

SOUTHWICK COMMUNITY ASSOCIATION

REPORT OF THE TRUSTEES

AND

FINANCIAL STATEMENTS

FOR THE

YEAR ENDED 31 MARCH 2016

SOUTHWICK COMMUNITY ASSOCIATION

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SOUTHWICK COMMUNITY ASSOCIATION

REPORT & ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

General Information

Trustees	Bob Ryder	<i>(Chairman and Hon Treasurer)</i>
	David Comber	<i>(Hon Secretary)</i>
	Malcolm Gough	<i>(Vice-Chairman)</i>
	Betty Dawes	<i>(President)</i>
	Michael Coomber	<i>(Vice-President)</i>
	Simon Armes	
	Ian Churchill	
	Maxine Coomber	
	Angus Dunn	
	Philip Evans	
	Mark Flower	
	John Garland	
	Tony Green	
	Janet Mockridge	
	Martin Oakley	
	Philip Simons	

Registered Charity No. 305370

Address Southwick Community Centre
24 Southwick Street
Southwick
West Sussex BN42 4TE

Independent Examiner Malcolm Wood FCA

Bankers Barclays Bank plc
Bank House
Southwick Square
Southwick
West Sussex BN42 4FH

SOUTHWICK COMMUNITY ASSOCIATION

Southwick Community Association is an unincorporated association, founded under a constitution originally adopted in January 1945 (as most recently amended in June 2012). The Association is a registered charity (registration number 305370).

The Association's constitution reflects the requirements of modern charity legislation and recommended good practice for community associations.

REPORT OF THE TRUSTEES for the year ended 31 March 2016

Responsibility for the overall control of the Association's affairs rests in the board of managing trustees, elected each year by the membership at the AGM.

The Board of Trustees serving this year

Bob Ryder	<i>(Chairman and Hon Treasurer)</i>
David Comber	<i>(Hon Secretary)</i>
Malcolm Gough	<i>(Vice-Chairman)</i>
Betty Dawes	<i>(President)</i>
Michael Coomber	<i>(Vice-President)</i>
Simon Armes	
Ian Churchill	
Maxine Coomber	
Angus Dunn	
Philip Evans	
Mark Flower	
John Garland	
Tony Green	
Janet Mockridge	
Martin Oakley	
Philip Simons	

The Trustees herewith present their report, together with the audited financial statements of the Association, for the financial year beginning on 1 April 2015 and ending on 31 March 2016.

Charitable purposes & public benefit

Southwick Community Association works with public authorities, charities and other organisations, and with individual volunteers, to advance education and to provide facilities for social welfare, recreation and leisure-time occupation, for the benefit of the people of Southwick and its neighbourhood.

In fulfilment of these charitable objectives, the Association runs and maintains a flourishing community centre in Southwick. The Centre and its facilities are an active focus for the local community, with a wide range of events, activities and participating organisations. The Association has a continuous rolling programme to renew, develop and improve the Centre's facilities for the benefit of local people.

The Trustees pay full regard to the Charity Commission's guidance on public benefit: they apply it in their general overview of the Association's affairs and have done so directly in relevant areas of decision-making during the year.

A detailed account of the activities and workings of the Community Centre, along with information about its facilities, management and history, can be found on the Association's website, www.southwickcommunitycentre.org.uk. The website also includes a detailed report of the activity and developments at the Centre during the year, as presented to the 2016 Annual General Meeting, <http://www.southwickcommunitycentre.org.uk/scaannualreport201516.pdf>.

Overview of the year's activities

(i) Improvements to the Community Centre buildings and facilities

The most visible improvement has been a total upgrade of the lighting to the Barn hall, using modern LED fittings, which will provide users with the ambience they need - from an atmospheric setting for a wedding reception to a bright practical setting for a blood donor session. As well as achieving flexibility to suit the needs of users, it will bring a significant saving in running costs.

Other works this year included improving and extending fire alarm protection to nearly all of the community centre - a challenging task given the extent and layout of the buildings.

