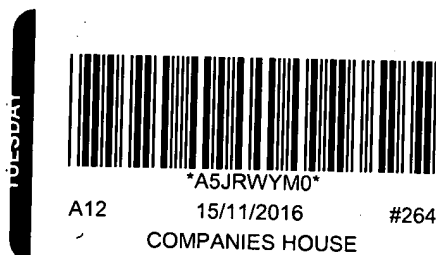


REGISTERED COMPANY NUMBER: 07123227
REGISTERED CHARITY NUMBER: 1148716

**REPORT OF THE TRUSTEES AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016
FOR
PROJECT SPACE LEEDS**



Revell Ward Limited
Chartered Accountants and Statutory Auditors
7th Floor
30 Market Street
Huddersfield
HD1 2HG

PROJECT SPACE LEEDS

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FOR THE YEAR ENDED 31 MARCH 2016**

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PROJECT SPACE LEEDS

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2016

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2016. The trustees have adopted the provisions of the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

07123227 (England and Wales)

Country of Incorporation

Great Britain

Registered Charity number

1148716

Registered office

The Tetley
Hunslet Road
Leeds
LS10 1JQ

Trustees

Nigel McClea	(resigned 4 November 2015)	Kerry Harker	(resigned 18 September 2015)
Gerald Jennings	Chair of trustees	Adrian Friedli	(appointed 13 May 2015)
Philip Beeston		Deborah Green	(appointed 13 May 2015)
Jean Dent OBE		Bob Lewis	
Cllr Adam Ogilvie	(resigned 13 May 2015)	Jonathan Straight	(appointed 4 November 2015)
Pippa Hale		Rosi Lister	(appointed 11 May 2016)

Company Secretary

Joss Richardson

Auditors

Revell Ward Limited
Chartered Accountants and Statutory Auditors
7th Floor
30 Market Street
Huddersfield
HD1 2HG

Bankers

Lloyds
65-68 Briggate
Leeds
LS1 6LH

PROJECT SPACE LEEDS

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2016

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The company gained charitable status on 9 August 2012 and since then it has been governed by its memorandum and articles of association as amended by special resolution on 9 August 2012.

The charity is also known as PSL or The Tetley.

Recruitment and appointment of new trustees

The charity may by ordinary resolution appoint a director and determine the rotation in which additional directors are to retire.

Induction and training of new trustees

All new trustees are sent an induction pack on appointment to provide them with background information on the organisation, its structure, business plan, its policies and its finances. This forms part of the training of trustees. Away days and formal training days for trustees are held from time to time.

Insurance

In line with good practice, the charity purchased insurance for liabilities incurred by its trustees in carrying out their duties.

Organisational structure

The day to day operations of the charity are run by The CEO and the senior management team.

The role of the board of trustees is to oversee the directions and activities of the charity, including its policies and procedures, and to ensure that they are consistent with the charity's charitable purposes as defined in the objects clause in its constitution.

The board of trustees sets and monitors the strategic direction of the charity, with delivery delegated to the Executive team.

Governance and finance matters are further overseen and monitored by the Audit Committee which currently made up of the CEO, Finance Director, Commercial Director and two trustees, one of whom chairs the group. Key matters arising from quarterly meetings are reported to the board.

Management personnel

During the year the following senior personnel were in post across the organisation:

CEO	Dirk Mischendahl
Finance Director	Kirsty Bullen
Co-founder & Artistic Director	Kerry Harker (to September 2015)
Co-founder & Development Director	Pippa Hale (to October 2015)
Creative Director	Bryony Bond (from January 2016)
Commercial Director	Sam Gundelfinger

After founding Project Space Leeds nine years earlier and overseeing its transformation into The Tetley, Pippa Hale and Kerry Harker stepped down during the year as executive directors in order to pass the day-to-day commercial and artistic management into other hands. The trustees would like to extend their thanks to them both for all their hard work and their vision, energy and passion in creating The Tetley. Their departures led to the review of a new appropriate management structure and the appointment of Bryony Bond as Creative Director and the promotion of Sam Gundelfinger to the new post of Commercial Director.

PROJECT SPACE LEEDS

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2016

Pay for key management personnel, which is agreed by the trustees, is set and agreed by reference to budgets and against industry standards.

Risk management

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

A strategic risk register is in place and has been further developed during the year. It is reviewed on a quarterly basis by the Audit Committee and by the board.

The trustees consider that the principal risk facing the charity and its subsidiary undertaking is the risk of not being able to secure enough income, either from public funding, private income or from its earned income streams. Income targets are clearly identified and there is a full income and fundraising strategy in place outlining the strategy for each aspect of budgeted income. Budgets are clearly set and communicated; financial performance is monitored against budget on a monthly basis by the executive team and on at least a quarterly basis by the Audit Committee and trustees to ensure that income levels and predictions are continually reviewed.

OBJECTIVES AND ACTIVITIES

Objectives and aims

The objects of the charity are:

The advancement of public education in and appreciation of the arts in particular but not exclusively by:

- Fostering and promoting an understanding and appreciation of the arts for the benefit of the public.
- Promoting and advancing the participation and education of the general public in the visual arts.
- Providing and maintaining an art gallery for the exhibition of visual art to the general public.
- Delivering visual arts and education programmes to children, young adults and adult learners.
- Providing artists with advice, assistance and access to non-commercial gallery space for the public benefit.

The trustees have considered the Charity Commission's guidance on public benefit and believe that many of the core objects of the charity are clearly aligned with this. The charity are providing and maintaining a centre for contemporary art, offering the opportunity for the general public to view free visual art. This directly relates to the aims of the charity. Further to this, and also in line with the objects of the charity, opportunities, education, advice and assistance are available to artists and an arts and education programme is in place with offerings for participants of different ages.

ACHIEVEMENTS AND PERFORMANCE

Main Activities of the Year

The Tetley, as a venue operated by the Project Space Leeds charity, opened in November 2013. As a young organisation, The Tetley continues to establish itself as a critical part of the cultural ecology in Leeds for artists and audiences. Whilst supporting artists to make and exhibit new work, The Tetley ensures its contemporary visual arts programming is accessible to a wide and diverse audience. During the year, The Tetley has also worked to increase its organisational sustainability so that it is funded through a balance of public support, private support and earned income streams.

Exhibitions and projects

During the year, The Tetley produced 7 major exhibitions and co-produced and supported an additional 4 exhibitions (with Pyramid of Arts, Cockburn High School, Love Arts Festival and Leeds Beckett). There

PROJECT SPACE LEEDS

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2016

were several exciting events that accompanied these exhibitions and The Tetley continued its participatory work with audiences in south Leeds.

