

Charity Registration No. 1075749

Company Registration No. 3635124 (England and Wales)

**BRIGHT RED DOT FOUNDATION LIMITED**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 31 MARCH 2009**

TUESDAY



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## **BRIGHT RED DOT FOUNDATION LIMITED**

### **LEGAL AND ADMINISTRATIVE INFORMATION FORMING PART OF TRUSTEES REPORT**

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<b>Trustees</b>	H. Taylor Thompson OBE FRSA O. Olasode BSc MSc MBA IPSM FCCA T. J. A. Curry MA FCA R. Pauley
<b>Company Secretary</b>	L. Cook
<b>Charity registration number</b>	1075749
<b>Company registration number</b>	3635124
<b>Registered Office</b>	32 - 36 Loman Street Southwark London SE1 0EE
<b>Auditors</b>	Goodman Jones LLP 29/30 Fitzroy Square London W1T 6LQ
<b>Bankers</b>	Barclays Bank Plc Fleet Street Business Centre Strand Corporate Banking Group 99 Hatton Garden London EC1N 8DN

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# **BRIGHT RED DOT FOUNDATION LIMITED**

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## **BRIGHT RED DOT FOUNDATION LIMITED**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2009**

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The trustees present their annual report for the year ended 31 March 2009.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's governing document, the Companies Act 1985 and the Statement of Recommended Practice, 'Accounting and Reporting for Charities', issued in March 2005.

#### **REFERENCE AND ADMINISTRATIVE DETAILS**

Charity registration number : 1075749

Company registration number : 3635124

#### **Trustees**

The trustees, who are also the directors for the purpose of company law, who served during the year were:

##### **Bright Red Dot Foundation**

H. Taylor Thompson OBE (Chair)

O. Olasode

T. Curry

R. Pauley

##### **Mezzanine 2 Limited (BRDF is the sole member)**

T. Reddings

O. Olasode

T. Curry (Appointed 23 July 2008)

R. Pauley (Appointed 23 July 2008)

R. Wicks (Appointed 5 February 2009)

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

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

Bright Red Dot Foundation Limited (trading as 'CAN' which stands for Community Action Network) is a charitable company limited by guarantee. It is governed by its Memorandum and Articles of Association, adopted on 15 September 1998 and last amended on 19 April 1999.

CAN's objects are to improve the efficiency of the administration of charities in direct pursuit of their objects by the provision of training and information, particularly in the field of information technology. CAN has sole membership of Mezzanine 2 Ltd (trading as 'CAN Mezzanine').

The Board of Trustees controls and manages the affairs of the charity. Trustees are given a comprehensive induction when they join CAN. Recruitment involves interviews with the Chair and existing Trustees.

Leadership and Operational management of CAN is devolved to the senior management team. During this financial year there have been significant changes to the management team, which are:

##### **Chief Executive**

A. Croft (Appointed September 2008)

A. Blakebrough (Resigned September 2008)

##### **Executive Team**

K. Markey (Promoted to Deputy Chief Executive in September 2008)

D. Holle

H. Dodd

The Board of Trustees holds the senior management team to account on key performance indicators as agreed between both parties, as well as monitoring the strategic direction.

## **BRIGHT RED DOT FOUNDATION LIMITED**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2009 (continued)**

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#### **RISK MANAGEMENT**

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

#### **PRINCIPAL ACTIVITIES AND OBJECTIVES**

CAN's **Vision** is of an economy buoyed by a thriving Third Sector. Our **Mission** is to help charities, social entrepreneurs and trading charities achieve it. To build sustainable organisations charities need business support, experience from their peers, capital funds and space to grow.

**CAN Invest:** Deploys a range of business support into charity based social enterprises and includes the pioneering Breakthrough programme. We work with the corporate and finance sectors to leverage capital funds and strategic growth support into these leading Third Sector organisations.

**CAN Engage:** Matching high potential corporate individuals with growing charities and social enterprises to work on specific and finite business projects as part of their leadership development.

**CAN Mezzanine:** Great Offices for the Third Sector, provides high-quality shared office accommodation for the third sector in prime locations. Customers include the World Wildlife Foundation, New Philanthropy Capital, Institute for Learning, BRAC, TimeBank and the international water and sanitation charity, Pump Aid.

#### **Objectives for the year to 31 March 2009**

##### **CAN Invest**

- Increase Breakthrough portfolio by two further investments.
- Evaluate internally the social impact of Breakthrough and participate in external academic research on the social investment arena.
- Increase direct funds to a portfolio of social enterprises by £200k at year end.

##### **CAN Engage**

- Double the size of our non-financial corporate contracts.
- Implement business modelling for our corporate engagement programme.

##### **CAN Mezzanine**

- Maintain profitable occupancy levels at both existing CAN Mezzanine sites.
- Open a third Mezzanine site.
- Expansion of CAN Mezzanine model to include investigating opportunities in the following areas:
  - Short-term lease arrangements on corporate properties.
  - Franchise Mezzanine model.
  - Mobile facilities management service (varying asset management service to other charities / corporate sector).

