

**BRIGHT RED DOT FOUNDATION LIMITED**

**Charity no 1075749**

**Company no 3635124**

**CONSOLIDATED  
FINANCIAL STATEMENTS  
- for the year ended -  
31 MARCH 2007**

**GOODMAN JONES LLP**  
Chartered Accountants  
29/30 Fitzroy Square  
London W1T 6LQ

Reference KD/2612/JRF

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**BRIGHT RED DOT FOUNDATION LIMITED**

LEGAL AND ADMINISTRATIVE INFORMATION FORMING PART OF  
THE DIRECTORS AND TRUSTEES REPORT

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**Trustees**

H Taylor Thompson MBE FRSA  
O Olatode BSc MSc MBA IPSM FCCA  
T J A Curry MA FCA  
R Pauley  
A Mulcare

**Company Secretary**

J Shute

**Registered Office**

32 - 36 Loman Street  
London SE1 0EE

**Business Address**

Downstream Building  
1 London Bridge  
London  
SE1 9BG

**Auditors**

Goodman Jones LLP  
29/30 Fitzroy Square  
London W1T 6LQ

**Bankers**

Barclays Bank Plc  
Fleet Street Business Centre  
Strand Corporate Banking Group  
99 Hatton Garden  
London EC1N 8DN

**BRIGHT RED DOT FOUNDATION LIMITED**

**INDEX TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007**

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## **BRIGHT RED DOT FOUNDATION LIMITED**

### **REPORT OF THE TRUSTEES**

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The trustees, who are also directors of the charity for the purposes of the Companies Act 1985 and Charities Act 1993, present their annual report and audited financial statements for the year ended 31 March 2007. The accounts comply with the Companies Act 1985, Bright Red Dot Foundation Ltd's governing document and the Statement of Recommended Practice (SORP 2005).

### **REFERENCE AND ADMINISTRATIVE DETAILS**

Bright Red Dot Foundation Ltd (trading as Community Action Network - CAN) is a charitable company limited by guarantee and was established in September 1998.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

Bright Red Dot Foundation is governed by its Memorandum and Articles of Association, adopted on 15 September 1998 and last amended on 19 April 1999.

The Board of Trustees consists of five members who control and manage the affairs of the charity. During the year, the governance structure of CAN and its fully owned subsidiary Mezzanine 2 was reviewed. It was agreed that a closer working relationship should be fostered.

Trustees are given a comprehensive induction when they join CAN.

The Chief Executive is responsible for the day to day management of CAN and for implementing the policies agreed by the Board of Trustees. The Chief Executive is supported by the Management Team.

### **TRUSTEES**

The trustees who served during the year were as follows:

H Taylor Thompson OBE	
T Bentley	(resigned 24 July 2006)
O Olatode	
T Curry	
A Ballantyne	(resigned 19 March 2007)
R Pauley	(appointed 6 November 2006)
T Mulcare	(appointed 22 January 2007)

None of the trustees received any remuneration from the charity during the current or prior years.

### **STATEMENT OF TRUSTEES RESPONSIBILITIES**

The trustees are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The board of trustees ensures that Bright Red Dot Foundation meets its aims and objectives as stated in the Memorandum and Articles of Association. The board of trustees are also responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the board of trustees to prepare financial statements for each financial year that gives a true and fair view of the state of affairs of CAN as at the end of the financial year and of its surpluses or deficit or that periods. In preparing these financial statements, the board must:

- Select suitable accounting policies and then apply them consistently,
- Make judgements and estimates that are reasonable and prudent,
- Prepare the financial statements on a going-concern basis (unless it is inappropriate to presume that the charity will continue on this basis),
- State whether applicable accounting standards have been followed,

The trustees are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

## **BRIGHT RED DOT FOUNDATION LIMITED**

### **REPORT OF THE TRUSTEES (continued)**

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#### **RISK MANAGEMENT**

The board of trustees have overall responsibility for risk management. The board can confirm that the major risks to which CAN is exposed have been reviewed and the procedures established to manage the risks.

#### **OBJECTS, OBJECTIVES AND PRINCIPAL ACTIVITIES OF THE CHARITY**

CAN's Mission is to effect, through social entrepreneurs, major social change and to transform the lives of deprived communities in a tangible and measurable way. The Vision is to work directly and with partners to develop a vibrant, exciting, robust, effective and sustainable social economy in the UK that improves prosperity, quality of life and well-being for all and in particular for disadvantaged communities in both urban and rural areas.

#### **ACHIEVEMENTS AND PERFORMANCE**

##### **REVIEW OF 2006/07**

CAN is making good progress against its three-year strategic targets. A small surplus was made in the financial year to 31 March 2007 and CAN has a strong team in place to continue to progress against target, supported by a good trustee board with the right background to direct CAN's strategic future.

##### **Some highlights**

###### **Achievements**

###### **• Financial**

- o CAN has generated a small surplus of income over expenditure, and the reserves are being built. This will enable the organisation to continue to develop innovative and creative ways of supporting social enterprises and entrepreneurs.

