

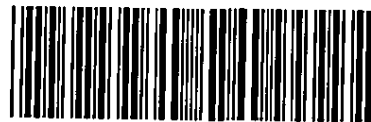
Company Number: 1158819
Registered Charity Number: 267043

INTERCHANGE TRUST
(A company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS

31st MARCH 2008

WEDNESDAY



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Interchange Trust

**Council of Management's Report
For the year ended 31st March 2008**

The trustees are pleased to present their report together with the financial statements of the charity for the year ended 31st March 2008.

Reference and administrative details

Charity number:	267043
Company number:	1158819
Principal & registered Office:	Hampstead Town Hall Centre 213 Haverstock Hill London NW3 4QP
Auditors:	Moore Stephens LLP St Paul's House Warwick Lane London EC4M 7BP
Bankers:	Co-operative Bank Plc Islington Branch Islington High Street London N1 9TR
Solicitors:	Nabarro Nathanson Lacon House Theobald's Road London WC1X 8RW

Directors and Trustees

The directors of the charitable company (the charity) are its Trustees (the Trust) for the purpose of charity law and throughout this report are collectively referred to as Trustees.

Trustees and management serving during the year and since the year end:

Chair:	Janet Wallace [resigned 4 th April 2008] Sue Wilby [Temporary chair 4 April to 9 June 2008] Peter Kysel [elected Chair 9 June 2008]
Elected trustees:	Amanda Berry Brian Fagan Richard Gibson [resigned 10 th December 2007] Russell Gilderson [resigned 17 th March 2008] Robert Harris [resigned 25 th April 2007] Sue Triesman [resigned 10 th December 2007] Sue Timothy Sue Wilby [appointed 4 th June 2007] Winifred Adeyemi [appointed 4 th June 2007] Peter Kysel [appointed 4 th June 2007] Peter Davey [appointed 4 th June 2007] Patricia Orwell [appointed 8 th October 2007] Jonathan Kropman [appointed 8 th October 2007] Mark Mullen [appointed 8 th October 2007, resigned 28 May 2008]

Interchange Trust

**Council of Management's Report
For the year ended 31st March 2008**

Directors and Trustees (continued)

Nominated Borough Council

Observer: Sheila Gunn

Joint Chief Executives:

Celia Greenwood

Fergus Justice-Mills [resigned 28th January 2008]

Ken Shoults

Company Secretary:

Ken Shoults FCA

Structure, Governance and Management

Governing Document

Interchange Trust is a company limited by guarantee governed by its Memorandum and Articles of Association. It is registered as a charity with the Charity Commission. The members of the Company are the elected Trustees of which there were 11 serving at the year end and each of these agrees to contribute £10 in the event of the Charity winding up.

Appointment of Trustees

As set out, the Chair of Trustees is elected collectively by the sitting Board of Trustees. All Trustees are elected as the members and directors (co-terminus) of the company. Three Trustees are elected annually at the AGM on a rotation basis, having served 3 years. Trustees have the power to co-opt further members to fill specialist roles. As a multi-functional/multi-disciplinary charity, spanning the education, social welfare, arts and health sectors, the Board attaches great importance to the specialist skills of Trustees.

All Trustees/members are circulated invitations to nominate Trustees prior to the AGM advising them of retiring Trustees and requesting nominations at the AGM.

The Observer Nominee, appointed by the London Borough of Camden, is subject to the appointment processes of those bodies and the guidelines on appointment to public office as they apply to Local Government nominees.

Trustee Induction & Training

New Trustees undergo an orientation interview with the Chair of the Board and a briefing with the Chief Executives at which an induction pack is presented, including copies of the Memorandum and Articles, Committee Standing Orders and decision making processes, chart of the line management structure, business plan, staff handbook, contract of employment and recent financial performance of the charity.

There is a half-day induction to meet key employees, heads of departments, and other Trustees. The Trustees are currently conducting a skills audit of Board Members to identify gaps, if any, with a view to considering the potential for advertising/recruiting new Trustee(s) to fill a specialist/professional role eg: chartered accountant, lawyer etc.

Interchange Trust**Council of Management's Report
For the year ended 31st March 2008****Organisation**

The Board of Trustees administers the charity. The Board meets quarterly as does its decision making Finance Sub-Committee. There are other advisory committees/forums eg: the Senior Management Team, the Heads of Departments, Salaries Working Party etc. which have terms of reference (approved by the Board of Trustees) and meet regularly.

The Chief Executive Team are appointed by the Trustees to manage the day-to-day operations of the charity. To facilitate effective operations, the Chief Executive Team has delegated authority, within terms of delegation outlined in the CEO's job description approved by Trustees, for operational matters including finance, contracts, fundraising scrutiny, recruitment/employment, marketing and performance related activity.

