



TRUSTEES REPORT AND FINANCIAL STATEMENTS

For Year Ended 31 March 2016

RAISING ASPIRATIONS

Zinc exists to inspire people through education and the arts, to raise aspirations, and to develop and promote new talent. Zinc passionately believes that everyone should have the opportunity to discover, or re-discover, their potential, regardless of their background or circumstances. The Zinc Centre and its activities will always provide a safe, welcoming place for anyone and everyone to grow, learn, explore and enjoy, while supported by a family of committed staff.

inspiration, inclusivity, integrity



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COMPANIES HOUSE

Contents

COMPANY INFORMATION 1

TRUSTEES' REPORT 2

STATEMENT OF FINANCIAL ACTIVITIES11

NOTES TO THE FINANCIAL STATEMENTS13

ZINC ASSET (A Company Limited By Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2016

COMPANY INFORMATION

Trustees

B Lisicki (resigned 29 October 2015)
K Tait (resigned 31 August 2016)
A Smith
W Murphy (resigned 31 August 2016)
D Hufton-Rees, Chief Executive
A Buckley (appointed 29 October 2015)
M Handford (appointed 29 October 2015)
V Kaye (appointed 29 October 2015)

Company registered number

02866315

Charity registered number

1035444

Registered office

Great Stony, Ongar Arts & Education Centre, High Street, Ongar, Essex, CM5 OAD

Company secretary

D Burman

Chief executive officer

D Hufton-Rees

Independent auditors

Rayner Essex LLP, Faulkner House, Victoria Street, St Albans, Herts, AL1 3SE

Bankers

National Westminster Bank PLC, 279 High Street, Epping, Essex, CM16 4BT

Solicitors

Holmes & Hills, Trinity Street, Halstead, Essex, CO9 1JE

ZINC ARTS (A Company Limited By Guarantee)

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2016

The Trustees (who are also Directors of the charity for the purposes of the Companies Act) have pleasure in submitting their annual report together with the audited financial statements of Zinc Arts (the company) for the year ended 31 March 2016. The Trustees confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

Directors/ Trustees

The Trustees, who are also Directors of the company, and acted throughout the year except where indicated, are:

B Lisicki (resigned 29 October 2015)

K Tait

A Smith

W Murphy

D Hufton-Rees, Chief Executive

A Buckley (appointed 29 October 2015)

M Handford (appointed 29 October 2015)

V Kaye (appointed 29 October 2015)

On 29 October 2015, B Lisicki resigned as a Trustee and Director.

On 29 October 2015, A Buckley, M Handford and V Kaye were appointed as Trustees and Directors.

Structure, governance and management

a. CONSTITUTION

Zinc (Company number 02866315) was incorporated on 27 October 1993 and is a charitable company limited by the guarantees of the members to a maximum of £10 each. The company is a registered charity (number 1035444). The company gained charitable status on 22 March 1994. It changed its name from Theatre Resource to Zinc Arts with The Charity Commission and Companies House on 22 November 2012.

b. SPECIFIC INSTRUCTIONS

There are no specific instructions relating to the operation of the charity, nor are there any specific investment powers.

c. GOVERNANCE

In 2015-2016 the Charity comprised a membership of 8 individuals committed to supporting the aspirations of the organisation. The constitution stipulates that Members are automatically elected to a Board of Directors/Trustees to run the affairs of the organisation. When an individual resigns their position on the Board of Directors/Trustees their membership of the organisation ceases. In 2015-2016 the Directors/Trustees were as detailed above.

The Trustees are responsible for formulating the strategy and policies for Zinc and may meet at such times and regulate its meetings as it sees fit. In 2015-16, The Trustees met regularly both formally and informally, to steer the organisation through the tough financial climate and support the CEO and the organisation through a difficult time

d. RECRUITMENT, APPOINTMENT AND ELECTION OF TRUSTEES

The Board identifies and regularly reviews the skills of existing Board Members and any needs of the Board which are not being met by the current membership

Recruitment is through:

- Targeting individuals known to Zinc;
- Advertising for applicants through the media and other sources; and
- Utilising board 'banks', etc. maintained by support bodies.

Recruitment is not limited to within the arts, education or social care field, but reflects the varied needs of the organisation. Whilst specific skills may be sought (for example in relation to regular skills audits undertaken by the Board) enthusiasm and vision may also be considered equally valuable.