###### **• People**

- o Two new directors were recruited to Mezzanine 2 Ltd (now trading as CAN Mezzanine) and CAN's Communications department respectively. They both bring sector and commercial knowledge to the Executive team.
- o James Alexander, Managing Director for three and half years, leaves CAN. He has been pivotal to CAN's direction and welfare and we are grateful for his support.
- o The relationship between CAN and CAN Mezzanine was reviewed. It was decided that the two organisations would remain separate entities. To foster a closer working relationship between the two organisations, Tony Mulcare and Robin Pauley have now joined the Trustee Board of CAN.

###### **• CAN Mezzanines**

- o CAN Mezzanine London Bridge is at full occupancy.
- o It won the Charity Awards 2006 in the Research, Support & Advice category.
- o CAN Mezzanine's first replication (Loman Street, Southwark) opened in February 2007. This is the second London CAN Mezzanine, with capacity for over 280 desks.
- o CAN recruited a Services Development Manager for the new Loman Street Mezzanine. Her role is to develop services and support opportunities for customers. We are also introducing value-adding benefits, such as informal breakfast drinks meetings, in both Mezzanines.

###### **• Social Enterprise Support**

- o CAN successfully completed two European funded programmes during the year - the programme to support refugees and support to black and ethnic minority start-ups. The Millennium Volunteers' programme has been extended for another nine months to the end of December 2007.

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**BRIGHT RED DOT FOUNDATION LIMITED**

**REPORT OF THE TRUSTEES (continued)**

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• **Social Investment**

Breakthrough, CAN's social investment programme with Permira, has invested in four social enterprises through its Breakthrough I programme. The social impact being achieved by these organisations is being tracked. Permira has agreed to a further three years funding, spanning 2007 - 2010.

- o CAN successfully developed a six-month pilot Leadership Development project with SONY, providing their fast-track management staff with experience of working with social enterprises. After excellent feedback from all parties, a second contract has been secured to work with an additional sixteen SONY staff.

• **Communications**

- o CAN won the Office of the Third Sector "Voice" contract, to promote the views and activities of social enterprises to opinion formers. A Communications team has been recruited to deliver objectives and build CAN's communication department outputs, both internally and externally.
- o A new brand, materials and website have been launched in 2007. CAN is tracking its social impact (SROI) across its activities to support its communications activity.
- o Internal Events have been launched for CAN Social Investment and to use CAN Mezzanine customers as experts for consultation to policymakers.

• **Learning Network**

- o Increase in Internet usage and developments in technology have resulted in a review of CAN's traditional membership offering. CAN is creating and launching an online community from October 2007 and moving away from its formal membership activity. A Customer Relationship Management system is being developed to widen and make better use of our UK database of social entrepreneurs and enterprises.

**Challenges**

- o Packaging and selling of expertise and intellectual property, including the CAN Mezzanine operations manual and financial models, to third parties.
- o Managing CAN's innovative process and keeping abreast of the emergent strategies, whilst managing the day to day issues and maintaining out focus.
- o Keeping the finances tight and continuing to develop other sources of sustainable income.
- o Measuring the social impact of CAN's activities.

**Our thanks to**

- Our loyal and immensely hard working team, including our many volunteers.
- Our funders and supporters including the Office of the Third Sector, The Esmée Fairburn Foundation, the Charities Aid Foundation, Bridge House Foundation and the City Parochial Fund.
- Our private sector partners and mentors such as Permira, Impact, Alan Hirzel from Bain & Co, Gillian Stamp of Bios and David Carrington.

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**BRIGHT RED DOT FOUNDATION LIMITED**

**REPORT OF THE TRUSTEES (continued)**

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**Our strategic aims continue to be**

- Focusing on supporting social entrepreneurs to scale up their organisations and maximise their social impact
- Replication and quality assurance of CAN Mezzanines - Great Offices for the Third Sector Providing high quality, affordable office space in great locations Once saturation of London has been achieved, we will take the model outside the capital, to support the regions
- CAN Social Investment Building Breakthrough Social Investment Fund to increase investment and the number of social enterprises, through high level engagement from the corporate sector CAN will also replicate its Apprentice model to corporates looking for innovative HR solutions
- Increasing the profile of social enterprises and entrepreneurs with policy makers and opinion formers and delivering our "Voice" contract

