

COMPANY REGISTRATION NUMBER 2880299

THE BRIX AT ST MATTHEWS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2011

Charity Number 1061039

THE BRIX AT ST MATTHEWS
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

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THE BRIX AT ST MATTHEWS
TRUSTEES' ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2011

The trustees have pleasure in presenting their report and the financial statements of the charity for the year ended 31 December 2011.

The financial statements have been prepared in accordance with the Charities Act 2011, 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 2011 as follows:

C M L Clark (Chair)
M W Williams (Secretary)
P A C Blake
O C Delahaye
K Slattery
G K Bailey (from 16th May 2011)
C E Wells (from 8th December 2011)
P E Landell (from 9th December 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. Until the end of 2011, the PCC had the right to appoint two members of the Council (Board): this was increased to three by Special Resolution at a General Meeting on 19th January 2012. Were there any other members of the company, each of them would be entitled to appoint one member to the Board. Additionally, new Board members can be appointed by the Board through co-option.

Board members used a specialised and suitably experienced intermediary agency, REACH, to identify and recruit candidates who possess the necessary knowledge and skills to act as trustees of The Brix at St Matthews. Through half of 2011, the charity had a complement of six trustees after the retirement of a long-standing board member, Nicolas Tate, in July 2010 and the resignation of Richard Clayson in December 2010. During the course of 2011, three new Board members were recruited. Giles Bailey joined in May 2011, followed by Ciara Wells and Paulette Landell in December 2011.

The new trustees were asked to undertake an induction period of between three and six months before they were formally appointed as trustees. During this time, information was provided on the legal and financial status of the charity, its structure, its activities and the legal, financial and moral duties of charity trustees. The December recruits attended a briefing seminar organised by Russell-Cooke LLP for new 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. During 2011, it set up a board sub-committee, the 2012 Committee to oversee marketing activities and organise events to celebrate the Queen's Jubilee and the London Olympic and Paralympic Games. The 2012 Committee meets on a monthly basis and reports to the main Board, whereas the main Board 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.

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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.

The Brix provided a six-month work placement for a business studies student between the autumn of 2010 and the spring of 2011 to undertake marketing and events co-ordination and boost the levels of activities and events in the community hall. During 2011 she was joined by three other business studies students working on special short-term promotional assignments.

During 2011, 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 2011

This is the 18th 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.

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.

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 "historical, architectural and constructional heritage" of the building consists chiefly of its classical exterior and selected features, such as the clock, clock tower, portico and stained glass window.

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.

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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.

The extensive internal configurations of the St Matthews building, dating from the 1970s and 1980s enable us to use the interior of the building for a wide variety of purposes.

The Brix provides recreational and educational facilities 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, as well as a number of churches without permanent homes of their own.

The community centre consists of a small meeting room and a large hall 15m x 9m in size which can be hired for a variety of charitable, community, artistic, cultural, educational, recreational and religious purposes.

The Brix sets out to be an active participant in the local community by offering a facility that can be used for a wide range of activities of public benefit to 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. Rates are set on a sliding scale, dependent on the status of the hirer, and 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.

The main 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.

Apart from the building itself, The Brix has no assets of its own, and to pay for the upkeep of the building and the continued existence of the charity, it depends entirely on the revenue it receives from leasing, licensing and hiring spaces in the building to tenants and occasional users. This was a deliberate strategy which was adopted from the very inception of The Brix as a charitable entity in 1992, based on the assumption that it would be difficult to impossible to generate a sufficient stream of grants and donations over the long term for the continual repair and maintenance of such a large and expensive building.

Since 1993, The Brix at St Matthews has managed to attract major public and charitable funds for two capital works programmes in 1994 to 1997 and 2000 to 2002, but these are the only substantive grants that have been received. The Brix could be described as a 'community business' or 'social enterprise' in that its running costs are funded almost exclusively by income generated as a result of the activities it pursues.

