

Registered Company No: SC225422

Registered Charity No: SCO32430

IMPACT ARTS (PROJECTS) LIMITED

(A company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 MARCH 2012**

IMPACT ARTS (PROJECTS) LIMITED
(A company limited by guarantee)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2012

CONTENTS	PAGE
Legal and Administrative information	1
Trustees' Report	2 – 11
Auditors' Report	12 – 13
Statement of Financial Activities	14
Balance Sheet	15
Notes to the Financial Statements	16 - 25

IMPACT ARTS (PROJECTS) LIMITED

(A company limited by guarantee)

LEGAL AND ADMINISTRATIVE INFORMATION

Charity Name: Impact Arts (Projects) Limited

**Registered Office and
Operational Address:** The Factory
319 Craigpark Drive
Glasgow
G31 2TB

Charity Registration Number: SCO32430

Company Registration Number: SC225422

Trustees S D Aktemel
J Downie
Y Finlayson
N McLean
E Ramsay
J Riddell
E Shaw
G Watt
A McElroy

Secretary: M Sanders

Senior Management Team: Susan Aktemel, Director (up to October 2012)
Rachael Arnold, Director
Lynne Carr, Chief Executive (from May 2012)
Pam McLean, Interim Head of Delivery (from
January 2012, up to August 2012)
Joan Riddell, Interim Business Development (from
December 2011, up to June 2012)
Mairi Sanders, Head of Finance
Alison Urie Head of Delivery (from January 2012)

Auditors: Wylie & Bisset LLP
168 Bath Street
Glasgow
G2 4TP

Bankers: The Royal Bank of Scotland
Glasgow Alexandra Parade Branch
568 Alexandra Parade
Glasgow
G31 3BP

Solicitors: Burness LLP
50 Lothian Road
Festival Square
Edinburgh
EH3 9WJ

IMPACT ARTS (PROJECTS) LIMITED
(A company limited by guarantee)

REPORT OF THE TRUSTEES FOR THE YEAR ENDED
31 MARCH 2012

Introduction from Chairperson

This year has been a period of change for Impact Arts (Projects) Ltd with founder, Susan Aktemel, deciding it was time to step down and move on to new opportunities and a new social enterprise venture.

I would like to offer my own personal and also the Board's tribute to Susan, whose ideas, drive, enthusiasm and commitment has made Impact Arts the organisation that it is today. The good news is that Susan won't be lost to the organisation as she will continue on the Board

Joan Riddell who chaired for organisation for 1.5 years, also stood down as Chair and I would also like to pay tribute to Joan for all her hard work on behalf of Impact Arts.

We conducted an extensive and rigorous search for a new Chief Executive and appointed Lynne Carr (ex Chief Executive of River Clyde Homes) to the post, and we have every confidence Lynne will lead the organisation into its next phase of development.

In the last year we have continued to consolidate our position, developing and delivering high-quality and effective programmes across the West of Scotland, Central Scotland, Edinburgh and the Borders.

In the last year we have worked with over 5,897 people, through delivering projects and audience attendance across local authority areas. We launched Scotland's first children's gallery in Dennistoun to resounding success. We formed a strategic allowance with Cassiltoun Housing Association, based our highly successful Craft Café pilot, which aims to reduce social isolation amongst older people.

The Social Return on Investment report on Craft Café was launched by the Minister of Public Health, Michael Matheson MSP. This showed that for every £1 spent on Craft Cafe, £8.27 of Social Value was created.

We opened our first eco-chic boutique in Glasgow, which has been a resounding success with increasing sales, high profile through its regular gig nights and has become an integral part of our Youth Employability programmes, giving young people experience and learning in retail. The boutique was officially opened by Councillor Gordon Matheson, Leader of Glasgow City Council, who contributed to the project.

We have always been fortunate to have board members of great experience, quality and ability and this year the Board has been strengthened by new members Professor Eleanor Shaw (Principle Investigator, Centre for Charitable Giving and Philanthropy, Strathclyde Business School) and Yvonne Finlayson (Business Development Director at Ernst & Young) this year.

Impact Arts have a staff team that are committed, professional and dedicated. The whole Impact Arts Staff team continue to be creative, innovative and committed to delivering, high-quality projects, services and new opportunities which help our participants to change their lives.

The current economic climate continues to present challenges and continues to have a major impact on our working environment.

The Board are confident however of the continued growth of Impact Arts, due to both a healthy reserves position and our ambitious plans for the next three years.

We look forward to working with all our partners and stakeholders over the coming years to change the lives of people throughout Scotland for the better.

Regards


John Downie
Chairperson Impact Arts (Projects) Ltd.

IMPACT ARTS (PROJECTS) LIMITED

(A company limited by guarantee)

REPORT OF THE TRUSTEES FOR THE YEAR ENDED

31 MARCH 2012

Directors and Trustees

The trustees are pleased to present their report together with the financial statements of the charity for the year ended 31 March 2012. The legal and administrative information shown on page one, forms part of this report.

Directors and Trustees

The directors of the company are also trustees for the purpose of charity law and throughout this report are collectively referred to as the Trustees.

There are currently nine directors serving as trustees, the maximum allowed under the Memorandum and Articles of Association.

The trustees who served during the year and since the year end were as follows:

S D Aktemel
R O Arnold (Resigned October 2011)
J Downie
Y Finlayson (From May 2012)
N McLean
E Ramsay
J Riddell
E Shaw (From November 2011)
G Watt
A McElroy (From November 2011)

Structure, Governance and Management

- **Governing Document**

Impact Arts (Projects) Limited is a company limited by guarantee and is governed by its Memorandum and Articles of Association dated 16 December 2005 as amended. It is registered as a charity with the Office of the Scottish Charity Regulator (OSCR) and with the Inland Revenue.

