

Company number: 1749730

Charity number: 287894

# Association for Cultural Advancement Through Visual Art

Report and financial statements

For the year ended 30 September 2022

# Association for Cultural Advancement Through Visual Art

## Contents

### For the year ended 30 September 2022

---

Reference and administrative information .....	1
Trustees' annual report .....	2
Independent auditor's report .....	17
Statement of financial activities (incorporating an income and expenditure account) .....	21
Balance sheet .....	22
Statement of cash flows .....	23
Notes to the financial statements .....	24

# Association for Cultural Advancement Through Visual Art

## Reference and administrative information

For the year ended 30 September 2022

---

**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	
Yasmin Jones–Henry	Appointed 02 March 2022
Michelle Kershaw	
Alex Matthews	Appointed 02 March 2022
Jeff Pym	Appointed 02 March 2022
Caspar Van Eijck	
Rebekah Paczek	Resigned as Trustee 15 February 2023

**Key management personnel** Tom Holley Chief Executive

**Bankers** National Westminster Bank  
1<sup>st</sup> 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 2022

---

The trustees present their report and the audited financial statements for the year ended 30 September 2022.

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.

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, ACAVA 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 and community settings.

Today, ACAVA 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.

During the reporting period, 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 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), Ardleigh (Tendring District Council, Essex) and Stoke-on-Trent.

We exited the building in Hadleigh, Essex (HOFS) in March 2023 therefore the portfolio is now 15 buildings.

## Public exhibition and workshop facilities

The charity operates exhibition and workshop spaces in seven studio buildings. These facilities are available free of charge or at discounted rates to ACAA studio artists, community partners, and others who wish to present arts programs that engage and educate the public.

These spaces serve as valuable communal environments where ACAA staff, professional artists, emerging practitioners, local community groups, the public, and stakeholders can interact and engage in dialogue.

ACAA's facilities are extensively used by diverse local groups across our property portfolio. These groups organise independent activities, which encompass curated exhibitions, presentations, workshops, family-oriented events, meetings, art classes, and film screenings.

Publicly accessible facilities are at the following locations: Blechynden Street Studios in North Kensington, London; Maxilla Walk Studios, which includes The Men's Shed and Maxilla Gallery, also in North Kensington, London; Central Space Gallery at Faroe Road Studios in Hammersmith, London; Hadleigh Old Fire Station Community Hall in Hadleigh, Essex (ACAA vacated this building on 31 March 2023); and Spode Works Gallery at Spode Works in Stoke-on-Trent.

## Workspace occupancy

Despite the pandemic that escalated rapidly in March 2020, occupancy for the year, and through 2021 and 2022, remained high (above 90%) with modest variations because 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 ACAA'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 ACAA 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, 2021 and into 2022 the CEO focused on securing recovery funding from various sources, with considerable success. A compelling case for support was articulated in several funding applications – they collectively formed a strategy for survival, recovery and future 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 economic 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 (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, 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 our public programmes, which deliver our charitable purpose.

Partners include: 13 Local Authorities, 10 Trusts and Foundations, 22 community partners, 11 cultural sector partners, 19 education partners and five statutory funders.

### ACAVA Programmes – co-creating with communities

ACAVA is a strong advocate for socially engaged arts initiatives in community and non-clinical health and wellbeing environments. Our expansive programmes are delivered from centres located in North Kensington and Stoke-on-Trent (expanding to LB Brent in April 2023 following being appointed as an Arts Council England National Portfolio Organisation (ACE NPO)). Activities conducted from two sites in North Kensington demonstrate our longstanding exemplary collaborations with the NHS, Clinical Commissioning Groups, art therapists, local stakeholders, artists, and community groups. Since 2017, we have been the lead cultural organisation delivering programmes that help individuals commemorate and recover from the Grenfell Tower fire. Our primary goal is to generate meaningful experiences that have positive impacts on wellbeing,

### Trustees' annual report

#### For the year ended 30 September 2022

---

personal development, and social cohesion, inspiring individuals to engage in the arts, build confidence, and acquire new skills.

