

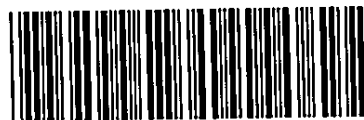
Company registered number 1692928
Registered charity number 513682

The Pavilion

Financial Statements

for the year ended 31st March 2008

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The Pavilion
Report of the Management Committee for the year ended 31st March 2008

The members of the Management Committee submit their report and the audited accounts for the year ended 31 March 2008, which comply with current statutory requirements, the requirements of the charity's governing document, and the requirements of the revised Statement of Recommended Practice (2005).

Reference and Administrative Information

Charity name	The Pavilion
Charity Registration Number	513682
Company Registration Number	1692928
Registered Office	7 Saw Mill Yard Round Foundry Leeds LS11 5WH

Management Committee

Ricardo Barker	(resigned 12.05.08)
Judith Vivienne Blake	
Pam Bone	
Kevin Emsley	
Max Kandhola	(appointed 12.05.08)
Liza Kellett	
Arabella Plouviez	(appointed 12.05.08)
Karen Watson	

Company Secretary

Kevin Emsley

Auditors

Slade & Cooper Limited
6 Mount Street
Manchester
M2 5NS

Bankers

National Westminster Bank plc
8 Park Row
Leeds
LS1 1QS

The Pavilion
Report of the Management Committee
for the year ended 31 March 2008

Structure, Governance and Management

Pavilion is managed by a voluntary Board of Directors, which meets quarterly. The organisation is run by a staff of three: the Director (full-time), the Programme Manager (full-time) and the Audience Development Officer (80% time). The organisation employs a number of freelancers to deliver projects each year. It also employs a freelance Finance Administrator.

Objectives and activities

The primary purpose of the charity is the furtherance of visual arts, and in particular photography, as an art form in theory and practice and promote public access, knowledge, appreciation and understanding thereof, for the benefit of the public.

Public Benefit

Pavilion exists for the benefit of the public. It produces new art and exhibitions that are accessible and that offer audiences and communities experiences, new ideas and perspectives that are challenging, engaging and life-enhancing. Pavilion also curates outreach projects which work to the specific needs of disadvantaged young people.

Mission Statement

Pavilion collaborates with artists and audiences to produce exceptional new works of art, using photography and digital media.

Pavilion works to:

1. Commission and produce new photographic and digital work of the highest quality.
2. Curate exhibitions of commissioned and other new work in partnership with museums, galleries and alternative platforms on a national level.
3. Produce opportunities for audiences to engage with, contribute to and benefit from the work that Pavilion produces through a curated programme of participation, education and outreach.
4. Promote a wider understanding of and engagement with contemporary photographic and digital artwork by contributing to and facilitating critical debate.
5. Support contemporary practitioners as creative professionals by providing professional and creative development opportunities.
6. Sustain Pavilion and its work.

Vision

For Pavilion to produce ground-breaking new work that informs, inspires and transforms lives.

Achievements and Performance

Pavilion Commissions 2007

Pavilion identified and collaborated with four outstanding emerging artists (Eva Stenram, Hetain Patel, Lydia Goldblatt and Millie Burton) to produce new bodies of work. The programme culminated in the exhibition and publication featuring the new work which was launched at Photofusion, London in November 2007.

The Pavilion
Report of the Management Committee
for the year ended 31 March 2008

Pavilion Commissions 2008

Pavilion identified five artists for collaboration to produce new work. The programme received a high level of interest. The National Media Museum was finalised as the exhibition partner for the project and The Photographers' Gallery contributed to the selected process.

Pavilion Gallery

Pavilion secured an excellent new office premises and a gallery space at Leeds' Holbeck Urban Village, a key regeneration area for the city. The gallery will feature a programme of exhibitions of new work produced by Pavilion. The move is backed by a £30,000 in kind sponsorship deal with Igloo Regeneration.

Regular funding

Pavilion achieved a 25% increase in regular funding from Arts Council England and a new funding agreement from 2008 – 2011. This was in the context of an extremely competitive funding environment.