##### **Central Activities**

- Mark 10th anniversary of CAN with founders, investors, policymakers and the media.
- Implement a new information system to measure performance.
- Complete third phase of website re-launch.

#### **ACHIEVEMENTS AND PERFORMANCE REVIEW OF THE YEAR**

##### **CAN Invest**

- Breakthrough invested in two further enterprises, the award-winning Speaking Up and Teach First.
  - Breakthrough significantly enhanced its due diligence and financial reporting procedures. The CAN Invest team introduced Social Return on Investment (SROI) reporting to the Breakthrough portfolio and other social enterprises.
  - Market analysis was commissioned into social enterprise/social investment specifically around financial instruments and governance structures.
  - Breakthrough secured £200k over a five-year period from SVG Capital.
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## **BRIGHT RED DOT FOUNDATION LIMITED**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2009 (continued)**

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#### **ACHIEVEMENTS AND PERFORMANCE REVIEW OF THE YEAR cont'd ...**

##### **CAN Engage**

- Successfully completed a third programme with its initial corporate partner and a six-month pilot with a second (which resulted in a long-term commitment for a rolling programme). It failed to secure further long-term contracts but did complete a series of one-off engagements with a range of corporate partners and has a healthy pipeline for the forthcoming year.
- Significantly improved its processes, reporting and evaluation - ensuring it can enter the next financial year with confident social impact and business benefit evidence to secure further contracts and help enhance the capacity building of social enterprises and charities in its network.

##### **CAN Mezzanine**

- At year end London Bridge achieved 98% occupancy (99% in March 2008) and Loman St increased to 92% (82% in March 2008).
- In line with our objectives to replicate, CAN Mezzanine East Road opened in April 2009, ahead of schedule and on budget. CAN raised capital of £10.5 million despite significant challenges in the financial and banking sector.
- CAN continues to investigate national opportunities to replicate this successful model and grow our community of social interest.
- Customer satisfaction surveys were conducted across our active sites and regular customer forums were held to maintain good communication and excellent customer service. Significant survey findings include: 83% of customers are very satisfied or satisfied with CAN Mezzanine and 58% of customer organisations collaborate with each other.
- CAN continued to enhance business support to CAN Mezzanine customers with mentor opportunities and capacity building from business consultants. This included matching seven Bain or PA Consulting mentors with chief executives of CAN Mezzanine customer organisations.

##### **Central Activities**

- CAN marked its 10th Anniversary with a high profile event in central London attended by policy makers, sector leaders and customers alike. We fully integrated a CRM system into our working practices and continue to improve and update our website.
- A non-contributory 3% pension scheme was introduced for all staff in October 2008.

#### **PLANS FOR THE FUTURE**

##### **Objectives for the coming year include:**

##### **CAN Invest**

- Invest in at least one new organisation for the next stage of the present Breakthrough fund.
- Complete full evaluation and Social Return on Investment (SROIs) reporting on Breakthrough portfolio and overall fund. Review SROI service to wider network.
- Develop one other additional investment activity to support scalable charity-based social enterprises on the journey to investment-readiness.
- Increase CAN Invest activities in academic and policy areas of social investment and social enterprise, creating models of best practice for the sector.

##### **CAN Engage**

- Attract two new corporate contracts providing high-quality project delivery to charities and social enterprises in the CAN network.
- Further improve reporting and evaluation on social impact and business benefit.

##### **CAN Mezzanine**

- Maintain profitable occupancy at established CAN Mezzanines Loman St and London Bridge. Reach modelled occupancy at CAN Mezzanine East Road by March 2010.
- Perform review of potential savings through bulk purchasing.
- Open first site outside London.
- Launch pro-bono property advice service for our sector.
- Improve existing good customer satisfaction levels in all sites as reported through customer surveys and analysis.

##### **Human Resources and Staff Benefits**

- Introduce volunteering opportunities for employees and fully subsidised season ticket loans.

##### **Our thanks to**

- Our CAN Mezzanine customers and wider network.
- Our many supporters including Pemira, SVG Capital, Office of the Third Sector, London Development Agency, Triodos Bank, Charity Bank, Bain Consulting and PA Consulting.
- Our loyal and immensely hard working team.

## BRIGHT RED DOT FOUNDATION LIMITED

### REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2009 (continued)

#### REVIEW OF ACTIVITIES OF SUBSIDIARY

Mezzanine 2 Limited, trading as CAN Mezzanine is a fully self-sustaining charity; it builds on CAN's experience of creating a successful collaborative working environment - home to over 600 staff from 106 organisations.

To date, 62 charity and social sector organisations share 35,000 sq ft of office space across three floors of 1 London Bridge and a further 44 organisations share 25,000 sq ft of space at the 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 London Bridge project.

