

**THE INSTITUTE OF CONTEMPORARY
ARTS LIMITED**

(A Company Limited by Guarantee)

**REPORT OF THE COUNCIL AND
CONSOLIDATED FINANCIAL STATEMENTS**

YEAR ENDED 31 MARCH 2005

Company No. 444351



PKF (UK) LLP

THE INSTITUTE OF CONTEMPORARY ARTS LIMITED
(A Company Limited by Guarantee)
REPORT OF THE COUNCIL AND CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2005

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THE INSTITUTE OF CONTEMPORARY ARTS LIMITED

(A Company Limited by Guarantee)

REPORT OF THE COUNCIL

The Council of the Institute of Contemporary Arts Limited ('ICA') presents its annual report and the audited financial statements of the group for the year ended 31 March 2005.

The Institute of Contemporary Arts is a company limited by guarantee and a registered charity. The responsibility of the ICA is to remain the major laboratory within the UK for the development and presentation, to as wide a range of audiences as possible, of innovative arts and new ways of thinking about and experiencing culture. All of its activities are educationally driven, although there is additionally a strongly identified discrete education programme.

PRINCIPAL ACTIVITIES

The principal activity of the company is that of presenting exhibitions, film, performance - both digital and live, talks and conferences and an educational programme, all in the field of contemporary arts and culture.

REVIEW OF THE YEAR

The ICA continued to be a cultural hub for international networking and the presentation of a range of cutting edge international work.

- a) Films from Thailand, Hungary, Japan and Morocco were acquired through ICA Projects and exhibited. The release of *Turtles Can Fly* – the first film to come out of Iraq since the fall of Saddam Hussein – was accompanied by a discussion with director Bahman Ghobadi.
- b) The ICA hosted *INSOMNIA*, a month of visual, performance and digital work from across South East Asia curated by the renown Singaporean director Ong Ken Seng during a London-wide Singapore Festival.
- c) The ICA through The Club set up relationships with Budapest, Delhi and Accra.
- d) The ICA hosted theatre from Beirut, Delhi and Budapest.
- e) The ICA continued to programme exhibitions of interest to an international audience such as the exhibition by German artist John Bock entitled *Klutterklammer* which drew an audience of over 25,000 non members to the ICA. This year's Beck's Futures exhibition was selected by an international panel of judges.
- f) *Battleship Potemkin* with the Pet Shop Boys and the Dresden Sinfonietta in Trafalgar Square
- g) A number of talks which focused on global politics and science were held at the ICA and in venues outside of the ICA including Pentonville Prison, the Chapel of Kings College London and the London Planetarium.

The ICA continued to explore cross cutting work with such programmes as A Beastie Boys showcase; Comica – a look at the world of comics through film, talks and lectures; Graham Coxon exhibition accompanied by a live acoustic set; Sacha Wares adaptation of Michel Houellebecq's Platform.

Partnerships were further developed with a number of film festivals including the Halloween Film Festival; Onedotzero, Tongues on Fire, Birdseye View Film Festival and Human Rights Watch International Film Festival

The launch of Club Squared and its website was a key element of the Education Department and 250 young creative entrepreneurs have become members and are responding positively to the new programme.

The ICA remains grateful to its public sector funding bodies, Arts Council England, Westminster City Council and Film London for their continuing support and trust funds, corporations and public sector bodies who contributed funds to projects during the year.

THE INSTITUTE OF CONTEMPORARY ARTS LIMITED

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REPORT OF THE COUNCIL

REVIEW OF THE YEAR (Continued)

The financial year 2004/5 was difficult for the ICA. The Director and Director of Finance and Administration resigned after a long period in post, as did the newly appointed Director of Finance and Administration after a short period in post. The organisation went through the usual stresses related to management change. This resulted in disappointing results for the year. In January 2004, a consultant was brought in to manage the final three months of the year and in association with the acting director of finance worked to bring the financial situation under control.

With the appointment of Ekow Eshun as the new Artistic Director, the ICA is looking forward to developing a new artistic vision for the future and repositioning the ICA as not only a hub for international cutting edge work but as a more accessible space for a broader audience to experience contemporary culture. With the appointment of Guy Perricone as the new Managing Director, the ICA is looking forward to developing a solid financial platform to enable the ICA team to realize this vision through new strategies for fundraising, marketing and audience development.

Reserves

It is the policy of the trustees to hold reserves in funds designated for specific purposes as described below and to transfer any residual surpluses to the accumulated fund from time to time. It is the trustees' intention to build the accumulated fund to a level considered adequate to sustain the core programme and other activities for a reasonable time in the event of any unanticipated reduction in support funding from the principal sources.

