

COMPANY REGISTRATION NUMBER 2880299

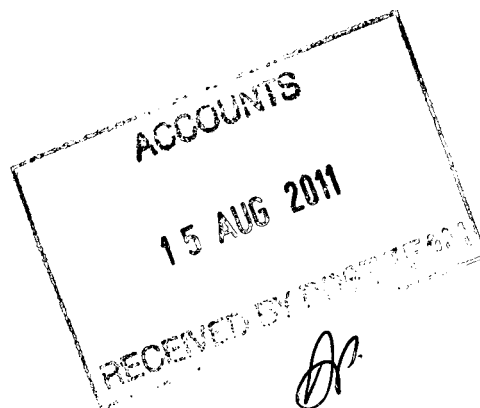
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THE BRIX AT ST MATTHEWS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2010



15 AUG 2011

Charity Number 1061039

THE BRIX AT ST MATTHEWS
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

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THE BRIX AT ST MATTHEWS
TRUSTEES' ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2010

The trustees have pleasure in presenting their report and the financial statements of the charity for the year ended 31 December 2010.

The financial statements have been prepared in accordance with the Charities Act 1993, the Companies Act 2006, the Memorandum and Articles of Association and the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005).

THE TRUSTEES

The following trustees, who are also directors for the purposes of company law, have held office since 1 January 2010 as follows:

C M L Clark (Chair)
M W Williams (Secretary)
P A C Blake
N Tate (to 2nd August 2010)
O C Delahaye
K Slattery (from 2nd August 2010)
R G Clayson (from 2nd August 2010 to 1st November 2010)
G K Bailey (from 16th May 2011)

Legal and Administrative Details

Registered charity name	The Brix at St Matthews
Status	Charity established as company limited by guarantee (Registered in England and Wales) No 2880299 Registered with the Charity Commission as Number 1061039.
Registered office	St Matthew's Church, Brixton Hill, London SW2 1JF
Manager	M D Morrison
Auditors	Citroen Wells, Devonshire House, 1 Devonshire Street, London W1W 5DR
Bankers	Barclays Bank plc, Clapham Common Business Centre, 188 Clapham High Street, London SW4 7UF
Solicitors	Jeremy Simon & Co, 72a St Mary's Road, Watford, Herts, WD1 8EF.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The organisation is a charitable company limited by guarantee, incorporated on 14th December 1993 and registered as a charity on 7th March 1997.

The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its articles of association. At the AGM in June 2009 new Memorandum and Articles of Association were formally adopted by resolution in order to comply with the Companies Act 2006.

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The directors of the charitable company (the charity) are its trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees.

In the event of The Brix at St Matthew's dissolution, the liability of each member is limited to £1.

Governance, Membership and Trustees

The members of the charitable company consist of the original subscribers to the Memorandum of Association plus any other persons admitted to membership in accordance with the Articles. In the event, the only member of the company is the Parish Church Council of St Matthews (the PCC).

The business of the charitable company is managed by the Council, which is more commonly referred to as the Board of trustees or directors. According to the Articles of Association, they may use all the powers of the company that are not required to be used by a general meeting of the members of the company.

Under the Articles, no person will be admitted to the Board of directors without approval by the members of the board. The PCC has the right to appoint two members of the Council (Board). Were there any other members, they would be entitled to appoint one member to the Board. Additional Board members can be appointed by the Board through co-option to a maximum of five extra persons.

Board members have used their own contacts and specialised and suitably experienced intermediary agencies to identify and recruit candidates who possess the necessary knowledge and skills to act as trustees of The Brix at St Matthews. At present, the charity has a complement of six trustees and is working actively to increase this to the maximum permitted seven.

Prospective trustees are asked to undertake an induction period of between three and six months before they are formally appointed as trustees. During this time, information is provided on the legal and financial status of the charity, its structure, its activities and the legal, financial and moral duties of charity trustees. Existing trustees are expected to identify their training needs and to take measures to ensure that these needs are met.

The Council or Board administers the charity. It has no sub-committees. It meets between six and twelve times a year to make decisions and supervise the overall governance and management of the charity.

Staffing

A manager of the charity is appointed by the trustees to manage day-to-day operations. He reports to the Board at its regular meetings, but is line managed on a day-to-day basis by the Chair of trustees. To facilitate effective operations, the manager has delegated authority – within the terms laid down by the Board – for operational matters, including liaison with tenants, supervision of staff and contractors and the repair and maintenance of the building.

The charity also employs a qualified and experienced management accountant on a part-time basis, line managed by the Chair of trustees, but reporting to the Board at its regular meetings. Amongst the duties of the accountant is the preparation of management reports to the board, the administration of the charity's financial controls, the production of draft accounts and the conduct of day-to-day financial processes and procedures.

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For seven months during 2010, The Brix employed a part-time marketing and events co-ordinator to boost the amount of activities and events in the community hall. She was assisted by three volunteers working on special short-term projects.

During 2010, other services were provided to the charity by various sub-contractors working on contract or on a tender basis. Line management was provided by the manager of the charity in line with the organisation's strategies and agreed plans.

OBJECTIVES AND ACTIVITIES IN 2010

This is the 17th Annual Report of The Brix at St Matthews.

