

Charity number: 1065586
Company number: 3446307
Limited by guarantee

De La Warr Pavilion Charitable Trust
Trustees' report and financial statements
for the year ended 31 March 2011



De La Warr Pavilion Charitable Trust

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De La Warr Pavilion Charitable Trust

Legal and administrative information

Charity number 1065586

Company registration number 3446307

Registered office De La Warr Pavilion
Marina
Bexhill on Sea
East Sussex
TN40 1DP

Trustees

Stephen Williams
Richard Burton
Katy De Braux
David Getty
Joyce Hughes
Christopher Starnes
Orlando Gough
David Sulkin
Geoffrey Dudman
Felicity Truscott
Sara Stonor
Sean Albuquerque
Robin Patten
Julian Bird
Anne Hynes
James Braxton
Nils Norman

Chair

resigned 1 10 10
appointed 15 1 11
resigned 1 10 10

resigned 1 10 10

Secretary Stewart Drew

Chief executive Alan Haydon

Auditors Manningtons
39 High Street
Battle
East Sussex
TN33 0EE

Bankers Allied Irish Bank (GB)
20/22 Marlborough Place
Brighton
BN1 1UB

De La Warr Pavilion Charitable Trust

Report of the trustees (incorporating the directors' report) for the year ended 31 March 2011

The trustees present their report and the financial statements for the year ended 31 March 2011. The trustees, who are also directors of De La Warr Pavilion Charitable Trust for the purposes of company law and who served during the year and up to the date of this report are set out on page 1.

Structure, governance and management

Governing document

De La Warr Pavilion Charitable Trust is a company limited by guarantee, governed by its memorandum and articles of association. It is a charity registered with the Charity Commission.

Appointment of trustees

The board of trustees comprises fourteen elected persons and two members nominated by Rother District Council. Trustees are appointed in order to give a broad and diverse range of expertise in a number of fields relevant to the charity, including finance, arts practice and management, architecture, human resources and local knowledge. Potential new trustees submit an application to the board of trustees for their consideration and majority approval. At every Annual General Meeting, one third of the trustees resign, being the longest serving trustees. All retiring trustees are eligible for re-election, save that no trustee can serve for an aggregate period in excess of six years, unless agreed by a two-thirds majority.

Trustee induction and training

New trustees undergo an orientation session to brief them on their legal obligations under charity and company law, the content of the memorandum and articles of association, the decision making processes, the business plans and recent financial performance of the charity. They are given a tour of the building and an outline of the work of the various departments.

Organisation

The board of trustees and finance and trading sub-committee meet at least four times a year. The board of trustees have three key areas of responsibility, financial, managerial and administrative. They are responsible for safeguarding the assets of the charity, ensuring that the charity fulfils its objectives and that the charity complies with all current legislation. The board of trustees approves the annual business plan, the programme of activities and the annual budget, and are presented with updated reports at meetings. Any significant changes to the business plan and budgets are approved by the board. The board delegates the responsibility of the day to day management of the charity to the Director and the senior management team.

Risk management

The trustees have a risk management strategy which comprises an ongoing review of the risks the charity may face, the establishment of systems and procedures to mitigate the identified risks, and the implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

There is also a Disaster Action Plan specifically for the galleries.

Objectives and activities

The De La Warr Pavilion is a centre for contemporary art in an architectural icon of the modernist movement. Created in 1935 by architects Eric Mendelsohn and Serge Chermayeff, it was the original vision of its champion, the 9th Earl De La Warr to create a major cultural institution in the heart of Bexhill on Sea.

De La Warr Pavilion Charitable Trust

Report of the trustees (incorporating the directors' report) for the year ended 31 March 2011

In 2005, following many years of physical deterioration and decline of its cultural aspiration, the Pavilion reopened as a new artistic flagship comprising 500 sq metres of gallery space, a 1000 seat auditorium, an education and community studio, café and restaurant, shop and administrative facilities. Whilst much of the building underwent a programme of repair and restoration, significant effort was made to refurbish the building in keeping with its vision and the needs of a 21st century community. The cost of this capital programme was £9 million, raised primarily from Lottery sources, charitable trusts and foundations and individual donors.

The Pavilion is governed by the De La Warr Pavilion Charitable Trust who took responsibility for the stewardship and management of the building and its activities in 2003 prior to the capital development programme, under the terms of a 99 year lease granted by its freehold owners Rother District Council. Core revenue funding is underwritten by two principal stakeholders Rother District Council and Arts Council England together with further project investment from trusts and foundations and individual patronage. Profits derived through its commercial trading subsidiary support the overall operations and activities of the organisation.

Vision and objectives

The vision for the De La Warr Pavilion, in keeping with the spirit with which it was originally created, is to be a cultural flagship offering a world class programme to audiences and visitors locally, regionally and nationally, enriching the everyday life of its community.

Its key objectives are

To be a centre of local, regional and national significance for the promotion of high quality modern and contemporary art, music and architecture through a coherent programme of exhibitions, performances and events that respond to the needs and aspirations of its audiences.

To be a platform for artistic expression, enabling artists of every culture and discipline to create new work or present new experiences to existing work within an environment committed to excellence and best professional practice.

To be a nucleus for education, participation and life-long learning and for people to realise their own creative potential as visitor, commentator or participant.

To preserve the De La Warr Pavilion's fabric, its unique and important Grade 1 listed architectural status and to promote its public understanding, appreciation and enjoyment.

