

Company registration number: 07351786

Charity registration number: 1138836

OSCR registration number: SC042755

# Life With Art

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 March 2017



## **Life With Art**

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## **Life With Art**

### **Reference and Administrative Details**

#### **Chairman**

D N S Pigott

#### **Trustees**

D N S Pigott

D G Gidney

A Main (appointed 8 December 2016)

A Reid (resigned 8 December 2016)

#### **Principal Office**

St Brandons House  
29 Great George Street  
Bristol  
BS1 5QT

#### **Registered Office**

Freshford House  
Redcliffe Way  
Bristol  
BS1 6NL

The charitable group is incorporated in England and Wales.

#### **Company Registration Number**

07351786

#### **Charity Registration Number**

1138836

#### **OSCR Registration Number**

SC042755

#### **Auditor**

Milsted Langdon LLP  
Freshford House  
Chartered Accountants and Statutory Auditors  
Redcliffe Way  
Bristol  
BS1 6NL

## **Life With Art**

### **Trustees' Report**

The Trustees, who are directors for the purpose of company law, present the annual report together with the audited financial statements of the charitable company and group for the year ended 31 March 2017, which are also prepared to meet the requirements for a Trustees' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standard 102.

The principal office of the charity is:  
St Brandon's House  
29 Great George Street  
Bristol  
BS1 5QT

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

#### **Governing document**

Life With Art is a company limited by guarantee, as defined by the Companies Act 2006, and governed by its Memorandum and Articles of Association dated 20 August 2010. It is registered as a charity with both the Charity Commission (registration no. 1138836) and the Office of the Scottish Charity Regulator (registration no. SC042755).

#### **Organisation**

The Board of Trustees administers the charity and meets quarterly. The current Chairman is appointed by the trustees to manage the day-to-day operations of the charity. To facilitate effective operations the Chairman has delegated authority, within terms of delegation approved by the Trustees, for operational matters including finance, employment and all other related activities.

The Trustees who served during the year are listed on page 1, along with the details of professional organisations who have provided services or advice to the charity during the year ended 31 March 2017.

#### **Recruitment and appointment of new Trustees**

As set out in the Articles of Association there must be at least 3 trustees at all times. None of the Trustees are obliged to serve fixed terms nor retire on rotation. When considering co-opting trustees, the board has regard to the requirement of any specialist skills needed.

#### **Induction and training of new trustees**

New trustees undergo an orientation day to brief them on their legal obligations under charity and company law, the Charity Commission guidance on public benefit and inform them of the content of the Memorandum and Articles of Association, the committee and decision-making processes, the business plan and recent financial performance of the charity. During the induction day they will meet key employees and other trustees. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

## **Life With Art**

### **Trustees' Report**

#### **Pay policy for senior staff**

The Trustees consider themselves members of key management personnel of the charity in charge of directing and controlling, running and operating the Charity on a day to day basis. All Trustees give up their time freely and do not claim any expenses incurred.

The pay of senior staff is reviewed annually by the Trustees.

#### **Related parties and subsidiary undertakings**

The charity's wholly owned subsidiary, Life With Art Trading Limited was established to operate those activities which are outside the scope of the charity's objectives.

#### **Investment policy**

The Trustees, having regard to the liquidity requirements of operating the charity, have kept available funds in an interest-bearing account and would, in normal circumstance, seek to achieve a rate of interest which matches or exceeds inflation as measured by the retail prices index. Due to wider economic circumstances interest rates have been depressed and so this aim was not achieved in the year.

#### **Risk management**

The Trustees have a duty to identify and review the risks to which the charity is exposed and to put systems into place to mitigate these risks. The Trustees have carried out a risk assessment review of risks to the Charity. These include Health and Safety, Employment law, security, and financial operations/liquidity. Risks are identified throughout the period and discussed at each Trustees meeting. Actions are taken to mitigate any risk wherever possible.

### **OBJECTIVES AND ACTIVITIES**

#### **Objectives and activities**

The Trustees confirm that they have complied with their duty under the Charities Act 2011 to have due regard to the Charity Commission's guidance on public benefit when planning and reviewing the aims, objectives and activities of Life With Art.

