

Scottish Charity Number: SC029530
Scottish Company Number: SC201042

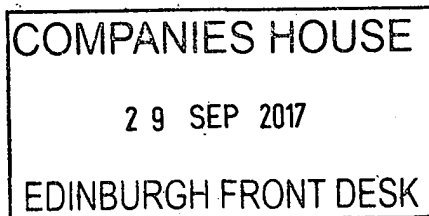
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

FOR

COVE PARK

(limited by guarantee)



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29/09/2017

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Cove Park

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Cove Park

Reference and Administrative Details

Principal Address and Registered Office

Cove Park
Peaton Hill
Cove
Argyll & Bute
G84 0PE

Directors and Trustees

Peter A Jacobs
Eileen D Jacobs
Julian Forrester (*director only*)
Dame Seona Reid DBE, FRSA, FRSE
Anthony P F McKee
David H Anderson
Carol Sinclair
Judith Patrickson
Roberta Doyle
Max Carruthers

Company Secretary

Peter A Jacobs

Independent Auditors

Cook & Co.
Chartered Accountants
Statutory Auditors
Suite 525
Baltic Chambers
50 Wellington Street
Glasgow
G2 6HJ

www.covepark.org

Cove Park

Report of the Trustees for the year ended 31 December 2016

The Trustees are pleased to present their Report together with the Consolidated Financial Statements for the year ended 31 December 2016.

Status of Charity and Governing Document

Cove Park ("the Charity") is a company limited by guarantee (No: SC201042, incorporated 26 October 1999) and is therefore governed by its Memorandum and Articles of Association. It is a registered Scottish charity, reference number: SC029530. The wholly owned subsidiary, Cove Park Enterprises Limited, is a company registered in Scotland (SC200626).

Directors and Trustees

The Directors from 1 January 2016 to the date of this Report were as follows:-

Peter A Jacobs	
Eileen D Jacobs	
Dame Seona Reid DBE, FRSA, FRSE	
John H Dover	- Resigned 23 March 2017
Anthony P F McKee	
Julian Forrester (<i>director only</i>)	
Ruth M Little	- Resigned 23 June 2016
David H Anderson	
Carol Sinclair	
Judith Patrickson	- Appointed 23 June 2016
Roberta Doyle	- Appointed 23 March 2017
Max Carruthers	- Appointed 23 March 2017

Appointment of Trustees

New trustees are appointed as and when required by the Charity's needs. Appointment is through a process of criteria that has been agreed upon by the current trustees, and the period of appointment is in accordance with the Articles of Association. New trustees are provided with information which aims to familiarise them with the charity's values, aims and objectives, together with its day to day operations in addition to clarifying their statutory responsibilities as directors of a company limited by guarantee and trustees of a charity.

Administrative Structure

The trustees meet around three times throughout the year to discuss the operations of the charity, while the day-to-day running of the charity is delegated to Julian Forrester, with the support of the directors.

Statement of Risk

The trustees continually review and assess the major strategic, operational and financial risks to which the Charity is exposed. From this review, the trustees continue to update and establish procedures to mitigate those risks which are identified as a result. Main risks that have been identified are:

- Direction and Forward Planning of the Charity
- Control of Charity Assets
- Personnel
- Financial Management & Controls

For each of these risks, procedures have been put in place to mitigate and reduce the associated risk.

Cove Park

Report of the Trustees for the year ended 31 December 2016 (cont)

Charitable Objectives

The primary aims of the Charity are to advance the education of the public in all aspects of contemporary artistic practice by:

- providing residencies for individuals and collaborating groups which offer them the time, space and freedom to undertake significant research, to make new work and to find new ways of working.
- facilitating collaboration, the exchange of ideas and dialogue among resident artists.
- encouraging participation by the public in the process of making new work by means of events, workshops, special projects and public occasions.

Achievements and Performance

Cove Park's new artists centre, the Jacobs Building, opened in July 2016 following nine-months of construction. Designed by CameronWebster architects and named after Founders Peter and Eileen Jacobs, the building doubles the space we have for both resident artists and for activities, public and private, which accompany their residencies.

The building is modest and as such very effective, a statement more about the dramatic scenery that surrounds it than about itself. It echoes a traditional Scottish homestead with larch cladding, a black corrugated iron roof and internal exposed roof timbers. It is open inside, fostering a sense of community which is of course central to our work with artists.

Three organisations gave significant sums of money which transformed our campaign for capital funds: Creative Scotland, the Monument Trust and the Robertson Trust. A complete list of supporters, individuals as well as organisations, is at the end of this Report. We are grateful to them all.

We are also grateful to the team which managed the construction of the new building. Clarks Contracts completed it almost within schedule and in spite of January weather damaging the building and delaying construction. We are grateful to the work of the whole team, including QS Doig & Smith, Engineers ATK and Max Fordham and Catharine Kidd our Project Manager.