- **Recruitment and Appointment of Trustees and Members**

Membership is open to any individual who wishes to support the aims and activities of the company, providing he/she is nominated for membership by two existing members of the company. The Directors shall be entitled, at their discretion, to refuse to admit any person to membership even if he/she is qualified for membership.

A person who wishes to become a member shall lodge with the company a written application for membership (in such form as the directors require), signed by him/her and signed by the persons nominating/him/her for membership. This application will then be considered by existing trustees at the next board meeting.

No employee of the company may become a member; a person admitted to membership shall automatically cease to be a member if he/she becomes an employee of the company. A person, once established to membership, shall remain a member unless and until he/she withdraws from membership.

IMPACT ARTS (PROJECTS) LIMITED

(A company limited by guarantee)

REPORT OF THE TRUSTEES FOR THE YEAR ENDED

31 MARCH 2012

Nominations for trustees are encouraged from members based on the requirements for specialist skills and expertise that will help progress of Impact Arts (Projects) Limited, such as housing, regeneration, working with young people, creative industries. Nominations are then considered at quarterly board meetings by other trustees.

• Trustee Induction and Training

New trustees undergo a series of meetings with current board members to brief them on:

- Their legal obligations under company and charity law
- The content of the Memorandum and Articles of Association
- The strategic business plan
- Recent financial performance and forecasts.

During these meetings they are able to observe the work of the charity, meet key employees as well as other trustees.

• Risk Management

The trustees have developed a comprehensive risk strategy for the charity. As a matter of course regular and formal reviews are undertaken by trustees to:

- Identify the key risks the charity may face
- Develop a business continuity plan in the case of these risks materialising
- Establish systems and procedures designed to minimise any potential impact on the charity should these risks materialise.

As part of this process new procedures have been developed to address specific risks that have been identified, including:

- Improved procedures for reviewing the risks, including health and safety issues, when staff are working with vulnerable participants.
- Contingency planning procedures for dealing with the unforeseen closure of third party premises to minimise the impact on the delivery of services to participants.

• Organisational Structure

The directors and trustees have overall responsibility for the administration of the company and charity. The board meets quarterly and sub-committees covering staffing issues and finance meet as and when required.

Susan Aktemel has been an Executive Director of the company up to her resignation, leading the senior management team of the company. They are supported operationally by a team of managers with responsibility for corporate services (including, finance and operations) and the delivery of regional programmes and projects.

Managers and staff have delegated authority to implement the charity's strategic business plan, within the terms of delegation approved by trustees. In doing this, they are supported by the Chairperson and other trustees.

IMPACT ARTS (PROJECTS) LIMITED

(A company limited by guarantee)

REPORT OF THE TRUSTEES FOR THE YEAR ENDED

31 MARCH 2012

• Related Parties

This year saw a continued reduction in the relationship between the Charity and Impact Arts (Glasgow) Ltd (IAGL), a company limited by shares. IAGL is in the process of being wound down. Susan Aktemel, Director and Rachael Arnold, Development Director, remain, shareholder directors of IAGL and will do so until the company is closed down.

Objectives and Activities

The objectives of the charity are:

- 1) To advance education through the promotion of the arts in Scotland ("the Operating Area") by encouraging and providing opportunities for the residents of the Operating Area to engage in arts activities, whether in the field of visual arts, the performing arts or otherwise.
- 2) To help relieve unemployment for the public benefit, in particular among residents of the Operating Area, in such ways as may be thought fit.
- 3) To preserve, restore and improve the environment in and around the Operating Area through the provision, maintenance and/or improvement of public open space and other public amenities and other environmental and townscape regeneration projects and in doing so to seek wherever appropriate (but subject to appropriate safeguards to ensure that the public benefit so arising clearly outweighs any private benefit thereby conferred on private landowners) to carry out works of reclamation, remediation, restoration and other operations to facilitate the use of those purposes of land whose use has been prevented or restricted because of previous use.
- 4) To promote, operate and/or support other charitable projects and programmes for the benefit of the community.

The main objectives set out in the Strategic Business Plan for 2012 -2015 are:

- Break the cycle of repeat homelessness by increasing tenancy sustainment and helping people prepare for their new home
- Enabling people to increase future life prospects, with specific focus on raising aspiration, self esteem, employability and enterprise
- Reducing social isolation amongst older people
- Use the arts as a vehicle for community regeneration: Urban Green, commissioned public art projects and consultancy work
- To continue to strengthen our financial independence
- To continue to build the reputation of Impact Arts as a world-leading centre of excellence for community based arts programmes, ensuring that our systems and processes support staff to provide excellence.

Core Programmes

Impact Arts (Projects) Ltd has developed a number of core programmes to deliver the charity's objectives. These core programmes are as follows:

IMPACT ARTS (PROJECTS) LIMITED

(A company limited by guarantee)

REPORT OF THE TRUSTEES FOR THE YEAR ENDED

31 MARCH 2012

- **Fab Pad**

Fab Pad was developed in 1998 to enable people who have either been homeless or are in danger of becoming homeless to sustain their tenancies. Through a combination of individual interior design support, structured creative group work combined with tailored employment and training advice, Fab Pad helps people turn their house into a home they want to live in. Fab Pad was first established in Glasgow and is now a national programme working with people in 6 local authority areas across Scotland.