The purposes and aims of the charity are:

- To advance the education of the public in the arts, including (but not limited to) young people and disabled people;
- To promote the relief of disabled people; and
- To advance for the benefit of the public such other exclusively charitable purposes (in accordance with the laws of England and Wales and Scotland) as the trustees of the charity shall from time to time select.

Through the education of young people and disabled people the Charity wishes to maximise the public benefit and ultimately its legal purposes.

## **Life With Art**

### **Trustees' Report**

#### **Strategies**

The strategies in place to achieve the purposes and aims of the charity and by which way the success of the charity is measured include:

- Increasing the quantity of workshops offered.
- Increasing exposure on social media, with the use of blogs and other engaging media in order to promote the charitable purposes.
- Increasing awareness of the therapeutic nature of art through organising and facilitating art competitions.
- Increasing local involvement through sustained community out-reach programmes at each Charity art centre.

#### **ACHIEVEMENT AND PERFORMANCE**

##### **Achievements against objectives**

During the year the Charity increased the number of Charitable art centres operated throughout the UK including an increased presence in Scotland.

There have been several large one off occupations of properties which has led to strong growth in the year. The Charity has continued to run exhibitions, art shows and events.

During the year the number of workshops has increased from that carried out in the year ended 31 March 2016.

The Charity has continued to post blogs on the current workshops and local events in order to promote the activities of the charity and the benefits of art in education.

#### **FINANCIAL REVIEW**

The Trustees have continued their policy of supporting other charities through grants totalling £33,425 (2016: £98,700). During the year, the charitable group received total incoming resources of £923,360 (2016: £459,549). After taking into account grants and other expenses of £814,792 (2016: £536,102) the funds of the charitable group increased during the year by £108,568 (2016: decreased by £76,553). The trustees consider the financial position of the funds of the group to be satisfactory.

In terms of the financial position of the charity itself, it has received a gift from the subsidiary in the year of £629,941 (2016: £136,619). After grants and expenses of £521,187 (2016: £212,816), there were net incoming resources of £108,767 (2016: (£76,197)).

In terms of the subsidiary, Life With Art Trading Limited, its income during the year was £923,175 (2016: £459,264). After making a gift to the parent charity of £629,941 during the year (2016: £136,619) and additional expenses of £293,433 (2016: £323,286), the subsidiary made a loss of £199 in the year (2016: £356), leaving net assets at the year end of £7,146 (2016: £7,345).

## **Life With Art**

### **Trustees' Report**

#### **Reserves Policy**

It is the policy of the trustees to maintain unrestricted funds, which are the free reserves of the charity, at a level to enable the charity to meet its regular grant commitments for four months (£11,200) in the event of a substantial fall in the charity's income. The free reserves as at 31 March 2017 are £306,412 (2016: £197,645).

#### **FUTURE PLANS**

The Trustees plan to maintain the level of incoming resources generated in the year through sustaining the levels of workshops offered and young and disabled individuals benefited. The Charity also intends to continue its support of local charities and facilitation of art competitions.

#### **Small companies provision**

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

#### **Financial instruments**


##### ***Objectives and policies***

The charity's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the charity's policies approved by the board of trustees, which provide written principles on the use of financial derivatives to manage these risks. The charity does not use derivative financial instruments for speculative purposes.

#### **Disclosure of information to auditor**

Each member has taken steps that they ought to have taken as a member in order to make themselves aware of any relevant audit information and to establish that the charitable group's auditor is aware of that information. The Trustees confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

The annual report was approved by the Trustees of the charitable group on 20 Dec 2017 and signed on its behalf by:



.....  
D N S Pigott  
Chairman and Trustee

## Life With Art

### Statement of Trustees' Responsibilities

The Trustees (who are also the directors of Life With Art for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and group and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

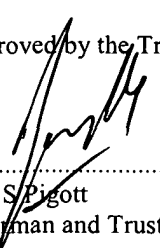
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The charity's trustees are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006 and Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Trustees of the charitable group on 20/12/2017 and signed on its behalf by:

  
.....  
D N S Pigott  
Chairman and Trustee



## **Life With Art**

### **Independent Auditors' Report to the Members of Life With Art**

We have audited the financial statements of Life With Art for the year ended 31 March 2017, which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)).

This report is made solely to the charitable company's trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's Trustees, as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charitable group's trustees 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of Trustees and auditors**

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 6), 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.

We have been appointed auditors under Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with regulations made under those Acts.

