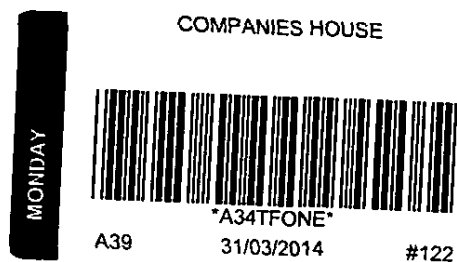


**REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013
FOR
ZINC ARTS
(LIMITED BY GUARANTEE)**

**Company Number · 2866315
Registered Charity Number · 1035444**

**Meyer Williams
Stag House
Old London Road
Hertford
Herts
SG13 7LA**



ZINC ARTS
(Limited by guarantee)

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FOR THE YEAR ENDED 31 MARCH 2013

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ZINC ARTS
(Limited by guarantee)
COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2013

DIRECTORS/TRUSTEES: K Tait
K Wright (Resigned 29 5 13)
A Smith
B Lisicki

EXECUTIVE TEAM: H Stradling – Chief Executive Officer (Appointed 1 7 12)
J Banks – Chief Executive Officer (Resigned 30 6 12)
A Wallbank – Creative Director (Resigned 30 6 12)
J Rennison – Director of Development & Communications
(resigned 30 4 12)

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
Stag House
Old London Road
Hertford
Herts
SG13 7LA
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
(Limited by guarantee)

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 2013, detailed as follows

DIRECTORS/TRUSTEES

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

B Lisicki
K Tait
K Wright (Resigned 29 5 13)
A Smith

CONSTITUTION

Zinc Arts (previously known as Theatre Resource) 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. It changed its name from Theatre Resource to Zinc Arts with The Charity Commission and Companies House on 22 November 2012.

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'.

GOVERNANCE

In 2012-2013 the Charity comprised a membership of 4 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 2012-2013 the Directors/Trustees were as detailed above.

The Trustees are responsible for formulating the strategy and policies for Zinc Arts as a whole and may meet at such times and regulate its meetings as it sees fit. In 2012-13, The Trustees met regularly both formally and informally, in order to steer the organisation through the tough financial climate and support the organisation through an Executive team restructure and changeover from the founding CEO to the new Chief Officer.

ZINC ARTS
(Limited by guarantee)
TRUSTEES' REPORT - Continued

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.

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.

ZINC ARTS
(Limited by guarantee)
TRUSTEES' REPORT - Continued

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 Arts 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, both with Zinc Arts and elsewhere. Volunteering, employment and supported employment opportunities include administration and fundraising, reception and building management, workshop leading/teaching, creating and 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 and residential breaks. 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.

STRATEGIC PLANNING

In April 2013, Zinc Arts launched its new three-year Business Plan, which will guide the work of the organisation through to March 2016. This plan is based on consultations, a review of its Vision, Aims and Objectives and reflecting the needs of the organisation as it settles into its newly refurbished Residential and Arts Centre, as well as the continuing challenging financial climate. The overarching organisational objective of Zinc Arts, which provides the umbrella for all Zinc Arts activity, is

To develop Zinc Arts into a nationally recognised arts organisation of excellence, specialising in the fields of Disability, wellbeing and inclusion, providing world class facilities and services that

- promote equality
- support great art in all its forms
- engage diverse communities
- bring disabled and non-disabled artists and communities together, supporting and developing artists and audiences
- Enable people to develop personally and professionally through a holistic programme of lifelong learning, training and employment opportunities
- Model inclusiveness and wellbeing through every internal and external function of the organisation

**ZINC ARTS
(Limited by guarantee)
TRUSTEES' REPORT - Continued**

During 2012-13, it was decided to retain a small but focused Board of Trustees, to ensure that decisions could be made efficiently and effectively in order to best navigate the challenging financial climate and internal restructuring necessitated by this. Recruitment of additional, new Trustees is a priority for 2013-14, once the organisation has settled into its new organisational structure.

STAFFING

During 2012/13, Zinc Arts employed 16 staff on its permanent payroll, including 5 permanent staff with disabilities, and supported a further 20 freelance and casual artists, including 7 Disabled artists.

On 30th June 2012, after 22 years of tireless, visionary service, the Founding CEO, Jeff Banks and Creative Director, Anna Wallbank left Zinc Arts. Having started the organisation as a partnership running Youth Theatres across West Essex in 1990, Jeff and Anna consistently developed and grew the organisation to the point where, in 2011, HRH, Prince Edward, Earl of Wessex opened its new, highly accessible and beautifully designed arts centre with residential accommodation. Both Jeff and Anna were pioneers in creating and delivering high quality, accessible arts programmes with children, young people and adults, building expertise in supporting individuals to achieve their full potential, whether Disabled artists or children excluded from school.

Jeff and Anna's vision, passion and relentless hard work has culminated in a beautiful building and portfolio of work, recognised for its high quality and the positive changes it has inspired for thousands of participants over the past 22 years. The Board of Trustees were sad to see them go but delighted with the appointment of Heather Stradling, who brings excellent working knowledge of the organization, as well as skills and experience gained from working in the wider arts sector. The Board has every confidence that Heather, together with the team of passionate and committed staff, will work effectively to ensure both Zinc Arts and its fantastic facilities achieve Jeff and Anna's vision of being a national centre of excellence for arts, access and inclusion.

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 £23,489 was granted by revenue funders (Essex County Council and Epping Forest District Council) towards the core work of the organisation in Essex and the Epping Forest District. This is a reduction of £37,160 on the previous year, as Arts Council England's 'Regularly Funded Organisation' (RFO) status for Zinc Arts was withdrawn. Whilst this level of funding is incredibly difficult to replace, having been prepared for this situation for over a year, it was possible to ensure the transition from 'RFO' to a project-funded organisation was as smooth as possible, with minimal negative impact on the work of the organisation.

