

Charity Registration No. NI100803

Company Registration No. NI623171 (Northern Ireland)

**STUDIO SOUK**  
**ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

# STUDIO SOUK

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Directors</b>	Fraser Brice Mark Graham Claire Patterson
<b>Charity number</b>	NI100803
<b>Company number</b>	NI623171
<b>Registered office</b>	60 - 62 Ann Street Belfast BT1 4EG
<b>Independent examiner</b>	Harbinson Mulholland Centrepoint 24 Ormeau Avenue Belfast Co. Antrim Northern Ireland BT2 8HS
<b>Bankers</b>	Santander 6 Royal Avenue Belfast BT1 1DA

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# STUDIO SOUK

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# STUDIO SOUK

## DIRECTORS REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2018

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The Directors present their report and financial statements for the year ended 31 March 2018.

### **Structure, governance and management**

Studio Souk was incorporated on 3 March 2014 and commenced operation in December 2014. The directors who served in the year are shown on page one and new directors can be appointed at a properly convened company meeting.

The Directors who served during the year and up to the date of signature of the financial statements were:

Fraser Brice

Mark Graham

Claire Patterson

### **Objectives and activities**

The company exists to promote arts and creative processes to the public and give heightened confidence, purpose, creative capacity and professional development among new emerging artists.

The Directors have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

### **Achievements and performance**

In 2018 we have added two new studio spaces to our city centre location due to demand. This year has seen many cuts within the arts sector resulting in the closure of two city centre artist studio facilities.

We continue to thrive through hard work and determination and ensure our sustainable model is maintained so that we will never have to rely on Arts Council funding to keep our doors open and our artists supported and nurtured.

This year our Belfast City Council CMAF was used to develop and curate a product collection that has been made and designed by our artists. We took part in the Belfast Met programme "Innovate Us" to further develop our skills, mainly within screen-printing and laser cutting.

We took on an intern who was a recent graduate of University of Ulster to work with us and help her develop her illustration experience. We also took on a new member of staff who has previously worked for the Glasgow School of Art. She has been a great asset to the team and takes lead on the pastoral care of our artists.

We were awarded Top Choice for Arts and Crafts in Belfast by Lonely Planet and awarded top 5 places to visit in Belfast by The New York Times. We feel this is great recognition for our work with local artists, our promotion of using recycled products within their craft and our continued engagement with the public – making the arts easily accessible to the public.

In 2018 we opened a small concession within the Belfast City Airport. The mission of this was to further promote our local makers and talent to tourist. The key goal for the airport was to see locally made products within the airport rather than the usual merchandise that is typically found in these spaces. This project created five new jobs.

### **Financial review**

In the year to 31 March 2018 there was net income of £12,908 (2017: £24,067 net expenditure) attributable to unrestricted reserves which now stand at £16,378 (2017: £3,470). In addition there was net expenditure of £Nil (2017: £Nil) attributable to restricted reserves which brought restricted reserves to £Nil (2017: £Nil).

# STUDIO SOUK

## DIRECTORS REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

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### Statement of Directors' Responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements the directors are required to: -

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Tax Status

Under Section 505(i) (a) and (c) of the Income and Corporation Taxes Act 1988, Studio Souk is entitled to charity tax exemption.

### Directors and their Interests

The directors during the year and at the year end are listed on page 1.

This report has been prepared in accordance with the Statement of Recommended Practice ('Accounting and Reporting by Charities') 2015 and in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

The Directors report was approved by the Board of Directors.



Fraser Brice

Director

Dated: 21/12/18

# STUDIO SOUK

## INDEPENDENT EXAMINER'S REPORT TO THE DIRECTORS OF STUDIO SOUK

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We report to the Directors on our examination of the financial statements of Studio Souk (the charity) for the year ended 31 March 2018.

### Responsibilities and basis of report

As the Directors of the charity (and also its directors for the purposes of company law) you are responsible for the preparation of the financial statements and you have considered the audit requirement of Section 65 (3) of the Charities Act (NI) 2008 (the Act). Having satisfied ourselves that the charity is not subject to audit under company law, and is eligible for independent examination, it is our responsibility to:

- examine the accounts under section 65 of the Charities Act (Northern Ireland) 2008;
- follow the procedures laid down in the general Directions given by the Charity Commission for Northern Ireland under section 65(9)(b) of the Charities Act;
- state whether particular matters have come to our attention.


### Independent examiner's statement

We have examined your charity accounts as required under Section 65 of the Charities Act and our examination was carried out in accordance with the general Directions given by the Charity Commission for Northern Ireland under section 65(9)(b) of the Charities Act. The examination included a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also included consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as charity trustees concerning any such matters.

