

**RICH MIX CULTURAL FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2012**

**Charity registration No. 1089163
Company registration No. 4293133 (England and Wales)**

WEDNESDAY



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RICH MIX CULTURAL FOUNDATION

Report and Financial Statements for the year ended 31 March 2012

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Directors and trustees

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

The trustees serving during the year and since the year end were as follows

Trustee	Notes	Attendance
		(number of general meetings attended during the financial year out of a total of 4)
Shabina Aslam	Resigned 23/06/11	-
Chila Burman		2
Cllr Mizanur Chaudhury	LBTH nominee	3
Steve Douglas		3
Jim Hollington	Appointed 20/09/11	1
Denise Jones		4
Niranjana Kamatkar		4
Michael Keith	Chair	4
Tandeep Minhas	Vice Chair	3
Colin Nee	Appointed 20/09/11	1
Joseph Ogbonna		3
John Pandit		4
Rebecca Renfro		2
Rejina Sabur	Resigned 10/10/11	-
Cllr Rachael Saunders	LBTH nominee	2
Matthew Xia		1

None of the trustees have any beneficial interest in the company. All trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

Legal and administrative details

Rich Mix Cultural Foundation, commonly known as Rich Mix, is a company limited by guarantee and a registered charity.

Chief Executive Jane Earl

Company Secretary David Lewis

Registered address 35-47 Bethnal Green Road, Shoreditch, London, E1 6LA

This is also the principal operating address

Company number 4293133

Charity number 1089163

Auditors Kingston Smith LLP, Devonshire House, 60 Goswell Road, London EC1M 7AD

Bankers National Westminster Bank PLC, 180 Shoreditch High Street, London E1 6HN

Solicitors Royds LLP, 65 Carter Lane, London EC4V 5HF

RICH MIX CULTURAL FOUNDATION

Trustees' Report for the year ended 31 March 2012

The Trustees present their report and accounts for the year ended 31 March 2012

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Memorandum and Articles of Association, the Companies Act 2006 and the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005

Structure, governance and management

The charity, Rich Mix Cultural Foundation is a Company Limited by Guarantee and is governed by its Memorandum and Articles of Association. The primary objects are

- To advance education of the public in art and culture of all types to work towards the elimination of racial discrimination,
- To promote equality of opportunity and good relations between people of different racial groups, particularly by promoting events and activities to foster intercultural diversity of migrant communities and their contribution to economic and cultural life particularly by establishing Rich Mix Centre as a home for exhibitions and by collecting, preserving and exhibiting items of educational value

The Board of Trustees meet four times a year. Strategic decisions are made by the Board. The Finance and Buildings Sub (FABS) Committee meets 9 times per year to provide continuity of oversight between the full Board meetings and has responsibility for the oversight of the financial management of the organization. Issues and concerns around the financial robustness of the Rich Mix are considered at FABS and then taken as formal recommendations to the full Board of Trustees who ratify decisions at the Board meetings.

During the year, the Board also met for two special sessions to look at longer term strategy. Individual Board members also provided support to members of the Rich Mix team to contribute particular skills and experience in marketing, communications, fundraising and strategic planning.

The Board delegates operational decisions to the executive team who are also responsible for implementing the Board's decisions and for day-to-day management of the charity and the trading subsidiary.

Trustee appointments

During the course of the year Jim Hollington and Colin Nee were appointed to the Board, following a public appointments process. Both new trustees were offered initial briefings and familiarisation with the history of the organisation, and have participated fully in the sessions to look at strategy and forward planning for the whole Board.

Also during the course of the year, Rejina Sabur and Shabina Aslam resigned, due to new work commitments. Rich Mix is grateful to them for the contribution they made to the work of the charity during their time on the Board.

Related parties

Rich Mix Cultural Enterprises Limited is a wholly owned subsidiary of Rich Mix Cultural Foundation.

Risk management

A comprehensive business plan was drawn up outlining operating targets and objectives. Operational results are reviewed against these targets on a monthly basis. Monitoring and evaluation of the risk within the business plan was a key objective of FABS in partnership with the executive team.

