

COMPANY REGISTRATION NUMBER 2880299

THE BRIX AT ST MATTHEWS

**TRUSTEES' ANNUAL REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED

31 DECEMBER 2013

CHARITY COMMISSION
FIRST CONTACT

25 SEP 2014

ACCOUNTS
RECEIVED

Charity Number 1061039

THE BRIX AT ST MATTHEWS
TRUSTEES' ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2013

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THE BRIX AT ST MATTHEWS

TRUSTEES' ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2013

The trustees have pleasure in presenting their report and the financial statements of the charity for the year ended 31 December 2013.

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 2013 as follows:

C M L Clark (Chair)
M W Williams (Secretary)
P A C Blake
O C Delahaye
K Slattery (to 23 September 2013)
G K Bailey
C E Wells
N J Gilchrist (from 7 January 2013)

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
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.

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.

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In the event of The Brix at St Matthews' 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. To date, the only organisation or individual admitted to membership of the company is the Parochial 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, the Board 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 three members of the Council (Board). 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.

During the first half of 2013, the charity had a complement of eight trustees. Neil Gilchrist joined the board in January 2013. Kate Slattery resigned from the board because of work pressures at the 2013 AGM, which took place on 23rd September 2013.

Existing trustees are expected to identify their training needs and to take measures to ensure that these needs are met. The charity devoted much effort during the year to updating its policies and systems and this included both trustees and staff taking up training and development opportunities.

The Council or Board administers the charity. During 2013, there was one Board sub-group, the Peace Garden Working Party, which undertook day-to-day supervision of a design and consultation project exploring the future rejuvenation and management of the park surrounding the building. This working party met on a bi-monthly basis and reported to the main Board at its regular meetings. The main Board met nine times during 2013 to make decisions and supervise the overall governance and management of the charity.

In exercising our powers and duties, in making decisions and in carrying out our operations, the Board of The Brix has complied with its duty to pay due regard to the Charity Commission's public benefit guidance.

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 statutory accounts and the conduct of day-to-day financial processes and procedures.

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In late 2012, security services were brought in house, having previously been provided by a sub-contractor. Two security / reception staff were therefore added to the staff complement for 2013 onwards. Cleaning and other building maintenance activities are still provided by sub-contractors working on contract or on a tender basis. Line management for service providers was provided by the manager of the charity in line with the organisation's strategies and agreed plans.

The Brix continued to provide short-term work experience placements during 2013, for European-funded business studies students whose roles were to undertake marketing and events co-ordination and boost the levels of activities and events in the community hall.

OBJECTIVES AND ACTIVITIES IN 2013

This is the 20th 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 pursuing 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 historic and architecturally significant St Matthew's Church building. 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.

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 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 sets out to be an active participant in the local community by offering facilities that can be used for a wide range of activities of public benefit to local people and groups and the wider London

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community. St Matthews is one of hundreds of London buildings available for use by arts and community groups, charities and commercial or private users.

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, sports and recreational activities, organisations in the public sector and a number of churches without permanent homes of their own.

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

Rental and hire 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.

Through these activities, The Brix meets its second and third charitable objectives, which 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 Brix is the head-leaseholder of St Matthews Church, whose ultimate freeholder is the Diocese of Southwark. The Brix took over the management of the building through a 125-year lease from the Diocese when it was at risk of being closed down and sold because it had become "redundant". In Church of England parlance, this means that the donations of the congregation were not sufficient to maintain and keep the building open. The Brix was therefore set up as a separate, non-religious entity to generate a sufficient stream of income over the long term for the continual repair and maintenance of what is a very large and expensive building.

Apart from the building itself, The Brix has no assets of its own, and to pay for St Matthews' upkeep 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 sustainability 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 on-going stream of revenue from grants and donations in the medium to long term. As a result, The Brix could best 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 its asset and the activities it pursues. In theory, the organisation is self-funded and sustainable. Events in 2012 and 2013 showed the risks inherent in this operational model, and these are returned to below.

The four main floors inside St Matthews' Church building have been divided up in order to provide a number of different premises which are used for various purposes, both charitable and commercial. Two of the four floors have been used for the last 20 years as major income generators, to cross-subsidise the charitable, community and educational facilities on the other floors. The aim of this policy has been to enable the charity to generate stable and substantial revenue streams which allow us to provide a variety of community and charitable uses in other parts of the building at affordable rates.