**Key Objectives for the 2007/08 are**

- **Financial and funding**
  - Continue to aim for financial sustainability by maintaining the level of surplus made in 2006/07
  - Contribute to reserves in order to achieve the target reserve level of £300,000
  - Continue to manage cash flow
- **People and Partnerships**
  - Staff – keep the skills fresh and in line with CAN's requirements
  - Manage the tension between CAN's competitors and collaborators
- **CAN Mezzanines**
  - Maintaining full occupancy at all CAN Mezzanines
  - The development of two new CAN Mezzanines, according to market analysis
  - Development of CAN services to bring added value to customers - looking for opportunities to segment our market
  - Packaging and selling of expertise and intellectual property of CAN Mezzanine clustering
- **Social Enterprise support**
  - Continuation of programmes aimed at black minority ethnic groups and other hard to reach groups and seeking to offer funders the opportunity to adopt the same approach to assisting the groups they fund in order to improve their sustainability and longer term prospects
- **Social Investment**
  - Build a £3m fund to support more social enterprises
  - Engage with three new corporates to deliver the Leadership Development Programme
- **Network**
  - Maintain and support a wider network providing online peer communication, advice and promotion across the UK
- **Communications**
  - Increase CAN's profile externally
  - Income generation through promotion of CAN's services and exploring one new surplus-generating project

**BRIGHT RED DOT FOUNDATION LIMITED****REPORT OF THE TRUSTEES (continued)****REVIEW OF ACTIVITIES OF ASSOCIATES AND SUBSIDIARIES**

**CAN Mezzanine** is a fully self sustaining social enterprise, it builds on CAN's experience in creating a successful collaborative working environment in Waterloo (home to over 200 staff from 25 organisations)

To date, 65 social sector organisations share 30,000 sqft of office space across three floors of 1 London Bridge. Nine organisations share space at the recently opened Loman Street site. CAN Mezzanine is recognised as a landmark enterprise for the social sector and a flagship project for the London Development Agency, which part funded its opening.

**PrimeTimers** provide business support and solutions to the third sector. They are a membership organisation of business experts and in 2006/07 have expanded their membership to 97 people (90 in 2005/06). Projects have included interim and project management, mentoring, consulting and trusteeship.

**Financial commentary**

A consolidated set of accounts has been prepared which incorporates the accounts of our fully owned subsidiary charity – Mezzanine 2 and our share in Prime Timers, both companies limited by guarantee.

The consolidated net movement in funds for the year consists of

	Opening balance £	Movement £	Closing balance £
CAN	228,130	(72,019)	156,111
Mezzanine 2 Limited	722,610	502,512	1,225,122
PrimeTimers	227	811	1,038
	<u>950,967</u>	<u>431,304</u>	<u>1,382,271</u>

These consist of unrestricted and restricted fund balances as follows

	Unrestricted Funds £	Restricted Funds £	Total Funds £
CAN	82,586	73,525	156,111
Mezzanine 2 Limited	803,183	421,939	1,225,122
PrimeTimers	1,038	-	1,038
	<u>886,807</u>	<u>495,464</u>	<u>1,382,271</u>

CAN recorded a surplus of £21,562. In the financial year ended 2006/07, after transfers between funds, £642 has been added to our free reserves in line with our aim to build our reserves.

CAN Mezzanine recorded an overall surplus of £441,024, made up of unrestricted surplus of £542,289 and restricted deficit of £101,265. £670,000 of the unrestricted surplus was as a result of a joint venture transaction. £325,000 has been spent on capital fit out of the new Loman Street building and £160,000 has been designated by the trustees to CAN towards its support of social entrepreneurs and social enterprises. The restricted deficit is as a result of write off of refurbishment depreciation against the 2006/07 restricted capital donation received from the London Development Agency.

PrimeTimers recorded a profit of £4,053 in the financial year ended 31 March 2007. CAN is one of five members of the company, with active interest in its development, we have consolidated our 20% share of the profit and treated this interest as an associate.

**Reserves policy**

The trustees approved a Reserves Policy during the year and agreed to build up free reserves to £300,000 in cash or assets that are easily converted into cash. As at 31 March 2007, CAN's free reserves were £176,167 (2006 £175,525). As the current reserves level falls short of our target management, with the trustees support, aim to work towards building the reserves level.



**BRIGHT RED DOT FOUNDATION LIMITED**

**REPORT OF THE TRUSTEES (continued)**

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**Auditors**

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Goodman Jones LLP be reappointed as auditors of the company will be put to the Annual General Meeting

**Statement of disclosure to auditors**

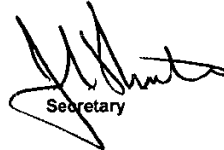
So far as the trustees are aware, there is no relevant audit information of which the company's auditors are unaware. They have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

**On behalf of the board of trustees**

Date

20/11/07



Secretary

## **BRIGHT RED DOT FOUNDATION LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRIGHT RED DOT FOUNDATION LIMITED**

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We have audited the consolidated financial statements of Bright Red Dot Foundation Limited for the year ended 31 March 2007, set out on pages 8 to 24. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charitable company's members as a body in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its 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 described on page 1, the trustees (who are also the directors of Bright Red Dot Foundation Limited for the purposes of company law) are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with Companies Act 1985. We also report to you whether the information given in the Trustees' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the company is not disclosed.

