

Registered number: 05976914
Charity number: 1128255



TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019



CAN MEZZANINE LIMITED
(A Company Limited by Guarantee)

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CAN MEZZANINE LIMITED
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2019**

Trustees	Mr C R Dove-Dixon, Chairman Ms F Durante, Trustee (appointed 11 January 2019) Mr A J Fraser, Trustee (resigned 19 September 2019) Mr R Pauley, Chairman (resigned 11 December 2018) Ms H M Taylor-Thompson OBE, Trustee (resigned 19 September 2019) Mr M N Donohoe, Trustee (appointed 21 August 2019) Ms H J Boyd, Trustee (appointed 21 August 2019) Ms T B Williams, Trustee (appointed 21 August 2019) Ms J S Edwards, Trustee (appointed 21 August 2019)
Company registered number	05976914
Charity registered number	1128255
Registered office	CAN Mezzanine 7-14 Great Dover Street Southwark London SE1 4YR
Principal operating office	Can Mezzanine 7-14 Great Dover Street Southwark London SE1 4YR
Company secretary	Ms T Williams
Chief executive	Mr A Croft
Independent auditors	Raffingers LLP Chartered Certified Accountants Statutory Auditors 19-20 Bourne Court Southend Road Woodford Green IG8 8HD
Bankers	Barclays Bank Plc Level 27 1 Churchill Place London E14 5HP

CAN MEZZANINE LIMITED
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2019

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of the group and the company for the 1 April 2018 to 31 March 2019. The Trustees confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), 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) as amended by Update Bulletin 1 (effective 1 January 2015).

Since the company qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

STRUCTURE, GOVERNANCE AND MANAGEMENT

TRUSTEES

The Trustees, who are also directors for the purpose of company law, have held office since 1 April 2018:

The following trustees resigned between 1 April 2018 and the date of this report:

Robin Pauley
Alistair Fraser
Helen Taylor-Thompson OBE

The following trustees were appointed between 1 April 2018 and the date of this report:

Francesca Durante - Trustee
Miles Donohoe
Jenny Edwards
Tamasin Williams
Helen Boyd

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

CONSTITUTION

Can Mezzanine Limited is a charitable company limited by guarantee and was incorporated on 24 October 2006 and commenced to operate from 28 April 2009. It is governed by its Memorandum and Articles of Association and last amended by special resolution on 30 October 2008. Can Mezzanine Limited operates under the name of CAN Mezzanine.

PUBLIC BENEFIT

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the aim and objectives and in planning the charity's future activities. The aims of the charitable company for the public benefit are detailed in the 'Objectives and Activities' section of this report and the main activities undertaken in order to carry out the charitable company's aims for the public benefit are outlined under 'Achievements and Performance' below.

METHOD OF APPOINTMENT OR ELECTION OF TRUSTEES

The Articles of Association stipulate that there must be a minimum of three Trustees and there is no maximum number of Trustees. Additional Trustees may be appointed by the existing Trustees at any time. Any Trustee appointed will hold office for a term of three years. Two such terms will be permitted before a break is required.

No trustee had any beneficial interest in any contract with the charitable company during the year.



TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2019

Potential trustees are invited to informally attend trustees' meetings prior to appointment and a comprehensive induction programme is available. Additionally individual trustees may undertake external training in a particular area of their role on the Governing Body.

POLICIES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

The Board of Trustees control and manage the affairs of the charity working closely with its sole member, The Helen Taylor Thompson Foundation Limited. Robin Pauley (retired December 2018), Helen Taylor Thompson OBE, Alistair Fraser, Clive Dove Dixon and Francesca Durante (appointed December 2018) are also Trustees of the Helen Taylor Thompson Foundation Limited. Trustees are given a comprehensive induction when they join. Recruitment involves interviews with the Chair, Chief Executive and existing Trustees.

The charitable company strives to ensure equal opportunities and diversity in both the employment of staff and trustee appointments. Selection criteria and procedures are regularly reviewed to ensure that individuals are selected, promoted and treated on the basis of their relevant merits and abilities.

ORGANISATIONAL STRUCTURE AND DECISION MAKING

Leadership and operational management of CAN Mezzanine are devolved to the senior management team.