Zinc Art'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 £358,455 during the year. Major project funding partners included Arts Council England, BBC Children in Need, Comic Relief, Lankelly Chase Foundation, Essex County Council, ERDF and Hertfordshire Adult and Family Learning Service. Being notified of a grant worth over £151,000 for the financial years 2013-15 from Arts Council England's Grants for the Arts programme, was a significant milestone in achieving the organisation's ambitions.

The total raised from hiring facilities at Zinc's arts and education centre in Chipping Ongar was £87,388. 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).

ZINC ARTS
(Limited by guarantee)
TRUSTEES' REPORT - Continued

Salary and wage expenses for both project and core/building staff (including social security costs) accounted for £456,533 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 £24,471.

Building operation, excluding salaries, cost £74,413.

There was a total deficit on the year of £575,302, against a planned deficit of £302,981.

One significant financial development in the year was a retrospective VAT registration, back-dated to January 2009. The leadership of the organisation had, at the beginning of the capital project, believed in good faith that the capital development was wholly zero-rated for VAT purposes. However, following extensive communications and negotiations with HMRC, supported by Tax Advisors, Constable VAT Consultancy LLP, it transpired that part of the capital development was standard rated for VAT purposes. Therefore, it was deemed appropriate and fair for Zinc Arts to register for VAT, backdated to the beginning of the capital development. Having paid over the course of the capital development in excess of £300,000 in VAT, a recovery method was agreed with HMRC which led to a VAT refund of £147,000 in February 2013.

Following an organisational restructure in March 2012, the Executive Team was reduced from a Team of four, to one CEO, with a new vacant post of Deputy Director. However, it was agreed during the year, not to recruit this post as there was still a degree of financial instability and the organisation needed to operate as lightly as possible. Therefore, some freelance contracts were agreed with individuals to support financial management and fundraising, enabling the organisation to work as efficiently as possible, whilst at the same time monitoring the staffing needs of the organisation in the future. Additionally, a new post of Centre Coordinator was created and recruited and Zinc Arts hosted its first two Essex Unite work placements, in partnership with ECDP, which provided additional support to the organisation.

The Board of Trustees are extremely grateful to the commitment and hard work of the staff team throughout this year, which began in an incredibly challenging environment and ended in a far better position than had initially been anticipated. Future years will undoubtedly continue to be tough for Zinc Arts, as it is for many within the charitable and arts sectors. However, there has been fantastic and significant support from funders, participants, partners, volunteers and staff, demonstrating the value of the organisation's work and the huge opportunities and potential for its future development.

The loan and interest repayment holiday on the investment received for the capital programme, agreed with Futurebuilders in 2011/12 and managed by the Social Investment Business (SIB), was extended throughout 2012/13, with additional support being provided through officer time and advice. NatWest Bank also agreed to extend its overdraft facility throughout 2012/13, to support the organisation to rebuild its financial position and build income from the new centre.

This support and associated activities have been vital to the gradual move back into financial health. Zinc Arts is at the beginning of what is likely to be a 5-year period of establishing the centre, maximising the income potential of its facilities, and moving towards realising a resilient and sustainable future. The Board is satisfied that the organisation has achieved significantly more than could have been expected at the year's beginning, and is confident that Zinc Arts is on the way to becoming financially strong again.

RESTRICTED FUNDS

As well as receiving a number of individual donations and income from individual fundraising activities, all of which were very gratefully received, fundraising for specific activities continued and success included receiving notification of funding from Arts Council England's Grants for the Arts Scheme and starting the first year of a three-year programme, funded by Comic Relief's Young People and Mental Health programme. Other funds were also received, and utilised, on specific project activities during the year.

ZINC ARTS
(Limited by guarantee)
TRUSTEES' REPORT - Continued

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. However, during 2012-13, it was necessary to withdraw £24,000 from the fund to support cash flow of the organisation. Because of recent centre improvements and the current financial climate, no further monies have been transferred to this fund in 2012/13 and the balance at end March 2013 was £31,164.

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 (£445,568). 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 month's 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.

PROJECT WORK

2012/13 saw Zinc piloting a number of new projects, including both Centre-based and outreach projects, delivering arts, education, training and participation activities, working with disabled and excluded people, as well as running and hosting a range of activities for local communities.

Having completed a number of large programmes in the previous financial year, 2012/13 was very much focused on developing new partnerships, testing out new approaches to see how the new centre works best, setting up new large programmes and developing plans for future activity. Zinc continued to develop its practice across all art forms, making films, music, animations, artwork and performance pieces.

ZINC ARTS
(Limited by guarantee)
TRUSTEES' REPORT – Continued

Zinc Arts began delivery of ArtZone, a three-year programme, supported by Comic Relief and Essex County Council, working with young people in secure units, in hospitals and in the community, focused on improving mental health of participants, whilst working with Anglia Ruskin University's Childhood and Youth Research Institute to research the benefits of arts practice to people's mental health. With additional support from Lankelly Chase Foundation, the programme was extended to include adults within secure units, enabling Zinc to continue its ongoing relationship with Brockfield House, Wickford. ArtZone is incredibly exciting for the organization and the arts and mental health sectors. As part of the funding, Zinc will be disseminating its findings to arts, mental health and voluntary sector bodies across the UK by the end of Year Three and it is hoped it will benefit all of those looking for creative and innovative approaches to addressing mental health issues.

