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THE CIRCUS SPACE GROUP

**DIRECTORS REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 1996**

Company Number: 2553293 (England & Wales)



THE CIRCUS SPACE GROUP

Company Information

| | |
|--------------------------|--|
| Directors | Russell Gilderson Gillian Harwood Loretta Howells Richard Sumray Simon White |
| Secretary | Charles Holland |
| Company Number | 2553293 (England & Wales) |
| Charity Number | 1001839 |
| Registered Office | 240 High Holborn London WC1V 7DN |
| Business Address | Coronet Street Hackney London N1 6HD |
| Auditors | John Ellis & Company Chartered Accountants 240 High Holborn London WC1V 7DN |
| Bankers | National Westminster Bank Plc 3 Upper Street Islington London N1 0PH |

THE CIRCUS SPACE GROUP

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THE CIRCUS SPACE GROUP

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 1996

The directors present their report and the financial statements for the year ended 31 March 1996.

Principal activities

The principal activities of the group are to offer classes and courses in a wide range of circus arts, produce shows and provide training and performing facilities.

Results and business review

The group made a surplus of £4,439 for the year compared with a surplus of £5,728 in the previous year. It is not proposed to make any transfers to reserves.

The redevelopment of the premises, from a disused electricity generating station to a circus skills training and performance venue, continues following the official opening of the generating chamber and studios on 13 December 1994. In January 1995 the Corporation of the City of London awarded a grant of £300,000 and in December 1995 the European Union through its Regional Development Fund a grant of up to £441,250. These grants are currently being used to finance the continuing development of the venue.

Company Status

The Circus Space is a company limited by guarantee and registered at Companies House. The Charity Commissioners have registered the company as a charity. The company owns 100% of Circus Space Property Company Limited.

Directors

The directors who served during the year, except where indicated, were as follows.

Bill Couzens (resigned 4 November 1995)
Russell Gilderson
Gillian Harwood
Loretta Howells
Richard Sumray
Simon White

Statement of directors' responsibilities

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and of the surplus or deficit for the company for that period. In preparing those accounts the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are responsible and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 1996

Statement of directors' responsibilities continued

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

Auditors

The auditors, John Ellis & Company, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on 20 November 1996 and signed on its behalf by:



Charles Holland
Secretary

THE CIRCUS SPACE GROUP

AUDITORS' REPORT TO THE MEMBERS OF THE CIRCUS SPACE

We have audited the accounts on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on pages 1 to 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on the accounts and to report our opinion to you.

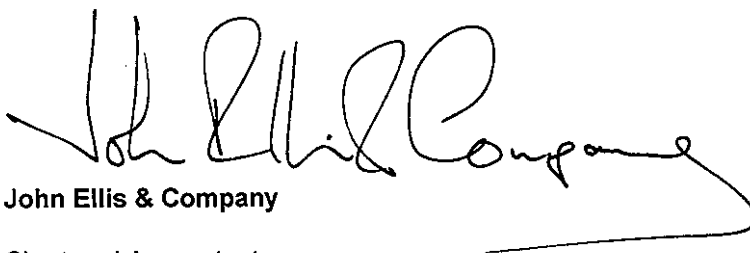
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant judgments made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the 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 accounts 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 the information in the accounts.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company and of the group affairs as at 31 March 1996 and of the group surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



John Ellis & Company

Chartered Accountants
and Registered Auditors

240 High Holborn
London WC1V 7DN

20 November 1996

THE CIRCUS SPACE GROUP

INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 March 1996

| | Note | 1996 £ | 1995 £ |
|--|------|-----------|-----------|
| TURNOVER | 1 | 317,389 | 255,184 |
| Direct costs | | (263,879) | (210,441) |
| GROSS SURPLUS | | 53,510 | 44,743 |
| Administrative expenses | | (50,617) | (39,373) |
| OPERATING SURPLUS | 3 | 2,893 | 5,370 |
| Interest receivable | | 1,546 | 358 |
| SURPLUS FOR THE FINANCIAL YEAR | | 4,439 | 5,728 |
| RETAINED DEFICIT BROUGHT FORWARD | | (1,749) | (7,477) |
| RETAINED SURPLUS/(DEFICIT) CARRIED FORWARD | | £ 2,690 | £ (1,749) |

There were no recognised gains and losses for 1996 or 1995 other than those included in the income and expenditure account.