To establish and maintain a viable and sustainable business model that relies significantly upon core revenue investment from the public sector whilst realising the full potential of commercial entrepreneurship.

To be a catalyst for the cultural, economic, tourism and social regeneration of Bexhill and the surrounding region.

Public benefit

In setting the charity's objectives and planning its activities the trustees have given consideration to the Charity Commission guidance on public benefit.

The De La Warr Pavilion is open to the public, free of charge, for every day of the year apart from Christmas day. Entrance to the gallery exhibitions and tours is also free.

Our education programme is either free of charge or heavily subsidised.

De La Warr Pavilion Charitable Trust

Report of the trustees (incorporating the directors' report) for the year ended 31 March 2011

Achievements and performance

In the year 2010/11 we have presented 6 exhibitions during the year, with over 300,000 people visiting the building during this period

Exhibition Seasons for the period

1 April - 13 June	Modern Times / Tony Bevan
3 July - 11 September	Tomoko Takashi / Antony Gormley
2 October - 4 January	Myth Manners & Memory
22 Jan - 27 March	Moving Portrait

The spring season presented two exhibitions, Modern Times and a new body of work by Tony Bevan

Modern Times, presented in partnership with Kettle's Yard, comprised of drawings and experimental films from the twentieth and the beginning of the twenty-first centuries. Film-maker and artist Lutz Becker selected the works reflecting his own wide-ranging interests, much as he would if forming a private collection. As he writes in the catalogue, 'the works in this exhibition are presented in a non-chronological order to explore contrasts, internal connections and conceptual affinities as they emerge in the works of artists separated by time and geography'.

Tony Bevan (born Bradford, 1951) is one of the most important painters working in Britain today. For this new painting installation, Bevan produced three colossal works specifically to utilize the dimensions of Gallery 2. Inspired by his recent travels to China, in particular his experience of the Giant Buddha of Leshan, and his ongoing interest in the 'character heads' of the 18th century German-Austrian sculptor Franz Xaver Messerschmidt, the new paintings continue Bevan's exploration of self-portraiture in his practice.

Tomoko Takahashi's summer exhibition occupying both galleries was an accessible and playful exhibition, which people responded well to. Tomoko became the Pavilion's first artist in residence since it re-opened and this helped in bringing the public and press along with her. The Bexhill Observer followed the residency and installation of work, she worked in the Colonnade Café where the public could observe her working, and she created a piece of work based on Hastings Stade all of which help develop that local relationship.

Early in 2010, Antony Gormley approached us to look at the potential for collaboration to install his work, Critical Mass, on the rooftop. Critical Mass, one of Gormley's best known works, is an installation made up of 60 life-size cast iron body forms from moulds of Gormley's body, developing from a low crouching position to squatting, sitting, kneeling and standing - an ascent of man ranging through the complex syntax of the body.

The Gormley exhibition was a unique installation, the first ever seen on the De La Warr Pavilion roof space, which served to open up this space to visitors and encouraged further public engagement with the building.

Because of the reputation and kudos of the artist this was a major exhibition for the South East and Tourism South East gave funds for a London based promotional campaign including tube stations.

In the autumn, we presented Myth, Manners, Memory - Photographers of the American South, which was curated by Photoworks, Brighton in collaboration with the De La Warr Pavilion.

The exhibition brought together a number of prominent American artists who have, in various ways, engaged with the physical and psychological landscape of the southern states of the USA. Combining historical and contemporary works, it is a collection of memorable images of this distinctive region, its people and their lives as seen by artists including Walker Evans, William Eggleston, William Christenberry, Susan Lipper, Alec Soth and Carrie Mae Weems.

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This exhibition does not set out to define the American South but explores what is perhaps indefinable - the cultural complexities and tensions, the constant but unresolved dialogues between past and present, and the varying patterns of everyday life in the South that might, however elusively, constitute its sense of identity

Moving Portraits was curated by Jane Won at the De La Warr Pavilion in association with David Curtis at the British Artists' Film and Video Study Collection

The exhibition explored the past sixty years of portraits in moving image by significant international artists practising in the field of film and video. By using moving image artists expanded the language and notion of the portrait genre. The works in the exhibition were all experimental of their time and include well-known sitters and subjects as well as more personal portraits of friends and family.

Gallery 2 Films

Accompanying Moving Portraits exhibition, a programme of biographical and character-led films was shown during the day and Thursday and Saturday evenings in a cinema setting in Gallery 2. Films included classics by international film makers, Hollywood features and recent films by artists.

Live programme

Key performances included

Unkle & Heritage Orchestra, Femi Kuti, Coco Rosie, Four Zero Classical Series, Mira Calix & People like us, Plaid & the Gamalan Players, The Necks, Kate Nash, Duane Eddy, Moscow Ballet Swan Lake / The Duenna, Laurie Anderson, The Fall, Billy Bragg, Carina Burana London Philharmonia Chorus, Marc Almond, Peter & the Wolf with East Sussex Music Service, Patti Smith, Band of Horses, Imagined Village, Richard Durrant, The Decemberists, The Unthanks, Moscow Ballet, Coppelia and Random Fridays, DLWP Experimental 'late at' series

Arts Council England sustain funding has allowed us to present the planned programme for the year and allowed us to develop audiences, despite a reduction in project funding, sponsorship and commercial income through the recession. Importantly, this fund has also allowed the organisation to continue to develop its relationship with the Heritage Orchestra.