#### FINANCIAL REVIEW

A consolidated set of accounts has been prepared which incorporates the accounts of the fully-owned subsidiary charity Mezzanine 2 Ltd, a company limited by guarantee.

The consolidated net movement in funds for the year consists of:

	Opening balance	Movement	Closing balance
	£	£	£
Bright Red Dot Foundation Limited	184,928	107,556	292,484
Mezzanine 2 Limited	685,154	31,484	716,638
Consolidation adjustments	(29,932)	2,262	(27,670)
	<u>840,150</u>	<u>141,302</u>	<u>981,452</u>

These consist of unrestricted and restricted fund balances as follows:

	Unrestricted Funds	Restricted Funds	Total Funds
	£	£	£
Bright Red Dot Foundation Limited	292,484	-	292,484
Mezzanine 2 Limited	505,637	211,001	716,638
Consolidation adjustments	(27,670)		(27,670)
	<u>770,451</u>	<u>211,001</u>	<u>981,452</u>

Mezzanine 2 Ltd recorded an overall surplus of £31,584, made up of an unrestricted surplus of £137,037 and a restricted deficit of £105,453. The restricted deficit is as a result of the write off of refurbishment depreciation against the 2007/08 restricted capital donation received from the London Development Agency.

#### PUBLIC BENEFIT

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities.

#### RESERVES POLICY

The trustees approved a Reserves Policy in the year 2006/07 and agreed to target a build up of consolidated free reserves to £760,000 in cash or assets that are easily converted into cash. At 31 March 2009, the group's free reserves were £594,607 (2008: £192,365). Free reserves excludes £781,214 of development costs in relation to work at 49-51 East Road as this liability was met by long-term bank loans drawn down after the year end. The management, with the support of the trustees, aims to continue to build the free reserves level over the coming years.

## **BRIGHT RED DOT FOUNDATION LIMITED**

### **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2009 (continued)**

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#### **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 Limited meets its aims and objectives as stated in the Memorandum and Articles of Association.

Company law requires the board of trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of CAN as at the end of the financial year and of its surplus or deficit for that period. 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 and Charities (Accounts and Reports) Regulations 2008. 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.

#### **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



L Cook

Secretary

12 November 2009



## **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 2009, 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 43 of the Charities Act 1993 and regulations made under section 44 of that Act. 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 5, 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).

We have been appointed as auditors under section 43 of the Charities Act 1993 as amended and report in accordance with regulations made under section 44 of that Act. 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 Trustee's 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

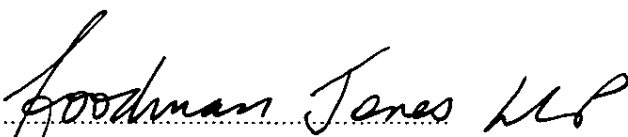
### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRIGHT RED DOT FOUNDATION LIMITED (cont)

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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 2009 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

12 November 2009

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 2009**

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	Note	2009	2008
		£	£
Income from charitable activities	2 & 3	3,697,919	3,160,491
Direct charitable expenditure		<u>(3,620,827)</u>	<u>(3,751,631)</u>
<b>Net charitable income</b>	6	77,092	(591,140)
Interest receivable		<u>64,210</u>	<u>50,057</u>
<b>Surplus/(Deficit) for the year (before associated undertakings)</b>		141,302	(541,083)
Share in associated undertaking		-	4,016
Disposal of associated undertaking		-	(5,054)
<b>Income/(expenditure) for the financial year</b>		<u>141,302</u>	<u>(542,121)</u>
Fund balances brought forward at 1 April		840,150	1,382,271
<b>Fund balances carried forward at 31 March</b>	14,15	<u><u>981,452</u></u>	<u><u>840,150</u></u>

All of the above results are derived from continuing activities.

The notes on pages 15 to 25 form part of these accounts.

# BRIGHT RED DOT FOUNDATION LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITY FOR THE YEAR ENDED 31 MARCH 2009

		Unrestricted Funds	Restricted Funds	2009 Total	2008 Total
	Notes	£	£	£	£
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income	2	262,273	429,730	692,003	914,147
Activities for generating funds	3	3,005,916	-	3,005,916	2,246,344
Interest receivable		64,210	-	64,210	50,057
<b>Total incoming resources</b>		<b>3,332,399</b>	<b>429,730</b>	<b>3,762,129</b>	<b>3,210,548</b>
<b>RESOURCES EXPENDED</b>					
<b>Costs of generating funds</b>					
Charitable activities	4	3,064,017	537,689	3,601,706	3,718,900
Governance costs	5	15,676	3,445	19,121	32,731
<b>Total resources expended</b>		<b>3,079,693</b>	<b>541,134</b>	<b>3,620,827</b>	<b>3,751,631</b>
<b>NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS</b>					
		<b>252,706</b>	<b>(111,404)</b>	<b>141,302</b>	<b>(541,083)</b>
Gross transfers between funds	14,15	(5,951)	5,951	-	-
Share in associated undertaking		-	-	-	4,016
<b>NET INCOMING/(OUTGOING) RESOURCES BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>					
		<b>246,755</b>	<b>(105,453)</b>	<b>141,302</b>	<b>(537,067)</b>
Disposal of associated undertaking		-	-	-	(5,054)
<b>NET MOVEMENT IN FUNDS</b>					
		<b>246,755</b>	<b>(105,453)</b>	<b>141,302</b>	<b>(542,121)</b>
Fund balances brought forward at 1 April		523,696	316,454	840,150	1,382,271
<b>Fund balances carried forward at 31 March</b>	14,15	<b>770,451</b>	<b>211,001</b>	<b>981,452</b>	<b>840,150</b>

