

1061039

COMPANY REGISTRATION NUMBER 2880299

THE BRIX AT ST MATTHEWS

FINANCIAL STATEMENTS

31 DECEMBER 2006

CHARITY COMMISSION
DIRECT
31 OCT 2007
RECEIVED

Charity Number 1061039

THE BRIX AT ST MATTHEWS
FINANCIAL STATEMENTS
YEAR ENDED 31 DÉCEMBER 2006

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THE BRIX AT ST MATTHEWS
TRUSTEES ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2006

The trustees, who are also directors for the purposes of company law, present their report and the financial statements of the charity for the year ended 31 December 2006.

LEGAL STATUS

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. Under those Articles, no person will be admitted to the board of Directors without approval by the members of the board.

Objectives of The Brix at St Matthews

To preserve for the public benefit of the people of greater London ("the area of benefit") and of the Nation at large the historical, architectural and constructional heritage of the Church of St Matthew, Brixton

To provide facilities for recreation with the objects of life and social welfare of the inhabitants in the area of the benefit and in particular by the provision and maintenance of a community centre

To advance education for those living in the area of benefit and to undertake any other charitable activity

RESULTS

The results for the year and the charity's financial position at the end of the year are shown in the attached financial statements.

THE TRUSTEES

The trustees who served the charity during the period were as follows:

T L Blackler
C M L Clark
Rev M Durran
M W Williams
P A C Blake
T K Kinsella
N Tate
V A Berry

T L Blackler resigned as a trustee on 16 June 2006.

T K Kinsella resigned as a trustee on 8 June 2006.

Secretary

M W Williams

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Legal and Administrative Details

Registered charity name	The Brix at St Matthew's
Status	Charity established as company limited by guarantee (No 2880299). Registered with the Charity Commission as number 1061039.
Address	St Matthew's Church, Brixton Hill, London SW2 1JF
Auditors	West & Co, Chartered Accountants, 325 City Road, London EC1V 1LJ
Bankers	National Westminster Bank, 504 Brixton Road, London SW9 8EB
Solicitors	Jeremy Simon & Co, 72a St Mary's Road, Watford, Herts, WD1 8EF.

DEVELOPMENTS, ACTIVITIES AND ACHIEVEMENTS IN 2006

CHAIR'S REPORT FOR 2006

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

As stated above, 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 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 grants received by The Brix to date have been for the physical refurbishment of the St Matthews building, which is Grade II* Listed by English Heritage and sits at the heart of the Brixton Conservation Area on a prominent town centre site.

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.

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Chair's Report for 2006

The management of relationships with tenants and other users of the building is therefore critical to the success of the 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.

Another factor which greatly impinges on our success is the general atmosphere and environment in central Brixton. St Matthews sits in the middle of The Peace Garden, its old churchyard, ownership and management of which was handed over to London Borough of Lambeth in the 1950s. The Peace Garden is a public park in the centre of Brixton, which is open 24 hours a day, and is looked after by the Council's Parks Department.

During 2006, there were a number of violent and drugs- and drink-related crimes in the vicinity of the building, which led to increased police activity, and the imposition of much tighter controls by the police on the night-time economy of Brixton. These incidents inevitably affect the attractiveness of the building as a place of community use and an entertainment venue, and therefore damage ourselves and our tenants. We hope that the actions of the police and Lambeth Council will help reduce the difficulties.

Tenants and usage

The main tenant in the St Matthews building is the **Parish Church Council**, and the congregation, of **Saint Matthews Church**, which occupies half of the ground floor, and has exclusive use as an entrance of the original front doors onto the magnificent portico on the western end of the building. One of the reasons that the building was put into the care of a charitable company was so that what had 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. Since the building was substantially altered in the 1980s, St Matthews Church has shared it with a variety of other users.

Our second tenant is **Mass Nightclub**, which has held a lease on the fourth floor of the building since September 2002, and continued to operate throughout 2006.

In May 2006, the owners of the nightclub, Chicks Ltd, indicated that they were interested in turning the fourth floor into two separate concert venues. We have been discussing this with them, to see if it is possible to do this in ways that do not affect The Brix's interests or those of the other tenants and users of the building, and that respect the building's overall structural integrity and Grade II* listed status.

Tenants also included Chicks Bars Ltd, which re-opened **Babalou** as an up-market restaurant in October 2005 after they had purchased the lease for most of the crypt space from the previous owners. Towards the end of 2006, the restaurant became a 'lounge' venue, providing a bar, plus music and light snacks, and it appears to be prospering.