Launch Pad, the Children in Need Fun and Friendship-funded programme, completed its third year of delivery, culminating in a final celebratory event in March 2013. During the year, Deaf young people and those with physical and/or sensory impairments, took part in a range of activity, from going to see The Lion King in the West End, to taking part in sculpture, spray arts and animation residential breaks at Zinc's Centre. A film made by the young people, with professional artists, was screened at the final event and is available on Zinc Arts' youtube channel. A range of important outcomes were achieved by and for individuals through the programme, with feedback including

'Launchpad makes me happy'

'Launchpad is amazing, a big impact on my life'

'I'm less scared and have met more friends'

'It's built up my confidence'

I'm Only Joking, a new Theatre in Education piece created with learning disabled actors, in partnership with Castlepoint Association of Voluntary Services and the Be Safer Essex Partnership, toured to special and mainstream schools, addressing issues around hate crime and bullying of people with learning disabilities.

Zinc completed its first year and began its second of delivering Personal and Community Development activities across Hertfordshire, funded by Hertfordshire Adult and Family Learning Service. A range of activities, including Animation, Drama and Textiles enabled adults to build a range of skills and move nearer to employment and/or achieving formal qualifications. Zinc was very proud to exceed its targeted numbers of participants and support higher numbers of individuals to move nearer to their personal goals through arts activities.

'My confidence has grown wouldn't have done this last year'

'They are resistant learners and what you have achieved is incredible'

At Zinc Arts Centre, the year began with the staff team pulling together to attract new users to the building, continuing to run a range of new projects from Brunch gang for 5-11 year olds to evening adult classes in different creative artforms. Running community activities was a new challenge for Zinc Arts and it was a struggle to attract numbers. During market research, local people had registered interest. However, with a new building and activities unfamiliar to people, we learnt that it takes significant efforts to get people to make the first steps into the building. Without seed funding to support the set-up, recruitment and gradual growth of activity, it wasn't viable for the organisation to subsidise courses. Instead, we supported a number of local community groups and independent group leaders to hold activities at Zinc, including Pilates, Zumba, Le Roc, Meditation, Circle Dance and Ongar Flower Club, to name a few, and we were delighted with feedback from those attending.

ZINC ARTS
(Limited by guarantee)
TRUSTEES' REPORT - Continued

Staff energies were able to be re-focused on increasing residential hires, which would have greater benefit for the organisation's long-term charitable objectives

2012/13 saw the first full year of Tolpuddle House, the housing and associated employment and training programme for vulnerable adults living on site in accommodation managed by East Thames Group. Nine adults received supported living and associated education, training and volunteering opportunities. Although there were challenges, particularly around funding packages for those who entered the scheme via Mental Health Services, there were also great successes. Two of the three mental health clients moved on successfully to new, more independent accommodation, having been previously homeless and in one case, in hospital before moving to Tolpuddle House. These clients are no longer receiving significant support from mental health services, demonstrating the effectiveness of the creative 'therapeutic community' at Zinc – a term used by a Social Worker within the mental health team.

Feedback on the building's facilities and the service provided by staff at Zinc Arts has been excellent, so although the first year of operation was a considerable challenge, there was significant positive feedback and growth in interest and attendance, that demonstrated the organisation was operating effectively, in the best interests of its beneficiaries and filling gaps in provision for the most vulnerable in our society.

Zinc ran its first residential short break for young people with multiple and complex impairments from the London Borough of Newham, enabling disabled young people to have an independent break away from home and parents/carers to have a rest from their caring responsibilities. Participants expressed their enjoyment of the break through communicating non-verbally with staff, whilst parents/carers comments included

' this was a fantastic opportunity to be independent. My son had never been before and he knew no-one on the stay. I am delighted with this aspect of the break, I am sure it broadened his horizons, and also gave him an insight into other disabilities other than his own '

'It was fantastic to have a break with complete peace of mind that D was in good hands, and doing wonderful art activities which he favours

Zinc also ran a programme of day and residential activities for children and young people including a cross-arts summer holiday residential, youth theatre activities and an Autumn residential for young people at risk of poor mental health in South Essex, funded by NHS South Essex.

Youth Forum members continued to play an important role in the life of the organization, through volunteering within our regular programme. Replacing the formal (typo) role of a Youth Forum, there has been a wide range of consultation with participants and centre users.

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. Zinc continued to guest lecture on East-15 Acting School's Degree in Community Theatre.

In summary, 2012-13 was a year of transition from the founding Directors to the new Director, settling into the new centre with a smaller staff team, whilst maintaining a continuous programme of high-quality arts work with a variety of communities. Feedback continued to be excellent, helped by the commitment to achieving excellent outcomes from staff, freelance contractors, volunteers and partners.

**ZINC ARTS
(Limited by guarantee)
TRUSTEES' REPORT - Continued**

Quality Assurance

Zinc's third Self-Assessment Report for the Academic Year for 2011-12 and Quality Improvement Plan for 2012/13 (Academic Year) was produced in relation to its work for HAFLS in Hertfordshire. This scored the organisation as Good – 2. The organisation worked through its actions for 2012/13 and continued to develop staff skills in relation to self-assessment and quality improvement. By the year end, Zinc started exploring the 'Learning Outside of the Classroom' Quality Mark for the residential centre and hopes to achieve this Quality Mark during 2013-14.

OTHER ACTIVITIES AT ZINC'S ARTS CENTRE BASE

In the first full year of opening, Zinc continued to support its regular hirers to use the centre's facilities, including a number of local community groups such as Ongar Flower Club, Ongar Millennium History Society, Ongar Wildlife Society as well as groups such as LeRoc Essex, Zumba, Circle Dance, Meditation, reading and philosophy groups.