The charitable objects of The Brix at St Matthews are:

- a) To preserve for the public benefit of the people of Greater London and of the nation at large the historical, architectural and constructional heritage of the Church of St Matthew, Brixton.
- b) To provide facilities for recreation with the objects of improving the conditions of life and social welfare of the inhabitants in the area of benefit and in particular by the provision and maintenance of a community centre.
- c) To advance education for those living in the area of benefit.
- d) To undertake any other charitable activity.

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charitable company's aims and objectives and in planning future activities.

In 1994, shortly after its establishment as a company, The Brix at St Matthews was granted a 125 year head lease on St Matthew's Church by the Diocese of Southwark.

The first stated purpose of The Brix at St Matthews is to look after the St Matthews building, and make sure it is preserved in 'historical, architectural and constructional terms'.

St Matthew's Church was constructed between 1822 and 1824, and is now classified as a Grade II* Listed Building, which puts it in the top 5% to 6% of buildings and structures of architectural note in the country. It is situated on a prominent town centre site at the heart of the Brixton Conservation Area in Lambeth, South London.

The advancement of heritage is one of the charitable purposes set out in the Charities Act of 2006 and the preservation of the fabric of this iconic building is the first way in which The Brix at St Matthews meets the Charity Commission's public benefit requirement.

The preservation of the St Matthew's church building is a costly and expert task, which has to be done in compliance with detailed specifications and standards set down by English Heritage and the Conservation Department of Lambeth Council.

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Apart from the building itself, The Brix has no assets of its own, and to pay its way depends entirely on the revenue it receives from leasing, licensing and hiring spaces in the building to tenants and occasional users. The Brix at St Matthews could be described as a 'community business' or 'social enterprise' in that its running costs are funded exclusively by income generated as a result of the activities it pursues. The only substantial grants received by The Brix to date have been for the physical refurbishment of the St Matthew's building.

During 2010, the St Matthew's building continued to be occupied by eight tenants and licence holders.

Long-term tenants in the building include Mass Nightclub, which has held a lease on the fourth floor of the building since September 2002, and the Babalou bar, which has occupied the crypt since 2005, both businesses owned by a company called Chicks Ltd. The stable and substantial revenue streams from these two commercial tenancies under formal lease arrangements provide long-term financial viability to the charity and enable us to cross-subsidise a variety of community and charity orientated uses by other tenants and periodic users.

The office spaces on the sixth floor of the building remained in occupation by a variety of small charities and small businesses which occupy the spaces on licence and pay affordable licence fees. These licence holders include Pegasus Opera, specialising in bringing grand opera to the inner city; GroundUp, a small charity specialising in working with disaffected local youth; Rocket, a PR and marketing company for musicians; Engage Publishing, a owner-managed design and print company; and Corporate Security, a small private company providing a range of security services. They were joined in 2010 by the local branch of the Stroke Association, and a small company, Community Links Services Ltd, which provides support to young adults who are in, or leaving care, each of which took a sixth floor office.

The Brix itself occupies two offices on the sixth floor, one of which can be used to generate additional income from its hire as a small meeting room for both internal and external users.

The other major tenant in the building is the Parish Church Council and the congregation of St Matthew's Church. The church occupies half the ground floor and has exclusive use of an entrance of the original 1820s doors on to the magnificent portico on the western end of the building. One of the reasons that the building was originally put into the care of a charitable company was so that what had once been a 'redundant' Church of England church would not have to be closed down or sold because of its huge running costs, in the process making the St Matthews congregation homeless. This tenancy is governed by a 125 year lease at a peppercorn rent.

The management of relationships with and between tenants and other users is critical to the success of our organisation. This includes balancing the claims and interests of all the stakeholders in the building, whilst preserving and maintaining its fabric for the future use and enjoyment of all.

The second and third charitable objectives of The Brix are 'To provide facilities for recreation with the objects of improving the conditions of life and social welfare of the inhabitants in the area of benefit and in particular by the provision and maintenance of a community centre' and 'To advance education for those living in the area of benefit'.

These objectives meet three or more of the Charity Commission's designated charitable purposes and provide identifiable benefits in particular to the local community in Lambeth but also to the wider public in surrounding Inner London boroughs and in Greater London as a whole.

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The Brix meets these objectives by maintaining and making available a large hall 15m x 9m in size which can be hired at affordable rates for a variety of charitable, community, artistic, cultural, educational, recreational and religious purposes. Rates are set on a sliding scale, dependent on the status of the hirer.

The Brix sets out to be an active participant in the local community by offering a facility that can be used for a range of educational, recreational, social and charitable purposes by local people and groups and the wider London community. St Matthews is one of hundreds of London buildings available for use by arts and community groups, charities and commercial or private users. Hire rates are kept in line with those offered by other comparable voluntary and public sector providers of spaces for hire. Discounts are provided for charities, small local groups and other non-profit-making organisations.

During the year, the community hall was used by a wide variety of charitable, educational, recreational, artistic and cultural groups. The hall was hired by several Christian worship groups, mostly on Sundays. Christ's Apostolic Church moved out in the spring of 2010. St Matthew's Sunday School continued to meet in the space. There were regular evening bookings from various local societies, community and political groups. The hall was also extensively used for castings, auditions and rehearsals for several casting agencies, including those who were looking for local, unknown talent within the local community.