- **Creative Pathways**

Creative Pathways is a creative engagement programme for "hard to reach" young people aged 16 -19 years old, who would otherwise be not in education, training or employment. The programme aims to sustain positive engagement, foster aspiration and develop the fundamental skills young people require to progress onto further education, training or employment. The programme does this by using creative activities to foster a positive work ethic, increase confidence, skills and enterprise amongst the young people we work with.

- **Gallery 37**

Gallery 37 is an intensive youth arts programme, which has been adapted from a model first developed in Chicago. The focus of the programme is to engage young people who are vulnerable, do not engage in other activities, have behavioural issues, have poor attendance at school or in danger of being excluded. An intensive programme of multi-art activities, community challenges and learning opportunities are used to increase self esteem, confidence and provide opportunities to foster talents and celebrate achievements of individuals and groups.

- **Craft Cafe**

Craft Cafe is a programme of arts and creative activities for older people. The programme is designed to increase social interaction and thereby reduce isolation and loneliness amongst older people. By engaging those who are most vulnerable in the community, Craft Cafe contributes to improving the mental and physical health of older people, encourages people to become involved in other community based activities and signposts them to other support services that can contribute to improving their quality of life.

- **Urban Green**

The aim of Urban Green is to transform under or unused landscapes through community engagement and creative interventions. Urban Green can be an independent activity or fit within the larger regeneration of an area. It is a tailored service for each community with the community need always at its heart. Through engaging in quality community consultation, having access to environmental expertise and an artistic vision, communities can permanently transform their environment for the better.

- **The Young Gallery**

The Young Gallery is a dedicated and aspirational space where children and their friends and families can celebrate their artistic achievements. The Young Gallery runs an on-going programme of theme-based visual workshops for children and young people. Young people work with experienced artists over eight workshops, creating artwork that then forms an exhibition in our Gallery based in Glasgow's East End, which is undergoing wide scale regeneration ahead of the Commonwealth Games 2014.

IMPACT ARTS (PROJECTS) LIMITED

(A company limited by guarantee)

REPORT OF THE TRUSTEES FOR THE YEAR ENDED

31 MARCH 2012

Achievements and Performance

Overview

This year 1422 people participated in our core programmes. In addition we engaged approximately 4430 people as audiences at events, performances and exhibitions.

Throughout the year, the charity managed individual projects in local authority areas. This reinforces our ambition to deliver opportunities to a wide range of people living in communities throughout Scotland.

Fab Pad

Impact Arts continues to work in partnership with Renfrewshire Council Throughcare social work team that support young people, aged 16-20, as they move from children's units to their own tenancies. Renfrewshire Fab Pad works intensively with the young people who are moving to their own tenancy; to assist them to fully furnish, carpet and decorate their new home in order that it is personalised and increases the person's chances of settling in and progressing on. Young people attend weekly evening workshops to continue to make designs, artwork and soft furnishings for their home.

Fab Pad has also been operating in Glasgow, Stirling, Edinburgh and the Borders supported by funding from Inspiring Scotland, Wider Role, and Big Lottery Fund. In addition through initiatives such as SCVO Community Scotland Jobs we have been able to offer additional support to the Fab Pad programme with young people gaining job opportunities as creative and operational assistants.

Creative Pathways

Creative Pathways is building on its ever improving reputation as an engagement programme for young people who are not in education, training or employment. Creative Pathways has two main strands; Home is a furniture design and construction project while Eco Chic focuses on fashion design and clothes making. Both projects have a strong emphasis on up-cycling and recycling and encourage very practical skill building while allowing for the discovery and unleashing of creativity and imagination.

To compliment the Eco Chic programme, Impact Arts opened an Eco Chic Boutique in Glasgow so that young people can learn about retail and the operation of a business, including window design, stock counting and cash collection.

Over the year a total of 135 young people participated in the Home and Eco-Chic Creative Pathways Programmes in Glasgow, Ayrshire, Edinburgh and the Scottish Borders.

Gallery 37

This year in Edinburgh Gallery 37 ran for four weeks during the summer holidays. The focus was on engaging with the hardest to reach young people living in the city developing them and moving them into positive destinations Artists worked with 43 young people to develop their skills in Animation, Costume Design, Drama and Movement, Music and Performance. The participants developed the skills required to create their own theatrical street performance which was performed in various locations as part of the Edinburgh Fringe.

Craft Cafe

During the year, two Craft Cafe projects operated in Castlemilk and Govan, involving 73 older people as participants between these two locations.

An analysis of the Social Return on Investment was undertaken and launched by Malcolm Mathieson, Minister for Public Health. The report showed that every £1 invested in Craft Café led to a Social Return of £8.27 in impact on participants, their families, Registered Social Landlords and the NHS. A partnership was also formed with Viewpoint Housing Association to begin a Craft Café in Edinburgh from April 2012.

IMPACT ARTS (PROJECTS) LIMITED

(A company limited by guarantee)

REPORT OF THE TRUSTEES FOR THE YEAR ENDED

31 MARCH 2012

Urban Green

Urban Green has continued to grow, undertaking a number of commissioned projects in Pollok, Castlemilk, Irvine and Clydebank.

In addition we developed a unique programme of Urban Green makeovers in partnership with Glasgow Housing Association (GHA) and Strathclyde Fire & Rescue (SFR). This programme focused on areas in Greater Pollok which had been identified by SFR intelligence as having high levels of anti social behaviour and that housed GHA tenants. This approach led to a group of young people who had been part of the issues around anti social behaviour to makeover urban spaces. This has led to further Urban Green developments in areas of anti social behaviour such as Parkhead for 2012/13.