Additionally, it was a delight to welcome residential hirers, many for the first time – including Alderman Blaxhill School, the Back-Up Trust, Catch 22, Extra 21, the Football Association (England's Paralympic Football team), Diabetes UK and Graeae Theatre Company. Outstanding feedback received from those staying with Zinc led to first-time bookers booking for further stays and enquiries for 2013/14 continuously increased.

PROJECT PARTNERS 2012/13

| | |
|--|---|
| Adam Amor – Zinc Zillas | Job Centre Plus Harlow |
| Alderman Blaxhill School, Colchester | Jubilee House Care trust |
| Aldwyck Housing Group | The Legacy Trust |
| Anglia Ruskin University | Leverton Hall Secure Unit – Essex County Council |
| Arts Award Youth Network | Le Roc Essex |
| Arts Council England, East | Leisure Direct, Hertfordshire |
| BBC Children in Need | Little Stars Children's Centre, Shelley |
| Bishops Stortford Ukelele Club | London Borough of Redbridge – children with disabilities services |
| Borehamwood Multi-Purpose Day Centre | St Aubyn's Adolescent Mental Health Unit, Colchester |
| Boshier Hinton Foundation | Make Do and Mend |
| Braintree Mencap | Maldon Youth Centre |
| Brocket Road Day Services, Hertfordshire | Moulsham High School, Chelmsford |
| Brockfield House – FMH Unit | National Deaf Children's Society |
| Calford Seaden LLP | Newham Council – Short Breaks Service |
| Campion School, Northampton | NHS South Essex |
| Care UK | North Essex Partnership Foundation Trust |
| Carousel | NSA – Sport and Active Leisure |
| Catch 22 | Oak View Special School Loughton |
| Castle Point Association of Voluntary Services | Ongar Flower Club |
| Chelmsford Male Voice Choir | Ongar Millennium History Society |
| Chipping Ongar Primary School | Ongar Town Council |
| Circle dance – Jill Hope | Ongar Wildlife Society |
| Claremont School, Harrow | Open Arts – South Essex NHS Trust |

ZINC ARTS
(Limited by guarantee)
TRUSTEES' REPORT – Continued

PROJECT PARTNERS 2012/13

| | |
|--|---|
| Colombus School and College, Chelmsford | Ormiston Rivers Academy |
| Dance Digital | Oskar Bright |
| Deafinitely Theatre | The Papworth Trust |
| Diabetes UK | Paula's Tea and a Chat, Hertfordshire |
| East 15 Acting School (University of Essex) | The Plume Academy, Maldon |
| East London Solutions | Phoenix Group, Hertfordshire |
| East Thames Group | PHAB, Hertfordshire |
| Edith Borthwick School, Braintree | Pioneer School, Basildon |
| Epping Forest District Council – Community Development | The Poplars |
| Epping Forest District Council - Housing | Princes Trust |
| EFDC - Epping Forest Arts | The Red Room |
| Equinox Coaching | Rochford District Council |
| Essex Be Safer Group | Royal Opera House Bridge |
| Essex Book Festival | Roy Strutt Photography |
| Essex Coalition of Disabled People | Quick Release |
| Essex Community Foundation | Shelley Partnership Agency |
| Essex County Council – Arts development | Shelley School, Ongar |
| Essex County Council – Adult and Community Learning | South Essex Partnership Trust – Occupational Therapy team |
| Essex County Council Adult Social Care Services | Southend Schools Trust |
| Essex County Council children with disabilities team | Southend YMCA |
| Essex Cultural Diversity Project | Sue Thomas Meditation |
| Extra 21 | Sylvia Clare Zumba |
| The Football Association | |
| Front Room Productions | |
| Great Stony Park Residents' Association | |

ZINC ARTS
(Limited by guarantee)
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

To achieve these plans, Zinc is aware of the need for widespread marketing of the new centre, in order to attract external business and encourage hires from a range of groups and organisations including

- local and regional businesses
- national and regional training organisations
- national, regional and local charities
- schools and education organisations
- Arts and creative organisations

Getting messages out about our fantastic facilities and resources, and that those hiring our spaces will also be supporting the charitable work of Zinc, will help attract income to support ongoing viability and in the long-term will ensure a diverse and healthier income base

The staff and Board continue to be passionate about the impact of Zinc's work with disabled children, young people and adults, and the need for our services. A key priority over the coming years will be to develop and strengthen the evidence of this impact and outcomes achieved, including research in partnership with Anglia Ruskin University. As part of our new three-year programme 'ArtZone', (supported by Comic Relief), clinical measures are being used to assess the impact of arts activity on individuals' mental health and wellbeing. We look forward to continuing to demonstrate the importance of this work and the value of it to many people's lives

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. For instance, the charity is continuing to maintain strong relationships with key funders including Social Investment Business and Natwest Bank, who are supporting with long-term planning as well as short term issues. The Board of Trustees have agreed a strategic action plan for 2014-15 and a related set of milestones. These documents will support effective risk management over the next year, monitored by the Board of Trustees, both inside and outside of trustee meetings and updated through the work of staff over the year.

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 a holistic way.

ZINC ARTS
(Limited by guarantee)
TRUSTEES' REPORT - Continued

Zinc continues to explore the inclusion of an element of 'social audit' in future annual reports. When the organisation has the available financial resources, then this work will be undertaken.

In line with its social responsibility, during 2012/13 Zinc intends to implement, review or update the following policies: Safeguarding Policy and Procedures, Equal Opportunities Policy and Procurement 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.