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Parts of the St Matthews building have since the inception of The Brix been occupied by commercial tenants. The two large commercial spaces in the building consist of the premises on the fourth floor and the premises in the crypt. The former was held on a long lease since September 2002 by the second set of operators of Mass Nightclub, Chicks Ltd. The premises in the crypt were also taken over by Chicks Ltd in April 2005 and having been a restaurant since 1997, were converted into a bar and club. The theory behind these two commercial long-term tenancies is that stable and substantial revenue streams can be generated which make the charity financially viable and enable us to provide a variety of community and charitable uses in other parts of the building at affordable rates.

The sixth floor of the building was converted in 1997 to become a suite of small offices which also generate income for The Brix. The office spaces on the sixth floor remained in occupation by a variety of small charities and small businesses which use the spaces on licence and pay affordable licence fees. These licence holders include Pegasus Opera, specialising in bringing grand opera to the inner city; 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. GroundUp, a small charity specialising in working with disaffected local youth, moved out during 2011 and was replaced by PrintTank, a start-up textiles business.

Altogether, during 2011, the St Matthew's building continued to be occupied by eight tenants and licence holders.

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.

In 2011, The Brix also 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.

Although The Brix survives by charging fees for the use of its premises, 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 the long-term commercial leases and also via its short-time licensing and hiring arrangements.

ACHIEVEMENTS AND PERFORMANCE IN 2011

Repair and maintenance of St Matthews' historic, architectural and constructional heritage

As reported in previous years, 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, structural engineers Sinclair Johnston and Partners Ltd and Prism Surveyors Ltd, quantity surveyors, 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

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scheme. The bid was submitted in June 2010, but was unfortunately rejected three months' later on technical grounds: The Brix did not qualify for the scheme because it is not itself a religious organisation, although the building is still used for worship. The evidence used in the bid was used as the basis of a renewed application for funding to English Heritage in May 2011.

This led to a visit by English Heritage grant organisers in September 2011. Unfortunately, The Brix's application for this alternative grant pot was turned down on the basis that only buildings "at risk" were now being considered by English Heritage, and given its independent sources of income, The Brix was not regarded as a priority applicant.

Meanwhile, more chunks of masonry continued to fall to the ground below from parapet level, causing considerable risk of injury to passers-by in the surrounding public park. The falling debris were caused by delamination around the cornice, spalling of stonework and render on the string course below the cupola and spalled mortar and render at the southeastern corner of the parapet. This is evidently the corner of the building which is under most attack from the elements and the combination of wet weather and frost caused the damage to the stonework, most notably the decorative elements.

In order to deal with the dangerous falling materials and to give a much better idea of the extent of the damage, and thus the likely repair costs, a scissor lift was brought to site at the start of the year and the loose materials were removed. A detailed Condition Survey and High Level Works Schedule was prepared by HMDW Architects as a result of the inspections undertaken at the time, which will provide a blueprint for the repairs when funds are eventually obtained.

The other major repair item begun in 2011 was the refurbishment of the original 1824 portico doors. These were made to an exclusive design by the original architect of St Matthews, C F Porden. They were in a very poor condition and required a thorough overhaul.

The impressive façade of St Matthews incorporates three large door sets in the portico, comprising double leaves with fixed overpanels. The doors are thought to be of Parana Pine and incorporate decorative panel beading in plaster on the exterior face. This is very delicate, but it was decided that as much as possible should be retained. No catalogue items matching, or resembling these panel beads were found during our architect's researches, so it was decided to strip out a section in good condition and use it to replicate the pattern, most probably in timber. The iron or steel strapping across the inside of some of the doors may have been installed to stiffen the panels up due to failure of the plaster beads. However, the extent of material for retention would only become apparent when the paint was stripped.

A competitive tender was organised by The Brix's architect, Nicholas Weedon of HMDW, and the chosen bid was submitted by Triton Conservation. Work began on the first pair of doors in October 2011. It soon became apparent that the decorative beadings on the doors had originally been hand-sculpted in plaster. Their renovation necessitated the application of a poultice to remove the old paint and the creation of a unique mould in which casts could be made to replace the damaged sections. A skilled craftsman was brought in to hand-make new sections of beading in resin and apply them to the gaps on the face of the doors. The first pair of doors took two months to renovate, at a cost of £13,000 plus VAT. The second pair was taken off site for repair when the first pair was returned at the turn of the year. The first pair were then painted with several coats of Sikkens RAL 3020, and returned to their original red colour.