We read the trustees' report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of Opinion**

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

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

**BRIGHT RED DOT FOUNDATION LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRIGHT RED DOT  
FOUNDATION LIMITED (CONTINUED)**

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**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs and the group at 31 March 2007 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information provided in the Trustees' Report is consistent with the financial statements



Goodman Jones LLP

Date 26 November 2007

Chartered Accountants  
Registered Auditors  
29/30 Fitzroy Square  
London W1T 6LQ

**BRIGHT RED DOT FOUNDATION LIMITED****CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2007**

	<b>Note</b>	<b>2007</b>	<b>2006</b>
		<b>£</b>	<b>£</b>
Income from charitable activities	2	3,703,716	3,204,786
Direct charitable expenditure		<u>(2,694,766)</u>	<u>(2,642,181)</u>
<b>Net Charitable income</b>		1,008,950	562,605
Administration expenses		<u>(605,265)</u>	<u>(640,364)</u>
Net operating surplus	6	403,685	(77,759)
Investment income	7	<u>26,808</u>	<u>7,295</u>
<b>Surplus/(deficit) for the financial year</b> (before associated undertakings)		430,493	(70,464)
<b>Share in associated undertaking</b>		811	(981)
<b>Surplus/(deficit) for the financial year</b>		<u>431,304</u>	<u>(71,445)</u>
Fund balances brought forward at 1 April 2006		950,967	1,022,412
<b>Fund balances carried forward</b> <b>at 31 March 2007</b>	14 & 15	<u><u>1,382,271</u></u>	<u><u>950,967</u></u>

The notes on pages 14 to 24 form part of these accounts

**BRIGHT RED DOT FOUNDATION LIMITED**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITY FOR THE YEAR ENDED 31 MARCH 2007**

		Unrestricted Funds	Restricted Funds	2007 Total	2006 Total
	Notes	£	£	£	£
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income	2	362,439	1,028,353	1,390,792	1,458,279
Activities for generating funds	2	2,312,924	-	2,312,924	1,746,507
Investment income	7	26,808	-	26,808	7,295
<b>Total incoming resources</b>		<b>2,702,171</b>	<b>1,028,353</b>	<b>3,730,524</b>	<b>3,212,081</b>
<b>RESOURCES EXPENDED</b>					
<b>Costs of generating funds</b>					
Costs of generating voluntary income	3	5,207	-	5,207	31,189
Charitable activities	4	2,144,541	1,126,066	3,270,607	3,235,849
Governance costs	5	24,217	-	24,217	15,507
<b>Total resources expended</b>		<b>2,173,965</b>	<b>1,126,066</b>	<b>3,300,031</b>	<b>3,282,545</b>
<b>NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS</b>					
		<b>528,206</b>	<b>(97,713)</b>	<b>430,493</b>	<b>(70,464)</b>
Share in associated undertaking		811	-	811	(981)
Gross transfers between funds	14	(17,368)	17,368	-	-
<b>NET MOVEMENT IN FUNDS</b>		<b>511,649</b>	<b>(80,345)</b>	<b>431,304</b>	<b>(71,445)</b>
Fund balances brought forward at 1 April 2006		375,158	575,809	950,967	1,022,412
Fund balances carried forward at 31 March 2007	14 & 15	<b>886,807</b>	<b>495,464</b>	<b>1,382,271</b>	<b>950,967</b>

The notes on pages 14 to 24 form part of these accounts

**BRIGHT RED DOT FOUNDATION LIMITED**

**STATEMENT OF FINANCIAL ACTIVITY FOR THE YEAR ENDED 31 MARCH 2007**

		Unrestricted Funds	Restricted Funds	2007 Total	2006 Total
	Notes	£	£	£	£
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income	2	362,439	1,090,353	1,452,792	1,455,379
Activities for generating funds	2	129,914	-	129,914	
Investment income	7	4,026	-	4,026	963
<b>Total incoming resources</b>		<b>496,379</b>	<b>1,090,353</b>	<b>1,586,732</b>	<b>1,456,342</b>
<b>RESOURCES EXPENDED</b>					
<b>Costs of generating funds</b>					
Costs of generating voluntary income	3	5,207	-	5,207	31,189
<b>Charitable activities</b>	4	<b>457,882</b>	<b>1,086,801</b>	<b>1,544,683</b>	<b>2,061,097</b>
<b>Governance costs</b>	5	<b>15,280</b>	<b>-</b>	<b>15,280</b>	<b>10,157</b>
<b>Total resources expended</b>		<b>478,369</b>	<b>1,086,801</b>	<b>1,565,170</b>	<b>2,102,443</b>
<b>NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS</b>					
		<b>18,010</b>	<b>3,552</b>	<b>21,562</b>	<b>(646,101)</b>
<b>Gross transfers between funds</b>	14	<b>(17,368)</b>	<b>17,368</b>	<b>-</b>	<b>-</b>
<b>NET MOVEMENT IN FUNDS</b>		<b>642</b>	<b>20,920</b>	<b>21,562</b>	<b>(123,859)</b>
Fund balances brought forward at 1 April 2005		175,525	52,605	228,130	351,989
Fund balances carried forward at 31 March 2006	14 & 15	<b>176,167</b>	<b>73,525</b>	<b>249,692</b>	<b>228,130</b>