The building enhances our work in four different ways:

- 1) We can use the facility 12 months a year. The former centre was not weather-proof.
- 2) We have three distinct work/meeting spaces and a library/IT area which means that for the first time more than one activity can happen at the same time. The former centre had one large communal space.
- 3) We have two more bedrooms (both disabled accessible), from ten to twelve, increasing both our capacity for residents and our earnings from income-generating self-funded and partnership residencies.
- 4) In combination, these points a) transform our offer to artists from across the UK and abroad; b) allow us to attract partner organisations with first rate facilities through which to collaborate on projects of mutual interest across all the art forms and c) enable us to run a comprehensive community and education programme, Hands-On Cove Park.

Hands-On is built upon the community and education projects we have run since 2004, programmes such as Artists in Schools and After School Art Clubs. Thanks to the new facilities and to the generosity of the Paul Hamlyn Foundation we have added a year-round programme of such activities that are led by and respond to the work of our artists. This programme now also includes workshops, masterclasses and other public events for all ages and for our wider community throughout Argyll and Bute. In addition, and thanks to the Robertson Trust, we have taken on additional staff to run this programme.

Cove Park

Report of the Trustees for the year ended 31 December 2016 (cont)

A Summary of Activities in 2016:

Craft and Design included textile designer Jennifer Kent, developing new work for an exhibition at the Lighthouse in Glasgow; Silversmith Max Warren and textile artist Celia Pym, whose work will feature at the V&A in October 2017. Dutch architect Erno Langenberg was the International Craft resident working on 3D printed ceramics. The RCA, Design Products department graduate residency went to designer Thomas Leech and a pilot Emerging Architecture residency was run in collaboration with NVA and was awarded to Glasgow based architect Andy Campbell. We also took part in the Craft Scotland Meet Your Maker programme in association with the Year of Architecture, Innovation and Design, presenting Jennifer Kent and Andy Campbell.

Literature saw the first year of the Publishing Scotland – funded Translation Programme in partnership with Norwich Writers Centre which we brought two translators for four weeks each. Anne Brauner from Germany and Clara Pezzuto from Italy worked on commissions for Scottish books, bringing Scottish literature to an international audience. The UK writers who came covered a range of genres, including biography (Rachel Holmes); memoir (Marion Coutts) and poetry (Susan Wicks). Susan Wicks is also a distinguished translator and came during the translation programme, giving a very interesting amplification to both programmes. Our emerging writer programme was also very strong, with three strands: a poet/artist from Royal Holloway, Zillah Bowes; a fiction writer from Birkbeck and our Scottish Emerging Writer, Lindsay May.

Visual Arts awarded residencies to 8 artists in 2016. From Scotland, artists Laura Aldridge and Douglas Morland both developed significant bodies of new work leading towards solo presentations. With support from the Bridge Awards, the Emerging Artist in Scotland residency was awarded to the Glasgow-based artist Sarah Wright. Following intensive periods of exhibitions and public projects, the UK-based artists Simon Bedwell and Jess Wiesner both joined us for one month. Our One-to-One residency, for those collaborating on new projects, went to curator Padraic E. Moore and visual artist Ian Whittlesea. Finally, the international residency was undertaken by the New Zealand sculptor Dane Mitchell.

Performing Arts selected Scottish-based projects for performing arts residencies which are funded by the Jerwood Charitable Foundation. Their funding made possible a total of four group residencies led by 1) Ross McKay developing combined storytelling, puppetry, magic and theatre; 2) Tim Cooper, re-imagining his practice with new collaborators; 3) Ellie Griffiths finding a starting point for a multi-disciplinary performance piece for neurodiverse audiences; 4) Simone Kenyon working within performance, somatic education and eco-psychology.

Hands-On Cove Park. The launch of Cove Park's new Artists Centre made possible Hands-On Cove Park: a new participatory and educational programme informed by and connected to our annual residency programme. Aimed at Cove Park's local community in Argyll & Bute, but also welcoming participants from throughout Scotland, a number of new initiatives and projects took place in the latter part of the year. These include a Holiday Art Club 'Prints of Play' led by textile designer Laura Spring; the Masterclass 'Developing Your Design Process through Drawing, Colour and Pattern', led by knitwear designer Jennifer Kent, and '1973: Dance and Movement Workshop' led by choreographer Janice Parker (and produced in partnership with Luminate, Scotland's Creative Ageing Festival). These projects were all devised and led by our former residents. In the autumn, Cove Park also launched its Saturday Art Clubs for children aged between 8- 11 and 12-18, led by professional artists. The Club for older children is the first National Art & Design Saturday Club in Scotland, part of a UK network organised by the Saturday Club Trust.

Cove Park

Report of the Trustees for the year ended 31 December 2016 (cont)

Future plans

2017 will be the first full year of our occupancy of the Jacobs Building. During it and over future years we will expand the number and variety of artists we work with as well as build new partnerships, not only to earn additional revenues from increased use of the residency accommodation but also to explore projects and subjects of mutual interest with other arts, creative industries and higher education organisations, here and abroad.