The ICA has made the following adjustments to its reserves in this financial year:

Designated capital fund

The fund comprises grants and donations given to the ICA for capital projects. Depreciation on these assets is charged to the fund.

In the current year, £64,660 (2004: £48,668) of depreciation has been charged to the fund; £nil (2004: £32,124) of income has been added to the fund.

Maintenance Fund

The Maintenance Fund is used to make an annual provision for the cost of redecoration and repairs to the exterior of 12 Carlton House Terrace. Redecoration takes place every four years and the ICA has a deposit account to ensure funds are earmarked for this specific purpose.

The work was completed in the current year and has impacted on the results for the year.

The next four-yearly decoration is expected to take place summer 2008. This year £40,000 (2004: £25,000) was transferred to the fund.

Stabilisation Fund

The Stabilisation Fund was established out of the stabilisation grant awarded to the ICA in March 2000.

In the current year £19,109 (2004: £13,619) of interest was credited to the fund. Repayments of £22,882 (2004: £38,726) were transferred to the fund and interest of £68,989 (2004: £nil) was transferred from the fund a net transfer of £46,107.

Depreciation of £18,673 has also been charged to the fund.

Exhibition Development Fund

The Exhibition Development Fund is designated to ensure that the proceeds from the 50th Anniversary Auction are applied to supporting the Exhibitions programme. A committee has been established to determine how the capital and interest earned on this fund will be spent.

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REPORT OF THE COUNCIL

REVIEW OF THE YEAR (Continued)

Accumulated surplus

The ICA charity has made an overall loss on its operating activities of £42,864 (2004: surplus of £80,814) of which £40,000 (2004: £25,559) has been transferred to the Maintenance Fund and £22,882 (2004: £38,726) has been transferred to the Stabilisation Fund. Interest of £68,989 has been transferred from the Stabilisation Fund, leaving an underlying operating loss of £36,757 (2004: £16,529). This has resulted in a carried forward surplus of £7,370 (2004: surplus of £38,020).

The ICA is confident that with a track record of producing a modest overall surplus for seven years consecutively and the continued development of our relationships with funders and other partners we will meet our targets for the next financial year. Although the year to March 2006 is expected to make an overall deficit, the ICA is meeting the goals of its updated business plan and the Council believes that the charity will remain able to meet the costs of expenditure planned for the programme in the year to March 2007.

RISK MANAGEMENT

The trustees have undertaken an assessment of the significant risks to which the ICA is exposed. The Risk Assessment identifies existing strategies in place to minimise those risks together with further action that needs to be taken. As part of a risk management strategy the trustees will:

- review the risks and the progress made in implementing systems to mitigate those risks; and
- establish procedures which are likely to minimise any potential impact on the ICA should any of the identified risks materialise.

RESULTS OF SUBSIDIARY COMPANIES

During this financial year ICA Direct Limited has made a profit of £281,066 (2004: £287,920) and ICA Projects Limited has made a profit of £198 (2004: loss of £6,659).

ICA Direct Limited comprises the ICA Bookshop and the ICA's Education programme. In addition, sponsorship income is channeled through ICA Direct. The Bookshop activities are primarily in support of the activities of the main charity, through the sale of books and journals related to contemporary cultural issues. Total income in ICA Direct was £837,083 (2004: £642,128) including £367,156 (2004: £341,237) from trading activities and £468,156 (2004: £294,962) from sponsorship. ICA Direct was able to gift aid £277,733 (2004: £284,587) to the charity during the year.

ICA Projects Limited is closely related to the work of the cinema department in acquiring and distributing films by important but often unknown directors and enabling a theatrical and video release of these films in the UK. ICA Projects distributed ten films during 2004/05.

SUPPORT FROM FUNDING BODIES AND OTHER PARTNERS

The ICA remains grateful to London Arts, Westminster City Council and the London Film and Video Development Agency for their continuing support as well as to the trust funds, corporations and public sector bodies who contributed funds to projects during the year. In particular we acknowledge the generous support of Scottish Courage who have supported Beck's Futures for a fifth year.

This has been another important year for the ICA when, in a climate of stringent financial conditions, the Institute has continued to reposition itself artistically, with substantial success, whilst also generating a modest surplus. Final recognition should be given to the ICA's staff, without whose continuing dedication, the achievement of our objectives would not be possible.