The notes on pages 6 to 11 form an integral part of these financial statements.

THE CIRCUS SPACE GROUP

BALANCE SHEET

As at 31 March 1996

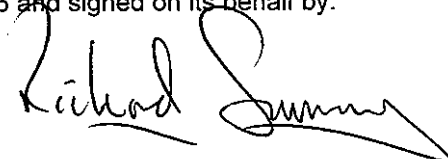
| | | Group | | Charity | |
|--|------|------------------|------------------|------------------|------------------|
| | Note | 1996 £ | 1995 £ | 1996 £ | 1995 £ |
| FIXED ASSETS | | | | | |
| Tangible fixed assets | 5 | 588,903 | 480,562 | 1,205 | 3,385 |
| Investments | 6 | - | - | 300,100 | 150,100 |
| | | <u>588,903</u> | <u>480,562</u> | <u>301,305</u> | <u>153,485</u> |
| CURRENT ASSETS | | | | | |
| Debtors | 7 | 211,678 | 308,324 | 200,537 | 306,475 |
| Cash at bank and in hand | | 42,449 | 22,456 | 24,991 | 11,122 |
| | | <u>254,127</u> | <u>330,780</u> | <u>225,528</u> | <u>317,597</u> |
| CREDITORS: amounts falling due within one year | 8 | (109,480) | (90,910) | (86,816) | (79,832) |
| NET CURRENT ASSETS | | <u>144,647</u> | <u>239,870</u> | <u>138,712</u> | <u>237,765</u> |
| NET ASSETS | | <u>£ 733,550</u> | <u>£ 720,432</u> | <u>£ 440,017</u> | <u>£ 391,250</u> |
| CAPITAL AND RESERVES | | | | | |
| Development reserve | 9 | 730,860 | 722,181 | 437,327 | 393,000 |
| Income and expenditure account | | 2,690 | (1,749) | 2,690 | (1,750) |
| | | <u>£ 733,550</u> | <u>£ 720,432</u> | <u>£ 440,017</u> | <u>£ 391,250</u> |

The financial statements were approved by the board on 20 November 1996 and signed on its behalf by:

Russell Gilderson



Richard Sumray



The amounts in the columns headed **Group** refer to the combined balance sheet of *The Circus Space* and *The Circus Space Property Company*. The amounts in the columns headed **Charity** refers to the parent company, *The Circus Space*.

The notes on pages 6 to 11 form an integral part of these financial statements.

THE CIRCUS SPACE GROUP

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 1996

1. ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and with the preceeding year, is set out below.

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and include the results of the company's operations which are described in the Directors' Report and all of which are continuing.

The charity has taken advantage of the exemption in Financial Reporting Standard No.1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.2 Consolidation

The group accounts consolidate the accounts of The Circus Space and its subsidiary undertaking, Circus Space Property Company Limited, made up to 31 March 1996. The acquisition method of accounting has been adopted.

1.3 Turnover

Turnover represents the value of class fees, other sales, grants and donations receivable in the ordinary course of activities.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|-------------------------------|-----|---------------|
| Stage and acrobatic equipment | 25% | Straight line |
| Computer and office equipment | 33% | Straight line |
| Motor vehicles | 25% | Straight line |

The improvements to the leasehold premises were not complete at the Balance Sheet date and no depreciation has been provided in the year.

1.5 Deferred grants

Grants for capital expenditure are credited to a capital reserve and released to revenue over the expected useful life of the relevant asset.

Grants of a revenue nature are credited to income in the period to which they relate.

THE CIRCUS SPACE GROUP

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 1996

2. PARENT COMPANY INCOME AND EXPENDITURE ACCOUNT

The charity has taken advantage of the exemption in the Companies Act 1985 s320 not to present its own income and expenditure account. The charity's surplus for the financial year, determined in accordance with the Act, was £4,440, compared with a surplus of £5,727 in the previous year.

