

**REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012
FOR
ZINC ARTS
(Limited by guarantee)**

Company Number : 2866315

Registered Charity Number : 1035444

**Meyer Williams
Queen Alexandra House
2 Bluecoats Avenue
Hertford
Herts
SG14 1PB**



ZINC ARTS
(Limited by guarantee)

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FOR THE YEAR ENDED 31 MARCH 2012

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ZINC ARTS
(Limited by guarantee)
COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2012

DIRECTORS/TRUSTEES: J Bennett-Chair (Resigned 30th November 2011)
K Tait
K Wright
W Godfrey (Resigned 13th December 2011)
M Adams (Resigned 13th December 2011)
A Smith
B Lisicki
G Lane (Resigned 30th October 2011)

EXECUTIVE TEAM. J Banks – Chief Executive
A Wallbank – Creative Director
T Swaine – Director of Finance & Administration (Left 30th September 2011)
J Rennison – Director of Development & Communications
H Stradling – Head of Creative Education & Learning

SECRETARY: R Loukes

REGISTERED OFFICE: Great Stony
Ongar Arts & Education Centre
High Street
Ongar
Essex
CM5 0AD

REGISTERED NUMBER. 2866315 (England and Wales)

CHARITY NUMBER: 1035444

AUDITORS Meyer Williams
Queen Alexandra House
2 Bluecoats Avenue
Hertford
Herts
SG14 1PB
REGISTERED AUDITORS

BANKERS: National Westminster Bank plc
279 High Street
Epping
Essex
CM16 4BT

SOLICITORS Holmes & Hills
Trinity Street
Halstead
Essex
CO9 1JE

ZINC ARTS
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TRUSTEES' REPORT

For the purposes of part 8 of the Charities Act 2011 and Directors' Report for the purposes of section 417 of the Companies Act 2006)

The Trustees have pleasure in submitting their Annual Report and Financial Statements for the year ended 31 March 2012, detailed as follows

CHANGE OF NAME

On 20th November 2012 the company changed its name from Theatre Resource to Zinc Arts

DIRECTORS/TRUSTEES

The Trustees, who are also directors of the company, and acted throughout the year except where indicated, are

M Adams (Resigned 13th December 2011)
J Bennett – Chair (Resigned 30th November 2011)
W Godfrey (Resigned 13th December 2011)
G Lane (Resigned 30th October 2011)
B Lisicki (Appointed Co-Chair 13th December 2011)
K Tait
K Wright
A Smith (Appointed Co-Chair 13th December 2011)

CONSTITUTION

Zinc Arts Limited, company number 2866315, is a company limited by the guarantees of the members to a maximum of £1 each. The company is a registered charity, number 1035444. The company gained charitable status on 22 March 1994.

SPECIFIC INSTRUCTIONS

There are no specific instructions relating to the operation of the charity, nor are there any specific investment powers.

COMPANY OBJECTIVES

The objectives of Zinc Arts, as stated in the Memorandum and Articles of Association, is to 'advance education for the public benefit through the promotion of the arts, particularly but not exclusively for disabled and disadvantaged people'.

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TRUSTEES' REPORT - Continued

GOVERNANCE

In 2011-2012 the Charity comprised a membership of 8 individuals committed to supporting the aspirations of the organisation. The constitution stipulates that Members are automatically elected to a Board of Directors/Trustees to run the affairs of the organisation. When an individual resigns their position on the Board of Directors/Trustees their membership of the organisation ceases. In 2011-2012 the Directors/Trustees were as detailed above.

The Trustees are responsible for formulating the strategy and policies for Zinc as a whole and may meet at such times and regulate its meetings as it sees fit. In 2011-12, The Trustees re-organised its meeting structures, to reflect the changing needs of the organisation and changes in Board membership. A Capital Committee oversaw the capital development until its conclusion in November 2011, comprising Board members and attended by the Chief Executive, other senior officers of Zinc and special advisors. The Finance and Business Development Committee continued to meet up until August 2011, when its functions were brought into the full Board. This enabled the full Board to be actively engaged in supporting the opening of the new building and the organisational changes and financial efficiencies being made. A tougher financial climate required greater involvement of the Board which met frequently between September and March.

TRUSTEES' RESPONSIBILITIES

Company Law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of its financial activities for that year. In preparing these financial statements, the Trustees are required to

- Select suitable accounting policies and then apply them consistently,
- Make judgements and estimates that are reasonable and prudent,
- Observe the methods and principles contained within the Charities SORP,
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue to operate.

The Trustees are responsible for ensuring proper accounting records are kept which disclose with reasonable accuracy at any time, the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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.

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TRUSTEES' REPORT - Continued

RECRUITMENT, APPOINTMENT AND ELECTION OF TRUSTEES

The Board identifies and regularly reviews the skills of existing Board Members and any needs of the Board which are not being met by the current membership

Recruitment is through

- Targeting individuals known to Zinc
- Advertising for applicants through the media and other sources
- Utilising board 'banks', etc maintained by support bodies

Recruitment is not limited to within the arts, education or social care field, but reflects the varied needs of the organisation, its creative and capital development. Whilst specific skills may be sought (for example in relation to regular skills audits undertaken by the Board) enthusiasm and vision may also be considered equally valuable

The Board has established procedures for recruiting and appointing Board members, including initial identification of potential candidates, informal visits or discussions, formal application and interview, consideration by the full Board and, finally, election by a majority of votes

POLICY AND PROCEDURES FOR THE INDUCTION AND TRAINING OF TRUSTEES

Zinc is committed to full induction and ongoing training of Trustees. A comprehensive induction pack and standing orders are in place and are regularly updated to ensure compliance with company and charity law

ACHIEVEMENT OF OBJECTIVES

Zinc works to promote the creativity, culture and heritage of disabled people and socially-excluded groups for the benefit of all. In our work we seek to

- Generate pathways within the arts
- Stimulate high-quality, diverse and experimental project work
- Provide lifelong learning, training and employment opportunities
- Create platforms for the exploration and representation of the cultures and neglected histories of excluded groups
- Initiate informed debate and influence policy-making
- Foster enabling environments
- Advance inclusiveness, accessibility and equality in the wider arts environment, and in the communities in which we live

