

REGISTERED COMPANY NUMBER: 08803625 (England and Wales)
REGISTERED CHARITY NUMBER: 1156762

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**REPORT OF THE TRUSTEES AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017
FOR
TOWNER**

FRIDAY



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A16 22/12/2017 #153
COMPANIES HOUSE

OBC The Accountants Ltd
Chartered Accountants
& Registered Auditors
2 Upperton Gardens
Eastbourne
East Sussex
BN21 2AH

TOWNER

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

	Page
Report of the Trustees	1 to 8
Report of the Independent Auditors	9 to 10
Consolidated Statement of Financial Activities	11
Consolidated Balance Sheet	12
Charity Balance Sheet	13
Notes to the Financial Statements	14 to 23
Reconciliation of Income and Expenditure	24
Reconciliation of Funds	25 to 26
Detailed Statement of Financial Activities	27 to 28

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2017**

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2017. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

OBJECTIVES AND ACTIVITIES

Objectives and aims

Towner is the award winning contemporary art gallery, showcasing artists of national and international significance and presenting works from our acclaimed collection. We place learning and a commitment to access at the very heart of everything we do, building on the original vision of the gallery's philanthropic founder to create 'an art gallery for the people'.

We work in collaboration with individuals, communities and organisations, especially those with least access to the arts, to ensure that we are relevant to all our audiences. A cultural and social asset for Eastbourne and the South East, Towner brings the most exciting developments in modern and contemporary art to local, national and international audiences, develops and supports artistic practice, and provides a place for experimenting, creating and talking about art and culture.

The charitable objectives, as set out in our Memorandum and Articles of Association, are:

To advance the education, enjoyment and appreciation of the public at large of the arts by the establishment and/or maintenance of an art gallery.

To advance the education, enjoyment and appreciation of the public at large of the arts by the maintenance of Towner.

To advance the education, enjoyment and appreciation of the public at large of the arts through Towner's art collection.

TOWNER

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2017

Key Achievements in 2016/2017

This has been a very successful and productive period for the gallery, evidenced by excellent visitor and critical feedback on our exhibition programme, sustained high visitor figures, a significant increase in press coverage and social media engagement, higher than ever levels of engagement with a diverse range of audiences through our learning programme and the fruition of a number of high profile artistic partnerships across our exhibition and learning activities.

Visitor Numbers & Engagement

During the audit period Towner attracted just over 140,000 visitors. This figure is almost identical to the figure for the previous financial year (15/16) which had showed a 9% increase from 2014/2015. Like many galleries and venues in the SE region we experienced a noticeable drop in visitor figures during strike days by Southern Rails, particularly noticeable during the Summer months when strike activity was at its peak.

Our reach and profile outside of the gallery walls has extended considerably, evidenced by a rise in subscribers across our digital channels. In FY16/17 we experienced 31% growth in subscribers across our social media platforms - a 27.4% increase on Twitter, a 17.7% increase on Facebook and a 229.2% increase on Instagram. Subscribers to our general mailing list rose by 65.5% during FY16/17.

Press

We have continued to build Towner's reach and reputation locally, regionally and nationally through increased press and media presence. The AVE (Advertising Value Equivalent) of our print press coverage during the FY16/17 totalled more than £900,000.

Learning

During the audit period Towner has achieved the following milestones

- Worked with 10,000 learners - including 800 babies, children and young people.
- 50% of learners came from area with high levels of deprivation.
- Worked with 100 schools across East Sussex
Nearly 1500 learnings took part in artist led workshops as part of our Annual Schools Project in the run up to Eastbourne Carnival (Carnival event took place in May 2017 - the workshop programme ran from Jan to March 2017).
- Over 500 children and young people had a guided experience of our exhibitions.
- 740 hours spent supporting KS4 students at risk of exclusion develop practical, creative and employable skills, in partnership with College Central PFL.
Over 2500 hours spent working with people living with mental health conditions, in partnership with Sussex NHS Partnership and Sussex Downs College.
67 Arts Awards achieved via Towner. (Arts Awards is a nationally recognised qualification developing communication, creativity and leadership skills.)
- Worked with 35 artists across all areas of programme.
- Hosted 12 local pupils on work experience placements.

Exhibitions:

During this period we presented a total of 9 exhibitions, in a varied programme that truly reflected the different strands of our mission statement.

