30 September 2021

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	
Alice Boff	Appointed 10 March 2021
Nikhil Gupta	Resigned 28 September 2021
Michelle Kershaw	
Rebekah Paczek	
Caspar Van Eijck	
Alex Matthews	Appointed 02 March 2022
Jeff Pym	Appointed 02 March 2022
Yasmin Jones-Henry	Appointed 02 March 2022

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 2021

The trustees present their report and the audited financial statements for the period ended 30 September 2021. Whilst the audited financial statements run to 30 September 2021, this annual report includes commentary on activities since then, particularly in light of the arrival of COVID-19 and its aftermath.

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.

Essential cultural infrastructure

ACAVA (Association for Cultural Advancement through Visual Art) is an arts organisation, limited company and registered charity that evolved from artist-led initiatives in the early 1970s. For almost 50 years, ACAA has been one of the most progressive affordable workspace providers, helping define the sector through an innovative approach to workspace typologies, locations, a radical curatorial vision and a long-standing commitment to the transformative power of creativity in health and wellbeing settings.

Today, ACAA is one of the largest affordable workspace providers in the UK and an essential part of the national cultural infrastructure. We offer an ecosystem of workspace, production facilities, open access workshops, exhibition and event spaces, free professional development opportunities and public art programmes focused on community co-creation with multi-disciplinary creative practitioners.

Our estate of 16 buildings spans eight London boroughs, two locations in Essex and a post-industrial heritage site in Stoke-on-Trent that collectively support a community of over 400 artists, SMEs and third sector organisations.

Studios are located in several areas of low engagement in the arts and culture, for example: LB Tower Hamlets, LB Newham, LB Brent, North Kensington (Royal Borough of Kensington and Chelsea), LB Merton, LB Hammersmith and Fulham, Deptford (LB Greenwich), Hadleigh (Essex), Ardleigh (Tendring District Council, Essex) and Stoke-on-Trent.

Public exhibition and workshop facilities

The charity maintains exhibition and workshop facilities at seven studio buildings. They serve as events platforms for ACAVA studio artists, community partners and others free of charge (or at below market rates) to present arts programmes that engage and educate the public.

These spaces are important shared contexts that enable interaction, knowledge exchange and dialogue between ACAVA staff, professional artists, emerging practitioners, local community groups, the general public, and stakeholders.

ACAVA's facilities are regularly accessed by diverse local groups across our property 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.

Publicly accessible facilities are located at: Blechynden Street Studios, North Kensington, London; The Men's Shed and Maxilla Gallery – Maxilla Walk Studios, North Kensington, London; Central Space Galley at Faroe Road Studios – Hammersmith, London; Hadleigh Old Fire Station Community Hall – Hadleigh, Essex; and 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 through 2021, remained high (above 90%) with modest variations as a result of three national lockdowns. The pandemic, and lockdowns, led to a sudden and widespread loss of income to the arts sector generally and especially for freelance workers and sole traders working in the sector who constitute the majority of ACAVA's studio holders. The potential financial consequences if studio holders were unable to maintain their studios posed an existential threat to the organisation and it was imperative that ACAVA found ways of managing the risk. In mitigation, we increased communications and marketing output and streamlined studio allocations administration to try to minimise void periods. Throughout 2020 and 2021 the CEO was focused on securing recovery funding from various sources, with some success. A compelling case for support was articulated in several funding applications – they collectively formed a strategy for survival, recovery and development designed to strengthen business resilience. The aim was to survive the financial challenges of the pandemic and prepare for an unpredictable potentially volatile post pandemic socio-economic climate likely to include changes in social behaviour, changes to workplace culture and inflation. The objectives were to maintain demand for studios, high occupancy rates and robust health and safety regimes. We successfully achieved funding for: an ACAVA Artists' Hardship Fund; lost income due to freezing inflation-linked licence fee increases for two years

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For the year ended 30 September 2021

(while landlords did not freeze rent increases); a challenging increase in the volume of unpaid studios utilities; organisational restructuring; targeted capacity building; increased quality and volume of communications (including new social media content, newsletters, brand/identity and website); recalibrating our business model; new business development initiatives and professional advice and support in key areas e.g. legal, HR, fundraising and property.

The establishment of the ACAVA Artists Hardship Fund (May 2020, now the ACAVA Artists' Support Fund) was a pivotal initiative. Discounts and debt write-off for studio holders in the most financial need helped people maintain their studios and continue their practice. This protected the organisation's core income and, combined with mitigating other losses, ACAVA survived the pandemic period. There is uncertainty about the future viability of the affordable workspace sector as a whole, with post-Brexit and pandemic factors continuing to impact the UK and global economy. During this period, it has been difficult to progress new building developments to replace those with expiring leases.

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 continues to cultivate and maintain mutually beneficial relationships with external stakeholders and agencies who fund, commission or collaborate with us on the public programmes which deliver our charitable purpose.