THE INSTITUTE OF CONTEMPORARY ARTS LIMITED

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REPORT OF THE COUNCIL

LEGAL AND ADMINISTRATIVE DETAILS

The Institute of Contemporary Arts Limited is a registered company limited by guarantee (registered in England number 444351) and is a charity registered with the Charity Commissioners (number 236848). The registered address is 12 Carlton House Terrace, London SW1Y 5AH.

Advisers

Bankers

Barclays Bank
London Corporate Banking
50 Pall Mall
PO Box No 15161R
London
SW1A 1QA

Auditors

PKF (UK) LLP
Farringdon Place
20 Farringdon Road
London
EC1M 3AP

DIRECTORS

The directors who held office during the year and to the date of approval of the financial statements were as follows:

L Appignanesi
D Goulandris*
J Henry
Ian Kirk (resigned March 2005)
A McConnell*
I Stewart
G Tyrrell
R Verjee
Andrew Warren
Alan Yentob, *Chairman*

* indicates membership of the finance sub-committee during the year.

None of the directors who held office at the end of the financial year had any interest in the company.

On 23 May 2005, PKF transferred their business to PKF (UK) LLP, a limited liability partnership. Under Section 26(5) of the Companies Act 1989, the Charitable Company consented to extend the audit appointment to PKF (UK) LLP from 23 May 2005. Accordingly the audit report has been signed in the name of PKF (UK) LLP and a resolution for the reappointment of PKF (UK) LLP will be proposed at the forthcoming annual general meeting.

THE INSTITUTE OF CONTEMPORARY ARTS LIMITED

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REPORT OF THE COUNCIL

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act relating to small entities.

Signed on behalf of the Council



A Yentob
Chairman

15 March 2006

THE INSTITUTE OF CONTEMPORARY ARTS LIMITED
STATEMENT OF RESPONSIBILITIES OF THE COUNCIL
YEAR ENDED 31 MARCH 2005

Law applicable to incorporated charities in England and Wales requires the Council, who are also the directors of the charity, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity at the end of the year and of its financial activities during the year then ended. In preparing those financial statements, the Council 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, 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 charity will continue in business.

The Council are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the applicable law. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Council are also responsible for ensuring that the Report of the Council and other information included in the annual report is prepared in accordance with Company Law in the United Kingdom.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE INSTITUTE OF CONTEMPORARY ARTS LIMITED

We have audited the financial statements of the Institute of Contemporary Arts Limited for the year ended 31 March 2005 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 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 directors and auditors

The responsibilities of the trustees, who are also the directors of the Institute of Contemporary Arts Limited for the purposes of company law, for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Responsibilities of the Council.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Council is not consistent with the financial statements, if the charitable company and the group has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the charitable company and group are not disclosed.

We read the Report of the Council and consider the implications for our report if we become aware of any apparent misstatements within it.

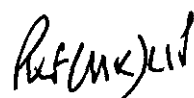
Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's and the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the charitable company's and the group's affairs as at 31 March 2005 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PKF (UK) LLP
Registered Auditors

London, UK

 2006

THE INSTITUTE OF CONTEMPORARY ARTS LIMITED

(A Company Limited by Guarantee)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(including Income and Expenditure Account)

YEAR ENDED 31 MARCH 2005

	<u>Note</u>	<u>General</u>	<u>Unrestricted funds</u>	<u>Capital</u>	<u>Restricted</u>	<u>Total</u>	<u>Total</u>
		<u>£</u>	<u>Designated</u>	<u>£</u>	<u>funds</u>	<u>2005</u>	<u>2004</u>
		<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
INCOMING RESOURCES							
Grants		1,149,996	-	-	132,854	1,282,850	1,202,767
Donations		12,052	-	-	28,162	40,214	88,454
Activities in furtherance of the charity's objectives:							
- Programme activities		567,569	-	-	-	567,569	645,736
- Associated activities		665,906	-	-	-	665,906	615,770
Activities for generating funds:							
- Trading income		1,131,144	-	-	-	1,131,144	913,459
- Other income		227,667	-	-	-	227,667	270,494
Interest receivable		1,489	21,821	-	-	23,310	17,367
TOTAL INCOMING RESOURCES		3,755,823	21,821	-	161,016	3,938,660	3,754,047
LESS: COST OF GENERATING FUNDS							
Trading expenses		828,656	-	-	-	828,656	594,660
NET INCOMING RESOURCES AVAILABLE FOR CHARITABLE APPLICATION		2,927,167	21,821	-	161,016	3,110,004	3,159,387
CHARITABLE EXPENDITURE							
Costs of activities in furtherance of the objects of the charity:							
- Programme activities	3	2,535,654	170,946	64,660	171,016	2,942,276	2,774,741
- Associated activities	3	177,440	-	-	-	177,440	150,569
Managing and administering the charity	3	243,901	-	-	584	244,485	263,917
Interest payable	6	3,398	-	-	-	3,398	1,801
TOTAL CHARITABLE EXPENDITURE		2,960,393	170,946	64,660	171,600	3,367,599	3,191,028
TOTAL RESOURCES EXPENDED	4	3,789,049	170,946	64,660	171,600	4,196,255	3,785,688
NET OUTGOING RESOURCES		(33,226)	(149,125)	(64,660)	(10,584)	(257,595)	(31,641)
Transfers between funds	16	6,107	(6,107)	-	-	-	-
NET MOVEMENTS ON FUNDS		(27,119)	(155,232)	(64,660)	(10,584)	(257,595)	(31,641)
Total funds brought forward		18,927	783,047	96,760	32,140	930,874	962,515
TOTAL FUNDS CARRIED FORWARD	16	(8,192)	627,815	32,100	21,556	673,279	930,874