The notes on pages 15 to 25 form part of these accounts.

# BRIGHT RED DOT FOUNDATION LIMITED

## STATEMENT OF FINANCIAL ACTIVITY FOR THE YEAR ENDED 31 MARCH 2009

		Unrestricted Funds	Restricted Funds	2009 Total	2008 Total
	Notes	£	£	£	£
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income	2	262,273	429,730	692,003	1,132,166
Activities for generating funds	3	365,083	-	365,083	194,718
Interest receivable		1,546	-	1,546	6,227
<b>Total incoming resources</b>		<b>628,902</b>	<b>429,730</b>	<b>1,058,632</b>	<b>1,333,111</b>
<b>RESOURCES EXPENDED</b>					
<b>Costs of generating funds</b>					
Charitable activities	4	493,161	442,807	935,968	1,374,748
Governance costs	5	11,663	3,445	15,108	23,127
<b>Total resources expended</b>		<b>504,824</b>	<b>446,252</b>	<b>951,076</b>	<b>1,397,875</b>
<b>NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS</b>					
		<b>124,078</b>	<b>(16,522)</b>	<b>107,556</b>	<b>(64,764)</b>
Gross transfers between funds	14,15	(16,522)	16,522	-	-
<b>NET MOVEMENT IN FUNDS</b>		<b>107,556</b>	<b>-</b>	<b>107,556</b>	<b>(64,764)</b>
Fund balances brought forward at 1 April		184,928	-	184,928	249,692
<b>Fund balances carried forward at 31 March</b>	14,15	<b>292,484</b>	<b>-</b>	<b>292,484</b>	<b>184,928</b>

The notes on pages 15 to 25 form part of these accounts.

**BRIGHT RED DOT FOUNDATION LIMITED**

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2009


Company Registration No. 3635124

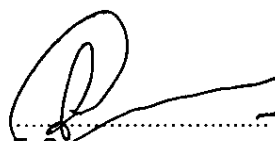
	Notes	2009	2008
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	9	9,879,134	784,240
<b>CURRENT ASSETS</b>			
Debtors	10	2,173,085	473,653
Cash at Bank and in hand		2,332,635	1,644,711
		<u>4,505,720</u>	<u>2,118,364</u>
<b>CURRENT LIABILITIES</b>	11	(4,692,327)	(1,925,999)
<b>NET CURRENT ASSETS</b>		<u>(186,607)</u>	<u>192,365</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>9,692,527</u>	<u>976,605</u>
<b>NON-CURRENT LIABILITIES</b>			
Bank and other loans	12	(8,525,720)	-
Provisions for liabilities and charges	13	(185,355)	(136,455)
<b>NET ASSETS</b>		<u>981,452</u>	<u>840,150</u>
<b>FUNDS</b>			
Unrestricted funds	14	770,451	523,696
Restricted funds	15	211,001	316,454
<b>MEMBERS FUNDS</b>		<u>981,452</u>	<u>840,150</u>

The notes on pages 15 to 25 form part of these accounts.

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 12 November 2009 and signed on their behalf by:

  
H. Taylor Thompson  
Trustee

  
T. Curry  
Trustee

**BRIGHT RED DOT FOUNDATION LIMITED**

BALANCE SHEET AS AT 31 MARCH 2009

Company Registration No. 3635124

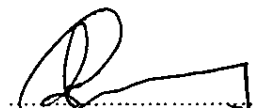
	Notes	2009	2008
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	9	9,330,723	34,421
<b>CURRENT ASSETS</b>			
Debtors	10	1,580,911	103,613
Cash at Bank and in hand		1,025,929	248,662
		<u>2,606,840</u>	<u>352,275</u>
<b>CURRENT LIABILITIES</b>	11	(3,119,359)	(201,768)
<b>NET CURRENT ASSETS</b>		<u>(512,519)</u>	<u>150,507</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		8,818,204	184,928
<b>NON-CURRENT LIABILITIES</b>	12	(8,525,720)	-
<b>NET ASSETS</b>		<u>292,484</u>	<u>184,928</u>
<b>FUNDS</b>			
Unrestricted funds	14	292,484	184,928
Restricted funds	15	-	-
<b>MEMBERS FUNDS</b>		<u>292,484</u>	<u>184,928</u>

The notes on pages 15 to 25 form part of these accounts.

