

Charity Registration No. 1128255

Company Registration No. 05976914
(England and Wales)

CAN MEZZANINE LIMITED
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
For the year ended 31 March 2011



CAN MEZZANINE LIMITED

Legal and administrative information forming part of the Trustees' Report

Trustees	Olu Olasode Robin Pauley Richard Wicks Alistair Fraser
Secretary	Leah Cook
Charity registration no.	1128255
Company registration no.	05976914
Registered office	49-51 East Road London N1 6AH
Auditors	Goodman Jones LLP 29/30 Fitzroy Square London W1T 6LQ
Bankers	Barclays Bank Plc Level 27 1 Churchill Place London E14 5HP

CAN MEZZANINE LIMITED

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CAN MEZZANINE LIMITED

Report of the Trustees

Year ended 31 March 2011

The Trustees present their report and financial statements of the Company for the year ended 31 March 2011

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 2006 and the Statement of Recommended Practice, "Accounting and Reporting for Charities, issued in March 2006

Trustees

The Trustees, who are also directors for the purpose of company law, who served the Company during the year were as follows

Olu Olasode	
Robin Pauley	
Richard Wicks	
Alistair Fraser	(Appointed 11 April 2011)
Tim Curry	(Resigned 18 June 2010)
Tracey Reddings	(Resigned 30 April 2010)

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

Structure, Governance and Management

CAN Mezzanine Limited, formerly CAN Mezzanine (Camden) Limited, is a charitable company limited by guarantee which was established in 2006 and commenced trading on 28 April 2009. It is governed by its Memorandum and Articles of Association, adopted in 2006 and last amended on 30 October 2008. CAN Mezzanine Limited trades under the name of CAN Mezzanine.

The Board of Trustees controls and manages the affairs of the charity, working closely with its sole member Bright Red Dot Foundation Limited. Olu Olasode and Robin Pauley are also Trustees of Bright Red Dot Foundation Limited.

Trustees are given a comprehensive induction when they join CAN Mezzanine. Recruitment involves interviews with the Chair and existing Trustees. Leadership and operational management of CAN Mezzanine is devolved to the senior management team.

Senior Management Team

Andrew Croft	Chief Executive
Kate Markey	Deputy Chief Executive
Hazel Dodd	Finance Director

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 of the company.

Risk Management

The Board of Trustees has overall responsibility for risk management. The Board can confirm that the major risks to which CAN Mezzanine Ltd is exposed have been reviewed and procedures established to manage the risks.

Principal Activities and Objectives

CAN Mezzanine is a fully self-sustaining charity providing a successful collaborative working environment for the third sector at its leasehold property in central London. The property is owned by CAN Mezzanine's sole member Bright Red Dot Foundation Limited. The building in East Road, Old Street houses over 50 organisations in over 37,000 square foot of office space. Customers range from small start ups like Mental Health First Aid for England, to established bodies such as Institute for Learning and Family Lives and leading membership organisations including Social Enterprise Coalition, Charity Finance Directors Group and Charity Technology Trust.

CAN MEZZANINE LIMITED

Report of the Trustees

Year ended 31 March 2011

CAN Mezzanine's objectives are

- to promote and improve the efficiency and effectiveness of charities and voluntary groups, community groups and not-for-profit organisations by the provision and management for such organisations of office accommodation, conferences, training and other facilities, services and support
- 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
- Such other exclusively charitable purposes as the Trustees shall from time to time determine

Its principal activity is to provide high-quality, affordable office space in central locations to third sector organisations. Stability of tenure remains a significant hurdle to growth for third sector bodies.

By providing serviced office space and additional value-added support, CAN Mezzanine allows organisations to concentrate resources on maximising their social or environmental impact.

By creating communities of social interest within its building, CAN Mezzanine aims to encourage collaboration, innovation and growth amongst third sector organisations.