We will embed residencies in architecture and film and maintain our long-standing residencies in crafts, literature, performing and visual arts; we plan to expand our programme of complimentary residencies - for example, a relationship with the BBC Writers Room, a hothouse for script writers; we will continue the Literature Translation programme, residencies for translators of Scottish literature; we will launch new residencies for those artists specialising in printmaking and moving image and develop new partnerships to support this. Our performing arts programme will grow to include new partnerships with national and London-based theatre organisations and we will devise a new annual programme of interdisciplinary residencies, as well as those for musicians and composers in particular.

Hands-On Cove Park is embedded in our work and discussions are underway for a continuation for up to two more years from 2018 of the generous funding from both the Paul Hamlyn and Robertson Trusts. As our programme develops, so too will our work in this area, maximising opportunities to bring musicians, composers, filmmakers, playwrights and producers to work alongside our local community in Argyll and Bute. We look forward to working with the Bridge Awards again in 2017 and to organising future creative excursions to Edinburgh and London for members of Cove Park's NADSC.

Our Business Plan 2018-2020 covers in particular and in some detail our plans for mentored and themed residencies and masterclasses, curatorial residencies, professional and creative development events - all designed to intensify the experience of anyone on a residency.

Having served as Trustee almost since the company's formation, John Dover resigned in March 2017. We are grateful for his always wise financial advice and oversight over many years. In March 2017 we welcomed two new trustees: Roberta Doyle and Max Carruthers. Max provides consultancy services to the insurance industry, technology companies and private equity houses and Roberta's background is in marketing and PR, retiring as Director of External Affairs with National Theatre of Scotland in March 2017.

We are most grateful to the following organisations and individuals for making the Jacobs Building a reality:

Creative Scotland
The Monument Trust
The Robertson Trust
Binks Trust

The Alma and Leslie Wolfson Charitable Trust, Barr Charitable Trust, Caroline Younger Charitable Settlement Cruden Foundation, The Esterson Trust, Foyle Foundation, Hugh Fraser Charitable, Foundation J Paul Getty Charitable Trust, Lady Nancy Brown Charitable Trust, Mackintosh Foundation, John Mather Charitable Trust, Merchants House of Glasgow, PF Charitable Trust, The Weatherall Foundation.

James and Morag Anderson, Clive Beecham, Deirdre Bernard, Maurice and Susan Cresswell, Ray Entwistle, Cyril and Ann Furst, Gerry Grimstone, Patricia Jacobs, Joni Kaplan, Briony Lavery, Henry Lewis, Magnus and Veronica Linklater, Bruce Minto, David and Immanuel Ofra, Dame Seona Reid, Stephen and Roberta Rosefield, Ruth and David Rothenberg, Jonathan and Lucy Silver, Boyd Tunnock, Lord Leslie and Lady Edna Turnberg.

Cove Park

Report of the Trustees for the year ended 31 December 2016 (cont)

We are most grateful to the following organisations and individuals for their support of our programme in 2016:

Creative Scotland

The Paul Hamlyn Foundation

The Robertson Trust

The Jerwood Charitable Foundation

Argyll Youth Arts Hub, The Bridge Awards, The Alma and Leslie Wolfson Charitable Trust, Publishing Scotland, Royal College of Art.

Katrina Jacobs-Sarig, Louis Lyons, Bryan Naftalin, Helen Naftalin, Dame Seona Reid.

Financial Review

The consolidated gross income for the year was £958,445 (2015: £782,710) with £38,592 (2015: £28,895) coming from charitable and trading activities, which arose in the wholly owned subsidiary Cove Park Enterprises Limited. There was a consolidated net surplus for the year of £669,285 (2015: £191,696) and a breakdown of this between the funds is detailed on page 10.

The financial statements show a consolidated position of funds totalling £1,593,035 (2015: £923,750), which is split between restricted and unrestricted funds as detailed further in notes 19 and 20.

Statement of Trustees Responsibilities

The charity trustees (who are also directors of Cove Park for the purposes of company law) are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue its activities.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity 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 charity 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.

Cove Park

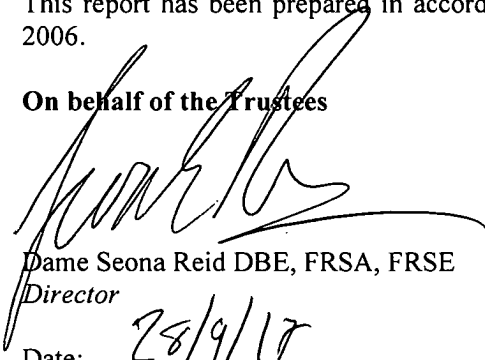
Report of the Trustees for the year ended 31 December 2016 (cont)

Statement as to Disclosure of Information to Auditors

So far as the trustees are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the charity's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006.

On behalf of the Trustees



Dame Seona Reid DBE, FRSA, FRSE
Director

Date: 28/9/17

Cove Park

Independent Auditors Report to the Trustees and Members of Cove Park

We have audited the financial statements of Cove Park for the year ended 31 December 2016 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, 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 company's trustees and 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 company's directors and members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and company's trustees and members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement 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 as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report 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.