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H. Taylor Thompson  
Trustee

  
T. Curry  
Trustee

# BRIGHT RED DOT FOUNDATION LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	Cashflow Notes	2009 £	2008 £
Net cash inflow from charitable activities	1	(2,091)	224,599
<b>Capital Expenditure</b>			
Purchases of property, plant and equipment		(7,756,412)	(20,625)
<b>Returns on investment and servicing of finance</b>			
Bank interest received		64,210	50,057
<b>Financing activities</b>			
Proceeds from loan financing		8,382,884	-
<b>Increase in cash in the year</b>		<u>688,591</u>	<u>254,031</u>

### 1 Reconciliation of net movement in funds to net cash inflow from charitable activities

	2009 £	2008 £
Net movement in resources before transfers (excluding financing)	77,092	(591,140)
Depreciation of tangible assets	242,099	245,863
(Increase)/decrease in debtors	(1,699,432)	482,760
Increase/(decrease) in creditors due within one year	1,329,250	38,216
Increase in provisions	48,900	48,900
<b>Net cash inflow from charitable activities</b>	<u>(2,091)</u>	<u>224,599</u>

### 2 Analysis of net debt

	1 April 2008 £	Cash flow £	Other non-cash changes £	31 March 2009 £
Net cash:				
Cash at bank & in hand	1,644,711	687,924	-	2,332,635
Bank overdraft	(667)	667	-	-
	<u>1,644,044</u>	<u>688,591</u>	<u>-</u>	<u>2,332,635</u>
Debts falling due within one year	-	(1,437,745)	-	(1,437,745)
Debts falling due after one year	-	(6,945,139)	(1,580,581)	(8,525,720)
	<u>-</u>	<u>(8,382,884)</u>	<u>(1,580,581)</u>	<u>(9,963,465)</u>
<b>Net debt</b>	<u>1,644,044</u>	<u>(7,694,293)</u>	<u>(1,580,581)</u>	<u>(7,630,830)</u>



## BRIGHT RED DOT FOUNDATION LIMITED

### NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

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#### 3 Reconciliation of net cash flow to movement in net debt

	2009	2008
	£	£
Increase in cash in the year	688,591	254,031
Increase in cash in the year from financing activities	(8,382,884)	-
Major non-cash transactions	(1,580,581)	-
Movement in net debt in the year	<u>(9,274,874)</u>	<u>254,031</u>
Opening net debt	1,644,044	1,390,013
Closing net debt	<u>(7,630,830)</u>	<u>1,644,044</u>

Major non-cash transactions represent the vendor loan referred to in note 12 and interest accrued on both this and the bank loan.

## **BRIGHT RED DOT FOUNDATION LIMITED**

### **NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2009**

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#### **1. Accounting Policies**

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

The financial statements are 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 and its subsidiary undertakings.

##### **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	Over the term of the lease
Fixtures and fittings	20% Straight line
Computer equipment	25% Reducing balance

##### **1.4 Freehold property**

Freehold property is held at cost and reviewed annually for impairment in accordance with FRS 11. Depreciation is not charged on freehold property, where the life of that property is believed to be greater than 50 years, in accordance with FRS 15.

##### **1.5 Income**

Income is stated after other sales taxes and net of VAT, where applicable.

##### **1.6 Grants and donations-revenue**

Revenue grants and donations include all income receivable in the period. Where the income covers 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.

##### **1.7 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.

##### **1.8 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.

Restricted funds are subject to specific conditions set by donors as to how they may be used. Expenditure which meets these criteria is charged to restricted funds. Where a restricted fund is in deficit at the end of an accounting period a transfer is made from unrestricted funds to cover that deficit.

##### **1.9 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.

##### **1.10 Investment income**

Investment income and gains are allocated to the appropriate fund.

##### **1.11 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.

##### **1.12 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.

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# BRIGHT RED DOT FOUNDATION LIMITED

## NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2009

### 1 Accounting Policies (continued)

#### 1.13 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.

#### 1.14 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.

#### 1.15 Irrecoverable VAT

Irrecoverable VAT is written off to the income and expenditure account where it relates to revenue items and is capitalised where it relates to capital items.

#### 1.16 Retirement benefit costs

The Company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

#### 1.17 Finance costs

Finance costs are recognised as an expense in the year that they are incurred, except to the extent that they are capitalised. Finance costs that are directly attributable to land and buildings in the course of development are capitalised as part of the cost of that asset.