RICH MIX CULTURAL FOUNDATION

Trustees' Report for the year ended 31 March 2012 (continued)

The main procedures in place for identifying, evaluating and managing risk are

- A comprehensive business plan that includes forecasts of volatile income, including sensitivity analysis
- A monthly process of evaluation of the costs and sales of the events we run and their fit against our strategic objectives
- Implementing decisions at organisational, departmental and managerial levels
- Management reports weekly to Executive team, monthly to FABS and quarterly to Board to monitor results against targets,
- Regular visitor surveys to evaluate and improve customer service levels
- Contingency planning

Objects, objectives and activities

The objects of Rich Mix Cultural Foundation are continuously reviewed to ensure that they remain relevant and appropriate to the constituent parts of the organisation. The most recent review resulted in the following mission statement being approved by the Board on 23 June 2010 and which was confirmed by the Board when they met in February 2012 to review alternative business models

Rich Mix Purpose and Vision

Rich Mix exists to be a place where the communities of the world who are the citizens of East London and beyond can come together to experience and make world class art and feel that it's a place where they belong.

We do this by using all the resources of the building, the skills of our staff, and those of our artistic partners and our tenants to create an integrated organisation which

- supports creative and cultural industries through the use of our managed workspaces, and which generates a level of income which forms the bedrock of support for our charitable objectives
- offers a mixed arts programme which is both representative of our local Tower Hamlets communities, covers all art forms, including theatre, dance, music, film and visual arts, and is financially sustainable
- has a programme which reaches out to children, schools and families, from Tower Hamlets and beyond, to give them opportunities to see and participate in a wide range of art
- Builds partnerships with BME artists and organisations in order to achieve our artistic aims, which include co-commissioning and providing a platform for established and emerging BME talent
- uses those parts of the building which are capable of generating income, such as the more commercial cinema programme, catering and spaces for hires and events to provide programmes that support Rich Mix's objectives and an additional appropriate income stream to support our charitable, cultural and community activities
- re-invests our surpluses in our cultural and charitable objectives

Achievements and Performance

In 2011/12 Rich Mix delivered a range of solid achievements

Our ticket sales over the past year have held up well, and have grown, against the trend for many other arts organisations in these recessionary times. Our total ticket sales were 128,000, a growth of 5.8% on last year, and we estimate that over 25,000 people have accessed our free events

The increase in ticket sales does not appear to have diluted the diversity of our audiences. Our most recent analysis confirms this diverse audience and we are continuing to improve our methods for monitoring our impact, through better data capture, improved box office service and new marketing approaches, all of which give us a positive expectation that these trends will continue for 2012/13

RICH MIX CULTURAL FOUNDATION

Trustees' Report for the year ended 31 March 2012 (continued)

Key metrics for 2011/12 include

- Offered over 600 Arts & Culture, Educational and Film events, of which over 300 were free to access,
- Sold over 12,500 tickets for paid Arts & Culture events,
- Ran events for children schools and families which reached 10,275 children, young people and adults,
- Sold 104,177 cinema tickets 101,151 for main releases (12,282 more than our target) and 3,026 for festivals and independent films We continued and expanded our discounted cinema ticket scheme for local people with over 2,000 'film for a fiver' tickets sold and introduced discounted pricing for our education and schools events for LBTH residents as part of our drive to build local audiences
- Supported 63 different companies and artists by providing free rehearsal space with a value of £160,236 (at commercial hire rates),
- Provided a home for 23 creative businesses with a turnover of £23 million, and which support over 300 jobs, of which over 30% are employees from BAME communities

Our arts and culture programme delivered on our objectives outlined in 2011 Over 70% of our events were led by artists from Black and minority ethnic backgrounds

Staff and Management changes over the year include:

Staffing in 2011/12 was stable We commenced the sharing of our Head of Finance with The Albany in August 2011, a system which seems to be working well and which has enabled some other savings through joint procurement between the two organisations We continued to employ a Partnerships and Fundraising Manager, 50% funded by a grant from the Pears Foundation In March 2012 The Board appointed the Chief Executive, who had been employed on a one year part time contract, on a permanent part time basis

The team has performed strongly over the year, supported by a range of interns and the Board is grateful to all of them for their enthusiasm and collective effectiveness in delivering on the Rich Mix mission

Financial review

Our overall trading position has continued to improve as a result of increasing sales and improving cost control In 2011/12 we achieved an operating surplus on unrestricted funds of £610,255 (2010/11 £588,579) and overall net incoming resources of £272,782 (2010/11 £370,218) The unrestricted fund surplus exceeded the budgeted target by £171,093 Total incoming resources for the year were £3,267,456 (2010/11 £3,244,786) and total expenditure was £2,994,674 (2010/11 £2,874,568)