During the year, we also presented 3 large scale American acts. The first was legendary artist Patti Smith, who performed an exclusive date with us. We have been in conversation with Patti Smith to come to the Pavilion for a long time and she agreed to perform here in January when we invited her in response to Robert Mapplethorpe's work in our Moving Portraits exhibition that opened the week before. The event sold its full 1000 tickets in a few weeks. Band of Horses, a US folk rock band selling over 1100 tickets and The Decemberists selling 1500 tickets. All these events pulled ticket buyers from all over the world. As with all these high profile international artists, a major factor in securing them to play in Bexhill rather than Brighton or other locations in the South East is the uniqueness of the building and the profile of the programme it presents which seems to be gaining momentum all the time amongst the music industry.

Further performances were from 2 of the UK's leading folk outfits, The Imagined Village and The Unthanks. The Moscow Ballet returned with a performance of Coppelia and classical guitarist Richard Durrant returned with his new performance of Guitar Whisperer.

Commercial trading

Whilst we continue to feel the effects of the challenging economic climate, strong footfall and related spends, particularly boosted by Anthony Gormley's Critical Mass buoyed this trading period.

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Report of the trustees (incorporating the directors' report) for the year ended 31 March 2011

Retail turnover grew 22% for the period, catering also grew 9%, however venue hire activity suffered from the economic effects on the public sector and corporate businesses with a drop of 6%

Net profit for the year stood at £188,584, up 22.5% on the previous year

Financial review

On the face of it the year was a financial success, although it has to be acknowledged this was underpinned by the Sustain funding from Arts Council England, which has now ended

The Pavilion recorded a surplus on unrestricted funds of £270,754 before the actuarial gain on the pension scheme. This includes a one-off cost write back of £158,000 in respect of the pension scheme following a change in basis of calculating future pension increases. Excluding the deficit on the pension scheme, the operating accumulated deficit has now been reduced to £27,367.

The deficit for the year on restricted funds represents the depreciation on the leasehold improvements. The restricted Capital Project fund of £6,396,310 finances this depreciation.

The two major stakeholders in 2010/11 were Rother District Council and Arts Council England who funded the Pavilion £500,000 and £753,052 respectively. This revenue funding supports the charity in delivering our aims and objectives. Project grants were received towards specific elements of the artistic programme.

Looking forward, the 2012/13 funding from both the major stakeholders is being reduced by about 10%, and the trustees are currently working on plans to respond to this news, so as not to diminish the operations and status of the Pavilion.

Investment powers and policy

The trustees have unlimited investment powers. Currently the charity has no investments other than the wholly owned trading subsidiary, De La Warr Pavilion (Enterprises) Limited.

Reserves policy

A previously commissioned report into what the level of reserves should be concluded that we should have suggested reserves of £200,000 to cover wind down costs and towards the ongoing upkeep and maintenance of the building.

Plans for future periods

Since 2005 the Pavilion has witnessed significant successes in terms of visitor numbers, critical acclaim for its cultural programme, the engagement of new audiences, and national and international media attention. In addition, as a catalyst for regeneration, it has helped trigger renewed growth in the economic sustainability of the area, particularly within the culture and tourism market. The key measures of this success are best demonstrated by:

- Over 2 million visitors, 50% of whom are from the local area and approximately 15% from Greater London, 25% from the wider south east region and 10% nationally and internationally
- An international repertoire of artists for the exhibition and live performance programme
- A pioneering engagement programme with audiences and participants and in particular, the inclusion of children, young people and families
- The development of a successful trading model associated with customer services, securing good profits for the charity
- Consistent local, regional and national press, television, radio and online coverage, positioning the Pavilion, as a building and programme, as an essential cultural destination
- Important partnerships with local, regional and national agencies both for the delivery of its programme as well as the regeneration of the region
- An economic impact study, demonstrating value to the region worth £16million per annum

De La Warr Pavilion Charitable Trust

Report of the trustees (incorporating the directors' report) for the year ended 31 March 2011

Whilst the next five years will be dictated by the extent to which the organisation can generate and secure the required level of financial resources, the challenges will be focussed upon positive development and change, both for the artistic and engagement programme as well as the longer term resilience of the business model. These challenges include

- Sustaining visitor footfall whilst increasing audience engagement
- Sustaining the extent of which young people engage with the programme
- Communicating the mission and furthering the brand locally, regionally and internationally
- Creating a broader funding base from trusts, foundations, individual giving and philanthropy
- Increasing capacity for earned income through all elements of the trading subsidiary
- Maintaining a building that is both special and in high demand
- Responding to the opportunities created through digital technology
- Demonstrating impact upon the wider regeneration agenda
- Increasing capacity for partnership within an expanding regional cultural landscape

Statement as to disclosure of information to auditors

In so far as the trustees are aware

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

Statement of trustees' responsibilities

The trustees (who are also directors of De La Warr Pavilion Charitable Trust for the purpose of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

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

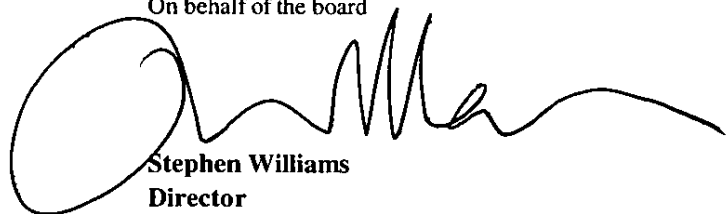
De La Warr Pavilion Charitable Trust

**Report of the trustees (incorporating the directors' report)
for the year ended 31 March 2011**

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

On behalf of the board

A handwritten signature in black ink, appearing to be 'Stephen Williams', written over the printed name and title.