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

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2017 and of the group's and parent charitable company's incoming resources and application of resources, including their 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 and the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

## **Life With Art**

### **Independent Auditors' Report to the Members of Life With Art**

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' report (incorporating the Strategic report), for the financial year for which the financial statements are prepared is consistent with the financial statements and based on the work undertaken in the course of the audit has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Trustees' report (incorporating the Strategic report).

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the parent charitable company has not kept proper and adequate 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; or
- 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' report.



Andrew J Jordan (Statutory Auditor)  
For and on behalf of Milsted Langdon LLP, Statutory Auditor  
Freshford House  
Redcliffe Way  
Bristol  
BS1 6NL

Date: 20 December 2017

Milsted Langdon LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

## Life With Art

### Charity Statement of Financial Activities for the Year Ended 31 March 2017 (Including Charity Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Total 2017 £	Total 2016 £
<b>Income and Endowments from:</b>				
Donations and legacies	2	629,941	629,941	136,619
Investment income	3	13	13	-
Total Income		629,954	629,954	136,619
<b>Expenditure on:</b>				
Raising funds		(307,207)	(307,207)	(84,582)
Charitable activities	4	(213,980)	(213,980)	(128,234)
Total Expenditure		(521,187)	(521,187)	(212,816)
Net income/(expenditure)		108,767	108,767	(76,197)
Net movement in funds		108,767	108,767	(76,197)
<b>Reconciliation of funds</b>				
Total funds brought forward		197,645	197,645	273,842
Total funds carried forward	15	306,412	306,412	197,645

All of the activities derive from continuing operations during the above two periods.

The analysis of funds for 2016 is shown in note 15.

## Life With Art

### Consolidated Statement of Financial Activities for the Year Ended 31 March 2017 (Including Consolidated Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Total 2017 £	Total 2016 £
<b>Income and Endowments from:</b>				
Other trading activities	2	923,175	923,175	459,264
Investment income	3	185	185	285
Total Income		923,360	923,360	459,549
<b>Expenditure on:</b>				
Raising funds		(599,805)	(599,805)	(312,461)
Charitable activities	4	(214,987)	(214,987)	(223,641)
Total Expenditure		(814,792)	(814,792)	(536,102)
Net income/(expenditure)		108,568	108,568	(76,553)
Net movement in funds		108,568	108,568	(76,553)
<b>Reconciliation of funds</b>				
Total funds brought forward		204,989	204,989	281,542
Total funds carried forward	15	313,557	313,557	204,989

All of the activities derive from continuing operations during the above two periods.

The analysis of funds for 2016 is shown in note 15.

**Life With Art**  
**(Registration number: 07351786)**  
**Consolidated Balance Sheet as at 31 March 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	10	10,427	2,714
<b>Current assets</b>			
Debtors	12	67,774	28,903
Cash at bank and in hand		303,230	384,671
		<u>371,004</u>	<u>413,574</u>
<b>Creditors: Amounts falling due within one year</b>	13	<u>(67,874)</u>	<u>(211,299)</u>
<b>Net current assets</b>		<u>303,130</u>	<u>202,275</u>
<b>Net assets</b>		<u>313,557</u>	<u>204,989</u>
<b>Funds of the charitable group:</b>			
<b>Unrestricted income funds</b>			
Unrestricted income funds		<u>313,557</u>	<u>204,989</u>
<b>Total funds</b>	15	<u>313,557</u>	<u>204,989</u>

These financial statements have been prepared in accordance with the provisions of the small companies regime within Part 15 of the Companies Act 2006.

The financial statements on pages 9 to 29 were approved by the Trustees, and authorised for issue on 20/12/2017 and signed on their behalf by:

.....  
D N S Pigott  
Chairman and Trustee

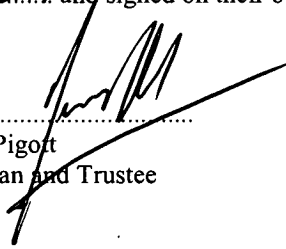
# Life With Art

(Registration number: 07351786)  
Balance Sheet as at 31 March 2017

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	10	7,804	-
Investments		1	1
		<u>7,805</u>	<u>1</u>
<b>Current assets</b>			
Debtors	12	258,265	198,390
Cash at bank and in hand		51,333	13,836
		<u>309,598</u>	<u>212,226</u>
<b>Creditors: Amounts falling due within one year</b>	13	<u>(10,991)</u>	<u>(14,582)</u>
<b>Net current assets</b>		<u>298,607</u>	<u>197,644</u>
<b>Net assets</b>		<u>306,412</u>	<u>197,645</u>
<b>Funds of the charitable group:</b>			
<b>Unrestricted income funds</b>			
Unrestricted income funds		<u>306,412</u>	<u>197,645</u>
<b>Total funds</b>	15	<u>306,412</u>	<u>197,645</u>