Commissioned Projects

As part of Impact Arts continued growth the commissioned projects and the partnerships they create continue to be integral to the success of the business. This year we delivered 55 projects.

Inspiring Scotland

This was the third year of our seven year investment programme supported by Inspiring Scotland. The investment has contributed across the geographical regions towards the flagship programmes; Fab Pad, Creative Pathways, G37 as well as staffing infrastructure.

All of our targets for Year 3 of the Inspiring Scotland investment programme were met and in many cases exceeded.

Social Investment Fund

Through the SIF, Impact Arts has purchased 2 vans, increased the value of its balance sheet by purchasing property in Ayrshire as well as enabling an upgrade programme for the head office.

A Fab Pad franchise manual has been written but more development is needed to take this to market.

The Social Investment Fund has provided a total of £494,000 in grant and loan funding for the above and to support the development of Urban Green until 2015/16.

Enterprise for Growth

Impact Arts secured funding through the Enterprise for Growth Fund to support an investment plan to support the growth of Impact Arts through geographical expansion and core infrastructure

Scottish Enterprise

Impact Arts continues to be an account managed business with Scottish Enterprise, we have been able to access support in terms of training and business development. Some practical areas have been to secure funds and help recruit both a new Chief Exec to lead the organisation and a senior programme manager to further develop the Urban Green brand, as well as interim funds to support transition and business development.

IMPACT ARTS (PROJECTS) LIMITED

(A company limited by guarantee)

REPORT OF THE TRUSTEES FOR THE YEAR ENDED

31 MARCH 2012

Financial Overview

- **Financial Performance**

This year has seen a consolidation for Impact Arts in the context of the current external financial environment. Being very aware of the external environment the trustees and staff continued to review project costs, focus on the fundraising strategy which had a particular emphasis on generating unrestricted income and looked closely at funding received from the public sector. There is no doubt that the current environment is a challenging one for charities, and that the emphasis on diversifying our income streams and funders assisted Impact Arts. The trustees and staff have been focused on ensuring that the overheads and spend within the charity has been as prudent as it could be, this has resulted in cost savings across areas such as utility bills, materials & resources and core costs. This has not compromised the excellent delivery for which Impact Arts is known.

This year we have continued to receive philanthropic investment from Inspiring Scotland and Social Investment Scotland which has allowed us to further cement our position as a key player in the delivery of high quality programmes for some of the countries most disadvantaged young people. This has resulted in the continued growth & development of key programmes allowing for other areas of income generation across other geographical locations.

We have also received funding for Enterprise Growth fund and Scottish Enterprise to invest in our infrastructure such as IT, marketing and business development.

- **Reserves Policy**

Impact Arts carried forward significant restricted reserves into 2011/12 which has been spent during the year on programme activities.

The trustees consider that the Charity ought to have an adequate level of free reserves which equate to 3 months core running costs (excluding project delivery), which would be in the region of £186,000 in the coming year. This is required to bridge the potential funding gaps between spending on projects and receiving income.

At 31st March 2012 the charity had free reserves of £139,236. We also have approximately £17,000 of funds committed to work to be completed within 2012/13. The level of reserves to cover core running costs for 3 months is £186,000. With unrestricted and free reserves equalling £122,236, Impact Arts has 2 months running costs at March 12 and intends for this to increase over 2012/2013. The decrease in the free reserves is as expected due to the purchase of properties during the year as well as the additional staff costs to cover maternity leave.

- **Future Financial Planning**

Under the Statement of Recommended Practice (SORP) for charity accounts, income is reported in the year it is received whilst expenditure may be reported in future years. At times of rapid income growth this will result in the reporting of inflated surpluses. However where there is a reduction in income this can lead to reported losses. This has been the situation at Impact Arts where restricted reserves of £724,953 in 2010/11 have reduced to £526,561 in 2011/12. A reduction of £198,392.

This has resulted in a reported loss in the year of £191,478 for 2011/12. This was anticipated in the accounts last year and it was expected that Impact Arts would report a reduction in total reserves, reductions in cash and a possible reported loss.

IMPACT ARTS (PROJECTS) LIMITED

(A company limited by guarantee)

REPORT OF THE TRUSTEES FOR THE YEAR ENDED

31 MARCH 2012

The carryover restricted reserve for 2011/12 is £523,008. Impact Arts will be spending much of this reserve in 2012/13 which is likely to lead to another reported loss in 2012/13.

The trustees are confident that our financial strength will remain undiminished due to the healthy state of our unrestricted reserves. A true indication of our financial performance is the unrestricted and uncommitted reserve position which is £122,236.

The current position of the charity is a strong one and a realistic business plan has been agreed going forward.

The external environment is likely to become even more challenging for charities across the board, and Impact Arts will need to be extremely focused as pressure increases on funders and investors in how they distribute their funds. It is a widely held view that the arts are not an essential investment, therefore Impact Arts needs to continue to deliver high quality innovative solutions to main stream issues with a key focus on being ensuring that the impact of that work is spread as widely as possible. Having secured investment required to build our property assets, social franchising & business development going forward Impact Arts will focus on the development over the coming years on building the brand & reputation. Our strategic plan outlines the key areas of focus.

- Widen income stream
- National (UK) presence
- Strengthen the brands
- Excellence in delivery
- Developing our people

IMPACT ARTS (PROJECTS) LIMITED

(A company limited by guarantee)

REPORT OF THE TRUSTEES FOR THE YEAR ENDED

31 MARCH 2012

Statement of trustees' responsibilities

The trustees (who are also directors of Impact Arts (Projects) Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's constitution. 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.