Related Parties – Hamden Trust

The charity has a relationship with its sister charity The Hamden Trust established on 30 March 1995, at the behest of the Lottery Boards to allow for "the purchase and restoration of the Hampstead Town Hall as a home for InterChange". Though the Hamden Trust shares InterChange's passion for education and supporting disadvantaged vulnerable groups (young people, disabled children, pensioners etc) it has a major role to raise and expend mainly capital funds on the development and conservation of this historical listed building.

Following a highly successful opening of the building as part of the "Open House" venture [a programme to open significant buildings to the public for a weekend, in September], we intend to repeat the venture this year to encourage public enjoyment of our historic building.

The charity receives small grants for education related activities, small capital heritage grants and a new income stream from the "commercial" donations from our wedding/civil partnerships service, which is licensed to The Hamden Trust by the London Borough of Camden.

Risk Management

The Trustees have a risk management strategy which comprises:

- o An annual review of the risks the charity may face
- o The establishment of systems and procedures to mitigate those risks identified in the plan; and
- o The implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

This work has identified only a few minor new risks but it has resulted in better emergency procedures and contingency plans. Particular attention has focussed on non financial risks arising from fire, health and safety and child protection issues. A key element in the management of financial risk is the setting of a reserves policy and its regular review by Trustees.

In reviewing financial risk the Board of Trustees have, on the advice of auditors, strengthened the level of legal scrutiny over our business procedures (eg: Contracts of Employment) by the Joint Chief Executives, with an annual review by the Chair of Trustees.

Interchange Trust

**Council of Management's Report
For the year ended 31st March 2008**

Objectives & Activities

The objectives of the charity are:

- A. To promote, maintain, improve, and advance public education, particularly by the promotion of educational drama and other Fine Arts, especially those activities which seek to make the arts relevant to the community, including the arts of drama, mime, dramatic improvisation, literature, dance, singing and music, and to formulate, prepare and establish schemes thereof.
- B. In the interest of social welfare to provide, or assist in the provision of, facilities for recreation or other leisure time occupation with the object of improving the conditions of life of the person for whom such facilities are primarily intended being persons who have need of such facilities by reason of their youth, age, infirmity or disablement, poverty or social and economic circumstances provided that nevertheless such facilities shall be available to the members of the public at large.
- C. To establish and support or aid in the establishment and support of any charitable association or institutions which carry on the business of providing housing and any associated amenities for persons in necessitous circumstances and to subscribe or guarantee money in connection therewith.
- D. To promote the efficiency of charities in direct furtherance of their objects by the provision of financial advice and of legal advice relating to those aspects of the law which affect them.

The charity has the general aim of encouraging the participation of these sections of the community who would otherwise be denied access to service across the spectrum of education social welfare, the arts and media, health promotion, training and advice. It is one of a handful of unique multi-functional charities operating in the UK.

Set up in the early 1970's it occupied a site in Dalby Street (NW5) Kentish Town from 1977, moving to its new headquarters, with its 13 resident London charities, at the Hampstead Town Hall Centre in the year 2000. Interchange is a charity which works mainly in Camden and Greater London but with some national projects and international links.

The main target for the year as in previous years is to increase the quantity and range of facilities in our new centre for young disadvantaged people, for pensioners and the elderly, for disabled children, for religious and refugee groups, leisure events; thereby increasing our visitor numbers and community users (average of 2000 per week).

Our centre is open 9am to 9pm on weekdays and weekends with state of the art specialist facilities for education courses, conferences, workshops and summer schools, rehearsal and teaching studios in the performing arts, sports facilities for trampolining, circus school, yoga, karate, play schemes, sound recording, video and media studios, legal advisory surgeries for charities, family facilities for disabled children, emergency childcare and lone-parenting and holiday outreach scheme. A room bookings service, hospitality, and catering for community events is available at special rates as well as weddings and civil partnership ceremonies attracting popular local support.

The strategies employed to achieve the charities objectives include:

- Celebrating the diversity of cultures in our society by working with key Borough and London-wide bodies such as the London Disability Forum, Chinese Community Centre, Somali Community Association, Arts Council Diversity Unit etc.
- Strengthening this diverse culture in the charity sector by our unique (20 year old) Legal Advisory Services and Training programmes and housing 13 resident charities who provide services in the centre targeted at vulnerable groups or disadvantaged communities – across mental health services, safety advice for community groups, violence support, black and ethnic minority cultural groups etc.