**Stephen Williams
Director**

9 December 2011

De La Warr Pavilion Charitable Trust

Independent auditor's report to the members and trustees of De La Warr Pavilion Charitable Trust

We have audited the financial statements of De La Warr Pavilion Charitable Trust for the year ended 31 March 2011 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets 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 and trustees, 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 charitable company's members and trustees 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 and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the trustees and auditor

As explained more fully in the Statement of trustees' responsibilities (set out on page 2 - 8), the trustees (who are also directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and Section 43 of the Charities Act 1993. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2011 and of the group's 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 requirements of the Companies Act 2006 and the Charities Act 1993.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

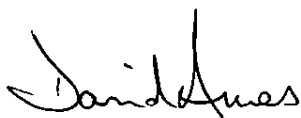
De La Warr Pavilion Charitable Trust

Independent auditor's report to the members and trustees of De La Warr Pavilion Charitable Trust

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 1993 requires us to report to you if, in our opinion

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent charitable company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small company exemption in preparing the Trustees' report



David Ames (senior statutory auditor)

For and on behalf of Manningtons

Statutory Auditor

21 December 2011

39 High Street

Battle

East Sussex

TN33 0EE

Manningtons is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

De La Warr Pavilion Charitable Trust

Consolidated statement of financial activities (incorporating the income and expenditure account)

For the year ended 31 March 2011

	Notes	Unrestricted funds £	Restricted funds £	2011 Total £	2010 Total £
Incoming resources					
Incoming resources from generating funds					
Voluntary income	2	1,284,987	75,298	1,360,285	1,350,391
Activities for generating funds	3	856,867	-	856,867	790,817
Investment income	4	6,000	-	6,000	-
Incoming resources from charitable activities	6	405,698	-	405,698	227,180
Total incoming resources		<u>2,553,552</u>	<u>75,298</u>	<u>2,628,850</u>	<u>2,368,388</u>
Resources expended					
Costs of generating funds					
Ancillary trading					
cost of goods sold and other costs	7	659,301	-	659,301	628,247
Charitable activities	8	1,603,896	231,267	1,835,163	1,788,264
Governance costs	10	19,601	-	19,601	23,348
Total resources expended		<u>2,282,798</u>	<u>231,267</u>	<u>2,514,065</u>	<u>2,439,859</u>
Net income/(expenditure) for the year		270,754	(155,969)	114,785	(71,471)
Other recognised gains and losses					
Actuarial (losses)/gains on defined benefit pension scheme	25	177,000	-	177,000	(273,000)
Net movement in funds		447,754	(155,969)	291,785	(344,471)
Total funds brought forward		(494,121)	6,618,903	6,124,782	6,469,253
Total funds carried forward		<u>(46,367)</u>	<u>6,462,934</u>	<u>6,416,567</u>	<u>6,124,782</u>

The notes on pages 14 to 27 form an integral part of these financial statements.

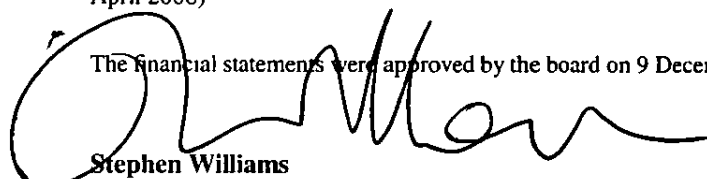
De La Warr Pavilion Charitable Trust

Consolidated balance sheet as at 31 March 2011

	Notes	£	2011 £	£	2010 £
Fixed assets					
Tangible assets	16		6,759,138		6,909,642
Current assets					
Stocks		88,387		94,362	
Debtors	17	68,510		84,123	
Cash at bank and in hand		86,755		66,277	
		<u>243,652</u>		<u>244,762</u>	
Creditors: amounts falling due within one year	18	<u>(387,862)</u>		<u>(464,537)</u>	
Net current liabilities			<u>(144,210)</u>		<u>(219,775)</u>
Total assets less current liabilities			6,614,928		6,689,867
Creditors: amounts falling due after more than one year	19		<u>(179,361)</u>		<u>(214,085)</u>
Net assets excluding pension liability			6,435,567		6,475,782
Pension liability			<u>(19,000)</u>		<u>(351,000)</u>
Net assets			<u>6,416,567</u>		<u>6,124,782</u>
Funds	20				
Restricted income funds			<u>6,462,934</u>		<u>6,618,903</u>
Unrestricted income funds					
Unrestricted income funds excluding pension asset			<u>(27,367)</u>		<u>(143,121)</u>
Pension reserve			<u>(19,000)</u>		<u>(351,000)</u>
Total unrestricted income funds			<u>(46,367)</u>		<u>(494,121)</u>
Total funds			<u>6,416,567</u>		<u>6,124,782</u>

The financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved by the board on 9 December 2011 and signed on its behalf by



Stephen Williams

Director

Company number: 3446307

The notes on pages 14 to 27 form an integral part of these financial statements.