In 2010, The Brix advanced education by working in collaboration with Lambeth College, a further education college providing full and part-time vocational and recreational courses for adults aged 18 and over, and by maintaining an internship arrangement with a further education college in France. The Brix provided placements for four students over the course of the year, whose costs were funded by European grant programmes.

ACHIEVEMENTS AND PERFORMANCE

Refurbishments in 2010

Throughout the year work continued on a Listed Building Application for boundary treatments and protections for the St Matthews building and the site as a whole. The proposal also included getting permission to remodel the main entrance, following criticisms by London Borough of Lambeth's health and safety consultant that people could fall over the small walls around the well in front of the entrance. Eventually, after a much prolonged application process, we finally received consent for the application in mid November 2010.

Funds will need to be raised to implement the scheme for which we now have permission, but one element which will probably go ahead in 2011 is the installation of new safety railings around the main entrance.

As reported last year, the bad weather at the end of 2009 and start of 2010 led to serious damage being done to the stonework at the south east corner of the building. Stonework at parapet level at that corner and on the cupola was being picked off as a result of water penetration of its surface. Roof inspections revealed that the south side had deteriorated to the point that a total replacement would become necessary within 12 – 24 months, at significant cost. Both areas were inspected by HMDW Architects Ltd, Sinclair Johnston and Partners Ltd and Prism Surveyors Ltd, who prepared reports and costings which were then used as the basis of a bid to English Heritage for its Repair Grants to Places of Worship scheme. The bid was submitted in June 2010, but was unfortunately rejected (even after our strenuous representations) in September on technical grounds: The Brix did not qualify for the scheme

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even though St Matthews is still in part a place of worship because The Brix is not itself a religious organisation. The material used in the bid will be reused in another bid to English Heritage in 2011 for a different grant pot.

One advantage of the bid has been that The Brix was obliged to commission a new review of the condition of the fabric of the building. In June 2010, HMDW Architects Ltd prepared a Quinquennial Report for the trustees, which is a highly useful document (required for all Church of England places of worship, and necessary under the terms of our own headlease at St Matthews), which provides a highly detailed, practically inch-by-inch analysis of the state of the building. This will be an invaluable tool in the next few years as The Brix schedules repairs and maintenance activities. The Brix has now formally engaged HMDW as its architects.

During 2010, we undertook various items from our repairs and maintenance schedule. The box office was refurbished to provide a much more attractive entrance to the building. The CCTV system was given a major upgrade, with the installation of a more powerful central control system and upgrades to several of the cameras. Heating and lighting were installed in the community hall, and problematic electrical controls for the old defunct boilers in the crypt were dealt with. Fire doors in several parts of the building, including several which had been vandalised, were replaced with more sturdy, bespoke doors which have also considerably improved appearances and security. Fire alarms were overhauled, as were the emergency lighting system and the sprinkler system. A number of new storage areas were also constructed, several of which will be hired out to regular users of the building for the storage of their equipment.

We have also begun talking to our architect and to some specialist joiners about the refurbishment of the grand 1820s front doors onto the portico at the west end of the building. These require specialist attention.

Income generation

As mentioned above, The Brix is effectively a social enterprise as it sustains itself by earning income from its asset, the St Matthews building. Its income derives from leasing, letting and licensing spaces within the building.

After the extensive refurbishment of the community hall in 2009, the amount earned in 2010 from letting out this space on a daily or weekly basis increased steadily, and our income projections for the year were bettered by about 15%.

St Matthews Parish Church Council and congregation have a long lease on one space within the building, for which a peppercorn rent is paid. During the year, conversations continued with St Matthews about the basis on which service charges should be calculated in the future.

In the 2009 annual report, it was recorded that Fleurets had been engaged to undertake a rent review for the space occupied by Mass Nightclub. Negotiations with the tenant of the space, Chicks Ltd, did not lead to agreement on what the new rent should be. The next step will be the appointment of a neutral third party arbitrator to determine the new rent: any increase determined can be back-dated to the review date, so time is not of the essence here. In the context of the rent review, an application by the tenant to assign the lease was refused.

An application by the tenant of the crypt space, again Chicks Ltd, to convert half of the restaurant / bar space into a swimming pool was also rejected.

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The legal action we had been obliged to take out against this tenant in 2009 for the non-payment of rent, utility bills and service charges came to a successful conclusion in early 2010, with the recovery of virtually all that was owed to us, and The Brix was also eventually able to recover three quarters of the associated legal costs later in the year. Unfortunately a further legal action has had to be instituted against this tenant in 2010 for the non-payment of service charges relating to the premises in the crypt. Formal mediation failed to settle the matter in July 2010, and a court hearing is now being scheduled for the autumn of 2011.