Another big step forward was the installation of a "super-fast broadband" system across the whole of the site. This also provided the opportunity to completely modernise the telephone systems for calls in and out of the Centre.

During the year our plans for improving the external appearance of the site evolved further, into what is now a more comprehensive scheme - including a new entrance area, a new garden gateway, new signage and a range of landscaping improvements (in the north courtyard, the garden and around the perimeter of the site). The Trustees see this as a key investment for the long-term future of the community centre, as well as a boost for the quality of the conservation area and streetscape. The scheme goes hand-in-hand with our business plan for strengthening the economic future of the Association, described on p.7 below.

(ii) The activities taking place at the Community Centre

As noted in last year's report, the pattern of use which the community makes of the Centre has been slowly changing over the last 20 years or so, with some of the more traditional 'membership societies' less able to flourish in today's social scene than when the Association was founded at the end of the Second World War. One change, for example, is that the Centre now hosts a higher proportion of 'participation' activities in the fields of fitness, leisure and well-being.

Also, our facilities are increasingly being used in support of activities which promote forms of social development and support. For example, we are working with the providers of new forms of adult education, so that the Centre is now being used for courses with a strong social dimension. And greater use is being made of the Centre by public bodies and social enterprises in the health and social welfare field.

Financial overview

All of the Association's current assets and liabilities relate to delivery of its charitable aims and objectives. The Association's direct expenses in providing charitable services are the personnel and other costs involved in running the Community Centre and in making its facilities available for community activities. The management and administration expenses are mainly personnel costs. The Association determines the levels of its staff's pay in accordance with a policy most recently codified in 2014-15.

Our financial performance in 2015-16 exceeded expectations.

Our Operating Fund, for the day-to-day running of the Community Centre, produced a surplus of £21,000 for the year.

- **Income** (at £196,000) was up by £9,000 (5%) from the previous year. The largest item was from the hire of facilities (£142,000) which rose by over £10,000 (8%).
- **Expenditure** on our running costs (£175,000) was 1½% higher than the previous year. The largest item was staff costs (£89,000) which rose by £1,500 (1⅔%).

Our Development Fund, for improvements to the Centre's facilities and equipment, also performed well. On the income side, there was a net surplus of nearly £7,000 from community events. We are extremely grateful for the efforts put into the annual Beer Festival and the Christmas Fair - the work of the many keen volunteers who plan and carry out these big events, ably supported by the Centre's office and premises team.

Our capital expenditure for the year was relatively high, at over £41,000. Most of this (£34,000) was invested in building improvements, the largest item being the refitting of the whole public lighting system in the historic Barn hall (£25,000). We also carried out a major extension of the fire and security system across the Centre (£7,000). In addition, there was capital expenditure of £5,000 on various items of professional kitchen equipment and £2,000 as the Association's contribution to a completely new telephone and super-fast broadband system across the site (enabled by the Government's "super-connected cities" programme).

Our overall financial position improved over the year, as measured by a £13,000 increase in our current net assets.

Review of financial progress over recent years

At the end of the financial year we carried out a short review, charting the progress made over the last 10 years. The overall conclusion is that the Association has weathered the general economic pressures over that period, including the effects of recession, and has strengthened its ability to deal with future pressures. Highlights of our progress include:

- 10 years ago, there was an operating deficit for the year of £9,000. Since then we have achieved an average operating surplus of more than £8,000 each year.
- At the start of the period, the reserve in our operating fund was just £9,000 - less than one month's turnover, as it was then. This year our operating reserve stands at £103,000 - more than six months of current turnover. We have therefore become more resilient to cope with any financial shocks or downturns.
- Over the period we have increased our charges to community users by only 23% - significantly less than the increase of 34% in prices nationally.
- Our current complement of paid part-time staff (equivalent to 5½ full-time posts) is somewhat lower today than it was 10 years ago (when it stood at 6 full-time equivalents).
- Over the period we have raised nearly £180,000 from the proceeds of community events and other fundraising initiatives, and from grants, donations and bequests.
- We have also invested more than £300,000 in capital improvements to the Community Centre's buildings, facilities and equipment. This has been financed by the proceeds of community events, fundraising, donations and capital grants, as well as our depreciation provision for the replacement of older equipment as it wears out.
- Notwithstanding the scale of this capital investment to improve the Centre's facilities and equipment, our current net assets stand £164,000 higher than 10 years ago.