Interchange Trust

**Council of Management's Report
For the year ended 31st March 2008**

Objectives & Activities - continued

- Involving young (talented) black people in the art and creative industries developing exemplary courses, the Diploma course, highlighting and celebrating the role of the non-Western art forms in our culture
- Providing rehearsal facilities for "amateur"/professional and arts educational programmes to develop with young people and artists.
- To ensure that our multi-functional ethos is carried out through an open bookings policy for the whole community with discounted rates for charities and the community

The charity has two major areas of activity:

A. As a Charities/Communities Resource Programme

All of our services here are provided through five key departments.

Legal Advisory Service (ILAS) has provided legal advice to a wide range of charities and not-for-profit organisations, as well as to individuals seeking to set up charities for over 20 years. Initial advice is free; thereafter advice is charged for but at heavily subsidised rates. ILAS relies on grant funding to enable it to afford to provide low-cost legal advice.

Over the year ILAS has advised charities dealing with poverty, education, arts, community issues, refugees, domestic violence, disability, sport and other issues. Advice has covered many areas of law, in particular charity law, company law, property law, employment and contract law. As well as advice to individual clients ILAS has offered seminars, surgeries and legal audits.

Camden Team (Centre Services) is responsible for managing the building and maximising its use from a wide cross section of the local and regional community. Events ranging from lectures, conferences, craft fairs, performances, rehearsals, receptions, functions, weddings etc. help generate a significant proportion of the earned income which allows Interchange to meet the annual running costs of the building.

We were granted a licence in January 2006 to hold civil partnership and wedding ceremonies in the Council Chamber, with the objective being for part of the revenue secured through these events, to contribute towards the refurbishment of the Grade 2 listed Town Hall buildings.

Training has a 20 year track record working with charities, not for profit organisations, the health service, the education sector, local government, social enterprises, arts groups, leisure and sports centres, refugee groups, housing associations etc – with mail-out networks with over 3000 groups. This team is at the forefront of developing new skills and the building of healthier work environments; stimulating productivity, creativity and improved service. Their public training and in-house tailored training offers over 30 specialist courses from accountancy to law, from equal opportunities to health & safety, from therapy to communications and counselling.

CopyArt IT & Media Services runs our UK Online Centre, which operates at the Hampstead Town Hall Centre, together with a wide range of services including; website design and authoring, document graphic design, IT network support and advice, IT training and support for resident charities and students, filming and recording events. This innovative service offers music, media arts and digital production facilities to engage disadvantaged young people and low income families to make use of InterChange Trust with basic skills enhanced with our short courses in new technologies/software for people working in the cultural industries.

Interchange Trust

**Council of Management's Report
For the year ended 31st March 2008**

B. Alternative Education Programme

The **WAC Performing Arts & Media College (WAC)** delivers most of the current educational programmes in the centre- with over 800 young people per week attending their renowned arts, leisure and vocational training courses in the creative industries. WAC has a 30 Year track record in the youth arts field with its exemplary courses hailed by eminent bodies such as the Learning & Skills Council and many local and international funders such as the European Social Fund.

The arts education programme from WAC values the general transferable skills young people learn from arts experiences. It provides dedicated training for digital media artists and specialist courses for young people with learning difficulties. WAC has a national and international reputation for innovative ways of teaching and learning, giving young people who are marginalised priority access to its programmes – the philosophy underpinning its lifelong learning programmes.

WAC offers a diploma course in the performing arts and works to support the growth of small businesses in the cultural industries; facilitating the professional development of artists' careers. WAC offers over 20 courses spanning the age ranges of children and young people from 2 to 25 years old – from WAC nights for 11- 25 year olds to the ARCO plus media training courses for young people 16 – 22 years old who find difficulty with formal schooling but often succeed within the WAC family ethos.

Primary and secondary school programmes with holiday courses and play schemes are an integral part of their extensive programmes – focussed upon three areas of work:

- Vocational training, alternative education and careers development in the creative industries for young people eg: Arco Plus, Arco Junior, Apprenticeships, Work experience
- Leisure activities for young people, children and their families. Eg Junior WAC, Senior WAC, WAC Nites, Wonder WAC, Aspire etc.
- Professional training; Training the Trainer and the 2 year Diploma course

Interchange Trust

**Council of Management's Report
For the year ended 31st March 2008**

Achievements & Performance

2007/8 was year 7 in the new building at Hampstead Town Hall Centre. It represents a second year of review and consolidation where management, system and support issues were addressed and a more effective structure implemented as a basis to build for the future. As well as changes to management we continue to update our IT and operational systems and have set ambitious new targets for all departments to enable the organisation to provide new levels of service to its beneficiaries and new levels of income to support the organisation.

2007/8 has proved a challenging year with charitable funding difficult to secure. Probably this reflects the changing political climate with major funding being channelled to a small number of large projects such as the London Olympics. With the completion of our European Social Fund support at the commencement of the year and delays securing alternative funding for programmes such as the degree course, the consequence was a financial result which placed a call on our reserves for a second year.