De La Warr Pavilion Charitable Trust

Charity balance sheet as at 31 March 2011

	Notes	£	2011 £	£	2010 £
Fixed assets					
Tangible assets	16		6,759,138		6,909,642
Investments			<u>1</u>		<u>1</u>
			6,759,139		6,909,643
Current assets					
Debtors	17	149,376		164,463	
Cash at bank and in hand		<u>46,549</u>		<u>27,713</u>	
		195,925		192,176	
Creditors: amounts falling due within one year	18	<u>(344,198)</u>		<u>(416,014)</u>	
Net current liabilities			<u>(148,273)</u>		<u>(223,838)</u>
Total assets less current liabilities			6,610,866		6,685,805
Creditors: amounts falling due after more than one year	19		<u>(179,361)</u>		<u>(214,085)</u>
Net liabilities excluding pension asset			6,431,505		6,471,720
Pension liability			<u>(19,000)</u>		<u>(351,000)</u>
Net assets			<u>6,412,505</u>		<u>6,120,720</u>
Funds	20				
Restricted income funds			<u>6,462,934</u>		<u>6,618,904</u>
Unrestricted income funds					
Unrestricted income funds excluding pension asset			<u>(31,429)</u>		<u>(147,184)</u>
Pension reserve			<u>(19,000)</u>		<u>(351,000)</u>
Total unrestricted income funds			<u>(50,429)</u>		<u>(498,184)</u>
Total funds			<u>6,412,505</u>		<u>6,120,720</u>

The financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved by the board on 9 December 2011 and signed on its behalf by


Stephen Williams

Director

Company number: 3446307

The notes on pages 14 to 27 form an integral part of these financial statements.

De La Warr Pavilion Charitable Trust

Notes to financial statements for the year ended 31 March 2011

1. Accounting policies

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and the preceding year.

1.1. Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), the Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2005 2nd edition) and the Companies Act 2006.

1.2. Basis of consolidation

The statement of financial activities and balance sheet consolidate the financial statements for the charity and its subsidiary undertaking. The results of the subsidiary undertaking are consolidated on a line by line basis. A separate statement of financial activities is not presented for the charity itself following the exemptions afforded by section 408 of the Companies Act 2006 and paragraph 397 of the SORP.

1.3. Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objects of the charity.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donors or which have been raised by the charity for a particular purpose. The purpose of each restricted fund is set out in the notes to the financial statements.

1.4. Incoming resources

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

Voluntary income is received by way of grants, donations and gifts and is included in full in the statement of financial activities when receivable. Grants where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.

Grants, including grants for the purchase of fixed assets, are recognised in full in the statement of financial activities in the year in which they are receivable, unless they are restricted to future accounting periods when they are deferred and recognised in those future periods.

Income from ancillary trading is included in the year in which it is receivable.

Income from investments is included in the year in which it is receivable.

De La Warr Pavilion Charitable Trust

Notes to financial statements for the year ended 31 March 2011

1.5. Resources expended

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure is shown excluding VAT. Any VAT which cannot be fully recovered is reported separately as irrecoverable VAT.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Support costs are those costs incurred directly in support of expenditure on the objects of the charity and include project management.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with financing and with constitutional and statutory requirements.

1.6. Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Pavilion leasehold asset

Long-term improvements	-	2% straight line
Pavilion fittings and equipment	-	10-20% straight line
Office equipment	-	50% straight line

1.7. Stock

Stock is valued at the lower of cost and net realisable value.

1.8. Defined benefit pension schemes

The charity operates a defined benefit pension scheme for employees which is managed by East Sussex County Council. The assets of the scheme are held separately from those of the charity in an independently administered fund.

Current service costs, past service costs and gains and losses on settlements and curtailments are charged to appropriate resources expended categories in the statement of financial activities. Past service costs are recognised over the vesting period or immediately if the benefits have vested. When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are remeasured using current actuarial assumptions and the resultant gain or loss is recognised in the statement of financial activities during the period in which the settlement or curtailment occurs.

The interest cost and the expected return on assets are shown as a net amount as other finance costs or income. Net pension finance costs are allocated to appropriate resources expended categories in the statement of financial activities. Net pension finance income is recognised as an incoming resource in the statement of financial activities. Actuarial gains and losses are recognised immediately as other recognised gains and losses in the statement of financial activities.

Pension scheme assets are valued at fair value at the balance sheet date. Fair value is based on market price information and in the case of quoted securities is the published bid price. Pension scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted to their present value using a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The pension scheme surplus or deficit is recognised in full on the balance sheet.

De La Warr Pavilion Charitable Trust

Notes to financial statements for the year ended 31 March 2011

2. Voluntary income

	Unrestricted funds £	Restricted funds £	2011 Total £	2010 Total £
Donations	13,643	-	13,643	6,728
Grant - Rother District Council	500,000	-	500,000	500,000
Grant - East Sussex County Council	4,000	20,105	24,105	3,000
Grant - Arts Council England	749,631	-	749,631	753,052
Grant - PRS	-	2,100	2,100	-
Grant - Tate Modern	-	-	-	14,502
Grant - The Art Fund	-	-	-	15,000
Grant - Lovell Memorial Trust	-	-	-	4,000
Grant - TPSE	-	-	-	4,774
Grant - Orchestras Live	-	6,000	6,000	7,500
Grant - Bexhill Consortium of Schools	-	5,000	5,000	-
Grant - Church Communities UK	5,000	-	5,000	-
Grant - Princes Foundation	-	-	-	1,335
Capital Project Grant - RDC	-	42,093	42,093	40,000
Sponsorship	12,713	-	12,713	500
	<u>1,284,987</u>	<u>75,298</u>	<u>1,360,285</u>	<u>1,350,391</u>