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The office spaces on the sixth floor remained in occupation by a variety of small charities and businesses. These include **Pegasus Opera**, specialising in bringing grand opera to the inner city, **Rocket**, a PR and marketing company for musicians and **Disc Computers**, an IT services company. **Engage Publishing**, a design and print company, took an additional office during the year. **Devon Gordon**, a security consultant, also moved in to occupy a newly refurbished space. **Caught in the Act**, a theatre company specialising in educational work with schools that had been a tenant for nearly ten years, moved out mid-way through the year. **Babalou** moved its office to the crypt and ceased to rent an office on the sixth floor.

The Brix has retained one office for its own use, and in order to generate additional income from its hire as a small meeting room for internal and external users.

During the year, the Brix Community Hall was used by our tenants **Caught in the Act** and **Pegasus** as a rehearsal space, and several others visiting dance and theatre companies also block-booked the room for rehearsals, including regular clients, **Arte Latina**. The **Paraiso School of Samba** started using the hall again for a beginners' class towards the end of the year. **Christ Apostolic Church** continued to hold services there on Sundays, as it has for many years. We also had regular evening bookings from various local societies, community and political groups. From June onwards, the hall has been used for nightclub events on significantly fewer occasions, following a policy decision by the trustees to concentrate more on its community usage.

The Building

In last year's Annual Report, the general condition of the building was highlighted as an issue. By January 2006, it was clear that there was a backlog of repairs and maintenance to be addressed, and The Brix's quantity surveyor was asked to prepare a costed list of items for the attention of the Board. His condition survey contained 15 to 20 separate issues at a cost of about £60,000, including VAT and fees.

A start was made on refurbishment, and four of the twelve offices on the sixth floor were stripped out and redecorated. The box office at crypt level was also upgraded and redecorated. A new kitchen area was also installed on the sixth floor for the use of office tenants.

In the autumn, The Brix engaged a structural engineering company to undertake a formal Condition Survey of the building. This has produced a further list of work to be done, short-term and long-term.

During the first quarter of 2006, the Chair of the Board worked closely with the local police and with officers from Operation Trident to ensure that the building and its occupants were protected from the growing problems of gun and drugs use in areas close to the building. Attention was focused in the first three months on a series of security measures to ensure that neither was brought into the building during the day, whilst the police worked with the

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Chair's Report for 2006

nightclub management to strengthen their entry precautions at night. New security policies and procedures were introduced for box office staff and tenants. Lighting in and around the building was renewed, and quotes were obtained for the installation of a CCTV system.

Staffing

2006 was a year of staffing instability, after many years of continuity. The departure of Mr Ord Henry just before Christmas 2005, after over ten years in post as the Manager, left The Brix with one member of staff during the first quarter of the year. The Manager post was advertised in January 2006 and a new Manager was appointed on 22nd March. Unfortunately, this appointment was not successful and the new Manager resigned and left the organisation within two months.

In July 2006, the Brix's Administrator, who had been on long-term sick leave, also resigned.

This meant that, for around four months over the summer of 2006, the Brix was left with no staff of its own, and reliant on a temporary, part-time administrator. Management duties were covered by the Chair of the Board, assisted by the Accountant, and the security staff took on more responsibility for room bookings and the supervision of events. The Manager recruitment process was begun again in June, and Michael Bradley was appointed in October. Michael came with a background in commercial and residential property management.

Jean Bergin continued as The Brix's Accountant on a part-time, freelance basis. She contributed additional hours in 2006 to assist the Chair with the introduction of new financial and management policies and procedures for the company, and the rationalisation of several service contracts.

Michael Salmon and Antony Johnson, the security / reception staff who work in the building on a sub-contracted basis, worked very hard on behalf of The Brix to cover for sick leave and vacancies among the office staff.

The Brix very much appreciates the work that Jean, Michael and Anthony took on over 2006.

Trustees

Terry Kinsella resigned as a Trustee in June 2006. The Board regretted his departure: for many years, Terry had been a fount of good advice about the maintenance of the physical fabric of the building. Tim Blackler also resigned in June. He had been a Trustee since The Brix was legally established, and his sound business sense and strategic thinking had guided the Board through many critical situations. Both trustees will be missed, but the Brix is very grateful to them for their contributions over many years.