The Brix set itself a target in 2010 of raising £20,000 from new activities in the community hall, with the assistance of a marketing and events co-ordinator. A number of events were initiated during the first nine months of the year, including two art shows, a poetry event, a wedding fair, an arts and crafts fair and some singing and dancing classes for young people. As a result of these initiatives, funds were raised from four sponsors. These included Lambeth Adult Education Service, which contributed £1,370 plus gifts in kind towards the 2010 art competition; the Lambeth "Make a Difference" scheme which contributed about £500 towards our activities in support of the Brixton Splash event; N M Rothschild & Co, which contributed £250 towards the development of a children's choir; and an individual sponsor who co-funded our involvement in Lambeth County Fair. Our appreciation goes out to these kind funders. Further sums were also raised from those events and activities which took off.

Recreation and education

The main way in which The Brix provides recreation and education is by the maintenance of a community hall in which community activities can take place, including cultural, charitable, artistic, social and educational activities provided by other bodies who hire the hall.

Again in 2010, The Brix ran its own activities to provide recreation and educational opportunities in the hall. For the second year, The Brix collaborated with Lambeth College on an art competition for mature students. This culminated in an evening award ceremony followed by a week-long exhibition at the end of June 2010. The art competition also provided the opportunity for The Brix to provide a two-month internship to a student from a college in Bordeaux.

This event was followed up by a wedding show in September and a second Christmas Arts and Crafts Fair at the end of November 2010. Based on the success of previous events of this nature, The Brix had planned repeats in 2010 as practical and cost-effective ways of marketing the hall and its facilities to potential future users. However, ultimately the organisation and delivery of the Arts and Crafts Fair was seconded to another organisation and the experiment was brought to a conclusion in the autumn when income projections could clearly not be met.

The Brix acquired a website in 2009. This was designed on our behalf by volunteers from Glaxo Smith Kline who were undertaking a corporate social responsibility project, and the superb photos on the site and of the 2009 art event were also supplied free of charge by a GSK volunteer. Karen Ayers of GSK continued to volunteer throughout 2010 as our web-master. Her time, expertise and support have been very much appreciated.

The Brix continues to explore how it can promote itself as a focal point for the local community and as an essential resource for educational, cultural and recreational activities in South London. In the second half of the year, Reach introduced us to Olivia Leydenfrost, a communications and marketing professional with an international commercial background. During the last quarter of 2010, the Board worked intensively with Olivia on a new marketing and promotional strategy for The Brix. This work

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continues in 2011, and the Board thanks Olivia profusely for the imagination and energy she has dedicated to this voluntary assignment for us.

The Brix was able to implement some of these ideas immediately with the assistance of a French intern, Melanie Ricaud, who was placed with us for six months between October 2010 and March 2011 with financial support from a European grant programme, and whose contributions we very much valued. This international placement scheme continues to be of great mutual benefit to the college in France and to The Brix.

Public benefit

The first aim and objective of The Brix is to protect and preserve the St Matthew's building, which is one of the Charity Commission's defined charitable purposes. The Brix also exists to provide recreational and educational facilities, which it does by maintaining a community centre on the premises and making it available at affordable rates to charities, community groups, public agencies and other users. The community centre does not provide facilities to individuals, but is pitched mostly at local VCOs, other non-profit making organisations and small providers of educational and recreational activities.

Although The Brix survives by charging fees, it provides public benefit by cross-subsidising the price of its community facilities and the cost of its preservation duties through raising income from renting spaces within the building, both via long-term commercial leases and via short-time licensing and hiring arrangements. It can do this because there is very little of architectural merit left inside the building after an extremely unsympathetic conversion in the 1980s when the interior was divided up into separate, extensively modernised spaces. Thus the "historical, architectural and constructional heritage" of the building consists of its exteriors and selected features, such as the clock, clock tower, portico and stained glass window. The earlier conversion enables us to use the interior of the building for a variety of purposes including those which cross-subsidise community and charitable uses at affordable rates.

FINANCIAL POSITION

As has been stated in previous annual reports, the Board highlighted the longer-term refurbishment and restoration needs of the building in 2007, as revealed by the various surveys and inspections undertaken by our professional property advisers. These surveys and inspections have been updated in 2010 by the new Quinquennial Report, which pinpoints areas of concern. The trustees are always aiming to maintain and add to a fund, kept on deposit at CCLA, to finance major capital repairs and the on-going maintenance needs of a historic building that is subjected to heavy usage.

In 2010, we set ourselves the target of reaching £295,000 in income, excluding any large capital sums we might raise for building repairs. We were more successful than we hoped in earning £304,457 in income during the year. We earned more from office licence fees and hall hires than we had anticipated, but raised only a fraction of what we had hoped from new activities and grant applications. Meanwhile as usual, our running costs rose again in 2010, with gradual upward shifts in the prices of utilities and some services, though we successfully held back costs on items such as security and cleaning.

The statement of financial activities set out on page 15 of the financial statements shows how the charity's incoming resources have been expended in the year ended 31 December 2010.

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Total incoming resources amounted to £304,457, which comprised rental income of £302,060, donations of £2,220 and bank interest received of £177.

Resources expended amounted to £330,046, with £297,360 defrayed on direct charitable expenditure and £32,686 on governance costs. An analysis of the resources expended is provided in notes 4 to 9 of the financial statements.