3. Activities for generating funds

	Unrestricted funds £	2011 Total £	2010 Total £
Merchandise income	165,939	165,939	135,743
Catering income	602,066	602,066	550,777
Hires income	79,879	79,879	84,739
Education income	-	-	10,742
Friends of the De La Warr Pavilion	8,983	8,983	8,816
	<u>856,867</u>	<u>856,867</u>	<u>790,817</u>

4. Investment income

	Unrestricted funds £	2011 Total £	2010 Total £
Net finance income -defined benefit pension scheme	6,000	6,000	-
	<u>6,000</u>	<u>6,000</u>	<u>-</u>

De La Warr Pavilion Charitable Trust

Notes to financial statements for the year ended 31 March 2011

5. Trading subsidiaries

The charity controls the company listed below by virtue of holding a controlling interest in the equity share capital -

Name of subsidiary	Country of incorporation	% of equity share capital held
De La Warr Pavilion (Enterprises) Limited	England	100

De La Warr Pavilion (Enterprises) Limited

The company undertakes the ancillary non-charitable trading activities at the Pavilion, namely the shop, catering, hiring out of facilities and ticketed education events

Summary of trading results

	2011 £	2010 £
Turnover	847,884	782,001
Total expenditure	(659,300)	(628,151)
Net profit for the year	188,584	153,850
Amount gift-aided to the charity	(188,584)	(153,850)
Retained profit	-	-

The assets and liabilities of De La Warr Pavilion (Enterprises) Limited were

Assets	142,510	153,997
Liabilities	(138,447)	(149,934)
Funds	4,063	4,063

6. Incoming resources from charitable activities

	Unrestricted funds £	2011 Total £	2010 Total £
Exhibition income	66,189	66,189	6,505
Advertising income	-	-	480
Live performance income	319,753	319,753	209,238
Education income	19,756	19,756	10,957
	405,698	405,698	227,180

De La Warr Pavilion Charitable Trust

Notes to financial statements for the year ended 31 March 2011

7. Ancillary trading

	Unrestricted funds £	2011 Total £	2010 Total £
Merchandise costs	102,789	102,789	82,116
Catering costs	550,734	550,734	531,302
Hires costs	5,778	5,778	4,087
Education costs	-	-	10,742
	<u>659,301</u>	<u>659,301</u>	<u>628,247</u>

8. Costs of charitable activities - by fund type

	Unrestricted funds £	Restricted funds £	2011 Total £	2010 Total £
Exhibitions	713,164	93,727	806,891	798,820
Live performance	636,495	64,336	700,831	609,187
Education	254,237	73,204	327,441	380,257
	<u>1,603,896</u>	<u>231,267</u>	<u>1,835,163</u>	<u>1,788,264</u>

9. Costs of charitable activities - by activity

	Activities undertaken directly £	Support costs £	2011 Total £	2010 Total £
Exhibitions	285,848	521,043	806,891	798,820
Live performance	388,205	312,626	700,831	609,187
Education	119,025	208,416	327,441	380,257
	<u>793,078</u>	<u>1,042,085</u>	<u>1,835,163</u>	<u>1,788,264</u>

10. Governance costs

	Unrestricted funds £	2011 Total £	2010 Total £
Auditor remuneration	8,000	8,000	8,000
Professional - Legal fees	1,075	1,075	4,916
Cost of trustees' meetings	1,820	1,820	960
Interest - Bank loans & overdraft	8,706	8,706	9,477
	<u>19,601</u>	<u>19,601</u>	<u>23,353</u>

De La Warr Pavilion Charitable Trust

Notes to financial statements for the year ended 31 March 2011

11. Analysis of support costs

	Exhibitions £	Live per- formance £	Education £	2011 Total £	2010 Total £
Marketing	82,001	49,201	32,800	164,002	98,704
Staff costs					
Salaries	164,623	98,774	65,849	329,246	482,233
Professional fees	793	476	317	1,586	830
Venue costs					
Utilities and rates	33,188	19,913	13,275	66,376	78,240
Repairs and maintenance	50,904	30,542	20,362	101,808	78,450
Insurance and licences	6,544	3,926	2,617	13,087	7,910
Cleaning and sundries	25,363	15,218	10,145	50,726	46,920
Depreciation and impairment	97,631	58,579	39,052	195,262	191,374
Motor and travelling costs	4,715	2,829	1,886	9,430	-
Office costs					
Communication and information technology	11,124	6,674	4,450	22,248	19,607
Office supplies and postage	16,547	9,928	6,619	33,094	24,630
Other costs					
Finance costs - Defined benefit scheme	-	-	-	-	9,000
Staff welfare	9,865	5,919	3,946	19,730	17,579
Bank charges	2,486	1,492	995	4,973	8,766
Irrecoverable VAT	15,259	9,155	6,103	30,517	47,794
	<u>521,043</u>	<u>312,626</u>	<u>208,416</u>	<u>1,042,085</u>	<u>1,112,037</u>

12. Net incoming/(outgoing) resources for the year

	2011 £	2010 £
Net incoming/(outgoing) resources is stated after charging		
Depreciation and other amounts written off tangible fixed assets	195,262	191,374
Auditors' remuneration	<u>10,000</u>	<u>9,000</u>

De La Warr Pavilion Charitable Trust

Notes to financial statements for the year ended 31 March 2011

13. Employees

Employment costs	2011 £	2010 £
Wages and salaries	966,809	935,449
Social security costs	69,791	69,872
Pension costs	(119,356)	32,956
	<u>917,244</u>	<u>1,038,277</u>