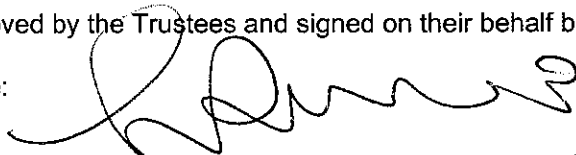
In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

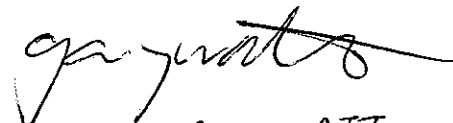
This report has been prepared in accordance with the Statement of recommended Practice: Accounting and Reporting by charities (issued March 2005) and in accordance with the provisions applicable to companies subject to the small companies regime of the Companies Act 2006.

Approved by the Trustees and signed on their behalf by:

Name:



Date: 11 December 2012 JOHN DOWNIE



GARY WATT

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF IMPACT ARTS PROJECTS LIMITED FOR THE YEAR ENDED 31 MARCH 2012

We have audited the financial statements of Impact Arts (Projects) Limited for the year ended 31 March 2012 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 11, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustees Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees Annual Report to identify material inconsistencies with the audited financial statements. 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 2011 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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF IMPACT ARTS PROJECTS LIMITED FOR THE YEAR ENDED 31 MARCH 2012

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 Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the charitable company has not kept proper and adequate accounting records 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;
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors report.



Jenny Simpson (Senior statutory auditor)
For and on behalf of Wylie & Bisset LLP, Statutory Auditor

168 Bath Street
Glasgow
G2 4TP

Wylie & Bisset LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

11 December 2012

IMPACT ARTS (PROJECTS) LIMITED**(A company limited by guarantee)****STATEMENT OF FINANCIAL ACTIVITIES****(including Income and Expenditure Account)****FOR THE YEAR ENDING 31 MARCH 2012**

	Notes	Unrestricted £	Restricted £	2012 Total £	2011 Total £
Incoming Resources					
Incoming resources from voluntary funds					
Voluntary income	3	113,634	130,000	243,634	497,393
Activities for generating funds	4	17,435	-	17,435	12,835
Investment Income	5	4,984	-	4,984	3,029
Incoming resources from charitable activities	6	<u>302,109</u>	<u>1,142,654</u>	<u>1,444,763</u>	<u>2,149,044</u>
Total Incoming Resources		<u>438,162</u>	<u>1,272,654</u>	<u>1,710,816</u>	<u>2,662,301</u>
Resources expended					
Costs of generating voluntary income	7	17,266	-	17,266	11,638
Charitable activities	8	391,809	1,474,838	1,866,647	2,123,169
Governance costs	9	<u>18,381</u>	<u>-</u>	<u>18,381</u>	<u>13,790</u>
Total Resources Expended		<u>427,456</u>	<u>1,474,838</u>	<u>1,902,294</u>	<u>2,148,597</u>
Net incoming/(outgoing) resources before transfers					
		10,706	(202,184)	(191,478)	513,704
Transfers					
	23	(3,792)	3,792	-	-
Net income/(expenditure) for the year					
		<u>6,914</u>	<u>(198,392)</u>	<u>(191,478)</u>	<u>513,704</u>
Reconciliation of Funds					
Total funds brought forward	21,22	364,029	724,953	1,088,982	575,278
Total funds carried forward	21,22	<u>370,943</u>	<u>526,561</u>	<u>897,504</u>	<u>1,088,982</u>

The statement of financial activities includes all gains and losses recognised in the year.

All incoming resources and resources expended derive from continuing activities.

IMPACT ARTS (PROJECTS) LIMITED

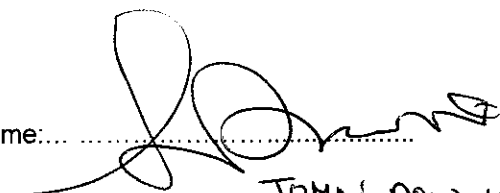
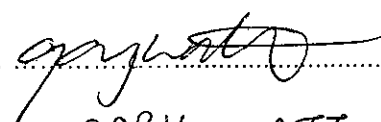
(A company limited by guarantee)

BALANCE SHEET AT 31 MARCH 2012

	Notes	£	2012 £	2011 £
FIXED ASSETS				
Tangible Assets	14		618,678	529,328
Intangible Assets	15		-	1,667
			<u>618,678</u>	<u>530,995</u>
CURRENT ASSETS				
Stocks	16	14,212		16,422
Debtors	17	205,512		159,032
Cash at bank and in hand		<u>681,078</u>		<u>1,073,901</u>
		900,801		1,249,355
Creditors: amounts falling due within one year	18	<u>(185,102)</u>		<u>(246,111)</u>
NET CURRENT ASSETS			715,700	1,003,244
Creditors: amounts falling due after one year	19		(436,874)	(445,257)
NET ASSETS			<u>897,504</u>	<u>1,088,982</u>
Unrestricted Funds				
General Funds	22	139,236		263,442
Designated Funds		<u>231,707</u>		<u>100,587</u>
			370,943	364,029
Restricted Funds	21		526,561	724,953
TOTAL FUNDS			<u>897,504</u>	<u>1,088,982</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime of the Companies Act 2006.

Approved by the Trustees and signed on their behalf.