In recognition of the significance of this work, ACAVA's Grenfell Memorial Community Mosaic won the Culture Health and Wellbeing Alliance's Collective Power Award in 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 galleries at two sites – Blechynden Street Studios and Maxilla Walk Studios.

#### **Flourish**

In an enclosed urban garden and forest school, a variety of intergenerational programmes take place where families and artists collectively participate in co-created activities centred around contemporary themes. These themes range from science to the environment, allowing participants to playfully delve into the exploration of art and its possibilities.

The Flourish garden serves as a sanctuary where families can connect with nature, engaging in activities such as constructing habitats for insects and pollinators. In response to community needs and the urgency of addressing climate change, ACAVA has expanded this programme, aligning it with our organisation's values.

#### **Flourish: Breathe**

Providing free trips out of London for North Kensington families to escape the city and engage in creative activities in new contexts. Three visits took place between August 2022 and April 2023.

#### **Cultivate Create**

During the spring of 2022, ACAVA introduced Cultivate Create. This programme enables families to grow an edible garden while also fostering an understanding of horticulture and conservation with a focus on wellbeing and emotional resilience.

#### **Grenfell Memorial Community Mosaic: Walking as One**

Phase three of our award-winning community-designed public memorial project was completed in June 2022 to mark the fifth anniversary of the Grenfell Tower fire. Mosaic artists, ACAVA and local people co-created a public artwork: Walking as One – a series of 39 mosaics embedded into paving stones set along the route of the Silent Walk each depicting the word Justice in a language spoken by the residents of Grenfell Tower.

#### **Maxilla Men's Shed**

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.

## **Association for Cultural Advancement Through Visual Art**

### **Trustees' annual report**

#### **For the year ended 30 September 2022**

---

Since opening in October 2019, the Shed has facilitated over 800 places on courses, workshops, and drop-in sessions, delivering over 180 classes to 101 unique individuals.

Working with Kensington and Chelsea Social Council, the project has been made possible by funding from NHS West London Clinical Commissioning Group, Royal Borough of Kensington and Chelsea Public Health, the Kensington and Chelsea Foundation and Ernst & Young.

#### **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 portfolio. The programme not only enhances the participants' photography skills but also delivers real-life understanding of how to shoot engaging photos and manage an ongoing relationship with clients.

#### **ACAVA Shoots**

Traditional routes to a career in photography often involve unpaid work experience – a barrier to access for many young people. ACAA 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.

#### **Studio 13 Residency**

A career development opportunity for artists who consider social engagement integral to their studio practice. The resident receives six-months rent-free access to Studio 13 at our Blechynden Street Studios, training, and peer-to-peer support. Ran from March 2022 for six months.

#### **Essex**

#### **Hadleigh Old Fire Station (HOFS)**

Activities included:

- 43 groups, artists and individuals used the Appliance Hall for events, rehearsals, workshops, performances, and exhibitions.
- Total footfall for the space across all bookings and events of c. 20,000.
- 2,000 hours of community and creative activity.
- 10 cinema screenings with a total audience of 600.

ACAVA vacated this building on 31 March 2023.



### **Stoke-on-Trent**

ACAVA provides 43 studios, a gallery and delivers CPD programmes for local creative practitioners.

### **Factory**

We continue to work in partnership with the British Ceramics Biennial (BCB), Staffordshire University and Staffordshire Chamber of Commerce to deliver this professional development programme that supports Staffordshire based artists, designers, makers, and small creative enterprises to develop their practice and business skills.

## **Financial review**

### **Overview**

During the 12-month period income was £2,017,915 (previous period £2,093,832) with expenditure of £2,207,161 (previous period £2,122,842).

For the 12-month period ended 30 September 2022, the charity incurred a deficit of £189,247 In the previous 12-month period, a deficit of £29,010 was incurred. The accounts for the year-to-date show that ACAVA made a significant loss. However, it should be noted that there were some exceptional legal costs in the year. Recovery of utilities costs and an increase in license fees in June 2023 will bring ACAVA to a break-even point by the end of September 2023.