Our role is to state whether any material matters have come to our attention giving us cause to believe:

- 1 That accounting records were not kept in respect of the charity as required by section 386 of the 2006 Act; or
- 2 the financial statements do not accord with those records; or
- 3 That the financial statements do not comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Charities Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland.
- 4 That there is further information needed for a proper understanding of the accounts to be reached.

We have completed our examination and have no concerns in respect of the matters (1) to (4) listed above and, in connection with following the Directions of the Charity Commission for Northern Ireland, we have found no matters that require drawing to your attention.

  
Harbinson Mulholland  
Chartered Accountants

Centrepoint  
24 Ormeau Avenue  
Belfast  
Co. Antrim  
BT2 8HS  
Northern Ireland

Dated: 21 December 2018

# STUDIO SOUK

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2018

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	Notes	Unrestricted funds 2018 £	Restricted funds 2018 £	Total 2018 £	Total 2017 £
<b><u>Income from:</u></b>					
Charitable activities	3	147,853	10,000	157,853	171,768
<b><u>Expenditure on:</u></b>					
Charitable activities	4	134,945	10,000	144,945	195,835
<b>Net income/(expenditure) for the year/ Net movement in funds</b>		12,908	-	12,908	(24,067)
Fund balances at 1 April 2017		3,470	-	3,470	27,537
<b>Fund balances at 31 March 2018</b>		16,378	-	16,378	3,470

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

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

The notes on pages 7 to 15 form part of these financial statements.

# STUDIO SOUK

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

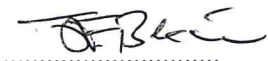
	Notes	2018 £	£	2017 £	£
<b>Fixed assets</b>					
Tangible assets	8		21,149		28,198
<b>Current assets</b>					
Cash at bank and in hand		23,138		18,148	
<b>Creditors: amounts falling due within one year</b>	9	(27,909)		(42,876)	
Net current liabilities			(4,771)		(24,728)
<b>Total assets less current liabilities</b>			16,378		3,470
<b>Income funds</b>					
Unrestricted funds			16,378		3,470
			16,378		3,470

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 March 2018. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these financial statements.

The Directors acknowledge their responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Directors on 21/12/2018....



.....  
Fraser Brice  
Trustee

Company Registration No. NI623171

The notes on pages 7 to 15 form part of these financial statements.

# STUDIO SOUK

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

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	Notes	2018 £	£	2017 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	14		4,990		730
<b>Investing activities</b>					
Purchase of tangible fixed assets		-		(32,869)	
<b>Net cash used in investing activities</b>			-		(32,869)
<b>Net cash used in financing activities</b>			-		-
<b>Net increase/(decrease) in cash and cash equivalents</b>			4,990		(32,139)
Cash and cash equivalents at beginning of year			18,148		50,287
<b>Cash and cash equivalents at end of year</b>			23,138		18,148

The notes on pages 7 to 15 form part of these financial statements.

# STUDIO SOUK

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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### 1 Accounting policies

#### Charity information

Studio Souk is a private company limited by guarantee incorporated in Northern Ireland. The registered office is 60 - 62 Ann Street, Belfast, BT1 4EG.

#### 1.1 Accounting convention

The accounts have been prepared in accordance with the the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Directors in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

#### 1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

# STUDIO SOUK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2018

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#### 1 Accounting policies

(Continued)

##### 1.5 Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Support costs are those costs incurred directly in support of expenditure on the objects of the charity. Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

##### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	25% reducing balance
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

##### 1.7 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

##### 1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

# STUDIO SOUK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

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### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

#### 1.9 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.10 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

### 2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### *Tangible fixed assets*

Tangible assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets are assessed annually and may vary depending on a number of factors. In reassessing asset lives factors such as maintenance programmes are taken into account. Residual value assessments consider issues such as the remaining live of the asset and the estimated value in use.