Zinc manages a strategic programme of 'First Stage' outreach and centre-based projects, which bring together individuals, schools, community groups, social care providers and arts funding bodies. Longer-term 'Developmental Programmes' offer further opportunities to experience high quality cutting-edge arts practice and a comprehensive range of training and CPD (Continuing Professional Development) opportunities to support individuals in gaining employment in the arts, both with Zinc and elsewhere. Employment and supported employment opportunities include workshop leading/teaching, touring professional arts product (e.g. theatre performances)

The charity's work takes place in a variety of venues in Essex, East London, Hertfordshire, Cambridge, Norfolk, Suffolk, Bedfordshire and the Unitary Authorities of Peterborough, Luton, Southend-on-Sea and Thurrock and at its own fully-accessible premises in Chipping Ongar, Essex where the company works to develop the highest standards in accessible venue management. Zinc also undertakes regional and national projects, or projects of national significance, and works with a number of regional and national partners and consortia to deliver these.

ZINC ARTS
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TRUSTEES' REPORT - Continued

STRATEGIC PLANNING

Zinc continues to work in line with its 5 year Strategic and Business Plan which steers the charity in meeting its objectives. The charity continues to recruit for new Members of the Board of Trustees/Directors and to develop the skills of all those involved in the leadership and management of the charity.

In 2011/12 the Board of Zinc continued the process, started in 2010/11, of writing the new 5 year strategic plan. This involved consultations with staff, including a Staff Away-Day, a review of the organisation's existing Vision, Aims and Objectives, and development of a new Vision, Aims and Objectives. This work will be completed in 2012/13 for a launch in April 2013.

STAFFING

During 2011/12, Zinc employed 33 staff on its permanent payroll, including 7 permanent staff with disabilities, and supported a further 20 freelance and casual artists, including 6 artists with disabilities. There were necessary reductions in staffing during the year, as funded projects such as Future Jobs Fund, Team East for Skills and the Capital development programmes came to an end.

CAPITAL PROJECT

In 2011-12, the organisation completed its work on expanding the arts centre base to include additional teaching and learning spaces, a multi-purpose studio, 25 bedroom fully-accessible overnight-stay accommodation (for short residential courses) and supported housing (for longer-term students). On 23rd November 2011, Zinc was honoured to welcome HRH The Earl of Wessex to officially open the new building, which has since been able to host a range of community, local, regional and national events, including residential events.

SIGNIFICANT CHANGES IN ACTIVITIES

There have been no significant changes in the charity's activities during the year.

FINANCIAL ACTIVITIES

All income received by the organisation was committed to achieving its charitable objectives.

During the year a total of £80,503 was granted by revenue funders (Arts Council England East, Essex County Council, and Epping Forest District Council) towards the core work of the organisation in Essex and the eastern region. This is a reduction of £13,900 on the previous year.

Zinc's own fundraising and income generation activities in respect of its programme of arts in health, arts in social care and disability-related arts raised an additional £583,923 during the year. Major project funding partners included Arts Council England, BBC Children in Need, Essex County Council and COVER.

The total raised from hiring facilities at Zinc's arts and education centre in Chipping Ongar was £35,813. Included within the accounts is provision for a full commercial rent of £22,000 (which is offset by an 'in kind' contribution from the landlords, the Great Stony School Trust, counted as building income).

Salary and wage expenses for both project and core/building staff (including social security costs) accounted for £733,694 in total. The direct external costs of undertaking the charity's project work, i.e. external artists' fees, venue hire, transport and access/facilitation, amounted to £54,133.

ZINC ARTS
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TRUSTEES' REPORT - Continued

Building operation, excluding salaries, cost £70,675

There was a total deficit on the year of £364,742. This was a result of the following factors:
Over-run of the capital development project – this was due to complete in April and completed in November 2011. This impacted on the organisation's core expenditure, for example needing to hire temporary offices for longer. It also impacted negatively on income, as the charity was unable to attract bookings during this time and had to hire external premises for its own activity. Finally, the delays contributed to the capital programme's over-spend as it required capital project staff to be employed for longer, as well as incurring other costs as a result.

A number of Zinc's longstanding programmes had completed by April 2011, but these were not replaced by other funding, because of changes in the overall funding climate. Funders, including local authorities and Skills Funding Agency stopped some funding streams and in some cases Zinc was no longer eligible for funds as contracts were being awarded to much larger organisations. This made it incredibly tough to bring in the same levels of funding as in previous years and in addition there is much less funding available and far fewer grant programmes in place. Additionally grants that had been awarded for 2011/12 were reduced in-year, because of wider public sector funding cuts.

Having received notice in February 2011 that some large funding applications had been unsuccessful, it was necessary to end some staff's fixed term contracts at the end of March 2011. Zinc began 2011/12 with a significantly reduced project team, and with the funding climate continuing to get tougher. This, together with the knowledge that funding such as Zinc's Regularly Funded Organisation grant from Arts Council England was going to end by 2012/13, meant it was necessary to further reduce staffing and make general efficiency savings.

In September 2011, the organisational budget was remodelled and in November 2011, the auditors, Meyer Williams, completed a financial 'healthcheck' – reviewing the organisation's financial statements, projections and cashflow forecasts. This supported the Board of Trustees in planning for ongoing viability into 2012/13.

In September 2011 and March 2012, organisational restructures were implemented, with additional reductions in staffing and reductions in the core budgets of the organisation. The Board of Trustees were extremely disappointed to have to make these tough decisions and are incredibly grateful to the commitment and hard work of the staff team throughout this difficult year. But in order to ensure continued sustainability of the organisation, it was necessary to make these changes and support the organisation to be better positioned for what will undoubtedly be some tough years ahead.

A loan repayment holiday on the investment received for the capital programme was agreed with Futurebuilders, lasting 12 months from December 2011. Natwest Bank also agreed an overdraft facility to support the organisation to rebuild its financial position and build income from the new centre. Finally, Futurebuilders (now named Social Investment Business) gave additional support through Tank Consulting. Tank worked with senior management in early 2013 and through to 2012/13 to support further work on budget projections and cashflow forecasts.