### **Financial management**

We retain 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.

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 rapidly increasing inflation and other cost pressures especially utility costs.

Robust financial management and cash flow control has given our bank confidence and we retain an overdraft facility at a much-reduced level than was necessary in the past.

Licence fees were increased by 12% in June 2023, which has improved income and cashflow. The increase had no significant impact on occupancy with spaces continuing to be in high demand and occupancy rates regularly reaching 98%. Further increases are planned for the next five years, however the level of future increases may not reach 12% again, increases will endeavour to balance the increases in costs due to inflation on the organisation and the affordability of studios for artists.

## Trustees' annual report

### For the year ended 30 September 2022

---

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. ACAVA are on course to be at a break-even position by the end of September 2023.

#### 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 two 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 respectively giving a total potential market value of £1,443,000. Updated valuations are to be scheduled in the coming months, but trustees are not aware of anything currently that would indicate values are materially different from the above.

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 developed two feasibility studies and designs pro bono. A pre-planning application was submitted to LBHF in August 2020 and positive negotiations, surveys and site visits are currently taking place. The process has been slowed by changes in staff at LBHF, but we are actively discussing options to progress this project.

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, aftereffects of the COVID-19 pandemic are still of concern to the immediate and long-term future of the charity. The rising cost of goods and services linked to inflation has been challenging for the organisation particularly in relation to fluctuating utility costs. Increased costs of materials and services

### Trustees' annual report

#### For the year ended 30 September 2022

---

associated with general maintenance of properties is having a negative impact on planned improvements as well as future redevelopment plans. Increasing interest rates have been considered and are being adequately serviced from income. Further expected increases in interest rates can be tolerated from current income levels.

Our studios remain in high demand with occupancy levels stable and on target (98%), programmes continue to expand, and we are making good progress consolidating and diversifying our workspace offer. By identifying cost savings such as signing new fixed term utility contracts, negotiating charity discounts for subscriptions and services, and focussing on planned preventative maintenance rather than reactionary repairs we are reducing costs in a number of areas and are continuing to investigate further saving opportunities.

#### **Profitability**

Our policy is to only operate sites that generate sufficient revenue to cover their overheads. Consequently, ACAVA vacated Impress House (31 March 2022), Whitefriars Studios (30 June 2022), Harlow (30 November 2022), HOFS (31 March 2023) either because the landlord did not renew the lease (Impress House), or the building was loss-making (Harlow and HOFS). This successful process reduces financial losses and improves profitability – a key component of our business recovery strategy.

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. 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 highly 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. A Health and Safety Officer has been contracted to review policies, audit the property portfolio, and work with employees to provide support and training.

#### **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.

## Trustees' annual report

For the year ended 30 September 2022

---

The charity identified two new roles; Head of Professional Development which has been filled in an interim capacity until the end of 2023 and Head of Social Practice. Both roles will work closely with existing team members to support the organisation's programme activity and develop new opportunities.

### 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 funds on 30 September 2022 were £612,008 (2021: £801,255).

Of this, £212,129 (2021: £62,686) was held as restricted funds.

Excluding property assets, bank loans and restricted funds, unrestricted general funds were negative £501,190, (2021: negative £213,420). It should be noted that this includes deposits from tenants of £196,210.

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 and overdraft

In February 2020, our overdraft limit was reduced to £50,000 and the facility is used to manage cash flow when required. 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. Demand for spaces remains high (regularly 98% occupancy) and licence fee income is a consistent stream of cash, much of it paid by direct debit. The demand for spaces provides assurance of this as an income stream. Loss making buildings put a significant strain on the organisation's finances and resources. Exiting

### Trustees' annual report

#### For the year ended 30 September 2022

---

these buildings when leases expire does reduce income from licence fees but this is offset by lower maintenance and staff costs maintaining those spaces. 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.

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 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. Our Case for Support continues to be developed and ambitious fundraising targets have been set.

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

#### **Grant funding**

£129,254 in restricted grant funding and £40,521 in unrestricted grant income for ACAVA's community programme has been raised during the reporting period.