The Board has established procedures for recruiting and appointing Board members, including initial identification of potential candidates, informal visits or discussions, formal application and interview, consideration by the full Board

and, finally, election by a majority of votes.

a. POLICIES AND PROCEDURES FOR THE INDUCTION AND TRAINING OF TRUSTEES

Zinc is committed to full induction and ongoing training of Trustees. A comprehensive induction pack and standing orders are in place and are regularly updated to ensure compliance with company and charity law.

b. RISK MANAGEMENT

The Trustees have assessed the major risks to which the company is exposed, in particular those related to the operations and finances of the company, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

Objectives and Activities

a. COMPANY OBJECTIVES

The objective of Zinc, as stated in the Memorandum and Articles of Association, is to 'advance education for the public benefit through the promotion of the arts, particularly but not exclusively for disabled and disadvantaged people'.

b. ACHIEVEMENT OF OBJECTIVES

Zinc works to promote the creativity, culture and heritage of disabled people and socially-excluded groups for the benefit of all. In our work, we seek to:

- Generate pathways within the arts;
- Stimulate high-quality, diverse and experimental project work;
- Provide lifelong learning, training and employment opportunities;
- Create platforms for the exploration and representation of the cultures and neglected histories of excluded groups;
- Initiate informed debate and influence policy-making;
- Foster enabling environments; and
- Advance inclusiveness, accessibility and equality in the wider arts environment, and in the communities in which we live.

Zinc manages a strategic programme of 'First Stage' outreach and centre-based projects, which bring together individuals, schools, community groups, social care providers and arts funding bodies. Longer-term 'Developmental Programmes' offer further opportunities to experience high quality cutting-edge arts practice and a comprehensive range of training and CPD (Continuing Professional Development) opportunities to support individuals in gaining employment, both with Zinc and elsewhere. Volunteering, employment and supported employment opportunities include administration and fundraising, reception and building management, workshop leading/teaching, creating and touring professional arts product (e.g. Theatre performances).

The charity's work takes place in a variety of venues in Essex, East London, Hertfordshire, Cambridge, Norfolk, Suffolk, Bedfordshire and the Unitary Authorities of Southend-on-Sea and Thurrock and at its own fully-accessible premises in Chipping Ongar, Essex where the company works to develop the highest standards in accessible venue management. Zinc also undertakes regional and national projects, or projects of national significance, and works with several regional and national partners and consortia to deliver these.

c. PUBLIC BENEFIT AND SOCIAL AUDIT

During 2014/15 Zinc Arts with the support of Make It Happen undertook a social impact report which will enable clear evidence of the impact Zinc has.

In line with its social responsibility, during 2015/16 Zinc reviewed and updated where necessary the following policies: Child and Vulnerable Adult Safeguarding and Protection Policy, Complaints Policy, Data Protection and Confidentiality Policy, Equal Opportunities and Anti-Discrimination Policy, Health and Safety Policy and Risk Management Policy.

In shaping our objectives for the year and planning our activities, the trustees have considered the Charity Commission's guidance on public benefit, including the guidance on public benefit and fee charging. Whilst Zinc undertakes work

ZINC ARTS (A company limited by guarantee)

funded by grants and commissions from funding agencies, fees are charged to individual beneficiaries to help cover operating costs. Where fees are charged, in setting the level of fees, charges and concessions, the trustees always consider accessibility of activities for those on low incomes and living on benefits.

d. PROJECT WORK

During 2015/16 Zinc continued with its current activities with core participatory groups, including D/deaf people, participants with mental health needs, physical and/or sensory impairments, multiple and profound learning difficulties and/or with experience of other forms of social exclusion.