With this significant work undertaken during the year, involving a huge amount of transition which has continued into 2012/13, the Board were satisfied that the organisation was doing everything it could to respond to the challenging circumstances and to help ensure it can build its strength again over the coming years.

ZINC ARTS
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TRUSTEES' REPORT - Continued

RESTRICTED FUNDS

Fundraising towards the cost of the capital project continued and a total of £275,904 was received during the year. This includes major contributions from Essex County Council and Arts Council England and smaller grants from funders including the Wolfson Foundation, Garfield Weston and the Quaker Housing Trust. A number of individual donations and income from individual fundraising activities were also generated and gratefully received.

Other funds were received, and utilised, on specific project activities during the year.

DESIGNATED FUNDS

Capital Repairs and Renewals Fund

Zinc holds a COIF (Charities Official Investment Fund) Charities Fixed Interest Fund with CCLA Investment Management Ltd, the purpose of which is to cover the cost of ongoing capital repairs and renewals to Zinc's premises. It is anticipated that up to 40% of this fund be drawn upon every five years for periodic cyclical repairs / maintenance as necessary (above and beyond annual maintenance) with a higher proportion of up to 70% being drawn upon at 15 yearly intervals for major works during the term of the lease. At the end of 2011-12, the fund balance is £51,713. Because of recent centre improvements and the current financial climate, no further monies have been transferred to this fund in 2011/12.

UNRESTRICTED RESERVES / RESERVES POLICY

Unrestricted funds are required for the following purposes:

- (a) to provide funds, which can be designated to specific projects to enable these projects to be undertaken at short notice
- (b) to cover administration, fundraising, staff and support costs without which the charity could not function
- (c) to enable the charity to benefit from fundraising opportunities where a proportion of 'partnership funding' is required which cannot be raised from elsewhere

The Directors/Trustees consider it prudent that unrestricted reserves should be sufficient:

- (d) to avoid the necessity of releasing fixed assets held for the charity's use
- (e) to cover four months' administration, fundraising, staff and support costs

Unrestricted reserves currently stand at £77,601. It was necessary to utilise some of the organisation's reserves during 2011/12, in order to complete the Capital Development project and to invest in staffing resources. The Board of Trustees intend to re-build this fund over the next three years, to ensure that it gets back to the required level of four months' costs.

The reserves policy and the level of reserves is monitored and reviewed by the directors / trustees regularly and may be called upon as and when necessary for the uses identified above (a, b or c) or to meet other unforeseen circumstances.

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TRUSTEES' REPORT - Continued

PROJECT WORK

2011/12 saw another strong year of Zinc delivering artistic projects, education, learning, training and participation activities, working with disabled and disadvantaged people, and setting up a range of community activities for local communities

A significant proportion of Zinc activities focused on completing two and three year programmes of work, and preparing for and managing the opening of the charity's new facilities and subsequent new activity. This resulted in a year of immense change but also incredibly exciting seeds were laid for the future. Zinc continued to develop its practice across all arts forms, making films, music, animations, artwork and performance pieces.

Zinc delivered the third and final year of the Team East for Skills programme. This is a region wide Olympic-inspired programme, focusing on work skills development and volunteering opportunities funded by the European Social Fund (ESF) and the Legacy Trust. £2m was allocated for three years of arts, cultural and sporting activity across the Eastern region, with Zinc leading work in Essex and Hertfordshire. This year saw Zinc develop a number of projects including Events Management and Stewarding courses for local festivals and a residential Workshop Leader training course.

Zinc also ran a large programme of activities involving music, drama and art workshops for children with learning disabilities in Stevenage and across Essex as part of Creative Partnerships and Short Breaks provision. Activities took place within and outside of school time, in the half terms and summer holidays. Training in arts based techniques for staff and partner organisations was integral to the development of this work.

Additionally, Zinc set up its new, innovative day education and training programme for students living in Tolpuddle House, the supported housing scheme on-site, in partnership with East Thames Housing. Together the two partners recruited young adults with housing, support and education needs to the scheme which opened on 23rd November, with eight of the nine available flats filled. The education programme began in December 2011, marking the beginning of ongoing day provision to support tenants and other day students build independent living, work and social skills. The scheme involves a range of activity including accredited education and training, creative skills development, volunteering and work placements, leading to supported employment and employment (where appropriate).

Zinc regularly consults with the participants it works with. Zinc's youth forum progressed into its third year, receiving training and working alongside staff as workshop leaders and emerging artists. Youth Forum members played a central role in the opening of our centre and have since been very active volunteers within our regular activities programme.

Zinc maintained a commitment to ArtSpace, the visual arts drop-in for those with Mental Health Needs and The Biz, the weekly training scheme for people with learning disabilities. Run by professional artists, participants created and exhibited artwork, performed at conferences, developed performances and created short animations. Zinc was also able to run outreach projects in mental health settings such as Brockfield House where theatre performances were devised and performed. During the year, desktop research and consultations with participants and partners were undertaken in order to identify need and develop new project ideas and proposals. Zinc continued to guest lecture on East-15 Acting School's Degree in Community Theatre, and hosted students on work placements within the company.

ZINC ARTS
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TRUSTEES' REPORT - Continued

Following the success of the Future Jobs Fund programme, Zinc was able to retain some posts created through the fund, providing extended employment and valuable work experience for young people who would otherwise be unemployed. The year also saw Zinc begin delivery of its 3-year contract with Hertfordshire County Council's Adult and Family Learning Service, delivering arts-based sessions with unemployed and other disadvantaged adults across Hertfordshire. The focus of work is to support the development of social and work skills, encouraging participants to access further learning, education and employment.

Zinc continued into the second year of its three year BBC Children in Need Fun and Friendship project. This project saw Zinc delivering activity for young people with physical and sensory impairments in the Eastern region, London and Kent. The programme focuses on using high quality arts activity to support the making and sustaining of friendships. It also provided the opportunity for a couple of Deaf participants to accompany staff at a BBC Children in Need Learning Event at Media City, Salford. It was a fantastic experience, meeting and working with other young people, being interviewed on camera by professional journalists and even meeting the Queen! Zinc was proud that one of its excellent freelance artists, Lyndsey Fouracre facilitated the sessions with young people from across the UK.