Senior Management Team:

Andrew Croft	- Chief Executive
Svetlana Ghadiri	- Finance Director
Gary Philips	- Director Sales & Marketing
Kirstin Ross	- Director Operations
Rohan Martyres	- Director Impact and Investment

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

RISK MANAGEMENT

The Trustees have assessed the major risks to which the company and the group is exposed, in particular those related to the operations and finances of CAN Mezzanine, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

CAN MEZZANINE LIMITED
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2019

OBJECTIVES AND ACTIVITIES

OBJECTIVES AND AIMS

CAN Mezzanine's vision is of an economy buoyed by a thriving Civil Society. Our Mission is to help charities, social entrepreneurs and social ventures achieve it. To build sustainable organisations, charities need high quality premises, peer experience, funds and business support.

CAN Mezzanine's objectives are:

1. To promote and improve the efficiency and effectiveness of charities and voluntary groups, community groups and not for profit organisations by the provision and management of office accommodation, conferences and training and other facilities, services and support for such organisations.
2. To improve the efficiency of the administration of charities in direct pursuit of their objects by the provision of training and information, particularly in the field of information technology.
3. Such other exclusively charitable purpose as the Trustees shall from time to time determine.

CAN Mezzanine's principal activity is to provide high-quality but affordable office space in central locations to Third Sector organisations. Stability of tenure remains a significant hurdle to overcome to achieve growth for Third Sector bodies.

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

By creating communities of social interest within its building, CAN Mezzanine aims to encourage collaboration, innovation and growth amongst Third Sector Organisations.

ACHIEVEMENTS AND PERFORMANCE

CHARITABLE ACTIVITIES

Spaces were held in CAN Mezzanine, Borough and CAN Mezzanine, Old Street to accommodate customers from the Loman Street facility, thereby allowing plans to develop Loman Street property to progress. A proportion of customers were relocated at their convenience during the year with all subsequent moves planned for the first quarter of the next financial year. It is anticipated that at least 80% of customers will be retained and accommodated.

Governance

To build a sound governance platform in line with the Charity Commission guidelines:

- Completion of a Governance review and update of Memorandum and Articles of Association and governance process.

The review and a skills audit was completed to facilitate completion of new job descriptions for recruitment of three Board members.

A Governance manual was purchased to be tailored in the coming year to reflect best practice in the sector.

A re-write of the Memorandum and Articles of Association has been approved based on a Board agreement of the future goals and will be completed in the following year:

- Recruitment of an appropriate size Board with the required skill and diversity.

One new Board member was appointed with two further roles being recruited in the following financial year.

Strategy

To set out a strategy of growth for the next phase of Mezzanine expansion:

- Completion of a five-year strategic plan

A strategy day was held with approval of a five year plan.

CAN MEZZANINE LIMITED
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2019

Premises

To continue to expand the property portfolio in central locations at affordable pricing ensuring less gentrification and exclusion of sector organisations.

Further estate improvements and upgrades were completed with repainting and brighter environments emphasised throughout the portfolio. Pricing has been maintained at the typically low level of c40% below market. As a charity, CAN's desire is to grow social impact and public benefit and to this end, a development of existing property, in a market priced beyond the reach of customers, is in progress with a full planning application completed for submission in April of the new financial year.

Within the CAN Mezzanine community our most recent survey KPI's shows:

- **Socialisation** - 78% socialise, 52% share information, 22% found new business contacts.
- **Collaboration** - 23% collaborate, 77% aspire to, 75% thought being in Mezzanine was important.
- **Generation** (cost saving / income) - 6% of organisations achieving this, 44% are more productive and 31% report greater social impact as a result of collaborating in CAN Mezzanine.

(The percentages were based on the number of respondents per question. A total of 56 organisations responded. Response rate per question 42%.)

FINANCIAL REVIEW

Reserves policy

The trustees have established the level of reserves (that is those funds that are freely available) that the charity ought to have. Reserves are needed to bridge the funding gaps between spending on activities and receiving resources through charitable activity income. The trustees consider that the ideal level of reserves as at 31 March 2019 would be three months of expenditure which equates to £1,074,424.

As at 31 March 2019, the charitable company had negative reserves of £267,318 (2018 - £231,950). The trustees are aware of the shortfall and are looking to generate more income and monitor expenses and have succeeded in reducing the negative reserves during the year.

In calculating the reserves, the trustees have excluded from total funds any restricted income funds.