The notes on pages 14 to 24 form part of these accounts

**BRIGHT RED DOT FOUNDATION LIMITED**

**CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2007**

	Notes	2007	2006
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	10	1,009,478	984,178
Net interest in associates		1,038	227
		<u>1,010,516</u>	<u>984,405</u>
<b>CURRENT ASSETS</b>			
Debtors	11	956,413	759,348
Cash at Bank and in hand		1,390,680	653,381
		<u>2,347,093</u>	<u>1,412,729</u>
<b>CREDITORS AMOUNTS FALLING WITHIN ONE YEAR</b>	12	(1,887,783)	(1,423,350)
<b>NET CURRENT ASSETS</b>		<u>459,310</u>	<u>(8,406)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,469,826</u>	<u>975,999</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	13	(87,555)	(25,032)
<b>NET ASSETS</b>		<u>1,382,271</u>	<u>950,967</u>
<b>FUNDS</b>			
Unrestricted funds	14	886,807	375,158
Restricted funds	15	495,464	575,809
<b>MEMBERS FUNDS</b>		<u>1,382,271</u>	<u>950,967</u>

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

The financial statements were approved and authorised to be issued by the Trustees on 5/11/07 and signed on their behalf by

H. Vayn Thompson

K. Bonlancey

The notes on pages 14 to 24 form part of these accounts

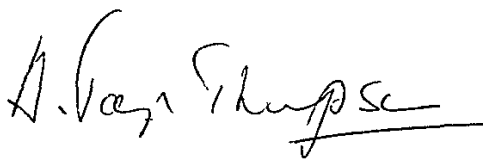
**BRIGHT RED DOT FOUNDATION LIMITED**

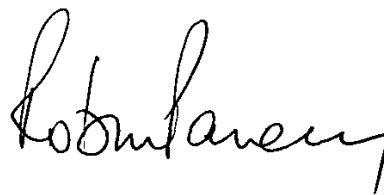
**BALANCE SHEET AS AT 31 MARCH 2007**

	Notes	2007	2006
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	10	<u>39,913</u>	<u>17,838</u>
<b>CURRENT ASSETS</b>			
Debtors	11	314,303	532,954
Cash at Bank and in hand		310,953	331,821
		<u>625,256</u>	<u>864,775</u>
<b>CREDITORS AMOUNTS FALLING WITHIN ONE YEAR</b>	12	(415,477)	(654,483)
<b>NET CURRENT ASSETS</b>		<u>209,779</u>	<u>210,292</u>
<b>NET ASSETS</b>		<u>249,692</u>	<u>228,130</u>
<b>FUNDS</b>			
Unrestricted funds	14	176,167	175,525
Restricted funds	15	73,525	52,605
<b>MEMBERS FUNDS</b>		<u>249,692</u>	<u>228,130</u>

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

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The notes on pages 14 to 24 form part of these accounts



**BRIGHT RED DOT FOUNDATION LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2007**

	Notes	2007	2006
		£	£
<b>Net incoming/(outgoing) resources</b>	1	994,192	618,846
<b>Capital expenditure</b>			
Payments to acquire tangible assets		(246,605)	(357,452)
<b>Increase/(decrease) in cash in the year</b>		<u>747,587</u>	<u>261,394</u>

**1. Reconciliation of net movement in funds to net cash (outflow)/inflow from charitable activities**

	2007	2006
	£	£
Net movement in funds	430,493	(70,464)
Depreciation of tangible assets	221,305	194,668
Loss on disposal of tangible assets	-	-
Decrease/(Increase) in debtors	(197,065)	467,282
Increase/(decrease) in creditors	539,459	27,360
<b>Net incoming/(outgoing) resources</b>	<u>994,192</u>	<u>618,846</u>

**2 Analysis of Net Debt**

	1 April 2006	Cash flow	31 March 2007
	£	£	£
Cash at bank & in hand	653,381	737,299	1,390,680
Bank overdraft	(10,955)	10,288	(667)
	<u>642,426</u>	<u>747,587</u>	<u>1,390,013</u>

## **BRIGHT RED DOT FOUNDATION LIMITED**

### **NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007**

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#### **1 Accounting Policies**

##### **1.1 Basis of preparation**

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" published in February 2005 and applicable accounting standards.

##### **1.2 Basis of Consolidation**

The consolidated financial statements incorporate the results of Bright Red Dot Foundation Limited, its subsidiary undertakings, and its share of the results of associates.

##### **1.3 Depreciation**

Depreciation is provided using the following rates and bases to reduce by annual instalments the cost, less estimated residual value, of the tangible assets over their estimated useful lives -

Land & buildings leasehold	Over the term of the lease
Fixtures and fittings	20% Straight line
Computer equipment	25% Reducing balance

##### **1.4 Grants and donations-revenue**

Revenue grants and donations include all income receivable in the period. Where these cover costs already incurred and are committed, but not yet received, this income has been accrued.