Recording Britain (5 Feb - 26 June)

This V&A exhibition of watercolours from the early 1940s opened in February but was extended into late June in response to public demand.

Melanie Manchot: People Places Propositions (23 April to 10 July).

This exhibition offered the artist her first major UK exhibition and an opportunity to develop new work. It involved the participation of people in recovery from addiction and explored how visual arts can be used as a meaningful intervention in complex social issues.

David Bomberg: A Sense of Place (9 July - 11 September).

This exhibition brought together a selection of Bomberg's landscape work including loans from Tate, Ben Uri Gallery and Southampton City Art Gallery. It reflected Towner's commitment to re-positioning the reputation of significant 20th artists through our exhibition programme.

Some Are Nights Other Stars (23 July to 25 September)

This exhibition in the Ground Floor galleries brought together national and international, established and emerging artists Michael Armitage, Ruth Claxton, Tiffany Chung, Siobhan Hapaska and Isaac Julien. The works explored socially relevant themes around migration, borders, inequality and trauma. Intifada by Siobhan Hapaska featured on the cover of Art Review (Oct 2016) demonstrating our ability to achieve international recognition. The Isaac Julien work 10,000 Waves was acquired for Towner's Collection through funding from the Contemporary Art Society's Moving Image Fund.

East Sussex Open (23 July to 25 September).

Our annual open submission exhibition supports and highlights national and regional talent through an open submission exhibition. The 2016 was the biggest yet, featuring works by 70 artists.

Towards Night (24 September - 22 January 2017).

One of Towner's most ambitious exhibitions to date, this exhibition curated by artist Tom Hammick featured works by over 70 artists and included significant works on loan from leading galleries including the National Gallery, Tate and the Fitzwilliam Museum.

One Day, Something Happens: Paintings of People (15 October - 8 January).

This exhibition, curated by the leading curator and critic Jennifer Higgie, was the first exhibition presented as part of the Arts Council Collection's National Partners programme (see Partnerships). The exhibition featured works by Lucian Freud, Walter Sickert and David Hockney.

A Certain Kind of Light (21 January to 7 May).

The second exhibition presented as part of the Arts Council Collection National Partners Programme, exploring how artists have responded to light, its materiality, transience and effect over six decades.

The Museum of Art (4 February to 17 April).

This exhibition featured a varied selection of works from Towner's Collection including the full Bequest.

Partnerships:

This year was the first in our three year partnership with the Arts Council Collection as one of four 'National Partners'. This prestigious scheme comes with annual funding of £200,000 to be spent on exhibitions derived from the Arts Council Collection, as well as associated marketing and learning activities. Two ACCNP exhibitions were presented in the 2016/17 period. The Learning programme has also benefited greatly from the additional funding available through this scheme, using it to present a permanent creative space in the Fuse Box as well as a range of workshops and events for all ages. The scheme has also allowed us to commission new work by artists in response to our ACC exhibitions, such as Mark Garry's site specific installation in A Certain Kind of Light. We continue to be part of the Plus Tate network which gives us immediate access to a network of peers to progress collaborative ideas, seek advice and maintain best practice across all areas. Our Learning programme has been particularly effective in developing new partnerships including joint funding bids for collaborative projects with NHS and other community partners on a range of Health and Wellbeing initiatives.

Development

Our new Director of Development took up her role in May 2016 and the impact of this new role can be seen in our improved fundraising income for 2016/17 which totals £48,000. Our fundraising activities are further

strengthened by £45,000 of Catalyst Funding from Arts Council England which is funding designed to support developing organisations in their fundraising activities and can be used as match funding if required. In 2016/17 we identified that our data management systems are not adequate to support our fundraising, cultivation and marketing aspirations and carried out research and trials on various software systems. We have subsequently decided on a new CRM database - Harlequin - which will come online in 2017/2018.

Auditorium

We secured funding of £450,000 in early January 2016 from Arts Council England to build an 88 seat cinema/auditorium as part of their Small Capital Projects scheme. In early Autumn 2016 we went to tender and appointed Cheesmur Building Contractors as our main contractors. The available funding was increased with a significant donation of £100,000 from Eastbourne Art Circle. Although the funding was announced prior to this audit period the building programme falls within the reporting period. All of the Arts Council Funding was drawn down by the end of the financial year with Eastbourne Arts Circle funding being used to cover the final stages of the project. The new venue will be a real asset to Towner and will allow us to grow new programme and audiences in line with our audience development objectives as well as driving income through tickets sales and venue hires.