On an operational front our services continue to expand and we are continuing our programme to work more closely with some of our resident charities to ensure greater services and culture are offered to our local communities. The programme known as 'Tuesdays at the Town Hall' continues to prove a great success encouraging local people to come into our historic building and enjoy shows and presentations from our colleagues.

The Community Forum works closely with a number of other local representation groups to build stronger links with our 'neighbours'. Having recognised that this was an area that had been neglected in the past we are eager to continue to engage with the local community and harness their energy to support our aims. We can already report that the feedback from these initiatives have proved highly positive with support, commitment and even fundraising for our work.

Interchange currently employs 25 full time and over 200 part time staff with a large number of volunteers supporting specific activities. We are therefore an important employer in the London Borough of Camden and making a significant investment in the local economy. Some of our programmes have also assisted the start up of small new businesses in the arts sector which further adds to our investment in the Borough as these move out to local premises and become future employers.

Although the building has many conflicts over maximising the use of its capacity with huge demand on certain areas and much less on others, we have set new targets to improve our marketing of all the areas alongside a programme of improvements to provide greater flexibility with our room rentals. Overall we are seeking to re-energise the vision for Interchange and have launched a new logo which we feel reflects the fresh new style.

The Interchange Trust takes this opportunity to thank our staff, volunteers, Trustees and funders who support our work.

Interchange Trust

**Council of Management's Report
For the year ended 31st March 2008**

The Council of Management presents its report and the audited financial statements for the year ended 31st March 2008.

FINANCIAL REVIEW

The Council of Management reports on a difficult year when a number of major reorganisation measures needed to be completed. These were deemed necessary in order to prepare Interchange for the challenges that lie ahead with changes to almost all our major funding bodies and an emphasis towards shorter term activity based funding. Although these changes within Interchange proved costly the Trustees took the view that they were necessary to allow the organisation to compete in the new funding regimes where much of the public sector income is to be for a shorter duration and subject to competitive commissioning.

Recognising the difficulties in securing suitable, sustainable levels of funding a review of overall funding strategy for the organisation has taken place and greater emphasis will be made on attracting longer term unrestricted funding to fund some of our continuing projects.

Overall the Trust had net deficit for the year of £63,163 (2007: a deficit of £78,189), as set out on page 11 of these accounts.

Restricted funds represent project and capital grants which were all awarded for specific purposes.

Unrestricted funds represent monies which can be applied to any charitable objectives within the organisation's objectives.

The Statement of Financial Affairs shows the extent of and movement on, all charitable funds during the year.

Reserves Policy

The Council of Management has reviewed the level of Interchange Trust's reserves in line with the operational guidance issued by the Charity Commission.

The main charitable purpose of InterChange Trust is to stimulate education and training and promote community involvement and development at regional and neighbourhood levels. The Trust needs free reserves (ie: those not tied up in fixed assets, or restricted funds) sufficient to allow for future financial stability without jeopardising the furtherance of its mission.

The Trust's reserves policy must reflect the organisation's ongoing wish to strike a balance between two financial objectives. First, the need for financial flexibility, and secondly, fulfilling the contracted agreement to invest income from revenue funders in achieving the charitable aims of the organisation on an annual basis.

Given the high proportion of public funding which contributes to the Trust's income, it remains the aim and responsibility of the Trust to commit and spend such income in the financial year of receipt.

As a consequence the Board feels that the Trust should work to build financial reserves equivalent to a minimum of three months current expenditure. This is judged to be the prudent level required to allow the organisation's business to proceed normally throughout a financial year while income fluctuates quarter by quarter.

Free reserves at 31st March 2008 stood at £109,125 (2007: £172,288). This comprises unrestricted funds of £96,463 (2007 £161,754), of which £46,952 attributable to fixed assets (2007: £42,185), plus restricted funds of £12,662 (2007: £10,534).

Interchange Trust**Council of Management's Report
For the year ended 31st March 2008****Council of Management's Responsibilities**

Company law requires the Council of Management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing those financial statements the Council of Management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards 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 company will continue on that basis.

The Council of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. It is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with company law, each of the persons who are trustees at the time when this report is approved has confirmed that:

- (a) so far as each trustee is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) each trustee has taken all the steps that ought to have been taken as a trustee, including making appropriate enquiries of fellow directors and the company's auditors for that purpose, in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

The members each agree to contribute an amount not exceeding £10 to the assets of the company in the event of its being wound up whilst a member and for one year after ceasing to be a member. The amount of these guarantees at 31st March 2008 was £120 (2007- £120).