Partners include: NHS West London Clinical Commissioning Group (WLCCG); Royal Borough of Kensington and Chelsea Grenfell Projects Fund); 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; 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; Castle Point Borough Council; 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; 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

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of Commerce; High Street Heritage Action Zone (Stoke-on-Trent); Community Cinema (Hadleigh); Department for Digital, Culture, Media & Sport (DCMS); Creative Land Trust; Grenfell Foundation; John Lyons Charity; NHS North West London Clinical Commissioning Group; Idverde ; Westway Trust.

ACAVA Programmes – co-creating with communities

For over 30 years, ACAVA has championed socially engaged arts programmes in community and non-clinical health and wellbeing settings. Expansive programmes are now delivered from our creative hubs in North Kensington, Essex and Stoke-on-Trent. Activities delivered from our two-site campus in North Kensington exemplify decades-long successful collaborations with the NHS, Clinical Commissioning Groups, art therapists, local stakeholders, artists and communities. Since 2017, we have been the lead cultural organisation delivering programmes that help enable people to memorialise and recover from the Grenfell Tower fire. We aim to create meaningful experiences with positive outcomes on wellbeing, personal growth and social cohesion that inspire people to participate in the arts, promote confidence and learn new skills.

In recognition of the significance of this work, ACAVA was shortlisted for the Award for Civic Arts Organisations (2022) by the Calouste Gulbenkian Foundation and King's College London. In November 2022, ACAVA's Grenfell Memorial Community Mosaic project won the Culture Health and Wellbeing Alliance's Collective Power Award 2022.

North Kensington, London

The charity's socially inclusive programmes are co-designed with local people and delivered by ACAVA staff working in our studios, workshops, makerspace and a gallery at two sites – Blechynden Street Studios and Maxilla Walk Studios.

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 from the event and its consequences. In communities suffering displacement and trauma ACAVA has been commended for delivering inclusive programmes. Our investment in communications and fundraising capacity has led to an increase in visibility and wide sector recognition of its achievements demonstrated by the prestigious awards above.

Flourish

A range of intergenerational programmes set in an enclosed urban garden and forest school where families and artists engage in co-created activities with contemporary themes, from science to the environment, and playfully explore what art is and can be.

After the Grenfell Tower fire, there was urgent need for a safe, family-friendly space for local people. Flourish is a direct response to this need and has been an essential lifeline for families ever since. More recently, during the pandemic, outdoor activities have been a welcome escape for families living in overcrowded accommodation with little or no access to exterior space. The Flourish garden is a tranquil haven for families to create, play and engage with nature for example

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by building insect and pollinator environments. ACAVA has expanded this programme in response to the needs of communities and to address climate change, in line with our own and the local authority's policies.

In Spring 2022, ACAVA launched Cultivate Create, a new programme for families to create a bio-diverse edible garden, explore horticulture and conservation.

Grenfell Memorial Community Mosaic

This award winning community-designed public memorial is delivered in partnership with Al-Manaar Muslim Cultural Heritage Centre. The mosaic is a collective community project that started in April 2018 – an evolving public installation situated close to the base of Grenfell Tower. The final stage of the project launched in June 2022, a permanent public artwork Walking as One, comprising 39 individual mosaics embedded in paving stones creating way-markers along the route of the Grenfell Silent Walk.

Maxilla Men's Shed

Maxilla Men's Shed is a vibrant community workshop and makerspace located in our Maxilla Walk Studios, beneath the Westway flyover. Designed to engage socially isolated older men, we also welcome women and community groups who enjoy formal and informal making sessions, pastoral support from ACAVA staff, peer networks and socialisation. Activities include carpentry, coppersmithing and constructing 'bug hotels' for a Bee Superhighway in collaboration with RBKC Ecology Team and the borough's landscape contractors, Idverde. The Shed makes a significant positive impact on emotional, mental and physical health, effectively counteracting loneliness and isolation.

Pathways to employment

ACAVA has developed new programmes that support young people from underserved communities to develop the skills and knowledge that support them to pursue careers in the creative industries.

Young Photographers

A professional development programme that helps young people from diverse backgrounds to develop a professional standard photography portfolio. Mentored by a professional photographer, participants create compelling images and learn to manage client relationships while working on paid assignments.

ACAVA Shoots

Traditional routes to a career in photography often involve unpaid work experience – a barrier to access for many young people. ACAVA Shoots promotes diversity in the creative industries by identifying paid work opportunities for Young Photographers alumni.

Recent clients include Young Camden Foundation, The Local Trust and Young Kensington and Chelsea.

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Exhibition and talk at The Photographers' Gallery

Piece Together: Documenting Grenfell Memorial Community Mosaic was a documentary photography exhibition of photography created by the ACAVA Shoots cohort held in the Eranda Studio at the prestigious The Photographers' Gallery in July 2022. It mapped the creation of the Grenfell Memorial Community Mosaic public artworks alongside photographs of the community since the Grenfell Tower fire tragedy. The photographs were first displayed at ACAVA Maxilla Walk gallery in North Kensington in June 2022.