Other external repairs undertaken in 2011 included the replacement of broken panes of glass and discoloured panes of perspex in several windows around the building, and the unblocking and repair of the original 1820s rainwater hoppers and outlets on north and south sides. The hoppers were fitted with meshes to prevent future blockages by falling leaves and pigeon activity.

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Work was also begun on detailed drawings for new railings around the building. Planning Permission and Listed Building Consent was obtained in 2010 for the replacement of protective railings around the site, and a tender was organised by HMDW Architects in order to commission new railings for the area around The Brix's main entrance. In the event, none of the quotes were satisfactory, and the work was postponed while new contractors were identified.

The Brix liaised with The City of London during the year on the repair and on-going maintenance of a tomb on the forecourt of the building, that of William Ward, founder of the City of London School for Girls. The City of London had organised and (it was thought) had paid for the repair of the tomb in 1994. It was therefore assumed that they had responsibility for its upkeep, and when the tomb was again damaged, The Brix approached them to effect another repair. It was eventually established that the 1994 repair had been organised as a gesture of goodwill to celebrate the centenary of the City of London School for Girls, and that the tomb was not the responsibility of the City of London at all. Approaches to the Diocese of Southwark lead us to believe that Lambeth Council is responsible for the tomb, and letters have been written to the Borough Solicitor to attempt to persuade Lambeth to undertake the necessary repairs.

A prospective trustee, James Gamble (who ultimately chose to join another trustee board instead of The Brix), undertook a cost-benefit analysis of installing solar panels on the roof and made a presentation to the Board. As the result of his excellent research work, it was decided that the returns from the investment and the nature of the deals on the table from energy suppliers made it extremely uneconomic to install solar panels.

During the year, The Brix continued to invest in smaller repairs and maintenance items inside the building. Safety works were done to entrances, exits and fire escapes, and the usual health, safety, fire and utilities certificates, including the NICEIC certificate, were applied for and obtained. The Brix also continued to upgrade its CCTV system. Further improvements were made to the facilities in the community hall, with the installation of blinds to cover the dance mirrors, the purchase of café tables and chairs and the acquisition of a PA system and a computer-driven projector.

The provision of facilities for recreation and social welfare and the advancement of education

The main way in which The Brix provides recreation and advances education is through 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.

During the year, the community hall was used by a wide variety of charitable, educational, recreational, artistic and cultural groups.

One of our sixth floor office tenants, Pegasus Opera, runs singing and acting classes for young local people on Saturdays, and booked the hall on a weekly basis throughout the year, during term time. The Stroke Association, another tenant in the building, holds meetings and get-togethers for its local users in the hall twice a month. GroundUp, another tenant, also used the hall for meetings of young clients. Several consultation meetings and seminars were held by Lambeth Council and private companies, and public meetings organised by local political and community groups also took place on the premises. Lambeth Mediation regularly used the hall, and a couple of voluntary sector AGMs took place there. The hall was also regularly used for samba, yoga, lindy hop and zumba classes organised by a variety of personal trainers. A young theatre group, Brixton Empire Theatre, was assisted financially and practically to mount an original play about Martin Luther King and Malcolm X in the building in the autumn.

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The hall is regularly used by several Christian worship groups, on Sundays but also on other evenings during the week. St Matthew's Sunday School continued to meet in the space. 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.

Again in 2011, The Brix ran its own activities to provide recreation and educational opportunities in the hall. For the third year, The Brix collaborated with Lambeth College to organise an art competition and exhibition for mature students. This included an evening award ceremony at which prizes were given out for the best art works submitted by Lambeth College students, followed by a week-long exhibition at the end of June 2011. The art competition also provided the opportunity for The Brix to provide a two-month internship to two students from a college in Bordeaux.