ACAVA has received endorsements from several funders who have generously supported our recovery strategy and plans. During 2021/22, we received a grant of £208,455 from Arts Council England's Culture Recovery Fund (round 3) and a grant from the City Bridge Trust for staff access training and an access audit of Blechynden Street Studios and Community Workshop.

Community programmes have been generously supported by the Royal Borough of Kensington & Chelsea's (RBKC) Grenfell Recovery funds, RBKC S106 funding, Kensington & Chelsea Foundation, NHS NW London Clinical Commissioning Group, the Westway Trust, John Lyons Charity, Grenfell Foundation, DE Group, Blackrock and Ernst & Young.

## Trustees' annual report

### For the year ended 30 September 2022

---

In April 2023, ACAVA joined Arts Council England's National Portfolio. We have been awarded £80,000 per year for three years to deliver new family programmes and artists residencies in Barham Park, Brent.

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

Three legacy donations were accrued and/or received consisting of £17,600 received in May 2022, £90,000 received in August 2022 and £18,000 received November 2022. Of the legacies, £108,000 received is classed as restricted income and will be used to develop a ten-year ceramics residency programme for under-represented artists and provide opportunities for the community to experience the therapeutic benefits of working with clay.

## Plans

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 commissioned an external evaluation and impact study. A review of our studios has focused on professional development activities which was launched in May 2023. Led by an Interim Head of Professional Development (new post) with support from an Assistant Curator (existing employee), the programme provides opportunities for studio holders and the wider creative community to access to high quality support and development activities via online and in person events.

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

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.

**Trustees' annual report**

**For the year ended 30 September 2022**

---

- 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 continue to be updated delivering significant improvements in efficiency. 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.

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. We have recently appointed Jeff Pym, a chartered accountant with over 30 years' experience, Alex Matthews an HR Director with over 25 years of experience, and Yasmin Jones-Henry a journalist and strategist with a specialism covering the arts, macroeconomics, and fashion.



## 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 (Statement of Recommended Practice)
- 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.

In so far as the trustees are aware:

## Association for Cultural Advancement Through Visual Art

### Trustees' annual report

For the year ended 30 September 2022

---

- 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 27 June 2023 and signed on their behalf by

Name: Michelle Kershaw

Title: Chair of the Board of Trustees

## Opinion

We have audited the financial statements of Association for Cultural Advancement Through Visual Art (the 'charitable company') for the year ended 30 September 2022 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 30 September 2022 and of its incoming resources and application of resources, including its income and expenditure for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

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

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

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

## **Other Information**

The other information comprises the information included in the trustees' annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Opinions on other matters prescribed by the Companies Act 2006**

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

- The information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The trustees' annual report has been prepared in accordance with applicable legal requirements.

## **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

## **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

## **Capability of the audit in detecting irregularities**

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

- We enquired of management and the board of trustees, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
  - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
  - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.

## Independent auditor's report

To the members of

### Association for Cultural Advancement Through Visual Art

---

- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

## Use of our report

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

Judith Miller (Senior statutory auditor)

Date: 28 June 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 2022

		Unrestricted £	Restricted £	30-Sep-22 Total £	Unrestricted £	Restricted £	30-Sep-21 Total £
	Note						
<b>Income from:</b>							
Donations and legacies	2	24,905	316,455	<b>341,360</b>	498,701	–	498,701
Charitable activities							
Community programme	3	40,521	129,254	<b>169,775</b>	–	162,439	162,439
Studio provision	3	1,253,759	–	<b>1,253,759</b>	1,322,900	–	1,322,900
Other trading activities	4	253,021	–	<b>253,021</b>	109,792	–	109,792
<b>Total income</b>		<b>1,572,206</b>	<b>445,709</b>	<b>2,017,915</b>	<b>1,931,393</b>	<b>162,439</b>	<b>2,093,832</b>
<b>Expenditure on:</b>							
Charitable activities							
Community programme	5	(134,798)	296,266	<b>161,468</b>	25,074	254,049	279,123
Studio provision	5	2,045,694	–	<b>2,045,694</b>	1,843,719	–	1,843,719
<b>Total expenditure</b>		<b>1,910,896</b>	<b>296,266</b>	<b>2,207,162</b>	<b>1,868,793</b>	<b>254,049</b>	<b>2,122,842</b>
<b>Net movement in funds</b>		<b>(338,690)</b>	<b>149,443</b>	<b>(189,247)</b>	<b>62,600</b>	<b>(91,610)</b>	<b>(29,010)</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward		738,569	62,686	<b>801,255</b>	675,969	154,296	830,265
<b>Total funds carried forward</b>		<b>399,879</b>	<b>212,129</b>	<b>612,008</b>	<b>738,569</b>	<b>62,686</b>	<b>801,255</b>

