

Topolski Memoir Limited

**Directors' and Trustees' report and
financial statements**

Company number 05081621

Registered charity number 1103516

31 March 2011



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Directors' and Trustees' report

The Directors and Trustees present their report and the audited financial statements for the year to 31 March 2011

Reference and Administrative Details of the Charity, its Trustees and Advisers

Topolski Memoir Limited is a registered charity, registered at the Charity Commissioners as number 1103516 and has a company registration number 05081621 at Companies House. The registered office address is 150-152 Hungerford Bridge, Concert Hall Approach, Waterloo, London SE1 8XU.

The names of the charity's trustees and directors at the date of this report and those who served during the year are as follows:

Angus Falconer (appointed 1st December 2010)

Robert Gillespie

John Langley

Olga Polizzi (Chair of Appeal Committee)

Lord Razzall (Chairman)

Lynton Richmond (Treasurer)

Teresa Topolski

Daniel Topolski (Interim Chair of Management Committee)

South Bank Centre Limited (represented by Mike McCart)

Simon Marshall, Interim Director and Secretary (resigned 28th August 2010)

The charity's bankers are Coutts & Co, 440 Strand, London WC2R 0QS

The charity's registered auditors are D Stoker and Co, Abacus House, 367 Blandford Road, Beckenham BR3 4NW

Structure, Governance and Management

The charity is a company limited by guarantee and governed by the Memorandum and Articles of Association. Details of rules concerning members, appointment of Directors and Trustees and board composition are set out in the Company's Articles of Association, a copy of which can be obtained from the registered office of the charity. All new Trustees are monitored by the board and training given where necessary as to their responsibilities as Trustees.

The Board of Directors and Trustees meets, as a minimum, twice every calendar year in order to monitor progress and set the strategic direction for the Company. Although the Board has established two committees to implement the Company's strategy, namely the Management Committee (formerly the Steering Committee) and the Appeal Committee, the circumstances of the Company have resulted in the Board meeting more frequently and effectively assuming the responsibilities of the two committees.

Last year's annual accounts disclosed the critical risk to which the Company was exposed as being the ability to find and develop a commercial operation capable of providing a sustainable future for the display of Topolski's art and the Company's other activities. As explained in the sections which follow, some progress has been made towards achieving this objective but while activities are underway to securing the medium to long term future of the Company, in the short term, the Company remains exposed to the risk of being unable to fund its basic expenditure, in spite of this having been reduced very significantly. The sections entitled 'Plans for the future' and 'Financial Review' explain the progress being made and how the Directors and Trustees are addressing the risks highlighted here. In relation to risk assessment, given the size of the Company and its financial circumstances, the Directors consider that the key risks are appropriately considered on a continuing basis through their regular meetings and on-

going dialogue. The Directors recognise that the consideration of fraud risk is particularly important. Wherever possible the Directors have sought to institute appropriate controls and segregation of duties to mitigate the risk of fraud. When Topolski Century was open on a full time basis, the greatest fraud risk related to the handling of relatively small quantities of petty cash. The risk of petty cash being misappropriated at present is, in the opinion of the Directors, low and there are no other sources of significant fraud risk that the Directors have identified.

Objectives and Activities

The objective of the Company is the advancement of education and the arts for the benefit of the public by providing access to the works of Feliks Topolski and the works of other artists associated with his life.

The Company set about meeting this objective by laying out detailed plans to restore and re-present Feliks Topolski's Memoir of the 20th Century ("the Memoir"), refurbish the railway arches under Hungerford Railway Bridge in which it is displayed, and having done so, open the exhibit to the general public. This was achieved when the Topolski Century opened to the public on 7th January 2009. As highlighted in last year's report, in August 2010 the Directors took the decision to close Topolski Century temporarily to the public in order to preserve modest cash resources against a backdrop of poor visitor numbers and consequent low revenues. At the date of this report, Topolski Century remains closed to the public.

The Company also has the ambition to refurbish Topolski's Studio housed in a separate arch under Hungerford Railway Bridge just to the North of the Memoir. The renting of the Studio arch by the Company is made possible by the financial assistance received from the South Bank Centre.