Securing a strong economic future for the Community Centre in the longer term

In the course of the year the Trustees have been considering the case for establishing a charitable trading company, to enable an expansion of existing activities (beyond the Association's own primary functions) and the development of new trading activities. Our feasibility work so far suggests there is strong potential to boost the future level of income available to the Association. The Trustees have therefore decided in principle to go down this route, subject to more detailed planning over the coming year, taking account of the costs, benefits and risks.

The Association's funds and the policy on reserves

The financial statements (pages 10-15 below) set out the assets and liabilities attributable to the Association's funds.

The **Operating Fund** (unrestricted) is maintained at a level which helps ensure there are adequate resources for coping with unexpected pressures and any short-term deficits in the day-to-day running of the Community Centre.

The **Development Fund** (restricted) represents:

- **tangible fixed assets**, a high proportion of which were created by capital grants received in prior years to carry out major development and improvement of the Community Centre and its facilities;
- **the net proceeds of fundraising**, mainly from community and social events, designated for ongoing improvements to the Community Centre and for the renewal and upgrading of its facilities and equipment.

Statement of the Trustees' responsibilities

Under the law applicable to charities in England and Wales, the Trustees are required to prepare financial statements for each financial year, giving a true and fair view of the Association's financial activities during the year and of its financial position at the end of the year. In preparing these financial statements, giving a true and fair view, the Trustees are expected to follow best practice and to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates which are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed (subject to any departures disclosed and explained in the financial statements); and
- prepare the financial statements on a "going-concern" basis (unless it is inappropriate to presume that the Association will continue in operation).

The Trustees are also responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the Association, and which enable them both to ascertain the financial position of the Association and to ensure that the financial statements comply with the Charities Act 1993.

The Trustees are responsible for safeguarding the assets of the charity - and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Trustees: [*David Comber*] and [*Robert Ryder*]

Dated: 23 November 2016

INDEPENDENT EXAMINER'S REPORT
to the Trustees of SOUTHWICK COMMUNITY ASSOCIATION

I report on the accounts of the charity for the year ended 31 March 2016 which are set out on pages 10 to 15 below.

Respective responsibilities of trustees and examiner

The charity's trustees are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required for this year (under section 43(2) of the Charities Act 1993 (the 1993 Act) and that an independent examination is needed.

It is my responsibility to:

1. examine the accounts (under section 43(3)(a) of the 1993 Act);
2. to follow the procedures laid down in the General Directions given by the Charity Commissioners (under section 43(7)(b) of the 1993 Act);
3. to state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the General Directions given by the Charity Commissioners. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with these records. It also includes consideration of any unusual items or disclosures in the accounts, and the seeking of explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and, consequently, I do not express an audit opinion on the view given by the accounts.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

1. which gives me reasonable cause to believe that, in any material respect, the requirements:
 - to keep accounting records in accordance with s41 of the 1993 Act; and
 - to prepare accounts which accord with the accounting records and to comply with the requirements of the 1993 Act;have not been met; or
2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

[***Malcolm Wood***]