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 17 to the financial statements.

# Association For Cultural Advancement Through Visual Art

## Balance sheet

Company no. 01749730

As at 30 September 2022

	Note	£	2022 £	£	2,021 £
<b>Fixed assets:</b>					
Tangible assets	11		<u>1,210,814</u>		<u>1,303,221</u>
			<b>1,210,814</b>		<b>1,303,221</b>
<b>Current assets:</b>					
Debtors	12	301,220		450,738	
Cash at bank and in hand		<u>6,014</u>		<u>61,542</u>	
		<b>307,234</b>		<b>512,280</b>	
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	13	<u>(620,380)</u>		<u>(642,677)</u>	
<b>Net current liabilities</b>			<u>(313,146)</u>		<u>(130,396)</u>
<b>Total assets less current liabilities</b>			<b>897,668</b>		<b>1,172,825</b>
Creditors: amounts falling due after one year	14		<u>(285,660)</u>		<u>(338,570)</u>
Provisions for liabilities	15		<u>–</u>		<u>(33,000)</u>
<b>Total net assets</b>	16		<u><b>612,008</b></u>		<u><b>801,255</b></u>
<b>The funds of the charity:</b>	17				
Restricted income funds			<b>212,129</b>		<b>62,686</b>
Unrestricted income funds:					
Designated funds		901,069		951,989	
General funds		<u>(501,190)</u>		<u>(213,420)</u>	
Total unrestricted funds			<u><b>399,879</b></u>		<u><b>738,569</b></u>
<b>Total charity funds</b>			<u><b>612,008</b></u>		<u><b>801,255</b></u>

Approved by the trustees on 27 June 2023 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 2022

	Note	30-Sep-22		30-Sep-21	
		£	£	£	£
<b>Cash flows from operating activities</b>					
Net (expenditure) for the reporting period (as per the statement of financial activities)		(189,247)		(29,010)	
Depreciation charges		117,894		113,986	
Decrease/(increase) in debtors		149,518		(84,075)	
Increase in creditors		(33,719)		(150,962)	
(Decrease)/increase in provisions		(33,000)		23,000	
<b>Net cash provided by/(used in) operating activities</b>		<b>11,446</b>		<b>(127,061)</b>	
<b>Cash flows from investing activities:</b>					
Purchase of fixed assets		(25,486)		–	
<b>Net cash provided by/(used in) investing activities</b>		<b>(25,486)</b>		<b>–</b>	
<b>Cash flows from financing activities:</b>					
Repayments of borrowing		(41,488)		(12,784)	
<b>Net cash (used in) financing activities</b>		<b>(41,488)</b>		<b>(12,784)</b>	
<b>Change in cash and cash equivalents in the period</b>		<b>(55,528)</b>		<b>(139,845)</b>	
Cash and cash equivalents at the beginning of the period		61,542		201,387	
<b>Cash and cash equivalents at the end of the period</b>		<b>6,014</b>		<b>61,542</b>	