Performance

As a result of the decision to close Topolski Century to the public in August 2010, the level of operational activity in the company has been very low. The Company has continued to employ an education officer who has been focussed on the charity's educational strategy and planning for the future on the assumption that the Company successfully establishes a commercial revenue stream to allow it to sustain itself.

Since the Company's year end on 31st March 2011, progress has been made towards the goal of establishing a commercial income stream for the Company in the medium to long term. While contracts have not yet been entered into, heads of terms have been agreed with the relevant parties to establish a catering operation in the main arches which will allow for a certain amount of the existing Topolski Century artwork to remain on display with the remainder to be moved into, in due course, the refurbished Studio arch or moved into storage. The artwork on display in the main arches would, in all likelihood, be presented on a themed basis and the panels would be rotated with those in the Studio arch and those in storage on a planned cycle to allow all the artwork to be accessed over time by the public using the catering facilities. The Directors and Trustees believe this will result in a considerably greater level of public access to the art of Feliks Topolski than was being achieved up until August 2010 with the experience of very low visitor numbers to Topolski Century.

Financial, planning and legal work is underway to progress this initiative and the Directors and Trustees record here their thanks to the South Bank Centre for its very considerable support in this work.

Employees and volunteers

The Company provided employment in the form of three full time and two part time positions during the year. The Directors and Trustees are extremely grateful for the work done in very difficult and unpredictable circumstances.

Plans for the future

The work required to set the Company onto a new course is underway but it is not without its risks.

The relationship which the Company has with The Heritage Lottery Fund remains very important and the Directors and Trustees are cautiously optimistic of receiving its support and approval for the Company's plans in due course but there is a formal process of seeking approval which is to be undertaken.

The South Bank Centre is providing substantial funding assistance in respect of the direct costs associated with the conversion of the arches to their new set up but it remains the responsibility of the Company to meet its remaining overheads and wage bill. The Directors and Trustees are therefore preparing applications to trusts and other potential donors to provide financial support to allow the charity's on-going modest work programme to continue while the project to convert the arches proceeds.

Financial Review

In the year covered by these financial statements, the Company recorded total grants and donations, including Gift Aid, of £81,200 (2010 £127,875) Total operating expenditure in the year amounted to £261,168 (2010 £322,715) Interest income from cash held on deposit and other income amounted to £49 and £22,217 (2010 £302 and £31,304) respectively The net movement in funds for the period was therefore an outflow of £179,968 (2010 £194,840), resulting in cumulative reserves of £629,851 (2010 £809,819)

Within expenditure for the year, the Company's rental payments amounted to £86,062 (2010 £86,062)

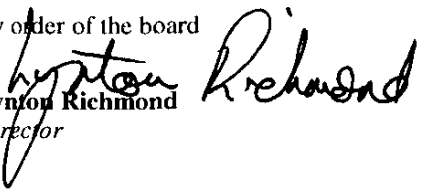
At the year end, the Company held cash balances of £44,474 (2010 £87,952) of which £2,940 (2010 £74,892) was on money market deposit The Company recorded net current liabilities of £6,651 (2010 net current assets of £142,655) which arose principally as a result of prudent provisioning

Since the end of August 2010 when Topolski Century closed to the general public, the operating costs of the operation have been significantly reduced with the most significant outgoing now relating solely to the rent payable for the arches By agreement with the South Bank Centre, the Company's rent deposit has been used to fund rental payments since September 2010 and this arrangement was in place until the end of March 2011 As referred to above, in connection with the programme to convert the arches to accommodate a catering operation, the South Bank Centre has continued to fund the rental payments