The element of such grants and donations received for specific projects which are not expended at the period end is carried forward as restricted funds.

##### **1.5 Grants and donations-capital**

Capital grants and donations received towards capital expenditure are analysed between restricted or unrestricted income in the statement of financial activities on receipt. On expenditure being incurred, fixed assets are capitalised in the appropriate fund.

##### **1.6 Fund accounting**

Funds held by the charity are either unrestricted general funds which can be used in accordance with the charitable objects at the discretion of the trustees, or restricted funds which can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor.

##### **1.7 Company status**

The charitable company is a company limited by guarantee. The members of the charitable company are the trustees named in the Trustees Report. In the event of the charitable company being wound up, the liability in respect of the guarantee is limited to £1 per member of the charitable company.

##### **1.8 Investment income**

Investment income and gains are allocated to the appropriate fund.

##### **1.9 Resources expended**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.

##### **1.10 Lease incentives**

Lease incentives including rent free periods are released to the profit and loss account on a straight line basis over the life of the lease in accordance with UITF Abstract 28.

##### **1.11 Dilapidations**

The cost of dilapidations at the London Bridge site has been estimated by an independent chartered surveyor. This cost is charged to the income and expenditure account on a straight line basis over the life of the lease.

##### **1.12 Allocation of support costs**

The costs of functions which support more than one of the charity's activities have been allocated to those activities based on time spent. Costs classified as governance relate to costs incurred by the trustees in administering the charity, audit and other statutory matters.

**BRIGHT RED DOT FOUNDATION LIMITED****NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007****2 Incoming resources from generated funds**

<b>a) Group</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Grants, donations & contracts	<b>3,703,716</b>	<b>3,204,786</b>

Included in activities for generating funds is an exceptional item of £670,000 representing the charity's share of profit from its developer partner from the purchase, redevelopment and sale of one of the buildings on which the charity now has a lease

<b>b) Company</b>	<b>£</b>	<b>£</b>
Grants, donations & contracts	<b>1,582,706</b>	<b>1,455,379</b>

Grants, donations and contracts were received during the year in excess of £5,000 from the following organisations and programs

Permira	455,842	84,836
ESF	170,365	204,803
Millennium Volunteer	134,851	132,696
The Big Lottery	120,450	40,404
The Home Office	117,750	105,083
European Regional Development Fund	67,627	88,099
Mezzanine 2	62,000	88,216
City Bridge Trust	60,000	-
SONY	51,000	-
Exemplas	42,730	81,812
Esmee Fairbairn	30,000	30,000
Raynes Foundation	20,000	-
Department of Trade and Industry / Phoenix Development Fund	6,488	374,585
NSCL	-	96,807
Accenture	-	71,886
NESTA	-	62,979
Bright Red Dot	-	60,374
Southwark Cluster	-	54,000
Manchester Academy	-	36,334
Amey	-	21,250
Sports England	-	19,462
Greig City Academy	-	13,289
Department for Education and Skills	-	13,213
OCVA	-	11,254
One London	-	9,362

**BRIGHT RED DOT FOUNDATION LIMITED**

**NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007**

**2 Incoming resources from generated funds (continued)**

Recognition of the following grants received have been deferred to the next accounting period and are carried forward in creditors as the projects concerned were not due to start until on or after 1 April 2007

	Total 2007 £	Total 2006 £
CAF	50,000	-
Permira Breakthrough Project	160,963	168,173
The Big Lottery	-	39,976
	<u>210,963</u>	<u>208,149</u>

**3 Costs of generating funds  
Group and Company**

	Total 2007 £	Total 2006 £
Unrestricted funds	5,207	31,189
Restricted funds	-	-
	<u>5,207</u>	<u>31,189</u>

**4 Charitable activities expenditure**

a) Group	Staff Costs £	Office Costs £	Other Costs £	Total 2007 £	Total 2006 £
Unrestricted funds	370,860	448,971	1,324,710	2,144,541	1,434,976
Restricted funds	279,278	156,294	690,494	1,126,066	1,800,873
	<u>650,138</u>	<u>605,265</u>	<u>2,015,204</u>	<u>3,270,607</u>	<u>3,235,849</u>

**b) Company**

	Staff Costs £	Office Costs £	Other Costs £	Total 2007 £	Total 2006 £
Unrestricted funds	229,515	132,250	96,117	457,882	364,389
Restricted funds	321,686	74,621	690,494	1,086,801	1,696,708
	<u>551,201</u>	<u>206,871</u>	<u>786,611</u>	<u>1,544,683</u>	<u>2,061,097</u>

**BRIGHT RED DOT FOUNDATION LIMITED**

**NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007**

**5 Governance costs**

**a) Group**

	Audit fees £	Other statutory requirements £	Trustees expenses £	Total 2007 £	Total 2006 £
Unrestricted funds	19,022	5,023	172	24,217	15,507
Restricted funds	-	-	-	-	-
	<u>19,022</u>	<u>5,023</u>	<u>172</u>	<u>24,217</u>	<u>15,507</u>