The Brix acquired a website in 2009. This was designed on our behalf by a volunteer from Glaxo Smith Kline, Karen Ayers who has continued to volunteer throughout 2011 as our web-master. The site was upgraded and updated in the spring of 2011, with improved site navigation, a new design for the home page, the inclusion of more photographs and the addition of a current events section. Karen's 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. The 2012 Sub-Committee was set up in 2011 to develop marketing and promotional ideas and activities which would increase the profile and good reputation of The Brix in the local community. Giles Bailey was appointed as chair of the Committee, and Olivia Leydenfrost, a communications and marketing professional, continued to volunteer during the year to help The Brix develop its vision and strategy. Zoom-In, a new film agency run by two young entrepreneurs, prepared a promotional photo-film with voice-overs for The Brix, and this was published to the internet in the second half of the year.

Three key themes were adopted for our marketing activities. The first was "lighting up the building", both literally and metaphorically. The second was to build our relationships with key users and potential users of the building and to maximise their use of the hall and our other facilities. The third was to ensure that neighbours and key partners got a better knowledge of The Brix and what it had to offer, particularly by inviting them to use our facilities, where appropriate.

It was decided that The Brix would organise its own activities in 2012 to celebrate The Queen's Diamond Jubilee and to contribute to the Olympic and Paralympic Games in some way. Meetings with neighbouring businesses and charities, the local authority, and local residents were organised towards the close of the year to share and discuss ideas for summer 2012 celebrations. The Committee also resolved to make improvements to the website; generate and use photographic records of activities; develop databases of past and potential future users of the facilities; and promote The Brix through social and conventional marketing media of various kinds. The Board wishes to thank Olivia and Karen once again for the imagination and energy they have dedicated to their voluntary assignments for us.

The Brix was able to implement some of these ideas immediately with the assistance of a French intern, Laura Seyral who was placed with us for two months at the end of the year with financial support from a European grant programme, and whose contributions we much valued. This international placement scheme continues to be of great mutual benefit to the college in France and to The Brix.

The Brix also began to discuss with Lambeth Council the idea of taking over the management and maintenance of the "Peace Garden" around the building. This plot of land on which St Matthews sits was its old churchyard in the nineteenth century, but was covenanted to Lambeth Council in 1959 and

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has since been managed as a public space by their Parks Department. Lambeth Council has responded positively to the idea of The Brix taking over responsibility for its oversight and upkeep, and preliminary negotiations have been positive.

FINANCIAL DEVELOPMENTS

As has been mentioned above and has been said in previous annual reports, The Brix is effectively a social enterprise: 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. This financial model has been used since The Brix was set up, on the assumption that greater financial stability would obtain from this approach, rather than from a dependence on grants and donations.

The model was also set up in such a way that St Matthews Parish Church Council and congregation would continue to have a home in St Matthews Church building for a peppercorn rent for as long as The Brix held the head lease on the building.

During 2011, negotiations continued with St Matthews Parish Church Council and the Southwark Diocesan Board of Finance, The Brix's landlords, about the basis on which the PCC's service charges should be calculated and levied, and the basis on which The Brix's own rent to the Diocese should be calculated. The two leases – which should give clear formulae on which both should be calculated – have clauses which do not allow for accurate calculation of either rent or service charges. Provision has been made in the accounts for some service charge payments from St Matthews' PCC, but progress still needs to be made towards a resolution of both these issues before this can be settled.

The Brix's marketing initiatives during the year led to a 20% increase in the amount of income earned from activities in the community hall. Efforts continue to increase numbers of, and diversify the range of organisations who use the community hall and meeting room facilities during the day on weekdays: there is still a significant amount of spare capacity during the week.

The dominant legal and financial issue during 2011 continued to be the dispute with major commercial tenant, Chicks Ltd, about the payment of service charges on the premises at crypt level in the building. The basis on which service charges were levied on this space were changed on the fifth anniversary of the lease from a set annual amount to a percentage of the running costs of the building. Chicks Ltd refused to acknowledge the legitimacy of the new formula, and The Brix was obliged to engage in a lengthy legal action against its tenant for the recovery of service charges for 2008 and 2009, with payments of service charges for 2010 and 2011 dependent on the court case to settle the amount which was payable for 2008 and 2009. The Brix's claim for the initial two years was just under £67,700. Chicks Ltd elected not to pay anything on account towards any of these four years' service charges whilst the dispute was underway, and during 2011 also withheld a further £51,000 in rent and utility bill payments.