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The two large commercial spaces in the building consist of the premises on the fourth floor and the premises in the crypt. Fundamental changes took place in 2012 and 2013 as regards these premises, and this subject is returned to below.

The key tenant in the building is the Parochial 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. This tenancy is governed by a 125 year lease at a peppercorn rent.

The sixth floor of the building contains 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.

In the first half of 2013, the new "Brix Hub" became operational. This newly refurbished space on the ground floor provides six two-to-three person offices and a central open plan area with 12 "hot desks". The development of the Hub was funded by Lambeth Council in order to provide new affordable office spaces for local voluntary and community groups and small and social enterprises. Our contract with Lambeth states that VCOs will enjoy fees that are below local market rates for office spaces.

Altogether, during 2013, the St Matthew's building was home to 17 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 2013, The Brix also advanced education by working in collaboration with Lambeth College on an art competition and exhibition for mature, amateur artists, and by maintaining an internship arrangement with a further education college in France. The Brix provided placements for five students over the course of the year, whose costs were funded by European grant programmes. Our premises were also used by a private college for young adults and the local branch of Kumon.

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.

KEY DEVELOPMENTS IN 2013

The dominant legal and financial issue during 2013 was the survival of the charity. Our figures show the on-going impact of the legal dispute of 2012 with Chicks Ltd, the major commercial tenant of the crypt and the 4th floor previously.

Our 2012 Annual Report and Accounts give a full account of the legal dispute which brought The Brix to the brink of collapse. Failed negotiations over three years, followed by failed mediation, led to the tenant renegeing on the payment of four years of service charges and a further £70,000 of rent and utility bills and then in March 2012, placing itself into Creditors Voluntary Liquidation.

The Brix obtained an Order from court which was agreed by Chicks Ltd and its professional advisors, which means that, technically, The Brix's legal action against Chicks Ltd was successful. There was an advance payment of a quarter's rent from 2002 of £16,000 which had been held on account, and a personal surety of £30,000 from the proprietor of the tenant company which was honoured, but all Chicks Ltd's other outstanding debts to The Brix at St Matthews had to be written off. As part of the process, the two leases held by Chicks Ltd were forfeited on 21st March 2012. With the catastrophic

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overnight loss of £17,760 per month of incoming revenue from its commercial tenants, The Brix faced imminent closure.

Since the spring of 2012, The Brix has slowly and painfully reconstructed its business, with the assistance of new tenants and particularly with the practical intervention of key partners.

St Matthews Parochial Church Council loaned The Brix £15,000 in the spring of 2012, and this was supplemented in the summer by a £30,000 loan from the Diocese of Southwark (from a fund which is generally used to support parishes with cashflow difficulties). The Brix is deeply grateful to both for their ready and generous support which provided a life-raft during the first part of the crisis and continues to underpin our recovery efforts.

Gremio London Ltd, which is part of the Antic London group of South London pubs, took on a Tenancy at Will for the premises in our crypt with a view to signing a full 15 year lease with The Brix. The company has now opened a successful restaurant and bar business in the space and as a result the crypt is now generating more income than it was prior to 2012.

In early 2013, we were approached by The School of Communication Arts 2.0 (SCA), a private tertiary education initiative which runs intensive courses for young adults, training them to enter the marketing and advertising professions. SCA needed to relocate within Lambeth to new premises and quickly moved in under a Tenancy at Will in February 2013, taking up 50% of our 4th floor. The Tenancy at Will was replaced by a formal ten year lease in September 2013. The building now welcomes 30-40 students per day, including several local young people on bursaries. The community hall was moved to the other half of the fourth floor, which had previously been part of the nightclub.

The fourth positive development was the new partnership with Lambeth Borough Council through which a grant of £70,000 was allocated to The Brix in order to enable the conversion of half a floor of the building into a "Hub", or a managed workspace for small community and voluntary groups for the local area. Lambeth Borough Council, as part of its "Co-operative Council" initiative, has designated eight large voluntary groups, including The Brix, as local "Hubs" or centres for shared use by smaller VCOs which are in danger of losing their own premises because of borough-wide property disposals. The refurbishment was completed in mid 2013 and a new combined phone and IT system was then installed for the benefit of the occupants. The cabling for a similar updated communications system for the 4th and 6th floors also went in during the year.