The exhibition was accompanied by In Conversation: How can radical community documentary photography shift the power of the lens? With the decline of investment in local news, significant socio-economic barriers in a career in photography, and the domination of a mainstream media lens of the Grenfell community, this event explored how ACAVA Shoots has empowered three emerging photographers to tell a different story. The talk was presented by Jolie Hockings, Curator, Schools and Young People at The Photographer's Gallery, members of the ACAVA Shoots team and Ismahan Egal, Art Therapy Coordinator at the Al Manaar Mosque.

Essex

Hadleigh Old Fire Station (HOFS)

Community programmes included:

- Community Cinema – four monthly screenings of mainstream titles.
- Community Youth Brass project.
- Edible England Hadleigh Heritage Open Day.
- Sustainable Clothing Swap.

The community use of the hall was greatly reduced due to COVID-19 restrictions between December 2020 and July 2021.

Gatehouse Studios, Harlow

- 12 exhibitions were hosted in a gallery window facing the street, allowing the programme to continue throughout the pandemic.

Stoke-on-Trent

ACAFA provides 43 studios, gallery and delivers CPD programmes for local creative practitioners in an ambitious regeneration of the post-industrial Spode ceramics factory, a 250 year old heritage site.

We delivered three programmes in Stoke-on-Trent:

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.

This programme was delivered online due to COVID-19 restrictions.

ACAVA Artists Community-led Heritage Engagement Trail

Six artists co-created visual arts installations in local shop windows and doorways with local community groups.

My Life In Art

An exhibition and competition that engaged over 250 local children to produce artwork about their feelings about life in Staffordshire during the pandemic.

Bookings and programmed events, exhibitions, and workshops due to take place throughout the year in our communal area and exhibition space were postponed, rescheduled, or cancelled due to COVID-19 restrictions.

Evaluation and impact

In 2020, ACAA commissioned sector specialist research organisation The Audience Agency to produce a report on the impacts of ACAA's education and community outreach programmes and to advise on an evaluation framework. The report was completed in March 2021 and has informed an embedded approach to monitoring and evaluation of ACAA's work. We have adapted the framework to suit our needs and capacity and will continue to refine it by testing new qualitative methods including audio visual content alongside standard quantitative data and metrics.

Impact summary

ACAVA delivered 13 distinct programmes of activity with 423 adults and c.1,000 children participating.

"ACAVA were able to persuade the NHS on the most appropriate way to do their monitoring ... the NHS knew they weren't dealing with amateurs; they were dealing with people who knew the milieu in which they were working. It's been really good."

Community partner

- 21 artists were employed delivering programmes.
- £30,000 of income was generated for artists employed in programmes.
- 500 creative practitioners joined in our free CPD workshops.

Flourish (North Kensington)

"Just to have that kind of support was really crucial for me and my daughter ... I honestly don't know what I would have done that summer ... so to have that to go to and have that as the creative aspect for us was a real lifeline."

Flourish participant

- 82% of families came from a minority ethnic background.
- 40% of families included children on the autism spectrum.
- 60% of children were in receipt of free school meals.

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Maxilla Men's Shed (North Kensington)

"I sleep better because I've actually done something ... you feel a bit depressed and you feel useless. But if you do something, and you can see it coming along and you've helped someone or had a laugh and joked with them, it puts a little bit of a spring in your step."

Maxilla Men's Shed participant

- 140 people participated in Shed programmes.
- 75% of participants gained a new skill.
- 80% of participants felt more confident.
- 80% of participants felt inspired.

Young Photographers (North Kensington)

"It's to do with confidence. I don't know how I'll take it into the future but hopefully I'll go to university and I'll already have been through six months of learning – I'll be ready to go!"

Ashleigh, Young Photographers' graduate

Essex

- 30 community groups and organisations hired the HOFS appliance hall to run regular events attended by 9,400 people.

Spode Works (Stoke-on-Trent)

- 137 adults and 300+ children participated, including six families.
- Six freelance creative practitioners were provided with paid work of over £5,000.

Financial review

Overview

During the 12 month period income was £2,093,832 (previous period £1,879,736) with expenditure of £2,122,842 (previous period £1,909,166).

For the 12 month period ended 30 September 2021, the charity incurred a deficit of £29,010. In the previous 18 month period, a deficit of £29,430 was incurred.

Updated cloud finance, property, project management and administration systems have led to more transparent and efficient process. This has been important during long periods of lockdown and remote working. External management accountants (My Management Accountant) appointed in March 2020 strengthened financial capacity, management, communications and reporting. This has been key to managing unprecedented levels of negotiations with studio holders, stakeholders, funders, bank and landlords through the pandemic.