The Directors and Trustees are currently seeking additional sources of finance through donations and grants as well as proceeding with the programme to develop a commercial catering operation in the main arches In the event that it does not prove possible to raise sufficient finance to allow the Company to meet its current low level of overheads up to the point in time that cash is generated from the commercial catering programme, the Company, without any other sources of support, would have to cease its operations Although the Directors and Trustees are optimistic of the future viability of the commercial catering programme, cash flows from this source remain some way off and will, of course, be dependent on approval for the programme from the Heritage Lottery Fund and formal legal contracts being approved and signed between the relevant parties In the event that such approvals are not forthcoming and contracts are not signed on a timely basis, the Company would have to cease trading at that point in time

After entering into heads of terms to proceed with the commercial programme to establish commercial catering in the arches, the Directors and Trustees believe this should provide a credible and realistic way forward for the Company and charity to sustain itself financially With the activities underway to seek finance to meet existing overheads, the Directors and Trustees have concluded that it remains appropriate to prepare these financial statements on the basis that the Company and charity remains a going concern

By order of the board


Lynton Richmond
Director

Topolski Memoir Limited
150-152 Hungerford Bridge
Concert Hall Approach
Waterloo
London SE1 8XU

18th July 2012

Statement of Directors' and Trustees' 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 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 incoming resources and application of resources including the SFA of the company for that year. In preparing those financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, including the adoption of Accounting and Reporting by Charities Statement of Recommended Practice (Revised 2005), subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors and Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to take reasonable steps for the prevention and detection of fraud and other irregularities. The Directors' are responsible for the maintenance and integrity of the corporate information included on the charitable company's website.

In so far as the Directors are aware, there is no relevant audit information (information needed by the charitable Company's auditors in connection with preparing their report) of which the Company's auditors are unaware, and the Directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Report of the independent auditors to the members of Topolski Memoir Limited

We have audited the financial statements of Topolski Memoir Limited for the year ended 31st March 2011 which comprise the Statement of Financial Activities (SOFA), 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 charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors, trustees and auditors

As explained more fully in the Statement of Directors' and Trustees' Responsibilities, 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 the financial statements give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining reasonable evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Trustees and Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' and Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatement or inconsistencies we consider the implications for our report.

Basis of audit opinion

In our opinion, the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31st 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.

Emphasis of matter – Going Concern

In forming our opinion, which is not modified, we have considered the adequacy of the disclosure in note 1 to the financial statements concerning the charitable company's ability to continue as a going concern. The charitable company's present position set out in note 1 and the Trustees' and Directors' report indicate the existence of a material uncertainty which may cast significant doubt about the charitable company's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the charitable company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the other information given in the Trustees' and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration are not made, or
- we have not received all the information and explanations we require for our audit

GM Chappell FCA (Senior Statutory Auditor)
For and on behalf of D Stoker & Co.
Statutory Auditors and Accountants
Abacus House
367 Blandford Road
Beckenham, Kent BR3 4NW

18th July 2012

Statement of Financial Activities
for the year to 31 March 2011

	Note	Unrestricted £	2011 Restricted £	Total £	Unrestricted £	2010 Restricted £	Total £
Incoming Resources	1						
Public grants							
Heritage Lottery Fund		-	-	-	49,125	-	49,125
Donations							
Trusts		-	42,500	42,500	-	-	-
Corporations		-	-	-	-	-	-
Personal (under Gift Aid)		-	-	-	6,642	-	6,642
Gift Aid		-	-	-	1,862	-	1,862
Personal		540	-	540	2,615	-	2,615
		<u>540</u>	<u>42,500</u>	<u>43,040</u>	<u>60,244</u>	<u>-</u>	<u>60,244</u>
Education Programme		9,081	-	9,081	9,270	13,950	23,220
Interest receivable		49	-	49	302	-	302
Admission income		1,915	-	1,915	2,822	-	2,822
Other income		22,217	-	22,217	31,304	-	31,304
Retail income		4,898	-	4,898	9,983	-	9,983
		<u>38,700</u>	<u>42,500</u>	<u>81,200</u>	<u>113,925</u>	<u>13,950</u>	<u>127,875</u>
Resources Expended							
Costs of generating funds		(1,380)	-	(1,380)	(1,180)	-	(1,180)
Conservation		-	-	-	-	-	-
Project design		-	-	-	(1,561)	-	(1,561)
Project management		-	-	-	-	-	-
Rent		(86,062)	-	(86,062)	(86,062)	-	(86,062)
Administration, including legal costs	2-4	(146,880)	(26,846)	(173,726)	(207,966)	(25,946)	(233,912)
		<u>(234,322)</u>	<u>(26,846)</u>	<u>(261,168)</u>	<u>(296,769)</u>	<u>(25,946)</u>	<u>(322,715)</u>
Net movement of funds in period carried forward		<u>(195,622)</u>	<u>15,654</u>	<u>(179,968)</u>	<u>(182,844)</u>	<u>(11,996)</u>	<u>(194,840)</u>