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TRUSTEES ANNUAL REPORT
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Chair's Report for 2006

Financial position

Given the staffing problems described above, it is not surprising that, in financial terms, 2006 presented some challenges. The staffing discontinuities meant that rent and service charges were not being collected as consistently and promptly as we would have wished, and good habits had to be re-established during the last quarter of the year. It was not possible to market the community space as effectively as we would have wanted, or to get it refurbished to a condition where it was an attractive proposition to hirers.

In addition, a number of extraordinary costs came up:

- the Board decided to issue a credit note for £13,500 to a major tenant, on the grounds that the refurbishment of the crypt had cost much more than had been envisaged due to unanticipated damp problems.
- The Brix also incurred extraordinary levels of legal fees during the year, extricating itself from two unfavourable service contracts for waste disposal, the second of which resulted in an action in the High Court. This was the consequence of a six-month legal battle to nullify a five year contract for a rubbish compactor, which had spent most of this period unused in a shed near Sheffield. The contractor used the most extreme legal measures available to it to enforce its rights, and this resulted in The Brix being obliged to pay the final three years' hire fees plus legal costs in a single settlement in November 2006.
- As is visible in the accounts, staffing discontinuity meant that insufficient attention was paid to changes introduced by our electricity suppliers – effectively we were assigned to an unfavourable rate.

All things considered, we therefore feel that our income held up quite well, and our expenses were inflated by items that should not recur. Experience so far in 2007 provides some justification for that view, although it remains true that we have long-term refurbishment needs.

The Brix's Reserves Policy was outlined in last year's Annual Report and Accounts: the Trustees seek to establish and maintain a fund on which we can draw for major capital repairs and the on-going maintenance that are intrinsic to the preservation of a historic, listed building. Looking forward to 2007, the main tasks of the Board must be to increase its income and to ensure sufficient funds are put to one side to pay for repairs, maintenance and the preservation of the building.

THE BRIX AT ST MATTHEWS
TRUSTEES ANNUAL REPORT
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Chair's Report for 2006

Outlook for 2007

2006 was a year of retrenchment in which a variety of challenges had to be faced and overcome. The Brix was in transition, and the main tasks were to review and consolidate our internal systems and put some of our business relationships onto a more favourable footing. The first three quarters of the year were dominated by these tasks.

However, at the start of the fourth quarter of 2006, a new Manager joined The Brix, and he immediately began to contribute to this process of reform. It was decided that the recruitment of an Administrator would be put off until the new demands were clearer, and Mike Bradley is to be thanked for combining the roles of Manager and Administrator during his first few months.

The Trustees intend to continue their basic strategy – which is to continue to raise income to maintain the historic building of St Matthews – by letting out space to tenants, including many community users. The intention in 2005 was to spend 2006 focusing attention on external relationships in order to make the St Matthews building into an important focal point for arts, culture, leisure and community activities. Unfortunately, the challenges in 2006 meant that the process of planning for the future could not begin until the final three months of the year.

However, 2007 will begin with a complete Condition Survey of the building, with recommendations and budgets for renovating and upgrading our facilities, and the renewal of our strategy for our Community Hall.

Thanks and acknowledgements

My warmest thanks go to my fellow Trustees and to the PCC and vicar of St Matthews, Stephen Sichel, for their commitment, solidarity and support during a difficult year, as well as to our Accountant, Jean Bergin, for her support to the Board.

I would also like to thank the external organisations with whom we have been establishing closer working relationships, particularly Brixton police and Lambeth Council. 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 the challenges we have faced.

Caroline Clark
August 2007

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RISK MANAGEMENT

In 2006, the trustees assessed the internal business and operational risks, and continued to strengthen the management systems and procedures of the organisation. Regular reviews took place, and reports were produced and acted upon.

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TRUSTEES ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2006

RESPONSIBILITIES OF THE TRUSTEES

The trustees are responsible for preparing the Trustees Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of the surplus or deficit of the charity for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with Companies Act 1985. The trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

AUDITOR

A resolution to re-appoint West & Co as auditor for the ensuing year will be proposed at the Annual General Meeting.

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

Signed by order of the trustees

M W WILLIAMS
Company Secretary

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THE BRIX AT ST MATTHEWS
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE
BRIX AT ST MATTHEWS
YEAR ENDED 31 DECEMBER 2006

We have audited the financial statements of the Brix at St Matthews for the year ended 31 December 2006 on pages 14 to 19 which have been prepared under the historical cost convention and the accounting policies set out on page 16.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE TRUSTEES AND AUDITORS

The responsibilities of the trustees (who also act as directors of The Brix at St Matthews for the purposes of company law) 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) are set out in the Statement of Responsibilities of the Trustees on page 12.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, and whether the information given in the Trustees Annual Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding remuneration of the trustees and other transactions is not disclosed.