The group's results for the year were greatly helped by the financial performance of Rich Mix's wholly owned trading subsidiary, Rich Mix Cultural Enterprises Limited, which operates our mainstream cinema programme, commercial event hires and bar operations Rich Mix Cultural Enterprises Limited's operating surplus for the year of £491,162 represents a 61% increase over 2010/11 (£305,798) and exceeded business plan by £135,258 (33%) on turnover of £1,429,291 – an improvement of £165,116 over the previous year We also saw a strong performance in income earned from the tenanted workspaces, which are currently at 100% of available capacity

We are continuing to build relationships with trusts and corporate partners to support the developing programme and to seek pro bono support to reduce the costs to Rich Mix wherever possible During the year individuals, corporate sponsors and key trusts and foundations contributed a total of £115,998 towards programme costs The Board wishes to express its thanks to all our funders, donors and sponsors for their generous support

RICH MIX CULTURAL FOUNDATION

Trustees' Report for the year ended 31 March 2012 (continued)

Key supporters:

Aldgate and Allhallows Barking Exhibition Foundation	Jewish Community Centre
Arts Council, England	London Borough of Tower Hamlets
Bertha Foundation	Pears Foundation
British Land Plc	Red Bull Company Limited
Joe Cohen	Royds LLP
Gi Fernando	Silicon Valley Bank
Havana Club International S A	Telford Homes Plc

Plans for the future

A key plank in our plans to secure the long-term financial sustainability of the Foundation is the decision of LBTH on 2 August 2010 to make the £2.1 million due from the cultural aspects of the s 106 payments arising from the residential development on a neighbouring Bethnal Green Road site over to Rich Mix, subject to us meeting targets for performance. The first tranche of £500k was received in 2010/11. Discussions are ongoing to agree targets for payment of 2011/12 and for future tranches (see note 18). The Board are committed to taking appropriate action to ensure receipt of the monies under the terms of our agreement with LBTH.

We are continuing to work with LBTH on initiatives which benefit the local community and which support the strategic objectives of the Council.

We are delighted to have been funded by ACE under the first three years of the National Portfolio Organisation funding programme, albeit at a reduced level from previous funding rounds. ACE's performance assessment of the way we have used their investment is positive and we continue as a Board to be grateful to ACE for their continued support. Whilst the reduction in funding, from £652,225 in 2011/12 to £300,000 in 2012/13, represents a significant organisational challenge, the Board are confident that the Foundation's business model is robust enough to build on our success in achieving our aims and objectives.

Our strategic objectives for the period from 2012/13 are

- 1 To deliver a world-class artistic programme that reflects, and is accessible to, the diverse communities who live in East London
- 2 To strengthen our financial position by maximising usage of and income from the spaces in the building and by reducing costs wherever possible
- 3 To build our audience numbers and our reach to target groups - especially our local communities - which includes improving our marketing and customer service

Our plans to achieve these objectives for 2012/13 include

- Further development of the arts and culture programme
- Continued support to artists through the gift of space to enable them to develop new work
- Partnerships with local organisations such as the Tower Hamlets Arts and Music Education Service to offer space for music performances and outreach to local schools
- Continuing and developing discounted ticket schemes to encourage new and local audiences
- Maintaining the relentless focus on reducing the costs of our overheads to enable us to increase the range and volume of our arts and cultural activities and the impact of our charitable activities

How our activities deliver public benefit

The Directors believe that public benefit is at the heart of Rich Mix's activities and the sections above set out Rich Mix Foundation's objectives and report on the activity and successes for the year to March 2012 as well as explaining the plans for the current financial year. The trustees are particularly proud of the way in which the arts and creative learning work has reached a very diverse audience and offered opportunities to people

RICH MIX CULTURAL FOUNDATION

Trustees' Report for the year ended 31 March 2012 (continued)

which are not solely circumscribed by the ability of users to pay to attend events. To this end, the Trustees have complied with their duty to report on the charity's public benefit set out in section 4 of the Charities Act 2006 to have due regard to guidance published by the Charity Commission.