**b) Company**

	Audit fees £	Other statutory requirements £	Trustees expenses £	Total 2007 £	Total 2006 £
Unrestricted funds	12,022	3,086	172	15,280	10,157
Restricted funds	-	-	-	-	-
	<u>12,022</u>	<u>3,086</u>	<u>172</u>	<u>15,280</u>	<u>10,157</u>

Trustees expenses include the reimbursement of expenses relating to their attendance at meetings

**6 Net operating surplus**

Net movement in funds is stated after charging -

	2007 £	2006 £
Depreciation of tangible fixed assets	221,305	194,668
Auditors remuneration	<u>19,022</u>	<u>12,000</u>

**7 Investment Income**

	2007 £	2006 £
Interest receivable	<u>26,808</u>	<u>7,295</u>

**BRIGHT RED DOT FOUNDATION LIMITED**

**NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007**

**8 Employees**

	2007 £	2006 £
Wages and salaries	535,441	624,171
Social security costs	58,082	65,892
Other pension costs	2,261	5,000
Redundancy costs	-	5,000
	<u>595,784</u>	<u>700,063</u>

The average number of employees during the year was made up as follows

	Number	Number
Administration & management	6	6
Project work	8	14
	<u>14</u>	<u>20</u>

The company made a £2,261 contribution to the personal pension of one employee during the year

During the year, two employees received emoluments in excess of £60,000. Their emoluments for the year were between £60,000 and £70,000.

No emoluments were paid to the trustees during the year.

**9 Surplus for the financial year**

No separate income and expenditure account has been prepared for the company as permitted by Section 230 of the Companies Act 1985. The deficit for the financial year is made up as follows:

	2007 £	2006 £
Company surplus/(deficit) for the year	<u>21,562</u>	<u>(123,859)</u>

**BRIGHT RED DOT FOUNDATION LIMITED**

**NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007**

**10 Tangible assets**

**a) The Group**

	Leasehold Improvements £	Fixtures and fittings £	Computer equipment £	Total £
<u>Cost</u>				
At 1 April 2006	1,185,357	18,235	39,206	1,242,798
Additions	12,387	131,335	102,883	246,605
Disposals	-	(250)	-	(250)
At 31 March 2007	<u>1,197,744</u>	<u>149,320</u>	<u>142,089</u>	<u>1,489,153</u>
<u>Depreciation</u>				
At 1 April 2006	226,116	15,858	16,646	258,620
Charge for year	202,323	4,821	14,161	221,305
Disposals	-	(250)	-	(250)
At 31 March 2007	<u>428,439</u>	<u>20,429</u>	<u>30,807</u>	<u>479,675</u>
Net book value at 31 March 2007	<u>769,305</u>	<u>128,891</u>	<u>111,282</u>	<u>1,009,478</u>
Net book value at 1 April 2006	<u>959,241</u>	<u>2,377</u>	<u>22,560</u>	<u>984,178</u>

**b) The Company**

	Leasehold Improvements £	Fixtures and fittings £	Computer equipment £	Total £
<u>Cost</u>				
At 1 April 2006	-	14,994	32,618	47,612
Additions	-	-	32,108	32,108
Disposals	-	(250)	-	(250)
At 31 March 2007	<u>-</u>	<u>14,744</u>	<u>64,726</u>	<u>79,470</u>
<u>Depreciation</u>				
At 1 April 2006	-	14,994	14,780	29,774
Charge for year	-	-	10,033	10,033
Disposals	-	(250)	-	(250)
At 31 March 2007	<u>-</u>	<u>14,744</u>	<u>24,813</u>	<u>39,557</u>
Net book value at 31 March 2007	<u>-</u>	<u>-</u>	<u>39,913</u>	<u>39,913</u>
Net book value at 1 April 2006	<u>-</u>	<u>-</u>	<u>17,838</u>	<u>17,838</u>

**BRIGHT RED DOT FOUNDATION LIMITED**

**NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007**

<b>11 Debtors</b>	<b>2007</b>	<b>2006</b>
<b>a) The Group</b>	<b>£</b>	<b>£</b>
Trade debtors	497,473	381,313
Other debtors	26,839	41,425
Prepayments and accrued income	432,101	336,610
	<u>956,413</u>	<u>759,348</u>
 <b>b) The Company</b>	 <b>2007</b>	 <b>2006</b>
	<b>£</b>	<b>£</b>
Trade debtors	111,538	350,002
Amounts due from subsidiary undertakings	1,969	-
Other debtors	16,839	31,425
Prepayments and accrued income	183,957	151,527
	<u>314,303</u>	<u>532,954</u>
 <b>12 Creditors amounts falling due within one year</b>	 <b>2007</b>	 <b>2006</b>
<b>a) The Group</b>	<b>£</b>	<b>£</b>
Bank overdraft	667	10,955
Trade creditors	372,949	304,160
Taxes & social security costs	59,775	41,471
Accruals and deferred income	673,152	686,344
Other creditors	781,240	378,205
	<u>1,887,783</u>	<u>1,421,135</u>
 <b>b) The Company</b>	 <b>2007</b>	 <b>2006</b>
	<b>£</b>	<b>£</b>
Bank overdraft	667	667
Trade creditors	49,794	279,218
Amounts due to subsidiary undertaking	22,000	-
Taxes & social security costs	17,916	26,794
Accruals and deferred income	287,468	296,076
Other creditors	37,632	51,728
	<u>415,477</u>	<u>654,483</u>
 <b>13 Provisions for liabilities and charges</b>		
<b>Group</b>		
		<b>Dilapidations</b>
		<b>£</b>
Balance at 1 April 2006		25,032
Profit and loss account		62,523
Balance at 31 March 2007		<u>87,555</u>