There are no other recognised gains or losses other than those included in the Statement of Financial Activities. All income and expenditure of the group is attributable to continuing activities.

THE INSTITUTE OF CONTEMPORARY ARTS LIMITED

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BALANCE SHEETS

31 MARCH 2005

	<u>Notes</u>	<u>2005</u> £	<u>Group</u> <u>2004</u> £	<u>2005</u> £	<u>Charity</u> <u>2004</u> £
FIXED ASSETS					
Tangible assets	9	563,597	683,525	563,380	683,092
CURRENT ASSETS					
Stocks	11	107,428	80,887	-	-
Debtors		501,356	644,962	317,089	326,965
Cash at bank and in hand		660,078	758,235	631,285	652,814
		1,268,862	1,484,084	948,374	979,779
CREDITORS					
Amounts falling due within one year	13	(1,159,180)	(1,236,735)	(822,913)	(712,904)
NET CURRENT ASSETS		109,682	247,349	125,461	266,875
TOTAL ASSETS LESS CURRENT LIABILITIES		673,279	930,874	688,841	949,967
Represented by:					
RESTRICTED FUNDS	16	21,556	32,140	21,556	32,140
DESIGNATED FUND - CAPITAL	16	32,100	96,760	32,100	96,760
OTHER DESIGNATED FUNDS					
Maintenance fund	16	32,785	107,795	32,785	107,795
Stabilisation fund	16	491,388	537,059	491,388	537,059
Exhibition development fund	16	103,642	138,193	103,642	138,193
		627,815	783,047	627,815	783,047
OTHER UNRESTRICTED FUNDS					
General funds	16	(8,192)	18,927	7,370	38,020
TOTAL FUNDS	16	673,279	930,874	688,841	949,967

These financial statements were approved by the Council on 15 March 2006 and were signed on its behalf by:

A Yentob
Chairman



THE INSTITUTE OF CONTEMPORARY ARTS LIMITED

(A Company Limited by Guarantee)
CONSOLIDATED CASHFLOW STATEMENT
31 MARCH 2005

	<u>Notes</u>	<u>2005</u>	<u>2004</u>
		£	£
Cash (outflow)/inflow from operating activities	20	(16,688)	101,007
Returns on investments and servicing of finance			
Interest received		23,310	17,367
Interest paid		(3,398)	(1,801)
		<hr/>	<hr/>
Net cash inflow from returns on Investments and servicing of finance		19,912	15,566
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(104,977)	(327,819)
		<hr/>	<hr/>
Net cash outflow for capital expenditure and financial investment		(104,977)	(327,819)
		<hr/>	<hr/>
Decrease in cash		(101,753)	(211,246)
		<hr/>	<hr/>
Reconciliation of net cashflow to movement in net funds			
Change in net funds resulting from cashflows		(101,753)	(211,246)
Net funds at 1 April 2004		667,795	879,041
		<hr/>	<hr/>
Net funds at 31 March 2005	21	566,042	667,795
		<hr/>	<hr/>

THE INSTITUTE OF CONTEMPORARY ARTS LIMITED

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

1 ACCOUNTING POLICIES

a) Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets. They have been prepared in accordance with applicable accounting standards and in accordance with the Statement of Recommended Practice (SORP 2000) - Accounting and Reporting by Charities.

b) Basis of consolidation

The consolidated accounts include the accounts of the charity and its subsidiary undertakings, ICA Projects Limited and ICA Direct Limited, both of which are wholly owned and registered in England and Wales.

c) Grants

Revenue grants are allocated equally across the year and applied to running costs and programming. Project specific grants are recognised in the year in which the project they relate to occurs, and matched to the associated expenditure.