With the opening of Zinc's new centre and residential block, we were able to host our first residential projects and community activities onsite. These included a mentoring residential for adults (part of the Team East for Skills programme), Zinc Youth Theatre, Saturday Brunch Gang and an inclusive club night.

In summary, 2011-12 was a year of significant change for Zinc with the completion of some programmes, the opening of our new centre and the setting up and fundraising for new programmes for the future. Although the funding climate became more challenging, this didn't stop Zinc from continuing to deliver exciting work, highly valued by participants, families and partners. Zinc continued to reach and in some cases over reach on all of its funded outcomes. The organization's achievements during the year were fulfilled through its committed and passionate team of staff, volunteers and partnerships with a large number of organisations.

Quality Assurance

Zinc's Quality Assurance Committee continued to meet until September 2011, when its work needed to pause whilst an organisational and financial review took place. Zinc's Second Self-Assessment Report for the Academic Year for 2010-11 and Quality Improvement Plan for 2011/12 (Academic Year) was produced in relation to its work for HAFLS in Hertfordshire. This scored the organisation as Good – 2. The organisation undertook some research into Quality Marks such as Investors in People and registration with bodies such as OFSTED, and worked through its actions for 2011/12.

OTHER ACTIVITIES AT ZINC'S ARTS CENTRE BASE

Whilst the Arts Centre was closed for refurbishment, Zinc supported its regular hirers to find accommodation elsewhere and was delighted to welcome back both regular and new hirers to the new centre when it opened in November. Zinc continued to offer a wide range of classes at its arts centre which enabled local arts groups, education providers and a variety of other organisations to run activities such as arts, music and meditation. A number of local community groups such as Ongar Flower Club, Ongar Millennium History Society and Ongar Wildlife Society continue to use the centre, as well as groups such as LeRoc Essex, Zumba, Circle Dance.

ZINC ARTS
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TRUSTEES' REPORT - Continued

PROJECT PARTNERS 2011/12

Aiming High	Irish Network Stevenage
Anglia Ruskin University	Job Centre Plus Harlow
Aldwyck Housing – Hertfordshire	Jubilee House Care trust
Arts Council England, East	The Legacy Trust
Basildon Youth Centre	Leverton Hall Secure Unit – Essex County Council
BBC Children in Need	Leisure Direct, Hertfordshire
Borehamwood Multi-Purpose Day Centre	Longview Adolescent Mental Health Unit,
BOSP	Colchester
Bradbury House care Home, Braintree	Make Do and Mend
Brentwood Foyer	Maldon Youth Centre
Brockfield House – FMH Unit	Mark Hall School, Harlow
Cambridge Film Festival	The Meadows Children's Centre, Harlow
CamPlay	Momentum Arts
Care UK	NACRO
Catch 22	National Deaf Children's Society
Cedar House Care Home	Newham Council – Short Breaks Service
Chelmsford Borough Council	North Essex Partnership Foundation Trust
Cheshunt Volunteers Centre	NSA – Sport and Active Leisure
Clacton Youth Centre	Oak View Special School Loughton
Colchester Youth Centre	Ongar Town Council
Colombus School and College, Chelmsford	Open Arts – South Essex NHS Trust
Connexions EST	Paula's Tea and a Chat, Hertfordshire
East 15 Acting School (University of Essex)	Phoenix Group, Hertfordshire
East of England Development Agency	PHAB, Hertfordshire
East Thames Group	Pioneer School, Basildon
EFDC - Epping Forest Arts	Princes Trust
Epping Forest Voluntary Action	The Red Room
Essex Coalition of Disabled People	Royal Opera House
Essex Community Foundation	Sam's Place – Harlow
Essex County Council – Arts development	SEETEC
Essex County Council Social Care Services	Southend Connexions
Essex County Council Youth and Connexions Service	Southend Schools Trust
2012 Essex Legacy	Tabor Centre, Braintree
Essex Youth Offending Service	TAP Studios, Southend
Goldsmith's College (University of London)	Thurrock Children Schools & Families
Greenside School – Stevenage	TAP Studios, Southend
H A R P Southend	Thurrock Children Schools & Families
Harlow Education Consortium	Train4Work
Harlow Children's Support Service	Treetops School – Thurrock
Hatfield Gateway Club, Hertfordshire	Voluntary Action Epping Forest
Headway, Stevenage	Watford CVS Timebank, Hertfordshire
Headway, Watford	Watford Drum
Henry Smith House Day Centre, Watford	Welwyn Garden Day Centre
Hertfordshire Adult and Family Learning Service	Welwyn Hatfield's Women's Refuge
Herts CC – Children Schools and Families	Witham Youth Centre
Hertfordshire Regional College	YMCA Welwyn Garden City
HFT (formerly Home Farm Trust Ltd)	Youth Plus Ongar
Hill Partnerships Ltd	
Inspire	

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TRUSTEES' REPORT - Continued

FUTURE PLANS

Zinc will continue to develop the community programme in the new centre, build the number of external hirers using both the Arts Centre and Residential block and our project team will continue its excellent programme of work with further residential and non-residential workshops for young people and adults, particularly disabled and non disabled people wishing to access the arts

Artistic excellence will continue be at the forefront of programming and producing work

RISK MANAGEMENT

The Trustees have considered and continue to consider the major risks to which the charity is exposed and are satisfied that systems are in place to mitigate those risks

STATEMENT AS TO DISCLOSURE OF INFORMATION

So far as the Trustees are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as Trustees and Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

PUBLIC BENEFIT AND SOCIAL AUDIT

Zinc is committed to producing work of public and social benefit and is continually monitoring and assessing its values, social, educational, artistic, environmental, community and economic objectives and impact. Trustees and Staff take responsibility for reporting fully on their work, a process which includes consulting with key stakeholders and client groups. Trustees and Staff are also committed to measuring how well they achieve their overall objectives and live up to their values in an holistic way.