The initial stages of the court action took four months to complete, during which period The Brix felt unable to accept the 20% offered by the tenant to settle the dispute. The ill-health of The Brix's key witness led to the trial window in July 2011 having to be vacated, and it took until early 2012 to secure another court date. The action against Chicks Ltd was due to be heard in the Central London County Court on 2nd – 4th April 2012. The court case was derailed by the appointment by Chicks Ltd on 19th March 2012 of an insolvency practitioner who informed The Brix of the intention to put the tenant into a CVA within the next few days. In these circumstances, The Brix felt obliged to forfeit the two leases held by Chicks Ltd.

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A personal surety of £30,000 by Stanley Barry Chicksand was honoured, but all Chicks Ltd's other outstanding debts to The Brix at St Matthews have had to be written off. In 2011's accounts, this has resulted in an exceptional bad debt of £93,147, which is the sole cause of the £80,371 adverse discrepancy between income and expenditure in the 2011 financial year.

Total incoming resources amounted to £292,324, which comprised rental and service charge income of £291,988 and bank interest received of £336. Resources expended amounted to £372,695, which includes £93,147 for the non-payment of rent, service charges and utility bills by its principal tenant in 2011. An analysis of the resources expended is provided in notes 4 to 9 of the financial statements.

Strenuous management efforts kept our running costs under strict control during the year so that for many items, savings were achieved on our 2010 outgoing. Legal and professional fees have continued to be high as the result of a further year of legal action to attempt to recover unpaid debts. Our grateful thanks go to Citroen Wells, our auditors, and Jeremy Simon & Co, our solicitors, for all of their professional support and guidance throughout the year. Of the resources expended during the year, £30,715 has been spent on governance, with just under £24,000 of that spent on audit, accountancy, legal and other professional advice.

The trustees committed £1,822 to fixtures and fittings during the year. After deducting the charge for depreciation, the net book value of fixed assets amounted to £56,654.

The current assets and current liabilities amounted to £197,643 and £130,351 respectively.

The resulting net assets amounted to £123,946, which is represented by the closing balance on the unrestricted funds of £123,946.

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. It was the trustees' belief that adequate controls and systems had been put in place to mitigate any external and internal risks that the charity might face.

In 2011, the trustees once again assessed the internal business, operational and reputational risks for The Brix in the light of the on-going financial dispute with its 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, in part or entirely. Contingency plans were put in place, and are now in 2012 being implemented in order to protect the charity from the impact of the complete default on the part of Chicks Ltd and the forfeiture of the two commercial leases in the building.

The Brix has secured loans from the Parish Church Council of St Matthew and St Jude and the Southwark Diocesan Board of Finance to bridge the gap in incoming resources while new permanent tenants are found to occupy the major spaces which were repossessed by The Brix in March 2012. Temporary alternative sources of income have been sought and new business opportunities are being explored. With the assistance of the PCC and Southwark Diocese and prudent cuts to its outgoing, The Brix is continuing to meet its obligations as they fall due and to trade its way through its transient financial problems. Meanwhile, The Brix has taken back the ownership of two substantial assets, the two large premises which are once again available for lease to new tenants.

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Reserves Policy

The trustees' policy of keeping 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 other sources of income has also been a factor in The Brix's ability to weather the financial problems of 2011 and early 2012.

The trustees' aim was always to hold about £130,000 as reserves, being about 43% of the charity's current annual turnover.

It will take some years to restore the reserves to their previous levels. Attention will have to be paid in the second half of 2012 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 2012

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 events of 2011 and 2012 have been a grave set-back to the charity, and they have come close to threatening its continued existence. At the time of writing, two new potential users of major spaces within the building are close to signing long-term deals which will secure significant new funding streams for The Brix and safeguard our future. These new potential users present positive opportunities and offer new avenues for us to pursue our charitable aims and objectives. However, the trustees must also search for charitable grants, donations and enterprise funds in order to diversify The Brix's income stream and reduce the extent to which we rely on a very small number of very large sources of revenue.