INVESTMENT POLICY AND OBJECTIVES

Under its Memorandum of Association the charity has power to invest in any way the trustees wish.

FINANCIAL RESULTS

CAN Mezzanine Limited is a self-sustaining charity building on CAN's experience of creating a successful collaborative working environment. CAN Mezzanine is recognised as a landmark enterprise for the social sector.

Currently over 150 charity and social sector organisations share over 110,000 sq. ft of office space across four central London, and Hounslow location

CAN Mezzanine Limited recorded an unrestricted deficit of £35,368 (2018 - surplus of £52,025). The Helen Taylor Thompson Foundation Limited will continue to support CAN Mezzanine Limited as necessary until the total funds move into surplus.

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2019

GOING CONCERN

After making appropriate enquiries, the trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

PLANS FOR FUTURE PERIODS

FUTURE DEVELOPMENTS

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

1. Recruit a full Board of six or seven Trustees with the appropriate identified skills to take the organisation through its next exciting phase.
2. Update the Memorandum and Articles of Association of the organisation to reflect current best practice and organisational thinking.
3. Complete tailoring of the new governance manual. and
4. Develop a plan to work with a Trust or Foundation to create a space to develop and support voluntary organisations within the Borough.

OUR THANKS

- Our customers, service users and wider social network,
- Our many supporters (financial and otherwise) including UBS, Funding London. Big Lottery Fund, and Salesforce Foundation,
- Our loyal and immensely hard-working team which drives and delivers our mission, and
- Our partners who help us to achieve our goals including UBS, Hogan Lovells and The Social Investment Business.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2019

Trustees' responsibilities statement

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

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland. 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 of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these 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 judgments and accounting 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 charitable company will continue in operation.

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. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

This report was approved by the Trustees, on 25/11/19 and signed on their behalf by:


Mr. C R Dove - Dixon
Chairman

CAN MEZZANINE LIMITED
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAN MEZZANINE LIMITED

Opinion

We have audited the financial statements of Can Mezzanine Limited (the 'charitable company') for the year ended 31 March 2019 set out on pages 11 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

CAN MEZZANINE LIMITED
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAN MEZZANINE LIMITED

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

- adequate accounting records have not been kept, 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' exemptions in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

CAN MEZZANINE LIMITED
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAN MEZZANINE LIMITED

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Thurairatnam Sudarshan FCCA (Senior Statutory Auditor)

for and on behalf of

Raffingers LLP

Chartered Certified Accountants
Statutory Auditors

19-20 Bourne Court
Southend Road
Woodford Green
IG8 8HD
Date:

CAN MEZZANINE LIMITED
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**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:				
Charitable activities	2	4,118,801	4,118,801	4,173,710
Investments	3	23,335	23,335	377
Other income		120,193	120,193	58,006
Total income		4,262,329	4,262,329	4,232,093
Expenditure on:				
Charitable activities:				
Direct costs	4	4,289,866	4,289,866	4,170,718
Governance costs	5	7,831	7,831	9,350
Total expenditure		4,297,697	4,297,697	4,180,068
Net (expenditure) / income before other recognised gains and losses		(35,368)	(35,368)	52,025
Net movement in funds		(35,368)	(35,368)	52,025
Reconciliation of funds:				
Total funds brought forward		(231,950)	(231,950)	(283,975)
Total funds carried forward		(267,318)	(267,318)	(231,950)

The notes on pages 14 to 22 form part of these financial statements.

CAN MEZZANINE LIMITED
(A Company Limited by Guarantee)
REGISTERED NUMBER: 05976914

BALANCE SHEET
AS AT 31 MARCH 2019

	Note	£	2019 £	£	2018 £
Fixed assets					
Tangible assets	9		675,599		893,212
Current assets					
Debtors	10	502,418		734,805	
Cash at bank and in hand		1,174,719		595,204	
		<u>1,677,137</u>		<u>1,330,009</u>	
Creditors: amounts falling due within one year	11	(2,620,054)		(2,455,171)	
Net current liabilities			(942,917)		(1,125,162)
Net liabilities			<u>(267,318)</u>		<u>(231,950)</u>
Charity Funds					
Unrestricted funds	12		(267,318)		(231,950)
Total deficit			<u>(267,318)</u>		<u>(231,950)</u>

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees on 25/11 (2019) and signed on their behalf, by:


Mr C R Dove - Dixon, Chairman

The notes on pages 14 to 22 form part of these financial statements.