Zinc continues to explore the inclusion of an element of 'social audit' in future annual reports. Social auditing is "the process whereby an organisation can account for its social performance, report on and improve that performance. It assesses the social impact and ethical behaviour of an organisation in relation to its aims and those of its stakeholders" (New Economics Foundation). The key to this is that the 'audit' is undertaken by an independent assessor who signs off an annual report which is included in the main annual accounts. It is intended that, in future, information on our performance in respect of all the key outcomes will be recorded in our annual accounts through this 'social audit' process.

In line with its social responsibility, during 2012/13 Zinc intends to implement, review or update the following policies: Environmental Policy, Equal Opportunities Policy, Health & Safety Policy, Children and Vulnerable Adults Policy and Quality Assurance policy.


In shaping our objectives for the year and planning our activities, the trustees have considered the Charity Commission's guidance on public benefit, including the guidance on public benefit and fee charging. Whilst Zinc principally undertakes work funded by grants and commissions from funding agencies, occasionally fees are charged to individual beneficiaries to help cover operating costs. Where fees are charged, in setting the level of fees, charges and concessions, the trustees always give careful consideration to accessibility of activities for those on low incomes and living on benefits.

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TRUSTEES' REPORT - Continued

AUDITORS

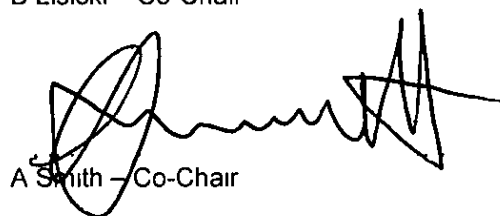
The auditors, Meyer Williams will be proposed for re-appointment at the forthcoming Annual General Meeting

SIGNED ON BEHALF OF THE TRUSTEES



B Lisicki – Co-Chair

22nd January 2013
Dated



A Smith – Co-Chair

22nd January 2013
Dated

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ZINC ARTS
(Limited by Guarantee)**

We have audited the financial statements of Zinc Arts for the year ended 31 March 2012 on pages 15 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity'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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Statement of Trustees' Responsibilities [set out on page 3], the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material mis-statements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

EMPHASIS OF MATTER – GOING CONCERN

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the charitable company's ability to continue as a going concern.

The charitable company incurred a net deficit over income of £364,742 during the year ended 31st March 2012 and it had net current liabilities of £47,144. These conditions, along with other matters explained in note 1, indicate the existence of a material uncertainty which may cast significant doubt about the charitable company's ability to continue as a going concern.

The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ZINC ARTS
(Limited by Guarantee)**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



J Meyer – Senior Statutory Auditor
MEYER WILLIAMS
CHARTERED ACCOUNTANTS AND STATUTORY AUDITORS
Queen Alexandra House
2 Bluecoats Avenue
Hertford
SG14 1PB

Dated

28/01/2013

ZINC ARTS
(Limited by guarantee)
STATEMENT OF FINANCIAL ACTIVITIES
(Including an Income and Expenditure account and
Statement of Total Recognised Gains and Losses)
FOR THE YEAR ENDED 31 MARCH 2012

	Note	Unrestricted General Funds £	Designated Funds £	Restricted Funds £	Total Funds 2012 £	Total Funds 2011 £
INCOMING RESOURCES						
Incoming resources from charitable activities						
Revenue grants	2	60,649	-	570,077	630,726	851,678
Capital grants	3	-	-	275,904	275,904	797,447
Contracts and fees	4	13,822	-	19,878	33,700	1,080,642
Building income		35,813	-	-	35,813	45,744
Incoming resources from generated funds						
Investment income	5	2,226	-	-	2,226	2,448
Other incoming resources.						
Fundraising and donations		22,724	-	-	22,724	1,593
Sundry income		959	-	9,310	10,269	8,220
Total Incoming Resources		136,193	-	875,169	1,011,362	2,787,772
RESOURCES EXPENDED						
Activities for generating funds		2,229	-	-	2,229	28,055
Charitable activities		596,520	-	767,662	1,364,182	1,605,085
Governance costs		14,863	-	-	14,863	19,303
Total Resources Expended	6	613,612	-	767,662	1,381,274	1,652,443
Net (resources expended)/ incoming resources for the year before transfers and Net (Expenditure)/Income for the year						
	7	(477,419)	-	107,507	(369,912)	1,135,329
Transfer between funds		190,236	(179,786)	(10,450)	-	-
Net (resources expended)/ incoming resources before recognised gains and losses		(287,183)	(179,786)	97,057	(369,912)	1,135,329
Other recognised gains and losses						
Unrealised gain on investments		-	5,170	-	5,170	1,557
Net Movement in Funds		(287,183)	(174,616)	97,057	(364,742)	1,136,886
Total funds brought forward as at 1 April 2011		364,784	226,329	1,947,243	2,538,356	1,401,470
Total funds carried Forward as at 31 March 2012		77,601	51,713	2,044,300	2,173,614	2,538,356

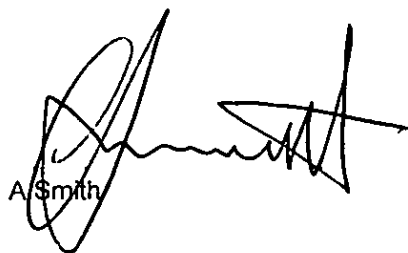
The statement of financial activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing activities.