Balance sheet
at 31 March 2011

	<i>Note</i>	2011 £	£	2010 £	£
Fixed Assets	6		636,502		667,164
Current assets					
Debtors	7	46,621		142,468	
Cash at bank and in hand		44,474		87,952	
		91,095		230,420	
Creditors: amounts falling due within one year	8	(97,746)		(87,765)	
Net current (liabilities)/assets			(6,651)		142,655
Net assets			629,851		809,819
Funds of the charity					
Restricted income funds			264,999		249,345
Unrestricted income funds			364,852		560,474
Total Charity funds	9-10		629,851		809,819

The notes on pages 9 to 14 form an integral part of these financial statements

These financial statements were approved by the board of Directors and Trustees on 18th July 2012 and were signed on its behalf by



Lynton Richmond
Director

Company number 05081621

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements except as noted below

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, including Accounting and Reporting by Charities Statement of Recommended Practice (Revised 2005), and under the historical cost accounting rules

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds of its size

Going concern

As explained in the Directors' and Trustees' Report, the Company has entered into heads of terms to proceed with a programme to establish commercial catering in the arches housing Topolski's Memoir of the 21st Century. The Directors and Trustees believe this should provide a credible and realistic way forward for the Company and charity to sustain itself financially in the medium to long term. However, full legal contracts relating to the establishment of the new arrangements will take a certain amount of time to prepare and are dependent on a number of commercial discussions and actions.

Although the Company has reduced its overheads very substantially, there remains the need to fund these costs. The South Bank Centre is assisting with the funding of costs directly related to the conversion of the arches but all other expenses remain for the account of the Company. The Directors and Trustees therefore need to secure sufficient funding to meet these costs. Four donations/interest free loans have already been received which gives the Directors and Trustees confidence that they will be able to secure such short term funding and there are further plans in place to apply for additional grants.

There can be no guarantee that donations and funding will be received for all short term funding requirements and until legal contracts are entered into regarding the conversion of the arches to establish the commercial catering arrangements, these matters represent material uncertainties with regard to the Company being able to continue as a going concern.

However, the Directors and Trustees continue to believe that the longer term commercial plans are viable and have no reason to believe that they are not capable of being executed in due course. Furthermore, with four donations/interest free loans having already been received and further activities underway to seek finance to meet the existing and much reduced level of overheads, the Directors and Trustees have concluded that it remains appropriate to prepare these financial statements on the basis that the Company and charity remains a going concern. These financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the statement of income and expenditure.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Heritage assets

The Company holds, as trustee, the artwork of Feliks Topolski comprising his Memoir of the 21st Century. The previous trustee was the South Bank Centre and in the event of the Company ceasing to trade, the custody of artwork will revert, under trust, to the South Bank Centre. The Company has no authority, as trustee, to dispose of the artwork.

The Company places no value on the artwork in these financial statements due to the inherent uncertainty in determining a reliable and supportable market based value. No consideration was paid to the South Bank Centre when the Company took over the artwork as trustee and in addition, there is no track record of earned income deriving from the artwork which would allow the Directors and Trustees to impute a value from discounted projected cash flows.

The Company has no plans to acquire additional heritage assets.

Fund Accounting

Unrestricted funds are available for use at the discretion of the directors in furtherance of the general objectives of the charitable company.