The deficit for the year amounted to £25,589. However, this includes £22,364 of depreciation charges on the leasehold improvements, which fall to be borne out of the restricted funds, the income having been received and recognised in earlier years of account. Hence, this portion of the deficit is due to a timing difference between the initial receipt of the income and the recognition of the subsequent expenditure. Accordingly, we consider that a better measure of our performance is the operating results of the unrestricted funds, which show a deficit for the year of £3,225.

The balance sheet set out on page 17 of the financial statements shows the financial position of the charity at 31 December 2010.

The trustees committed £4,756 to fixtures and fittings during the year. After deducting the charge for depreciation, the net book value of fixed assets amounted to £74,681.

The current assets and current liabilities amounted to £236,591 and £106,955 respectively.

The resulting net assets amounted to £204,317, which is represented by the closing balance on the unrestricted and restricted funds of £198,626 and £5,691 respectively.

RISK MANAGEMENT

Trustees are aware of their responsibility to ensure that the major risks to which the charity is exposed are identified and to establish systems to mitigate those risks. They believe that adequate controls and systems are in place to mitigate any external and internal risks that the charity may face.

In 2010, the trustees again assessed the internal business, operational and reputational risks for The Brix in the light of an on-going financial dispute with a major tenant. It was thought prudent to make financial projections which hypothesised about our continued survival as an organisation should the tenant default on its legal and financial responsibilities to us, as their landlords. Detailed cashflow forecasts were prepared, and trustees considered how they might best secure the future of the organisation if the tenant defaulted. Contingency plans were put in place, and the trustees are confident that in the event of a default by a major debtor, The Brix would be able to survive for at least 12 months whilst it sought other tenants to take on the major spaces within the building.

Reserves Policy

The trustees' policy is to keep available funds in an interest-bearing deposit account with easy access in order to bridge any funding gaps caused by defaulting or late-paying tenants and licence holders and the loss of any other sources of income through variations in business conditions. The agreed policy of trustees is to aim to hold sufficient funds to help mitigate the risks outlined in this paragraph. The trustees consider that the ideal sum to hold as reserves for these purposes is around £130,000, being about 43% of the charity's current annual turnover. The actual sum on deposit at the end of 2010 was £34,298, the trustees having been forced to take around £40,000 off deposit in 2009 to cover underpayments by tenants. These underpayments are currently being pursued, and the trustees will soon be in the position to restore the deposit account to its previous levels. Attention will have to be

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paid in 2011 and beyond to increasing the level of funds placed on deposit, not only to cover possible vagaries in income, but also in order to build up funds to cover the identified refurbishment costs of the building over the coming five to ten years.

Outlook for 2011

The Trustees will continue with their basic strategy – which is to continue to raise income to maintain the historic building of St Matthews and to provide a recreational, cultural and educational facility for local people – by letting out space to tenants and to regular, occasional and one-off users.

The surveys we commissioned in 2007 and 2010 set out the challenges ahead. We must continue to think about how to raise in the region of £250,000 for our short term restoration needs and a further £350,000 for our medium term restoration and renovation needs. These sums will need to come from major national grant regimes for the restoration and maintenance of historic buildings.

In the meantime, we must continue to keep the building up to a standard which makes it attractive to users, particularly the groups that might use our community hall. Our manager has expended considerable amounts of effort to ensure that all policies and procedures, risk assessments, certificates and statutory / regulatory requirements have been thoroughly addressed so that the building can be safe and pleasant for its users.

We must also ensure that The Brix is recognised in its own right as a contributor to the Brixton arts, cultural and educational scene. Our local profile needs to be higher, and our diversification depends on raising awareness of the facilities we could offer now and in the future. The Brix will continue to expend effort on marketing and promotion in order to publicise the building and its facilities to potential users, both commercial and charitable / community-based. The commercial uses help us to offer more affordable rates to the latter.

Thanks and acknowledgements

The AGM in June 2010 voted to retain the services of Citroen Wells as our auditors. Citroen Wells have given us excellent advice and guidance since being appointed in 2009. Jeremy Simon & Co continue to provide us with invaluable expert assistance through some protracted legal disputes.

REACH worked to find us new trustees throughout the year, and was responsible for putting us in touch with several prospective new trustees, including Richard Clayson. Richard joined the Board in August 2010, but unfortunately had to resign later in the year due to the pressure of other commitments.

As the result of an internal volunteering drive at Russell-Cooke LLP, Kate Slattery also came forward during 2010 to express an interest in joining the Board. Having shadowed the Board for some months and undertaken an induction process, Kate formally joined the Board in August 2010. Her colleagues would like to thank her for her keen interest and ready participation from day one. Her professional understanding and skills have proved to be a great asset to us already.

Unfortunately in 2010, we had to say goodbye to a very long-standing Board member, Nicolas Tate. Nicolas joined the Board on 16th September 1997 with a hugely impressive catholic CV which inter alia included a voluntary background in fund-raising for one of the country's major cathedrals. His first task was to assist The Brix with the task of raising match funding for our second large tranche of public funds for the external restoration of the building, and he intended to volunteer for us for a year or two. In 2008, Nicolas indicated that he would like to retire, but he most kindly stayed on until we could recruit some new trustees. In the intervening 13 years, Nicolas was the most assiduous colleague

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TRUSTEES' ANNUAL REPORT (CONTINUED)
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one could wish for and he made unstinting contributions of his time, intellect and practical support to the organisation. His fierce dedication and loyalty have been inspirational. We very much miss having Nicolas as a colleague and we cannot thank him enough for all he has done for The Brix over the years.