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standard – Provisions Available to Small Entities, in the circumstances set out in Note 25 to the financial statements.

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 group and 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 Report of the Trustees to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and of the charitable company's affairs as at 31 December 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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Cove Park

Independent Auditors Report to the Trustees and Members of Cove Park (cont)

Opinion on other matters 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.

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 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the 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 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' Annual Report.

Cook & Co

Alan Young (Senior Statutory Auditor)

For and on behalf of Cook & Co. Statutory Auditor

Cook & Co. is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

29/9/17

50 Wellington Street
Glasgow G2 6HJ

Cove Park

Consolidated Statement of Financial Activities (Incorporating Income and Expenditure Account)

for the year ended 31 December 2016

	Notes	<u>Unrestricted</u> General	<u>Designated</u>	<u>Restricted</u>	2016 Total	2015 Total
		£	£	£	£	£
Income and endowments from:						
Donations and legacies	2	348,745	-	570,635	919,380	753,042
Other trading activities	3	921	-	-	921	5,267
Charitable activities	4	37,671	-	-	37,671	23,628
Investments	5	473	-	-	473	773
Total		387,810	-	570,635	958,445	782,710
Expenditure on:						
Charitable Activities	6	222,697	-	61,633	284,330	236,093
Other : Depreciation	10	-	2,929	1,901	4,830	354,921
Total		222,697	2,929	63,534	289,160	591,014
Net income/(expenditure)		165,113	(2,929)	507,101	669,285	191,696
Transfers between funds	22	(489)	489	-	-	-
Net movement in funds		164,624	(2,440)	507,101	669,285	191,696
Reconciliation of funds						
Total funds brought forward		(92,672)	39,214	977,208	923,750	732,054
Total funds carried forward		71,952	36,774	1,484,309	1,593,035	923,750

Included within donations and legacies is £210,000 (2015 - nil) of donated assets.

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

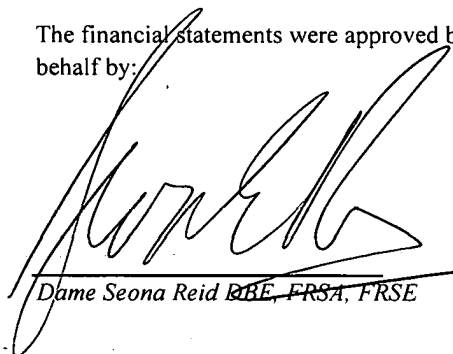
The notes on pages 15 to 24 form part of these financial statements.

Cove Park (Registered Number: SC201042)**Consolidated Balance Sheet as at 31 December 2016**

	Notes	2016	2015
		£	£
Fixed Assets			
Tangible assets	14	1,639,505	426,673
		<u>1,639,505</u>	<u>426,673</u>
Current Assets			
Stocks		10,865	11,358
Debtors	16	62,890	67,606
Cash at bank and in hand		43,155	461,516
		<u>116,910</u>	<u>540,480</u>
Creditors: Amounts falling due within one year	17	<u>19,380</u>	<u>31,764</u>
Net Current Assets		<u>97,530</u>	<u>508,716</u>
Total Assets less Current Liabilities		<u>1,737,035</u>	<u>935,389</u>
Creditors: Amounts falling after one year	18	144,000	11,639
Total Net Assets		<u>1,593,035</u>	<u>923,750</u>
The funds of the charity:			
Unrestricted Funds			
General	19	71,952	(92,672)
Designated	19	36,774	39,214
Restricted Funds	20	1,484,309	977,208
		<u>1,593,035</u>	<u>923,750</u>

The accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors on 28/9/17 and were signed on its behalf by:



Dame Seona Reid ~~DBE~~, FRSA, FRSE

The notes on pages 15 to 24 form part of these financial statements.

Cove Park

Statement of Financial Activities - Company (Incorporating Income and Expenditure Account) for the year ended 31 December 2016

		<u>Unrestricted</u>		<u>Restricted</u>	2016	2015
	Notes	General	Designated		Total	Total
		£	£	£	£	£
Income and endowments from:						
Donations and legacies	2	348,745	-	570,635	919,380	753,042
Charitable activities	4	37,671	-	-	37,671	23,628
Investments	5	473	-	-	473	773
Total		386,889	-	570,635	957,524	777,443
Expenditure on:						
Charitable activities	6	221,562	-	61,633	283,195	229,331
Other : Depreciation	10	-	2,929	1,901	4,830	355,010
Total		221,562	2,929	63,534	288,025	584,341
Net income/(expenditure)		165,327	(2,929)	507,101	669,499	193,102
Transfers between funds	22	(489)	489	-	-	-
Net movement in funds		164,838	(2,440)	507,101	669,499	193,102
Reconciliation of funds						
Total funds brought forward		(77,457)	39,214	977,208	938,965	745,863
Total funds carried forward		87,381	36,774	1,484,309	1,608,464	938,965