The principal source of grant income is London Arts.

d) Trading income

Trading income represents the amount derived from the sale of ICA Projects films to cinemas, the bar and café, and the sale of books and videos in the ICA Bookshop.

e) Other incoming resources

All other income is accounted for when it is receivable.

f) Expenditure

Costs of activities in furtherance of the objects of the charity comprises direct costs attributable to programme activities - presenting exhibitions, films, performances, talks and conferences and to associated activities. Where costs cannot be directly attributed, they have been allocated to activities on a basis consistent with use of the resources. Cost of generating funds comprises those costs incurred in seeking voluntary contributions and in publicising the ICA and the cost of ICA's trading activities. Management and administration costs are those incurred in connection with the management of the charity's assets, organisational administration and compliance with constitutional and statutory requirements. Liabilities are recognised when there is an obligation to make payment as a result of past transactions or events.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

1 ACCOUNTING POLICIES (continued)

g) Fixed assets and depreciation

- i) The cost of leasehold premiums paid to acquire long leasehold buildings is amortised over the unexpired term of the lease. Cost is included net of donations received to assist in the acquisition of the lease. Improvements to leasehold premises and other assets are depreciated as set out below:

20%-33⅓%	-	plant and equipment, gallery lighting, office equipment, video equipment, soft furnishings, furniture and fixtures.
10%	-	theatre floor, heating, ventilation and alterations to cinema and bar
5%	-	podium roof/leasehold improvement

- ii) Works of art owned by the ICA have not been capitalised as allowed by the SORP.

h) Stocks

Stocks represent goods for resale, stated at the lower of cost or net realisable value.

i) Operating leases

Rental charges for operating leases are charged to the statement of financial activities on a straight line basis over the life of the lease.

j) Pension scheme

Certain staff are members of a stakeholder scheme established by the ICA. The ICA makes no contributions to the scheme.

2 INCOMING RESOURCES

Income for the year represents amounts received in respect of grants, voluntary income, admission charges, catalogue sales, commission on the operation of the restaurant and the bar, rents receivable, sales of books and videos and the distribution of films through cinema, television and video sales. Income and expenditure carried out through trading subsidiaries are considered to fall substantially within the primary purposes of the charity.

THE INSTITUTE OF CONTEMPORARY ARTS LIMITED

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

3 RESOURCES EXPENDED

	Unrestricted funds £	Designated fund £	Capital fund £	Restricted funds £	Total 2005 £	Total 2004 £
Charitable expenditure:						
Programme activities						
Cinema	58,562	-	-	9,022	67,584	100,119
Exhibitions	336,229	-	-	2,139	338,368	368,058
Performing arts	183,962	-	-	219	184,181	216,638
Talks	8,399	-	-	-	8,399	25,680
Education	-	-	-	-	-	18,725
Other projects	516	-	-	89,672	90,188	42,676
Marketing	143,543	-	-	-	143,543	154,714
New media	21,320	-	-	5,000	26,320	49,421
Salaries	1,335,689	-	-	24,964	1,360,653	1,152,140
Administration	77,393	-	64,660	30,000	172,053	223,428
Overheads	370,041	170,946	-	-	550,987	402,208
Development	-	-	-	10,000	10,000	20,934
	2,535,654	170,946	64,660	171,016	2,942,276	2,774,741
Associated activities						
Exhibition catalogues	28,830	-	-	-	28,380	33,326
Membership	3,705	-	-	-	3,705	5,279
Hire	6,113	-	-	-	6,113	34,993
Salaries	105,250	-	-	-	105,250	57,871
Administration	19,554	-	-	-	19,554	17,283
Overheads	13,988	-	-	-	13,988	1,817
	177,440	-	-	-	177,440	150,569
Management and administration						
Salaries	180,140	-	-	-	180,140	178,112
Administration	13,025	-	-	-	13,025	21,400
Overheads	19,373	-	-	584	99,957	33,600
Legal and professional fees	20,435	-	-	-	20,435	18,085
Audit fees	10,928	-	-	-	10,928	12,720
	243,901	-	-	584	244,485	263,917