Income Generation

Profit from our income generating activities is slightly under budget for this time period. The shop was without a manager for 10 months and this undoubtedly had an impact on shop performance. However we benefited from very healthy sales in the Autumn period, helped by high visitor figures during the Toward Night exhibition and pre-Christmas shopping. During this period we saw a significant increase in ATV and conversion rates. Income from venue hire activities is under target but this can be explained when one considers that the Exhibition Halls were not available for any venue hire during this entire period due to our own building works. Moreover, the closure of Congress Theatre for the Devonshire Park Development works has meant that a number of EBC conferences that would have hired out spaces have not been held this year. Looking ahead to 2017/18, our new auditorium will be a very positive addition to our venue hire portfolio and will help us build on this area of activity, which is proven to be the most profitable and least risky of the various income generating opportunities open to museums and gallery.

TOWNER

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2017

Financial review

In July 2014, Towner moved away from Eastbourne Borough Council to become an independent charitable trust, with financial investment from the Council and Arts Council England.

Reserves policy

Towner became a charitable trust in July 2014 with no working or capital reserves. The Trustees had hoped that the transfer would include both but, in the economic climate, this wasn't achievable. The biggest risk identified on the Risk Register was the lack of reserves against the backdrop of public funding cuts, so it was critical to build a healthy reserve in 2014/15.

The Trustees have set a Reserves Policy, which is a product of strategic planning, budgeting and risk management. The policy requires that the company's core activity, funded through the unrestricted reserve, could continue for six months during a period of unforeseen difficulty, which is in line with the Charities Commission recommendations.

The organisational ambition set in 2014 was to achieve unrestricted reserves of £433,010 by 2018. At 31 March 2017 the unrestricted reserve total is £601,353. When Heritage Assets are removed the total is £298,803.

Establishing a six month operating reserve will support the organisation in trading through potential adversity and to take account of future commitments and lack of financial investment from key public funders. The level of reserves will be monitored and reviewed by the Trustees on an annual basis.

The Balance Sheet shows heritage assets comprising of purchased and donated artworks that have been capitalised at the appropriate cost of purchase or assessed market value if donated. The Acquisitions and Disposals Policy does not allow for any artworks to be sold or donated.

This Audit for Year Ended 31 March 2017 shows Unrestricted Reserves (incl Heritage Assets) totaling £601,353, and restricted and designated funds totaling £272,633.

Principal risks and uncertainties

Going Concern

The principal financial risks facing the charity and its trading subsidiary are considered as part of the overall approach to risk management, but include variation to visitor forecasts, changes to income from Eastbourne Borough Council and Arts Council England, unplanned expenditure and a challenging economic environment. The Trustees have reviewed the cash position of the charity and are satisfied that the charity will be able to meet all of its financial commitments.

The Trustees believe that the charity is well placed to manage its financial risks successfully and have a reasonable expectation that there are sufficient reserves for the operation to continue.

Accordingly the Trustees continue to adopt the going concern basis in preparing the financial statements.

Financial and risk management objectives and policies

The Trustees have assessed the major risks to which the charity is exposed, in particular those relating to the specific operational areas of the charity and its finances. The Trustees believe that effective systems and controls are in place to mitigate these risks by ensuring that effective controls exist over key financial systems and by examining the operational and business risks faced by the charity.

Towner has a comprehensive risk management programme in place which is designed to ensure that significant and emerging risks are identified, assessed and managed effectively. A Risk Register forms part of the Business Plan and is regularly appraised, reviewed and updated.

TOWNER

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2017

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

Recruitment and appointment of new trustees

The management of Towner is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association. The maximum number of Trustees is eleven, with two appointed by Eastbourne Borough Council. Trustees are required to retire by rotation whereby one third of the Trustees shall be required to retire each year but shall be eligible for reappointment. No Trustees are required to retire for the first three years following the Company commencing operations (1 July 2014). Trustees may be re-appointed by the Board at the end of each term of office.

TOWNER

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2017

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

There are currently ten Trustees who have delegated powers to the Executive Director and Senior Management Team to make expenditure decisions within the framework of the approved annual budget.

Since becoming a Trust on the 1 July 2014, a Finance and Resources Sub-Committee has been established, consisting of three Trustees. This committee monitors income and expenditure and performance against the approved budget and reports back to the Board. They also approve and monitor Health and Safety policies and the Risk Register.