Reserves Policy

It is the policy of the charity that the aim should be that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three and six month's expenditure, approximately £700,000. The trustees consider that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the charity's current activities while consideration is given to ways in which additional funds may be raised. Whilst the trustees recognise that this is not the case now, the trading situation in the 2011/12, reinforced by the experience of the early part of 2012/13 together with some additional grant funding is moving us towards the goal. In addition, the Trustees' objective is to establish a Buildings & Equipment Maintenance Fund of £500,000 to ensure sufficient money is set aside to meet any major maintenance costs not likely to be met out of income if and when they arise. The payments of the LBTH S 106 monies is of significant importance in reaching the position we aim for. We will continue to keep this policy under review in line with the operational guidance No 43 (Charity Income Reserves) issued by the Charity Commission.

Disclosure of information to auditors

Each of the directors has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

Auditors

The auditors, Kingston Smith LLP, are deemed reappointed under section 487(2) of the Companies Act 2006.

Signed on behalf of the board of trustees

M Keith
Trustee
Dated



17.09.12

RICH MIX CULTURAL FOUNDATION

Statement of Trustees' Responsibilities

The trustees are responsible for preparing the accounts in accordance with applicable law and 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 company and of the incoming resources and application of resources, including the income and expenditure, of the company for that period. In preparing these financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the charity SORP,
- make judgements 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RICH MIX CULTURAL FOUNDATION

Independent auditor's report to the members and trustees of Rich Mix Cultural Foundation

We have audited the financial statements of Rich Mix Cultural Foundation for the year ended 31st March 2012 which comprise specify the titles of the primary statements such as the Group Statement of Financial Activities, Charitable Company Balance Sheets 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 and, in respect of the consolidated financial statements, to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters which 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 any party other than the charitable company, the charitable company's members, as a body, and the charity's trustees, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement (set out on page 7) 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.

We have been appointed as auditor under the Companies Act 2006 and section 1511 of the Charities Act 2011 and report in accordance with those Acts. 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 group's and the parent 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 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 group's and the parent charitable company's affairs as at 31 March 2012 and of the group's 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 and the Charities Act 2011

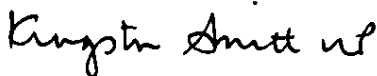
Opinion on other matter prescribed by the Companies Act 2006

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 and the Charities Act 2011 require us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent charitable company's 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



Sandra de Lord (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP, Statutory Auditor
Devonshire House, 60 Goswell Road, London EC1M 7AD

Dated 18.12.12

Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006

RICH MIX CULTURAL FOUNDATION

Consolidated statement of financial activities, including income & expenditure account for the year ended 31 March 2012

	Notes	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
Incoming Resources						
From generated funds						
Voluntary income - grants & donations	2	667,645	-	100,578	768,223	1,010,973
Activities for generating funds						
Commercial trading operations	3	1,429,291	-	-	1,429,291	1,264,175
Fundraising events		16,805	-	-	16,805	-
Investment income	4	122	-	-	122	385
From charitable activities	5	1,053,015	-	-	1,053,015	969,253
Total incoming resources		3,166,878	-	100,578	3,267,456	3,244,786
Resources Expended						
Costs of generating funds						
Fundraising costs of grants & donations	6	25,551	997	23,330	49,878	38,154
Commercial trading operations	3	888,189	-	-	888,189	908,686
Fundraising events		3,915	-	-	3,915	-
		917,655	997	23,330	941,982	946,840
Charitable activities	6	1,623,981	380,178	32,948	2,037,107	1,893,236
Governance costs	6	14,987	598	-	15,585	34,492
Total resources expended		£ 2,556,623	£ 381,773	£ 56,278	£ 2,994,674	£ 2,874,568
Net movement in funds		610,255	(381,773)	44,300	272,782	370,218
Reconciliation of funds						
Total funds brought forward		(161,524)	16,167,034	2,700	16,008,210	15,637,992
Transfers between funds		(21,307)	51,307	(30,000)	-	-
Total funds carried forward	14-16	£ 427,424	£15,836,568	£ 17,000	£16,280,992	£16,008,210