Financial management

In March 2020 we retained the services of external management accountants who have since become an integral part of our financial management and oversight – handling day to day transactions, cash flow, P&L, and forecasts working closely with ACAVA's staff and leadership.

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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. Current challenges in post-pandemic environment are likely to be a combination of reduced opportunities to identify new sites, rapidly increasing inflation and other cost pressures.

Robust financial management and cash flow control has given our bank confidence that progress is being made on financial recovery and we retain an overdraft facility at a much reduced level than was necessary in 2019.

Due to the Covid 19 pandemic, no increase to licence fees have been made since 2019. However, budgets are being set to ensure future profitability and viability of the property portfolio and in June 2022 we applied a 9% licence fee increase.

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.

Several short and longer term objectives are planned that will support our financial recovery, albeit their implementation has been slowed by the impact of COVID-19. Actions completed include annual licence fee forecast, revised utilities repayment system (rolled out in 2022) that has significantly improved cash flow, a comprehensive fundraising strategy (implemented in May 2021) and appointment of a Head of Fundraising to lead this work, diversification of income streams through commercial activities, efficient 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 because there are potential development opportunities at both sites.

The two freehold properties have the potential to generate considerable revenue that would be used to refurbish studios in the London Borough of Hammersmith and Fulham. The development would create additional workspace and an upgraded public gallery space at one site which would increase revenue generated there. The architectural firm Jonathan Tuckey Design was approached and agreed to develop two feasibility studies and designs pro bono. A pre-planning application was submitted to LBHF in August 2020 and positive negotiations are ongoing (2022).

Another extensive property development feasibility study at our Blechynden Street Studios site has been completed. ACAVA briefed the architectural practice Jan Kattein Architects (JKA) to consider

the potential to increase the number and type of workspace units alongside an ambitious vision for a community garden. The resulting study shows this is possible. Initial discussions with our landlord, the Royal Borough of Kensington and Chelsea, began in 2022. This is likely to be a long term project with challenging capital expenditure requirements to complete.

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.

Economic downturn

Unprecedented economic and political uncertainty caused by the UK leaving the EU, global and local impacts of the COVID-19 pandemic are of concern to the immediate and long term future 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 studio licence fees and planned licence fee increases that could not be implemented, the closure of public facilities and the need to invest in staff capacity to support increased fundraising, communications and health and safety as workloads increased dramatically.

However, ACAVA has successfully navigated the challenges of the COVID-19 pandemic and it is likely that the most challenging time is in the past. Our studios remain in high demand with occupancy levels generally stable and on target, programmes continue to expand and we are making good progress consolidating and diversifying our workspace offer.

Many ACAVA studio holders are freelancers who work in the cultural and creative sectors. 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. They experienced lost, or much reduced, incomes during the pandemic. International working, presentation and exchange have been dramatically curtailed during this period due to post-Brexit limitations and the pandemic.

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 and represents a loss of forecast income. Our current inflation linked forecasts indicate a 9% uplift in licence fees to be applied in 2022 will not be sufficient to cover all costs however we are working on a five year forecast with incremental increases eased in with the aim of recovering from deficit by 2024. This remains an achievable target.

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In mitigation, we introduced a light touch hardship fund in May 2020 (now the ACAVA Artists Support Fund) that supports studio holders to maintain their studios by offering non-refundable discounts to studio licence fees and utilities based on need. The organisation focused on minimising void periods, increased marketing and communications about vacant studios, extended newsletter circulation and information about income making opportunities, successfully applied for COVID-19 recovery funding, from various sources, to further underpin the hardship fund, strengthen capacity and support a step change in fundraising, communications and administration. These strategies have proven successful as ACAVA moves past the pandemic with a significantly improved identity and visibility, increased funding applications and a focus on delivering new business.

It is unclear at this time how accurate our financial forecasts are with inflation well into double figures causing concern. The charity has been proactive in response to these challenges and taken the following effective mitigating actions:

- 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 activities successfully transitioned to online delivery, enabling continuity.
- Our head office closed in March 2020 and is rented as a workspace generating new income.
- Office staff continue to work remotely.

Profitability

Several buildings are loss-making, where the income received from studio licences does not cover that building's operating expenditure. These losses are unsustainable. A historical cross-subsidy model between buildings has been corrected, and our current policy is only to operate sites that generate sufficient revenue to cover their overheads. The re-calibration of this earlier model is complete; however, delivering change is a slow process, and backlogs of work in national institutions and local authorities exacerbate the situation. Consequently, ACAVA vacated Impress House (31 March 2022), Whitefriars Studios (30 June 2022), and Harlow (30 November 2022) either because the landlord did not renew the lease (Impress House) or the building was loss-making. This successful process reduces financial losses and strengthens efficiency – a key component of our business recovery strategy that will continue for several years.

The charity continues to focus on improving general 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.

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Refinancing of loans has temporarily strengthened the cash position and created some working capital. We finalised negotiations with our bank and agreed revised terms in November 2022. 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.