The day to day activities are controlled by the Executive Director, and the Senior Management Team who lead departments and report to the Executive Director. Emma Morris held the position of Executive Director until July 2017 when she left the organisation. Niamh Pearce is currently Acting Director.

Induction and training of new trustees

Trustees are recruited according to the Trustees' and Executive Director's ongoing assessment of the skills and experiences needed for the Board of an art gallery and museum. These include expertise in national and international arts and culture, fundraising, finance, HR and legal. Prospective new Trustees are recommended to the Chair and Executive Director, who assess the candidates and decide whether to proceed with the appointment.

The newly appointed Trustees received an induction from Towner's solicitor, advising them on their legal responsibilities. They were given thorough briefings by the Executive Director, Senior Management team and the Chairman.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

08803625 (England and Wales)

Registered Charity number

1156762

Registered office

Towner Devonshire Park
College Road
Eastbourne
East Sussex
BN21 4JJ

Trustees

Ms H Bauer	Heritage Museums & Funding Adviser
Ms D V Casson	Designer
D Dimbleby	Broadcaster
G F H King	Publisher
J S Madell	Consultant
C F Mckenzie	Freelance Arts Consultant
M R Moorton	Human Resources Director
J Sutherland-beatson	Artist/designer - resigned 8/4/2016
H M Wyndham	Chairman Sothebys
T J W Ashdown	Solicitor
Ms Kay Cadell	Presentation Media - appointed 14/12/2016 Consultant/Trainer

Company Secretary

Approved by order of the Board of trustees on 13/12/2017 and signed on its behalf by:

Trustee

TOWNER

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2017

REFERENCE AND ADMINISTRATIVE DETAILS

Auditors

OBC The Accountants Ltd
Chartered Accountants
& Registered Auditors
2 Upperton Gardens
Eastbourne
East Sussex
BN21 2AH

COMMENCEMENT OF ACTIVITIES

Charitable Trust status was obtained on 1 July 2014, from which point the Trust commenced its charitable activities.

STATEMENT OF TRUSTEES RESPONSIBILITIES

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

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

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

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 to 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.

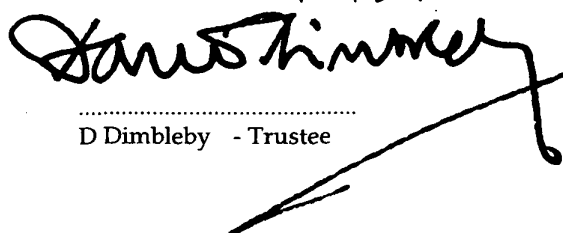
In so far as the trustees are aware:

- 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.

AUDITORS

The auditors, OBC The Accountants Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on13/12/2017..... and signed on the board's behalf by:



.....
D Dimbleby - Trustee

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TOWNER

We have audited the financial statements of Towner for the year ended 31 March 2017 on pages eleven to twenty three. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

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

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 Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
TOWNER**

Matters on which we are required to report by exception

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

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

Andrew Hill FCA (Senior Statutory Auditor)
for and on behalf of OBC The Accountants Ltd
Chartered Accountants
& Registered Auditors
2 Upperton Gardens
Eastbourne
East Sussex
BN21 2AH

Andrew Hill
OBC The Accountants Ltd

Date: *20 December 2017*

TOWNER

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2017**

		Unrestricted funds £	Restricted fund £	2017 Total funds £	2016 Total funds £
	Notes				
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	2	299,463	83,751	383,214	60,413
Activities for generating funds	3	135,276	-	135,276	263,233
Incoming resources from charitable activities					
Grants and funding	4	<u>1,264,588</u>	<u>45,071</u>	<u>1,309,659</u>	<u>1,075,542</u>
Total incoming resources		1,699,327	128,822	1,828,149	1,399,188
RESOURCES EXPENDED					
Costs of generating funds					
Fundraising trading: cost of goods sold and other costs	5	79,688	-	79,688	79,948
Charitable activities					
Charitable activities	6	1,275,547	28,432	1,303,979	1,123,107
Governance costs		-	-	0	29,648
Other resources expended		<u>33,110</u>	<u>-</u>	<u>33,110</u>	<u>18,899</u>
Total resources expended		1,388,345	28,432	1,416,777	1,251,602
NET INCOMING RESOURCES		310,982	100,390	411,372	147,586
RECONCILIATION OF FUNDS					
Total funds brought forward		290,371	172,243	462,614	315,028
TOTAL FUNDS CARRIED FORWARD		<u>601,353</u>	<u>272,633</u>	<u>873,986</u>	<u>462,614</u>