### 2 Voluntary Income

#### a) Group

	Unrestricted Funds £	Restricted Funds £	Total 2009 £	Total 2008 £
Donations	-	-	-	60,825
Grants receivable	262,273	429,730	692,003	853,322
	<u>262,273</u>	<u>429,730</u>	<u>692,003</u>	<u>914,147</u>

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

Permira	269,730	484,092
The Home Office	123,710	120,696
Chris Hohm	100,000	-
City Bridge Trust	60,000	-
Panasonic	41,917	-
SVG	40,000	-
SONY	14,290	18,147
CAF	5,800	50,000
Millennium Volunteer	-	141,474
Esmee Fairbairn	-	30,000
The Big Lottery	-	20,181

#### b) Company

	Unrestricted Funds £	Restricted Funds £	Total 2009 £	Total 2008 £
Donations	-	-	-	60,400
Grants receivable	262,273	429,730	692,003	1,071,766
	<u>262,273</u>	<u>429,730</u>	<u>692,003</u>	<u>1,132,166</u>

# **BRIGHT RED DOT FOUNDATION LIMITED**

## **NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2009**

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

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

	2009 £	2008 £
Permira Breakthrough Project	<u>319,010</u>	<u>135,853</u>

### **3 Activities for generating funds**

#### **a) Group**

	2009 £	2008 £
Membership fees	-	3,318
Income from contracts	3,005,916	2,243,026
	<u>3,005,916</u>	<u>2,246,344</u>

#### **b) Company**

	2009 £	2008 £
Membership fees	-	3,318
Management fees	365,083	191,400
	<u>365,083</u>	<u>194,718</u>

### **4 Charitable activities expenditure**

#### **a) Group**

	Staff Costs £	Other Costs £	Total 2009 £	Total 2008 £
<b>Unrestricted funds:</b>				
Activities undertaken directly	396,704	2,404,086	2,800,790	2,566,915
Support costs	<u>193,445</u>	<u>69,782</u>	<u>263,227</u>	<u>300,693</u>
	590,149	2,473,868	3,064,017	2,867,608
<b>Restricted funds</b>				
Activities undertaken directly	<u>164,438</u>	<u>403,251</u>	<u>567,689</u>	<u>851,292</u>
	<u>754,587</u>	<u>2,877,119</u>	<u>3,631,706</u>	<u>3,718,900</u>

# BRIGHT RED DOT FOUNDATION LIMITED

## NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2009

### 4 Charitable activities expenditure (continued)

<b>b) Company</b>	<b>Staff Costs £</b>	<b>Other Costs £</b>	<b>Total 2009 £</b>	<b>Total 2008 £</b>
<b>Unrestricted funds</b>				
Activities undertaken directly	149,982	79,952	229,934	328,248
Support costs	193,445	69,782	263,227	300,693
	<u>343,427</u>	<u>149,734</u>	<u>493,161</u>	<u>628,941</u>
<b>Restricted funds</b>				
Activities undertaken directly	164,438	278,369	442,807	745,807
	<u>507,865</u>	<u>428,103</u>	<u>935,968</u>	<u>1,374,748</u>

Support costs are recharged to BRDF's subsidiary Mezzanine 2 Limited, and are cancelled on consolidation.

### 5 Governance costs

<b>a) Group</b>	<b>Audit fees £</b>	<b>Other statutory requirements £</b>	<b>Trustees expenses £</b>	<b>Total 2009 £</b>	<b>Total 2008 £</b>
Unrestricted funds:	14,778	627	271	15,676	27,230
Restricted funds	2,622	743	80	3,445	5,501
	<u>17,400</u>	<u>1,370</u>	<u>351</u>	<u>19,121</u>	<u>32,731</u>

<b>b) Company</b>	<b>Audit fees £</b>	<b>Other statutory requirements £</b>	<b>Trustees expenses £</b>	<b>Total 2009 £</b>	<b>Total 2008 £</b>
Unrestricted funds:	8,778	2,614	271	11,663	17,626
Restricted funds	2,622	743	80	3,445	5,501
	<u>11,400</u>	<u>3,357</u>	<u>351</u>	<u>15,108</u>	<u>23,127</u>

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

### 6 Net operating (deficit)/surplus

Net movement in funds is stated after charging:-	<b>2009 £</b>	<b>2008 £</b>
Depreciation of tangible fixed assets	242,099	245,863
Auditors remuneration (Company: £11,400 (2008: £14,200))	<u>17,400</u>	<u>21,400</u>

## BRIGHT RED DOT FOUNDATION LIMITED

### NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2009

#### 7 Employees

	2009 £	2008 £
Wages and salaries	673,275	610,374
Social security costs	71,842	66,857
Redundancy costs	-	8,804
Other pension costs	9,470	-
	<u>754,587</u>	<u>686,035</u>

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

	Number	Number
Administration & management	9	8
Project work	6	8
	<u>15</u>	<u>16</u>

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

No emoluments were paid to the trustees during the year.

There were no outstanding or prepaid contributions to the pension scheme at 31 March 2009.