3. OPERATING SURPLUS

The operating surplus is stated after charging:

| | 1996 £ | 1995 £ |
|---------------------------------------|-----------|-----------|
| Depreciation of tangible fixed assets | | |
| - owned by the company | 9,621 | 4,096 |
| Audit and accountancy | 2,829 | 3,900 |
| | <hr/> | <hr/> |

4. STAFF COSTS

Staff costs, were as follows:

| | 1996 £ | 1995 £ |
|-----------------------|-----------|-----------|
| Wages and salaries | 227,005 | 175,753 |
| Social security costs | 13,676 | 11,391 |
| | <hr/> | <hr/> |
| | £ 240,681 | £ 187,144 |
| | <hr/> | <hr/> |

The average weekly number of employees, during the year was as follows:

| | 1996 | 1995 |
|----------------|-------|-------|
| Tutors | 9 | 6 |
| Administration | 7 | 5 |
| | <hr/> | <hr/> |

The directors do not receive any remuneration for their services.

THE CIRCUS SPACE GROUP

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 1996

5. TANGIBLE ASSETS

GROUP

| | Improvements to Leasehold Premises £ | Stage & Acrobatic Equipment £ | Computer & Office Equipment £ | Motor Vehicles £ | Total £ |
|-----------------------|---|--|--|------------------------|------------|
| Cost | | | | | |
| At 1 April 1995 | 477,177 | 10,328 | 3,119 | 2,000 | 492,624 |
| Additions | 91,368 | 18,049 | 8,545 | - | 117,962 |
| Disposals | - | - | - | (2,000) | (2,000) |
| At 31 March 1996 | 568,545 | 28,377 | 11,664 | - | 608,586 |
| Depreciation | | | | | |
| At 1 April 1995 | - | 8,082 | 1,980 | 2,000 | 12,062 |
| Charge for year | - | 5,874 | 3,747 | - | 9,621 |
| On disposals | - | - | - | (2,000) | (2,000) |
| At 31 March 1996 | - | 13,956 | 5,727 | - | 19,683 |
| Net Book Value | | | | | |
| At 31 March 1996 | £ 568,545 | £ 14,421 | £ 5,937 | £ - | £ 588,903 |
| At 31 March 1995 | £ 477,177 | £ 2,246 | £ 1,139 | £ - | £ 480,562 |

An agreement has been made with the Hackney Council to enter into a 150 year lease on the site of the former electricity generating station at Coronet Street. The agreement is in phases and is binding on both the Council and Circus Space subject to the satisfactory completion of the renovations of the premises at each stage.

The renovation works provide training, performance and office accommodation. The amount shown as additions represents the cost of these improvements carried out in the year.

THE CIRCUS SPACE GROUP

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 1996

5. TANGIBLE ASSETS (continued)

CHARITY

| | Stage & Acrobatic Equipment £ | Computer & Office Equipment £ | Motor Vehicles £ | Total £ |
|-----------------------|--|--|------------------------|----------------|
| Cost | | | | |
| At 1 April 1995 | 10,328 | 3,119 | 2,000 | 15,447 |
| Additions | - | 163 | - | 163 |
| Disposals | - | - | (2,000) | (2,000) |
| | <u>10,328</u> | <u>3,282</u> | <u>-</u> | <u>13,610</u> |
| At 31 March 1996 | 10,328 | 3,282 | - | 13,610 |
| Depreciation | | | | |
| At 1 April 1995 | 8,082 | 1,980 | 2,000 | 12,062 |
| Charge for year | 1,362 | 981 | - | 2,343 |
| On disposals | - | - | (2,000) | (2,000) |
| | <u>9,444</u> | <u>2,961</u> | <u>-</u> | <u>12,405</u> |
| At 31 March 1996 | 9,444 | 2,961 | - | 12,405 |
| Net Book Value | | | | |
| At 31 March 1996 | £ 884 | £ 321 | £ - | £ 1,205 |
| | <u>£ 884</u> | <u>£ 321</u> | <u>£ -</u> | <u>£ 1,205</u> |
| At 31 March 1995 | £ 2,246 | £ 1,139 | £ - | £ 3,385 |
| | <u>£ 2,246</u> | <u>£ 1,139</u> | <u>£ -</u> | <u>£ 3,385</u> |

6. FIXED ASSET INVESTMENTS

Investment in subsidiary

| | Shares £ | Loans £ | Total £ |
|-----------------------|--------------|------------------|------------------|
| Cost | | | |
| At 1 April 1995 | 100 | 150,000 | 150,100 |
| Additions | - | 150,000 | 150,000 |
| | <u>100</u> | <u>300,000</u> | <u>300,100</u> |
| At 31 March 1996 | 100 | 300,000 | 300,100 |
| Net Book Value | | | |
| At 31 March 1996 | £ 100 | £ 300,000 | £ 300,100 |
| | <u>£ 100</u> | <u>£ 300,000</u> | <u>£ 300,100</u> |
| At 31 March 1995 | £ 100 | £ 150,000 | £ 150,100 |
| | <u>£ 100</u> | <u>£ 150,000</u> | <u>£ 150,100</u> |