All amounts relate to continuing activities

All recognised gains and losses are included above

RICH MIX CULTURAL FOUNDATION

Consolidated balance sheet as at 31 March 2012

	Notes	Group		Charity	
		2012 £	2011 £	2012 £	2011 £
Fixed assets					
Tangible assets	9	15,914,905	16,199,752	15,914,905	16,199,752
Investments	3	-	-	1	1
		<u>15,914,905</u>	<u>16,199,752</u>	<u>15,914,906</u>	<u>16,199,753</u>
Current Assets					
Stocks	10	13,522	12,005	-	-
Debtors	11	634,978	131,552	598,878	96,398
Cash at bank & in hand		103,392	77,321	17,611	33,947
		<u>751,892</u>	<u>220,878</u>	<u>616,489</u>	<u>130,345</u>
Creditors amounts falling due within 1 year	12	(385,805)	(412,420)	(251,551)	(323,036)
Net current assets/(liabilities)		<u>366,087</u>	<u>(191,542)</u>	<u>364,938</u>	<u>(192,691)</u>
Net assets		<u>£16,280,992</u>	<u>£16,008,210</u>	<u>£16,279,844</u>	<u>£16,007,062</u>
Funds					
Restricted funds	14	17,000	2,700	17,000	2,700
Unrestricted funds		-	-	-	-
Designated funds	15	15,836,568	16,167,034	15,836,568	16,167,034
General funds	16	427,424	(161,524)	426,276	(162,672)
		<u>£16,280,992</u>	<u>£16,008,210</u>	<u>£16,279,844</u>	<u>£16,007,062</u>

The trustees have prepared group accounts in accordance with Schedule 2A of the Charities Act 1993. These accounts are prepared in accordance with the special provisions in Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board and authorised for issue on 17 September 2012 and signed on its behalf by

Michael Keith
Trustee



Registered Company No 4293133
Registered Charity No 1089163

The notes on pages 11 to 17 form part of these financial statements

RICH MIX CULTURAL FOUNDATION

Notes to the financial statements for the year ended 31 March 2012

1 Accounting Policies

- (a) **Basis of Accounting:** The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Companies Act 2006 which have been applied consistently throughout the year. They also follow the recommendations in the Statement of Recommended Practice Accounting and Reporting by Charities (SORP 2005) issued in March 2005.

These financial statements consolidate the results of the charity and its wholly owned subsidiary Rich Mix Cultural Enterprises Ltd on a line by line basis. A separate Statement of Financial Activities, or income and expenditure account, is not presented for the charity itself following the exemptions afforded by section 408 of Part 15 of the Companies Act 2006 relating to small companies and paragraph 397 of SORP 2005. The charity's gross income for the year was £2,379,267 (2010/11 £2,144,896) and gross expenditure was £2,106,484 (2010/11 £1,965,384).

- (b) **Depreciation** is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates used are as follows:

Long leasehold property	2% per annum on cost
Freehold property	2% per annum on cost
Equipment, fixtures and fittings	20% per annum on cost

Tangible fixed assets are capitalised at cost.

- (c) All **grants receivable** for the period are treated as income in the period and all the expenditure is written off in the period in which it is incurred. Expenditure on major capital projects is capitalised and any associated grants received are treated as income for the period and dealt with through the Statement of Financial Activities as restricted capital funds.
- (d) **Resources expended** directly in relation to an area of activity are allocated to that activity. Indirect, or support costs consist of central salaries, premises, depreciation and administration costs. These are allocated on a reasonable and consistent basis - influenced by the amount of staff time devoted to, and floor area occupied by, each such activity - as set out in Note 6.

Expenditure is accounted for on an accruals basis and is recognised when there is a legal or constructive obligation to pay.

- (e) **Fund Accounting:** Funds held by the charity are either:

- **Unrestricted general funds** - these are funds which can be used in accordance with the charitable objects at the discretion of the Trustees, or
- **Designated funds** - these are funds set aside by the trustees out of unrestricted general funds for specific future purposes or projects, or
- **Restricted funds** - these are funds that can only be used for particular restricted purposes within the objects of the Charity as specified by the donor.

- (f) **Stocks** of bar and cinema consumables are included at the lower of cost and net realisable value.
- (g) **Rentals** payable under operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against the Statement of Financial Activities as incurred.
- (h) **Cash flow statement:** the charitable company is a small company and is exempt from the requirement to prepare a cash flow statement under Financial Reporting Standard 1.