These financial statements have been prepared in accordance with the provisions of the small companies regime within Part 15 of the Companies Act 2006.

The financial statements on pages 9 to 29 were approved by the Trustees, and authorised for issue on 20/12/2017 and signed on their behalf by:

  
.....  
D N S Pigott  
Chairman and Trustee

## Life With Art

### Consolidated Statement of Cash Flows for the Year Ended 31 March 2017

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Net cash income/(expenditure)		108,568	(76,553)
<b>Adjustments to cash flows from non-cash items</b>			
Depreciation		2,198	905
Investment income	3	(185)	(285)
Interest payable		1	-
		<u>110,582</u>	<u>(75,933)</u>
<b>Working capital adjustments</b>			
(Increase)/decrease in debtors	12	(38,871)	302,233
Decrease in creditors	13	(142,856)	(159,468)
(Decrease)/increase in deferred income		(569)	569
Net cash flows from operating activities		<u>(71,714)</u>	<u>67,401</u>
<b>Cash flows from investing activities</b>			
Interest receivable and similar income	3	185	285
Purchase of tangible fixed assets	10	(9,911)	-
Net cash flows from investing activities		<u>(9,726)</u>	<u>285</u>
<b>Cash flows from financing activities</b>			
Interest payable and similar charges		(1)	-
Net (decrease)/increase in cash and cash equivalents		(81,441)	67,686
Cash and cash equivalents at 1 April		<u>384,671</u>	<u>316,985</u>
Cash and cash equivalents at 31 March		<u>303,230</u>	<u>384,671</u>

All of the cash flows are derived from continuing operations during the above two periods.

**Life With Art**  
**Statement of Cash Flows for the Year Ended 31 March 2017**

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Net cash income/(expenditure)		108,767	(76,197)
<b>Adjustments to cash flows from non-cash items</b>			
Depreciation		1,419	-
Investment income	3	(13)	-
		<u>110,173</u>	<u>(76,197)</u>
<b>Working capital adjustments</b>			
(Increase)/decrease in debtors	12	(59,875)	83,306
Decrease in creditors	13	(3,591)	(8,054)
		<u>46,707</u>	<u>(945)</u>
<b>Cash flows from investing activities</b>			
Interest receivable and similar income	3	13	-
Purchase of tangible fixed assets	10	(9,223)	-
		<u>(9,210)</u>	<u>-</u>
<b>Net cash flows from investing activities</b>		<u>(9,210)</u>	<u>-</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>37,497</u>	<u>(945)</u>
<b>Cash and cash equivalents at 1 April</b>		<u>13,836</u>	<u>14,781</u>
<b>Cash and cash equivalents at 31 March</b>		<u>51,333</u>	<u>13,836</u>

All of the cash flows are derived from continuing operations during the above two periods.



## **Life With Art**

### **Notes to the Financial Statements for the Year Ended 31 March 2017**

#### **1 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Statement of compliance**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

Life With Art meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

##### **Basis of consolidation**

The consolidated financial statements consolidate the financial statements of the charity and its subsidiary undertakings drawn up to 31 March 2017.

A subsidiary is an entity controlled by the charity. Control is achieved where the charity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the statement of financial activities from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

## **Life With Art**

### **Notes to the Financial Statements for the Year Ended 31 March 2017**

#### **Going concern**

The Trustees consider that there are no material uncertainties about the charitable group's ability to continue as a going concern nor any significant areas of uncertainty that affect the carrying value of assets held by the charity.

#### **Transition to FRS 102**

In preparing the accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was required. Accordingly no reconciliation of funds was required as reported financial performance has been presented. The date of transition to FRS 102 was 1 April 2015. No restatements are required as a result of the transition to FRS 102.