Analysis of cash and cash equivalents and of net debt

	At 1 October 2021 £	Cash flows £	Other non-cash changes £	At 30 September 2022 £
Cash at bank and in hand	61,542	(55,528)	–	6,014
<b>a Total cash and cash equivalents</b>	<b>61,542</b>	<b>(55,528)</b>	<b>–</b>	<b>6,014</b>
Loans falling due within one year	(15,063)	(9,022)	–	(24,085)
Loans falling due after more than one year	(336,170)	50,510	–	(285,660)
<b>Total net debt</b>	<b>(289,691)</b>	<b>(14,040)</b>	<b>–</b>	<b>(303,731)</b>

Notes to the financial statements

For the year ended 30 September 2022

---

**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 again made progress over the past year on restructuring. This work is ongoing. The conversion of historical short term debt is being addressed through long term borrowing, which will also improve liquidity and efficiency. As noted previously, in August 2021, we were awarded a further £208,455 from the DCMS/Arts Council England Culture Recovery Fund Round 3, the maximum amount available to us. Since May 2020, we have been awarded over £900,000 in emergency grant income which enabled the hardship fund, which partially covers lost income as the income was recognised in a prior period. Licence fees have been increased by 12% in June 2023. Additionally, We are actively targeting statutory funders, trusts and foundations, major donations, legacies, corporate foundations, in-kind partnerships and capital funds. Property redevelopment of two sites is on-going. Current cashflow is low and the overdraft is in use, however, with debt restructuring, increased licence fees to account for the increase in RPI and better recovery of utility costs, together with the National Portfolio Organisation award in 2023 of £80,000 per year for three years, the future looks positive and cashflow should improve. 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.

**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.

Notes to the financial statements

For the year ended 30 September 2022

---

**1 Accounting policies (continued)**

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

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               |

**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.

Notes to the financial statements

For the year ended 30 September 2022

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.

1 Accounting policies (continued)

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

	Unrestricted £	Restricted £	30-Sep-22 Total £	Unrestricted £	Restricted £	30-Sep-21 Total £
Legacies	17,600	108,000	125,600	–	–	–
Grants	7,305	208,455	215,760	498,701	–	498,701
	24,905	316,455	341,360	498,701	–	498,701

3 Income from charitable activities

	Unrestricted £	Restricted £	30-Sep-22 Total £	Unrestricted £	Restricted £	30-Sep-21 Total £
<b>Community programme</b>						
Grants and donations	40,521	129,254	169,775	–	162,439	162,439
Sub-total for Community programme	40,521	129,254	169,775	–	162,439	162,439
<b>Studio provision</b>						
Licence fees	1,219,877	–	1,219,877	1,286,553	–	1,286,553
Membership fees	33,882	–	33,882	36,347	–	36,347
Sub-total for studio provision	1,253,759	–	1,253,759	1,322,900	–	1,322,900
Total income from charitable activities	1,294,280	129,254	1,423,534	1,322,900	162,439	1,485,339

4 Income from other trading activities

	30-Sep-22 Total £	30-Sep-21 Total £
Rental income	62,590	23,405
Utility recharges	190,431	86,387
	253,021	109,792

All income from trading activities is unrestricted.

All other income is unrestricted.

# Association For Cultural Advancement Through Visual Art

## Notes to the financial statements

For the year ended 30 September 2022

### 5a Analysis of expenditure (current year)

	Charitable activities					
	Community programme £	Studio provision £	Governance costs £	Support costs £	30-Sep-22 £	30-Sep-21 £
Staff costs (Note 7)	72,799	436,841	–	–	509,640	444,258
Direct project costs	88,669	–	–	–	88,669	103,024
Property expenses	–	398,219	–	–	398,219	258,607
Insurance	–	47,776	–	3,264	51,040	50,387
Publicity	–	–	–	16,958	16,958	8,822
Legal and professional	–	27,442	16,920	161,810	206,172	158,381
Travel expenses	–	–	–	6,995	6,995	2,559
Rent	–	694,043	–	–	694,043	712,222
Bad debts	–	754	–	–	754	673
Office expenses	–	–	–	28,007	28,007	41,514
Bank charges and interest	–	709	–	22,445	23,154	23,668
Other	–	12,011	–	21,475	33,486	37,462
Hardship fund income relief granted	–	32,617	–	–	32,617	167,277
Depreciation and loss on disposal of assets	–	116,399	–	1,009	117,408	113,986
	161,468	1,766,811	16,920	261,963	2,207,162	2,122,842
Support costs	–	261,963	–	(261,963)	–	–
Governance costs	–	16,920	(16,920)	–	–	–
<b>Total expenditure 2022</b>	<b>161,468</b>	<b>2,045,694</b>	<b>–</b>	<b>–</b>	<b>2,207,162</b>	
Total expenditure 2021	111,846	2,010,996	–	–		2,122,842