RICH MIX CULTURAL FOUNDATION

Notes to the financial statements for the year ended 31 March 2012 (continued)

2 Voluntary Income	2012	2011
	£	£
Unrestricted:		
Arts Council England	652,225	700,564
Sponsorships	11,900	26,000
Donations	3,520	46,500
	<u>667,645</u>	<u>773,064</u>
Restricted. (note 14)		
Project income		
Grants	58,530	137,909
Donations	12,048	-
	<u>70,578</u>	<u>137,909</u>
Capital income		
Bertha Foundation - cinema equipment	30,000	-
Garfield Weston Foundation - technical equipment	-	100,000
	<u>30,000</u>	<u>100,000</u>
Total voluntary income	<u>£ 768,223</u>	<u>£1,010,973</u>

3 Commercial trading operations and investment in trading subsidiary

The wholly owned trading subsidiary, Rich Mix Cultural Enterprises Ltd, which is incorporated in the United Kingdom, pays all its taxable profits to the charity by Gift Aid. Rich Mix Cultural Enterprises Ltd operates the mainstream cinema programme, commercial event hires and bar operations carried on at Rich Mix. The charity owns the entire issued share capital of 1 share of £1. A summary of the trading results is shown below.

	2012	2011
	£	£
Summary Profit & Loss account		
Turnover	1,429,291	1,264,175
Cost of sales and administrative expenses	(888,189)	(908,619)
Management charges	(50,000)	(50,000)
Net Profit	491,102	305,556
Amount gifted to charity	(491,162)	(115,092)
Corporation tax	-	(65)
Investment income	60	307
Retained in the subsidiary	<u>£ -</u>	<u>£ 190,706</u>

	2012	2011
	£	£
Summary Balance Sheet		
Current assets	195,474	315,591
Current liabilities	(194,325)	(314,442)
Capital and reserves	<u>£ 1,149</u>	<u>£ 1,149</u>

4 Investment income	2012	2011
	£	£
Bank interest receivable	<u>£ 122</u>	<u>£ 385</u>

RICH MIX CULTURAL FOUNDATION

Notes to the financial statements for the year ended 31 March 2012 (continued)

5 Incoming resources from charitable activities	2012	2011
	£	£
Ticket sales and fees	194,762	140,182
Rental income & service charges	324,756	322,179
Public Authority service agreement for operation of centre London Borough of Tower Hamlets	523,495	500,000
Other income	10,002	6,892
	£1,053,015	£ 969,253

6 Resources expended by natural classification

	Cost of generating funds	Charitable activities	Governance	Total 2012	Total 2011
	£	£	£	£	£
Direct costs					
Programming costs	-	259,562	-	259,562	233,421
Production & technical costs	-	28,692	-	28,692	52,871
Marketing	-	93,186	-	93,186	76,162
Staff costs	37,457	526,787	-	564,244	407,137
Door security	-	28,416	-	28,416	12,837
Licensing costs	-	14,256	-	14,256	28,276
Audit and accountancy	-	-	7,900	7,900	21,112
	37,457	950,899	7,900	996,256	831,816
Support costs					
Staff costs	6,713	186,549	4,028	197,290	232,734
Management and administration	1,488	51,372	1,124	53,984	65,096
Office and equipment expenses	3,166	72,558	1,899	77,623	81,151
Premises costs	497	366,504	300	367,301	357,886
Depreciation	557	409,225	334	410,116	397,199
	12,421	1,086,208	7,685	1,106,314	1,134,066
Total 2012	£ 49,878	£2,037,107	£ 15,585	£2,102,570	£1,965,882
Total 2011	£ 38,154	£1,893,236	£ 34,492	£1,965,882	

Governance costs include auditor's remuneration of £7,900 relating to the audit (2011 - £15,662 audit and £5,450 other services)

Support costs are allocated between activities on the following basis

Management, administration and office costs - per capita

Premises costs and depreciation - estimated space usage

7 Staff costs and trustee remuneration	Group		Charity	
	2012	2011	2012	2011
	£	£	£	£
Wages and salaries	941,015	844,700	701,740	590,479
Pension contributions	6,465	8,661	3,283	4,680
Social security costs	72,332	65,874	56,511	44,712
	£1,019,812	£ 919,235	£ 761,534	£ 639,871

No employees earned more than £60,000 per annum (2011 - £nil)

None of the trustees were paid or reimbursed for their expenses during the year or the previous year

RICH MIX CULTURAL FOUNDATION

Notes to the financial statements for the year ended 31 March 2012 (continued)

7 Staff costs and trustee remuneration (continued)

The average number of full time equivalent employees during the year was

	2012	2011
Charity	28	21
Rich Mix Cultural Enterprises Ltd	12	17
	<u>40</u>	<u>38</u>

8 Taxation

The company is a registered charity and has no liability for corporation tax. It's wholly owned trading subsidiary, Rich Mix Cultural Enterprises Limited, passes profits on which tax would be payable to the charity under Gift Aid.