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

29/3/14
Dated


A Smith - Co-Chair

29/3/14
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 2013 on pages 16 to 26. 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 Trustee's 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 2013 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 £575,302 during the year ended 31st March 2013 and it had net current liabilities of £199,282. 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
Stag House
Old London Road
Hertford
SG13 7LA

Dated

31/3/1x

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 2013

| | Note | Unrestricted General Funds £ | Designated Funds £ | Restricted Funds £ | Total Funds 2013 £ | Total Funds 2012 (As restated) £ |
|---|------|---------------------------------------|--------------------------|--------------------------|-----------------------------|--|
| INCOMING RESOURCES | | | | | | |
| Incoming resources from charitable activities: | | | | | | |
| Revenue grants | 2 | 23,489 | - | 291,899 | 315,388 | 630,726 |
| Capital grants | 3 | - | - | 1,050 | 1,050 | 275,904 |
| Contracts and fees | 4 | 65,506 | - | - | 65,506 | 23,116 |
| Building income | | 87,388 | - | - | 87,388 | 29,146 |
| Incoming resources from generated funds: | | | | | | |
| Investment income | 5 | 17 | - | - | 17 | 2,226 |
| Other incoming resources: | | | | | | |
| Fundraising and donations | | 13,962 | - | - | 13,962 | 22,724 |
| Sundry income | | 8,362 | 1,230 | 1,119 | 10,711 | 10,269 |
| Total Incoming Resources | | 198,724 | 1,230 | 294,068 | 494,022 | 994,111 |
| RESOURCES EXPENDED | | | | | | |
| Activities for generating funds | | 118 | - | - | 118 | 2,229 |
| Charitable activities | | 774,496 | - | 290,753 | 1,065,249 | 1,348,852 |
| Governance costs | | 6,178 | - | - | 6,178 | 11,563 |
| Total Resources Expended | 6 | 780,792 | - | 290,753 | 1,071,545 | 1,362,644 |
| Net (resources expended) /incoming resources for the year before transfers and Net (Expenditure)/Income for the year | | | | | | |
| | 7 | (582,068) | 1,230 | 3,315 | (577,523) | (368,533) |
| Transfer between funds | | 45,071 | (24,000) | (21,071) | - | - |
| Net resources expended before recognised gains and losses | | (536,997) | (22,770) | (17,756) | (577,523) | (368,533) |
| Other recognised gains and losses | | | | | | |
| Unrealised gain on investments | | - | 2,221 | - | 2,221 | 5,170 |
| Net Movement in Funds | | (536,997) | (20,549) | (17,756) | (575,302) | (363,363) |
| Total funds brought forward as at 1 April 2012 | | 77,601 | 51,713 | 2,044,300 | 2,173,614 | 2,538,356 |
| 2011 Prior year adjustment | | 11,754 | - | (706) | 11,048 | 11,048 |
| 2012 Prior year adjustment | | 2,074 | - | (695) | 1,379 | - |
| Total funds brought forward as at 1 April 2012 restated | | 91,429 | 51,713 | 2,042,899 | 2,186,041 | 2,549,404 |
| Total funds carried Forward as at 31 March 2013 | | (445,568) | 31,164 | 2,025,143 | 1,610,739 | 2,186,041 |

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 18 to 26 form part of these financial statements

ZINC ARTS
(Limited by guarantee)
BALANCE SHEET AS AT
31 MARCH 2013

| | | 31 3 13 | | 31 3 12 (As restated) | |
|--|-------|----------------|--------------------------|--------------------------|--------------------------|
| | Notes | £ | £ | £ | £ |
| FIXED ASSETS: | | | | | |
| Tangible assets | 11 | | 4,869,554 | | 5,059,981 |
| CURRENT ASSETS: | | | | | |
| Debtors | 12 | 48,409 | | 301,416 | |
| Investments | 13 | 31,164 | | 51,713 | |
| Cash at bank | | 843 | | 4,814 | |
| | | 80,416 | | 357,943 | |
| CREDITORS: Amounts falling due within one year | 14 | 279,698 | | 242,500 | |
| NET CURRENT (LIABILITIES)/ASSETS: | | | (199,282) | | 115,443 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 4,670,272 | | 5,175,424 |
| CREDITORS: Amounts falling due after more than one year | 15 | | 3,059,533 | | 2,989,383 |
| | | | <u>£1,610,739</u> | | <u>£2,186,041</u> |
| RESERVES: | | | | | |
| Restricted funds | 22 | | 2,025,143 | | 2,042,899 |
| Designated funds - Capital repairs and renewals fund | 23 | | 31,164 | | 51,713 |
| General fund - unrestricted | | | (445,568) | | 91,429 |
| TOTAL CHARITY FUNDS: | 21 | | <u>£1,610,739</u> | | <u>£2,186,041</u> |

ON BEHALF OF THE TRUSTEES.


A Smith


B Lisicki

Approved by the Trustees on 29/3/14

The notes on pages 18 to 26 form part of these financial statements

ZINC ARTS
(Limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

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 has received a significant VAT repayment in the year
- 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 2013

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 |
| 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.

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 objectives 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 objectives 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, net of all VAT.

- 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.
- Irrecoverable VAT is shown separately as Resources expended within the principle activity that incurred the original VAT.

ZINC ARTS
(Limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

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, net of VAT where applicable. 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.