THE INSTITUTE OF CONTEMPORARY ARTS LIMITED

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

4 TOTAL RESOURCES EXPENDED

GROUP	Staff costs £	Depreciation £	Other costs £	Total 2005 £	Total 2004 £
Programme activities	1,361,876	224,689	1,355,711	2,942,276	2,774,741
Associated activities	105,250	-	72,190	177,440	150,569
Management and administration	180,140	-	64,345	244,485	263,917
Interest payable	-	-	3,398	3,398	1,801
Trading expenses	110,352	216	718,088	828,656	594,660
Total 2005	1,757,618	224,905	2,213,732	4,196,255	3,785,688
Total 2004	1,582,861	223,131	1,979,696	3,785,688	

5 STAFF COSTS

	2005 £	Group 2004 £
Wages and salaries	1,613,511	1,450,596
Social security costs	144,107	132,265
	1,757,618	1,582,861

The average number of persons employed by the group (including directors and contracted staff) during the year was 90 (2004:87).

The number of employees with emoluments over £50,000 during the year was:

£50,001 - £60,000	1	-
£60,001 - £70,000	-	1
£70,001 - £80,000	-	1

None of the directors received any emoluments or reimbursement of expenses in the year (2003: £Nil).

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2005 £	2004 £
On bank loans, overdrafts and other loans wholly payable within five years	3,398	1,801

THE INSTITUTE OF CONTEMPORARY ARTS LIMITED

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

7 NET OUTGOING RESOURCES

	<u>2005</u> £	<u>Group</u> <u>2004</u> £
Net outgoing resources is stated after charging:		
Audit fees	17,660	16,600
Other fees – taxation	-	1,225
Depreciation of tangible fixed assets	224,905	223,131

Indemnity insurance

The charity paid £1,559 (2004: £1,581) to provide insurance for the Trustees and senior staff to indemnify them against the consequences of any neglect or default on their part.

8 TAXATION

The charity is a registered charity and not subject to tax on income falling within the exemptions provided by Section 505 of the Taxes Act 1988. The subsidiaries covenant their taxable profits to the charity and hence there is no charge to taxation within the group.

9 TANGIBLE FIXED ASSETS

GROUP

	<u>Long leasehold buildings</u> £	<u>Improvements to leasehold buildings</u> £	<u>Fixtures and fittings</u> £	<u>Furniture and equipment</u> £	<u>Total</u> £
Cost or valuation					
At 1 April 2004	150,000	226,538	967,724	444,473	1,788,735
Additions	-	-	75,967	29,010	104,977
At 31 March 2005	150,000	226,538	1,043,691	473,483	1,893,712
Depreciation					
At 1 April 2004	11,195	149,353	582,473	362,189	1,105,210
Charge for the year	2,239	11,027	153,475	58,164	224,905
At 31 March 2005	13,434	160,380	735,948	420,353	1,330,115
Net book amounts					
At 31 March 2005	136,566	66,158	307,743	53,130	563,597
At 31 March 2004	138,805	77,185	385,251	82,284	683,525

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

9 TANGIBLE FIXED ASSETS (continued)

CHARITY	Long leasehold <u>buildings</u> £	Improvements to leasehold <u>buildings</u> £	Fixtures and <u>fittings</u> £	Furniture and <u>equipment</u> £	<u>Total</u> £
Cost or valuation					
At 1 April 2004	150,000	226,538	967,074	435,912	1,779,524
Additions	-	-	75,967	29,010	104,977
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2005	150,000	226,538	1,043,041	464,922	1,884,501
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At 1 April 2004	11,195	149,353	582,256	353,628	1,096,432
Charge for the year	2,239	11,027	153,475	57,948	224,689
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2005	13,434	160,380	735,731	411,576	1,321,121
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book amounts					
At 31 March 2005	136,566	66,158	307,310	53,346	563,380
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2004	138,805	77,185	384,818	82,284	683,092
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

GROUP AND CHARITY

Furniture and equipment at cost or valuation includes computers donated by Sun Microsystems valued by the directors at £90,293 (2004: £90,293) and with a net book value of £nil (2004: £nil). The directors valuation is based, in accordance with the Statement of Recommended Practice, on their estimate of the value of the equipment to the charity.

10 INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	<u>2005</u> £	<u>2004</u> £
Investment at market value	-	-
	<hr/>	<hr/>

The company owns the entire issued share capital of ICA Projects Limited and ICA Direct Limited. The investment represents 2 ordinary shares of £1 each in ICA Projects Limited and ICA Direct Limited respectively. Both companies are registered in the United Kingdom. The principal activity of ICA Projects Limited is the acquisition and distribution of films for theatrical, television and video release. The principal activity of ICA Direct Limited is that of a bookshop and the ICA's exhibition programme.