9 Tangible fixed assets - Group and charity

	Freehold Property £	Equipment, Fixtures and Fittings £	Total £
Cost			
At 1 April 2011	17,088,793	283,946	17,372,739
Additions	<u>21,307</u>	<u>103,962</u>	<u>125,269</u>
At 31 March 2012	<u>17,110,100</u>	<u>387,908</u>	<u>17,498,008</u>
Depreciation			
At 1 April 2011	1,024,614	148,373	1,172,987
Charge for year	<u>342,202</u>	<u>67,915</u>	<u>410,117</u>
At 31 March 2012	<u>1,366,816</u>	<u>216,288</u>	<u>1,583,104</u>
Net Book Value			
At 31 March 2012	<u>£15,743,284</u>	<u>£ 171,620</u>	<u>£15,914,904</u>
At 31 March 2011	<u>£16,064,179</u>	<u>£ 135,573</u>	<u>£16,199,752</u>

The property has several debentures and legal charges secured upon it by the organisations that helped donate the money to acquire, refurbish and furnish it.

These include The Millenium Commission, LDA, Arts Council England and the London Borough of Tower Hamlets.

10 Stock

	Group		Charity	
	2012 £	2011 £	2012 £	2011 £
Cinema and bar stock	<u>£ 13,522</u>	<u>£ 12,005</u>	<u>£ -</u>	<u>£ -</u>

11 Debtors

	Group		Charity	
	2012 £	2011 £	2012 £	2011 £
Trade debtors	57,519	82,786	38,999	54,976
Other debtors	547,430	20,337	538,064	20,337
Prepayments and accrued income	<u>30,029</u>	<u>28,429</u>	<u>21,815</u>	<u>21,085</u>
	<u>£ 634,978</u>	<u>£ 131,552</u>	<u>£ 598,878</u>	<u>£ 96,398</u>

RICH MIX CULTURAL FOUNDATION

Notes to the financial statements for the year ended 31 March 2012 (continued)

12 Creditors: amounts falling due within one year

	Group		Charity	
	2012	2011	2012	2011
	£	£	£	£
Trade creditors	70,077	130,514	42,162	91,610
Taxes and social security costs	72,675	72,921	13,639	8,530
Other creditors	53,415	41,417	12,669	11,815
Amounts owed to group undertakings	-	-	61,422	109,966
Accruals and deferred income	189,638	167,928	121,659	101,115
	<u>£ 385,805</u>	<u>£ 412,780</u>	<u>£ 251,551</u>	<u>£ 323,036</u>

13 Operating leases

At 31 March 2012 the group had annual commitments under non-cancellable operating leases as follows

	Group		Charity	
	2012	2011	2012	2011
	£	£	£	£
Office Equipment				
expiring in the first year	2,099	-	-	-
expiring in the second to fifth year	37,033	45,429	37,033	37,033
expiring after five years	-	-	-	-
	<u>£ 39,132</u>	<u>£ 45,429</u>	<u>£ 37,033</u>	<u>£ 37,033</u>

14 Restricted funds - Group and charity

	Brought forward	Incoming resources	Resources expended	Transfers	Carried forward
	£	£	£	£	£
Aldgate & All Hallows Barking Exhibition Foundation	-	28,000	(11,000)	-	17,000
Arts Council England Free Theatre Initiative	-	1,000	(1,000)	-	-
Baskin Foundation	-	5,000	(5,000)	-	-
Bertha Foundation	-	30,000	-	(30,000)	-
Bethnal Green Collaboration Project	2,700	-	(2,700)	-	-
LBTH* - Snapshots festival	-	1,200	(1,200)	-	-
Pears Foundation	-	23,330	23,330	-	-
Other restricted project donations	-	12,048	(12,048)	-	-
	<u>£ 2,700</u>	<u>£ 100,578</u>	<u>£ (56,278)</u>	<u>£ (30,000)</u>	<u>£ 17,000</u>