Name:  Name: 

Date: 11 December 2012
JOHN DOWNIE

GARY WATT

Company No: :SC225422

IMPACT ARTS (PROJECTS) LIMITED

(A company limited by guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2012

1. Accounting Policies

a) Basis of preparation

The financial statements have been prepared under the historic cost convention and in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005) issued in March 2005, applicable UK Accounting Standards and the Companies Act 2006. The principal accounting policies adopted in the preparation of the financial statements are set out below.

b) Fund accounting

- Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity.
- Designated funds are unrestricted funds earmarked by the Trustees for particular purposes.
- Restricted funds are subjected to restrictions on their expenditure imposed by the donor or through the terms of an appeal.

c) Incoming resources

All incoming resources are included in the Statement of Financial Activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Voluntary income is received by way of grants, donations and gifts and is included in full in the Statement of Financial Activities when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.
- Donated services and facilities are included at the value to the charity where this can be quantified. The value of services provided by volunteers has not been included in these accounts.
- Investment income is included when receivable.
- Incoming resources from charitable trading activities are accounted for when earned.
- Incoming resources from grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance.

Income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the charity has unconditional entitlement.

IMPACT ARTS (PROJECTS) LIMITED

(A company limited by guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2012

1. Accounting Policies (continued)

d) Resources expended

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered and is reported as part of the expenditure to which it relates:

- Costs of generating funds comprise the costs associated with attracting voluntary income and the costs of trading for fundraising purposes.
- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.
- All costs are allocated between the expenditure categories of the SoFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis e.g. floor areas, per capita or estimated usage as set out in Note 10.

e) Tangible fixed assets and depreciation

Tangible fixed assets costing more than £2,000 are capitalised, including any incidental expenses of acquisition.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Equipment	-	25% on cost
-----------	---	-------------

Property - The trustees consider the carrying value of these assets to be in excess of cost, and accordingly have not depreciated these assets.

f) Intangible Assets

Intangible Fixed Assets are capitalised and amortised on a straight line basis over 3 years in order to write off the asset over its estimated useful life.

g) Taxation

The company is a charitable company within the meaning of Section 467 of the Corporation Tax Act 2010. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied for charitable purposes only.

IMPACT ARTS (PROJECTS) LIMITED

(A company limited by guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2012

2. Legal Status

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

3. Voluntary Income

	Unrestricted	Restricted	2012	2011
	£	£	Total	Total
	£	£	£	£
Donations	65	-	65	2,560
You can do it	10	-	10	-
Miscellaneous income	1,400	-	1,400	1,643
Project income	21,381	-	21,381	31,412
Inspiring Scotland	90,778	-	90,778	207,348
Social Investment Fund	-	-	-	254,430
Enterprise Growth Fund	-	130,000	130,000	-
	<u>113,634</u>	<u>130,000</u>	<u>243,634</u>	<u>497,393</u>

4. Activities for Generating Funds

	Unrestricted	Restricted	2012	2011
	£	£	Total	Total
	£	£	£	£
Caring Christmas Trees	17,372	-	17,372	12,425
Sale of materials	63	-	63	410
	<u>17,435</u>	<u>-</u>	<u>17,435</u>	<u>12,835</u>

5. Investment Income

	Unrestricted	Restricted	2012	2011
	£	£	Total	Total
	£	£	£	£
Bank Interest	4,984	-	4,984	3,029
	<u>4,984</u>	<u>-</u>	<u>4,984</u>	<u>3,029</u>

6. Incoming Resources from Charitable Activities

	Unrestricted	Restricted	2012	2011
	£	£	Total	Total
	£	£	£	£
Homelessness	127,423	479,345	606,768	1,136,364
Young People	61,128	534,249	595,377	724,508
Employability	-	-	-	10,878
Older People	8,155	29,486	37,641	75,666
Regeneration and Environmental	105,403	99,574	204,977	201,628
	<u>302,109</u>	<u>1,142,654</u>	<u>1,444,763</u>	<u>2,149,044</u>

IMPACT ARTS (PROJECTS) LIMITED

(A company limited by guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2012

7. Resources Expended- Fundraising Trading

	Direct Costs £	Support Costs £	2012 Total £	2011 Total £
Caring Christmas Trees	17,242	-	17,242	11,638
Material Sales	24	-	24	-
	<u>17,266</u>	<u>-</u>	<u>17,266</u>	<u>11,638</u>

8. Resources Expended- Charitable Activities

	Direct Costs £	Support Costs £	2012 Total £	2011 Total £
Homelessness	615,868	232,824	848,692	1,085,762
Younger People	512,760	192,905	705,665	813,717
Employability	-	-	-	16,772
Older People	51,586	24,093	75,679	80,061
Regeneration and Environmental	170,315	66,296	236,611	126,857
	<u>1,350,529</u>	<u>516,118</u>	<u>1,866,647</u>	<u>2,123,169</u>

9. Resources Expended – Governance Costs

	Direct Costs £	Support Costs £	2012 Total £	2011 Total £
Staff costs	-	11,418	11,418	7,516
Auditors' Remuneration	6,963	-	6,963	6,274
	<u>6,963</u>	<u>11,418</u>	<u>18,381</u>	<u>13,790</u>

10. Support Costs – Breakdown by Activities

	Homelessness £	Younger People £	Older People £	Regeneration and Environmental £	Governance £	Basis of Allocation
Staff costs	98,199	82,213	9,135	27,406	11,418	Time spent Usage
Other costs	134,625	110,692	14,958	38,890	-	
	<u>232,824</u>	<u>192,905</u>	<u>24,093</u>	<u>66,296</u>	<u>11,418</u>	

IMPACT ARTS (PROJECTS) LIMITED

(A company limited by guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2012

11. Net Incoming Resources for the Year

This is stated after charging:

	2012	2011
	£	£
Depreciation	18,471	11,681
Auditors' Remuneration – Audit Fees	6,963	5,995

12. Staff Costs and Numbers

Staff costs were as follows:

	2012	2011
	£	£
Salaries and wages	1,109,021	1,223,033
Social security costs	81,841	97,016
Other pension costs	19,887	19,856
Total	<u>1,210,749</u>	<u>1,339,905</u>

No employee received emoluments of more than £60,000.