Recognised 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 2013

2 SOURCES OF MATERIAL REVENUE GRANTS

| | Unrestricted Funds | Restricted Funds | Total 2013 | Total 2012 (As restated) |
|-------------------------------------|-----------------------|---------------------|----------------|--------------------------------|
| | £ | £ | £ | £ |
| DWP – Future Jobs Fund | - | - | - | 64,200 |
| COVER | - | - | - | 194,489 |
| Essex County Council | 18,850 | 50,542 | 69,392 | 124,838 |
| Arts Council England | - | - | - | 72,748 |
| Children in Need | - | 92,877 | 92,877 | 133,403 |
| ERDF | - | 54,438 | 54,438 | 31,829 |
| Epping Forest District Council | 4,639 | - | 4,639 | 4,419 |
| Herts Adult Family Learning Support | - | 57,507 | 57,507 | - |
| TMF Bailey Thomas Charitable Fund | - | 3,000 | 3,000 | - |
| South East Essex PCT | - | 7,500 | 7,500 | - |
| Castle Point AVS | - | 6,035 | 6,035 | - |
| Lankelly Chase Foundation | - | 10,000 | 10,000 | - |
| Comic Relief | - | 10,000 | 10,000 | - |
| Other Grants | - | - | - | 4,800 |
| | <u>23,489</u> | <u>291,899</u> | <u>315,388</u> | <u>630,726</u> |

3 SOURCES OF MATERIAL CAPITAL GRANTS

| | Unrestricted Funds | Restricted Funds | Total 2013 | Total 2012 (As restated) |
|--------------------------------|-----------------------|---------------------|---------------|--------------------------------|
| | £ | £ | £ | £ |
| Arts Council England | - | - | - | 50,000 |
| Essex County Council | - | - | - | 142,000 |
| East Thames | - | - | - | 4,004 |
| Epping Forest District Council | - | - | - | 5,000 |
| National Lottery | - | 1,050 | 1,050 | 7,400 |
| Quaker Hsg Trust | - | - | - | 10,000 |
| Garfield Weston | - | - | - | 20,000 |
| Wolfson Foundation | - | - | - | 30,000 |
| Other capital grants | - | - | - | 7,500 |
| | <u>-</u> | <u>1,050</u> | <u>1,050</u> | <u>275,904</u> |

4 SOURCES OF MATERIAL CONTRACTS AND FEES

| | Unrestricted Funds | Restricted Funds | Total 2013 | Total 2012 (As restated) |
|---------------------------------|-----------------------|---------------------|---------------|--------------------------------|
| | £ | £ | £ | £ |
| Learning and Skills Council/SFA | - | - | - | (9,724) |
| Essex County Council | - | - | - | 8,306 |
| Hertfordshire County Council | 20,865 | - | 20,865 | 21,296 |
| Other contracts and fees | 44,641 | - | 44,641 | 3,238 |
| | <u>65,506</u> | <u>-</u> | <u>65,506</u> | <u>23,116</u> |

ZINC ARTS
(Limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

5 INVESTMENT INCOME

| | 2013 | 2012 (As restated) |
|--------------------------|-----------|-----------------------|
| | £ | £ |
| Deposit account interest | <u>17</u> | <u>2,226</u> |

6 TOTAL RESOURCES EXPENDED

| | Activities for generating funds 2013 | Charitable activities 2013 | Governance costs 2013 | Total 2013 | Total 2012 (As restated) |
|---|---|----------------------------------|-----------------------------|------------------|--------------------------------|
| | £ | £ | £ | £ | £ |
| Costs directly allocated to activities | | | | | |
| Direct project expenses | - | 24,471 | - | 24,471 | 53,598 |
| Project staff costs | - | 274,595 | - | 274,595 | 546,775 |
| Legal and professional fees | - | 41,819 | - | 41,819 | 46,534 |
| Depreciation | - | 131,266 | - | 131,266 | 78,103 |
| Impairment of freehold property | - | 63,500 | - | 63,500 | 130,789 |
| Loss on disposal of fixed assets | - | 267 | - | 267 | - |
| Auditors remuneration | - | - | 6,167 | 6,167 | 4,900 |
| Marketing and communications | - | 11,508 | - | 11,508 | 20,723 |
| Recruitment costs | 118 | - | - | 118 | 2,229 |
| Insurance | - | 13,918 | - | 13,918 | 9,715 |
| Bad debts | - | 37,867 | - | 37,867 | - |
| Support costs allocated to activities | | | | | |
| Staff costs | - | 180,268 | - | 180,268 | 256,782 |
| Premises costs | - | 74,413 | - | 74,413 | 68,244 |
| Office services and supplies | - | 73,563 | - | 73,563 | 64,559 |
| Irrecoverable VAT | - | 14,127 | - | 14,127 | 17,240 |
| Hire purchase interest | - | 5,042 | - | 5,042 | 1,604 |
| Interest payable | - | 3,658 | - | 3,658 | - |
| Loan interest | - | 109,775 | - | 109,775 | 58,487 |
| Other costs | - | 5,192 | 11 | 5,203 | 2,362 |
| | <u>118</u> | <u>1,065,249</u> | <u>6,178</u> | <u>1,071,545</u> | <u>1,362,644</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 estimated 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

| | 2013 | 2012 (As restated) |
|---|----------------|-----------------------|
| | £ | £ |
| Depreciation - owned assets | 88,108 | 60,664 |
| Depreciation – assets held under hire purchase agreements | 43,158 | 22,109 |
| Auditors' remuneration - audit services | 6,167 | 4,900 |
| - non audit services | - | 8,504 |
| | <u>137,433</u> | <u>96,177</u> |

ZINC ARTS
(Limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

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 2013 nor for the year ended 31 March 2012

9 STAFF COSTS

| | 2013 | 2012 (As restated) |
|--|-----------------------|-----------------------|
| | £ | £ |
| The cost of employing staff which are included within Charitable activities on Note 6 were | | |
| Wages and salaries | 315,154 | 675,154 |
| Social security costs | 27,132 | 58,540 |
| | <u>342,286</u> | <u>733,694</u> |

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

| | | |
|------------------------------------|-----------|----|
| Administration and project workers | 15 | 38 |
|------------------------------------|-----------|----|

No employee's emoluments exceeded £60,000 during the year

10 PRIOR YEAR ADJUSTMENT

During the year the charity was granted retrospective VAT registration effective from 1 January 2009. As a result the charity changed its accounting policy with regards to the treatment of VAT and applied the policy over the previous four years, netting off all incoming and expended resources and assets applicable to VAT and resulting in a VAT debtor brought forward into the current year and repaid by HMRC in February 2013.