CAN MEZZANINE LIMITED
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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by operating activities	14	<u>603,160</u>	<u>354,256</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		2,103	377
Purchase of tangible fixed assets		<u>(25,748)</u>	<u>(152,645)</u>
Net cash used in investing activities		<u>(23,645)</u>	<u>(152,268)</u>
Change in cash and cash equivalents in the year		579,515	201,988
Cash and cash equivalents brought forward		<u>595,204</u>	<u>393,216</u>
Cash and cash equivalents carried forward	15	<u><u>1,174,719</u></u>	<u><u>595,204</u></u>

The notes on pages 14 to 22 form part of these financial statements.

CAN MEZZANINE LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

1. Accounting Policies

1.1 Basis of preparation of financial statements

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.

Can Mezzanine Limited 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.

1.2 Going concern

The trustees have assessed whether the assumption that Can Mezzanine Limited is a going concern while preparing this financial statements is appropriate. The trustees have made this assessment in respect to a period of one year from the date of approval of these financial statements. The trustees have concluded that the charitable company will have sufficient resources to meet its liabilities due to the support provided by Can Mezzanine Limited's sole member, The Helen Taylor Thompson Foundation Limited.

1.3 Company status

The company is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

1.4 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

1.5 Income

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

1. Accounting Policies (continued)

1.6 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Charitable activities and Governance costs are costs incurred on the company's educational operations, including support costs and costs relating to the governance of the company apportioned to charitable activities.

1.7 Charitable activities

Charitable activities comprise those costs incurred by the charity 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.

1.8 Governance costs

Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

1.9 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold property	-	Over the period of the lease
Plant and machinery	-	10% on cost
Fixtures and fittings	-	20% on cost
Computer equipment	-	25% on cost

1.10 Interest receivable

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

1.11 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities incorporating Income and Expenditure Account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

1. Accounting Policies (continued)

1.12 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.13 Cash at Bank and in hand

Cash at bank and 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.

1.14 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.15 Financial instruments

The company only has financial assets and financial 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 with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.16 Taxation

Can Mezzanine Limited is a registered charity and has no liability to corporation tax on its charitable activities.

1.17 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.18 Critical accounting estimates and areas of judgement

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The items in the financial statements where these judgements and estimates have been made include

- assessing the useful economic lives attributed to tangible fixed assets used to determine the annual depreciation charge, and
- the provision required for any bad or doubtful debts in respect of licence fees receivable.

CAN MEZZANINE LIMITED
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2. Income from charitable activities

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Charity incoming resources	4,118,801	4,118,801	4,173,710
<i>Total 2018</i>	<u>4,173,710</u>	<u>4,173,710</u>	

3. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Investment income	23,335	23,335	377
<i>Total 2018</i>	<u>377</u>	<u>377</u>	

4. Direct costs

	Serviced office space £	Total 2019 £	Total 2018 £
Rent and rates	2,530,220	2,530,220	2,555,922
Premises expenses	909,696	909,696	806,363
Communication expenses	154,120	154,120	139,962
Marketing and promotion	44,546	44,546	38,372
Other staff costs	771	771	(539)
Other costs	57,244	57,244	59,886
Printing, postage and stationery	83,181	83,181	86,281
Travel and subsistence	8,128	8,128	11,068
Salary recharges	258,599	258,599	258,764
Wages and salaries	-	-	8,069
National insurance	-	-	814
Pension cost	-	-	520
Depreciation	243,361	243,361	205,236
	<u>4,289,866</u>	<u>4,289,866</u>	<u>4,170,718</u>
<i>Total 2018</i>	<u>4,170,718</u>	<u>4,170,718</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

5. Governance costs

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Auditors' remuneration	6,481	6,481	6,000
Professional fees	1,350	1,350	3,350
	<u>7,831</u>	<u>7,831</u>	<u>9,350</u>

6. Net income/(expenditure)

This is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets:		
- owned by the charity	243,361	205,235
Auditors' remuneration - audit	<u>6,481</u>	<u>6,000</u>

During the year, no Trustees received any remuneration (2018 - £NIL).

During the year, no Trustees received any benefits in kind (2018 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2018 - £NIL).

7. Auditors' remuneration

The Auditor's remuneration amounts to an Audit fee of £6,481 (2018 - £6,000.)