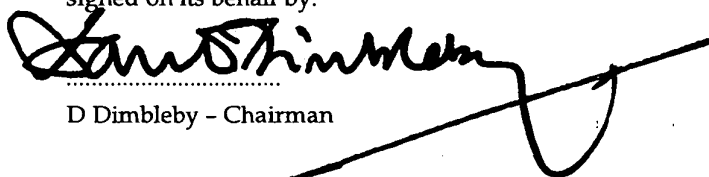
The notes form part of these financial statements

**CONSOLIDATED BALANCE SHEET
AT 31 MARCH 2017**

		Unrestricted funds	Restricted fund	Total	2017 funds	Total	2016 funds
	Notes	£	£		£		£
FIXED ASSETS							
Heritage assets	12	302,550	83,751		386,301		119,405
CURRENT ASSETS							
Debtors	13	484,547	-		484,547		18,000
Stock	14	29,014	-		29,014		35,243
Cash at bank and in hand		<u>528,846</u>	<u>188,882</u>		<u>717,728</u>		<u>449,071</u>
		330,071	172,243		502,314		325,828
CREDITORS							
Amounts falling due within one year	15	(743,603)	-		(743,603)		159,105
NET CURRENT ASSETS		<u>298,803</u>	<u>188,882</u>		<u>487,685</u>		<u>343,209</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		601,353	272,633		873,986		462,614
PENSION LIABILITY	16	(6,000)	-		(6,000)		-
NET ASSETS		<u>595,353</u>	<u>272,633</u>		<u>867,986</u>		<u>462,614</u>
FUNDS	16						
Unrestricted funds					595,353		290,371
Restricted funds					<u>272,633</u>		<u>172,243</u>
TOTAL FUNDS					<u>867,986</u>		<u>462,614</u>

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements were approved by the Board of Trustees on 13/12/2017 and were signed on its behalf by:


D Dimbleby - Chairman

The notes form part of these financial statements

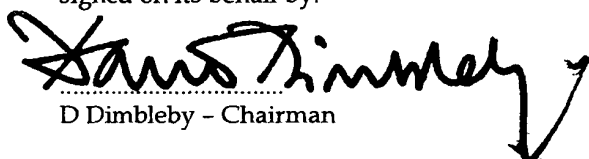
TOWNER

**CONSOLIDATED BALANCE SHEET
AT 31 MARCH 2017**

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	Notes	£	£	£	£
FIXED ASSETS					
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CURRENT ASSETS					
Debtors	13	484,547	-	484,547	18,000
Stock	14	29,014	-	29,014	35,243
Cash at bank and in hand		<u>528,846</u>	<u>188,882</u>	<u>717,728</u>	<u>449,071</u>
		330,071	172,243	502,314	325,828
CREDITORS					
Amounts falling due within one year	15	(743,603)	-	(743,603)	159,105
NET CURRENT ASSETS		<u>298,803</u>	<u>188,882</u>	<u>487,685</u>	<u>343,209</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		601,353	272,633	873,986	462,614
PENSION LIABILITY	16	(6,000)	-	(6,000)	-
NET ASSETS		<u>595,353</u>	<u>272,633</u>	<u>867,986</u>	<u>462,614</u>
FUNDS	16				
Unrestricted funds				595,353	290,371
Restricted funds				<u>272,633</u>	<u>172,243</u>
TOTAL FUNDS				<u>867,986</u>	<u>462,614</u>

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The financial statements were approved by the Board of Trustees on 18/12/2017 and were signed on its behalf by:


D Dimbleby - Chairman

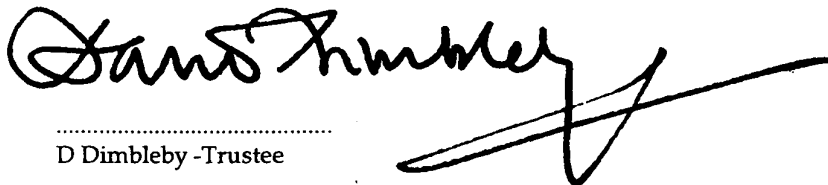
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TOWNER