# Association For Cultural Advancement Through Visual Art

## Notes to the financial statements

For the year ended 30 September 2022

### 5b Analysis of expenditure (prior year)

	Charitable activities				
	Community programme £	Studio provision £	Governance costs £	Support costs £	30-Sep-21 £
Staff costs (Note 7)	-	444,258	-	-	444,258
Direct project costs	103,024	-	-	-	103,024
Property expenses	-	258,607	-	-	258,607
Insurance	-	-	-	50,387	50,387
Publicity	8,822	-	-	-	8,822
Legal and professional	-	-	25,130	133,251	158,381
Travel expenses	-	-	-	2,559	2,559
Rent	-	712,222	-	-	712,222
Bad debts	-	673	-	-	673
Office expenses	-	-	-	41,514	41,514
Bank charges and interest	-	23,668	-	-	23,668
Other	-	23,000	-	14,462	37,462
Hardship fund income relief granted	-	167,277	-	-	167,277
Depreciation and loss on disposal of assets	-	-	-	113,986	113,986
	111,846	1,629,706	25,130	356,159	2,122,842
Support costs	-	356,159	-	(356,159)	-
Governance costs	-	25,130	(25,130)	-	-
<b>Total expenditure 2021</b>	<b>111,846</b>	<b>2,010,996</b>	<b>-</b>	<b>-</b>	<b>2,122,842</b>

Notes to the financial statements

For the year ended 30 September 2022

**6 Net income / (expenditure) for the period**

This is stated after charging / (crediting):

	30-Sep-22 £	30-Sep-21 £
Depreciation	117,893	113,986
Operating lease rentals payable:		
Property	694,043	712,222
Auditor's remuneration (excluding VAT):		
Audit	11,100	10,800
	<u>11,100</u>	<u>10,800</u>

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

Staff costs were as follows:

	30-Sep-22 £	30-Sep-21 £
Salaries and wages	460,194	416,282
Social security costs	45,287	21,485
Employer's contribution to defined contribution pension schemes	8,377	6,492
<b>Total</b>	<u>509,640</u>	<u>444,258</u>

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

	2022 No.	2021 No.
£60,000 – £69,999	1	1

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £79,906 (2021: £70,833).

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

No trustees claimed expenses in the year (2021: £Nil)

**8 Staff numbers**

The average number of employees (head count based on number of staff employed) during the period was 22 (2021: 22).

**9 Related party transactions**

There are no related party transactions to disclose for 2022 (2021: none).

Aggregate donations from related parties were £nil (2021: £nil).

Notes to the financial statements

For the year ended 30 September 2022

10 Taxation

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

11 Tangible fixed assets

	Freehold property £	Leasehold property and improvement £	Computer equipment £	Total £
<b>Cost</b>				
At the start of the period	157,033	2,384,433	174,298	2,715,764
Additions in period	–	10,350	15,136	25,486
Disposals in period	–	–	–	–
At the end of the period	157,033	2,394,783	189,434	2,741,250
<b>Depreciation</b>				
At the start of the period	54,657	1,183,588	174,298	1,412,543
Charge for the period	7,852	108,547	1,494	117,893
Eliminated on disposal	–	–	–	–
At the end of the period	62,509	1,292,135	175,792	1,530,436
<b>Net book value</b>				
<b>At the end of the period</b>	94,524	1,102,648	13,642	1,210,814
At the start of the period	102,376	1,200,845	–	1,303,221

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 £94,524 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. A full revaluation of the properties will be necessary for the debt restructuring. This will be undertaken in June 2023 and consideration to the carrying carrying value will be assessed and changed if appropriate to do so at this time.