A further positive development was the award of a grant of just under £10,000 by Awards for All for a consultation on the redesign and a change of management for the St Matthews Peace Garden, the work for which was undertaken during the year.

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

Our one major repair item in 2013, a project which had been started 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

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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.

Work began on the first pair of doors in October 2011. The contractors were Triton Building Restoration Ltd. The third pair of doors was finally restored to site in February 2014, and work continued on site until the summer.

During the year, because of the financial crisis, The Brix was able only to invest in smaller essential repairs and maintenance items inside and outside the building. This included a minor refurbishment of the community hall, including the repair of the air conditioning and heating systems.

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

The way in which The Brix provides recreation and advances education has chiefly been 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. The community hall was relocated to the 4th floor at the end of 2012 and it continued to be used by a wide variety of charitable, educational, recreational, artistic and cultural groups.

For the fourth 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 2013. The art competition also provided the opportunity for The Brix to provide a two-month internship to two students from a college in Bordeaux.

Throughout the year, The Brix worked with landscape designers Shape to prepare detailed ideas for the regeneration of the Peace Garden surrounding the building and to undertake extensive consultations with local people about their preferences for the appearance, uses and management of the Garden in the future. This was done with the assistance of a grant of just under £10,000 from Awards for All. The project culminated in a formal report, written and verbal, to key stakeholders in February 2014. The Brix has gone on to submit a formal Expression of Interest to Lambeth Council to take over the management of the Peace Garden under a long lease. This will enable The Brix to go on and fund raise for the renovation of the facilities in the Garden for the benefit of the local community early in 2015.

With the professional assistance of Community Matters and Lambeth Voluntary Action Council, who were funded by Lambeth Council's Hubs initiative, The Brix spent 2013 updating all its internal policies and procedures, undertaking extensive surveys of its short and long term users, and reviewing its social value and the ways in which it contributes to the local community.

FINANCIAL IMPLICATIONS AND FUTURE OUTLOOK

As 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 be obtained from this approach, rather than from a dependence on grants and donations.

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In the exceptional circumstances of 2012, The Brix was fortunately able to secure two loans, one from St Matthews Parochial Church Council and one from the Diocese of Southwark. We are paying back the Diocesan loan on a monthly basis and will finally pay this off in the second half of 2015. The PCC understands that The Brix is still not in a position to start repaying their loan, and has indicated to The Brix that it will not press for repayment in the immediate future.

Throughout 2013, negotiations continued with St Matthews Parochial 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. Limited progress has been made on either issue over the last two years, despite strenuous efforts by the Board of The Brix to press the other parties involved to make progress.

Our figures contain an assumption about what rent should be payable to the Diocese for the year on the basis that The Brix will continue to pay rent on the same formula that applied, according to the terms of the lease, from 1997. Trustees are confident that this is broadly accurate and are also confident that our landlords, The Diocese of Southwark, will be willing to accept settlement of any back rent which may be due in the form of affordable instalments. However, no provision has been made in the figures for any service charge payments from the Parochial Church Council, either current or historic, because it is not clear as yet what formula should apply and therefore how much will be payable. Because the PCC has not paid any service charges for a decade, a lump sum will be due in settlement of the arrears once a negotiated settlement can be reached.

During 2013, The Brix negotiated new leases with two separate new tenants for the crypt and half of the fourth floor. Because of changes to the commercial property market over the past two decades, premiums are no longer payable on the grant of leases, so The Brix could not depend, as it has done in the past, on such windfalls associated with the assignment or signing of new leases.

The lease with the new fourth floor tenant was signed in late August 2013 for a sum of £22,200 per annum in rent plus £7,500 pa in service charges and £4,800 pa towards insurance costs, with shares of utility bills chargeable separately. The lease with the tenant in the crypt, Gremio London Ltd – which is part of the Antic London group of South London pubs – is still under negotiation in September 2014 but the Tenancy at Will also provides for an annual rent of £70,000 plus service charges of £20,000 pa and an annual contribution of 23% of insurance and utility costs. We are confident that this lease can be concluded by the end of 2014. Between these two leases, The Brix has effectively restored the income stream from the major leased spaces in the building back to 2011 levels.