Other pension costs above represents the total operating charge included in resources expended in the statement of financial activities and does not include amounts included in other finance income/(cost) and other recognised gains and losses

Number of employees

The number of employees (including the trustees) who earned more than £60,000 during the year was as follows

	2011 Number	2010 Number
£60,001 to £70,000	<u>1</u>	<u>1</u>

The average monthly numbers of employees during the year, calculated on the basis of full time equivalents, was as follows

	2011 Number	2010 Number
Programming	9	9
Operations	26	26
Administration	7	7
	<u>42</u>	<u>42</u>

14. Trustees' emoluments

No remuneration was paid to trustees during the year but expenses totalling £1,820 (2010 £960) were reimbursed to trustees

15. Taxation

The charity's activities fall within the exemptions afforded by the provisions of the Income and Corporation Taxes Act 1988. Accordingly, there is no taxation charge in these accounts

De La Warr Pavilion Charitable Trust

Notes to financial statements for the year ended 31 March 2011

16. Tangible fixed assets	Long leasehold property £	Pavilion fittings and equipment £	Office equipment £	Total £
Cost				
At 1 April 2010	7,202,454	421,500	34,183	7,658,137
Additions	-	41,972	2,786	44,758
At 31 March 2011	<u>7,202,454</u>	<u>463,472</u>	<u>36,969</u>	<u>7,702,895</u>
Depreciation				
At 1 April 2010	537,226	178,757	32,512	748,495
Charge for the year	144,049	48,826	2,387	195,262
At 31 March 2011	<u>681,275</u>	<u>227,583</u>	<u>34,899</u>	<u>943,757</u>
Net book values				
At 31 March 2011	<u>6,521,179</u>	<u>235,889</u>	<u>2,070</u>	<u>6,759,138</u>
At 31 March 2010	<u>6,665,228</u>	<u>242,743</u>	<u>1,671</u>	<u>6,909,642</u>

17. Debtors	Group		Charity	
	2011 £	2010 £	2011 £	2010 £
Trade debtors	16,019	26,207	3,991	6,243
Other debtors	12,037	9,342	12,037	9,342
Prepayments and accrued income	40,454	48,574	133,348	148,878
	<u>68,510</u>	<u>84,123</u>	<u>149,376</u>	<u>164,463</u>

18. Creditors: amounts falling due within one year	Group		Charity	
	2011 £	2010 £	2011 £	2010 £
Bank overdraft	12,303	106,280	12,303	106,280
Bank loan	33,953	33,182	33,953	33,182
Trade creditors	196,707	235,032	167,446	200,173
Other taxes and social security	23,971	28,036	23,971	28,036
Other creditors	7,836	3,648	7,836	3,648
Accruals and deferred income	113,092	58,359	98,689	44,695
	<u>387,862</u>	<u>464,537</u>	<u>344,198</u>	<u>416,014</u>

The bank overdraft and loan are secured on the charity's long leasehold premises

De La Warr Pavilion Charitable Trust

Notes to financial statements for the year ended 31 March 2011

19. Creditors: amounts falling due after more than one year

	2011 £	2010 £
Bank loan	<u>179,361</u>	<u>214,085</u>
Loans		
Repayable in five years or more	<u>43,547</u>	<u>81,358</u>

20. Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total funds £
Fund balances at 31 March 2011 as represented by			
Tangible fixed assets	362,828	6,396,310	6,759,138
Current assets	177,028	66,624	243,652
Current liabilities	(387,862)	-	(387,862)
Long-term liabilities	(179,361)	-	(179,361)
Defined benefit pension liability	(19,000)	-	(19,000)
	<u>(46,367)</u>	<u>6,462,934</u>	<u>6,416,567</u>

21. Unrestricted funds

	At 1 April 2010 £	Incoming resources £	Outgoing resources £	Gains and losses £	At 31 March 2011 £
General fund	(147,183)	1,699,668	(1,583,914)	-	(31,429)
Pension scheme	(351,000)	6,000	149,000	177,000	(19,000)
Subsidiary company reserves	4,062	847,884	(847,884)	-	4,062
	<u>(494,121)</u>	<u>2,553,552</u>	<u>(2,282,798)</u>	<u>177,000</u>	<u>(46,367)</u>

De La Warr Pavilion Charitable Trust

Notes to financial statements for the year ended 31 March 2011

22. Restricted funds

	At 1 April 2010 £	Incoming resources £	Outgoing resources £	At 31 March 2011 £
Capital project	6,583,764	-	(187,454)	6,396,310
RDC major maintenance	24,531	42,093	-	66,624
Access all Areas	-	16,046	(16,046)	-
Paul Hamlyn	10,607	-	(10,607)	-
Arts and Kids	1	-	(1)	-
Southern Discomfort	-	5,000	(5,000)	-
Young Peoples Film Project	-	4,059	(4,059)	-
Orchestra Live	-	8,100	(8,100)	-
	<u>6,618,903</u>	<u>75,298</u>	<u>(231,267)</u>	<u>6,462,934</u>

Purposes of restricted funds

The Capital project fund consists of grants and donations received to finance the refurbishment and other capital expenditure at the Pavilion. Depreciation on the assets financed from the fund and the costs of generating the fund income are charged against the fund balance.

RDC major maintenance is an annual grant received from Rother District Council towards the costs of future major building maintenance projects.

Access all Areas funding was received from East Sussex County Council for various education projects.

Funding has been received from the Paul Hamlyn Foundation for various education projects.