The organisation is very active in bidding for new sites with local authorities and private landlords. Several opportunities are in development and we are optimistic that some of these will be successfully concluded.

Health and safety noncompliance

Maintaining health and safety compliance has been challenging with a small team and geographically distributed portfolio. There is a degree of risk related to this. COVID-19 has brought increased need for cleaning, hygiene, logistics and general facilities management although currently this is reducing.

Health and Safety remains a key area for capacity building when finances permit. Financial planning accounts for the need to appoint several roles including a senior property team leader with the appropriate health and safety experience although we are unlikely to achieve these goals until after 2022/23. ACAVA's public spaces closed and re-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 firm and specialist associates in HR, fundraising, property development and regeneration on a project basis, as required.

The charity identified new roles that have been funded through grants, specifically – Administrator, Head of Fundraising, Fundraising Consultant (p/t) and Head of Communications and Marketing. Grants contributed towards increasing the Communications Manager from one to four days p/w.

When compared to similar organisations, ACAVA's team is significantly under resourced and often stretched beyond capacity. Strengthening our 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.

Reserves policy and going concern

Reserves

Reserves have been depleted in recent years. Total reserves on 30 September 2021 were £801,255 (2020: £830,265).

Of this, £62,686 (2020: £154,296) was held as restricted funds.

Excluding property assets, bank loans and restricted funds, unrestricted general funds were negative £213,420 (2019: £377,222). It should be noted that this includes deposits from tenants of £198,683.

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 been used sparingly 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 more stable financial position. This work is ongoing and will require more time to complete. Our business development and financial goals indicate we will achieve a sustainable position within three years.

At the time of reporting cash flow is under control and our overdraft limit is consistent at £50,000. 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 recognised 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, and £208,254.50 was awarded in August 2021 from DCMS/Arts Council England Culture Recovery Fund Round 3. Since May 2020, we have been awarded over £900k in emergency grant income which has enabled the continuation of the hardship fund, partially covers lost income, enables capacity building in fundraising and

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communications and several organisational development initiatives including property portfolio performance analysis and property strategy.

We are actively targeting statutory funders, trusts and foundations, 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 Blechynden Street (mentioned above), funded by DCMS/Arts Council England Culture Recovery Fund Round 2, was completed in December 2021.

New workspace and placemaking opportunities are actively being sought and if successful will generate new income streams.

Grant funding

£45,195 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, 2 and 3 (R2 in March, R3 in Aug 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.

Legacies

Two legacy donations were received consisting of £17,600 received in June 2022 and £90,000 received in August 2022.

Plans for the future

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

1 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, cultural engagement and social value.

It is essential to improve ACAVA's visibly and advocacy work 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 cultivation and stewardship.

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.

2 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 have commissioned external evaluation and impact studies. A review of our studios focused professional development activities is under way and due to complete in Autumn 2022.

Robust research based evidence will strengthen advocacy, celebrate our work, and increase the organisation's profile with potential collaborators.

An extensive project to enhance our digital footprint including a new identity, new website and increased content across all platforms was completed in Summer 2022. A new fundraising function has been embedded in the new website.

We will maximise the income generating potential of properties across the portfolio including developing sites, increasing the number of studios, more efficient administration, minimising void periods, diversifying income from hires, increase fundraising and the development of commercial sponsorship and donations.

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

Association for Cultural Advancement Through Visual Art

Trustees' annual report

For the year ended 30 September 2021

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.

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 widely deployed. 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 and in shared working contexts across London. ACAVA is seeking alternative office accommodation that is of appropriate size and location.

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.

Trustees' annual report

For the year ended 30 September 2021

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.

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

Trustees' annual report

For the year ended 30 September 2021

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
- 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 late filing of this audit is due to several delays beyond the charity's control. The COVID-19 pandemic caused staff, stakeholder and other absences due to illness and care needs, delays in local authority administration processes from correspondence to processing business rates, severe (and ongoing) backlogs in the legal system, making working on leases and other issues extraordinarily slow and discussions with banks and funders drawn out much longer than usual.

The trustees' annual report has been approved by the trustees on 13 February 2023 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 2021 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 2021 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.