Warmest thanks go to fellow trustees and the PCC and vicar of St Matthews, Stephen Sichel, for their continued commitment, solidarity and support. They and Mark Morrison, our manager, have continued to provide strong and steady support through a difficult period in our history.

The Diocese of Southwark have been understanding landlords, and our professional advisers have contributed a great deal and have greatly helped us to deal with our challenges. Brixton Police have also been of great assistance this year in helping us tackle crime around the building, and we are benefiting from closer relationships with Lambeth councillors and officers.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees, who are also the directors of The Brix at St Matthews for the purpose of company law, are responsible for preparing the Trustees' Annual 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 which give a true and fair view of the state of affairs of the Charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

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 estimates that are reasonable and prudent; and
- 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 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

In so far as the trustees are aware:

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

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AUDITORS

A resolution to appoint Citroen Wells as auditors for the ensuing year will be proposed at the AGM.

This report has been prepared in accordance with the special provisions of part 15 of the Companies Act 2006 relating to small companies.

Registered office:
St Matthews Church
Brixton Hill
London
SW2 1JF

Signed by order of the trustees

M W WILLIAMS
Charity Secretary

14 July 2011

THE BRIX AT ST MATTHEWS
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE
BRIX AT ST MATTHEWS
YEAR ENDED 31 DECEMBER 2010

We have audited the financial statements of The Brix at St Matthews for the year ended 31 December 2010 which comprise the Statement of Financial Activities, the Statement of Total Recognised Gains and Losses, 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 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 charity's trustees 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 11, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report 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 charitable company's affairs as at 31 December 2010 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.

THE BRIX AT ST MATTHEWS
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE
BRIX AT ST MATTHEWS (CONTINUED)
YEAR ENDED 31 DECEMBER 2010

Emphasis of matter – outcome of legal action taken against tenant for non-payment of service charges

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 11 to the financial statements concerning the outcome of legal action taken against a tenant for non-payment of service charges amounting to £71,779. The trustees are confident that the service charges are substantially recoverable. As the court hearing is not scheduled to be heard until Autumn 2011, the ultimate outcome of the action may vary from the position shown in the financial statements as at 31 December 2010.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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.

David Marks FCA (Senior Statutory Auditor)

**for and on behalf of Citroen Wells
Chartered Accountants
Statutory Auditor**

14 July 2011

Devonshire House
1 Devonshire Street
London W1W 5DR

THE BRIX AT ST MATTHEWS
STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2010 £	Total Funds 2009 £
INCOMING RESOURCES					
Incoming resources from generated funds:					
Donations		--	2,220	2,220	--
Activities for generating funds	2	302,060	--	302,060	302,437
Investment income	3	177	--	177	2,019
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL INCOMING RESOURCES		302,237	2,220	304,457	304,456
RESOURCES EXPENDED					
Charitable activities		(272,776)	(24,584)	(297,360)	(299,662)
Governance costs		(32,686)	--	(32,686)	(23,514)
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL RESOURCES EXPENDED	4	(305,462)	(24,584)	(330,046)	(323,176)
NET OUTGOING RESOURCES FOR THE YEAR/NET MOVEMENT IN FUNDS					
	7	(3,225)	(22,364)	(25,589)	(18,720)
RECONCILIATION OF FUNDS					
Total funds brought forward		201,851	28,055	229,906	248,626
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUNDS CARRIED FORWARD		198,626	5,691	204,317	229,906
		<u> </u>	<u> </u>	<u> </u>	<u> </u>

All of the above amounts relate to continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under Companies Act 2006.

The notes on pages 18 to 23 form an integral part of these financial statements.

THE BRIX AT ST MATTHEWS
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2010

		2010	2009
	Note	£	£
Deficit for the year		<u>(25,589)</u>	<u>(18,720)</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		(25,589)	(18,720)
Prior year adjustment	16	–	(1,124,550)
TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST ANNUAL REPORT		<u>(25,589)</u>	<u>(1,143,270)</u>

The notes on pages 18 to 23 form an integral part of these financial statements.

THE BRIX AT ST MATTHEWS

BALANCE SHEET

AS AT 31 DECEMBER 2010

	Note	2010 £	2009 £
FIXED ASSETS			
Tangible assets	10	74,681	110,276
CURRENT ASSETS			
Debtors	11	148,075	172,437
Cash at bank		88,516	48,252
		<u>236,591</u>	<u>220,689</u>
CREDITORS: Amounts falling due within one year	12	<u>(106,955)</u>	<u>(101,059)</u>
NET CURRENT ASSETS		<u>129,636</u>	<u>119,630</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>204,317</u>	<u>229,906</u>
NET ASSETS		<u>204,317</u>	<u>229,906</u>
FUNDS			
Unrestricted income funds			
General funds	13	129,636	143,598
Fixed Asset reserve	13	68,990	58,253
Total unrestricted income funds		<u>198,626</u>	<u>201,851</u>
Restricted income funds	13	<u>5,691</u>	<u>28,055</u>
TOTAL FUNDS	13	<u>204,317</u>	<u>229,906</u>

These financial statements were approved by the members of the committee on 14 July 2011 and are signed on their behalf by:

C M L Clark
Trustee

Company Registration Number: 2880299

The notes on pages 18 to 23 form an integral part of these financial statements.