"The centre was perfect for our needs providing a contained comfortable environment for our dance company." (NYDC)

"Zinc always has an inviting atmosphere" (David W)

"This was my third visit for the creation of a new piece, and every time feels just as welcoming as the last" (Saddlers Wells)

"Thank you for being so welcoming! I though the variety of food was refreshing and exciting" (Molly W)

"I felt welcome from day one, and the staff were all helpful and well-mannered – providing a relaxing, focussed atmosphere to work in" (Tommy H)

"Very friendly and helpful staff and great facilities offered" (Alex)

"Without Zinc this week would not be possible and without the staff and food I wouldn't have been able to dance all week" (Jackson P)

'Creating the best experience for you' (Monique A)

"I think Zinc is a wonderful place and are doing lots of great things. I would recommend to anybody" (Kia S)

"The catering and site staff were very friendly and accommodating. I was made to feel welcome from the first day, and felt like a part of the Zinc community/family" (Jamie B)

2015/16 saw the continued support to the service users of Tolpuddle House, the housing and associated employment and training programme for vulnerable adults living on site in accommodation managed by East Thames Group. Nine adults received supported living and associated education, training and volunteering opportunities. The excellent partnership with East Thames continues with a robust operational steering group.

Zinc maintained a commitment to ArtSpace, the visual arts drop-in for those with Mental Health Needs and The Biz, the weekly training scheme for people with learning disabilities. Zinc continued to guest lecture on East-15 Acting School's Degree in Community Theatre.

e. OTHER ACTIVITIES AT ZINC 'S ARTS CENTRE BASE

Zinc continues to support its regular hirers to use the centre's facilities, including several local community groups such as Ongar Flower Club, Ongar Millennium History Society, Ongar Wildlife Society as well as groups such as Zumba, Circle Dance, Pilates, West Essex Mind and Yoga.

f. SIGNIFICANT CHANGES IN ACTIVITIES

The year has seen a significant drop in users of the sites residential facilities. Trustees, management and stakeholders are working closing together on a sustainable solution

g. STAFFING

During 2015/16, Zinc increased the number of employed staff on its permanent payroll from 13 to 23. This was a change based on bringing the valuable skills of freelance artist's in house and included 2 permanent staff with disabilities.

ACHIEVEMENTS AND PERFORMANCE

a. GOING CONCERN

After making appropriate enquires, the Trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

b. REVIEW OF ACTIVITIES

All income received by the organisation was committed to achieving its charitable objectives.

In addition to donations and grants received Zinc's own fundraising and income generation activities in respect of its programme of arts in health, arts in social care and disability-related arts raised an additional £240,768 during the year. Major project funding partners included Arts Council England, BBC, ERDF, Comic Relief, Music Net, Royal Opera House, Essex County Council and Hertfordshire Adult and Family Learning Service.

The total raised from hiring facilities at Zinc's arts and education centre in Chipping Ongar was £253,884 (2015: £119,378).

Salary and wage expenses for both project and core/building staff (including social security costs) accounted for £304,218 in total. The direct external costs of undertaking the charity's project work, i.e. external artists' fees, venue hire, transport and access/facilitation, amounted to £24,386.

There was a total deficit on the year of £47,938 (2015: £215,850).

Following an organisational restructure in March 2012, the team continued, limited to one CEO, throughout 2015/2016 and it was agreed during this year, as there was still a degree of financial instability the organisation still needed to operate as lightly as possible. Therefore, the freelance contracts agreed with individuals to support financial management and fundraising, enabling the organisation to work as efficiently as possible were discontinued and those freelance staff were brought in house where possible, whilst at the same time monitoring the staffing needs of the organisation in the future.

The Board of Trustees are extremely grateful to the commitment and hard work of the staff team throughout this year, which benefitted from a far better opening position but continued in an incredibly challenging environment. Future years will undoubtedly continue to be tough for Zinc, as it is for many within the charitable and arts sectors. However, there has been fantastic and significant support from funders, participants, partners, volunteers and staff, demonstrating the value of the organisation's work and the huge opportunities and potential for its future development.

The loan and interest repayment holiday on the investment received for the capital programme, agreed with Futurebuilders in 2011/12 and managed by the Social Investment Business (SIB), was extended throughout to March 2017, with additional support being provided through officer time and advice. NatWest Bank also agreed to extend its overdraft facility throughout 2015/16, to support the organisation to rebuild its financial position and build income from the centre.

This support and associated activities have been vital to the gradual move back into financial health. Zinc is in the middle of what is likely to be a 5-year period of establishing the centre, maximising the income potential of its facilities, and moving towards realising a resilient and sustainable future. The Board is satisfied that the organisation has achieved significantly more than could have been expected at the year's beginning, and is confident that Zinc is on the way to becoming financially strong again.