Restricted funds are subjected to specific restrictions on their expenditure imposed by the donor.

Taxation

The charge for taxation is based on the taxable profit for the period that is not covered by the Company's tax exemption with HM Revenue & Customs.

Incoming Resources

Donations are accounted for as income once the Company has received the amount of the donation in the form of cash, cheque or bank transfer. Intangible income is valued at the cost of provision by the relevant 3rd party or where this information is not available, at Directors' estimate.

Notes (continued)

Depreciation

Fixed assets are depreciated on a straight line basis over the following periods

Furniture, fixtures and equipment – 5 years

Interactives & computers - 5 years

Leasehold improvements – 30 years

2 Income and expenditure

	2011 £	2010 £
Auditors' remuneration	<u>2,478</u>	<u>2,100</u>

Notes (continued)

3 Remuneration of directors

	2011 £	2010 £
Directors' and Trustees' emoluments	<u>5,000</u>	<u>5,000</u>

The Treasurer is the sole director and trustee to receive emoluments

4 Staff numbers and costs

The Company employed three full time and two part time members of staff during the period (2010 – three full time), payroll costs amounted to gross salaries totalling £58,386 (2010 - £73,195) and employer's NIC £5,429 (2010 - £7,297)

5 Taxation

The Company did not generate a taxable profit in the period

6 Fixed assets

	FF&E and computer equipment £	Leasehold improvements	Total £
Cost brought forward	51,899	655,724	707,623
Additions/(adjustments)	1,897	(92)	1,805
	<u>53,796</u>	<u>655,632</u>	<u>709,428</u>
Cost carried forward	53,796	655,632	709,428
	<u>53,796</u>	<u>655,632</u>	<u>709,428</u>
Depreciation brought forward	(13,188)	(27,271)	(40,459)
Charge for the year	(10,613)	(21,854)	(32,467)
	<u>(23,801)</u>	<u>(49,125)</u>	<u>(72,926)</u>
Depreciation carried forward	(23,801)	(49,125)	(72,926)
	<u>(23,801)</u>	<u>(49,125)</u>	<u>(72,926)</u>
Net book value 31.3.2011	<u>29,995</u>	<u>606,507</u>	<u>636,502</u>
Net book value 31 3 2010	38,711	628,453	667,164
	<u>38,711</u>	<u>628,453</u>	<u>667,164</u>

Notes (continued)

7 Debtors

	2011 £	2010 £
Rent deposit	4,438	55,000
Grants receivable	-	49,125
Value Added Tax	9,060	8,015
Other debtors and prepayments	33,123	30,328
	<u>46,621</u>	<u>142,468</u>

8 Creditors: amounts falling due within one year

	2011 £	2010 £
Trade creditors	32,923	41,259
Income tax and NIC	678	3,843
Other creditors and accruals	64,145	42,663
	<u>97,746</u>	<u>87,765</u>

9 Share capital

The Company is a private company, limited by guarantee and therefore has no share capital

10 Reserves

	2011 £	2010 £
At beginning of year	809,819	1,004,659
Net inflow/(outflow) of funds in year	(179,968)	(194,840)
	<u>629,851</u>	<u>809,819</u>

A prior year adjustment has been made to the classification of reserves. This has resulted in £108,173 of expenditure being reclassified from unrestricted expenditure to restricted expenditure and reflects, by virtue of the size and scale of the company's activities, an appropriate allocation of the company's general administrative overheads. After this adjustment, the reserves include restricted reserves of £264,999 as at 31st March 2011 (31st March 2010 – £249,345). The remainder is unrestricted reserves.

Notes (continued)

11 Commitments

a) Annual commitments under non-cancellable operating leases are as follows

	2011		2010	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire				
Between one and two years	86,062	-	86,062	-
Over five years	1	-	1	-
	<u>86,063</u>	<u>-</u>	<u>86,063</u>	<u>-</u>

12 Related party disclosures

Being a charitable organisation, several of the Directors and Trustees have made donations in cash or in kind to the Company in the year. The Treasurer has received emoluments as disclosed in note 3.