We read the Trustees Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

THE BRIX AT ST MATTHEWS
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE
BRIX AT ST MATTHEWS *(continued)*
YEAR ENDED 31 DECEMBER 2006

OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 December 2006 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees Annual Report is consistent with the financial statements.

325 City Road
London
EC1V 1LJ

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WEST & CO
Chartered Accountants
& Registered Auditors

THE BRIX AT ST MATTHEWS

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT)

YEAR ENDED 31 DECEMBER 2006

		Unrestricted Funds	Restricted Funds	Total Funds 2006	Total Funds 2005
Note		£	£	£	£
INCOMING RESOURCES					
Incoming resources from generating funds:					
Activities for generating funds	2	211,843	-	211,843	217,929
Investment income	3	3,263	-	3,263	3,307
		<u>215,106</u>	<u>-</u>	<u>215,106</u>	<u>221,236</u>
TOTAL INCOMING RESOURCES					
RESOURCES EXPENDED					
Charitable activities	4/5	(167,223)	-	(167,223)	(128,940)
Governance costs	6	(56,121)	(11,213)	(67,334)	(73,632)
		<u>(223,344)</u>	<u>(11,213)</u>	<u>(234,557)</u>	<u>(202,572)</u>
TOTAL RESOURCES EXPENDED					
NET (OUTGOING)/INCOMING RESOURCES FOR THE YEAR/NET (EXPENDITURE)/INCOME FOR THE YEAR					
	7	(8,238)	(11,213)	(19,451)	18,664
RECONCILIATION OF FUNDS					
Total funds brought forward		<u>167,070</u>	<u>1,213,751</u>	<u>1,380,821</u>	<u>1,362,156</u>
TOTAL FUNDS CARRIED FORWARD		<u>158,832</u>	<u>1,202,538</u>	<u>1,361,370</u>	<u>1,380,820</u>

The Statement of Financial Activities includes all gains and losses in the year and therefore a statement of total recognised gains and losses has not been prepared.

All of the above amounts relate to continuing activities.

The notes on pages 17 to 20 form part of these financial statements.

THE BRIX AT ST MATTHEWS

BALANCE SHEET

31 DECEMBER 2006

	Note	2006 £	£	2005 £
FIXED ASSETS				
Tangible assets	10		1,294,161	1,287,736
CURRENT ASSETS				
Debtors	11	30,667		46,348
Cash at bank		79,785		92,158
		110,452		138,506
CREDITORS: Amounts falling due within one year	12	(43,243)		(45,422)
NET CURRENT ASSETS			67,209	93,084
TOTAL ASSETS LESS CURRENT LIABILITIES			1,361,370	1,380,820
NET ASSETS			1,361,370	1,380,820
FUNDS				
Restricted income funds	13		1,202,538	1,213,751
Unrestricted income funds	14		158,832	167,069
TOTAL FUNDS			1,361,370	1,380,820

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

C M L Clark
Director/Trustee

The notes on pages 17 to 20 form part of these financial statements.

THE BRIX AT ST MATTHEWS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006

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 1985.

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 the charity is small.

Fixed assets

All fixed assets are initially recorded at cost.

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:

Equal amounts over the remainder of the lease which expires in 2120
 25 % pa on a reducing basis

2. INCOMING RESOURCES FROM ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds	Total Funds 2006	Total Funds 2005
	£	£	£
Rent receivables	<u>211,843</u>	<u>211,843</u>	<u>217,929</u>

3. INVESTMENT INCOME

	Unrestricted Funds	Total Funds 2006	Total Funds 2005
	£	£	£
Bank interest receivable	<u>3,263</u>	<u>3,263</u>	<u>3,307</u>

4. COSTS OF CHARITABLE ACTIVITIES BY FUND TYPE

	Unrestricted Funds	Total Funds 2006	Total Funds 2005
	£	£	£
Direct activity costs	<u>167,223</u>	<u>167,223</u>	<u>128,940</u>

Total staff costs were as follows:

	2006	2005
	£	£
Wages and salaries	13,922	37,191
Social security costs	1,264	3,510
	<u>15,186</u>	<u>40,701</u>