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

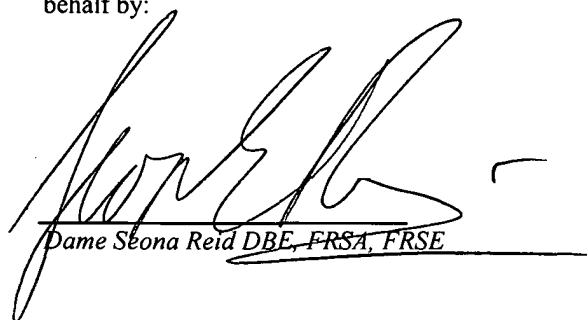
The notes on pages 15 to 24 form part of these financial statements.

Cove Park (Registered Number: SC201042)**Company Balance Sheet at 31 December 2016**

	Notes	2016	2015
		£	£
Fixed Assets			
Tangible assets	14	1,639,505	426,673
Investments	15	1	1
		<u>1,639,506</u>	<u>426,674</u>
Current Assets			
Debtors	16	109,351	69,290
Cash at bank and in hand		22,987	475,798
		<u>132,338</u>	<u>545,088</u>
Creditors: Amounts falling due within one year	17	<u>19,380</u>	<u>21,158</u>
Net Current Assets		112,958	523,930
Total Assets less Current Liabilities		<u>1,752,464</u>	<u>950,604</u>
Creditors: Amounts falling after one year	18	144,000	11,639
Net Assets		<u><u>1,608,464</u></u>	<u><u>938,965</u></u>
The funds of the charity			
Unrestricted Funds			
General	19	87,381	(77,457)
Designated	19	36,774	39,214
Restricted Funds	20	1,484,309	977,208
		<u><u>1,608,464</u></u>	<u><u>938,965</u></u>

The accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors on ... *25/9/17* ... and were signed on its behalf by:


 Dame Seona Reid DBE, FRSA, FRSE

The notes on pages 15 to 24 form part of these financial statements.

Cove Park**Consolidated Cash Flow Statement for the year ended 31 December 2016**

	2016	2015
	£	£
Cash flows from operating activities		
Net income for the year	669,285	191,696
Adjustments for:		
Depreciation charges	4,831	355,010
Donated assets	(210,000)	-
Decrease in stock	493	1,270
Decrease/(increase) in debtors	4,716	(60,194)
(Decrease)/increase in creditors	(10,524)	10,606
Net cash used in operating activities	<u>458,801</u>	<u>498,388</u>
Cash flows from investing activities		
Income from investments	-	-
Purchase of property, plant and equipment	<u>(1,007,663)</u>	<u>(313,347)</u>
Net cash from investing activities	<u>(1,007,663)</u>	<u>(313,347)</u>
Cash flows from financing activities		
Repayments of borrowings	(11,638)	-
Cash inflows from new borrowing	<u>150,000</u>	<u>-</u>
Net cash from financing activities	<u>138,362</u>	<u>-</u>
(Decrease)/increase in cash and cash equivalents	(410,500)	185,041
Cash and cash equivalents at beginning of year	453,655	268,614
Cash and cash equivalents at end of year	<u>43,155</u>	<u>453,655</u>

The notes on pages 15 to 24 form part of these financial statements.

Cove Park

Notes to the Financial Statements for the year ended 31 December 2016

1. Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

General information

The charitable company is a company limited by guarantee and incorporated in Scotland. The company's registered number is SC201042. The address of the registered office can be found within the reference and administrative details.

The presentation currency of the financial statements is pounds sterling (£).

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 102, as issued by the Financial Reporting Council (effective 1 January 2016) ("FRS 102"), the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006 and Statement of Recommended Practice (SORP) - Accounting and Reporting by Charities (as amended by Update Bulletin 1).

The company meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transition value unless otherwise stated in the relevant accounting policy.

Group financial statements

The financial statements consolidate the results of the charity and its wholly owned subsidiary Cove Park Enterprises Limited on a line-by-line basis.

Income

All income is recognised once the charity has entitlement to the income, there is sufficient certainty or receipt and so it is probable that the income will be received, and the amount of income receivable can be measured reliably.

Donations, are recognised when they have been communicated is received in writing with notification of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Legacy gifts are recognised on a case by case basis following the granting of probate when the administrator/ executor for the estate has communicated in writing both the amount and settlement date. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliable measurable with a degree of reasonable accuracy and the title to the asset has been transferred to the charity.

Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses, including support costs and governance costs, are allocated or apportioned to the applicable expenditure headings in the statement of financial activities.

Cove Park

Notes to the Financial Statements for the year ended 31 December 2016

1. Accounting Policies (*continued*)

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:-

Buildings	-	2% on cost
Leasehold property improvements	-	10% on cost
Computer equipment	-	15% on cost
Fixtures & fittings	-	15% on cost
Plant & machinery	-	20% on cost
Motor vehicles	-	25% on cost

The construction of a new artists centre continued in the current year and the costs have been capitalised as assets under construction. As the centre construction was not complete at the balance sheet date, no depreciation has been provided.