#### **Income and endowments**

Income represents amounts receivable (and known at the year end) by the charity during the year from other trading activities.

All incoming resources are included in the Statement of Financial Activities when:

- The charity is legally entitled to the income; and
- The amount can be quantified with reasonable accuracy.

#### **Deferred income**

Deferred income represents amounts received for future periods and is released to incoming resources in the period for which it has been received. Such income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the charitable group has unconditional entitlement.

#### **Investment income**

Investment income is recognised using the effective interest rate method.

#### **Expenditure**

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs 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, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

#### **Raising funds**

These are costs incurred in attracting voluntary income, the management of investments and those incurred in trading activities that raise funds.

#### **Charitable activities**

Charitable expenditure comprises those costs incurred by the charitable group in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

## Life With Art

### Notes to the Financial Statements for the Year Ended 31 March 2017

#### Governance and support costs

These include the costs attributable to the charitable group's compliance with constitutional and statutory requirements, including audit.

#### Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The trading subsidiary recognises the current income tax charge on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

#### Tangible fixed assets

Fixed assets are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

#### Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Furniture and equipment	25% on reducing balance

#### Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the charitable group will not be able to collect all amounts due according to the original terms of the receivables.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

#### Fund structure

Unrestricted income funds are general funds that are available for use at the trustee's discretion in furtherance of the objectives of the charitable group.

## **Life With Art**

### **Notes to the Financial Statements for the Year Ended 31 March 2017**

#### **Trade creditors**

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the charitable group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

#### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Statement of Financial Activities over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the charitable group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

#### **Fund structure**

Unrestricted income funds are general funds that are available for use at the trustee's discretion in furtherance of the objectives of the charitable group.

#### **Operating leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged in the Statement of Financial Activities on a straight line basis over the lease term.

## **Life With Art**

### **Notes to the Financial Statements for the Year Ended 31 March 2017**

#### **Financial instruments**

##### ***Classification***

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the charity after deducting all of its liabilities.

##### ***Recognition and measurement***

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the charitable group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the charitable group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the charitable group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

##### ***Investments***

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

Investments in subsidiaries and associates are measured at cost less impairment.

# Life With Art

## Notes to the Financial Statements for the Year Ended 31 March 2017

### 2 Income from other trading activities

#### Charity

Donations received

#### Unrestricted funds

General  
£

Total  
2017  
£

Total  
2016  
£

629,941

629,941

136,619

#### Group

#### Unrestricted funds

General  
£

Total  
2017  
£

Total  
2016  
£

Trading income;  
Provision of services

923,175

923,175

459,264

### 3 Investment income

#### Charity

#### Unrestricted funds

General  
£

Total  
2017  
£

Total  
2016  
£

Interest receivable on bank deposits

13

13

-

#### Group

#### Unrestricted funds

General  
£

Total  
2017  
£

Total  
2016  
£

Interest receivable and similar income;  
Interest receivable on bank deposits

185

185

285

## Life With Art

### Notes to the Financial Statements for the Year Ended 31 March 2017

#### 4 Expenditure on charitable activities

##### Charity

	Activity undertaken directly £	Grant funding of activity £	Total 2017 £	Total 2016 £
Artists' fees and expenses	113,661	-	113,661	29,534
Artists' materials	12,316	-	12,316	-
Artists' motor and travel	27,473	-	27,473	-
Exhibitions and promotions	24,033	-	24,033	-
DBS, health & safety, fire training	697	-	697	-
Auditors remuneration	2,375	-	2,375	-
Grants	-	33,425	-	98,700
	<u>180,555</u>	<u>33,425</u>	<u>213,980</u>	<u>128,234</u>

£213,980 (2016 - £128,234) of the above expenditure was attributable to unrestricted funds and £Nil (2016 - £Nil) to restricted funds.

##### Group

	Activity undertaken directly £	Grant funding of activity £	Total 2017 £	Total 2016 £
Artists' fees and expenses	113,981	-	113,981	69,538
Artists' materials	12,962	-	12,962	9,040
Workshops	41	-	41	1,512
Artists' motor and travel	27,473	-	27,473	25,450
Exhibitions and promotions	24,033	-	24,033	14,516
DBS, health & safety, fire training	697	-	697	429
Competition prizes	-	-	-	1,956
Auditors remuneration	2,375	-	2,375	-
Independent examiners' remuneration	-	-	-	2,500
Grants	-	33,425	33,425	98,700
	<u>181,562</u>	<u>33,425</u>	<u>214,987</u>	<u>223,641</u>

£214,987 (2016 - £223,641) of the above expenditure was attributable to unrestricted funds and £Nil (2016 - £Nil) to restricted funds.