THE BRIX AT ST MATTHEWS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards, the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 (SORP 2005) and the Companies Act 2006.

Cash flow statement

The trustees have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that it is a small charitable company.

Incoming resources

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy.

Rent receivable is stated net of VAT.

Investment income is recognised on a receivable basis.

Resources expended

Resources expended are included in the statement of financial activities on an accruals basis, inclusive of any VAT which cannot be recovered.

Direct charitable expenditure comprises expenses incurred in pursuance of the charity's principal activity.

Governance costs are those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

Fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold improvements:	10 years on a straight line basis.
Fixtures, fittings & equipment:	25 % per annum on a reducing basis

Corporation tax

No liability arises as the company's charitable activities are exempt from corporation tax.

Fund Accounting

Unrestricted funds comprise those funds which the trustees are free to use in accordance with the charitable objects.

The Fixed Asset reserve is a designated fund established at the discretion of the trustees in recognition of the unrestricted funds used to defray the cost of fixed assets.

Restricted funds are funds which have been given for particular purposes and projects.

THE BRIX AT ST MATTHEWS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

2. INCOMING RESOURCES FROM ACTIVITIES FOR GENERATING FUNDS

	2010	2009
	£	£
Rent and service charges receivable	<u>302,060</u>	<u>302,437</u>

3. INVESTMENT INCOME

	2010	2009
	£	£
Interest receivable	<u>177</u>	<u>2,019</u>

4. TOTAL RESOURCES EXPENDED

	Staff Costs	Depreciation	Other Costs	Total 2010	Total 2009
	£	£	£	£	£
Direct charitable expenditure:					
Activities undertaken directly	56,042	40,351	200,967	297,360	299,662
Governance costs	6,227	-	26,459	32,686	23,514
Total	<u>62,269</u>	<u>40,351</u>	<u>227,426</u>	<u>330,046</u>	<u>323,176</u>

5. ACTIVITIES UNDERTAKEN DIRECTLY

Other costs relating to direct charitable expenditure comprise:

	2010	2009
	£	£
Rent	5,008	4,808
Rates and water	2,312	9,217
Light and heat	33,259	34,477
Repairs and maintenance	40,807	14,142
Insurance	23,329	20,564
Other	1,286	1,870
Telephone	2,382	1,538
Postage and stationery	2,126	2,794
Cleaning and refuse	13,639	20,421
Security	38,516	45,318
Bad and doubtful debts and irrecoverable VAT	31,112	17,433
Marketing, advertising and events	6,833	10,230
Staff training	358	130
	<u>200,967</u>	<u>182,942</u>

THE BRIX AT ST MATTHEWS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

6. GOVERNANCE COSTS

Other governance costs comprise:	2010	2009
	£	£
Audit fees	4,500	4,450
Legal and professional	21,652	13,335
Bank charges	307	506
	<u>26,459</u>	<u>18,291</u>

7. NET OUTGOING RESOURCES FOR THE YEAR

This is stated after charging:	2010	2009
	£	£
Depreciation	40,351	69,713
Auditors' remuneration:		
- audit of the financial statements	<u>4,500</u>	<u>4,450</u>

8. TRUSTEES

None of the trustees (or any persons connected with them) received any remuneration during the year. Expenses for board meetings amounting to £42 (2009: £162) were reimbursed to 1 trustee.

9. STAFF COSTS AND EMOLUMENTS

Total staff costs were as follows:

	2010	2009
	£	£
Wages and salaries	55,611	46,153
Social security costs	5,008	4,427
Pensions	1,650	1,650
	<u>62,269</u>	<u>52,230</u>

Particulars of employees:

The average number of employees during the year, calculated on the basis of full-time equivalents, was as follows:

	2010	2009
	No	No
Number of administrative staff	1	1
Number of management staff	1	1
	<u>2</u>	<u>2</u>

No employee received emoluments of more than £60,000 during the year (2009 - Nil).

THE BRIX AT ST MATTHEWS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

10. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Fixtures & Fittings £	Total £
COST			
At 1 January 2010	1,402,172	107,803	1,509,975
Additions	-	4,756	4,756
At 31 December 2010	<u><u>1,402,172</u></u>	<u><u>112,559</u></u>	<u><u>1,514,731</u></u>
DEPRECIATION			
At 1 January 2010	1,315,864	83,835	1,399,699
Charge for the year	33,170	7,181	40,351
At 31 December 2010	<u><u>1,349,034</u></u>	<u><u>91,016</u></u>	<u><u>1,440,050</u></u>
NET BOOK VALUE			
At 31 December 2010	<u><u>53,138</u></u>	<u><u>21,543</u></u>	<u><u>74,681</u></u>
At 31 December 2009	<u><u>86,308</u></u>	<u><u>23,968</u></u>	<u><u>110,276</u></u>

11. DEBTORS

	2010 £	2009 £
Trade debtors	106,833	85,490
Other debtors	-	45,320
Prepayments and accrued income	41,242	41,627
	<u><u>148,075</u></u>	<u><u>172,437</u></u>

Debtors include service charges of £71,779, which are subject to the outcome of legal action taken against a tenant, for non-payment. Formal mediation failed to settle the matter in July 2010 and a court hearing is now being scheduled for Autumn 2011. The trustees are confident that the service charges are substantially recoverable.