Exhibitions

1. *Painting in Time*, co-curated by Sarah Kate Wilson, 3 April – 5 July 2015.
A critically rigorous, beautiful and fun group show that has been our most popular exhibition to date. The show brought together emerging artists (Sarah Kate Wilson and Rob Leech) and established artists (Yoko Ono and Hayley Tompkins) to investigate the medium of painting. There were inflatable paintings, painting machines, and paintings that required viewers' interaction.
2. *Think.Play.Do.* group exhibition, 16 July – 27 September 2015.
An exhibition of 6 artist proposals for the creation of a semi-permanent Play Sculpture on the Brewery Green. Artists were encouraged to engage in blue-sky thinking, resulting in a show of colourful maquettes and prototypes, drawings and sketches imagining a dream playground for the South Bank. After the exhibition, a panel of experts selected one artist (Matthew Houlding) to realise the sculpture. The project also included an exhibition of dream playscapes by our Art Smart Superstars afterschool club, 'Laikin Place' in our Resource Space where visitors could imagine and input into how the play sculpture might look, a microsite of visual essays about play, and a one-day symposium about creativity within the public sphere.
3. Lucy Beech, *Me and Mine*, 16 July – 27 September 2015.
In collaboration with Film and Video Umbrella, this was Beech's first major UK exhibition. She uses film to explore ways in which women construct and sustain communities. Work on show at The Tetley was developed out of Beech's research around emotional labour and the function of the individual within a group. The raw materials for these film 're-enactments' were fabricated from research collected through engagement with workshops and networking events; situations that demand group performance whilst blurring the boundaries between work and play.
4. *The Feast Wagon*, curated by Kerry Harker, Zoe Sawyer and Irfan Shah. 7 October 2015 – 10 January 2016.
A group exhibition of new commissions exploring the history of spectacular touring shows through themes of exchange, circulation and migration and coinciding with the launch of the British Art Show 8 in Leeds. New works of large-scale sculptural installations, painting, collage, video and textile work were commissioned from Simeon Baclay, Delaine Le Bas, Lubaina Himid and Susan Walsh. The project also included community workshops where young participants produced their own 'feast wagons' to contribute to the exhibition, as well as billboards along the city's number 48 bus route of blown up reproductions of Walsh's collage wagons.
5. *The Borrowers*, guest curated by Karl Russell Vickers and Emma Hardaker, 7 October 2015 – 31 January 2016.
A group exhibition of early career artists, nearly all of whom are based in Leeds. The show explored the broader applications of collage within varying contemporary art practices, including film, sculpture, print, digital and traditional collage techniques. The Borrowers was installed in our Bar & Kitchen, successfully integrating contemporary artwork on the building's ground floor. This was an opportunity to expose Bar & Kitchen customers who may not normally visit the galleries to the work we do supporting and exhibiting contemporary artists.
6. Roger Palmer, *Winter Garden*. 22 January - 17 April 2016.
A transformation of The Tetley's 1930s atrium interior with a larger than life-size mural of a tropical palm tree. Appropriating an illustration from the pages of an early 20th century horticultural book,

PROJECT SPACE LEEDS

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2016

Palmer's mixed-media rendering of a palm native to the Indian Ocean island of Réunion, served as a cipher to the colonial and post-colonial discourse Palmer's work has traversed over the past 30 years. The exhibition was accompanied by a series of photographs, and a comprehensive collection of Palmer's artist's books spanning his extensive career.

7. *Picture Book*, co-curated with PAGES, 22 January - 17 April 2016.
Complementing the 19th annual Contemporary Artists Book Fair, this exhibition featured a range of UK-based practitioners who take a variety of approaches to producing artists' books. Including graphic art, limited editions, and a one-off, paper-cut tome so large that it could only be 'read' at scheduled performances.
8. *Photographs from the Brewery Archive*, 22 January 2016 – ongoing. Photographs of the Tetley Brewery Archive selected by Publisher and Editor Craig Atkinson of Café Royal Books. His selection shown in the Bar & Kitchen documents the boom era of the brewery in the 1960's, when it merged with other breweries including Ind Coope of Burton upon Trent and Ansells of Birmingham, to form Allied Breweries, then the world's largest brewing conglomerate.

Exhibitions that were held in addition to The Tetley's core curatorial programme included:

1. *...What Happens Next?* Exhibition of work by students from Cockburn High School in response to *Painting in Time. 2* – 12 July 2015.
2. *Pyramid of the Arts at The Tetley*. Pyramid of Arts groups for people with and without learning disabilities exhibit work in response to The Tetley's exhibitions. 18 July – 2 August 2015.
3. *One Day at a Time*, curated by Lotte Inch as part of the Love Arts Festival. 7 – 21 October 2015.
4. *Catalytic Commoning*, an exhibition exploring relationships between film, architecture and the city, produced by Leeds Beckett University. 12 – 21 November 2015.

Participation programmes

The Tetley remains committed to providing opportunities to enhance the understanding of and participation in the visual arts by a broad range of people. In particular, we are focussed on families and young people living in nearby wards of inner south Leeds.

Participation programmes in operation during 2015/16:

1. The Art Smart Superstars After School Club. Comprised of 20 children in years 4 and 5 from three Hunslet Primary Schools (Hunslet Carr, New Bewerley and St. Joseph's). All three schools face challenges in reference to levels of student achievement and have a higher than average proportion of students that have Special Educational Needs and/or disabilities. The number of pupils who receive Free School Meals and enter the school at different points in the year is well above average.
2. Tiny Tetley. Free, monthly artist-led workshop for babies and children under 5 and their carers. Each session takes a different theme, and messy creative activity is spread across the ground floor gallery. Tiny Tetley attracts many families from south Leeds postcodes LS10 and LS11. The programme has become so popular that booking is required, although it remains free. Each month nearly 100 people participate over 2 hour-long sessions.
3. Family Art Workshops. These are artist-led creative sessions that take place on Saturdays and during school holidays. All ages and families are welcome to drop in and each Workshop averages 30 attendees.
4. Creative Play at the Hunslet Club. Creative workshops delivered by The Tetley at the Hunslet Club during school holiday time in 2015/16. The Hunslet Club provides an essential, affordable service in one of the more deprived communities in Leeds. The Tetley brought opportunities for artistic exploration and fun to the Club, and introduced the organisation as a nearby venue where the young people can come and engage in free arts activity.