Arts and Kids is an education project at the Pavilion which receives specific outside funding.

Southern Discomfort funding was received from the Bexhill Consortium of Schools for an education project connected with a particular exhibition.

The Young Peoples Film Project was funded by the East Sussex County Council Youth Bank.

Orchestra Live is a music programme at the Pavilion which receives specific outside funding.

23. Contingent liabilities

The charity has received a claim for £101,341 from the liquidator of Heasman Spicer, the contractor for the Capital Project, in respect of amounts outstanding on the contract. The contract was not completed by Heasman Spicer due to its insolvency, and the trustees have resisted the claim on the grounds that the charity incurred additional costs in excess of the claimed amount in completing the Project with alternative contractors.

De La Warr Pavilion Charitable Trust

Notes to financial statements for the year ended 31 March 2011

24. Going concern

The financial statements have been prepared on a going concern basis, notwithstanding that recent operations have been supported by the Sustain funding from Arts Council England which has now ceased, and the news that 2012/13 funding from the charity's two major stakeholders is to be reduced by 10%. The trustees are confident that the measures being worked on for introduction in 2012 will enable the charity to maintain its operations for the foreseeable future.

25. Pension and other post-retirement benefits

The charity operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the charity, being part of the East Sussex County Council scheme.

Pension contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. A full actuarial valuation was carried out at 31 March 2010 and updated at 31 March 2011. The scheme was closed to new members on 1 April 2003.

The main assumptions used by the actuary were.

	2011 %	2010 %	2009 %
Rate of increase in salaries	5.10	5.30	4.60
Rate of increase in pensions in payment	2.80	3.80	3.10
Discount rate	5.50	5.50	6.90
Inflation assumption	2.80	3.80	3.10

Salary increases for the year ended 31 March 2012 are 1% nominal, reverting to 5.1% thereafter.

De La Warr Pavilion Charitable Trust

Notes to financial statements for the year ended 31 March 2011

The fair value of the scheme assets and the expected rate of return, the present value of the scheme liabilities and the resulting deficit are

		2011		2010		2009
	Long-term rate of return expected %	£	Long-term rate of return expected %	£	Long-term rate of return expected %	£
Equities	7.5	931,000	7.8	880,000	7.0	680,000
Bonds	4.9	96,000	5.0	59,000	5.4	89,000
Property	5.5	96,000	5.8	83,000	4.9	72,000
Other	4.6	72,000	4.8	167,000	4.0	54,000
Total market value of assets		1,195,000		1,189,000		895,000
Present value of scheme liabilities		(1,214,000)		(1,540,000)		(963,000)
Deficit in the scheme		(19,000)		(351,000)		(68,000)
Related deferred tax liability		-		-		-
Net pension liability		(19,000)		(351,000)		(68,000)

Following the Chancellor's Budget statement on 22 June 2010, calculations of future pension increases have been based on them being linked to the CPI and not the RPI. The effect of this change shows as a negative past service in the revenue account.

An analysis of the movements in the deficit during the year is shown below

	2011 £	2010 £
At 1 April 2010	(351,000)	(68,000)
Total operating charge	117,000	(33,000)
Total finance income/(costs)	6,000	(9,000)
Actuarial gain/(loss)	177,000	(273,000)
Contributions	32,000	32,000
At 31 March 2011	(19,000)	(351,000)

De La Warr Pavilion Charitable Trust

Notes to financial statements for the year ended 31 March 2011

An analysis of the defined benefit cost follows:

Analysis of the amount charged to operating profit

	2011 £	2010 £
Current service cost	41,000	33,000
Past service cost	(158,000)	-
Total operating charge	<u>(117,000)</u>	<u>33,000</u>

Analysis of the amount charged to finance income/(cost)

	2011 £	2010 £
Expected return on pension scheme assets	82,000	57,000
Interest on pension scheme liabilities	(76,000)	(66,000)
Other finance income/(cost)	<u>6,000</u>	<u>(9,000)</u>

Analysis of amount recognised in the statement of total recognised gains and losses

	2011 £	2010 £
Actual return less expected return on pension scheme assets	-	262,000
Gain/(Loss) arising from changes in assumptions underlying the present value of scheme liabilities	<u>177,000</u>	<u>(535,000)</u>
Actuarial gains/(losses)	<u>177,000</u>	<u>(273,000)</u>

De La Warr Pavilion Charitable Trust

Notes to financial statements for the year ended 31 March 2011

A history of experience gains and losses is shown below:

	2011	2010	2009	2008	2007
<i>Difference between the expected and actual return on scheme assets</i>					
- amount (£)	-	262,000	(260,000)	228,000	-
- % of scheme assets	-%	22%	29%	22%	-%
<i>Experience gains and losses on scheme liabilities</i>					
- amount (£)	33,000	-	-	(349,000)	(3,000)
- % of present value of scheme liabilities	3%	-%	-%	38%	0%
<i>Total actuarial gains/(losses) recognised in statement of total recognised gains and losses</i>					
- amount (£)	177,000	(273,000)	(165,000)	69,000	44,000
- % of present value of scheme liabilities	15%	18%	17%	8%	7%

26. Company limited by guarantee

De La Warr Pavilion Charitable Trust is a company limited by guarantee and accordingly does not have a share capital

Every member of the company undertakes to contribute such amount as may be required not exceeding £1 to the assets of the charitable company in the event of its being wound up while he or she is a member, or within one year after he or she ceases to be a member