Fellow of the Institute of Chartered Accountants in England and Wales

Dated: 23 November 2016

SOUTHWICK COMMUNITY ASSOCIATION

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2016**

	Unrestricted Funds	Restricted Funds	Total Funds 2016	Total Funds 2015
	£	£	£	£
INCOME AND EXPENDITURE				
INCOMING RESOURCES				
Charitable activities				
Operation of community centre	196,128	-	196,128	187,068
Other activities to generate funds				
Community events & fundraising	-	17,719	17,719	18,762
Donations, gifts and legacies	-	13,342	13,342	1,025
Grants	-	1,650	1,650	17,400
Investment income interest	-	788	788	420
Total incoming resources	196,128	33,499	229,627	224,675
RESOURCES EXPENDED				
Cost of generating funds				
Community events & fundraising	-	10,612	10,612	11,154
Net incoming resources available for charitable application	196,128	22,887	219,015	213,521
Charitable expenditure				
Cost of operation of community centre	4	136,592	22,848	159,440
Management and administration	3 & 4	38,575	38,575	36,188
Total charitable resources expended	175,167	22,848	198,015	195,409
Net movement in funds	20,961	39	21,000	18,112
FUND BALANCES AT 31 MARCH 2015	81,990	1,036,531	1,118,521	1,100,409
FUND BALANCES AT 31 MARCH 2016	102,951	1,036,570	1,139,521	1,118,521

** The notes form part of these financial statements*

SOUTHWICK COMMUNITY ASSOCIATION

BALANCE SHEET

AS AT 31 MARCH 2015

	<i>Note</i>	31 March 2016 £	31 March 2015 £
TANGIBLE FIXED ASSETS	5	803,923	795,970
CURRENT ASSETS			
Debtors	6	19,951	23,875
Stocks		3,232	4,328
Short term deposits		286,684	211,377
Cash at bank and in hand		45,622	96,641
		<hr/> 355,489	<hr/> 336,221
CREDITORS: Amounts falling due within one year	7	19,891	13,670
NET CURRENT ASSETS		<hr/> 335,598	<hr/> 322,551
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 1,139,521	<hr/> 1,118,521
CREDITORS: Amounts falling due after more than one year	8	--	--
TOTAL NET ASSETS		<hr/> 1,139,521	<hr/> 1,118,521
FUNDS			
Restricted	9	1,036,570	1,036,531
Unrestricted	9	102,951	81,990
TOTAL FUNDS		<hr/> 1,139,521	<hr/> 1,118,521

The notes form part of these financial statements

Approved by the board of Trustees and signed on its behalf by

[**David Comber**] and [**Robert Ryder**]

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

1. Accounting Policies

Accounting Convention

The accounts are prepared under the historical cost convention and in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in October 2000 ("SORP"), with the Charities Act 1993 and with applicable accounting standards.

Accumulated Funds

The accumulated funds comprise the following:

(a) **Operating Fund**

This is for the day to day activities of the Association and the management and operation of the Community Centre.

(b) **Development Fund**

This comprises income raised for, and expenditure on, the improvement and development of the work of the Association and facilities of the Community Centre.

Fixed Assets

Fixed Assets are recorded at cost or, in the case of fixed assets that have been donated to the Association, at valuation at the time of acquisition, less depreciation.

Depreciation

Improvements to leasehold building are amortised over the period of the lease, when the improvements come into use. Other fixed assets are depreciated on a straight line basis over their useful lives which are estimated to be:

Theatre equipment	10 to 20 years
Fixtures, fittings & equipment	5 to 10 years
Electronic	3 to 7 years

Stocks

Stocks are valued at cost and comprise consumable items used in the daily operation of the Community Centre.

Income from Operation of Community Centre, Grants & Fund-raising

These comprise amounts receivable during the year.

Donations, Gifts & Legacies

These comprise amounts received during the year.

Investment Income

Investment income comprises interest income receivable on short term deposits.

Resources Expended

Resources expended are accounted for on an accruals basis.

SOUTHWICK COMMUNITY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

2. Charitable Expenditure

Charitable expenditure includes:	<u>2016</u>	<u>2015</u>
Depreciation	10,485	9,659
Wages and salaries	57,123	55,815

No employee earned £40,000 or more per annum. No amounts for remuneration or reimbursement of expenses were paid or payable to a trustee or connected person.