Council of Management members have no beneficial interest in the company and are not remunerated.

Approved by the Council of Management
and signed on its behalf by


PETER KYSEL - Chair

December 2008

Independent Auditors' Report to the Members of Interchange Trust

We have audited the financial statements of Interchange Trust for the year ended 31st March 2008 set out on pages 11 to 21. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 13.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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.

Respective responsibilities of the Council of Management and auditors

As described in the Statement of Council of Management's responsibilities, the Council of Management is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (United Kingdom & Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding remuneration and transactions with the charitable company is not disclosed.

We report to you whether in our opinion the information given in the Council of Management's report is consistent with the financial statements.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (United Kingdom & Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Council of Management in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the charitable company's affairs as at 31st March 2008 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Council of Management's report is consistent with the financial statements.

St. Paul's House
London, EC4M 7BP

17 December 2008

Moore Stephens LLP
MOORE STEPHENS LLP

Registered Auditor
Chartered Accountants

Interchange Trust
Statement of Financial Activities
For the year ended 31st March 2008

	<u>Note</u>	<u>Restricted</u> £	<u>Unrestricted</u> £	<u>2008</u> <u>Total</u> £	<u>2007</u> <u>Total</u> £
Incoming Resources					
Incoming resources from generated funds:					
<i>Voluntary income:</i>					
Grants and donations	2	1,080,500	22,152	1,102,652	1,622,430
<i>Activities for generating funds</i>					
Fee income	1(b)	-	869,973	869,973	822,659
Other income		-	58,909	58,909	46,597
Bank Interest		-	8,322	8,322	9,309
Total incoming resources		<u>£ 1,080,500</u>	<u>£ 959,356</u>	<u>£ 2,039,856</u>	<u>£ 2,500,995</u>
Resources Expended					
Costs of generating funds					
<i>Charitable activities:</i>					
Service and projects expenditure	3	1,245,335	256,934	1,502,269	1,879,253
Centre management	3	75,073	494,666	569,739	675,827
Governance costs	3		31,011	31,011	24,104
Total resources expended	3	<u>£ 1,320,408</u>	<u>£ 782,611</u>	<u>£ 2,103,019</u>	<u>£ 2,579,184</u>
Net Incoming/(Outgoing) resources before transfers	5	(239,908)	176,745	(63,163)	(78,189)
Gross transfers between funds		<u>242,036</u>	<u>(242,036)</u>	<u>-</u>	<u>-</u>
Net Incoming/(Outgoing) Resources after transfers		2,128	(65,291)	(63,163)	(78,189)
Funds at 1st April 2007		<u>10,534</u>	<u>161,754</u>	<u>172,288</u>	<u>250,477</u>
Funds at 31st March 2008	12	<u>£ 12,662</u>	<u>£ 96,463</u>	<u>£ 109,125</u>	<u>£ 172,288</u>

All of the charity's activities are classed as continuing. All recognised gains and losses are shown above. The movement on funds is shown in Notes 12 and 13.

Interchange Trust

Balance Sheet - 31st March 2008

	Note	2008		2007	
		£	£	£	£
Tangible Fixed Assets	6		57,514		51,675
Non-Current Asset					
Amount due from Related Charity	7		133,109		135,578
Current Assets					
Debtors	8	212,578		441,199	
Cash at bank and in hand		147,235		242,156	
		<u>359,813</u>		<u>683,355</u>	
Creditors, amounts falling due within one year	9	<u>(303,264)</u>		<u>(551,656)</u>	
Net Current Assets			56,549		131,699
Creditors, amounts falling due after more than one year	11		<u>(138,047)</u>		<u>(146,664)</u>
			<u>£ 109,125</u>		<u>£ 172,288</u>
Funds					
Restricted funds	1(i),12		12,662		10,534
Unrestricted funds	1(i),13		96,463		66,754
Designated funds	1(i),13		-		95,000
			<u>£ 109,125</u>		<u>£ 172,288</u>

The financial statements were approved by the Council of Management on
and signed on its behalf by



PETER KYSEL - Chair

on

8 December 2008

Interchange Trust

Financial Statements for the year ended 31st March 2008

Notes

1. Accounting Policies

- (a) The financial statements have been prepared in accordance with applicable accounting standards, the Companies Act 1985 and follow the recommendations in the Statement of Recommended Practice: Accounting and Reporting by Charities issued in March 2005.

The Trust has recorded a deficit at 31st March 2008, but the Trust's balance sheet reflects a positive net asset position of £109,125.

The Trustees recognise that a number of costly major re-organisational measures were completed which impacted on the results for the year. These were necessary to allow Interchange Trust to compete in the new funding regimes where much of the public sector income is to be for a shorter period and subject to competitive commissioning. It also prepares the Trust to seek new sources of unrestricted funding from commercial sources in line with the business plan.