In addition to the expenditure analysed above, there are also governance costs of £2,375 (2016 - £2,500) which relate directly to charitable activities. See note 5 for further details.

## Life With Art

### Notes to the Financial Statements for the Year Ended 31 March 2017

#### 5 Analysis of support costs

##### Governance costs

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Audit fees				
Audit of financial statements	1,375	-	1,375	-
Other fees paid to auditors	1,000	2,500	1,000	2,500
	<u>2,375</u>	<u>2,500</u>	<u>2,375</u>	<u>2,500</u>

#### 6 Net incoming/outgoing resources

Net incoming/(outgoing) resources for the year include:

	2017	2016
	£	£
Audit fees	<u>1,375</u>	<u>2,500</u>

#### 7 Trustees remuneration and expenses

No Trustees, nor any persons connected with them, have received any remuneration from the charity during the year (2016 - £Nil).

No Trustees have received any reimbursed expenses or any other benefits from the charity during the year (2016 - £Nil).



## Life With Art

### Notes to the Financial Statements for the Year Ended 31 March 2017

#### 8 Staff costs

The aggregate payroll costs were as follows:

	2017 £	2016 £
<b>Staff costs during the year were:</b>		
Wages and salaries	42,455	32,016

The monthly average number of persons (including senior management team) employed by the charitable group during the year expressed as full time equivalents was as follows:

	2017 No	2016 No
Average number of employees	5	5

No employee received emoluments of more than £60,000 during the year (2016 – no employees).

#### 9 Auditors' remuneration

	2017 £	2016 £
Audit of the financial statements	1,375	-
<b>Other fees to auditors</b>		
All other non-audit services	1,000	2,500

## Life With Art

### Notes to the Financial Statements for the Year Ended 31 March 2017

#### 10 Tangible fixed assets

##### Group

##### Cost

At 1 April 2016

Additions

At 31 March 2017

##### Depreciation

At 1 April 2016

Charge for the year

At 31 March 2017

##### Net book value

At 31 March 2017

At 31 March 2016

**Furniture and  
equipment  
£**

**Total  
£**

10,203

10,203

9,911

9,911

20,114

20,114

7,489

7,489

2,198

2,198

9,687

9,687

10,427

10,427

2,714

2,714

##### Charity

##### Cost

Additions

At 31 March 2017

**Furniture and  
equipment  
£**

**Total  
£**

9,223

9,223

9,223

9,223

##### Depreciation

Charge for the year

At 31 March 2017

1,419

1,419

1,419

1,419

##### Net book value

At 31 March 2017

7,804

7,804

# Life With Art

## Notes to the Financial Statements for the Year Ended 31 March 2017

### 11 Fixed asset investments

#### Charity

Shares in group undertakings and participating interests

2017 £	2016 £
1	1

#### Shares in group undertakings and participating interests

Subsidiary undertakings £	Total £
1	1
1	1
1	1
1	1

#### Cost

At 1 April 2016

At 31 March 2017

#### Net book value

At 31 March 2017

At 31 March 2016

#### Details of undertakings

Details of the investments in which the charitable group holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	Principal activity	
Subsidiary undertakings					
Life With Art Trading Limited	England and Wales	Ordinary	100%	Operation of arts facilities	
				2017	2016
				£	£
Turnover				923,214	459,264
Expenditure				(923,413)	(459,620)
Net loss				(199)	(356)
Total assets				320,970	401,062
Total liabilities				(313,824)	(393,717)
Net assets				7,146	7,345
Total equity				7,146	7,345

## Life With Art

### Notes to the Financial Statements for the Year Ended 31 March 2017

#### 12 Debtors

	Group		Charity	
	2017 £	2016 £	2017 £	2016 £
Trade debtors	67,774	27,830	1,324	1,390
Accrued income	-	1,073	256,941	197,000
	<u>67,774</u>	<u>28,903</u>	<u>258,265</u>	<u>198,390</u>