Curated Education Programme

Pavilion launched its Curated Education Programme, which produces high-quality relational projects working with artists and audiences that effect a high-impact within the region. The Paul Hamlyn Foundation backs the programme. Pavilion works with freelance education curators to deliver this work.

Pavilion handed its Studio12 project, built over five years of partnership with Leeds City Council, to the care of Leeds Libraries. Pavilion has grown and established the project, which is an excellent creative media resource for young disadvantaged people in Leeds.

Pavilion Organisational Development

In addition to developing its governance and staff structure, Pavilion has invested in an office move and the continued development of the staff structure. By tackling more ambitious projects than ever before and pursuing a strong creative vision, the organisation is undertaking a step change in quality of production.

Financial Review

At the end of 07/08, Pavilion has achieved a resilient financial position. Through the quality of its vision and projects, the organisation has succeeded in attracting almost £200,000 in backing over the year. Pavilion continues to consolidate its financial position by diversifying its income streams. In the 07/08 year Pavilion's total income was £181,469 of which £66,243 was unrestricted and £115,226 was restricted. Total expenditure for the year was £197,304 including £60,108 unrestricted funds and £137,196 restricted funds. Expenditure exceeded income in 07/08 due to the use of restricted project grant, however, the organisation's core balance increased by £2,449 to £26,098.

Reserves Policy

From July 06/07 Pavilion's policy is to achieve a unrestricted running costs 'reserve' of 3 months of running costs, including all staff costs minus project spend money which at rate of the average turnover of £150,000, is c. £30,000. Pavilion commenced the 06/07 year with unrestricted, unallocated funds, 'reserves' of £11,223 and ended the year with £23,649. At the end of 07/08 the 'reserves' are £26,098.

Risk Management

The Pavilion Board has considered the major risks to which the charity is exposed, in particular those relating to operations and finance. The Board is satisfied that systems are in place to mitigate the charity's exposure to those risks.

The Pavilion Handbook sets out a portfolio of company policy and procedure that relates to all areas of its operations.

The Pavilion
Report of the Management Committee
for the year ended 31 March 2008

Statement of management committee responsibilities

Company Law requires the Management Committee 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 the income and expenditure of the charitable company for that period. In preparing the accounts the committee are 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 charitable company will continue in business.

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

Members of the Management Committee, who are directors for the purposes of company law, and trustees for the purposes of charity law, who served during the year and up to the date of this report are set out on page 1.

In accordance with company law, as the company's directors, each of the Management Committee certify that:

- so far as they are aware, there is no relevant information of which the auditors are unaware;
- as directors of the company they have taken all necessary steps to be aware of information which would be relevant for audit purposes and have communicated them to the auditors.

Company status

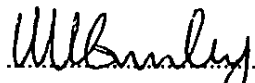
The company is limited by guarantee and all members have agreed to contribute a sum not exceeding £1 in the event of a winding-up. The number of guarantees at 31st March 2008 was 6.

Auditors

Slade & Cooper Limited were re-appointed as the charitable company's auditors during the year and have expressed their willingness to continue in that capacity.

This report has been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005) and in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities.

Approved by the Management Committee and signed on its behalf by:



Kevin Emsley (Company Secretary)

3 November 2008

Date

**Independent Auditor's Report
to the members of The Pavilion
for the year ended 31 March 2008**

We have audited the financial statements of The Pavilion Ltd for the year ended 31 March 2008, which comprise the Statement of Financial Activities (including the income and expenditure account), the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein, the historical cost convention, and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

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 management committee and auditors

As described in the Statement of Management Committee Responsibilities the charitable company's management committee (who are also the directors of The Pavilion Ltd) are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and 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 Management Committees' Report is consistent with the financial statements, if 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 Management Committees' remuneration and other transactions is not disclosed.

We read other information contained in the Management Committee's Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information beyond that referred to in this paragraph.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and 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 judgements made by the Management Committee 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 consider 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.

**Independent Auditor's Report
to the members of The Pavilion
for the year ended 31 March 2008**

Opinion

In our opinion:

- The financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the charitable company's affairs as at 31 March 2008 and of its incoming resources and application of resources for the year then ended; and
- The financial statements have been properly prepared in accordance with the Companies Act 1985.
- The information given in the directors' report is consistent with the financial statements.