Independent auditor's report

To the members of

Association for Cultural Advancement Through Visual Art

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)

Date 03 March 2023

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 2021

		Unrestricted £	Restricted £	30-Sep-21 Total £	Unrestricted £	Restricted £	30-Sep-20 Total £
	Note						
Income from:							
Donations and legacies	2	4,329	–	4,329	24,132	–	24,132
Charitable activities							
Community programme	3	494,371	162,439	656,810	–	250,344	250,344
Studio provision	3	1,322,900	–	1,322,900	1,305,078	3,375	1,308,453
Other trading activities	4	109,792	–	109,792	124,336	–	124,336
Other	5	–	–	–	172,471	–	172,471
Total income		1,931,393	162,439	2,093,832	1,626,017	253,719	1,879,736
Expenditure on:							
Charitable activities							
Community programme	6	25,074	254,049	279,123	9,588	152,348	161,936
Studio provision	6	1,843,719	–	1,843,719	1,747,230	–	1,747,230
Total expenditure		1,868,793	254,049	2,122,842	1,756,818	152,348	1,909,166
Net movement in funds		62,600	(91,610)	(29,010)	(130,801)	101,371	(29,430)
Reconciliation of funds:							
Total funds brought forward		675,969	154,296	830,265	806,770	52,925	859,695
Total funds carried forward		738,569	62,686	801,255	675,969	154,296	830,265

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 18 to the financial statements.

Association For Cultural Advancement Through Visual Art

Balance sheet

Company no. 01749730

As at 30 September 2021

	Note	£	2021 £	£	2020 £
Fixed assets:					
Tangible assets	12		<u>1,303,221</u>		<u>1,417,207</u>
			1,303,221		1,417,207
Current assets:					
Debtors	13	450,738		366,663	
Cash at bank and in hand		<u>61,542</u>		<u>201,387</u>	
		512,281		568,050	
Liabilities:					
Creditors: amounts falling due within one year	14	<u>(642,677)</u>		<u>(793,639)</u>	
Net current liabilities			<u>(130,396)</u>		<u>(225,589)</u>
Total assets less current liabilities			1,172,825		1,191,618
Creditors: amounts falling due after one year	15		<u>(338,570)</u>		<u>(351,353)</u>
Provisions for liabilities	16		<u>(33,000)</u>		<u>(10,000)</u>
Total net assets	17a		<u><u>801,255</u></u>		<u><u>830,265</u></u>
The funds of the charity:	18a				
Restricted income funds			62,686		154,296
Unrestricted income funds:					
Designated funds		951,989		1,053,191	
General funds		<u>(213,420)</u>		<u>(377,222)</u>	
Total unrestricted funds			<u>738,569</u>		<u>675,969</u>
Total charity funds			<u><u>801,255</u></u>		<u><u>830,265</u></u>

Approved by the trustees on 13 February 2023 and signed on their behalf by

Michelle Kershaw
Chair of the Board of Trustees

Statement of cash flows

For the year ended 30 September 2021

	Note	30-Sep-21		30-Sep-20	
		£	£	£	£
Cash flows from operating activities					
Net expenditure for the reporting period (as per the statement of financial activities)		(29,010)		(29,430)	
Depreciation charges		113,986		108,265	
(Profit)/loss on disposal of fixed assets		–		(172,471)	
Increase in debtors		(84,075)		(63,728)	
(Decrease)/increase in creditors		(150,962)		234,209	
Decrease/(increase) in provisions		23,000		(1,076)	
Net cash (used in)/provided by operating activities		(127,062)		75,769	
Cash flows from investing activities:					
Proceeds from the sale of fixed assets		–		245,515	
Purchase of fixed assets		–		(4,545)	
Net cash provided by investing activities		–		240,970	
Cash flows from financing activities:					
Repayments of borrowing		(12,783)		(48,128)	
Net cash (used in) financing activities		(12,783)		(48,128)	
Change in cash and cash equivalents in the period		(139,845)		268,611	
Cash and cash equivalents at the beginning of the period		201,387		(67,224)	
Cash and cash equivalents at the end of the period	a	61,542		201,387	

Analysis of cash and cash equivalents and of net debt

	At 1 October 2020	Cash flows	Other non-cash changes	At 30 September 2021
	£	£	£	£
Cash at bank and in hand	201,387	(139,845)	–	61,542
Overdraft facility repayable on demand	–	–	–	–
a Total cash and cash equivalents	201,387	(139,845)	–	61,542
Loans falling due within one year	(15,063)	–	–	(15,063)
Loans falling due after more than one year	(348,953)	12,783	–	(336,170)
Total net debt	(162,629)	(127,062)	–	(289,691)

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.

Trustees believe the charity is a going concern having made excellent progress over the past year on restructuring which has led to a more stable financial position. This work is ongoing. The reduction of historical debt is being addressed through measures that have already been implemented, are in progress or are planned as detailed in the Trustees report. 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 and grant of £208,255 was awarded in August 2021 from Round 3. Since May 2020, we have been awarded over £900,000 in emergency grant income which has enabled the continuation of the hardship fund, which partially covers lost income, enables temporary capacity building in fundraising and communications and enables a property development feasibility study. We are actively targeting statutory funders, trusts and foundations, 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 Blechynden Street (mentioned above), funded by DCMS/Arts Council England Culture Recovery Fund Round 2, was completed in December 2021. Current cashflow is low and the overdraft is in use, however, following receipt of legacy payments and looking towards the NPO receivable in 2023 the future looks positive and cashflow should improve following an increase in licence fees. New workspace and placemaking opportunities are actively being sought and if successful will generate new income streams

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.