Achievements and Performance Review of the Year

CAN Mezzanine's objectives for the year to 31 March 2011 were as follows:

- Achieve targeted occupancy
- Increase sales initiatives to drive occupancy and manage retention
- Identify potential savings through contract review and bulk purchasing
- Identify business needs of customers during difficult trading periods and establish additional ways to support them. This will include providing networking events and training to encourage capacity building and collaboration amongst CAN Mezzanine customers
- Improve the existing good customer satisfaction as reported through customer surveys and analysis, demonstrably deliver on items raised as issues in the last survey

While the economic climate has resulted in a slower occupancy growth rate than anticipated, breakeven occupancy was reached by the end of the year. We have invested heavily in our marketing and sales activity which has resulted in strong pipeline and increased conversion rates. We are confident that this investment will result in strong occupancy despite future economic uncertainty.

Whilst focussing on increased revenue across all business units and improved occupancy we have also driven down contracted costs through renegotiation of cleaning, insurance and maintenance contracts. This has meant that we have been able to hold office space prices at last year's levels for CAN Mezzanine customers whilst still offering the same high level of service.

As well as keeping space accessible and affordable for our customers we have continued to provide low cost training and events to help organisations improve their sustainability and performance. We continue to see high levels of customer collaboration and back office cost sharing which is especially prudent in the current economic climate. CAN Mezzanine's latest impact report shows that nearly all our customers network with each other and two thirds collaborate. CAN Mezzanine customers say the key benefits of collaboration are more enjoyable working, skills development, new business creation and sharing of resources.

Our annual customer satisfaction survey showed that 100% of our customers are satisfied or very satisfied with the Mezzanine staff and 87% of customers are satisfied or very satisfied with CAN Mezzanine. Meeting room availability and internet speed have both been improved as a result of the previous survey findings.

CAN MEZZANINE LIMITED

Report of the Trustees

Year ended 31 March 2011

Plans for the Future

CAN Mezzanine's objectives for the forthcoming financial year are as follows

- Maintain occupancy levels through customer retention and improved conversion rates
- Expand our business support services to our Mezzanine customers to improve their sustainability and impact
- Explore opportunities to expand Mezzanine constituency through cross-sector partnerships

Financial Results

CAN Mezzanine recorded an overall unrestricted deficit of £403,686 (2010 £698,252), which was in line with the planned two year ramp-up period in accordance with the business model and reflects the costs associated with an opening period

CAN Mezzanine's sole member BRDF has supported the company through the opening period and will continue to support the company until it breaks even

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 2010 to target a build up of free reserves equivalent to three months worth of trading expenses in cash or assets that are easily converted into cash. As at 31 March 2011 CAN Mezzanine's unrestricted reserves were a deficit of £193,586 (2010 £293,442). The management, with the support of the Trustees, aims to continue to build the free reserves level over the coming years.

Our Thanks to

- Our CAN Mezzanine customers and wider network
- Our many supporters
- Our loyal and immensely hard working team

CAN MEZZANINE LIMITED

Report of the Trustees

Year ended 31 March 2011

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 CAN Mezzanine Limited meets its aims and objectives as stated in the Memorandum and Articles of Association

Company law requires the Trustees to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the surplus or deficit of the Company for that period. In preparing these financial statements, the board are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting policies have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006 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 485 of the Companies Act 2006, 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 15 of the Companies Act 2006 relating to small companies

On behalf of the board of Trustees

A handwritten signature in black ink, appearing to read 'Leah Cook', with a large, sweeping loop at the end.

Leah Cook
Secretary

21 September 2011

CAN MEZZANINE LIMITED

Independent Auditors' Report

Year ended 31 March 2011

TO THE MEMBERS OF CAN MEZZANINE LIMITED

We have audited the financial statements of CAN Mezzanine Limited for the year ended 31 March 2011 which comprise the Statement of Financial Activities, Charity Balance Sheets and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' 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 explained more fully in the Trustees' Responsibilities Statement, the Trustees, who are Directors of the charity for the purposes of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Trustees, and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited accounts. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