The average number of employees (full-time equivalent, analysed by function) was:

	<u>2016</u>	<u>2015</u>
Community services	3.6	3.6
Fund-raising and publicity	--	--
Management and administration	1.7	1.7
	<u>5.3</u>	<u>5.3</u>

3. Management and Administration

	<u>Unrestricted Funds</u>	<u>Restricted Funds</u>	<u>Total Funds 2016</u>	<u>Total Funds 2015</u>
Salaries and office costs	38,175	--	38,175	35,788
Audit fees	400	--	400	400
	<u>£38,575</u>	<u>£0</u>	<u>£38,575</u>	<u>£36,188</u>

4. Total Resources Expended

	<u>Personnel Costs</u>	<u>Depreciation</u>	<u>Other Costs</u>	<u>Total 2016</u>	<u>Total 2015</u>
Front-line operation of the Community Centre	57,123	10,485	68,984	136,592	136,408
Management and administration	31,853	--	6,722	38,575	36,188
	<u>£88,976</u>	<u>£10,485</u>	<u>£75,706</u>	<u>£175,167</u>	<u>£172,596</u>

SOUTHWICK COMMUNITY ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

5. TANGIBLE FIXED ASSETS

	Leasehold Improvements	Theatre Equipment	Fixtures, Fittings & Equipment	Total
	£	£	£	£
COST				
As at 1 April 2015	1,054,519	116,725	77,545	1,248,789
(Old assets fully written out)		(24,705)	(31,129)	(55,834)
Additions	1,160	25,731	14,394	41,285
As at 31 March 2016	<u>1,055,679</u>	<u>117,751</u>	<u>60,810</u>	<u>1,234,240</u>
ACCUMULATED DEPRECIATION				
As at 1 April 2015	301,704	94,306	56,809	452,819
(Old assets fully written out)		(24,705)	(31,129)	(55,834)
Charge for year	22,848	5,922	4,563	33,333
As at 31 March 2016	<u>324,552</u>	<u>75,523</u>	<u>30,243</u>	<u>430,318</u>
NET BOOK VALUE				
As at 31 March 2015	<u>£752,815</u>	<u>£22,419</u>	<u>£20,736</u>	<u>£795,970</u>
As at 31 March 2016	<u>£731,127</u>	<u>£42,228</u>	<u>£30,567</u>	<u>£803,922</u>

All of the fixed assets of the Association are used in the furtherance of its objects.

6. DEBTORS

	<u>2016</u>	<u>2015</u>
Trade debtors	13,682	17,665
Prepayments	6,269	6,210
Other debtors	--	--
	<u>£19,951</u>	<u>£23,875</u>

SOUTHWICK COMMUNITY ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

7. CREDITORS (Amounts falling due within one year)

	<u>2016</u>	<u>2015</u>
Trade creditors	7,514	9,792
Accruals	7,856	1,458
Other creditors	4,521	2,420
Loans	--	--
Social security and other taxes	--	--
	<u>£19,891</u>	<u>£13,670</u>

8. CREDITORS (Amounts falling due after more than one year)

	<u>2016</u>	<u>2015</u>
Within two to five years	<u>£0</u>	<u>£0</u>

9. RESTRICTED FUNDS AND GENERAL RESERVE

	<u>Balance at 1 April 2015</u>	<u>Movement in resources</u>		<u>Balance at 31 March 2016</u>
		<u>Incoming</u>	<u>Outgoing</u>	
Restricted	1,036,531	33,499	33,460	1,036,570
General Reserve	81,990	196,128	175,167	102,951
	<u>£1,118,521</u>	<u>£229,627</u>	<u>£208,627</u>	<u>£1,139,521</u>

The General Reserve represents the free funds of the charity which are not designated for particular purposes. The restricted fund was established in prior years for the improvement and development of facilities used by the Association. In 1996 the Association was given grant approval from the Arts Council of England to improve and develop the Barn Hall and other areas of the buildings used by the Association. To complete the financing of the work, additional grants and donations were obtained and various fundraising initiatives were undertaken by the Association.