PROJECT SPACE LEEDS

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2016

Event Highlights

2015/16 was full of a diverse range of live events, symposiums, discussions and performances, including:

1. *The Den Festival* (22 & 23 August 2015) held at The Tetley for the 2nd year and co-produced with Together for Peace with funds from LCC's Play Enabling Grant. The festival has become a hugely popular weekend with close to 1,000 participants taking part in constructing cardboard dens on the Brewery Green. Live music was performed by young people from Amp Awards, a charity that supports young musical talent across Yorkshire, as well as workshops inside The Tetley across the weekend.
2. *The 19th annual Contemporary Artists Book Fair* (5 & 6 March 2016) took place at The Tetley for the 3rd year in a row. Once again, we welcomed over 50 artist-publishers and imprints to show and sell their work over the weekend. From flip books, photo books and graphic novels to one-off artworks and documentary publications, the Book Fair provides an opportunity to see the most exciting small imprint and artist publishers working across the country today.
3. *Symposium* (26 September 2015) marked the end of the exhibition *Think.Play.Do*. A one-day symposium on play, creativity and public space with contributions from speakers, academics and artists including Lesley Godfrey, Nils Norman Liz Sterling.
4. *First Thursdays* - extended gallery hours until 8pm and a free event that corresponds to current exhibitions. During 2015/16, First Thursdays included exclusive curator's tours; 'Cowboys and Yorkshiremen', an illustrated talk by Irfan Shah during *The Feast Wagon*; and Create a Hand-Bound Sketchbook with artist Becca Hoy during *Picture Book*.

Audience Engagement and Reach

During the year, The Tetley received 106,972 visitors. The organisation engaged with 12,108 participants through events such as our After School Club, Family Art Workshops, screenings, Curator Talks and tours. It is estimated 6,064 of these participants were young people under the age of 24.

Supporting artists and the creative community

The charity provided opportunities for more than 100 artists and creative practitioners. This provision included:

- opportunities for artists at all stages in their careers, from emerging to more established, to create new work for new audiences.
- opportunities for practitioners to lead creative workshops for the public that related to their exhibition. For example, artists involved in *Painting in Time* and *Think.Play.Do* held public workshops where participant engagement was important to the development of the artists' work.
- opportunities for emerging artists to show alongside more established artists with international reputations in large group shows including *Painting in Time*, and *The Feast Wagon*.
- opportunities to collaborate with other curators and artists in symposiums and events.
- opportunities to gain experience delivering artistic engagement activity with the public through our Springboard Programme.
- opportunities to present work through the International Contemporary Artists' Book Fair which took place at The Tetley on 5 & 6 March 2016.

PSL Enterprises Ltd

The charitable company owns 100% of the issued share capital of PSL Enterprises Ltd. During the year the company was used for non-primary purpose trading activities, namely it runs the bar and restaurant in The Tetley as well as taking commercial events bookings and undertaking the shop's retail operations. The turnover has increased to £891,406 (2015: £746,908) producing a profit for the year of £11,365 (2015: loss of £32,506) after contributing to central overheads. Its contributions to overheads have increased from £96,000 in 2014/15 to £125,000 in 2015/16.

PROJECT SPACE LEEDS

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2016

Volunteers

During the year, The Tetley estimates receiving 848 volunteering hours. Volunteers are comprised of a casual pool of approximately six per exhibition cycle who assist the Programme Team in the development, installation and invigilation of each exhibition. For many volunteers this is an incredibly valuable experience. For example, there have been two students from the MA degree in Art Gallery and Museum Studies (University of Leeds) and their volunteer placement has provided essential practical experience. There is also the Springboard Volunteer Programme, which is a training, development programme for approximately 17-20 early career artists each year who want to enthuse and engage the public with contemporary art.

FINANCIAL REVIEW

During the year, the financial focus has continued to be on securing adequate income to meet overheads required to run the organisation. Additionally, there have been significant efforts to secure longer-term funding for the future as well as developing sustainable earned income streams. Earned income has increased during the year in line with budgets. Private income targets (particularly for unrestricted funds) fell short in the year, leading to a deficit in the year. However significant longer-term funding has been agreed for future years that will impact the organisation post year-end.

In the year ended 31 March 2016, total income for the charitable group was £1,560,426 (2015: £1,521,680) with expenditure of £1,673,695 (2015: £1,548,019), giving net outgoing resources of £113,269 (2015: £26,339).

At 31 March 2016, the unrestricted funds for the charity were £272,532 (2015: £384,514) which includes £169,507 (2015: £184,079) representing the remaining capital balance. An unrestricted negative reserves balance in the subsidiary, PSL Enterprises Ltd at 31 March 2016 of (£124,926) (2015: (£136,291)) reduces the overall group unrestricted reserves balance to £147,606 (2015: £248,223). Restricted funds all relate directly to the charity and were £60,525 at the year-end (2015: £53,927).

Endowment funds relate to previous Arts Council England capital funding, which stipulates the requirement to retain assets purchased with the funds.

Total funds for the group including capital, restricted and unrestricted income were £355,714 (2015: £468,983). For the charity, total funds at 31 March 2016 were £480,640 (2015: £605,274).

Reserves policy

The reserves policy is for the charity to aim to have unrestricted group reserve levels sufficient to cover the cost of six months of overheads relating to charitable activities. Future budgets are designed to build up reserves, but it is acknowledged that the charity may take some time to achieve its desired policy.

Funds in deficit

There are currently no funds in deficit at 31 March 2016 (2015: nil).

FUTURE DEVELOPMENTS

We aim to inspire, support and develop emerging artists, and bring a diverse audience closer to art and artistic production.

We produce four exhibitions per year, sometimes in partnership with other organisations. These are shifting to predominantly solo presentations, often giving artists at a pivotal moment in their careers the opportunity to present their work on a significant public platform for the first time. We are also developing a residency programme to support artists at an earlier stage in their careers, and present opportunities for artists based in

PROJECT SPACE LEEDS

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2016

Leeds to widen their networks and develop their careers. For audiences, The Tetley offers the opportunity to be introduced to new artists and artworks through high quality exhibitions, to meet artists and see the processes of art-making in an informal and relaxed space.

We engage a wide and diverse audience in contemporary art, often bringing a new audience to art for the first time through our wide-ranging engagement activities. Our outreach activity is particularly focussed on the areas of South Leeds where arts provision is low and there are high levels of deprivation. We have established a new youth arts programme for young people aged 14 - 19 funded by the Paul Hamlyn Foundation, and continue to offer rich engagement for young people through After School Club, Family Workshops, Tiny Tetley and our work with schools. We also continue to work with community partners such as Pyramid of Arts and offer training for artist educators through Springboard.