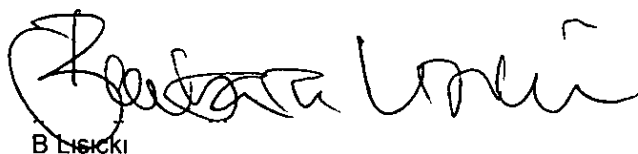
The notes on pages 17 to 25 form part of these financial statements

ZINC ARTS
(Limited by guarantee)
BALANCE SHEET AS AT
31 MARCH 2012

		<u>31.3.12</u>		<u>31 3 11</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	10		5,210,141		4,158,513
CURRENT ASSETS:					
Debtors	11	137,428		569,895	
Investments	12	51,713		46,543	
Cash at bank		<u>4,814</u>		<u>1,139,699</u>	
		193,955		1,756,137	
CREDITORS: Amounts falling due within one year	13	<u>241,099</u>		<u>590,948</u>	
NET CURRENT (LIABILITIES)/ASSETS:			<u>(47,144)</u>		<u>1,165,189</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			5,162,997		5,323,702
CREDITORS: Amounts falling due after more than one year	14		<u>(2,989,383)</u>		<u>(2,785,346)</u>
			<u>£2,173,614</u>		<u>£2,538,356</u>
RESERVES:					
Restricted funds	21		2,044,300		1,947,243
Designated funds - Capital repairs and renewals fund	22		51,713		226,329
General fund - unrestricted			<u>77,601</u>		<u>364,784</u>
TOTAL CHARITY FUNDS	20		<u>£2,173,614</u>		<u>£2,538,356</u>

ON BEHALF OF THE TRUSTEES:


A. Smith


B. Lisicki

Approved by the Trustees on 22nd January 2013

The notes on pages 17 to 25 form part of these financial statements

ZINC ARTS
(Limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared under the historical cost convention with the exception of current asset investments which are included at market value. The financial statements have been prepared in accordance with the Companies Act 2006, the Statement of Recommended Practice Accounting and Reporting by charities issued in March 2005 and applicable UK accounting standards. The principal accounting policies adopted in the preparation of the financial statements are set out below.

Going concern

The financial statements have been prepared on a going concern basis which assumes that the charitable company will continue in operational existence for the foreseeable future and reflects the Trustees' belief that the charitable company will continue to generate sufficient cash flows to meet its liabilities as they fall due.

The Trustees are disappointed with the deficit suffered in the year and recognise the uncertainty which arises as a result of the low level of bookings confirmed for the residential facilities available at the centre. However, the trustees have continued to take appropriate action since the year end to reduce the ongoing deficit and minimise any adverse effects on cashflow. These actions have included:

- An intensive marketing of the residential facilities which is leading to an increase in enquiries and subsequent bookings
- A continuous review of costs making further reductions where it is possible to do so
- On 12th December 2012 the company made a retrospective registration for VAT with effect from 1st January 2009 and expects to receive a significant VAT repayment once the figures are agreed with HMRC in the early part of 2013
- Significant increase in networking, publicity and distribution of information about the centre which has generated widespread interest across the arts sector and non-arts organisations in the centre and its potential uses including, albeit, very tentative, suggestions of possible collaboration with similar organisations
- The trustees have maintained detailed communication with funders including Social Investment Business, Natwest Bank and Arts Council England and received very positive indications of continuing support

The Trustees believe that these actions and the charitable company's ability to attract additional funding for its improved facilities will be sufficient for it to continue as a going concern for the foreseeable future.

On this basis the Trustees consider it appropriate to prepare the financial statements on a going concern basis.

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

ZINC ARTS
(Limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

1 ACCOUNTING POLICIES continued.

Tangible fixed assets

Individual fixed assets costing £500 or more are capitalised at cost

Depreciation is provided at the following annual rates in order to write off the cost of each asset over its estimated useful life

Freehold land and buildings	- see below
Assets in the course of construction	- see below
Long leasehold property	- over the period of the lease
Fixtures, fittings and equipment	- 25% on cost

No depreciation is provided on Freehold land and buildings. This policy represents a departure from the rules set out in the Companies Act 2006 which requires all fixed assets to be depreciated over their expected useful lives. The trustees consider that systematic annual depreciation would be inappropriate, however a provision for diminution of value has been made against the value of the property in the year.

Expenditure of a capital nature on the planning, design and construction of the Great Stony site was initially identified in the financial statements as 'Assets in the course of construction'. On completion these assets were transferred to Leasehold property.

Investments

Investments are stated at market value. Unrecognised gains and losses on the investment asset are recognised in the Statement of Financial Activities.

Fund accounting

Funds held by the charity are either

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

Designated funds- these are funds set aside by the trustees out of unrestricted general funds for specific future purposes or projects.

Restricted funds- these are funds that 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 a particular restricted purpose.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred, and irrecoverable VAT is included with the items of expense to which it relates.

- Charitable activities includes expenditure comprising those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Governance costs includes those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.
- Activities for generating funds comprises the costs associated with attracting voluntary income to the charity.

ZINC ARTS
(Limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

1 ACCOUNTING POLICIES continued...

Allocation of support costs

Support costs are those costs which have not been directly allocated to an activity but nevertheless support those activities. These costs are allocated on an actual basis apart from certain salary costs which are allocated between charitable activities and governance costs on an estimated percentage basis.

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 applied to particular categories of income:

- Donations, grants and funds received for specific projects and subject to specific wishes of the donors are credited to the relevant restricted fund. When donors specify that donations and grants given to the charity must be used in future accounting periods, the income is deferred until those periods. The capital element of grants received towards the cost of acquiring fixed assets are released to the unrestricted reserves over a four year period in line with the depreciation policy of the fixed assets capitalised. Other income received for the general purpose of the company is credited to the general fund.
- Building income is included in the period to which it relates and includes the renting of accommodation provided, hiring of facilities and other services available within the building to the general public and project participants.
- Investment income is included when receivable.

Realised gains and losses

All gains and losses are taken to the statement of financial activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening market value (purchase date if later). Unrealised gains and losses are calculated as the difference between the market value at the year end and opening market value (or purchase date if later).

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts are capitalised in the balance sheet and depreciated over their estimated useful lives.

The interest element of these obligations is charged to the Statement of Financial Activity at a constant rate based on the outstanding capital sum. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the Statement of Financial Activity on a straight line basis over the period of the lease.