11 TANGIBLE FIXED ASSETS

| | Freehold land and buildings £ | Long leasehold property £ | Fixtures, fittings and equipment £ | Total £ |
|--------------------------------|-------------------------------------|------------------------------------|---|-------------------------|
| COST. | | | | |
| At 1 April 2012 (As restated) | 380,000 | 4,287,121 | 657,311 | 5,324,432 |
| Additions | - | - | 4,996 | 4,996 |
| Disposals | - | - | (2,254) | (2,254) |
| Impairment | (63,500) | - | - | (63,500) |
| | <u>316,500</u> | <u>4,287,121</u> | <u>660,053</u> | <u>5,263,674</u> |
| At 31 March 2013 | <u>316,500</u> | <u>4,287,121</u> | <u>660,053</u> | <u>5,263,674</u> |
| DEPRECIATION | | | | |
| At 1 April 2012 (As restated) | - | 10,550 | 253,901 | 264,451 |
| Charge for year | - | 31,756 | 99,510 | 131,266 |
| Elimination on disposal | - | - | (1,597) | (1,597) |
| | <u>-</u> | <u>42,306</u> | <u>351,814</u> | <u>394,120</u> |
| At 31 March 2013 | <u>-</u> | <u>42,306</u> | <u>351,814</u> | <u>394,120</u> |
| NET BOOK VALUE: | | | | |
| At 31 March 2013 | <u>316,500</u> | <u>4,244,815</u> | <u>308,239</u> | <u>4,869,554</u> |
| At 31 March 2012 (As restated) | <u>380,000</u> | <u>4,276,571</u> | <u>403,410</u> | <u>5,059,981</u> |

All the above assets are used for charitable purposes

Included in the net book value of Fixtures, fittings and equipment is £113,469 (2012 £156,627) relating to assets held under hire purchase agreements

ZINC ARTS
(Limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

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

| | 2013 | 2012 (As restated) |
|----------------|-----------------------|-----------------------|
| | £ | £ |
| Trade debtors | 33,873 | 76,842 |
| Other debtors | 282 | 164,103 |
| Prepayments | 6,067 | 17,746 |
| Accrued income | 8,187 | 42,725 |
| | <u>£48,409</u> | <u>£301,416</u> |

13 CURRENT ASSET INVESTMENTS

| | 2013 | 2012 (As restated) |
|-------------------------------------|-----------------------|-----------------------|
| | £ | £ |
| COIF fixed interest fund | £ | £ |
| At 1 April 2012 | 51,713 | 46,543 |
| Sale of units | (24,000) | - |
| Realised gain on sale of investment | 1,230 | - |
| Unrealised gain | 2,221 | 5,170 |
| | <u>£31,164</u> | <u>£51,713</u> |
| At 31 March 2013 | | |

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

**14 CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

| | 2013 | 2012 (As restated) |
|---------------------------------|------------------------|-----------------------|
| | £ | £ |
| Loans and overdrafts | 87,468 | - |
| Trade creditors | 35,847 | 80,743 |
| Social security and other taxes | 6,270 | 11,478 |
| Other creditors | 3,592 | 5,573 |
| Hire purchase | 39,625 | 37,425 |
| Accruals | 33,395 | 31,056 |
| Deferred income (note 16) | 73,501 | 76,225 |
| | <u>£279,698</u> | <u>£242,500</u> |

**15 CREDITORS: AMOUNTS FALLING
DUE AFTER ONE YEAR**

| | 2013 | 2012 (As restated) |
|-----------------------|--------------------------|-----------------------|
| | £ | £ |
| Futurebuilders Loan 1 | 1,704,011 | 1,654,801 |
| Futurebuilders Loan 2 | 1,324,360 | 1,263,795 |
| Hire purchase | 31,162 | 70,787 |
| | <u>£3,059,533</u> | <u>£2,989,383</u> |

The loan agreement provides for the loans to be repaid over a period of 25 years at an interest rate of 6%. However, interest and repayment holidays have been granted until March 2015 and the repayment terms remain under negotiation

ZINC ARTS
(Limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

16 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 purchased.

17 DEFERRED INCOME

| | 2013 | 2012 (As restated) |
|---------------------------------------|-----------------------|-----------------------|
| | £ | £ |
| At 1 April 2012 | 76,225 | 37,226 |
| Amount released to incoming resources | (65,612) | (36,613) |
| Amount deferred in the year | <u>62,888</u> | <u>75,612</u> |
| At 31 March 2013 | <u>£73,501</u> | <u>£76,225</u> |

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

18 OPERATING LEASE COMMITMENTS

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

| | Land and buildings | | Other | |
|-------------------------|---------------------------|-----------------------|--------------|-----------------------|
| | 2013 | 2012 (As restated) | 2013 | 2012 (As restated) |
| | £ | £ | £ | £ |
| Expiring | | | | |
| In two to five years | - | - | 5,173 | 5,173 |
| In more than five years | <u>22,000</u> | <u>22,000</u> | <u>-</u> | <u>-</u> |

19 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.