Projections for the year ended 31st March 2009 reflect a return to a modest surplus with a longer term forecast [5 year business plan] satisfying the need to rebuild the financial reserves in line with our reserves policy.

In the light of the projections which are being closely monitored, the trustees believe that it is appropriate for the financial statements to be prepared on a going concern basis

- (b) Fee income represents earned sales, of room hire, training and legal services.
- (c) Voluntary income is received by way of donations and gifts and is included in full in the Statement Financial Activities when received.
- (d) Revenue grants are credited to the Statement of Financial Activities when received, unless they relate to a specified future or prior period, in which case they are deferred or accrued respectively.
- (e) Grants received specifically for the purchase of fixed assets are credited to restricted funds (see Note 1 (i) below) when received. The expenditure of such grants is recorded as additions to fixed assets, and the assets are depreciated as indicated in Note 1 (g) below.
- (f) Resources expended are included in the Statement of Financial Activities on an accruals basis, inclusive of any VAT which cannot be recovered.

Certain expenditure is directly attributable to specific activities and has been included in those cost categories. Certain other costs, which are attributable to more than one activity, are apportioned across cost categories on a basis consistent with the use of resource.

- (g) Individual fixed assets costing £500 or more are capitalised at cost.

Depreciation is provided on all tangible fixed assets, including those funded by capital grants, at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life. In all cases depreciation is provided at 25% on cost.

Land is not depreciated.

Interchange Trust

Financial Statements for the year ended 31st March 2008

Notes (Continued)

(h) Leased assets

Rentals applicable to operating leases are charged to the SOFA over the period in which the cost is incurred. Assets purchased under finance lease are capitalised as fixed assets. Obligations under such agreements are included in creditors. Finance charges are written off to the SOFA over the period of the lease so as to produce a constant periodic rate of charge.

(i) Funds held by the charity are categorised as follows:

Restricted funds – these are funds which can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Unrestricted funds – these are funds which can be used in accordance with the charitable objects at the discretion of the trustees.

(k) Pensions

The Trust operates a defined contribution scheme. Pension costs charged against operating profits are the employers contribution in respect of the accounting period. No contributions were outstanding or pre-paid at the balance sheet date.

Interchange Trust

Financial Statements for the year ended 31st March 2008

Notes (Continued)

2. Grants and Donations

	<u>Restricted</u>	<u>Unrestricted</u>	<u>2008</u>	<u>2007</u>
	<u>£</u>	<u>£</u>	<u>Total</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
PAYP	3,738	-	3,738	-
London Borough (LB) of Camden	219,720	-	219,720	239,440
Association of London Government	78,788	-	78,788	59,091
Arts Council of England, London	222,083	-	222,083	221,694
LB Camden Social Services	117,742	-	117,742	109,146
LB Camden Youth Service	61,995	-	61,995	51,358
LB Camden Leisure & Community	6,200	-	6,200	12,435
City Parochial Foundation	-	-	20,000	20,000
European Social Fund - Leonardo	(1,477)	-	(1,477)	18,236
Other Grants and Donations	77,735	22,152	99,887	73,899
Outreach	-	-	-	2,579
London Metropolitan University	5,000	-	5,000	111,564
Acland Burghley School	16,774	-	16,774	7,893
Learning and Skills Council	10,000	-	10,000	40,000
European Social Fund - Last Mile	107,660	-	107,660	502,120
Sure Start	-	-	-	91,878
Aim Higher	-	-	-	16,490
John Lyons Charity	4,000	-	4,000	20,000
Federation of London Youth Clubs	1,060	-	1,060	-
EMI Records Ltd	3,000	-	3,000	-
Hedley Foundation	2,000	-	2,000	-
Lloyds TSB Foundation	4,173	-	4,173	4,173
First Light Movies	18,990	-	18,990	-
Aldenharn Club Trust	750	-	750	-
Help a London Child	2,154	-	2,154	-
Jack Petchey Foundation	3,200	-	3,200	1,200
BBC Children in need	26,239	-	26,239	-
Unity Theatre Trust	-	-	-	2,500
Rise Phoenix	3,110	-	3,110	-
Mercer Trustees	-	-	-	5,000
Drapers Charitable Fund	3,000	-	3,000	-
Peabody Trust	6,968	-	6,968	6,736
Esmee Fabrian	30,900	-	30,900	-
Paul Hamlin Foundation	40,000	-	40,000	-
UK Online	4,998	-	4,998	4,998
	<u>£ 1,080,500</u>	<u>£ 22,152</u>	<u>£ 1,102,652</u>	<u>£ 1,622,430</u>