Our financial recovery in 2013 was slow and halted during the first six months, but became healthier and more consistent in the second half of the year. Our total incoming resources in 2013 were £229,150. Despite intense efforts to keep our spending to a minimum during the year, our total outgoings were £273,980. An analysis of the resources expended is provided in notes 5 to 10 of the financial statements.

As a result of the above, there was a shortfall in total income over expenditure during the year of £44,830.

The trustees committed £42,242 to fixtures and fittings during the year. After deducting the charge for depreciation, the net book value of fixed assets amounted to £132,448. This includes the Hub Assets referred to above, with a net book value of £65,000 at the year end.

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The current assets and current liabilities amounted to £22,124 and £144,626 respectively.

The resulting net liabilities amounted to £11,407, which is represented by a deficit on the unrestricted funds of £76,407 and a closing balance on the restricted funds of £65,000.

One contributory factor to the accumulated deficit on unrestricted funds was the cost of restoring the portico doors in 2012. This was a one-off event, but we continue to feel its impact. The Trustees are aware how important it is to address this deficit: we have prepared cashflows for the next 18 months and these take account of the need to progressively close this gap.

This size of deficit cannot be eliminated in the short term: it will take another year or more of intensive efforts by Board and staff to maximise our income and minimise our expenses in order to restore our finances to their previous positions. Hard work by our new manager Anthony Cassidy has seen our expenditure cut by over 10% and our income from hall bookings and office fees go up by nearly 50% over the last 12 months, and we are much more optimistic than previously about our capacity to generate revenue from our assets. We are setting higher targets for income generation for 2015. There is still spare capacity in the Hub, and our aspiration is to bring income from this source from £40,000 to £50,000 per annum as we work towards full occupancy over the next six months. We have paid off our trade creditors, so no longer need to allow for monthly instalment payments to them. We hope and expect that the service charge negotiations with the PCC will lead to the payment of a significant lump sum in respect of the historic unpaid service charges from 2002 to 2013. No provision is included for this in the accounts because of the uncertainty of how much will be payable, but it is believed that that it will take a reasonably sized chunk out of the deficit. We will continue to rein in expenditure and closely control the outgoings, as we have during 2013.

In 2012, Trustees stated that there was the possibility that the charity could lose a major income stream and be unable to replace it, and that as a result, there might be a significant uncertainty about the ability of the Charity to continue as a going concern. After surviving the year and consolidating our relationships with new tenants, Trustees are far more confident about our ability to continue as a going concern. Notwithstanding this, the Trustees have considered the future cash flows, and the new tenants and activities which are now more established in the building: in view of the steps taken, they consider it appropriate to prepare the accounts on a going concern basis.

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, £27,375 has been spent on governance, with just over £18,000 of that spent on audit, accountancy, legal and other professional advice.

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 is the trustees' belief that adequate controls and systems are in place to mitigate any current and future external and internal risks that the charity might face.

The events of 2011 - 2013 have put to extreme test the assumptions and risk management approaches of the charity. Throughout 2013 Trustees continued regularly and assiduously to assess the internal business, financial, operational and reputational risks for The Brix as we continued to deal with the impact of the 2012 financial dispute. It was thought prudent to continually recast our financial projections to check that we remained solvent, and to keep under constant review our chosen course of action in order to ensure our continued survival as an organisation. Detailed cashflow forecasts were prepared and observed on a monthly basis, with tight credit control by our manager and accountant.

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Contingency plans put in place were implemented and constantly revised throughout 2013 in order to protect the charity from insolvency, and close attention was paid to the timely collection of all income due to us. Debtors have been vigorously chased and new customers have been put on tighter new terms of repayment. Our recovery has been slow, but it is not fragile: we continue to gain strength.

With the assistance of the PCC and Southwark Diocese and prudent control of its outgoings, The Brix is continuing to meet its obligations as they fall due and to operate its way through its transient financial problems.

Reserves Policy

Clearly the events of 2012 demolished The Brix's reserves and for the immediate future, there will not be any opportunity to restore these reserves. The steps being taken by the trustees to address the deficit in unrestricted funds are set out under the section headed "Financial implications and future outlook" on pages 7 to 9 above.