We intend to continue to build the organisations' earned income through various streams including the Bar& Kitchen, venue hire and our new third floor for creative tenants. We will continue to develop a sustainable business model, marrying our audience's needs with the organisation's earning potential. We aim to create a seamless experience throughout the building, creating a diverse community of users who feel comfortable to mix with each other and encounter new experiences.

ACKNOWLEDGEMENTS

Project Space Leeds and The Tetley acknowledge the following for their support in the financial year:

Major funders and Partners: Carlsberg UK, Arts Council England, Leeds City Council, Leeds Beckett University

Corporate support: RCP Limited, Clayton Hotels, Land Securities, JC Decaux

Trust & Foundation Support: Charles Brotherton Trust, The D'Oyly Carte Charitable Trust, The Foyle Foundation, the Paul Hamlyn Foundation, the Igen Trust, Leeds Community FDN (the Calder Family), and the Straight Charitable Trust.

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the group and parent charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable 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. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PROJECT SPACE LEEDS

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2016

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

In so far as the trustees are aware:

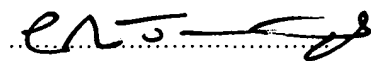
- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

The auditors, Revell Ward Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

The trustees report has been prepared in accordance with the provisions available to entities subject to the small entities regime.

Approved by order of the board of trustees on 22/8/16 and signed on its behalf by:



Gerald Jennings
Chair of Trustees

PROJECT SPACE LEEDS

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF PROJECT SPACE LEEDS

We have audited the financial statements of Project Space Leeds for the year ended 31 March 2016 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the 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 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 auditor

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

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2016, and of the group's 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' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

PROJECT SPACE LEEDS

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF PROJECT SPACE LEEDS

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:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Trustees' Annual Report and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

Karen Borowski FCA (Senior Statutory Auditor)
for and on behalf of Revell Ward Limited
Chartered Accountants and Statutory Auditor
7th Floor
30 Market Street
Huddersfield
HD1 2HG

Date: 30/8/16.

Revell Ward Limited is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

PROJECT SPACE LEEDS

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME & EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2016

	Note	Unrestricted funds £	Restricted funds £	Endowment fund £	31.3.16 Total funds £	31.3.15 Total funds £
INCOME						
Income and endowments from:						
Donations and legacies	2	503,635	27,000	-	530,635	662,884
Charitable activities	3	53,282	85,086	-	138,368	111,861
Other trading activities	4	891,406	-	-	891,406	746,908
Investment income		17	-	-	17	27
Total income		<u>1,448,340</u>	<u>112,086</u>	<u>-</u>	<u>1,560,426</u>	<u>1,521,680</u>
EXPENDITURE						
Expenditure on:						
Raising funds	6	955,025	-	-	955,025	833,721
Charitable activities	7	623,571	75,849	19,250	718,670	714,298
Total resources expended	5	<u>1,578,596</u>	<u>75,849</u>	<u>19,250</u>	<u>1,673,695</u>	<u>1,548,019</u>
Net income/expenditure		(130,256)	36,237	(19,250)	(113,269)	(26,339)
Gross transfers between funds	21	29,639	(29,639)	-	-	-
NET MOVEMENT IN FUNDS		<u>(100,617)</u>	<u>6,598</u>	<u>(19,250)</u>	<u>(113,269)</u>	<u>(26,339)</u>
RECONCILIATION OF FUNDS						
Total funds brought forward	21	248,223	53,927	166,833	468,983	495,322
TOTAL FUNDS CARRIED FORWARD	21	<u>147,606</u>	<u>60,525</u>	<u>147,583</u>	<u>355,714</u>	<u>468,983</u>

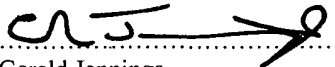
The notes form part of these financial statements

CONSOLIDATED AND CHARITY BALANCE SHEETS AS AT 31 MARCH 2016

	Note	Group 2016 £	Group 2015 £	Charity 2016 £	Charity 2015 £
FIXED ASSETS					
Tangible assets	14	514,222	522,215	391,927	388,735
Investments	15	-	-	1	1
		<u>514,222</u>	<u>522,215</u>	<u>391,928</u>	<u>388,736</u>
CURRENT ASSETS					
Stock	16	16,551	19,049	-	193
Debtors	17	80,467	170,832	117,654	217,648
Cash at bank and in hand		104,336	132,310	64,274	73,218
		<u>201,354</u>	<u>322,191</u>	<u>181,928</u>	<u>291,059</u>
LIABILITIES					
Creditors: Amounts falling due within one year	18	(196,376)	(190,510)	(93,216)	(74,521)
NET CURRENT ASSETS		<u>4,978</u>	<u>131,681</u>	<u>88,712</u>	<u>216,538</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>519,200</u>	<u>653,896</u>	<u>480,640</u>	<u>605,274</u>
Creditors: Amounts fall due after more than one year	19	(163,486)	(184,913)	-	-
NET ASSETS		<u><u>355,714</u></u>	<u><u>468,983</u></u>	<u><u>480,640</u></u>	<u><u>605,274</u></u>
FUNDS					
Endowment fund	21	147,583	166,833	147,583	166,833
Restricted funds	21	60,525	53,927	60,525	53,927
Unrestricted funds	21	147,606	248,223	272,532	384,514
TOTAL FUNDS		<u><u>355,714</u></u>	<u><u>468,983</u></u>	<u><u>480,640</u></u>	<u><u>605,274</u></u>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies and with the provisions applicable to entities subject to the small entities regime.

The financial statements on pages 12 to 30 were approved by the trustees, and authorised for issue on 22/8/16 and are signed on their behalf by:


 Gerald Jennings
 Chair of Trustees

The notes form part of these financial statements

PROJECT SPACE LEEDS**CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 31 MARCH 2016**

	Note	2016 £	2015 £
Cash flows from operating activities:			
Net cash provided by operating activities	25	48,165	30,247
Cash flows from investing activities:			
Proceeds from sale of tangible assets		652	1,425
Purchases of tangible assets		(67,939)	(34,407)
Net cash used in investing activities		<u>(67,287)</u>	<u>(32,982)</u>
Cash flows from financing activities			
Interest paid		<u>(8,852)</u>	<u>(8,604)</u>
Net cash used in financing activities		<u>(8,852)</u>	<u>(8,604)</u>
Change in cash and cash equivalents in the year		(27,974)	(11,339)
Cash and cash equivalents at the beginning of the year		132,310	143,649
Cash and cash equivalents at the end of the year		<u><u>104,336</u></u>	<u><u>132,310</u></u>

The notes form part of these financial statements

PROJECT SPACE LEEDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1. STATEMENT OF ACCOUNTING POLICIES

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: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

In preparing the financial statements, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS102 a restatement of comparatives was needed. No restatements were required other than reclassification of income and expenditure between categories. The Charity's transition date for applying FRS 102 was 1 April 2014 with the last financial statements under previous reporting framework being prepared to 31 March 2015. There have been no changes in accounting policies.

Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the group and company to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

The trustees have considered the current position and budgets of the group and company and after making appropriate enquiries, they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Therefore they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Basis of consolidation

The Consolidated Statement Of Financial Activities, Consolidated Cash Flow Statement and Consolidated Balance Sheet include the financial statements of the company and its subsidiary undertaking made up to 31 March 2016. The results of subsidiaries sold or acquired are included in the Statement of Financial Activities up to, or from, the date control passes. Intra-group sales and profits are eliminated fully on consolidation. The entity has taken exemption from presenting its unconsolidated Statement Of Financial Activities under section 408 of Companies Act 2006.

Incoming resources

All incoming resources are recognised when the group has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

- **Grants receivable**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the year is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in restricted or endowment funds.

Grants which are given for specific service provision are included within incoming resources from charitable activities.

PROJECT SPACE LEEDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1. ACCOUNTING POLICIES – Continued

Grants where there is no specific service provision are included within donations and legacies. Grants receivable which are capital in nature or are of a general nature are included within donations and legacies.

- **Donations**
Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.
- **Other income**
Other income is recognised in the year it is receivable and to the extent the goods have been provided or on completion of the service.
- **Rental income**
Rental income received under operating leases is credited to income on a straight line basis over the lease term.
- **Donated services and gifts in kind**
The value of donated services and gifts in kind provided to the charity are recognised at their open market value in the year in which they are receivable as incoming resources, where the benefit to the charity can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the charity's policies.

Resources expended

All expenditure is recognised in the period in which there is a legal or constructive obligation to make payment to a third party 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 on a basis consistent with the use of resources. Details of the basis of allocation of support costs are given in the notes to the financial statements. All resources expended are inclusive of irrecoverable VAT.

- **Cost of raising funds**
Expenditure on raising funds includes all expenditure incurred by a charity to raise funds for its charitable purposes. It includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.
- **Charitable activities**
These are costs which directly relate to activities which further the charitable objectives of the charity.

Tangible fixed assets

Assets with a useful economic life of greater than one year are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost less estimated residual of each asset over its expected useful life, as follows:

Leasehold property improvements	- over the period of the lease
Fixtures, fittings and equipment	- 3 to 10 years

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

PROJECT SPACE LEEDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1. ACCOUNTING POLICIES – continued

Fixed asset investments

Shares in group undertakings are valued at cost as in the opinion of the directors the cost involved in obtaining a suitable valuation would outweigh the benefits to the users of the accounts.

Stock

Stock is valued at the lower of cost or net realisable value. The amount of stock recognised as an expense in the period is £280,212 (2015 - £257,625).

Taxation

The charity is exempt from tax on its charitable activities.

Financial instruments

Short term debtors are measured at transaction price, less any impairment.

Short term creditors are measured at the transaction price.

Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the charity at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes. Where funds are given for the purpose of purchasing fixed assets but there is no obligation on the charity to retain the assets purchased a transfer between funds is processed when the assets have been purchased and the restriction on the assets fulfilled.

Endowment funds represent income received for the purchase of fixed assets where there is an obligation on the charity to hold these assets for use in fulfilling the charity's objectives. Depreciation is charged to the endowment fund in line with the related assets.

PROJECT SPACE LEEDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

2. DONATIONS AND LEGACIES

	Unrestricted funds £	Restricted funds £	Endowment fund £	31.3.16 Total funds £	31.3.15 Total funds £
Grants receivable	250,000	27,000	-	277,000	389,000
Donated goods and services	221,480	-	-	221,480	219,200
Other donations	20,805	-	-	20,805	6,684
Sponsorship income	11,350	-	-	11,350	48,000
	<u>503,635</u>	<u>27,000</u>	<u>-</u>	<u>530,635</u>	<u>662,884</u>

Grants receivable above includes the following:

	Unrestricted funds £	Restricted funds £	Endowment fund £	31.3.16 Total funds £	31.3.15 Total funds £
Arts Council England - revenue	250,000	-	-	250,000	350,000
Leeds City Council	-	27,000	-	27,000	-
Garfield Weston Foundation	-	-	-	-	30,000
Other grants received	-	-	-	-	9,000
	<u>250,000</u>	<u>27,000</u>	<u>-</u>	<u>277,000</u>	<u>389,000</u>

Donated goods and services above includes the following items, these items have been included at the trustees best estimates of the amounts they would have to pay to obtain similar goods and services on the open market.

	31.3.16 £	31.3.15 £
Rent and rates	219,200	219,200
Other donated goods and services	2,280	-
	<u>221,480</u>	<u>219,200</u>

PROJECT SPACE LEEDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

3. CHARITABLE ACTIVITIES

	Unrestricted funds £	Restricted funds £	Endowment fund £	31.3.16 Total funds £	31.3.15 Total funds £
Rental income	35,310	-	-	35,310	21,910
Shop and programme sales	434	-	-	434	1,377
Grants	-	85,086	-	85,086	54,865
Artists' commissions and speaking fees	15,120	-	-	15,120	32,309
Other charitable income	2,418	-	-	2,418	1,400
	<u>53,282</u>	<u>85,086</u>	<u>-</u>	<u>138,368</u>	<u>111,861</u>

Grants receivable above includes the following:

	Unrestricted funds £	Restricted funds £	Endowment fund £	31.3.16 Total funds £	31.3.15 Total funds £
Arts Council England - revenue	-	-	-	-	38,331
Paul Hamlyn	-	35,000	-	35,000	-
Foyle Foundation	-	12,500	-	12,500	-
Igen Trust	-	15,025	-	15,025	-
Leeds Inspired	-	14,186	-	14,186	-
Other grants received	-	8,375	-	8,375	16,534
	<u>-</u>	<u>85,086</u>	<u>-</u>	<u>85,086</u>	<u>54,865</u>

4. INCOME FROM TRADING ACTIVITIES

	Unrestricted funds £	Restricted funds £	Endowment fund £	31.3.16 Total funds £	31.3.15 Total funds £
Bar and restaurant sales	891,406	-	-	891,406	746,908
	<u>891,406</u>	<u>-</u>	<u>-</u>	<u>891,406</u>	<u>746,908</u>