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

	Group		Charity	
	2017 £	2016 £	2017 £	2016 £
Trade creditors	18,619	148,924	5,451	14,582
Trading subsidiary corporation tax payable	-	285	-	-
VAT liability	37,449	42,006	-	-
Other creditors	3,000	-	3,000	-
Accruals	8,806	19,515	2,540	-
Deferred income	-	569	-	-
	<u>67,874</u>	<u>211,299</u>	<u>10,991</u>	<u>14,582</u>

#### Deferred income

	2017 £
Deferred income at 1 April 2016	(569)
Amounts released from previous periods	<u>569</u>
Deferred income at 31 March 2017	<u>-</u>

Deferred income consists of amounts received/ invoiced before the year end which relate to a future period.

#### 14 Charitable group status

The charitable group is limited by guarantee and consequently does not have share capital. Each of the Trustees is liable to contribute an amount not exceeding £1 towards the assets of the charitable group in the event of liquidation.

# Life With Art

## Notes to the Financial Statements for the Year Ended 31 March 2017

### 15 Funds

#### Group

#### Unrestricted funds

	Balance at 1 April 2016 £	Incoming resources £	Resources expended £	Balance at 31 March 2017 £
<b>Unrestricted funds</b>				
<i>Unrestricted general funds</i>				
Unrestricted income fund	204,989	923,360	(814,792)	313,557

#### Unrestricted funds

	Balance at 1 April 2015 £	Incoming resources £	Resources expended £	Balance at 31 March 2016 £
<b>Unrestricted funds</b>				
<i>Unrestricted general funds</i>				
Unrestricted income fund	281,542	459,549	(536,102)	204,989

#### Charity

#### Unrestricted funds

	Balance at 1 April 2016 £	Incoming resources £	Resources expended £	Balance at 31 March 2017 £
<b>Unrestricted funds</b>				
<i>Unrestricted general funds</i>				
Unrestricted income fund	197,645	629,954	(521,187)	306,412

#### Unrestricted funds

	Balance at 1 April 2015 £	Incoming resources £	Resources expended £	Balance at 31 March 2016 £
<b>Unrestricted funds</b>				
<i>Unrestricted general funds</i>				
Unrestricted income fund	273,842	136,619	(212,816)	197,645

The specific purposes for which the funds are to be applied are as follows:

Unrestricted general funds are funds that are available for use at the Trustee's discretion in furtherance of the objectives of the Group.

# Life With Art

## Notes to the Financial Statements for the Year Ended 31 March 2017

### 16 Analysis of net assets between funds

#### Group

Tangible fixed assets

Current assets

Current liabilities

Total net assets

Unrestricted  
funds

General funds  
£

Total funds  
£

10,427

10,427

371,004

371,004

(67,874)

(67,874)

313,557

313,557

#### Charity

Tangible fixed assets

Fixed asset investments

Current assets

Current liabilities

Total net assets

Unrestricted  
funds

General funds  
£

Total funds  
£

7,804

7,804

1

1

309,598

309,598

(10,991)

(10,991)

306,412

306,412

## Life With Art

### Notes to the Financial Statements for the Year Ended 31 March 2017

#### 17 Analysis of net funds

##### Charity

	At 1 April 2016 £	Cash flow £	At 31 March 2017 £
Cash at bank and in hand	13,836	37,497	51,333
Net debt	13,836	37,497	51,333

##### Group

	At 1 April 2016 £	Cash flow £	At 31 March 2017 £
Cash at bank and in hand	384,671	(81,441)	303,230
Net debt	384,671	(81,441)	303,230

#### 18 Related party transactions

##### Charity

During the year the charity made the following related party transactions:

##### Life With Art Trading Limited

Transactions with the wholly owned entities of the group are not disclosed in accordance with exemptions available under FRS 102 Section 33.

##### Urbina Limited

(A Company under the control of the Chairman and Trustee D N S Piggott)

During the year the charity received a loan from Urbina Limited for the provision of services paid on its behalf. At the year end the amount due to the related party was £3,000 (2016 - £Nil).

#### 19 Transition to FRS 102

##### Group and Charity

In preparing the accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 the Charities SORP FRS 102 a restatement of comparative items was required. No restatements are required as a result of the transition to FRS 102. The date of transition to FRS 102 was 1 April 2015.