ACKNOWLEDGEMENTS

The Brix trustees would like to put on record their huge thanks and appreciation to the Parochial Church Council of St Matthews and to the Diocese of Southwark for their moral and financial support during this time of crisis. The relationship between our three organisations verifies the old saying about the benefits of "hanging together". During the months since the crisis broke, we have benefitted from the thoughtful contributions and the wisdom of the Diocese's observer to the board, Roger Hird.

We also deeply appreciate the help of our professional advisors, Citroen Wells and Jeremy Simon & Co. Officers and councillors at Lambeth Council have also been very supportive and constructive and our relationships have strengthened as the result of the Hubs initiative. Free support and training from Community Matters and Lambeth Voluntary Action Council, funded by LB Lambeth, have also helped us on the road to recovery.

Creditors K&N, Triton Conservation and PJ Electrics, who allowed us to pay debts in instalments and who have now all been paid off completely, deserve our on-going gratitude.

Karen Ayers continues to volunteer as our webmaster on a voluntary basis and we are so grateful for all the time and effort and style she puts into this, enabling us to have an excellent online presence at no cost to the charity. Our fervent thanks also go to Peter Wells for advising us on a voluntary basis on the installation of our new phone and IT systems.

Our staff, John Googe and Anthony Cassidy are to be commended hugely for all of their hard work and dedication throughout the last year. And finally, grateful thanks go to members of the trustee body of The Brix, whose members have kept their nerve and have worked together closely and supportively, throughout this crisis with huge degrees of trust and good sense. We particularly say thank you to Kate Slattery, a very talented and astute lawyer with Russell-Cooke LLP, who stood down as a trustee in September 2013, and whose input to lease negotiations, litigation and employment matters over the last few years has been invaluable, and who is greatly missed.

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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 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.

AUDITORS

A resolution to re-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
8 September 2014

THE BRIX AT ST MATTHEWS
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE
BRIX AT ST MATTHEWS
YEAR ENDED 31 DECEMBER 2013

We have audited the financial statements of The Brix at St Matthews for the year ended 31 December 2013 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 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2013 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 2013

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 former principal tenant, Chicks Limited, went into insolvent liquidation during 2012, the ongoing impact of which contributed to the excess of expenditure over income for the current year of £44,830 and net liabilities of £11,407 at the balance sheet date. In order to enable the Charity to meet its obligations as they fall due, the Trustees have taken active steps to secure new income streams and to curtail costs. New tenants have been secured, and the Hub has been developed as an additional workspace. Loan support has also been secured from the PCC and the Diocese. However, if the Charity were to lose a major income stream and be unable to replace it, these conditions would indicate the existence of a material uncertainty, which may cast significant doubt about the 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 charities' exemption in preparing the Trustees' Annual Report.

David Marks FCA (Senior Statutory Auditor)

8 September 2014

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 2013

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2013 £	Total Funds 2012 £
INCOMING RESOURCES					
Incoming resources from generated funds:					
Grant Income	2	-	9,790	9,790	70,000
Activities for generating funds	3	219,359	-	219,359	147,662
Investment income	4	1	-	1	125
TOTAL INCOMING RESOURCES		<u>219,360</u>	<u>9,790</u>	<u>229,150</u>	<u>217,787</u>
RESOURCES EXPENDED					
Charitable activities		(231,815)	(14,790)	(246,605)	(288,204)
Governance costs		(27,375)	-	(27,375)	(20,106)
TOTAL RESOURCES EXPENDED	5	<u>(259,190)</u>	<u>(14,790)</u>	<u>(273,980)</u>	<u>(308,310)</u>
NET EXPENDITURE FOR THE YEAR/NET MOVEMENT IN FUNDS	8	(39,830)	(5,000)	(44,830)	(90,523)
RECONCILIATION OF FUNDS					
Total funds brought forward		(36,577)	70,000	33,423	123,946
TOTAL FUNDS CARRIED FORWARD		<u>(76,407)</u>	<u>65,000</u>	<u>(11,407)</u>	<u>33,423</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 16 to 22 form an integral part of these financial statements.