Interchange Trust

Financial Statements for the year ended 31st March 2008

Notes (Continued)

3. Total Resources Expended

	Service and Projects £	Centre Management £	Governance £	Total 2008 £	Total 2007 £
Staff costs and tutors fees	993,839	227,833	-	1,221,672	1,302,326
Other direct costs	247,924	171,970	-	419,894	722,440
Audit fee	-	-	15,350	15,350	12,500
Professional fee	-	-	15,661	15,661	11,604
Allocation of support costs:					
General staff costs	124,724	48,333	-	173,057	197,852
Premises expenses	79,306	73,206	-	152,512	199,355
Depreciation	18,200	13,067	-	31,267	33,815
Insurance	25,707	24,052	-	49,759	54,121
Irrecoverable VAT	12,568	11,279	-	23,847	45,171
	<u>£ 1,502,268</u>	<u>£ 569,740</u>	<u>£ 31,011</u>	<u>£ 2,103,019</u>	<u>£ 2,579,184</u>

Support costs are allocated according to the proportion of staff time or floor space used by each activity.

4. (a) Staff Costs and Numbers

	<u>2008</u> £	<u>2007</u> £
Wages and salaries	1,052,197	1,060,419
Social security costs	95,128	93,403
Defined pension scheme contributions	8,273	9,834
	<u>£ 1,155,598</u>	<u>£ 1,163,656</u>

No employee received emoluments in the range of £60,000 to £70,000 during the year (2007 - Nil).

The average monthly number of persons employed during the year was:

	<u>2008</u> Number	<u>2007</u> Number
Field workers	35	36
Administration	5	11
	<u>40</u>	<u>47</u>

Interchange Trust

Financial Statements for the year ended 31st March 2008

Notes (Continued)

4. (b) Council of Management Remuneration and Expenses

Members of the Council of Management received no remuneration during the year (2007: Nil).

Travel expenses of £858 were reimbursed during the year to two Member (2007: £1,659, reimbursed to one member).

5. Net Incoming Resources for the Year

	<u>2008</u> £	<u>2007</u> £
This is stated after charging:		
Depreciation (note 6)	31,267	33,815
Audit and accountancy fees	15,350	12,500
	<u>46,617</u>	<u>46,315</u>

6. Tangible Fixed Assets

	<u>Plant and Machinery</u> £	<u>Fixtures and Fittings</u> £	<u>Equipment</u> £	<u>Total</u> £
Cost				
At 1st April 2007	6,752	85,788	395,237	487,777
Additions	-	-	37,106	37,106
Disposals	-	(35,000)	(235,000)	(270,000)
At 31st March 2008	<u>6,752</u>	<u>50,788</u>	<u>197,343</u>	<u>254,883</u>
Depreciation				
At 1st April 2007	6,752	35,639	393,711	436,102
Charge for the year	-	14,020	17,247	31,267
Eliminated on disposal	-	(35,000)	(235,000)	(270,000)
At 31st March 2008	<u>6,752</u>	<u>14,659</u>	<u>175,958</u>	<u>197,369</u>
Net book value				
At 31st March 2008	£ -	£ 36,129	£ 21,385	£ 57,514
At 31st March 2007	£ -	£ 50,149	£ 1,526	£ 51,675

Equipment assets with a net book value of £38,630 (2007: £26,445) are held under finance leases. Additions under finance leases totalled £28,000 and depreciation charged was £15,815.

7. Non-current Asset – Amount due from Related Charity

The non current asset relates to amounts due from Hamden Trust.

Interchange Trust

Financial Statements for the year ended 31st March 2008

Notes (Continued)

8. Debtors

	<u>2008</u>	<u>2007</u>
	£	£
Trade debtors	59,187	136,102
Other debtors	544	922
Prepayments and accrued income	152,847	304,175
	<u>£ 212,578</u>	<u>£ 441,199</u>

9. Creditors, amounts falling due within one year

	<u>2008</u>	<u>2007</u>
	£	£
Trade creditors	86,491	87,448
Other creditors including taxation and social security	87,244	78,077
Finance lease creditor	21,031	11,723
Loan from Triodos Bank (note 11)	5,387	4,942
Accruals	56,767	127,148
Deferred income (Note 10)	46,344	242,318
	<u>£ 303,264</u>	<u>£ 551,656</u>

10. Deferred Income

	<u>2008</u>	<u>2007</u>
	£	£
Balance at 1st April	242,318	109,520
Amount released to incoming resources	(242,318)	(109,520)
Amount deferred in the year	46,344	242,318
Balance at 31st March	<u>£ 46,344</u>	<u>£ 242,318</u>

11. Creditors, amounts falling due after more than one year

	<u>2008</u>	<u>2007</u>
	£	£
Finance lease creditor	14,329	17,579
Loan from Triodos Bank	123,718	129,085
Balance at 31st March	<u>£ 138,047</u>	<u>£ 146,664</u>

Interchange Trust

Financial Statements for the year ended 31st March 2008

Notes (Continued)

11. Creditors, amounts falling due after more than one year (Continued)

The charity has a long term borrowing facility from Triodos Bank N.V. of £150,000 to finance the final element of the Hampstead Town Hall re-development project on behalf of The Hamden Trust, a related charity.