THE CIRCUS SPACE GROUP

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 1996

6. FIXED ASSET INVESTMENTS (continued)

Investment in subsidiary

The parent company, the charity, has investments in the subsidiary undertaking, the Circus Space Property Company Limited. The Charity holds all 100 £1 ordinary shares of the subsidiary undertaking. In addition the Charity has made loans to the subsidiary. In the loan agreement the Charity has been given a floating charge on the assets of the Circus Space Property Company Limited.

The Circus Space Property Company Limited is incorporated in the United Kingdom and its principal activity is to hold the property interests of The Circus Space.

7. DEBTORS

| | <u>Group</u> | | <u>Charity</u> | |
|--------------------------------|------------------|------------------|------------------|------------------|
| | 1996 £ | 1995 £ | 1996 £ | 1995 £ |
| Due within one year | | | | |
| Trade debtors | 9,125 | 2,879 | 9,125 | 2,879 |
| Grants in arrears | 181,783 | 301,750 | 181,783 | 301,750 |
| Other debtors | 13,792 | 3,695 | 3,442 | 1,846 |
| Prepayments and accrued income | 6,978 | - | 6,187 | |
| | <u>£ 211,678</u> | <u>£ 308,324</u> | <u>£ 200,537</u> | <u>£ 306,475</u> |

8. CREDITORS:

Amounts falling due within one year

| | <u>Group</u> | | <u>Charity</u> | |
|---|------------------|-----------------|-----------------|-----------------|
| | 1996 £ | 1995 £ | 1996 £ | 1995 £ |
| Grants in advance | - | 26,245 | - | 26,245 |
| Trade creditors | 20,062 | 6,717 | 20,062 | 6,717 |
| Social security and other taxes | 8,716 | 10,513 | 8,716 | 10,513 |
| Other creditors | 74,901 | 43,183 | 3,503 | 8,804 |
| Accruals and deferred income | 5,801 | 4,252 | 5,802 | 4,252 |
| Amounts owed to subsidiary undertakings | - | - | 48,733 | 23,301 |
| | <u>£ 109,480</u> | <u>£ 90,910</u> | <u>£ 86,816</u> | <u>£ 79,832</u> |

THE CIRCUS SPACE GROUP

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 1996

9. DEVELOPMENT RESERVE

| | <u>Group</u> | | <u>Charity</u> | |
|------------------------------------|----------------|----------------|----------------|----------------|
| | 1996 £ | 1995 £ | 1996 £ | 1995 £ |
| Balance brought forward | 722,181 | 343,516 | 393,000 | 93,000 |
| Corporation of London | - | 300,000 | - | 300,000 |
| Foundation for Sports and the Arts | 20,000 | - | 20,000 | - |
| Dalston City Partnership | - | 100,000 | - | - |
| SG Warburg Charitable Trust | 15,000 | - | 15,000 | - |
| Glasshouse | 11,633 | - | - | - |
| Esmee Fairburn Trust | 7,500 | - | 7,500 | - |
| Idlewild Trust | 2,500 | - | 2,500 | - |
| | <u>778,814</u> | <u>743,516</u> | <u>438,000</u> | <u>393,000</u> |
| Transfer to income for year | (47,954) | (21,335) | (673) | - |
| | <u>730,860</u> | <u>722,181</u> | <u>437,327</u> | <u>393,000</u> |

The development reserve represents the amount of grants and other income received for the development less the amount transferred to the Income and Expenditure account. This transfer is to cover the amount of the development expenditure which has not been included in the fixed assets.

10. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The board has agreed to the continuing redevelopment of Coronet Street in principle. Site clearance for the next stage of development commenced in 1995/96 and the main contractors started on site in June 1996. The expected cost of this stage is £750,000 of which expenditure amounting to £105,000 has been included in these accounts. The funds for this stage have been fully raised primarily from the European Union and City of London Corporation.

At the end of the period there were no other capital commitments, contingent liabilities or other financial commitments for which full provision has not been made in these financial statements (1995 £Nil).