FINANCIAL REVIEW

a. RESTRICTED FUNDS

As well as receiving several individual donations and income from individual fundraising activities, all of which were very gratefully received, fundraising for specific activities continued and success included receiving notification of funding from Arts Council England's Grants for the Arts Scheme and continuing the second year of a three-year programme, funded by Comic Relief's Young People and Mental Health programme. Other funds were also received, and utilised, on specific project activities during the year.

b. DESIGNATED FUNDS

Capital Repairs and Renewals Fund

Zinc holds a COiF (Charities Official Investment Fund) Charities Fixed Interest Fund with CCLA Investment Management Ltd. the purpose of which is to cover the cost of ongoing capital repairs and renewals to Zinc's premises. It is anticipated that up to 40% of this fund be drawn upon every five years for periodic cyclical repairs / maintenance as necessary (above and beyond annual maintenance) with a higher proportion of up to 70% being drawn upon at 15 yearly intervals for major works during the term of the lease. The investment fund balance at end March 2016 was £984.

c. UNRESTRICTED FUNDS

Unrestricted funds are required for the following purposes:

- (a) To provide funds, which can be designated to specific projects to enable these projects to be undertaken at short notice;
- (b) To cover administration, fundraising, staff and support costs without which the charity could not function; and
- (c) To enable the charity to benefit from fundraising opportunities where a proportion of 'partnership funding' is required which cannot be raised from elsewhere.

The directors/trustees consider it prudent that unrestricted reserves should be sufficient:

- (a) To avoid the necessity of releasing fixed assets held for the charity's use; and
- (b) To cover four months' administration, fundraising, staff and support costs

Unrestricted funds currently stand at £1,148,382.

The reserves policy and the level of reserves is monitored and reviewed by the directors I trustees regularly and may be called upon as and when necessary for the uses identified above (a, b or c) or to meet other unforeseen circumstances.

PLANS FOR THE FUTURE

a. FUTURE PLANS

Zinc continues to develop its accredited courses, with the introduction of 3 new subjects during the financial year. A review of the current business plan has been undertaken and new areas of potential income have been researched. Zinc will continue to develop the community programme in the centre, build the number of external hirers and our project team will continue its excellent programme of work.

To achieve these plans, Zinc is aware of the need for widespread marketing of the new accredited programme and centre, to attract external business and encourage service users and hires from a range of groups and organisations including:

- local and regional businesses;
- social services;
- national and regional training organisations;
- national, regional and local charities;
- schools and education organisations; and
- Arts and creative organisations.

Getting messages out about our fantastic facilities and resources, and that those hiring our spaces will also be supporting the charitable work of Zinc, will help attract income to support ongoing viability and in the long-term will ensure a diverse and healthier income base.

The staff and Board continue to be passionate about the impact of Zinc's work with disabled children, young people and adults, and the need for our services.

b. STRATEGIC PLANNING

In April 2015, Zinc launched its new four-year Business Plan, which will guide the work of the organisation through to March 2019. This plan is based on consultations, a review of its Vision, Aims and Objectives and reflecting the needs of the organisation as it settles into its newly refurbished Arts Centre, as well as the continuing challenging financial climate.

The overarching organisational objective of Zinc, which provides the umbrella for all Zinc activity, is:

To develop Zinc Arts into a nationally recognised arts organisation of excellence, specialising in the fields of Disability, wellbeing and inclusion, providing world class facilities and services that:

- promote equality;
- support great art in all its forms;
- engage diverse communities;
- bring disabled and non-disabled artists and communities together, supporting and developing artists and audiences;
- Enable people to develop personally and professionally through a holistic programme of lifelong learning, training and employment opportunities; and
- Model inclusiveness and wellbeing through every internal and external function of the organisation.

TRUSTEES' RESPONSIBILITIES STATEMENT

The Trustees (who are also directors of Zinc Arts for the purposes of company law) are responsible for preparing the Trustees' 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. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable 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 Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 are sufficient to show and explain the charitable company's transactions and 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.

Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

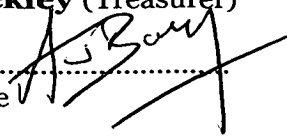
- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- That Trustee has taken all the steps that ought to have been taken as a Trustee to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

AUDITORS

Rayner Essex LLP were appointed auditors and in accordance with Section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

This report was approved by the Trustees on 22nd Dec '16 and signed on their behalf by:

A Buckley (Treasurer)

.....
Trustee 

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ZINC ARTS

We have audited the financial statements of Zinc for the year ended 31 March 2016 set out on pages 11 to 21. The Financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 charitable company's members 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 members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Trustees' Responsibilities Statement, 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 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 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us during 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 March 2016 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ZINC ARTS
EMPHASIS OF MATTER - GOING CONCERN**

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made within the accounting policies concerning the charitable company's ability to continue as a going concern.

The charitable company incurred a net deficit of £47,938 in the current year ended 31 March 2016 (2015- deficit of £215,850) and had net current liabilities of £36,923 (2015 £69,574). These conditions, along with the other matters explained in the notes to the accounts, in particular the loan repayment negotiations with Futurebuilders (Note 16) and the conversion of new studio apartments at Hawthorne Place (Note 22), indicate the existence of material uncertainty which may cast doubt about the charitable company's ability to continue as a going concern.

The financial statements do not include the adjustments that would result if the company 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' 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 prepare the financial statements & Trustees report in accordance with the small companies' regime.



Mr Neil Heyes FCA (Senior Statutory Auditor) for and on behalf of

Rayner Essex LLP
Faulkner House,
Victoria Street,
St Albans,
Herts,
AL1 3SE
Chartered Accountants
Statutory Auditors

Date: 22/12/2016

ZINC ARS (A Company Limited By Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES AS AT 31 MARCH 2016

	Note	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
INCOMING RESOURCES					
Incoming Resources from Generated Funds:					
Donations	3	455	-	455	1,330
Grants	3, 4	2,037	160,327	162,364	193,039
Building Income	3	22,000	-	22,000	141,378
Activities for Generating Funds	5	352,564	-	352,564	146,872
Investment Income	6	1	-	1	41
Other Incoming Resources	7	10,624	-	10,624	3,812
TOTAL INCOMING RESOURCES		387,681	160,327	548,008	486,472
RESOURCES EXPENDED					
Costs of Generating Funds:					
Fundraising Expenses and Other Costs	5	568	-	568	443
Charitable Activities	8	426,066	160,237	586,393	687,805
Governance	9	9,000	-	9,000	14,235
TOTAL RESOURCES EXPENDED		435,634	160,237	595,961	702,483
NET RESOURCES EXPENDED BEFORE REVALUATIONS		(47,953)	-	(47,953)	(216,011)
Gains and Losses on Revaluations of Investment Assets		15	-	15	161
NET MOVEMENT IN FUNDS FOR THE YEAR		(47,938)	-	(47,938)	(215,850)
Total Funds as 1 April 2015		1,196,320	-	1,196,320	1,412,170
TOTAL FUNDS AT 31 MARCH 2016		1,148,382	-	1,148,382	1,196,320

All activities relate to continuing operations

The notes on pages 13 – 21 form part of these financial statements

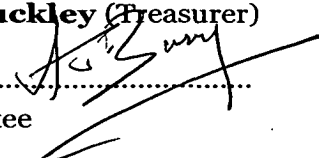
ZINC ARTS (A Company Limited By Guarantee)

BALANCE SHEET AS AT 31 MARCH 2016

	Note	2016 £	As Restated 2015 £
FIXED ASSETS			
Tangible Assets	12	4,243,676	4,324,265
CURRENT ASSETS			
Debtors	13	124,077	49,991
Investments	14	984	969
Cash at Bank		1,876	1,224
		<u>126,937</u>	<u>52,184</u>
CREDITORS: Amounts Falling Due Within 1 Year	15	<u>(163,860)</u>	<u>(121,758)</u>
NET CURRENT LIABILITIES		<u>(36,923)</u>	<u>(69,574)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,206,753</u>	<u>4,254,691</u>
CREDITORS: Amounts Falling Due After More Than 1 Year	16	<u>(3,058,371)</u>	<u>(3,028,371)</u>
NET ASSETS		<u>1,148,382</u>	<u>1,196,320</u>
CHARITY FUND			
Unrestricted Funds	17	<u>1,148,382</u>	<u>1,196,320</u>
TOTAL FUNDS		<u>1,148,382</u>	<u>1,196,320</u>

The financial statements were approved by the Trustees on 22nd Dec 16 and signed on their behalf by:

A Buckley (Treasurer)


.....
Trustee

Company Registration Number: 02866315

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities and the Financial Reporting Standard for Smaller Entities (effective January 2015)

1.2 Company status

The company is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £10 per member of the company.