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

	2012	2011
	Number	Number
Total	<u>69</u>	<u>80</u>

13. Trustees' Remuneration and Related Party Transactions

S Aktemel (Trustee) received a salary of £51,452 (2011 - £45,000) and R O Arnold (Trustee till October) received a salary of £24,227 (2011 - £43,125). J Riddell (Trustee) received consultancy fees of £10,650 (2011 – Nil).

No other Trustees received any remuneration during the year. No expenses were reimbursed to Trustees.

Following a planned company review and changes to the memorandum and articles of association during the previous year, the charity greatly reduced its involvement with Impact Arts (Glasgow) Limited (IAGL), a company limited by share providing infrastructure support to the charity. This company has been effectively wound down during the year. IAGL's directors and shareholders are S Aktemel, a Trustee and R O Arnold, a Trustee (until October 2011).

During the year the company charged IAGL Nil (2011 - £11,642) in respect Materials and Equipment Supply, Nil (2011 - £4,883) in respect of Reimbursement of overheads/Direct Costs and Nil (2011 - £4,021) which are costs incurred on behalf of the charity. In addition the charity purchased assets of £90,000 from IAGL (2011 – £15,913) and paid £1,698 (2011 – Nil) in respect of Big Bag and Galvanised Hedgehog Royalties.

IMPACT ARTS (PROJECTS) LIMITED
(A company limited by guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2012

Trustees' Remuneration and Related Party Transactions (continued)

During the year the charity paid £Nil (2011 - £791) for refurbishment and building works at the charity's properties and received £242 (2011 – Nil) from the sale of furniture, to Maydos Developments Ltd, a company owned by Mr D Aktemel, husband of S Aktemel, a Trustee.

Robyn Brown, a freelance furniture designer and arts tutor received £4,658 (2011 – £21,312) in fees for the delivery of Creative Pathways and Home, groupwork programmes with young people. Robyn is the partner of R O Arnold.

Pam McLean, Interim Head of Delivery, received £7,875 for her role during the year. Pam is the wife of N McLean.

No other Trustee or other person related to the charity had any personal interest in any contract of transaction entered into by the charity during the year.

14. Tangible Fixed Assets

	Freehold Property	Equipment, Fixtures & Fittings £	Total £
Cost or valuation			
At 1 April 2011	473,479	73,981	547,460
Additions	103,400	4,421	107,821
Disposals	-	-	-
At 31 March 2012	<u>576,879</u>	<u>78,402</u>	<u>655,281</u>
Depreciation			
At 1 April 2011	-	18,132	18,132
On disposals	-	-	-
Charge for the year	-	18,471	18,471
At 31 March 2012	<u>-</u>	<u>36,603</u>	<u>36,603</u>
Net book values			
At 31 March 2012	<u>576,879</u>	<u>41,799</u>	<u>618,678</u>
At 31 March 2011	<u>473,479</u>	<u>55,849</u>	<u>529,328</u>

IMPACT ARTS (PROJECTS) LIMITED
(A company limited by guarantee)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2012

15. Intangible Assets

	2012
Franchise Fee:	£
Balance at 1 April 2011	1,667
Amortisation in year	(1,667)
Balance at 31 March 2012	<u><u>-</u></u>

16. Stocks

	2012	2011
	£	£
Goods for resale	14,212	16,422
	<u><u>14,212</u></u>	<u><u>16,422</u></u>

17. Debtors

	2012	2011
	£	£
Trade debtors	83,301	139,630
Other debtors	119,732	18,316
Prepayments	2,479	1,086
	<u><u>205,512</u></u>	<u><u>159,032</u></u>

18. Creditors: Amounts falling due within one year

	2012	2011
	£	£
Trade creditors	42,573	57,374
Other taxes and social security costs	56,441	31,927
Mortgages	10,767	9,509
Bank loans	13,580	23,974
Other Creditors	61,741	102,693
Deferred income	-	20,634
	<u><u>185,102</u></u>	<u><u>246,111</u></u>

The bank loans and mortgages are secured on the freehold property of the charity.

19. Creditors: Amounts falling due after one year

	2012	2011
	£	£
Bank Loans	194,787	187,226
Mortgages	242,087	258,031
	<u><u>436,874</u></u>	<u><u>445,257</u></u>

The bank loans and mortgages are secured on the freehold property.

IMPACT ARTS (PROJECTS) LIMITED
(A company limited by guarantee)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2012

20. Analysis of maturity

	2012 £	2011 £
Amounts falling due:		
Within one year	24,325	33,483
In one to two years	22,447	20,795
In two to five years	149,528	121,098
After five years	264,921	303,364
	<u>461,221</u>	<u>478,740</u>

The bank loans and mortgages are secured on the freehold property.