The surveys we commissioned in 2007 and 2010 set out our future renovation challenges. Our plans must necessarily be postponed. However, we must not lose sight of our need to raise in the region of £250,000 for our shorter term restoration needs and a further £350,000 for our medium to long term restoration and renovation needs. If we cannot rely on major national grant regimes for the restoration and maintenance of historic buildings, it is not entirely clear when or how we will be able to raise the requisite funds. In the meantime, we must continue to keep the building up to a standard which makes it attractive to users. 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.

THE BRIX AT ST MATTHEWS
TRUSTEES' ANNUAL REPORT (CONTINUED)
YEAR ENDED 31 DECEMBER 2011

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable company will continue in operation.

The trustees are responsible for keeping proper 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.

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

September 2012

THE BRIX AT ST MATTHEWS
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE
BRIX AT ST MATTHEWS
YEAR ENDED 31 DECEMBER 2011

We have audited the financial statements of The Brix at St Matthews for the year ended 31 December 2011 which comprise the Statement of Financial Activities, 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 12, 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 2011 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 2011

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the Charity's ability to continue as a going concern. The Charity's principal tenant, Chicks Limited, has gone into insolvent liquidation and the Trustees are actively searching for new tenants. In the meantime active steps have been taken by the Charity to minimise overheads whilst the search is on-going, including hiring out parts of the building under short-term licenses and securing a funding facility from the diocese, in order to enable it to meet its obligations as they fall due. These conditions, along with the other matters explained in Note 1 to the financial statements, indicate the existence of a material uncertainty, which may cast significant doubt about Charity's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Charity was unable to continue as a going concern.

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; or
- the trustees were not entitled to take advantage of the small companies exemption in preparing the directors' report.

David Marks FCA (Senior Statutory Auditor)

September 2012

for and on behalf of Citroen Wells
Chartered Accountants
Statutory Auditor

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 2011

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2011 £	Total Funds 2010 £
INCOMING RESOURCES					
Incoming resources from generated funds:					
Donations		-	-	-	2,220
Activities for generating funds	2	291,988	-	291,988	302,060
Investment income	3	336	-	336	177
TOTAL INCOMING RESOURCES		<u>292,324</u>	<u>-</u>	<u>292,324</u>	<u>304,457</u>
RESOURCES EXPENDED					
Charitable activities		(336,289)	(5,691)	(341,980)	(297,360)
Governance costs		(30,715)	-	(30,715)	(32,686)
TOTAL RESOURCES EXPENDED	4	<u>(367,004)</u>	<u>(5,691)</u>	<u>(372,695)</u>	<u>(330,046)</u>
NET INCOMING/ (OUTGOING) RESOURCES FOR THE YEAR/NET MOVEMENT IN FUNDS	7	<u>(74,680)</u>	<u>(5,691)</u>	<u>(80,371)</u>	<u>(25,589)</u>
RECONCILIATION OF FUNDS					
Total funds brought forward		<u>198,626</u>	<u>5,691</u>	<u>204,317</u>	<u>229,906</u>
TOTAL FUNDS CARRIED FORWARD		<u>123,946</u>	<u>-</u>	<u>123,946</u>	<u>204,317</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

BALANCE SHEET

AS AT 31 DECEMBER 2011

	Note	2011 £	2010 £
FIXED ASSETS			
Tangible assets	10	56,654	74,681
CURRENT ASSETS			
Debtors	11	118,294	148,075
Cash at bank		79,349	88,516
		<u>197,643</u>	<u>236,591</u>
CREDITORS: Amounts falling due within one year	12	<u>(130,351)</u>	<u>(106,955)</u>
NET CURRENT ASSETS		67,292	129,636
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>123,946</u>	<u>204,317</u>
NET ASSETS		<u>123,946</u>	<u>204,317</u>
FUNDS			
Unrestricted income funds			
General funds	13	67,292	129,636
Fixed Asset reserve	13	56,654	68,990
Total unrestricted income funds		<u>123,946</u>	198,626
Restricted income funds	13	-	5,691
TOTAL FUNDS	13	<u>123,946</u>	<u>204,317</u>

These financial statements were approved by the members of the committee on the 24 September 2012 and are signed on their behalf by:

C M L Clark
Trustee

Company Registration Number: 2880299

The notes on pages 17 to 22 form an integral part of these financial statements.