Slade & Cooper Ltd

Slade & Cooper Limited
Registered Auditors
6 Mount Street
Manchester M2 5NS

15 December 2008

The Pavilion
Statement of Financial Activities
and Income and Expenditure Account
for the year ended 31 March 2008

	Note	Unrestricted funds £	Restricted funds £	2008 £	2007 £
Incoming resources	2				
<i>Incoming resources from generated funds</i>					
Investment income		2,193	-	2,193	828
<i>Incoming resources from charitable activities</i>					
Grants		54,946	115,226	170,172	194,441
Fees and other income		9,104	-	9,104	11,946
Total incoming resources		66,243	115,226	181,469	207,215
Resources expended	3				
Cost of generating funds		-	-	-	-
<i>Charitable Activities:</i>					
Promotion of Visual Arts		57,508	137,196	194,704	133,697
Governance costs		2,600	-	2,600	2,417
Total resources expended		60,108	137,196	197,304	136,114
Net incoming/(outgoing) resources for the year	5	6,135	(21,970)	(15,835)	71,101
Transfer between funds		(3,686)	3,686	-	-
Net movement in funds		2,449	(18,284)	(15,835)	71,101
Funds at 31 March 2007		23,649	58,675	82,324	11,223
Funds at 31 March 2008		£ 26,098	£ 40,391	£ 66,489	£ 82,324

All of the charity's operations are classed as continuing.
Movements on reserves and all recognised surpluses or deficits are shown above.

The Pavilion
Balance Sheet
as at 31 March 2008

	Note	2008	2007
		£	£
Fixed assets			
Tangible assets	8	1,200	1,799
Current assets			
Debtors	9	672	6,776
Cash at bank and in hand		77,566	85,289
		<u>78,238</u>	<u>92,065</u>
Creditors: amounts falling due in less than one year	10	(12,949)	(11,540)
		<u></u>	<u></u>
Net current assets		65,289	80,525
		<u></u>	<u></u>
Total assets less current liabilities		<u>£ 66,489</u>	<u>£ 82,324</u>
		<u></u>	<u></u>
Reserves			
Unrestricted funds		26,098	23,649
Restricted funds	11	40,391	58,675
		<u></u>	<u></u>
		<u>£ 66,489</u>	<u>£ 82,324</u>
		<u></u>	<u></u>

The financial statements have been prepared in accordance with the special provisions in Part VII of the Companies Act 1985 relating to small companies.

Approved by the Management Committee and signed on their behalf by:

Judith Blake

Judith Blake (Chair)

3.11.08

Date

The Pavilion
Notes to the accounts
for the year ended 31 March 2008

1 Accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. They have been applied consistently during the year, and in the preceding year.

a Basis of preparation

The financial statements have been prepared under the historic cost convention and in accordance with the Companies Act 1985 and the Statement of Recommended Practice - Accounting and Reporting by Charities (issued in March 2005), and the Financial Reporting Standard for Smaller Entities (effective January 2007).

b Fund accounting

- Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity.
- Designated funds re unrestricted funds earmarked by the Management Committee for particular purposes.
- Restricted funds are subjected to restrictions on their expenditure imposed by the donor or through the terms of an appeal.

c Incoming resources

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are

- Voluntary income is received by way of grants, donations and gifts and is included in full in the Statement of Financial activities when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.
- Donated services and facilities are included at the value to the charity where this can be quantified. The value of services provided by volunteers has not been included in these accounts.
- Investment income is included when receivable.
- Incoming resources from charitable trading activity are accounted for when earned.
- Incoming resources from grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance.

d Resources expended

Expenditure is recognised on an accrual basis when a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is included as part of the expenditure to which it relates:

- Costs of generating funds are those costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

The Pavilion

Notes to the accounts for the year ended 31 March 2008 (continued)

- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both the direct costs and support costs relating to such activities.
- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both the direct costs and support costs relating to such activities.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include its audit fees and costs linked to the strategic management of the charity.