ZINC ARTS
(Limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

2 SOURCES OF MATERIAL REVENUE GRANTS

	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
DWP – Future Jobs Fund	-	64,200	64,200	263,000
COVER	-	194,489	194,489	228,090
Essex County Council	-	124,838	124,838	176,575
Arts Council England	56,230	16,518	72,748	76,916
Children in Need	-	133,403	133,403	46,245
Futurebuilders	-	-	-	30,000
Thurrock Thames Gateway	-	-	-	8,205
ERDF	-	31,829	31,829	7,798
London Borough of Redbridge	-	-	-	5,090
Epping Forest District Council	4,419	-	4,419	4,529
Other Grants	-	4,800	4,800	5,230
	<u>60,649</u>	<u>570,077</u>	<u>630,726</u>	<u>851,678</u>

3 SOURCES OF MATERIAL CAPITAL GRANTS

	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
Social Enterprise Investment Fund	-	-	-	450,000
BRE Low Carbon/Sustainability Grants	-	-	-	68,573
Harlow Health Centres Trust	-	-	-	60,000
ERDF	-	-	-	57,600
Arts Council England	-	50,000	50,000	50,000
Futurebuilders	-	-	-	30,000
Rayne Foundation	-	-	-	25,000
Essex County Council	-	142,000	142,000	16,518
East Thames	-	4,004	4,004	13,328
Epping Forest District Council	-	5,000	5,000	10,000
National Lottery	-	7,400	7,400	-
Quaker Hsg Trust	-	10,000	10,000	-
Garfield Weston	-	20,000	20,000	-
Wolfson Foundation	-	30,000	30,000	-
Other capital grants	-	7,500	7,500	16,428
	<u>-</u>	<u>275,904</u>	<u>275,904</u>	<u>797,447</u>

4 SOURCES OF MATERIAL CONTRACTS AND FEES

	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
Learning and Skills Council/SFA	-	(9,724)	(9,724)	483,972
Shaw Trust	-	-	-	429,493
Thurrock Borough Council	-	-	-	31,333
Essex County Council	-	8,306	8,306	29,476
Hertfordshire County Council	-	21,296	21,296	-
Other contracts and fees	13,822	-	13,822	106,368
	<u>13,822</u>	<u>19,878</u>	<u>33,700</u>	<u>1,080,642</u>

ZINC ARTS
(Limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

5 INVESTMENT INCOME

	2012 £	2011 £
Deposit account interest	<u>2,226</u>	<u>2,448</u>

6 TOTAL RESOURCES EXPENDED

	Activities for generating funds 2012 £	Charitable activities 2012 £	Governance costs 2012 £	Total 2012 £	Total 2011 £
Costs directly allocated to activities					
Direct project expenses	-	54,133	-	54,133	251,916
Project staff costs	-	546,775	-	546,775	799,216
Fundraising and Development	-	-	-	-	14,963
Legal and professional fees	-	54,872	-	54,872	50,608
Depreciation	-	82,773	-	82,773	26,946
Impairment of freehold property	-	130,789	-	130,789	-
Auditors remuneration	-	-	8,200	8,200	11,016
Marketing and communications	-	24,878	-	24,878	21,817
Recruitment costs	2,229	-	-	2,229	18,056
Insurance	-	9,715	-	9,715	8,045
Bad debts	-	-	-	-	552
Support costs allocated to activities					
Staff costs	-	252,626	6,616	259,242	298,405
Premises costs	-	70,675	-	70,675	59,142
Office services and supplies	-	74,464	-	74,464	89,469
Loan interest	-	58,487	-	58,487	-
Hire purchase interest	-	1,604	-	1,604	-
Other costs	-	2,391	47	2,438	2,292
	<u>2,229</u>	<u>1,364,182</u>	<u>14,863</u>	<u>1,381,274</u>	<u>1,652,443</u>

Premises costs incorporate a notional charge of £21,500 in respect of rent. This has been brought in to reflect the difference between the true commercial rent due for the premises, as advised by Mass & Co – Chartered Surveyors, the sum of £22,000, and the amount physically paid - £500pa to The Great Stony School Trust as stated in a 99 year lease dated 11 August 1999. The additional charge has been reflected as a donation within Building income.

Staff costs are allocated to Support costs based on an allocation of gross wages by individual percentages specific to each employee's time spent on support.

7 NET INCOMING RESOURCES

The net incoming resources is stated after charging

	2012 £	2011 £
Depreciation - owned assets	60,664	26,947
Depreciation – assets held under hire purchase agreements	22,109	-
Auditors' remuneration - audit services	8,200	10,135
- non audit services	<u>8,504</u>	<u>881</u>

ZINC ARTS
(Limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

8 TAXATION

The company's activities fall under the exemption given by the Inland Revenue to charities, consequently no liability to UK Corporation tax has arisen on the ordinary activities of the company, neither for the year ended 31 March 2012 nor for the year ended 31 March 2011

9 STAFF COSTS

	2012 £	2011 £
The cost of employing staff which are included within Charitable activities on Note 6 were		
Wages and salaries	675,154	866,180
Social security costs	58,540	73,237
	<u>733,694</u>	<u>939,417</u>

The average monthly number of employees during the year was as follows

Administration and project workers	38	45
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No employee's emoluments exceeded £60,000 during the year

10 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Assets in the course of construction £	Long leasehold property £	Fixtures, fittings and equipment £	Total £
COST					
At 1 April 2011	510,789	3,544,418	-	289,654	4,344,861
Additions	-	863,431	-	401,759	1,265,190
Impairment	(130,789)				(130,789)
Transfer	-	(4,407,849)	4,407,849	-	-
	<u>380,000</u>	<u>-</u>	<u>4,407,849</u>	<u>691,413</u>	<u>5,479,262</u>
At 31 March 2012	380,000	-	4,407,849	691,413	5,479,262
DEPRECIATION					
At 1 April 2011	-	-	-	186,348	186,348
Charge for year	-	-	10,957	71,816	82,773
	<u>-</u>	<u>-</u>	<u>10,957</u>	<u>258,164</u>	<u>269,121</u>
At 31 March 2012	-	-	10,957	258,164	269,121
NET BOOK VALUE					
At 31 March 2012	<u>380,000</u>	<u>-</u>	<u>4,396,892</u>	<u>433,249</u>	<u>5,210,141</u>
At 31 March 2011	<u>510,789</u>	<u>3,544,418</u>	<u>-</u>	<u>103,306</u>	<u>4,158,513</u>

All the above assets are used for charitable purposes

Included in the net book value of Fixtures, fittings and equipment is £156,626 relating to assets held under hire purchase agreements