# STUDIO SOUK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

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### 3 Charitable activities

	2018	2017
	£	£
Membership	58,736	70,018
Commission	88,617	92,250
Grants	10,000	9,500
Other income	500	-
	<u>157,853</u>	<u>171,768</u>
Analysis by fund		
Unrestricted funds	147,853	
Restricted funds	10,000	
	<u>157,853</u>	
<b>For the year ended 31 March 2017</b>		
Unrestricted funds		162,268
Restricted funds		9,500
		<u>171,768</u>

# STUDIO SOUK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

### 4 Charitable activities

	2018 £	2017 £
Staff costs	41,540	63,379
Marketing and visual merchandising	4,025	7,750
Volunteer costs	923	4,993
Packaging	1,786	2,288
Hospitality and events	4,398	3,208
Other shop running costs	23,617	16,517
	<u>76,289</u>	<u>98,135</u>
Share of support costs (see note 5)	67,763	96,080
Share of governance costs (see note 5)	893	1,620
	<u>144,945</u>	<u>195,835</u>
<b>Analysis by fund</b>		
Unrestricted funds	134,945	
Restricted funds	10,000	
	<u>144,945</u>	
<b>For the year ended 31 March 2017</b>		
Unrestricted funds		186,335
Restricted funds		9,500
		<u>195,835</u>

# STUDIO SOUK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

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5 Support costs	Support costs	Governance costs	2018	2017
	£	£	£	£
Depreciation	7,049	-	7,049	9,399
Sundry expenses	750	-	750	4,530
Rent and rate	32,967	-	32,967	30,948
Office supplies	760	-	760	1,055
Electricity	1,024	-	1,024	26,655
Maintenance	8,752	-	8,752	11,394
Credit card charges	4,241	-	4,241	4,693
Motor and travel	132	-	132	1,689
Insurance	4,221	-	4,221	1,560
Telecommunications	1,062	-	1,062	2,157
Legal fees	6,805	-	6,805	2,000
Governance	-	893	893	1,620
	<u>67,763</u>	<u>893</u>	<u>68,656</u>	<u>97,700</u>
Analysed between				
Charitable activities	<u>67,763</u>	<u>893</u>	<u>68,656</u>	<u>97,700</u>

## 6 Directors

None of the Directors (or any persons connected with them) received any remuneration or benefits from the charity during the year.

# STUDIO SOUK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

### 7 Employees

#### Number of employees

The average monthly number of employees during the year was:

	2018 Number	2017 Number
Permanent staff including directors	6	7

#### Employment costs

	2018 £	2017 £
Wages and salaries	41,515	61,371
Social security costs	-	2,008
Other pension costs	25	-
	<u>41,540</u>	<u>63,379</u>

Key management personnel received total remuneration of £18,000 (2017: £30,500) in the period.

There were no employees whose annual remuneration was £60,000 or more.

### 8 Tangible fixed assets

	Fixtures and fittings £
<b>Cost</b>	
At 1 April 2017	39,746
At 31 March 2018	<u>39,746</u>
<b>Depreciation and impairment</b>	
At 1 April 2017	11,548
Depreciation charged in the year	7,049
At 31 March 2018	<u>18,597</u>
<b>Carrying amount</b>	
At 31 March 2018	<u>21,149</u>
At 31 March 2017	<u>28,198</u>

# STUDIO SOUK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

9	Creditors: amounts falling due within one year		
		2018	2017
		£	£
	Other creditors	3,691	26,968
	Accruals and deferred income	24,218	15,908
		<u>27,909</u>	<u>42,876</u>

### 10 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds				Balance at 31 March 2018
	Balance at 1 April 2017	Incoming resources	Resources expended	Transfers	
	£	£	£	£	£
Core Multi-Annual Funding	-	10,000	(10,000)	-	-
	<u>-</u>	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>10,000</u></u>	<u><u>(10,000)</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

The restricted funds represent a grant from Belfast City Council.

### 11 Analysis of net assets between funds

	2018	2018	Total	Total
	£	£	2018	2017
			£	£
Fund balances at 31 March 2018 are represented by:				
Tangible assets	21,149	-	21,149	28,198
Current assets/(liabilities)	(4,769)	-	(4,769)	(24,728)
	<u>16,380</u>	<u>-</u>	<u>16,380</u>	<u>3,470</u>
	<u><u>16,380</u></u>	<u><u>-</u></u>	<u><u>16,380</u></u>	<u><u>3,470</u></u>

# STUDIO SOUK

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

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### 12 Operating lease commitments

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018 £	2017 £
Within one year	32,584	32,584
Between two and five years	100,000	107,584
In over five years	25,000	50,000
	<u>157,584</u>	<u>190,168</u>

### 13 Related party transactions

There were no disclosable related party transactions during the year (2017 - none).

### 14 Cash generated from operations

	2018 £	2017 £
Surplus/(deficit) for the year	12,908	(24,067)
Adjustments for:		
Depreciation and impairment of tangible fixed assets	7,049	9,399
Movements in working capital:		
(Decrease)/increase in creditors	(14,967)	15,398
<b>Cash generated from operations</b>	<u>4,990</u>	<u>730</u>