#### 8 Surplus/(Deficit) 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:

	2009 £	2008 £
Company surplus/(deficit) for the year	<u>107,556</u>	<u>(64,764)</u>

# BRIGHT RED DOT FOUNDATION LIMITED

## NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2009

### 9 Tangible assets

a) Group	Freehold Property £	Leasehold Improvements £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>					
At 1 April 2008	-	1,197,919	162,262	149,597	1,509,778
Additions	9,305,478	31,515			9,336,993
Disposals	-	-	-	-	-
At 31 March 2009	<u>9,305,478</u>	<u>1,229,434</u>	<u>162,262</u>	<u>149,597</u>	<u>10,846,771</u>
<b>Depreciation</b>					
At 1 April 2008	-	618,901	49,933	56,704	725,538
Charge for year	-	190,926	29,036	22,137	242,099
Disposals	-	-	-	-	-
At 31 March 2009	<u>-</u>	<u>809,827</u>	<u>78,969</u>	<u>78,841</u>	<u>967,637</u>
<b>Net book value at 31 March 2009</b>	<u>9,305,478</u>	<u>419,607</u>	<u>83,293</u>	<u>70,756</u>	<u>9,879,134</u>
Net book value at 1 April 2008	<u>-</u>	<u>579,018</u>	<u>112,329</u>	<u>92,893</u>	<u>784,240</u>
<b>b) Company</b>		Freehold Property £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>					
At 1 April 2008		-	14,744	68,322	83,066
Additions		9,305,478	-	-	9,305,478
Disposals		-	-	-	-
At 31 March 2009		<u>9,305,478</u>	<u>14,744</u>	<u>68,322</u>	<u>9,388,544</u>
<b>Depreciation</b>					
At 1 April 2008		-	14,744	33,901	48,645
Charge for year		-	-	9,176	9,176
Disposals		-	-	-	-
At 31 March 2009		<u>-</u>	<u>14,744</u>	<u>43,077</u>	<u>57,821</u>
<b>Net book value at 31 March 2009</b>		<u>9,305,478</u>	<u>-</u>	<u>25,245</u>	<u>9,330,723</u>
Net book value at 1 April 2008		<u>-</u>	<u>-</u>	<u>34,421</u>	<u>34,421</u>

The freehold of 49-51 East Rd was acquired in November 2008. Borrowing costs of £99,794 were capitalised within the cost of freehold property during the year, using a capitalisation rate of 2.7%. No finance costs were recognised in the income and expenditure account during the year as the property was still under development. The building was brought into use in April 2009.

# BRIGHT RED DOT FOUNDATION LIMITED

## NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2009

### 10 Debtors

a) Group	2009 £	2008 £
Trade debtors	117,392	58,419
Other debtors	-	11,426
Taxes & social security	1,416,547	4,347
Prepayments and accrued income	639,146	399,461
	<u>2,173,085</u>	<u>473,653</u>
b) Company	2009 £	2008 £
Trade debtors	14,085	11,223
Amounts due from subsidiary undertakings	-	24,940
Taxes & social security	1,406,967	4,347
Prepayments and accrued income	159,859	63,103
	<u>1,580,911</u>	<u>103,613</u>

Included within the taxes and social security debtor was £1.4m of VAT relating to the acquisition and redevelopment of freehold property at 49-51 East Rd. This has been repaid subsequent to the year end.

### 11 Creditors: amounts falling due within one year

a) Group	2009 £	2008 £
Bank loans and overdraft	1,437,745	667
Trade creditors	279,641	58,158
Taxes & social security costs	17,989	21,985
Accruals and deferred income	2,334,559	1,315,045
Other creditors	622,393	530,144
	<u>4,692,327</u>	<u>1,925,999</u>
b) Company	2009 £	2008 £
Bank loans and overdraft	1,437,745	667
Trade creditors	14,272	10,281
Amounts due to subsidiary undertaking	502,024	10,000
Taxes & social security costs	12,310	13,407
Accruals and deferred income	1,153,008	167,413
	<u>3,119,359</u>	<u>201,768</u>

The short term bank loan represents the loan to finance VAT on the purchase and redevelopment of freehold property at 49-51 East Rd. This was repaid subsequent to the year end following a refund from HMRC.



# **BRIGHT RED DOT FOUNDATION LIMITED**

## **NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2009**

### **12 Creditors: amounts falling due after more than one year**

<b>Group and Company</b>	<b>2009 £</b>	<b>2008 £</b>
Bank loan - non current portion	6,999,916	-
Other loan	1,525,804	-
	<u>8,525,720</u>	<u>-</u>

The bank loan is secured by a charge on freehold property at 49-51 East Rd and the assets of the group. The bank loan is held by Triodos Bank NV and is repayable over 20 years after a 2 year interest only period. Interest is charged at The Royal Bank of Scotland's base rate plus 1.5%. The terms of the loan require that the total amount owed to Triodos Bank must not exceed 85% of the property's market value.