Included in Assets in the course of construction is capitalised interest of £106,379 (2011 £63,980) Total capitalised interest to date amounts to £170,359 (2011 £63,980) Loan interest was capitalised until the point at which construction work ceased, after which loan interest has been charged to the Statement of Financial Activity

ZINC ARTS
(Limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

**11 DEBTORS. AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2012	2011
	£	£
Trade debtors	76,842	423,917
Other debtors	115	3,355
Prepayments	17,746	11,271
Accrued income	<u>42,725</u>	<u>131,352</u>
	<u>£137,428</u>	<u>£569,895</u>

12 CURRENT ASSET INVESTMENTS

	2012	2011
	£	£
COIF fixed interest fund		
At 1 April 2011	46,543	34,261
Additions	-	10,725
Net unrealised gain	<u>5,170</u>	<u>1,557</u>
At 31 March 2012	<u>£51,713</u>	<u>£46,543</u>

Current asset investments are stated at market value and held to provide a return to the charity

**13 CREDITORS. AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2012	2011
	£	£
Loans	-	24,559
Trade creditors	80,743	472,720
Social security and other taxes	11,478	26,697
Other creditors	4,172	4,883
Hire purchase	37,425	-
Accruals	31,056	24,863
Deferred income (note 16)	<u>76,225</u>	<u>37,226</u>
	<u>£241,099</u>	<u>£590,948</u>

**14 CREDITORS. AMOUNTS FALLING
DUE AFTER ONE YEAR**

	2012	2011
	£	£
Futurebuilders Loan 1	1,654,801	1,563,952
Futurebuilders Loan 2	1,263,795	1,221,394
Hire purchase	<u>70,787</u>	<u>-</u>
	<u>£2,989,383</u>	<u>£2,785,346</u>

Included in Loans are amounts repayable by instalments after 5 years of £2,810,003 (2011 £2,571,817) The loans are being repaid over a period of 25 years at an interest rate of 6%

15 SECURITY

The charity has an agreed overdraft facility secured over the freehold property The loans are secured by way of a fixed charge over the charity's Long leasehold property Hire purchase liabilities are secured on the assets concerned

ZINC ARTS
(Limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

16 DEFERRED INCOME

	2012	2011
	£	£
At 1 April 2011	37,226	388,582
Amount released to incoming resources	(36,613)	(387,969)
Amount deferred in the year	<u>75,612</u>	<u>36,613</u>
At 31 March 2012	<u>£76,225</u>	<u>£37,226</u>

Deferred income is comprised of grants received in advance which the donor has specified must be used in future accounting periods

17 OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to being paid within one year

	Land and buildings		Other	
	2012	2011	2012	2011
	£	£	£	£
Expiring				
In two to five years	-	-	5,173	6,291
In more than five years	<u>22,000</u>	<u>22,000</u>	<u>-</u>	<u>-</u>

18 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The charity is involved in a dispute with its building contractor over additional fees regarding the overrun of the capital project. This dispute will likely involve litigation and remain unresolved for the foreseeable future. The trustees are very confident the result will be in the charity's favour and therefore no provision has been made in these financial statements.

19 RELATED PARTY DISCLOSURES

During the year two trustees received remuneration from the charity. A Smith received £600 (2011 £4,100) and B Lisicki received £500 (2011 nil) for services provided. No trustee received reimbursement of expenditure in respect of the charity's activities during the current or previous year.

The Great Stony School Trust as mentioned in Note 6 is a registered charity and two of its trustees are also on the board of trustees in this charity.

20 RECONCILIATION OF MOVEMENTS IN FUNDS

	2012	2011
	£	£
(Deficit)/Surplus for the financial year	(369,912)	1,135,329
Unrealised gains on investments	<u>5,170</u>	<u>1,557</u>
NET ADDITION TO FUNDS	<u>(364,742)</u>	<u>1,136,886</u>
Opening funds	<u>2,538,356</u>	<u>1,401,470</u>
CLOSING FUNDS	<u>£2,173,614</u>	<u>£2,538,356</u>

ZINC ARTS
(Limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

21 RESTRICTED FUNDS

	Balance at 31 3 11 £	Movement in funds			Balance at 31.3.12 £
		Incoming Resources £	Utilised £	Transfer	
Project work	156,405	525,755	(682,160)	-	-
Capital Development Project	1,767,364	275,904	-	(5,079)	2,038,189
Access to work	-	9,310	(9,310)	-	-
Neighbourhood Drop In	7,080	-	-	(3,862)	3,218
GSST grant for new kiln	1,375	-	-	(500)	875
Future Jobs fund	11,992	64,200	(76,192)	-	-
Young peoples forum - Camera	3,027	-	-	(1,009)	2,018
	<u>1,947,243</u>	<u>875,169</u>	<u>(767,662)</u>	<u>(10,450)</u>	<u>2,044,300</u>

The Capital element of grants received is being released to the unrestricted general funds over a period in line with the depreciation policy of the assets which were capitalised and is included within the transfer between funds

22 UNRESTRICTED DESIGNATED FUNDS

	Balance at 31 3 11 £	Unrealised Gain £	Reserve transfer £	Balance at 31 3.12 £
Capital repairs and renewal fund	<u>226,329</u>	<u>5,170</u>	<u>(179,786)</u>	<u>51,713</u>

The Capital repairs and renewal fund was created to provide for future anticipated major building costs. During the year additional funds were required to assist with the general administration and management of the charity, and these were transferred from the Unrestricted Designated Fund above

23 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible Fixed Assets £	Current Asset Investments £	Net Current liabilities £	Cash at Bank £	Long term liabilities £	Total £
Restricted funds	4,776,892	-	57,695	128,310	(2,918,596)	2,044,300
Designated funds	-	51,713	-	-	-	51,713
General funds	433,249	-	(161,366)	(123,496)	(70,787)	77,601
	<u>5,210,141</u>	<u>51,713</u>	<u>(103,671)</u>	<u>4,814</u>	<u>(2,989,383)</u>	<u>2,173,614</u>

24 ULTIMATE CONTROLLING PARTY

The company had no ultimate controlling party during the current or previous year