12. CREDITORS: Amounts falling due within one year

	2010 £	2009 £
Trade creditors	3,851	1,768
Taxation and social security	26,196	24,377
Other creditors	17,180	17,180
Accruals and deferred income	59,728	57,734
	<u><u>106,955</u></u>	<u><u>101,059</u></u>

THE BRIX AT ST MATTHEWS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

13. ANALYSIS OF TOTAL FUNDS

	Unrestricted funds		Total Unrestricted funds £	Restricted funds £	Total funds £
	General funds £	Fixed asset reserve £			
	At 1 January 2010	143,598			
Incoming resources	302,237	-	302,237	2,220	304,457
Resources expended	(294,656)	(10,806)	(305,462)	(24,584)	330,046
Transfers between funds	(21,543)	21,543	-	-	-
At 31 December 2010	<u>129,636</u>	<u>68,990</u>	<u>198,626</u>	<u>5,691</u>	<u>204,317</u>

Purpose of fixed asset reserve:

The Fixed Asset Reserve is a designated fund established at the discretion of the trustees in recognition of the unrestricted funds used to defray the cost of leasehold improvements and other fixed assets.

14. ANALYSIS OF RESTRICTED FUNDS

	At 1 January 2010 £	Incoming resources £	Resources expended £	At 31 December 2010 £
Refurbishment works	28,055	-	(22,364)	5,691
Art Prize	-	1,370	(1,370)	-
Brixton Splash	-	500	(500)	-
Choir event	-	250	(250)	-
Lambeth County Show	-	100	(100)	-
Total	<u>28,055</u>	<u>2,220</u>	<u>(24,584)</u>	<u>5,691</u>

Purpose of restricted funds:

The refurbishment works fund represent the residue of grants and donations specifically received for the major refurbishment works carried out in 1993 – 1994 and 2001 – 2002, which were used to defray the cost of the leasehold improvements, which fell to be capitalised in the accounts as fixed assets and are being depreciated over 10 years on a straight line basis.

During 2010, a number of events were initiated, as a result of which funds were raised from sponsors. These included contributions towards the 2010 art competition; our activities in support of the Brixton Splash event; the development of a children's choir; and our involvement in Lambeth County Fair.

THE BRIX AT ST MATTHEWS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General			
	Unrestricted	Fixed asset	Restricted	Total
	funds	reserve	Funds	2010
	£	£	£	£
Tangible fixed assets	21,543	47,447	5,691	74,681
Net current assets	129,636	-	-	129,636
Net Assets	151,179	47,447	5,691	204,317

16. PRIOR YEAR ADJUSTMENT

In 2009, the trustees carried out a detailed review of the depreciation policy in respect of the leasehold improvements. Previously, the policy was to depreciate such expenditure over the currency of the lease of 125 years. Following this review, the trustees were of the opinion that the improvements have a useful life of 10 years and should therefore be depreciated at the uniform rate of 1/10 each year. The prior year adjustment was recognised in the financial statements for the year ended 31 December 2009 and reflects this fundamental change in accounting treatment.

THE BRIX AT ST MATTHEWS
DETAILED STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 DECEMBER 2010

This page does not form part of the statutory financial statements that are the subject of the independent auditors' report on pages 13 to 14.

	2010	2009
	£	£
INCOMING RESOURCES		
ACTIVITIES FOR GENERATING FUNDS		
Donations	2,220	-
Rent receivable	302,060	302,437
INVESTMENT INCOME		
Bank interest receivable	177	2,019
TOTAL INCOMING RESOURCES	<u><u>304,457</u></u>	<u><u>304,456</u></u>
RESOURCES EXPENDED		
Rent	5,008	4,808
Rates & Water	2,312	9,217
Light & heat	33,259	34,477
Repairs & maintenance	40,807	14,142
Insurance	23,329	20,564
Other	1,286	1,870
Telephone	2,382	1,538
Post and stationery	2,126	2,794
Cleaning and refuse	13,639	20,421
Security	38,516	45,318
Bad and doubtful debts and irrecoverable VAT	31,112	17,433
Marketing, advertising and events	6,833	10,230
Salaries and wages	55,611	46,153
Employer's NIC	5,008	4,427
Pensions	1,650	1,650
Audit fees	4,500	4,450
Legal and professional	21,652	13,335
Depreciation	40,351	69,713
Bank charges	307	506
Staff training	358	130
TOTAL OUTGOING RESOURCES FOR THE YEAR	<u><u>330,046</u></u>	<u><u>323,176</u></u>