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10 INVESTMENT IN SUBSIDIARY UNDERTAKINGS (continued)

Financial information relating to the subsidiaries is set out below:

	<u>2005</u> £	<u>2004</u> £
ICA Projects Limited		
Aggregate capital and reserves	(6,459)	2
Profit/(loss) for the year (after payment under gift aid)	198	(6,659)
ICA Direct Limited		
Aggregate capital and reserves	(9,104)	(12,437)
Profit for the year (after payment under gift aid)	3,333	3,333

11 STOCKS

	<u>2005</u> £	<u>Group</u> <u>2004</u> £
Bookshop stocks	107,428	80,887

12 DEBTORS

	<u>2005</u> £	<u>Group</u> <u>2004</u> £	<u>2005</u> £	<u>Charity</u> <u>2004</u> £
Trade debtors	193,359	393,171	145,439	140,474
Amounts owed by group undertaking	-	-	90,012	54,195
Other debtors	4,753	5,597	4,721	5,566
Prepayments and accrued income	303,244	246,194	76,917	126,730
	<u>501,356</u>	<u>644,962</u>	<u>317,089</u>	<u>326,965</u>

13 CREDITORS

Amounts falling due within one year

Bank overdraft	94,036	90,440	92,762	90,440
Trade creditors	370,339	151,364	282,152	122,128
Taxation and social security	73,073	116,781	56,878	69,978
Other creditors	40,189	62,980	40,189	41,659
Amount owed to group undertaking	-	-	49,915	26,225
Accruals and deferred income (Note 14)	581,543	815,170	301,017	362,474
	<u>1,159,180</u>	<u>1,236,735</u>	<u>822,913</u>	<u>712,904</u>

The overdraft is secured by a charge over the leasehold premises.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

14 ACCRUALS AND DEFERRED INCOME

	<u>Group</u> <u>2005</u> £	<u>Charity</u> <u>2005</u> £
Deferred income:		
Balance at 1 April 2004	463,992	124,761
Amount released to incoming resources	(448,105)	(115,110)
Amount deferred in the year	255,885	110,213
	<hr/>	<hr/>
Balance at 31 March 2005	271,772	119,864
Accruals	309,771	181,153
	<hr/>	<hr/>
	581,543	301,017
	<hr/>	<hr/>

15 SHARE CAPITAL

The company is limited by guarantee and has no share capital. The liability of the directors of the company is limited to £1 each.

THE INSTITUTE OF CONTEMPORARY ARTS LIMITED

(A Company Limited by Guarantee)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

16 MOVEMENT IN FUNDS

GROUP	Balance 1 April 2004 £	Incoming resources £	Resources expended £	Transfers and designations £	Balance 31 March 2005 £
Restricted Funds:					
Staff training programme	3,074	-	(584)	-	2,490
World Cinema fund	29,066	-	(10,000)	-	19,066
Westminster City Council	-	45,000	(45,000)	-	-
London Development Agency	-	30,000	(30,000)	-	-
NESTA	-	20,000	(20,000)	-	-
Wellcome Partnership	-	24,964	(24,964)	-	-
Other grants and donations	-	41,052	(41,052)	-	-
	32,140	161,016	(171,600)	-	21,556
Unrestricted Funds:					
Capital fund	96,760	-	(64,660)	-	32,100
Other designated funds					
Maintenance fund	107,795	2,712	(117,722)	40,000	32,785
Stabilisation fund	537,059	19,109	(18,673)	(46,107)	491,388
Exhibition development fund	138,193	-	(34,551)	-	103,642
Total designated funds	783,047	21,821	(170,946)	(6,107)	627,815
General funds	18,927	3,755,823	(3,789,049)	6,107	(8,192)
Total unrestricted funds	898,734	3,777,644	(4,024,655)	-	651,723
Total funds	930,874	3,938,660	(4,196,255)	-	673,279

£

The accumulated surplus is represented by:

Retained by The Institute of Contemporary Arts	657,717
Retained by subsidiary undertakings	15,562
	673,279

INSTITUTE OF CONTEMPORARY ARTS LIMITED

(A Company Limited by Guarantee not having a Share Capital)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

16 MOVEMENT IN FUNDS (continued)

RESTRICTED FUNDS

Staff Training Programme

In 2001 the Arts Council of England awarded a grant of £30,000 for staff training, of which £584 is attributable to the current year.