1.3 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company at the discretion of the trustees and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for future purpose or project. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

1.4 Incoming resources

All incoming resources are included in the Statement of Financial Activities when the company has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Donations, grants and funds received for specific projects and subject to specific wishes of the donors are credited to the relevant restricted fund. When donors specify that donations and grants given to the charity must be used in future accounting periods, the income is deferred until those periods. The capital element of grants received towards the cost of acquiring fixed assets are released to the unrestricted reserves over a four-year period in line with the depreciation policy of the fixed assets capitalised. Other income received for the general purpose of the company is credited to the general fund.

Building income is included in the period to which it relates and includes the renting of accommodation provided, hiring of facilities and other services available within the building to the public and project participants.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

1.5 Resources expended

Expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to activities they have been allocated on a basis consistent with the use of the resources.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

Charitable activity costs are those costs incurred directly in support of expenditure on the objects of the company and include project management carried out at the registered office. These costs are those which have not been directly allocated to an activity but nevertheless support those activities. These costs are allocated on an actual basis where possible and where general expenses, allocated on a time per room basis.

Governance costs are those incurred in connection with administration of the company and

compliance with constitutional and statutory requirements.

1.6 Going concern

The financial statements have been prepared on a going concern basis which assumes that the charitable company will continue in operational existence for the foreseeable future and reflects the Trustees' belief that the charitable company will continue to generate sufficient cash flows to meet its liabilities as they fall due.

The Trustees are disappointed with the deficit continued to be suffered in the year and recognise the uncertainty which arises however, the Trustees have continued to take appropriate action since the year end to reduce the ongoing deficit and minimise any adverse effects on cash flow.

The Trustees are confident that appropriate arrangements can be made with Futurebuilders in regards to the repayment of capital and interest, beginning in March 2017 that will not adversely affect the charity's options for the foreseeable future. It is therefore deemed appropriate by the Trustees to prepare these financial statements on a going concern basis.

1.7 Cash flow

The company has taken advantage of the exemption in Financial Reporting Standard No.1 from the requirement to produce a cash flow statement on the grounds that it is a small charitable company.

1.8 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.9 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long term leasehold property over the term of the lease
Fixtures & fittings 10% - 25% straight-line

No depreciation is provided on Freehold land and buildings. This policy represents a departure from the rules set out in the Companies Act 2006 which requires all fixed assets to be depreciated over their expected useful lives. The trustees consider that systematic annual depreciation would be inappropriate and would not represent a true and fair view.

1.10 Investments

Investments are stated at market value at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluations and disposals throughout the year.

1.11 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Financial Activities so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.12 Taxation

The company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. The company's activities fall under the exemption given by HMRC to charities, consequently no liability to UK Corporation tax has arisen on the ordinary activity of the company, neither for the year ended 31 March 2016 nor for the year ended 31 March 2015

2. TURNOVER

The whole of the turnover is attributable to charitable activities as detailed in the trustees' report.

All turnover arose within the United Kingdom

3. VOLUNTARY INCOME

	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £	<i>Total Funds 2015 £</i>
Donations	455		455	1330
Grants	2,037	160,327	162,364	193,039
Building Income	22,000		22,000	141,378
Voluntary Income	24,492	160,327	184,819	335,747

4. SOURCES OF REVENUE GRANTS

	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £	<i>Total Funds 2015 £</i>
Essex County Council	-	26,500	26,500	42,000
Arts Council England	-	15,135	15,135	45,407
Children in Need	2,037	-	2,037	10,945
Epping Forest District Council	-	-	-	4,529
Herts. Adult Family Learning Service	-	51,883	51,883	36,603
Cultural Development Fund	-	18,356	18,356	-
Comic Relief	-	10,000	10,000	30,000
Royal Opera House	-	-	-	1,826
Music Net	-	5,682	5,682	22,729
Redbridge	-	32,771	32,771	-
	2,037	160,327	162,364	193,039

5. TRADING ACTIVITIES

	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
Contracts and Fees	352,564	-	352,564	146,872
Fundraising Trading Expenses				
Recruitment	568	-	568	443
	351,996	-	351,996	146,429