20 RELATED PARTY DISCLOSURES

During the year A Smith received £1,800 (2012: £600) and B Lisicki received £nil (2012: £500) 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 one of its trustees is also on the board of trustees in this charity.

21 RECONCILIATION OF MOVEMENTS IN FUNDS

| | 2013 | 2012 (As restated) |
|---------------------------------|--------------------------|-----------------------|
| | £ | £ |
| Deficit for the financial year | (577,523) | (368,533) |
| Unrealised gains on investments | <u>2,221</u> | <u>5,170</u> |
| NET REDUCTION TO FUNDS | (575,302) | (363,363) |
| Opening funds | 2,184,661 | 2,538,356 |
| Prior year adjustment | <u>1,380</u> | <u>11,048</u> |
| Restated opening funds | <u>2,186,041</u> | <u>2,549,404</u> |
| CLOSING FUNDS | <u>£1,610,739</u> | <u>£2,186,041</u> |

ZINC ARTS
(Limited by guarantee)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

22 RESTRICTED FUNDS

| | Balance at 31 3 12 (As restated) £ | Movement in funds | | | Balance at 31.3.13 £ |
|-------------------------------|--|----------------------------|------------------|-----------------|----------------------------|
| | | Incoming Resources £ | Utilised £ | Released | |
| Project work | (1,401) | 291,899 | (290,498) | - | - |
| Capital Development Project | 2,038,189 | 1,050 | - | (15,105) | 2,024,134 |
| Access to work | - | 1,119 | (255) | (864) | - |
| Neighbourhood Drop In | 3,218 | - | - | (3,218) | - |
| GSST grant for new kiln | 875 | - | - | (875) | - |
| Young peoples' forum - Camera | 2,018 | - | - | (1,009) | 1,009 |
| | <u>2,042,899</u> | <u>294,068</u> | <u>(290,753)</u> | <u>(21,071)</u> | <u>2,025,143</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

23 UNRESTRICTED DESIGNATED FUNDS

| | Balance at 31 3 12 (As restated) £ | Sale of units £ | Realised gain on sale £ | Unrealised Gain £ | Balance at 31.3.13 £ |
|----------------------------------|---|-----------------------|-------------------------------|-------------------------|----------------------------|
| Capital repairs and renewal fund | <u>51,713</u> | <u>(24,000)</u> | <u>1,230</u> | <u>2,221</u> | <u>31,164</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

24 ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Tangible Fixed Assets £ | Current Asset Investments £ | Net Current liabilities £ | Cash at Bank £ | Long term liabilities £ | Total £ |
|------------------|----------------------------------|--------------------------------------|------------------------------------|-------------------------|-------------------------------|------------------|
| Restricted funds | 4,244,815 | - | (69,661) | 909,522 | (3,059,533) | 2,025,143 |
| Designated funds | - | 31,164 | - | - | - | 31,164 |
| General funds | 624,739 | - | (74,160) | (996,147) | - | (445,568) |
| | <u>4,869,554</u> | <u>31,164</u> | <u>(143,821)</u> | <u>(86,625)</u> | <u>(3,059,533)</u> | <u>1,610,739</u> |

25 ULTIMATE CONTROLLING PARTY

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

ZINC ARTS
(Limited by guarantee)
DETAILED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2013

| | 31.3 13 | | 31 3 12 (As restated) | |
|--|---------|-----------|--------------------------|-----------|
| | £ | £ | £ | £ |
| Incoming resources from charitable activities | | | | |
| Revenue grants | 315,388 | | 630,726 | |
| Capital grants | 1,050 | | 275,904 | |
| Contracts and fees | 65,506 | | 23,116 | |
| Building income | 87,388 | | 29,146 | |
| | | 469,332 | | 958,892 |
| Incoming resources from generated funds: | | | | |
| Investment income | 17 | | 2,226 | |
| | | 17 | | 2,226 |
| Other incoming resources: | | | | |
| Fundraising and donations | 13,962 | | 22,724 | |
| Sundry income | 10,711 | | 10,269 | |
| | | 24,673 | | 32,993 |
| TOTAL INCOMING RESOURCES | | 494,022 | | 994,111 |
| RESOURCES EXPENDED | | | | |
| Costs directly allocated to activities: | | | | |
| Project expenses | 24,471 | | 53,598 | |
| Project staff costs | 274,595 | | 546,775 | |
| Legal and professional fees | 41,819 | | 46,534 | |
| Depreciation | 131,266 | | 78,103 | |
| Impairment of freehold property | 63,500 | | 130,789 | |
| Loss on disposal of fixed assets | 267 | | - | |
| Auditors remuneration | 6,167 | | 4,900 | |
| Marketing and communications | 11,508 | | 20,723 | |
| Recruitment costs | 118 | | 2,229 | |
| Insurance | 13,918 | | 9,715 | |
| Bad debts | 37,867 | | - | |
| | | 605,496 | | 893,366 |
| Support costs allocated to activities: | | | | |
| Staff costs | 180,268 | | 256,782 | |
| Premises costs | 74,413 | | 68,244 | |
| Other costs | 5,203 | | 2,362 | |
| Office services and supplies | 73,563 | | 64,559 | |
| Irrecoverable VAT | 14,127 | | 17,240 | |
| Hire purchase interest | 5,042 | | 1,604 | |
| Loan interest | 109,775 | | 58,487 | |
| Bank interest | 3,658 | | - | |
| | | 466,049 | | 469,278 |
| TOTAL RESOURCES EXPENDED | | 1,071,545 | | 1,362,644 |
| DEFICIT FOR THE YEAR | | (577,523) | | (368,533) |