THE BRIX AT ST MATTHEWS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

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.

Going Concern

The accounts have been prepared on a going concern basis. The Charity's principal tenant, Chicks Limited, has gone into insolvent liquidation, which has resulted in an exceptional bad debt as set out in note 5. The Trustees are actively searching for new tenants. In the meantime active steps have been taken by the Charity to minimise overheads whilst the search is on-going, including hiring out parts of the building under short-term licenses and securing a funding facility from the diocese, in order to enable it to meet its obligations as they fall due. Accordingly, the Trustees consider it appropriate to prepare the accounts on a going concern basis.

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.

The notes on pages 17 to 22 form an integral part of these financial statements.

THE BRIX AT ST MATTHEWS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

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 leasehold improvements.

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

2. INCOMING RESOURCES FROM ACTIVITIES FOR GENERATING FUNDS

	2011	2010
	£	£
Rent and service charges receivable	<u>291,988</u>	<u>302,060</u>

3. INVESTMENT INCOME

	2011	2010
	£	£
Interest receivable	<u>336</u>	<u>177</u>

4. TOTAL RESOURCES EXPENDED

	Staff Costs	Depreciation	Other Costs	Total 2011	Total 2010
	£	£	£	£	£
Direct charitable expenditure:					
Activities undertaken directly	55,558	19,849	266,573	341,980	297,360
Governance costs	6,173	-	24,542	30,715	32,686
Total	<u>61,731</u>	<u>19,849</u>	<u>291,115</u>	<u>372,695</u>	<u>330,046</u>

The notes on pages 17 to 22 form an integral part of these financial statements.

THE BRIX AT ST MATTHEWS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

5. ACTIVITIES UNDERTAKEN DIRECTLY

Other costs relating to direct charitable expenditure comprise:	2011	2010
	£	£
Rent	5,000	5,008
Rates and water	8,446	2,312
Light and heat	25,543	33,259
Repairs and maintenance	39,341	40,807
Insurance	23,066	23,329
Other	2,114	1,286
Telephone	2,002	2,382
Postage and stationery	3,521	2,126
Cleaning and refuse	13,533	13,639
Security	40,014	38,516
Bad and doubtful debts and irrecoverable VAT	5,235	31,112
Marketing, advertising and events	5,431	6,833
Staff training	180	358
Exceptional item – bad debt	93,147	-
	<u>266,573</u>	<u>200,967</u>

The exceptional item arises as a result of the Charity's principal tenant, Chicks Limited, going into insolvent liquidation after the year end.

6. GOVERNANCE COSTS

Other governance costs comprise:	2011	2010
	£	£
Audit fees	5,000	4,500
Accountancy fees	2,750	-
Legal and professional	16,202	21,652
Bank charges	590	307
	<u>24,542</u>	<u>26,459</u>

7. NET OUTGOING RESOURCES FOR THE YEAR

This is stated after charging:

	2011	2010
	£	£
Depreciation	19,849	40,351
Auditors' remuneration:		
- audit of the financial statements	<u>5,000</u>	<u>4,500</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 £181 (2010: £42) were reimbursed to 1 trustee.

The notes on pages 17 to 22 form an integral part of these financial statements.

THE BRIX AT ST MATTHEWS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

9. STAFF COSTS AND EMOLUMENTS

Total staff costs were as follows:

	2011	2010
	£	£
Wages and salaries	55,010	55,611
Social security costs	5,071	5,008
Pensions	1,650	1,650
	<u>61,731</u>	<u>62,269</u>

Particulars of employees:

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

	2011	2010
	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 (2010 - Nil).