* London Borough of Tower Hamlets

Aldgate and Allhallows Barking Exhibition Foundation

This grant is provided towards the costs of the schools programme in Tower Hamlets

Arts Council Free Theatre Initiative

This grant is provided towards the cost of the free theatre scheme for Under 25s

Baskin Foundation

This grant is provided towards the costs of the DevCamp project

Note continued overleaf

RICH MIX CULTURAL FOUNDATION

Notes to the financial statements for the year ended 31 March 2012 (continued)

14 Restricted funds (continued)

Bertha Foundation

This grant is provided towards the costs of purchase and installation of digital cinema projectors. In accordance with accounting policy expended capital funds are transferred to the Funded Equipment Purchases designated fund (note 15)

Bethnal Green Collaboration Project

This grant is provided towards the costs of Rich Mix's participation in the project

London Borough of Tower Hamlets

This grant is provided towards the cost of the Snapshot festival

Pears Foundation

This grant is provided towards the costs of employing a Fundraiser

Restricted Project Donations

These donations were given towards the costs of specific community based projects

15 Designated funds - Group and charity

	Brought forward	Incoming resources	Resources expended	Transfers	Carried forward
	£	£	£	£	£
Right of Light	37,143	-	(12,143)	(25,000)	-
Funded Equipment Purchases	65,712	-	(27,428)	55,000	93,284
Building Fund	16,064,179	-	(342,202)	21,307	15,743,284
	<u>£16,167,034</u>	<u>£ -</u>	<u>£ (381,773)</u>	<u>£ 51,307</u>	<u>£15,836,568</u>

Right of Light

This fund represents the balance of costs of employing an executive Assistant for the period to 30 October 2011 and cost of boiler replacement designated from Right of Light receipts in 2010/11. The capital cost of the boiler replacement was incurred in the year and has been transferred to the Funded Equipment Purchases designated fund in accordance with accounting policy

Funded Equipment Purchases

This fund represents the net book value of equipment funded by third parties

Building Fund

This fund represents the net book value of freehold land and buildings

16 Unrestricted funds - Group

	Brought forward	Incoming resources	Resources expended	Transfers	Carried forward
	£	£	£	£	£
General Fund	(161,524)	3,166,878	(2,556,623)	(21,307)	427,424
	<u>£ (161,524)</u>	<u>£ 3,166,878</u>	<u>£ (2,556,623)</u>	<u>£ (21,307)</u>	<u>£ 427,424</u>

Free reserves

Free reserves are calculated as general unrestricted funds not represented by fixed assets and designated funds and stand at £349,087 at 31 March 2012 (20/10/11 -£231,384)

	2012	2011
	£	£
General fund carried forward	427,424	(161,524)
Less General Fund tangible fixed assets (note (17))	(78,337)	(69,860)
	<u>£ 349,087</u>	<u>£ (231,384)</u>

RICH MIX CULTURAL FOUNDATION

Notes to the financial statements for the year ended 31 March 2012 (continued)

17 Analysis of net assets between funds

	Unrestricted funds £	Designated funds £	Restricted funds £	Total £
Tangible fixed assets	78,337	15,836,568	-	15,914,905
Cash at bank and in hand	86,392	-	17,000	103,392
Other net current assets	262,695	-	-	262,695
	£ 427,424	£15,836,568	£ 17,000	£16,280,992

18 Contingent assets

On 2 August 2010 the London Borough of Tower Hamlets agreed to make over to Rich Mix £2,093,978 due to it under the cultural aspects of a section 106 payment arising from a nearby residential development, subject to the charity meeting certain performance targets. The first tranche of £500,000 was received in 2010/11 and the second tranche of £523,495 is a debtor at the year end. The remaining balance of £1,070,483 is due to be paid over in 2012/13 and 2013/14.

19 Contingent liabilities

The London Borough of Tower Hamlets provided substantial funding towards the capital development at Rich Mix which took place between 2001 and 2006. Rich Mix and The London Borough of Tower Hamlets are currently in discussions arising from the Borough's request to return an element of this funding. The potential maximum liability in question for Rich Mix is £850,000 however at this point in time Rich Mix is unable to quantify the likely outcome of the current discussions, hence this amount has not been provided for by Rich Mix at the balance sheet date.