World Cinema Fund

In 2001 London Arts awarded £50,000 for the promotion and distribution of World Cinema. Each year, and where appropriate, the ICA makes advances to ICA Projects to purchase and show films under the terms of this award. Surpluses from films purchased by ICA Projects with this grant are passed back to ICA under gift aid and reinvested in this fund. This year £10,000 was used for the acquisition of the rights to the film 'Hours of the Day'.

Westminster City Council

Westminster City Council awarded £45,000 for the promotion of educational achievement by way of a provision by ICA of artistic and educational sciences for the residents of Westminster City Council.

London Development Agency (LDA)

LDA contributed £30,000 for the Networking and Show casing Programme "ICA Cinema".

NESTA

Nesta contributed £20,000 towards research for ICA Club.

Wellcome Partnership

The Wellcome Partnership contributed £24,964 for various specific talks and activities during the year.

Other grants and donations

A number of other grants and donations (individually small amounts) were received for specific programme activities. All of these amounts received were spent in the year.

UNRESTRICTED FUNDS

Capital fund

This fund comprises grants and donations given to the ICA for capital projects. Depreciation on the assets is charged to the fund.

Maintenance Fund

The Maintenance Fund is used to make an annual provision for the cost of the four yearly redecoration and repairs to the exterior of 12 Carlton House Terrace. The ICA has a deposit account to ensure funds are earmarked for this specific purpose. Redecoration took place in the year ended 31 March 2005

Stabilisation Fund

The Stabilisation Fund is for the purpose of developing the ICA and was set up after the ICA was awarded a Stabilisation grant from the Arts Council. The fund can be used to buy assets or to finance projects for the development of the ICA. Any use of funds has to be agreed by the ICA Council and the amount used needs to be transferred back to the fund over an agreed period of time.

Exhibition Development Fund

The Exhibition Development Fund was designated in 1999 to ensure that the proceeds from the 50th Anniversary Auction are applied to supporting the Exhibitions programme. A committee has been established to determine how the capital and interest earned on it will be spent.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

17 ANALYSIS OF NET ASSETS BY FUNDS - GROUP

	<u>Restricted funds</u>	<u>Capital fund</u>	<u>Maintenance fund</u>	<u>Stabilisation fund</u>	<u>Exhibition fund</u>	<u>Accumulated deficit</u> £	<u>Total</u> £
Fixed assets	-	32,100	-	26,176	103,642	401,679	563,597
Net current assets/(liabilities)	21,556	-	32,785	465,212	-	(409,871)	109,682
	<u>21,556</u>	<u>32,100</u>	<u>32,785</u>	<u>491</u>	<u>103,6</u>	<u>(8,192)</u>	<u>673,279</u>

18 RELATED PARTY TRANSACTIONS

ICA Limited has two subsidiary companies, ICA Projects Limited and ICA Direct Limited. Exemption has been taken from disclosing transactions with these companies, as the results for the year are incorporated into the consolidated accounts of The Institute of Contemporary Arts Limited.

Harbottle and Lewis provided services as solicitors to ICA to the value of £6,328 at a discounted rate. Gerrard Tyrrell is a director of ICA Ltd and a partner of Harbottle and Lewis.

19 OPERATING LEASE COMMITMENTS

	<u>Buildings</u> <u>2005</u> £	<u>2004</u> £
At 31 March 2005 the Institute had the following annual commitments under operating leases which expire:		
After 5 years	<u>15,522</u>	<u>15,522</u>

20 RECONCILIATION OF NET (OUTGOING)/INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	<u>Group</u> <u>2005</u> £	<u>2004</u> £
Net (outgoing)/incoming resources	(257,595)	(31,641)
Depreciation	224,905	223,131
Interest received	(23,310)	(17,367)
Interest paid	3,398	1,801
Decrease in stock	(26,541)	(38,609)
Decrease/(increase) in debtors	143,606	(42,725)
(Decrease)/increase in creditors	(81,151)	6,417
Net cash (outflow)/inflow from operating activities	<u>(16,688)</u>	<u>101,007</u>

INSTITUTE OF CONTEMPORARY ARTS LIMITED

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

21 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April <u>2004</u> £	Cash <u>flows</u> £	At 31 March <u>2005</u> £
Cash at bank and in hand	758,235	(98,157)	660,078
Overdrafts (Note 13)	(90,440)	(3,596)	(94,036)
	<hr/>	<hr/>	<hr/>
	667,795	(101,753)	566,042
	<hr/>	<hr/>	<hr/>