Land is not depreciated.

Stock

Stock is included at the lower of cost or net realisable value.

Debtors

Debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount.

Financial Instruments

The charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Fund Structure

Unrestricted income funds comprise those funds which the trustees are free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include designated funds where the trustees, at their discretion, have created a fund for a specific purpose.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor or trust deed.

Further details of each fund are disclosed in notes 19 and 20.

Donated Assets

All receipts of fixed assets by way of gift are capitalised and included in the balance sheet. The market value of the gifted asset is credited to the unrestricted fund, against which depreciation is charged in accordance with the relevant accounting policy.

Cove Park

Notes to the Financial Statements for the year ended 31 December 2016

2. Income from donations and legacies

	<i>Unrestricted</i>		<i>Restricted</i>	2016	2015
	General	Designat.		Total	Total
	£	£	£	£	£
Grants receivable	133,332	-	570,635	703,967	674,537
Donations	215,413	-	-	215,413	78,505
	348,745	-	570,635	919,380	753,042
<i>Relating to Charity</i>	348,745	-	570,635	919,380	753,042

Included within unrestricted income is £133,332 (2015 - £133,332) received from Creative Scotland.

3. Income from trading activities

Portfolio sales	429	-	-	429	4,184
Book sales	492	-	-	492	1,083
	921	-	-	921	5,267
<i>Relating to Charity</i>	-	-	-	-	-

4. Income from charitable activities

Rent received	37,671	-	-	37,671	23,628
<i>Relating to Charity</i>	37,671	-	-	37,671	23,628

5. Investment income

Bank interest received	473	-	-	473	773
<i>Relating to Charity</i>	473	-	-	473	773

6. Charitable Activities

<i>Activity</i>	Staff Costs £	Programme Costs £	Support Costs £	Governance Costs £	2016 Total £	2015 Total £
Advancement of education of public in all aspects of contemporary art.	13,562	246,519	8,875	15,374	284,330	236,093
	13,562	246,519	8,875	15,374	284,330	236,093
Relating to Cove Park	13,562	245,957	8,302	15,374	283,195	215,738
	(Note 11)	(Note 7)	(Note 8)	(Note 9)		
<i>Of which</i>						
Relating to unrestricted funds	13,562	184,886	8,875	15,374	222,697	193,790
Relating to designated funds	-	-	-	-	-	-
	13,562	184,886	8,875	15,374	222,697	193,790
Relating to charity	13,562	184,324	8,302	15,374	221,562	187,028
Relating to restricted funds	-	61,633	-	-	61,633	42,303
Relating to charity	-	61,633	-	-	61,633	175,635

Cove Park

Notes to the Financial Statements for the year ended 31 December 2016

7. Programme Costs

	<i>Unrestricted</i>		<i>Restricted</i>	2016	2015
	General	Designat.		Total	Total
	£	£	£	£	£
Direct project costs	106,614	-	24,716	131,330	109,731
Capital project (non building costs)	-	-	-	-	-
Advertising	3,610	-	-	3,610	4,155
Catering	6,424	-	250	6,674	698
Fundraising	-	-	-	-	65
Heat, light & utilities	13,050	-	-	13,050	9,578
Housekeeping	138	-	-	138	218
Insurance	1,879	-	-	1,879	3,083
Laundry & cleaning	2,440	-	-	2,440	2,926
Postage & stationery	2,516	-	-	2,516	1,826
Programme producer	21,943	-	36,667	58,610	43,576
Site maintenance & repairs	17,226	-	-	17,226	17,030
Telephone	3,408	-	-	3,408	1,986
Travel	3,615	-	-	3,615	2,897
Entertainment	1,531	-	-	1,531	1,146
Cost of stock sold	492	-	-	492	6,163
	184,886	-	61,633	246,519	205,078
<i>Relating to Charity</i>	184,324	-	61,633	245,957	198,884

8. Support Costs

Loan interest paid	3,137	-	-	3,137	1,410
Sundries	2,062	-	-	2,062	613
Bank charges	3,653	-	-	3,653	992
Bank interest	23	-	-	23	3,371
	8,875	-	-	8,875	6,386
<i>Relating to Charity</i>	8,302	-	-	8,302	6,218

9. Governance Costs

Audit and accountancy fees	11,700	-	-	11,700	10,320
Professional fees	-	-	-	-	-
Centre Director's fees	3,674	-	-	3,674	3,674
	15,374	-	-	15,374	13,994
<i>Relating to Charity</i>	15,374	-	-	15,374	13,594

Cove Park

Notes to the Financial Statements for the year ended 31 December 2016

10. Other Resources Expended

	<i>Unrestricted</i>		<i>Restricted</i>	2016	2015
	General	Designat.		Total	Total
	£	£	£	£	£
Depreciation	-	2,929	1,901	4,830	13,915
Impairment charge on leasehold	-	-	-	-	341,095
Taxation under provision in prior year	-	-	-	-	(89)
	-	2,929	1,901	4,830	354,921
<i>Relating to Charity</i>	-	2,929	1,901	4,830	355,010

11. Staff costs

	2016	2015
	£	£
Gross salaries and Employers NIC	40,705	18,963
	<u>40,705</u>	<u>18,963</u>
Allocated as follows:		
Charitable activities - Staff Costs	13,562	10,636
Charitable activities - Direct Project Costs	27,143	8,327
	<u>40,705</u>	<u>18,963</u>

The average number of employees was 4 (2015 - 3).