5. RESOURCES EXPENDED

	Staff costs £	Other direct costs £	Support costs (note 8) £	31.3.16 Total funds £	31.3.15 Total funds £
Costs of raising funds (note 6)	383,164	407,398	164,463	955,025	833,721
Cost of charitable activities (note 7)	207,046	144,656	366,968	718,670	714,298
Total resources expended	<u>590,210</u>	<u>552,054</u>	<u>531,431</u>	<u>1,673,695</u>	<u>1,548,019</u>

PROJECT SPACE LEEDS**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016****6. COSTS OF RAISING FUNDS**

	Unrestricted funds £	Restricted funds £	Endowment fund £	31.3.16 Total funds £	31.3.15 Total funds £
Staff costs	383,164	-	-	383,164	353,098
Professional fees	2,385	-	-	2,385	2,092
Other direct costs	405,013	-	-	405,013	360,849
Total direct costs	790,562	-	-	790,562	716,039
Support costs (note 8)	164,463	-	-	164,463	117,682
	<u>955,025</u>	<u>-</u>	<u>-</u>	<u>955,025</u>	<u>833,721</u>

7. COSTS OF CHARITABLE ACTIVITIES

	Unrestricted funds £	Restricted funds £	Endowment fund £	31.3.16 Total funds £	31.3.15 Total funds £
Staff costs	175,349	31,697	-	207,046	151,893
Curatorial costs	35,245	22,113	-	57,358	66,638
Participation costs	13,403	17,528	-	30,931	25,262
Advertising and promotion	40,074	2,511	-	42,585	34,241
Other direct costs	11,782	2,000	-	13,782	15,369
Total direct costs	275,853	75,849	-	351,702	293,403
Support costs (note 8)	347,718	-	19,250	366,968	420,895
	<u>623,571</u>	<u>75,849</u>	<u>19,250</u>	<u>718,670</u>	<u>714,298</u>

PROJECT SPACE LEEDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

8. SUPPORT COSTS

	Costs of raising funds £	Costs of Charitable activities £	31.3.16 Total £	31.3.15 Total £
Staff costs	6,039	48,145	54,184	59,613
Staff training and expenses	692	5,513	6,205	5,956
Printing, postage and stationery	676	5,387	6,063	6,516
IT expenses	360	2,870	3,230	4,740
Bank charges	27	211	238	217
Legal and professional fees	550	4,386	4,936	4,388
Telephone	202	1,608	1,810	1,841
Accountancy	120	957	1,077	1,527
Other administrative expenses	427	3,407	3,834	6,603
Total administrative expenses	9,093	72,484	81,577	91,401
Staff costs	18,191	30,317	48,508	35,460
Rent and rates	83,325	138,875	222,200	224,200
Heat, light and water	15,350	25,584	40,934	60,659
Insurance	5,272	8,787	14,059	14,061
Cleaning	7,366	12,276	19,642	23,187
Health and safety	450	750	1,200	1,200
Maintenance and repairs	8,630	14,383	23,013	16,106
Security	321	536	857	713
Depreciation	13,884	42,391	56,275	47,606
Total premises costs	152,789	273,899	426,688	423,192
Staff costs	1,292	10,304	11,596	12,124
Legal and professional fees	608	4,846	5,454	2,400
Audit fees	663	5,287	5,950	9,310
Meeting costs	18	148	166	150
Total governance costs	2,581	20,585	23,166	23,984
	164,463	366,968	531,431	538,577

Support costs are allocated on a basis consistent with the use of resources. The trustees have determined that the most consistent and reliable basis for the allocation is the use of full time equivalent staff for administrative expenses and governance and floor area for premises costs. Costs allocated to the charitable company's subsidiary are in line with the agreed recharge basis between the two companies.

PROJECT SPACE LEEDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

9. STAFF COSTS

Staff costs during the year were:

	31.3.16	31.3.15
	Total	Total
	£	£
Wages and salaries	634,831	545,743
Social security costs	38,167	36,863
	<u>672,998</u>	<u>582,606</u>
Consultants and freelancers	31,500	29,582
	<u>704,498</u>	<u>612,188</u>

Where appropriate the charity enters into contracts with self-employed freelance staff for the provision of the charity's services. This provides flexibility for the charity in planning its operations for the year.

The charity considers its key management personnel to comprise the CEO, the finance director, the commercial director and the creative director. The total employment benefits of key management personnel were £140,240 (2015 - £99,600).

The average number of persons employed by the group during the year was 47 (2015 – 39). Expressed as full time equivalents this is analysed as follows:

	31.3.16	31.3.15
	No.	No.
Fundraising	1.1	1.1
Bar, kitchen and events staff	22.0	19.8
Programme and curatorial	8.7	6.4
Premises, admin and management staff	3.5	3.4
	<u>35.3</u>	<u>30.7</u>

There were no employees who received emoluments above £60,000 for the year ended 31 March 2016 nor for the year ended 31 March 2015.

10. TRUSTEES' REMUNERATION AND EXPENSES

During the year P Hale and K Harker left the charity as employees however up until this point they only received remuneration in respect of services they provided undertaking their roles as part of the senior management team, and not in respect of their services as trustees, as permitted by the charitable company's articles of association. Other trustees did not receive any payments from the group in respect of their role as trustees. The value of the trustees' remuneration was as follows:

	31.3.16	31.3.15
	£	£
P Hale (Part-time)	12,175	24,300
K Harker	46,548	30,300
	<u>58,723</u>	<u>54,600</u>

P Hale and K Harker were reimbursed for travel and subsistence expenses totalling £359 (2015 - £172) in respect of their roles within the senior management team, and not in respect of their services as trustees. Other trustees did not receive reimbursement of any expenses during the year (2015 - £Nil).

Other related party transactions involving the trustees are set out in note 24.

PROJECT SPACE LEEDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

11. NET MOVEMENT IN FUNDS

Net movement in funds is stated after charging:

	31.3.16 £	31.3.15 £
Audit fees	5,950	5,950
Depreciation	75,280	67,930

12. TAXATION

PSL Enterprises Limited has losses of £203,125 (2015: £216,380) available to carry forward against future trading profits. A deferred tax asset of £40,625 (2015: £43,276) has not been recognised on these amounts as the asset is not deemed recoverable in the foreseeable future.

13. SURPLUS/ (DEFICIT) OF PARENT CHARITY

As permitted by Section 408 of the Companies Act 2006 and the concession in paragraph 397 of the Charities SORP, a Statement Of Financial Activities and the Income and Expenditure Account of the parent charity is not presented as part of these financial statements. The parent charity's gross income for the financial year was £794,020 (2015: £774,772) and the deficit for the financial year was £124,634 (2015: £6,167 surplus).