CAN MEZZANINE LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

8. Staff costs

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	-	8,068
Social security costs	-	814
Other pension costs	-	520
	<u>-</u>	<u>9,402</u>

The average number of persons employed by the company during the year was as follows:

	2019 No.	2018 No.
Charitable	-	4

No employee received remuneration amounting to more than £60,000 in either year.

9. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 April 2018	766,478	149,264	472,183	213,191	1,601,116
Additions	-	-	8,385	17,363	25,748
At 31 March 2019	<u>766,478</u>	<u>149,264</u>	<u>480,568</u>	<u>230,554</u>	<u>1,626,864</u>
Depreciation					
At 1 April 2018	238,462	123,438	246,017	99,987	707,904
Charge for the year	72,009	25,826	90,205	55,321	243,361
At 31 March 2019	<u>310,471</u>	<u>149,264</u>	<u>336,222</u>	<u>155,308</u>	<u>951,265</u>
Net book value					
At 31 March 2019	<u>456,007</u>	<u>-</u>	<u>144,346</u>	<u>75,246</u>	<u>675,599</u>
At 31 March 2018	<u>528,016</u>	<u>25,826</u>	<u>226,166</u>	<u>113,204</u>	<u>893,212</u>

CAN MEZZANINE LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

10. Debtors

	2019	2018
	£	£
Trade debtors	136,955	155,134
Other debtors	92,306	87,673
Prepayments and accrued income	273,157	491,998
	<u>502,418</u>	<u>734,805</u>

11. Creditors: Amounts falling due within one year

	2019	2018
	£	£
Trade creditors	322,108	263,475
Amounts owed to group undertakings	36,509	238,547
Other taxation and social security	77,470	38,255
Other creditors	1,920,622	1,727,566
Accruals and deferred income	263,345	187,328
	<u>2,620,054</u>	<u>2,455,171</u>

12. Statement of funds

Statement of funds - current year

	Balance at 1 April 2018 £	Income £	Expenditure £	Balance at 31 March 2019 £
Unrestricted funds				
Reserves	(231,950)	4,262,329	(4,297,697)	(267,318)

Statement of funds - prior year

	Balance at 1 April 2017 £	Income £	Expenditure £	Balance at 31 March 2018 £
General funds				
Reserves	(283,975)	4,232,093	(4,180,068)	(231,950)

CAN MEZZANINE LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

13. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Total funds 2019 £
Tangible fixed assets	675,600	675,600
Current assets	1,677,135	1,677,135
Creditors due within one year	(2,620,053)	(2,620,053)
	<u>(267,318)</u>	<u>(267,318)</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Total funds 2018 £
Tangible fixed assets	893,212	893,212
Current assets	1,330,009	1,330,009
Creditors due within one year	(2,455,171)	(2,455,171)
	<u>(231,950)</u>	<u>(231,950)</u>

14. Reconciliation of net movement in funds to net cash flow from operating activities

	2019 £	2018 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(35,368)	52,025
Adjustment for:		
Depreciation charges	243,361	205,235
Dividends, interest and rents from investments	(2,103)	(377)
Decrease in debtors	39,021	84,268
Increase in creditors	358,249	13,105
Net cash provided by operating activities	<u>603,160</u>	<u>354,256</u>

15. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	1,174,719	595,204
Total	<u>1,174,719</u>	<u>595,204</u>

CAN MEZZANINE LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

16. Capital commitments

There were no capital commitments at the balance sheet date.

17. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to nil (2018 - £520). No contributions were payable at the year end.

18. Operating lease commitments

At 31 March 2019 the total of the Charity's future minimum lease payments under non-cancellable operating leases was:

	2019 £	2018 £
Amounts payable:		
After more than 5 years	804,000	804,000

19. Related party transactions

The company has taken advantage of the exemptions in FRS 102 "Related Party Disclosures" from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

20. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

Throughout the period, Can Mezzanine Limited was ultimately controlled by the parent undertaking, The Helen Taylor Thompson Foundation Limited, a charitable company incorporated in England and Wales.

21. SECURED DEBTS

The charity has given guarantee in respect of the bank borrowings of The Helen Taylor Thompson Foundation Limited, the sole member of Can Mezzanine Limited, which amounted to £11,396,683 (2018 - £12,045,659).