No employee received remuneration of £60,000 or more.

Remuneration received by key management personnel in the year, which consists of the centre director amounted to £36,740 (2015 : £36,740).

12. Net income/(expenditure) for the year

The net income is stated after charging:

	2016	2015
	£	£
Depreciation - owned assets	4,830	13,915
Impairment on leasehold properties	-	341,095
Auditors remuneration - Audit fees	3,120	3,120
Auditors remuneration - Non Audit fees	8,580	6,990
	<u>36,740</u>	<u>36,740</u>
Directors' remuneration	<u>36,740</u>	<u>36,740</u>

13. Corporation tax

No liability to UK Corporation Tax arises in light of the company's charitable status. Cove Park Enterprises Limited had no liability to UK Corporation Tax at 31 December 2016 (2015 - £nil).

Cove Park

Notes to the Financial Statements for the year ended 31 December 2016

14. Tangible Fixed Assets - Charity (also comprising that of the group)

	Assets under Construction £	Leasehold buildings £	Property Improv. £	Land £
Cost				
As at 1 January 2016	344,600	547,805	60,801	-
Additions	1,007,174	-	-	210,000
Disposals	-	(452,687)	(60,801)	-
Transfers	-	-	-	-
At 31 December 2016	1,351,774	95,118	-	210,000
Depreciation				
As at 1 January 2016	-	469,946	60,048	-
Charge for year	-	1,902	753	-
Depreciation on disposals	-	(452,687)	(60,801)	-
At 31 December 2016	-	19,161	-	-
Net Book Value				
At 31 December 2016	1,351,774	75,957	-	210,000
At 31 December 2015	344,600	77,859	753	-

	Computer Equipment £	Fixtures & Fittings £	Plant & Machinery £	Motor Vehicles £	Total £
Cost					
As at 1 January 2016	9,456	18,011	4,783	17,750	1,003,206
Additions	-	489	-	-	1,217,663
Disposals	-	-	-	-	(513,488)
Transfers	-	-	-	-	-
At 31 December 2016	9,456	18,500	4,783	17,750	1,707,381
Depreciation					
As at 1 January 2016	6,977	17,029	4,783	17,750	576,533
Charge for year	1,392	784	-	-	4,831
Depreciation on disposals	-	-	-	-	(513,488)
Transfers	-	-	-	-	-
At 31 December 2016	8,369	17,813	4,783	17,750	67,876
Net Book Value					
At 31 December 2016	1,087	687	-	-	1,639,505
At 31 December 2015	2,479	982	-	-	426,673

Cove Park

Notes to the Financial Statements for the year ended 31 December 2016

15. Fixed Asset Investments

	2016	2015
	£	£
Shares in group undertakings	<u>1</u>	<u>1</u>

The company's investment at the Balance Sheet date consists of the entire issued share capital of Cove Park Enterprises Limited.

The summary financial performance of the subsidiary is:

Turnover	1,001,187	317,875
Cost of sales	(1,000,758)	(318,772)
Administrative expenses	(643)	(599)
Tax on ordinary activities	-	89
Net profit	<u>(214)</u>	<u>(1,407)</u>

The assets and liabilities of the subsidiary were:

Current assets	85,381	60,083
Current liabilities	(100,809)	(75,297)
Total net assets	<u>(15,428)</u>	<u>(15,214)</u>
Aggregate share capital and reserves	<u>(15,428)</u>	<u>(15,214)</u>

16. Debtors: Amounts falling due within one year

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Debtors	1,635	-	-	-
Prepayments and accrued income	9,147	18,899	8,542	18,880
Amount due to group undertaking	-	-	100,809	50,410
VAT	52,108	48,707	-	-
	<u>62,890</u>	<u>67,606</u>	<u>109,351</u>	<u>69,290</u>

17. Creditors: Amounts falling due within one year

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Bank loans and overdrafts	6,000	7,860	6,000	7,860
VAT	-	-	-	-
Other taxes and social security costs	-	-	-	-
Amount due to group undertaking	-	-	-	-
Accrued expenses and deferred income	13,380	23,904	13,380	13,298
	<u>19,380</u>	<u>31,764</u>	<u>19,380</u>	<u>21,158</u>

Cove Park

Notes to the Financial Statements for the year ended 31 December 2016

18. Creditors: Amounts falling after one year

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Bank Loans	144,000	11,639	144,000	11,639

19. Unrestricted funds	Balance at 01.01.16 £	Incoming Resources £	Resources Expended £	Transfers £	Balance at 31.12.16 £
General Fund- Cove Park	(77,457)	386,889	(221,562)	(489)	87,381
Cove Park Enterprises	(15,215)	921	(1,135)	-	(15,429)
General fund	(92,672)	387,810	(222,697)	(489)	71,952
Designated funds					
Designated assets fund	4,214	-	(2,929)	489	1,774
Designated capital project fund	35,000	-	-	-	35,000
	39,214	-	(2,929)	489	36,774
Total unrestricted funds	(53,458)	387,810	(225,626)	-	108,726

The unrestricted funds are held for the following purposes:-

General Fund - to support the general activities of the charity.