21. Restricted Funds

	Movement in funds				Balance at 31 March 2012 £
	Balance at 1 April 2011 £	Incoming resources £	Resources expended £	Transfers £	
Fab Pad – National	75,623	297,567	366,652	-	6,538
Fab Pad South Lanarkshire	4,305	-	-	-	4,305
Barrhead Fab Pad	-	21,042	17,735	-	3,307
Gallery 37	16,846	125,750	85,164	-	57,432
Creative Pathways	154,822	395,540	466,621	-	83,741
Fab Pad City Wide	79,786	155,737	226,827	-	8,696
Castlemilk projects	34,817	54,677	77,134	-	12,360
Musicians Mentoring Programme	9,115	(2,500)	6,615	-	-
Inspiring Scotland Innovation Space	28,956	-	420	-	28,536
Inspiring Scotland Artist Training	11,864	-	9,030	-	2,834
Inspiring Scotland – New Programmes	28,748	-	-	(8,222)	20,526
The Young Gallery	-	24,859	15,623	8,222	17,458
Social Investment Fund – Business Development	177,233	-	93,628	-	83,604
Social Investment Fund – Fab Pad Investment	55,894	-	-	-	55,894
The Drongan Challenge Us Project	32,906	20,418	53,359	35	-
Full Stop	-	-	50	50	-
Urban Green	7,786	6,486	17,825	3,553	-
Glenoaks Urban Green	-	3,767	2,532	-	1,235
Fire reach – Urban Green	-	34,312	24,337	-	9,975
Glasgow Writers Residence Project	6,252	-	5,676	(50)	526
Art in Action	-	-	204	204	-
Total HOME	-	5,000	-	-	5,000
Enterprise Growth Fund	-	130,000	5,406	-	124,594
	<u>724,953</u>	<u>1,272,654</u>	<u>1,474,838</u>	<u>3,792</u>	<u>526,561</u>

Fab Pad - National – interior design and support programme for young people moving into new tenancies across Scotland.

Barrhead Fab Pad

interior design and support programme for young people moving into new tenancies, working in partnership with Barrhead Housing Association tenants.

Gallery 37 – creative summer engagement programme for 14-17 year olds who are at risk of disengaging with education and training

Creative Pathways – a youth employability programme aimed at 16-19 year olds, who are not engaging in mainstream activities concentrating on sustainable fashion design and furniture design and manufacturing

IMPACT ARTS (PROJECTS) LIMITED
(A company limited by guarantee)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2012

Fab Pad – City Wide – interior design and support programme for young people moving into new tenancies across Glasgow.

Castlemilk Projects – a variety of programmes of creative activities based at Castlemilk Stables for Cassiltoun residents and the wider community including Craft Café and Urban Green.

Musicians’ Mentoring Programme – a training and support/ employability programme for young emerging musicians to establish working practices and contacts within the community arts sector.

Inspiring Scotland Innovation Space – activities relating to research and development of new programmes delivered by the Impact Arts core staff team

Inspiring Scotland Artist Training - a programme of capacity building and training for artists and tutors working with our core creative programmes for young people.

Inspiring Scotland – New Programmes – investment programme for new programmes

The Young Gallery - Scotland’s first art gallery dedicated to children and young people based in the East End of Glasgow

Social Investment Fund – Business Development - an investment plan to include the purchase of property, assets and vehicles, the upgrade of current buildings as well as project/staff investment.

Social Investment Fund – Fad Pad Investment - an investment plan for project/staff investment in Fab Pad.

The Drongan Challenge Us Project - The project involved young people in the design and installation of a landscaped green space with a range of different artistic features.

Full Stop – A creative writing project delivered in Edinburgh with 15 vulnerable young people working with acclaimed crime writer Tony Black.

Urban Green - an innovative programme, designed to transform underused and underdeveloped green spaces by in-depth community involvement and creative landscaping.

Glasgow Writers Residence Project - The focus of the project was to engage with a professional writer.

Art in Action – Art in Action offers additional or alternative therapeutic support through art therapy for 16-25 year olds who are at risk of developing or have already established substance misuse problems.

Glenoaks Urban Green

an innovative programme, designed to transform underused and underdeveloped green spaces by in-depth community involvement and creative landscaping in partnership with Glenoakes Housing Association

Fire Reach – Urban Green

A pilot programme in partnership with GHA and Strathclyde Fire & Rescue designed to reclaim underused green spaces in South Glasgow

Total Home- provides intensive support and crisis intervention at the point in which the individual receives the keys for their new tenancy.

Enterprise Growth Fund – an investment plan to support the growth of Impact Arts through geographical expansion and core infrastructure

22. Unrestricted Funds

	Movement in funds				Balance at 31 March 2012 £
	Balance at 1 April 2011 £	Incoming resources £	Expenditure (gains)/losses £	Transfers £	
	General charitable funds	263,442	438,162	422,737	
Designated funds:					
Tangible fixed assets	100,587	-	4,719	135,839	231,707
	<u>364,029</u>	<u>438,162</u>	<u>427,456</u>	<u>(3,792)</u>	<u>370,943</u>

The designated fund for Tangible fixed assets represents the net book value of the charity’s tangible assets less any applicable borrowings in respect of those assets.

IMPACT ARTS (PROJECTS) LIMITED
(A company limited by guarantee)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2012

23. Transfers

The transfer of £3,792 represents a transfer from unrestricted reserves to restricted funds to cover a deficit on restricted projects.

24. Analysis of Net Assets between funds

	Fixed Assets £	Net Current Assets £	Long Term Liabilities £	Total £
Restricted funds	-	562,561	-	562,561
Unrestricted funds	618,678	153,139	(436,874)	370,943
Total funds	<u>618,678</u>	<u>715,700</u>	<u>(436,874)</u>	<u>897,504</u>