6. INVESTMENT INCOME

	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
Investment Income	1	-	1	41

7. OTHER INCOMING RESOURCES

	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
Sundry Income	10,624	-	10,624	3,812

8. CHARITABLE ACTIVITY COSTS

	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
Staff Costs	156,996	147,222	304,218	351,718
Insurance	10,304	-	10,304	10,594
Direct Project Expenses	12,616	11,770	24,386	25,746
Marketing and Communications	2,211	-	2,211	7,325
Irrecoverable VAT	10,000	-	10,000	7,444
Other Costs	37,058	1,335	38,393	9,172
Interest Payable	5,177	-	5,177	8,527
Office and Supplies	37,547	-	37,547	48,480
Legal and Professional	4,116	-	4,116	1,698
Premises Costs	69,452	-	69,452	93,691
Depreciation	80,589	-	80,589	115,253
Disposal of Fixed Assets	-	-	-	8,157
	426,065	160,327	586,393	687,805

Premises costs incorporate a notional charge of £22,000 in respect of rent. This has been brought in to reflect the difference between the estimated commercial rent due for the premises. This has been reflected as a donation within Building income.

Staff costs incorporates Board and Volunteer expenses.

9. GOVERNANCE COSTS

	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
Auditors Remuneration	9,000	-	9,000	14,235
Other Costs	-	-	-	-
	<u>9,000</u>	<u>-</u>	<u>9,000</u>	<u>14,235</u>

10. NET RESOURCES EXPENDED

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets: Held under finance leases	80,589	115,252
Auditors Remuneration	9,000	14,235
	<u>9,000</u>	<u>14,235</u>

During the year, no Trustees received any remuneration (2016 - £Nil.)
 During the year, no Trustees received any benefits in kind (2016 - £Nil.)
 During the year, Trustees received reimbursement of expenses (2016 - £20,579.)

11. STAFF COSTS

The average number of employees during the year was as follows:

	2016	2015
Administration and Project Workers	<u>19</u>	<u>15</u>

The cost of employing staff which were included within Charitable activities in note 8 were:

	2016 £	2015 £
Wages and Salaries	236,172	331,018
Social Security Costs	18,128	18,266
	<u>254,300</u>	<u>349,284</u>

No employee received remuneration amounting to more than £60,000 in either year

12. TANGIBLE FIXED ASSETS

	Freehold Property	Long Term Leasehold Property	Fixtures and Fittings	<i>Total</i>
	£	£	£	£
Cost				
At 1 April 2015	-	4,289,237	656,717	4,945,954
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 March 2016	-	<u>4,289,237</u>	<u>656,717</u>	<u>4,945,954</u>
Depreciation				
At 1 April	-	105,842	515,847	621,689
Charge for the year	-	31,772	48,817	80,589
At 31 March 2016	-	<u>137,614</u>	<u>564,664</u>	<u>702,278</u>
At 31 March 2016	-	4,151,623	92,053	4,243,676
At 31 March 2015	-	<u>4,183,395</u>	<u>140,870</u>	<u>4,324,265</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2016 £	2015 £
Fixtures and Fittings	-	27,001

13. DEBTORS

Due Within One Year	2016 £	2015 £
Trade Debtors	103,880	39,091
Other Debtors	3,034	2,273
Prepayments and Accrued Income	17,163	9,627
	<u>124,077</u>	<u>49,991</u>

14. CURRENT ASSET INVESTMENTS

	2016 £	2015 £
COIF Fixed Interest Fund	984	969
At 1 April	969	5,808
Sale of Units	-	(5,000)
Realised Gain / Loss on Sale of Investment	15	-
Unrealised Gain / Loss on Investment	-	161
Transfer Received	-	-
At 31 March	<u>984</u>	<u>969</u>

Current asset investments are stated at market value and held to provide a return to the charity

ZINC ARCS (A Company Limited By Guarantee)

15. CREDITORS

Amounts falling due within one year

	2016 £	2015 £
Bank Loans and Overdrafts	21,899	11,741
Trade Creditors	52,327	43,112
Other Taxation and Social Security	58,067	18,027
Accruals and Deferred Income	31,567	48,878
	<u>163,860</u>	<u>121,758</u>

The loans are secured by way of a fixed charge over the charity's long leasehold property. Hire purchase liabilities are secured on the assets purchased.