All of the above assets are used for charitable purposes.

12 Debtors

	2022 £	2021 £
Trade debtors	37,405	29,760
Prepayments and accrued income	263,815	420,978
	<b>301,220</b>	<b>450,738</b>

13 Creditors: amounts falling due within one year

	2022 £	2021 £
Bank loans	24,085	15,063
Trade creditors	235,805	249,478
Taxation and social security	111,000	24,254
Other creditors	201,118	331,301
Accruals	48,372	22,581
	<b>620,380</b>	<b>642,677</b>



Notes to the financial statements

For the year ended 30 September 2022

14 Creditors: amounts falling due after one year

	2022 £	2021 £
Bank loans	285,660	336,170
Other creditors	–	2,400
	<b>285,660</b>	<b>338,570</b>

Bank loans totalling £309,745 (2021: £351,233) 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.

15 Provisions for liabilities

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

	2022 £	2021 £
Balance at the beginning of the period	33,000	10,000
(Decrease)/increase in provision in the period	(33,000)	23,000
Balance at the end of the period	–	33,000

16a Analysis of net assets between funds (current period)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	–	1,210,814	–	1,210,814
Net current assets/(liabilities)	(501,190)	(24,085)	212,129	(313,146)
Long term liabilities	–	(285,660)	–	(285,660)
<b>Net assets at 30 September 2022</b>	<b>(501,190)</b>	<b>901,069</b>	<b>212,129</b>	<b>612,008</b>

16b Analysis of net assets between funds (prior 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)
<b>Net assets at 30 September 2021</b>	<b>(213,419)</b>	<b>951,988</b>	<b>62,686</b>	<b>801,255</b>

Notes to the financial statements

For the year ended 30 September 2022

17a Movements in funds (current year)

	At 1 October 2021 £	Income & gains £	Expenditure & losses £	Transfers £	At 30 September 2022 £
<b>Restricted funds:</b>					
Project funds	58,505	129,254	(152,050)	–	35,709
Legacies	–	108,000	–	–	108,000
Grants	4,181	208,455	(144,216)	–	68,420
<b>Total restricted funds</b>	<b>62,686</b>	<b>445,709</b>	<b>(296,266)</b>	<b>–</b>	<b>212,129</b>
<b>Unrestricted funds:</b>					
Designated funds:					
Property	951,989	–	–	(50,920)	901,069
<b>Total designated funds</b>	<b>951,989</b>	<b>–</b>	<b>–</b>	<b>(50,920)</b>	<b>901,069</b>
<b>General funds</b>	<b>(213,420)</b>	<b>1,572,206</b>	<b>(1,910,896)</b>	<b>50,920</b>	<b>(501,190)</b>
<b>Total unrestricted funds</b>	<b>738,569</b>	<b>1,572,206</b>	<b>(1,910,896)</b>	<b>–</b>	<b>399,879</b>
<b>Total funds</b>	<b>801,255</b>	<b>2,017,915</b>	<b>(2,207,162)</b>	<b>–</b>	<b>612,008</b>

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

17b Movements in funds (prior period)

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

Purposes of restricted funds

Project fund

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

Legacy

This relates to a donation from a studio holder, which is to establish a ceramics studio at Bletchynden Street. We are developing a ten year ceramics residency programme for under-represented artists in this field, and will provide opportunities for the community to experience the therapeutic benefits of working with clay.

Notes to the financial statements

For the year ended 30 September 2022

**Grants**

This relates to grant income received from various sources where the income is restricted for specific projects and charitable purposes. This includes both programming income and Cultural Recovery Fund 3 income.

**18 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.

**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	
	2022	2021
	£	£
Less than one year	514,037	648,765
One to five years	1,832,343	1,892,189
Over five years	2,873,108	2,624,864
<b>Total</b>	<b>5,219,488</b>	<b>5,165,818</b>

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.