14. TANGIBLE FIXED ASSETS

GROUP

	Leasehold property improvements £	Fixtures, fittings and equipment £	Total £
COST			
At 1 April 2015	391,537	220,416	611,953
Additions	43,195	24,744	67,939
Disposals	-	(652)	(652)
At 31 March 2016	434,732	244,508	679,240
DEPRECIATION			
At 1 April 2015	52,246	37,492	89,738
Charge for the year	42,574	32,706	75,280
At 31 March 2016	94,820	70,198	165,018
NET BOOK VALUE			
At 31 March 2016	339,912	174,310	514,222
At 31 March 2015	339,291	182,924	522,215

PROJECT SPACE LEEDS**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016****14. TANGIBLE FIXED ASSETS - Continued****CHARITY**

	Leasehold property improvements £	Fixtures, fittings and equipment £	Total £
COST			
At 1 April 2015	391,537	59,861	451,398
Additions	43,195	16,403	59,598
Disposals	-	(131)	(131)
At 31 March 2016	<u>434,732</u>	<u>76,133</u>	<u>510,865</u>
DEPRECIATION			
At 1 April 2015	52,246	10,417	62,663
Charge for the year	42,574	13,701	56,275
At 31 March 2016	<u>94,820</u>	<u>24,118</u>	<u>118,938</u>
NET BOOK VALUE			
At 31 March 2016	<u>339,912</u>	<u>52,015</u>	<u>391,927</u>
At 31 March 2015	<u>339,291</u>	<u>49,444</u>	<u>388,735</u>

15. FIXED ASSET INVESTMENTS**CHARITY**

	Shares in group undertakings £
COST	
At 1 April 2015 and 31 March 2016	<u>1</u>
NET BOOK VALUE	
At 31 March 2016 and 31 March 2015	<u>1</u>

The charitable company owns 100% of the issued share capital of PSL Enterprises Ltd, company number 08246664. During the year the company was used for non-primary purpose trading activities, namely the operation of the bar and kitchen and the organisation of commercial events at The Tetley.

All activities of the subsidiary company have been consolidated on a line by line basis in the consolidated Statement of Financial Activities. A summary of the results of PSL Enterprises Ltd is shown below:

PROJECT SPACE LEEDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

15. FIXED ASSET INVESTMENTS - Continued

	31.3.16 £	31.3.15 £
TURNOVER	891,406	746,908
Cost of sales	576,290	522,131
GROSS PROFIT	<u>315,116</u>	<u>224,777</u>
Administrative expenses	303,751	257,283
PROFIT / (LOSS) FOR THE FINANCIAL YEAR	<u>11,365</u>	<u>(32,506)</u>
Fixed assets	122,295	133,480
Current assets	74,749	109,041
Creditors: amounts falling due within one year	(158,483)	(193,898)
Creditors: amounts falling due after more than one year	(163,486)	(184,913)
NET LIABILITIES	<u>(124,925)</u>	<u>(136,290)</u>

16. STOCK

	Group		Charity	
	31.3.16 £	31.3.15 £	31.3.16 £	31.3.15 £
Bar and kitchen stocks	16,551	18,856	-	-
Consumables	-	193	-	193
	<u>16,551</u>	<u>19,049</u>	<u>-</u>	<u>193</u>

PROJECT SPACE LEEDS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

17. DEBTORS

	Group		Charity	
	31.3.16	31.3.15	31.3.16	31.3.15
	£	£	£	£
Trade debtors	38,901	37,081	25,682	8,604
Amounts owed from group undertakings	-	-	55,323	77,909
Other debtors	13,603	14,416	13,603	14,416
Prepayments and accrued income	27,963	119,335	23,046	116,719
	<u>80,467</u>	<u>170,832</u>	<u>117,654</u>	<u>217,648</u>

The loan from the charity to PSL Enterprises Ltd is an unsecured, interest free loan which is repayable on demand.

ACCRUED GRANTS RECEIVABLE

	Group	Charity
	£	£
Accrued income at 1 April 2015	112,000	112,000
Income received in the year	(112,000)	(112,000)
Resources accrued in the year	5,975	5,975
Accrued income at 31 March 2016	<u>5,975</u>	<u>5,975</u>

Grants are included within accrued income where the charity has legal entitlement to the income and the amounts are both reliably measurable and virtually certain to be received. Accrued grants receivable are included within prepayments and accrued income above.

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	31.3.16	31.3.15	31.3.16	31.3.15
	£	£	£	£
Loans	(21,199)	(20,070)	-	-
Trade creditors	(34,375)	(32,597)	(20,153)	(13,204)
Social security and other taxation	(39,051)	(44,280)	(5,126)	(5,819)
Other creditors	(1,237)	(2,791)	(738)	(2,390)
Accruals and deferred income	(100,514)	(90,772)	(67,199)	(53,108)
	<u>(196,376)</u>	<u>(190,510)</u>	<u>(93,216)</u>	<u>(74,521)</u>

DEFERRED INCOME

	Group	Charity
	£	£
Deferred income at 1 April 2015	42,615	12,795
Resources deferred in the year	48,842	24,422
Resources utilised in the year	(42,615)	(12,795)
Deferred income at 31 March 2016	<u>48,842</u>	<u>24,422</u>

Deferred income at 31 March 2016 relates to sponsorship, commission, lettings and events which relate to the following period but which have been received in advance. The amounts are included within accruals and deferred income above.

PROJECT SPACE LEEDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Charity	
	31.3.16	31.3.15	31.3.16	31.3.15
	£	£	£	£
Loans	(163,486)	(184,913)	-	-

Included within loans above is £68,516 (2015 - £94,944) which is due after more than five years. The loan taken out during 2013 is repayable over a 10 year period from October 2013 to September 2023. The interest rate applicable is 4% over the banks base rate.