**BRIGHT RED DOT FOUNDATION LIMITED**

**NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007**

**14 Unrestricted funds**

	Balance at 1 April 2006	Transfer between funds	Movement in Resources		Balance at 31 March 2007
	£	£	Incoming £	Outgoing £	£
Bright Red Dot Foundation Ltd	175,525	(17,368)	404,962	(480,533)	82,586
Mezzanine 2 Ltd	199,406	-	2,297,209	(1,693,432)	803,183
PrimeTimers	227	-	26,028	(25,217)	1,038
	<u>375,158</u>	<u>(17,368)</u>	<u>2,728,199</u>	<u>(2,199,182)</u>	<u>886,807</u>

Transfers between unrestricted and restricted funds comprise the following

Beanstalk Programme	£7,235 was transferred from unrestricted funds to the Beanstalk programme to clear the deficit on the fund, which ceased during the year
European Social Fund	£10,133 was transferred from unrestricted funds to the European Social Fund to clear the deficit on the fund, which ceased in the year

**15 Restricted funds**

	Balance at 1 April 2006	Transfer between funds	Movement in Resources		Balance at 31 March 2007
	£	£	Incoming £	Outgoing £	£
Direct Support	-	-	-	-	-
Milenium Volunteers	-	-	134,851	(134,851)	-
Beanstalk Programme	-	7,235	6,488	(13,723)	-
Supporting Social Enterprise Start Ups & Employment for Refugees	23,853	-	67,627	(91,480)	-
Grantholder Support Programme	25,860	-	120,450	(72,785)	73,525
Esmee Farburn donation	-	-	30,000	(30,000)	-
Breakthrough	-	-	455,842	(455,842)	-
European Social Fund	2,892	10,133	170,365	(183,390)	-
Create +	-	-	42,730	(42,730)	-
Mezzanine 2 Limited	523,204	-	-	(101,265)	421,939
	<u>575,809</u>	<u>17,368</u>	<u>1,028,353</u>	<u>(1,126,066)</u>	<u>495,464</u>

**BRIGHT RED DOT FOUNDATION LIMITED****NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007****16 Analysis of net assets**

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Fixed assets	587,708	422,808	1,010,516
Current assets	1,932,918	414,175	2,347,093
Current liabilities	(1,546,264)	(341,519)	(1,887,783)
Provision for liabilities and charges	(87,555)	-	(87,555)
	<u>886,807</u>	<u>495,464</u>	<u>1,382,271</u>

**17 Subsidiary and associate undertakings****The Company****Subsidiary undertakings**

Bright Red Dot Foundation Ltd is the sole member of Mezzanine 2 Limited, a company limited by guarantee

Results for the year	£
Income from charitable activities	2,334,263
Resources expended on charitable activities	(1,916,021)
Investment income	<u>22,782</u>
Surplus for the year	<u>441,024</u>

Aggregate net assets	
Assets	2,746,269
Liabilities	<u>(1,582,635)</u>
Members funds	<u>1,163,634</u>

**Associate undertakings**

Bright Red Dot Foundation owns a 20% interest in PrimeTimers, a company limited by guarantee in the UK

Group's share of net gains/(losses) on associates	£
Turnover	26,835
Cost of sales	(15,807)
Administrative expenses	<u>(9,170)</u>
Profit before tax	1,858
Interest	106
Tax	<u>-</u>
Profit after tax	<u>1,964</u>

Group's share of net assets	
Fixed assets	-
Current assets	10,945
Current liabilities	<u>(8,754)</u>
	<u>2,191</u>

**BRIGHT RED DOT FOUNDATION LIMITED**

**NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007**

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**18 Financial Commitments**

**a) The Group**

At 31 March 2007 the group had annual commitments under non-cancellable operating leases as follows

	Land & buildings	
	2007	2006
	£	£
Expiry date		
2 - 5 years	581,421	-
In over five years	<u>300,000</u>	<u>841,687</u>

**b) The Company**

None

**19 Capital commitments**

There were no capital commitments as at 31 March 2007

**20 Control**

The company is controlled by the Trustees as disclosed in the Report of the Trustees