Notes to the financial statements

For the year ended 30 September 2021

1 Accounting policies (continued)

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.

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 |

Notes to the financial statements

For the year ended 30 September 2021

1 Accounting policies (continued)

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.

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

	30-Sep-21			30-Sep-20		
	Unrestricted £	Restricted £	Total £	Unrestricted £	Restricted £	Total £
Donations	–	–	–	1,926	–	1,926
Government grants	4,329	–	4,329	22,206	–	22,206
	<u>4,329</u>	<u>–</u>	<u>4,329</u>	<u>24,132</u>	<u>–</u>	<u>24,132</u>

3 Income from charitable activities

	30-Sep-21			30-Sep-20		
	Unrestricted £	Restricted £	Total £	Unrestricted £	Restricted £	Total £
Community programme						
Grants and donations	494,371	162,439	656,810	–	250,344	250,344
Sub-total for Community programme	<u>494,371</u>	<u>162,439</u>	<u>656,810</u>	<u>–</u>	<u>250,344</u>	<u>250,344</u>
Studio provision						
Licence fees	1,286,553	–	1,286,553	1,288,970	–	1,288,970
Membership fees	36,347	–	36,347	16,108	3,375	19,483
Sub-total for studio provision	<u>1,322,900</u>	<u>–</u>	<u>1,322,900</u>	<u>1,305,078</u>	<u>3,375</u>	<u>1,308,453</u>
Total income from charitable activities	<u>1,817,271</u>	<u>162,439</u>	<u>1,979,710</u>	<u>1,305,078</u>	<u>253,719</u>	<u>1,558,797</u>

Association For Cultural Advancement Through Visual Art

Notes to the financial statements

For the year ended 30 September 2021

4 Income from other trading activities

	30-Sep-21 Total £	30-Sep-20 Total £
Rental income	23,405	26,597
Utility recharges	86,387	97,739
	<u>109,792</u>	<u>124,336</u>

All income from trading activities is unrestricted.

5 Other income

	30-Sep-21 Total £	30-Sep-20 Total £
Profit on the sale of tangible fixed assets	-	172,471
	<u>-</u>	<u>172,471</u>

All other income is unrestricted.

Association For Cultural Advancement Through Visual Art

Notes to the financial statements

For the year ended 30 September 2021

6a Analysis of expenditure (current year)

	Charitable activities				30-Sep-21	30-Sep-20
	Community programme £	Studio provision £	Governance costs £	Support costs £	£	£
Staff costs (Note 8)	-	444,258	-	-	444,258	367,390
Direct project costs	103,024	-	-	-	103,024	118,273
Property expenses	-	258,607	-	-	258,607	271,857
Insurance	-	-	-	50,387	50,387	48,120
Publicity	8,822	-	-	-	8,822	5,704
Legal and professional	-	-	25,130	133,251	158,381	104,751
Travel expenses	-	-	-	2,559	2,559	3,040
Rent	-	712,222	-	-	712,222	697,653
Bad debts	-	673	-	-	673	61,987
Office expenses	-	-	-	41,514	41,514	40,378
Bank charges and interest	-	23,668	-	-	23,668	24,879
Other	-	23,000	-	14,462	37,462	18,910
Hardship fund income relief granted	167,277	-	-	-	167,277	37,959
Depreciation and loss on disposal of assets	-	-	-	113,986	113,986	108,265
	279,123	1,462,429	25,130	356,159	2,122,842	1,909,166
Support costs	-	356,159	-	(356,159)	-	-
Governance costs	-	25,130	(25,130)	-	-	-
Total expenditure 2021	279,123	1,843,719	-	-	2,122,842	
Total expenditure 2020	161,936	1,747,230	-	-		1,909,166

Association For Cultural Advancement Through Visual Art

Notes to the financial statements

For the year ended 30 September 2021

6b Analysis of expenditure (prior year)

	Charitable activities				
	Community programme £	Studio provision £	Governance costs £	Support costs £	30-Sep-20 £
Staff costs (Note 8)	-	367,390	-	-	367,390
Direct project costs	118,273	-	-	-	118,273
Property expenses	-	271,857	-	-	271,857
Insurance	-	-	-	48,120	48,120
Publicity	5,704	-	-	-	5,704
Legal and professional	-	-	12,000	92,751	104,751
Travel expenses	-	-	-	3,040	3,040
Rent	-	697,653	-	-	697,653
Bad debts	-	61,987	-	-	61,987
Office expenses	-	-	-	40,378	40,378
Bank charges and interest	-	24,879	-	-	24,879
Other	-	-	-	18,910	18,910
Hardship fund income relief granted	37,959	-	-	-	37,959
Depreciation and loss on disposal of assets	-	-	-	108,265	108,265
	161,936	1,423,766	12,000	311,464	1,909,166
Support costs	-	311,464	-	(311,464)	-
Governance costs	-	12,000	(12,000)	-	-
Total expenditure 2020	161,936	1,747,230	-	-	1,909,166