20. FINANCIAL INSTRUMENTS

	Group		Charity	
	31.3.16	31.3.15	31.3.16	31.3.15
	£	£	£	£
Financial assets that are debt instruments measured at amortised cost	38,901	147,081	81,005	196,513
Financial liabilities measured at amortised cost	89,039	80,826	44,724	33,517

PROJECT SPACE LEEDS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

21. FUNDS: GROUP & CHARITY

GROUP	Balance at 1 April 2015 £	Incoming resources £	Resources expended £	Transfers between funds £	Balance at 31 March 2016 £
Restricted funds	53,927	112,086	(75,849)	(29,639)	60,525
Endowment fund	166,833	-	(19,250)	-	147,583
Unrestricted funds - Charity					
Charity	384,514	556,934	(698,555)	29,639	272,532
PSL Enterprises Ltd	(136,291)	891,406	(880,041)	-	(124,926)
	<u>248,223</u>	<u>1,448,340</u>	<u>(1,578,596)</u>	<u>29,639</u>	<u>147,606</u>
TOTAL FUNDS GROUP	<u>468,983</u>	<u>1,560,426</u>	<u>(1,673,695)</u>	<u>-</u>	<u>355,714</u>

CHARITY	Balance at 1 April 2015 £	Incoming resources £	Resources expended £	Transfers between funds £	Balance at 31 March 2016 £
Restricted funds					
Catalyst funding - match funding	39,394	-	(16,135)	(23,259)	-
Learning Studio	6,380	-	-	(6,380)	-
After school clubs	5,653	15,025	(5,653)	-	15,025
Leeds Inspired	-	14,186	(4,186)	-	10,000
Leeds City Council arts funding	-	27,000	(27,000)	-	-
Youth Forum	-	35,000	-	-	35,000
Feast Wagon	-	12,500	(12,500)	-	-
Other restricted funds	2,500	8,375	(10,375)	-	500
	<u>53,927</u>	<u>112,086</u>	<u>(75,849)</u>	<u>(29,639)</u>	<u>60,525</u>
Endowment fund					
The Tetley capital funding	166,833	-	(19,250)	-	147,583
Unrestricted funds					
Project Space Leeds	200,435	681,934	(801,603)	22,259	103,025
Assets purchased with capital grants	184,079	-	(21,952)	7,380	169,507
	<u>384,514</u>	<u>681,934</u>	<u>(823,555)</u>	<u>29,639</u>	<u>272,532</u>
TOTAL FUNDS CHARITY	<u>605,274</u>	<u>794,020</u>	<u>(918,654)</u>	<u>-</u>	<u>480,640</u>

PROJECT SPACE LEEDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

21. FUNDS - continued

DESCRIPTION AS TO THE PURPOSES OF EACH FUND

General fund – represents resources available at the trustees discretion in meeting the charitable objects of the charity. At the year-end PSL Enterprises Ltd had a deficit on its reserves of £124,926 (2015 -£136,291) this is due to a combination of start-up costs and losses incurred in initial trading.

Assets purchased with capital grants – this designated fund represents the Net Book Value of assets purchased with grants received for capital funding.

The Tetley capital funding – this endowment fund represents funding received from The Arts Council England for the refurbishment and fit out of The Tetley where there is a requirement to retain the assets purchased with the funding. This fund represents funding received for the refurbishment and fit out of The Tetley.

Catalyst funding: match funding – this is funding received from Arts Council England matched against new contributed private income to the charity, which supports the delivery of new artistic activity.

After school club funding has been received from Igen to fund a regular free after school club held at the Tetley for children from local schools.

Leeds City Council arts funding is part of a regular Arts@Leeds funding agreement to support the general work of The Tetley.

Youth Forum funds are received from the Paul Hamlyn Foundation and are being used to develop and run a new Youth programme for young people at The Tetley.

Feast Wagon funds were received from the Foyle Foundation to help fund the exhibition programme and related activities of the same name during the year.

Learning Studio – this represents funding received to fit out the learning studio with new equipment and fixtures and fittings.

TRANSFERS BETWEEN FUNDS

£6,380 (2015: £2,120) and £1,000 (2015: £Nil) have been transferred from The Learning Studio and Catalyst funding respectively to the general fund to reflect fixed assets which have been purchased using restricted funds where there is no obligation on the charity to retain the related assets, therefore the purchase of the related assets has satisfied the restriction on the funds.

£22,259 (2015: £Nil) has been transferred from Catalyst funding to the general fund to reflect unspent funds which the funder has confirmed can be spent on activities during 2015/16.

PROJECT SPACE LEEDS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 March 2016 are represented by:

GROUP	Unrestricted funds £	Restricted funds £	Endowment fund £	Total funds £
Tangible fixed assets	366,639	-	147,583	514,222
Current assets	140,829	60,525	-	201,354
Current liabilities	(196,376)	-	-	(196,376)
Long term liabilities	(163,486)	-	-	(163,486)
TOTAL NET ASSETS	147,606	60,525	147,583	355,714

CHARITY	Unrestricted funds £	Restricted funds £	Endowment fund £	Total funds £
Tangible fixed assets	244,345	-	147,583	391,928
Current assets	121,403	60,525	-	181,928
Current liabilities	(93,216)	-	-	(93,216)
Long term liabilities	-	-	-	-
TOTAL NET ASSETS	272,532	60,525	147,583	480,640

23. MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

24. RELATED PARTY TRANSACTIONS

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Due to the composition of the board of trustees being drawn from local, public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board may have an interest. All transactions involving organisations in which a board member may have an interest are conducted at arms' length and in accordance with normal audit procedures.

Outsmart Agency Limited (a company in which P Harker, the spouse of K Harker, a trustee, is a director and shareholder) provided advertising and marketing services totalling £43 (2015: £22,821) during the year. In addition during the year Outsmart Agency Limited was charged office rental of £6,000 (2015: £12,000), paid for meeting rooms of £Nil (2015: £728). At the year end the group owed Outsmart Agency Limited £Nil (2015: £Nil).

Northern Bloc Limited (a company in which D Mischendahl, a director of PSL Enterprises Limited, is a director and shareholder) made bar purchases from the group totalling £8,593 (2015: £1,385) during the year and the group made purchases from Northern Bloc Limited of £5,277 (2015: £46). At the year end the group owed £343 (2015: £13) to Northern Bloc Limited.

Ross & Cashmore (a company in which D Mischendahl, a director of PSL Enterprises Limited, and P Hale, a trustee, are directors) made bar / restaurant purchases from the group totalling £926 (2015: £1,221) during the year and the group made purchases from Ross & Cashmore for D Mischendahl's time of £30,085 (2015: £20,143). At the year end the group owed £Nil (2015: £2,815) to Ross & Cashmore.

PROJECT SPACE LEEDS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

**25. RECONCILIATION OF NET EXPENDITURE TO NET CASH FLOW FROM OPERATING
ACTIVITIES**

	2016 £	2015 £
Cash flows from operating activities		
Deficit for the financial year	(113,269)	(26,339)
Adjustments for:		
Depreciation of tangible assets	75,280	67,930
Interest paid	8,366	10,208
Decrease in trade and other debtors	90,365	16,883
Decrease/(increase) in stocks	2,498	(6,612)
Increase in trade and other creditors	(15,075)	(31,823)
Net cash generated from operating activities	<u>48,165</u>	<u>30,247</u>