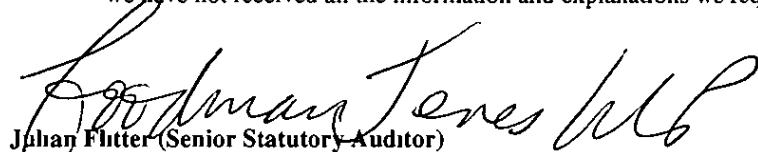
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Julian Flitter (Senior Statutory Auditor)

for and on behalf of Goodman Jones LLP

Chartered Accountants

Statutory Auditors

Dated 23/3/2011

CAN MEZZANINE LIMITED

Income and Expenditure Account

Year ended 31 March 2011

	Notes	Year ended 31 March 2011 £	Year ended 31 March 2010 £
Income from charitable activities	2	1,012,198	546,318
Direct charitable expenditure		(1,415,844)	(1,244,744)
Net charitable expenditure		(403,646)	(698,426)
Interest payable/receivable		(40)	174
Deficit for the financial year		(403,686)	(698,252)
Fund balances brought forward at 1 April		(698,252)	-
Fund balances carried forward at 31 March		(1,101,938)	(698,252)

The Company has no recognised gains or losses other than the results for the year as set out above, which are all from continuing activities. The notes form part of these financial statements.

CAN MEZZANINE LIMITED

Statement of Financial Activity

31 March 2011

	Notes	Total Year ended 31 March 2011 £	Total Year ended 31 March 2010 £
Incoming resources from generated funds			
Charitable activities	2	1,012,198	546,318
Interest receivable		185	174
Total incoming resources		1,012,383	546,492
Resources expended			
Charitable activities	3	1,411,069	1,241,244
Governance costs	4	5,000	3,500
Total resources expended		1,416,069	1,244,744
Net outgoing activities before transfers		(403,686)	(698,252)
Transfers between funds		-	-
Net movement in funds		(403,686)	(698,252)
Fund balances brought forward 1 April		(698,252)	-
Fund balances carried forward at 31 March		(1,101,938)	(698,252)

The notes form part of these financial statements All amounts in the current year related to unrestricted funds

CAN MEZZANINE LIMITED

Balance Sheet

31 March 2011

Company Registration No 05976914

	Notes	2011 £	2010 £
Non current assets			
Tangible assets	7	234,515	236,129
Current assets			
Debtors	8	90,338	166,455
Cash at bank and in hand		420,149	458,722
		<u>510,487</u>	<u>625,177</u>
Creditors amounts falling due within one year	9	(704,072)	(331,735)
Net current assets		<u>(193,585)</u>	<u>293,442</u>
Creditors amounts falling due after more than one year	10	(1,142,868)	(1,227,823)
Net liabilities		<u>(1,101,938)</u>	<u>(698,252)</u>
Funds			
Unrestricted funds	11	(1,101,938)	(698,252)
Members' funds		<u>(1,101,938)</u>	<u>(698,252)</u>

The notes form part of these financial statements

The accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies

The financial statements were approved and authorised to be issued by the Board of Trustees on 21 September 2011 and signed on their behalf by



Robin Pauley
Trustee



Olu Olasode
Trustee

CAN MEZZANINE LIMITED

Notes and Accounting Policies

Year ended 31 March 2011

1. Accounting policies

(a) 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 2006 and applicable accounting standards.

The financial statements have been prepared on a going concern basis due to the support provided by CAN Mezzanine Limited's sole member Bright Red Dot Foundation during the company's initial trading period.

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

(b) Income recognition

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

(c) Fixed assets

All fixed assets are initially recorded at cost.

(d) 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
Communication infrastructure	10% Straight line
Fixtures and fittings	20% Straight line
Computer equipment	25% Reducing balance

(e) Grants and donations

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.

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.

(f) 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.

(g) 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.

CAN MEZZANINE LIMITED

Notes and Accounting Policies

Year ended 31 March 2011

(h) 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

(i) 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

(j) 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 company 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 year.