Designated Assets Fund - the net book value of the charity's assets, distinguishing their value from unrestricted general funds immediately available for use.

Designated Capital Project Fund - funds set aside for development of the site.

20. Restricted funds	Balance at 01.01.16 £	Incoming Resources £	Resources Expended £	Transfers £	Balance at 31.12.16 £
Alma & Leslie Wolfson Trust	-	250	(250)	-	-
Jerwood	-	18,800	(18,800)	-	-
Cubes	77,860	-	(1,901)	-	75,959
Capital Project	899,348	435,710	-	-	1,335,058
Hands on Cove Park	-	88,000	(36,034)	-	51,966
Translation	-	27,875	(6,549)	-	21,326
Total restricted funds	977,208	570,635	(63,534)	-	1,484,309

The various funds are held for the following purposes: -

Jerwood - a series of one-week, two-week and one-month residences for UK-based performing artists and companies.

Cubes - the net book value of the charity's restricted assets relating to the cubes.

Capital Project - a fund for the rebuilding of the artists' centre.

Alma & Leslie Wolfson Charitable Trust - a fund for artists support.

Hands on Cove Park - a participatory and educational programme aimed at Cove Park's local community.

Translation - programme to bring Scottish literature to an international audience.

Cove Park

Notes to the Financial Statements for the year ended 31 December 2016

21. Analysis of group net assets by fund

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total £
Tangible Fixed Assets	210,000	36,774	1,392,732	1,639,506
Current Assets				
Stocks	10,864	-	-	10,864
Debtors	62,890	-	-	62,890
Cash at bank and in hand	(48,422)	-	91,577	43,155
Creditors < 1 year	(19,380)	-	-	(19,380)
Creditors > 1 year	(144,000)	-	-	(144,000)
Total	<u>71,952</u>	<u>36,774</u>	<u>1,484,309</u>	<u>1,593,035</u>

22. Fund Transfers

	Unrestricted		Restricted
	General	Designated	
	£	£	£
General funds used to purchase fixed assets	(489)	489	-

23. Directors' Expenses & Related Parties

The directors received the following reimbursements during the year.

	No. of Directors	2016 £	2015 £
Travel expenses	1	2,646	2,521
		<u>2,646</u>	<u>2,521</u>

P & E Jacobs donated land in the year valued at £210,000 (2015: donations of £57,350).

Also included within donations is £720 received from director, Professor Seona Reid (2015: £5,720).

During the year the company received invoices from Cove Park Enterprises Limited amounting to £991,025 (2015 - £270,563) for costs associated with the construction of the new artists centre. At the balance sheet date a balance of £100,809 was receivable from Cove Park Enterprises Limited (2015 - £50,410).

24. Liability of Members

The charity is limited by guarantee, with the liability of each member limited to £1. The number of members at 31 December 2016 was 5 (2015 - 5).

Cove Park

Notes to the Financial Statements for the year ended 31 December 2016

25. APB Ethical Standard - Provisions Available for Smaller Entities

In common with many other businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and with the preparation of the financial statements. We also use our auditors for payroll purposes and for the preparation of monthly management accounts.

26. Comparative Statement of Financial Activities

	Unrestricted		Restricted	2015
	General	Designated		Total
	£	£	£	£
Income and endowments from:				
Donations and legacies	167,037	-	586,005	753,042
Trading activities	5,267	-	-	5,267
Charitable activities	23,628	-	-	23,628
Investments	773	-	-	773
Total	196,705	-	586,005	782,710
Expenditure on:				
Charitable Activities	181,296	-	40,803	222,099
Governance Costs	12,494	-	1,500	13,994
Other Resources Expended	(89)	353,073	1,937	354,921
Total	193,701	353,073	44,240	591,014
Net income/(expenditure)	3,004	(353,073)	541,766	191,697
Transfers between funds	(737)	737	-	-
Net movement in funds	2,267	(352,336)	541,766	191,697

27. Transition to SORP FRS 102

These financial statements for the year ended 31 December 2016 are the charity's first financial statements that comply with SORP FRS 102. The charity's date of transition to SORP FRS 102 is 1 January 2015. The charity's last financial statements prepared in accordance with previous SORP FRSSE 2015 were for the year ended 31 December 2015.

Minor restatements to comparative figures were required on transition.