THE BRIX AT ST MATTHEWS

BALANCE SHEET

AS AT 31 DECEMBER 2013

	Note	2013 £	2012 £
FIXED ASSETS			
Tangible assets	11	132,448	111,492
CURRENT ASSETS			
Debtors	12	12,638	96,441
Cash at bank		9,486	892
		<u>22,124</u>	<u>97,333</u>
CREDITORS: Amounts falling due within one year	13	<u>(144,626)</u>	<u>(159,402)</u>
NET CURRENT LIABILITIES		<u>(122,502)</u>	<u>(62,069)</u>
CREDITORS: Amounts falling due after one year	14	<u>(21,353)</u>	<u>(16,000)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(11,407)</u>	<u>33,423</u>
NET (LIABILITIES)/ASSETS		<u>(11,407)</u>	<u>33,423</u>
FUNDS			
Unrestricted income funds		(76,407)	(36,577)
Restricted income funds	16	65,000	70,000
TOTAL FUNDS	17	<u>(11,407)</u>	<u>33,423</u>

These financial statements were approved by the members of the committee on the 8th September 2014 and are signed on their behalf by:

C M L Clark
Trustee

Company Registration Number: 2880299

The notes on pages 16 to 22 form an integral part of these financial statements.

THE BRIX AT ST MATTHEWS
NOTES TO THE FINANCIAL ACTIVITIES
YEAR ENDED 31 DECEMBER 2013

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 former principal tenant, Chicks Limited, went into insolvent liquidation during 2012, the ongoing impact of which contributed to the excess of expenditure over income for the current year of £44,830 and net liabilities of £11,407 at the balance sheet date. In order to enable the Charity to meet its obligations as they fall due, the Trustees have taken active steps to secure new income streams and to curtail costs. New tenants have been secured, and the Hub has been developed as an additional workspace. Loan support has also been secured from the PCC and the Diocese. However, if the Charity were to lose a major income stream and be unable to replace it, there may be a significant uncertainty about the ability of the Charity to continue as a going concern. Notwithstanding this, the trustees have considered the future cash flows, and the tenants and activities in place and in view of the steps taken, they 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.

THE BRIX AT ST MATTHEWS
NOTES TO THE FINANCIAL ACTIVITIES
YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES (continued)

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
Hub equipment:	7 years on a straight line basis
Other fixtures, fittings & equipment:	25% per annum on a reducing basis

Leases and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over their useful lives. The finance element of the rental obligation is charged to the statement of financial activities over the period of the lease.

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.

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

2. GRANT INCOME

	2013 £	2012 £
London Borough of Lambeth Capital Grant	-	70,000
Awards for All Peace Garden Grant	<u>9,790</u>	<u>-</u>

3. INCOMING RESOURCES FROM ACTIVITIES FOR GENERATING FUNDS

	2013 £	2012 £
Rent and service charges receivable	<u>219,359</u>	<u>147,662</u>

4. INVESTMENT INCOME

	2013 £	2012 £
Interest receivable	<u>1</u>	<u>125</u>

THE BRIX AT ST MATTHEWS
NOTES TO THE FINANCIAL ACTIVITIES
YEAR ENDED 31 DECEMBER 2013

5. TOTAL RESOURCES EXPENDED

	Staff Costs £	Depreciation £	Other Costs £	Total 2013 £	Total 2012 £
Direct charitable expenditure:					
Activities undertaken directly	84,330	20,636	141,639	246,605	288,204
Governance costs	9,370	-	18,005	27,375	20,106
Total	<u>93,700</u>	<u>21,286</u>	<u>158,994</u>	<u>273,980</u>	<u>308,310</u>

6. ACTIVITIES UNDERTAKEN DIRECTLY

Other costs relating to direct charitable expenditure comprise:

	2013 £	2012 £
Rent	4,267	5,248
Rates and water	6,132	4,742
Light and heat	28,711	30,637
Repairs and maintenance	25,449	74,740
Insurance	23,443	23,197
Other	206	1,121
Telephone	6,409	2,750
Postage and stationery	5,605	3,125
Cleaning and refuse	16,734	19,770
Security	1,921	30,929
Bad and doubtful debts and irrecoverable VAT	3,047	1,325
Marketing, advertising and events	2,165	2,818
Staff training, recruitment & temporary staff	6,957	421
Peace Garden proposal	8,292	-
Loss on disposal of fixed assets	650	-
Interest payable	1,651	251
	<u>141,639</u>	<u>201,074</u>