10. TANGIBLE FIXED ASSETS

	Leasehold improvements	Fixtures & Fittings	Total
	£	£	£
COST			
At 1 January 2011	1,402,172	112,559	1,514,731
Additions	-	1,822	1,822
At 31 December 2011	<u>1,402,172</u>	<u>114,381</u>	<u>1,516,553</u>
DEPRECIATION			
At 1 January 2011	1,349,034	91,016	1,440,050
Charge for the year	14,008	5,841	19,849
At 31 December 2011	<u>1,363,042</u>	<u>96,857</u>	<u>1,459,899</u>
NET BOOK VALUE			
At 31 December 2011	<u>39,130</u>	<u>17,524</u>	<u>56,654</u>
At 31 December 2010	53,138	21,543	74,681

The notes on pages 17 to 22 form an integral part of these financial statements.

THE BRIX AT ST MATTHEWS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

11. DEBTORS

	2011 £	2010 £
Trade debtors	105,721	106,833
Other debtors	-	-
Prepayments and accrued income	<u>12,573</u>	<u>41,242</u>
	<u>118,294</u>	<u>148,075</u>

12. CREDITORS: Amounts falling due within one year

	2011 £	2010 £
Trade creditors	20,268	3,851
Taxation and social security	22,350	26,196
Other creditors	18,535	17,180
Accruals and deferred income	<u>69,198</u>	<u>59,728</u>
	<u>130,351</u>	<u>106,955</u>

13. ANALYSIS OF TOTAL FUNDS

	Unrestricted funds		Total Unrestricted funds £	Restricted funds £	Total funds £
	General funds £	Fixed asset reserve £			
At 1 January 2011	129,636	68,990	198,626	5,691	204,317
Incoming resources	292,324	-	292,324	-	292,324
Resources expended	(352,846)	(14,158)	(367,004)	(5,691)	(372,695)
Transfers between funds	(1,822)	1,822	-	-	-
At 31 December 2011	<u>67,292</u>	<u>56,654</u>	<u>123,946</u>	<u>-</u>	<u>123,946</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.

The notes on pages 17 to 22 form an integral part of these financial statements.

THE BRIX AT ST MATTHEWS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

14. ANALYSIS OF RESTRICTED FUNDS

	At 1 January 2011 £	Incoming resources £	Resources expended £	At 31 December 2011 £
Refurbishment works	5,691	-	(5,691)	-
Total	5,691	-	(5,691)	-

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.

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General Unrestricted funds £	Fixed asset reserve £	Restricted Funds £	Total 2011 £
Tangible fixed assets	-	56,654	-	56,654
Net current assets	67,292	-	-	67,292
Net Assets	67,292	56,654	-	123,946

The notes on pages 17 to 22 form an integral part of these financial statements.

THE BRIX AT ST MATTHEWS

DETAILED STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 31 DECEMBER 2011

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.

	2011	2010
	£	£
INCOMING RESOURCES		
ACTIVITIES FOR GENERATING FUNDS		
Donations	-	2,220
Rent and service charges receivable	291,988	302,060
INVESTMENT INCOME		
Bank interest receivable	336	177
TOTAL INCOMING RESOURCES	292,324	304,457
RESOURCES EXPENDED		
Rent	5,000	5,008
Rates & Water	8,446	2,312
Light & heat	25,543	33,259
Repairs & maintenance	39,341	40,807
Insurance	23,066	23,329
Other	2,114	1,286
Telephone	2,002	2,382
Post and stationery	3,521	2,126
Cleaning and refuse	13,533	13,639
Security	40,014	38,516
Bad and doubtful debts and irrecoverable VAT	5,235	31,112
Marketing, advertising and events	5,431	6,833
Exceptional item – bad debt	93,147	-
Salaries and wages	55,010	55,611
Employer's NIC	5,071	5,008
Pensions	1,650	1,650
Audit & accountancy fees	7,750	4,500
Legal and professional	16,202	21,652
Depreciation	19,849	40,351
Bank charges	590	307
Staff training	180	358
TOTAL OUTGOING RESOURCES FOR THE YEAR	372,695	330,046