Notes to the financial statements

For the year ended 30 September 2021

7 Net income / (expenditure) for the period

This is stated after charging / (crediting):

	30-Sep-21 £	30-Sep-20 £
Depreciation	113,986	108,265
(Profit)/loss on disposal of fixed assets	–	(172,471)
Operating lease rentals payable:		
Property	712,222	697,653
Auditor's remuneration (excluding VAT):		
Audit	10,800	12,000
Other services	–	8,400
	<u> </u>	<u> </u>

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

Staff costs were as follows:

	30-Sep-21 £	30-Sep-20 £
Salaries and wages	416,282	335,743
Social security costs	21,485	26,555
Employer's contribution to defined contribution pension schemes	6,492	5,092
Total	<u>444,258</u>	<u>367,390</u>

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

	2021 No.	2020 No.
£60,000 – £69,999	1	1
	<u> </u>	<u> </u>

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £70,833 (2020: £72,025).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the period (2020: £nil). No charity trustee received payment for professional or other services supplied to the charity (2020: £nil).

No trustees claimed expenses in the year (2020: £Nil)

9 Staff numbers

The average number of employees (head count based on number of staff employed) during the period was 22 (2020: 26).

10 Related party transactions

There are no related party transactions to disclose for 2021 (2020: none).

Aggregate donations from related parties were £nil (2020: £nil).

Notes to the financial statements

For the year ended 30 September 2021

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	2,384,433	174,298	2,715,764
Additions in period	–	–	–	–
Disposals in period	–	–	–	–
At the end of the period	157,033	2,384,433	174,298	2,715,764
Depreciation				
At the start of the period	50,489	1,079,100	168,968	1,298,557
Charge for the period	4,168	104,488	5,330	113,986
Eliminated on disposal	–	–	–	–
At the end of the period	54,657	1,183,588	174,298	1,412,543
Net book value				
At the end of the period	102,376	1,200,845		1,303,221
At the start of the period	106,544	1,305,333	5,330	1,417,207

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 £102,376 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

	2021 £	2020 £
Trade debtors	29,760	68,843
Other debtors	–	275
Prepayments and accrued income	420,979	297,545
	450,738	366,663

14 Creditors: amounts falling due within one year

	2021 £	2020 £
Bank loans	15,063	15,063
Trade creditors	249,478	444,346
Taxation and social security	24,254	86,700
Other creditors	331,301	219,810
Accruals and deferred income	22,581	27,720
	642,677	793,639

Notes to the financial statements

For the year ended 30 September 2021

15 Creditors: amounts falling due after one year

	2021 £	2020 £
Bank loans	336,170	348,953
Other creditors	2,400	2,400
	338,570	351,353

Bank loans totalling £351,233 (2020: £364,016) 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.

	2021 £	2020 £
Balance at the beginning of the period	10,000	11,076
Decrease in provision in the period	23,000	(1,076)
Balance at the end of the period	33,000	10,000

17a Analysis of net assets between funds (current period)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	–	1,303,221	–	1,303,221
Net current assets/(liabilities)	(178,019)	(15,063)	62,686	(130,396)
Long term liabilities	(2,400)	(336,170)	–	(338,570)
Provisions for liabilities	(33,000)	–	–	(33,000)
Net assets at 30 September 2020	(213,419)	951,989	62,686	801,255

17b Analysis of net assets between funds (prior 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 2019	(377,222)	1,053,191	154,296	830,265

Notes to the financial statements

For the year ended 30 September 2021

18a Movements in funds (current year)

	At 1 October 2020 £	Income & gains £	Expenditure & losses £	Transfers £	At 30 September 2021 £
Restricted funds:					
Project funds	54,081	117,244	(112,820)	–	58,505
Grants	100,215	45,195	(141,229)	–	4,181
Total restricted funds	154,296	162,439	(254,049)	–	62,686
Unrestricted funds:					
Designated funds:					
Property	1,053,191	–	–	(101,202)	951,989
Total designated funds	1,053,191	–	–	(101,202)	951,989
General funds	(377,222)	1,931,393	(1,868,793)	101,202	(213,420)
Total unrestricted funds	675,969	1,931,393	(1,868,793)	–	738,569
Total funds	830,265	2,093,832	(2,122,842)	–	801,255

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

18b Movements in funds (prior period)

	At 1 October 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
Project fund	–	–	–	–	–
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

Purposes of restricted funds

Project fund

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

Notes to the financial statements

For the year ended 30 September 2021

18 Movements in funds (continued)

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.

19 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 2021 £	2020 £
Less than one year	648,765	665,399
One to five years	1,892,189	2,031,423
Over five years	2,624,864	3,031,215
Total	5,165,818	5,728,037

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.

20 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.