7. GOVERNANCE COSTS

Other governance costs comprise:

	2013 £	2012 £
Audit fees	4,500	5,000
Accountancy fees	-	2,470
Legal and professional	9,701	4,442
Trustees travel and expenses	3,007	20
Bank charges	797	496
	<u>18,005</u>	<u>12,428</u>

THE BRIX AT ST MATTHEWS
NOTES TO THE FINANCIAL ACTIVITIES
YEAR ENDED 31 DECEMBER 2013

8. NET OUTGOING RESOURCES FOR THE YEAR

This is stated after charging:

	2013	2012
	£	£
Depreciation		
- owned	19,982	17,828
- leased	654	-
Loss on disposal of fixed assets	650	-
Auditors' remuneration:		
- audit of the financial statements	4,500	5,000

9. TRUSTEES

None of the trustees (or any persons connected with them) received any remuneration during the year. Expenses for travel and meeting costs of £3,007 (2012: £20) were reimbursed to 1 trustee.

10. STAFF COSTS AND EMOLUMENTS

Total staff costs were as follows:

	2013	2012
	£	£
Wages and salaries	85,386	69,296
Social security costs	7,489	6,034
Pensions	825	1,650
	<u>93,700</u>	<u>76,980</u>

Particulars of employees:

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

	2013	2012
	No	No
Number of administrative staff	1	1
Number of management staff	1	1
Number of security staff	2	-
	<u>4</u>	<u>2</u>

No employee received emoluments of more than £60,000 during the year (2012 - Nil).

THE BRIX AT ST MATTHEWS
NOTES TO THE FINANCIAL ACTIVITIES
YEAR ENDED 31 DECEMBER 2013

11. TANGIBLE FIXED ASSETS

	Leasehold Improvements £	Fixtures & Fittings £	Total £
COST			
At 1 January 2013	1,474,199	115,020	1,589,219
Additions	22,426	19,816	42,242
Disposals	(1,300)	-	(1,300)
At 31 December 2013	<u>1,495,325</u>	<u>134,836</u>	<u>1,630,161</u>
DEPRECIATION			
At 1 January 2013	1,376,329	101,398	1,477,727
Disposals	(650)	-	(650)
Charge for the year	14,222	6,414	20,636
At 31 December 2013	<u>1,389,901</u>	<u>107,812</u>	<u>1,497,713</u>
NET BOOK VALUE			
At 31 December 2013	<u>105,424</u>	<u>27,024</u>	<u>132,448</u>
At 31 December 2012	<u>97,870</u>	<u>13,622</u>	<u>111,492</u>
<i>Leased assets included above:</i>			
NET BOOK VALUE			
At 31 December 2013	<u>-</u>	<u>16,992</u>	<u>16,992</u>
At 31 December 2012	<u>-</u>	<u>-</u>	<u>-</u>

12. DEBTORS

	2013 £	2012 £
Trade debtors	9,631	24,381
Grants receivable	-	70,000
Prepayments and accrued income	3,007	2,060
	<u>12,638</u>	<u>96,441</u>

13. CREDITORS: Amounts falling due within one year

	2013 £	2012 £
Trade creditors	30,972	86,727
Taxation and social security	10,034	9,423
Diocese and PCC loans	27,000	27,000
Other creditors	11,800	1,235
Net obligations under finance leases	2,529	-
Accruals and deferred income	62,291	35,017
	<u>144,626</u>	<u>159,402</u>

THE BRIX AT ST MATTHEWS
NOTES TO THE FINANCIAL ACTIVITIES
YEAR ENDED 31 DECEMBER 2013

14. CREDITORS: Amounts falling due after more than one year

	2013	2012
	£	£
Net obligations under finance leases	13,353	-
Other creditors	<u>8,000</u>	16,000
	<u>21,353</u>	<u>16,000</u>
Analysis of loans		
Wholly repayable within five years	35,000	43,000
Included in current liabilities	<u>(27,000)</u>	<u>(27,000)</u>
	<u>8,000</u>	<u>16,000</u>
Analysis of finance leases		
Included in current liabilities	2,529	-
Between one and two years	3,100	-
Between two and five years	<u>10,253</u>	-
	<u>15,882</u>	-

15. CAPITAL COMMITMENTS

At 31 December 2013, The Brix had no committed capital expenditure (2012 £5,968).