e Operating leases

Rentals payable under operating leases, where substantially all the risks and rewards of ownership remains with the lessor, are charged to the Statement of Financial Activities in the year in which they fall due.

f Tangible fixed assets

Fixed assets (excluding investments) are stated at cost less accumulated depreciation. Individual fixed

Tangible fixed assets are depreciated on a straight line basis over their estimated useful lives as follows:

Asset Category	Annual rate
Office equipment	25%

g Stocks

Stocks of goods for resale are valued at the lower of cost or net realisable value.

h Pensions

The charitable company contributes to defined contribution pension schemes on behalf of its employees. The assets of these schemes are entirely separate to those of the charity. The pension cost shown represents contributions payable by the charity on behalf of the employees.

i Cash flow statement

The charity has taken advantage of the exemption in Financial Reporting Standard 1 from preparing a Cash Flow Statement on the grounds that it is a small charitable company.

The Pavilion

Notes to the accounts for the year ended 31 March 2008 (continued)

2 Incoming resources

	Unrestricted £	Annual Programme £	Emerging Artists £	Studio 12 £	Total 2008 £	Total 2007 £
Grants:						
Arts Council of England - core grant	40,120	-	-	-	40,120	39,050
Arts Council of England - project grants	-	1,728	-	-	1,728	20,455
Leeds City Council	14,826	-	-	33,140	47,966	77,658
Awards for All	-	-	-	-	-	9,792
Esmée Fairbairn	-	-	40,487	-	40,487	40,486
Lloyds TSB Foundation	-	-	-	-	-	5,000
Trusthouse Charitable Foundation	-	-	-	3,000	3,000	2,000
West Yorkshire Social Enterprise	-	15,021	-	-	15,021	-
Paul Hamlyn Foundation	-	-	-	15,550	15,550	-
Community Foundation for Calderdale	-	-	-	6,300	6,300	-
	54,946	16,749	40,487	57,990	170,172	194,441
Fees and other income:						
Earned income	8,559	-	-	-	8,559	10,542
Miscellaneous	545	-	-	-	545	1,404
	9,104	-	-	-	9,104	11,946
Interest received	2,193	-	-	-	2,193	828
Total incoming resources	£ 66,243	£ 16,749	£ 40,487	£ 57,990	£ 181,469	£ 207,215

The Pavilion

Notes to the accounts for the year ended 31 March 2008 (continued)

3 Resources expended

	Programme costs £	Staff costs £	Overheads £	Depreciation £	Total 2008 £	Total 2007 £
Cost of generating funds	-	-	-	-	-	-
Charitable Activities:						
Annual programme	12,182	9,996	1,005	-	23,183	8,666
Commissions for Emerging Artists 2007	24,466	7,200	3,810	-	35,476	4,576
Commissions for Emerging Artists 2008	5,591	2,406	1,371	-	9,368	-
Studio 12	11,074	32,468	8,864	-	52,406	56,881
Studio 12 educational curator	1,279	15,041	443	-	16,763	-
Jonathan Shaw Commission	-	-	-	-	-	708
Hamara Project	2,359	-	25	-	2,384	-
Intermix	-	-	-	-	-	812
On-line gallery	-	-	-	-	-	1,615
Business and the Image	-	-	-	-	-	1,286
Organisation costs	-	47,056	7,469	599	55,124	59,153
	56,951	114,167	22,987	599	194,704	133,697
Governance costs	-	-	2,600	-	2,600	2,417
	£ 56,951	£ 114,167	£ 25,587	£ 599	£ 197,304	£ 136,114

The Pavilion
Notes to the accounts
for the year ended 31 March 2008 (continued)

4 Corporation tax

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or s252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the charity.