2. Income from charitable activities

	2011 £	2010 £
Income from contracts	1,012,198	528,318
Grant income	-	18,000
	1,012,198	546,318

3. Charitable activities expenditure

	Staff costs £	Management costs £	Other costs £	Total 2011 £	2010 £
Unrestricted funds	119,586	185,921	1,105,562	1,411,069	1,223,244
Restricted funds	-	-	-	-	18,000
	119,586	185,921	1,105,562	1,411,069	1,241,244

Management costs include support costs and are charged by CAN Mezzanine Limited's sole member Bright Red Dot Foundation Limited

4. Governance costs

	2011 £	2010 £
Unrestricted funds		
Audit fees	5,000	3,500

CAN MEZZANINE LIMITED

Notes and Accounting Policies

Year ended 31 March 2011

5. Net operating surplus

	2011 £	2010 £
Net operating surplus is stated after charging		
Depreciation	41,566	27,145
Auditors' remuneration	<u>5,000</u>	<u>3,500</u>

6. Employees

	2011 £	2010 £
Wages and salaries	110,720	102,850
Social security costs	6,673	5,602
Other pension costs	2,193	1,610
	<u>119,586</u>	<u>110,062</u>

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

	Number	Number
Administration and management	<u>3</u>	<u>3</u>

No employees received remuneration in excess of £60,000 and no emoluments were paid to the Trustees during the year. There were no outstanding or prepaid contributions to the pension scheme at 31 March 2011.

7. Tangible fixed assets

	Leasehold imp'mnts £	Comms i'structure £	Fixtures and fittings £	Computer equipment £	Total £
Cost:					
At beginning of year	6,547	149,264	104,414	3,049	263,274
Additions	36,263	-	1,520	2,169	39,952
Disposals	-	-	-	-	-
At end of year	<u>42,810</u>	<u>149,264</u>	<u>105,934</u>	<u>5,218</u>	<u>303,226</u>
Depreciation:					
At beginning of year	436	14,927	11,100	682	27,145
Charge for the year	2,448	14,926	23,058	1,134	41,566
On disposals	-	-	-	-	-
At end of year	<u>2,884</u>	<u>29,853</u>	<u>34,158</u>	<u>1,816</u>	<u>68,711</u>
Net book value:					
At beginning of year	6,111	134,337	93,314	2,367	236,129
At end of year	<u>39,926</u>	<u>119,411</u>	<u>71,776</u>	<u>3,402</u>	<u>234,515</u>

CAN MEZZANINE LIMITED

Notes and Accounting Policies

Year ended 31 March 2011

8. Debtors

	2011 £	2010 £
Trade debtors	47,284	34,016
Prepayments and accrued income	40,767	23,976
Amounts owed by group companies	-	106,151
Other debtors	2,287	2,312
	<u>90,338</u>	<u>166,455</u>

9. Creditors: amounts due within one year

	2011 £	2010 £
Trade creditors	14,613	30,962
Taxes and social security costs	47,873	9,995
Accruals and deferred income	384,039	169,929
Amounts owed to group companies	40,336	-
Other creditors	217,211	120,849
	<u>704,072</u>	<u>331,735</u>

CAN Mezzanine Limited's sole member Bright Red Dot Foundation Limited holds loans secured over freehold property, with cross guarantees from CAN Mezzanine Limited. The total loans outstanding at 21 September 2011 were £16.4 million.

10. Creditors: amounts due after more than one year

	2011 £	2010 £
Lease incentives	<u>1,142,868</u>	<u>1,227,823</u>

CAN Mezzanine Limited received lease incentives from Bright Red Dot Foundation Limited, which are being spread over the life of the lease as described in note 1 (h).

11. Funds

	Balance 1 April 2010 £	Movement in resources		Balance 31 March 2011 £
		Incoming £	Outgoing £	
Unrestricted funds:				
General funds	(698,252)	1,012,383	(1,416,069)	<u>(1,101,938)</u>

CAN MEZZANINE LIMITED

Notes and Accounting Policies

Year ended 31 March 2011

12. Financial commitments

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

	2011 £	2010 £
Land and buildings		
Expiry date		
More than 5 years	<u>963,500</u>	<u>940,000</u>

There were no capital commitments as at 31 March 2011

13. Related parties

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company

14. Control

The company's ultimate parent company is Bright Red Dot Foundation Ltd, also incorporated in the United Kingdom