16. ANALYSIS OF RESTRICTED FUNDS

	At 1 January 2013	Incoming resources	Resources expended	At 31 December 2013
	£	£	£	£
Hub development	70,000	-	(5,000)	65,000
Peace Garden Proposal	-	9,790	(9,790)	-
Total	<u>70,000</u>	<u>9,790</u>	<u>(14,790)</u>	<u>65,000</u>

Purpose of restricted funds:

The Hub development fund represents £70,000 of grant income received from the London Borough of Lambeth Council in 2012 to enable the conversion of half a floor of the building into a "Hub", or a managed workspace. The conversion was completed during the year, with costs capitalised in the accounts as fixed assets. Under the terms of the agreement, there is a clawback of the grant if the Hub ceases to be used within seven years of receipt. The clawback is calculated as 100% of the grant if the Hub ceases to be used in the first twelve months, followed by a £10,000 reduction year on year.

The Peace Garden Proposal fund represents £9,790 of grant income from Awards for All for a consultation on the redesign and a change of management for the St Matthews Peace Garden.

THE BRIX AT ST MATTHEWS
NOTES TO THE FINANCIAL ACTIVITIES
YEAR ENDED 31 DECEMBER 2013

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General Unrestricted funds	Restricted Funds	Total 2012
	£	£	£
Tangible fixed assets	67,448	65,000	132,448
Net current assets	(122,502)	-	(122,502)
Creditors falling due after more than a year	(21,353)	-	(21,353)
Net Assets	(76,407)	65,000	(11,407)

18. CONTINGENT ASSETS

The Charity is in negotiations with the PCC regarding possible service charges receivable under the terms of its sub-lease. The negotiations are on-going and as the amounts involved are uncertain, no provision has been made for them in these accounts.

19. RELATED PARTIES

Resources expended for the year ended 31 December 2013 include provision for rent payable to the Diocese of £4,267 (2012: £5,248). The accumulated provision at 31 December 2013 amounted to £18,465 (2012: £14,198).

At 31 December 2013, a loan of £15,000 was owed to the PCC. The loan is repayable by April 2016 and interest is charged on the loan based on the Bank of England base rate plus 2%.

At 31 December 2013, a loan of £20,000 was owed to the Diocese. The loan is repayable by 31 August 2015, by instalments of £1,000 per month. Interest is charged on the loan based on the Bank of England base rate plus 3.5%.

THE BRIX AT ST MATTHEWS
DETAILED STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 DECEMBER 2013

This page does not form part of the statutory financial statements that are the subject of the independent auditors' report on pages 12 to 13.

	2013	2012
	£	£
INCOMING RESOURCES		
ACTIVITIES FOR GENERATING FUNDS		
Grants	9,790	70,000
Rent receivable	219,359	147,662
INVESTMENT INCOME		
Bank interest receivable	1	125
TOTAL INCOMING RESOURCES	<u>229,150</u>	<u>217,787</u>
RESOURCES EXPENDED		
Rent	4,267	5,248
Rates & Water	6,132	4,742
Light & heat	28,711	30,637
Repairs & maintenance	25,449	74,740
Insurance	23,443	23,197
Other	206	1,121
Telephone	6,409	2,750
Post and stationery	5,605	3,125
Cleaning and refuse	16,734	19,770
Security	1,921	30,929
Bad and doubtful debts and irrecoverable VAT	3,047	1,325
Marketing, advertising and events	2,165	2,818
Peace Garden Proposal	8,292	-
Salaries and wages	85,386	69,296
Employer's NIC	7,489	6,034
Pensions	825	1,650
Audit & accountancy fees	4,500	7,470
Trustees travel and meeting expenses	3,007	20
Legal and professional	9,701	4,442
Depreciation	20,636	17,828
Bank charges	797	496
Staff training, recruitment and temporary staff	6,957	421
Loss on disposal of fixed assets	650	-
Interest payable	1,651	251
TOTAL OUTGOING RESOURCES FOR THE YEAR	<u>273,980</u>	<u>308,310</u>