16. CREDITORS

Amounts falling due after more than one year

	2016 £	2015 £
Futurebuilders Loan 1	1,715,366	1,704,011
Futurebuilders Loan 2	1,313,005	1,324,360
Bridging Loan S.I.B.	30,000	30,000
	<u>3,058,371</u>	<u>3,058,371</u>

The loan agreement provides for the loans to be repaid over a period of 25 years at an interest rate of 6%. However, interest and repayment holidays have been granted until March 2017 and the repayment terms remain under negotiation.

17. SUMMARY OF FUNDS

	Brought Forward £	Incoming Resources £	Resource Expenditure £	Gains / (Losses) £	Carried Forward £
Designated Funds (note 19)	969	-	-	15	984
General Funds	1,195,351	387,681	(435,634)	-	1,147,398
	<u>1,196,320</u>	<u>387,681</u>	<u>(435,634)</u>	<u>15</u>	<u>1,148,382</u>
Unrestricted Funds	1,196,320	387,681	(435,634)	15	1,148,382
Restricted Funds (note 18)	-	160,327	(160,327)	-	-
	<u>1,196,320</u>	<u>548,008</u>	<u>(595,961)</u>	<u>15</u>	<u>1,148,382</u>
Total of Funds	<u>1,196,320</u>	<u>548,008</u>	<u>(595,961)</u>	<u>15</u>	<u>1,148,382</u>

18. RESTRICTED FUNDS ANALYSIS

	Opening Balance £	Incoming Resources £	Utilised £	2016 £
Essex County Council	-	26,500	(26,500)	-
Arts Council England	-	15,135	(15,135)	-
Herts, Adult Family Learning Service	-	51,883	(51,883)	-
Comic Relief	-	10,000	(10,000)	-
Cultural Development Fund	-	18,356	(18,356)	-
Music Net	-	5,682	(5,682)	-
Redbridge	-	32,771	(32,771)	-
	-	160,327	(160,327)	-

19. UNRESTRICTED FUNDS ANALYSIS

	Opening Balance £	Release of Funds £	Unrealised Gain £	2016 £
Capital Repairs and Renewal Fund	969	-	15	984

20. OPERATING LEASE COMMITMENTS

At 31 March 2016, the company had annual commitments under non-cancellable operating leases as follows:

Expiry Date:	Land and Buildings		Other	2016 £
	2015 £	2016 £	2015 £	
Between 2 and 5 Years	-	-	3,700	3,700
More Than 5 Years	22,000	22,000	-	-

20. RELATED PARTY TRANSACTIONS

Daryn Hufton-Rees who is a director of Zinc Arts Limited was also a director of Crystal Ballet Limited. During the year Zinc Arts provided services to Crystal Ballet Limited of £4,211 (2015- £0). £4,211 is included within bad debt provisions.

All transactions were at arm's length.

Mark Hanford - who in the year was a trustee on the board of Zinc Arts Limited is also a director of Crystal Ballet Limited.

Included within creditors is a balance of £4,211 due to the director Daryn Hufton-Rees

Trustees received reimbursement of expenditure in respect of the charity's activities during the current year.

21. Joint Venture Income

Included within sundry income is £190 of joint venture income. The Company held £4,409 on account for Stage One.

22. Post Balance Sheet Event

On 28 April 2016, the Company passed a resolution to seek to convert the residential block into 25 studio apartments, to form and incorporate a Community Interest Company to manage the asset formerly known as the residential block. The Community Interest Company 'Group 12' will serve as a managing organisation for the residential block now known as Hawthorne Place. Group 12 will share trustees with the Company and all surpluses generated from the rental of the 25 apartments will be payable as dividends

ZINC BRASS (A Company Limited By Guarantee)

to the Company.

On 10 October 2016, the Company entered a planning application (EPF/2357/16) with Epping Forest District Council (EFDC) for the necessary conversion works. On 20 November 2016, EFDC planning officers recommended the application for approval. A subsequent site visit will be scheduled by members of the EFDC Planning Committee expected to be conducted in January 2017.

This corporate exercise is expected to be complete within 6 months from the date of this report. All dividends received will be used to secure the future of the Company.