The loan is for a period of 20 years from the date of draw-down (25th October 2002).

After a 12-month interest-only period, the loan is repayable in 228 consecutive monthly payments of capital and interest. Interest is payable at the (variable) Royal Bank of Scotland base rate plus 1.5%.

The loan is secured by a first legal mortgage over the lease between The Hamden Trust and Interchange Trust in respect of the Hampstead Town Hall Centre.

12. Movement on Funds

	At 1st April 2007 £	Total Incoming Resources £	Total Resources Expended £	Transfers £	At 31st March 2008 £
Restricted Funds – by Department					
Centre and Governance	-	75,073	(75,073)	-	-
Weekend Arts College	-	801,825	(873,951)	72,126	-
Training	-	-	(117,772)	117,772	-
Log Cabins	10,534	8,540	(19,250)	580	404
Copyart	-	29,357	(80,915)	51,558	-
Legal Advisory service	-	165,705	(153,447)	-	12,258
	10,534	1,080,500	(1,320,408)	242,036	12,662
Unrestricted Funds					
General (Note 13)	161,754	959,356	(782,611)	(242,036)	96,463
	<u>£ 172,288</u>	<u>£ 2,039,856</u>	<u>£ (2,103,019)</u>	<u>£ -</u>	<u>£ 109,125</u>

Interchange Trust

Financial Statements for the year ended 31st March 2008

Notes (Continued)

13. Unrestricted funds of the Charity

	<u>General</u> £	<u>Designated</u> £	<u>Total</u> £
Balance at 1st April 2007	66,754	95,000	161,754
Net outgoing resources for the year after transfers	(65,291)	-	(65,291)
Transfer from designated fund	95,000	(95,000)	-
Balance at 31st March 2008	<u>£ 96,463</u>	<u>£ -</u>	<u>£ 96,463</u>

Designated funds represented funds set aside by the Council of Management for (a) the re-decoration and refurbishment of the exterior of the Town Hall Centre and (b) capital improvements. This designated fund no longer exists as it is the intention of the Trustees to fund any future capital expenditure and maintenance expenditure out of future surpluses as forecast within the new five year business plan.

14. Analysis of Net Assets between Funds

Fund balances at 31st March 2008 are represented by:

	<u>Restricted</u> £	<u>Unrestricted</u> £	<u>2008</u> <u>Total</u> £	<u>2007</u> <u>Total</u> £
Tangible fixed assets	10,562	46,952	57,514	51,675
Net long-term assets/(liabilities)	-	(4,938)	(4,938)	6,494
Net current assets/(liabilities)	2,100	54,449	56,549	114,119
Total Net Assets	<u>£ 12,662</u>	<u>£ 96,463</u>	<u>£ 109,125</u>	<u>£ 172,288</u>

15. Taxation

The company is a registered charity and, as such, is not liable to corporation tax on its charitable operations.

Interchange Trust

Financial Statements for the year ended 31st March 2008

Notes (Continued)

17. Lease Commitments

		<u>2008</u> £	<u>2007</u> £
		Plant & Machinery	Plant & Machinery
Annual commitments under operating leases expiring:			
Between two and five years	£	<u>2,372</u>	<u>2,372</u>

17. Lease Commitments (Continued)

		Plant & Machinery	Plant & Machinery
Annual commitments under finance leases:			
Amounts payable within next year		21,031	11,723
Amounts payable in the second to fifth years		14,329	17,579
	£	<u>35,360</u>	<u>29,302</u>

18. Connected Charities

The members of the Council of Management of Interchange Trust are also on the Council of Management of The Hamden Trust and Harwood Community Centre 2000.

19. Pensions

The company contributes to certain individual employees' personal pension schemes. The pension charge for the year was £8,273 (2007 - £9,834).

20. Related Party Transactions

		<u>2008</u> £	<u>2007</u> £
Income:			
The Hamden Trust	Contribution for management services	110,000	110,000
	Interest received	9,280	8,611
Expenditure:			
The Hamden Trust	Occupancy fee	120,000	120,000
Balances due from related companies:			
The Hamden Trust		133,109	135,578