The other loan is secured by a charge over the property at 49-51 East Rd and is held by the vendors of that property, Mssrs Cohen, Greenburg and Northhall and HW Fisher Nominees Ltd. The loan is repayable in full in November 2015. Interest is charged at an effective rate of 5.1%.

The loans fall due as follows:

	<b>Bank loan</b>	<b>Other loan</b>	<b>Total</b>
Between 1 and 2 years	98,436	-	98,436
Between 2 and 5 years	1,049,987	-	1,049,987
Over 5 years	5,851,492	1,525,804	7,377,296
	<u>6,999,916</u>	<u>1,525,804</u>	<u>8,525,720</u>

### **13 Provisions for liabilities and charges**

<b>Group only</b>	<b>Dilapidations £</b>
Balance at 1 April 2008	136,455
Income and expenditure account	48,900
	<u>185,355</u>
Balance at 31 March 2009	

There are contingent liabilities connected to the purchase of 49-51 East Rd which as yet are too far in the future to accurately value:

On 20 November 2013, 5 years after the date of purchase, the property will be revalued and its vendors will be entitled to a third of its appreciation in value, payable within 2 years of the revaluation date.

10 years after the date of purchase the property will be revalued and the developers Bradfield Wentworth Ltd will be entitled to a payment based on its value at that date, payable within 5 years of the second revaluation date.

# BRIGHT RED DOT FOUNDATION LIMITED

## NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2009

### 14 Unrestricted funds

a) Group	Balance at 1 April 2008 £	Movement in resources		Transfers £	Balance at 31 March 2009 £
		Incoming £	Outgoing £		
Bright Red Dot Foundation Ltd	(253,343)	263,819	(464,719)	(5,951)	(460,194)
Mezzanine 2 Ltd	777,039	3,066,419	(2,612,813)	-	1,230,645
	<u>523,696</u>	<u>3,330,238</u>	<u>(3,077,532)</u>	<u>(5,951)</u>	<u>770,451</u>

b) Company	Balance at 1 April 2008 £	Movement in resources		Transfers £	Balance at 31 March 2009 £
		Incoming £	Outgoing £		
Bright Red Dot Foundation Ltd	<u>184,928</u>	<u>628,902</u>	<u>(504,824)</u>	<u>(16,522)</u>	<u>292,484</u>

Transfers between unrestricted and restricted funds comprise the following:

Breakthrough £16,522 was transferred from unrestricted funds to the Breakthrough fund to clear the deficit on the fund.

### 15 Restricted funds

a) Group	Balance at 1 April 2008 £	Movement in resources		Transfers £	Balance at 31 March 2009 £
		Incoming £	Outgoing £		
Bright Red Dot Foundation Ltd	-	429,730	(435,681)	5,951	-
Mezzanine 2 Limited	316,454	-	(105,453)	-	211,001
	<u>316,454</u>	<u>429,730</u>	<u>(541,134)</u>	<u>5,951</u>	<u>211,001</u>

b) Company	Balance at 1 April 2008 £	Movement in resources		Transfers £	Balance at 31 March 2009 £
		Incoming £	Outgoing £		
Breakthrough	<u>-</u>	<u>429,730</u>	<u>(446,252)</u>	<u>16,522</u>	<u>-</u>

## BRIGHT RED DOT FOUNDATION LIMITED

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2009

### 16 Analysis of net assets

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Fixed assets	9,668,133	211,001	9,879,134
Current assets	4,156,713	349,007	4,505,720
Current liabilities	(4,343,320)	(349,007)	(4,692,327)
Non current liabilities	(8,711,075)	-	(8,711,075)
	<u>770,451</u>	<u>211,001</u>	<u>981,452</u>

### 17 Subsidiary undertakings

Bright Red Dot Foundation Ltd is the sole member of Mezzanine 2 Limited, a company limited by guarantee and incorporated in the UK.

Results for the year	£
Income from charitable activities	3,052,270
Resources expended on charitable activities	(2,977,897)
Investment income	<u>62,664</u>
Surplus for the year	<u>137,037</u>

Aggregate net assets	
Assets	2,977,085
Liabilities	<u>(2,260,347)</u>
Members funds	<u>716,738</u>

Bright Red Dot Foundation Ltd is the sole member of CAN Mezzanine Limited, a company limited by guarantee and incorporated in the UK. The company was dormant in the year to 31st March 2009 and began trading in April 2009.

## BRIGHT RED DOT FOUNDATION LIMITED

### NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2009

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#### 18 Financial Commitments

##### Group only

At the balance sheet date the company had annual commitments under non-cancellable operating leases as follows:

	Land & buildings	
	2009	2008
	£	£
Expiry date:		
2 - 5 years	581,421	581,421
In over five years	<u>450,000</u>	<u>450,000</u>

#### 19 Capital commitments

As at 31 March 2009 the group and company had capital commitments of £161,018 relating to the completion of development work at 49-51 East Rd.

#### 20 Control

The company is controlled by the Trustees as disclosed in the Trustees' Report.