5 Net incoming/(outgoing) resources for the year

This is stated after charging/(crediting):	2008 £	2007 £
Auditor's remuneration	2,600	2,467
Depreciation	599	2,374
	<hr/>	<hr/>
Auditor's remuneration comprised:		
Audit	1,300	1,233
Accountancy	1,300	1,234
	<hr/>	<hr/>
	£ 2,600	£ 2,467
	<hr/>	<hr/>

6 Staff costs

Staff costs during the year were as follows:

	2008 £	2007 £
Wages and salaries	99,408	89,114
Social security costs	9,940	8,293
Freelance fees	2,377	2,925
Training and development	2,443	-
	<hr/>	<hr/>
	£ 114,168	£ 100,332
	<hr/>	<hr/>

The average number of employees (full-time equivalents) during the year was as follows:

Artistic director	1.0	1.0
Administrator	0.7	0.8
Creative Media Arts Facilitator	1.0	1.0
Project Managers	1.6	1.2
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Total	4.3	4.0
	<hr/>	<hr/>

The number of employees earning over £60,000 per annum excluding pension contributions was nil (2007: nil).

The Pavilion
Notes to the accounts
for the year ended 31 March 2008 (continued)

7 Management committee's remuneration and expenses

Neither the Management Committee nor any persons connected with them received any remuneration during the year.

The Management Committee received travel expenses of £115 during the year (2007: £nil). Expenditure to service four Board Meetings and five individual meetings between Board Members and the Artistic Director totalled £24 (2007: £202).

8 Fixed assets: tangible assets

	Office Equipment £
Cost	
At 1 April 2007	24,578
Disposals	(11,172)
Additions	-
	<hr/>
At 31 March 2008	£ 13,406
	<hr/>
Depreciation	
At 1 April 2007	22,779
Disposals	(11,172)
Charge for the year	599
	<hr/>
at 31 March 2008	£ 12,206
	<hr/>
Net book value	
At 31 March 2008	£ 1,200
	<hr/>
At 31 March 2007	£ 1,799
	<hr/>

9 Debtors

	2008 £	2007 £
Trade debtors	-	5,444
Other debtors	-	339
Prepayments	672	993
	<hr/>	<hr/>
	£ 672	£ 6,776
	<hr/>	<hr/>

The Pavilion
Notes to the accounts
for the year ended 31 March 2008 (continued)

10 Creditors: amounts falling due in less than one year

	2008 £	2007 £
Trade creditors	2,828	5,891
Taxation and social security	2,891	-
Accruals and deferred income	7,230	5,649
	<u>£ 12,949</u>	<u>£ 11,540</u>

11 Restricted funds

	<i>As at 1 April 2007</i> £	Incoming resources £	Outgoing resources £	Transfers £	As at 31 March 2008 £
Annual programme	3,277	16,749	(23,183)	3,157	-
Commissions for Emerging Artists 2007	35,915	-	(35,476)	-	439
Commissions for Emerging Artists 2008	-	40,487	(9,368)	-	31,119
Studio 12	18,483	33,140	(52,152)	529	-
Curated Education	1,000	24,850	(17,017)	-	8,833
	<u>£ 58,675</u>	<u>£ 115,226</u>	<u>£ (137,196)</u>	<u>£ 3,686</u>	<u>£ 40,391</u>

Restricted funds are for the following purposes:

Pavilion's annual programme includes its exhibitions, web presence and services, portfolio reviews, print sales.

Through its Commissions for Emerging Artists, Pavilion collaborates with artists to produce new bodies of work that are conceptually innovative and of exceptional quality.

Studio12 is a studio facility that offer young disadvantaged people the opportunity to develop their creative media skills. At the end of 07/08, after five successful years of building the project, Pavilion handed it over the Leeds Libraries who will continue to run it.

Pavilion's curated education work is the organisation's new generation of 'relational' work with young people, audiences and artists (high-concept participatory work).

The Pavilion
Notes to the accounts
for the year ended 31 March 2008 (continued)

12 Analysis of net assets between funds

Fund balances at 31 March 2008 are represented by:

	Restricted funds £	Unrestricted funds £	Total £
Fixed assets	-	1,200	1,200
Current assets	40,391	37,847	78,238
Creditors: amounts falling due in less than one year	-	(12,949)	(12,949)
	<hr/>	<hr/>	<hr/>
Total net assets	£ 40,391	£ 26,098	£ 66,489
	<hr/>	<hr/>	<hr/>

13 Related Party

Judith Blake, the Chair of the Management Committee, has a senior position in Leeds City Council, one of the regular funders of the charity. Grants from the Council are detailed in note 2.