BALANCE SHEET
AT 31 MARCH 2017

	Notes	Unrestricted funds £	Restricted fund £	Total 2017 funds £	Total 2016 funds £
FIXED ASSETS					
Heritage assets	12	302,550	83,751	386,301	119,405
CURRENT ASSETS					
Debtors	13	776,345	-	776,345	221,416
Cash at bank and in hand		<u>256,994</u>	<u>188,882</u>	<u>445,876</u>	<u>266,547</u>
		1,033,339	188,882	1,222,221	487,963
CREDITORS					
Amounts falling due within one year	14	(734,536)	-	(734,536)	(144,754)
NET CURRENT ASSETS		<u>298,803</u>	<u>188,882</u>	<u>487,685</u>	<u>343,209</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		601,353	272,633	873,986	462,614
PENSION LIABILITY	16	(6,000)	-	(6,000)	-
NET ASSETS		<u>595,353</u>	<u>272,633</u>	<u>867,986</u>	<u>462,614</u>
FUNDS	15				
Unrestricted funds				595,353	290,371
Restricted funds				<u>272,633</u>	<u>172,243</u>
TOTAL FUNDS				<u>867,986</u>	<u>462,614</u>

The financial statements were approved by the Board of Trustees on 18/12/2017 and were signed on its behalf by:


.....
D Dimbleby -Trustee

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Governance costs

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs relating to statutory audit fees, together with any legal advice relating to governance, and an apportionment of overheads as deemed appropriate per note 8 to the accounts.

Heritage assets: works of art - "the collection"

The Trustees consider the works of art to be heritage assets as defined by the SORP and FRS 30. Works of Art consist of paintings, sculptures and prints acquired by purchase and or accepted to be accessioned into the Collection through donation and bequest.

Additions to the Collection acquired by purchase are recognised in the balance sheet at cost on an annual basis. All works accessioned into the Collection through donation or bequest are reported in the Balance Sheet at commercial value using recent transaction information from external sources as the basis of assessment.

In accordance with FRS 30 "Market Value" has been defined by the Trustees for this purpose as being the lower of the comparable assessed costs to acquire at auction, compared to that at an appropriate retail gallery. The artworks are deemed to have indeterminate lives and a high residual value, hence the Trustees do not consider it appropriate to charge depreciation.

Going forward, all items purchased for the Collection will continue initially to be recorded in the Balance Sheet at cost and the Trustees will, if considered appropriate, have them re-valued at any point in the future. Collection items acquired by donation or bequest will be recorded at current market value.

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements

TOWNER

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The charity operates a pension scheme providing defined 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. The most recent actuarial valuation carried out was in April 2017. The Admission Agreement entered into between East Sussex County Council and Eastbourne Borough Council and Towner dated 1 July 2014 are on the basis of a fully funded scheme. Eastbourne Borough Council also acts as a guarantor in relation to the scheme.

Government Grants

In accordance with IAS 20 government grants relating to assets requires setting up the grant as deferred income or deducting it from the carrying amount of the asset. Government grants relating to property, plant and equipment are treated as deferred income and released to profit or loss over the expected useful lives of the assets concerned.

2. DONATIONS AND LEGACIES

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Donations	277,813	83,751	361,564	149,217
Gift aid	11,465	-	11,465	341
Subscriptions	<u>10,185</u>	<u>-</u>	<u>10,185</u>	<u>13,093</u>
	<u>299,463</u>	<u>83,751</u>	<u>383,214</u>	<u>162,651</u>

3. OTHER TRADING ACTIVITIES

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Sponsorships	2,500		2,500	-
Events & exhibitions	10,568		10,568	41,735
Other income	<u>122,208</u>	<u>-</u>	<u>122,208</u>	<u>221,498</u>
	<u>135,276</u>	<u>-</u>	<u>135,276</u>	<u>263,233</u>

The notes form part of these financial statements

TOWNER

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 MARCH 2017

Towner Enterprises Limited

The charity controls this company, which is incorporated in England by virtue of holding 100% of the equity share capital. The company undertakes the ancillary trading activities at Towner with the aim of gifting its taxable profits to the charity.

	2017	2016
	£	£
Turnover	154,139	178,249
Total expenditure	<u>79,006</u>	<u>(76,011)</u>
Net profit for the year	75,133	102,238
Amount gift aided to the charity	<u>(75,133)</u>	<u>(102,238)</u>
Retained profit	-	-
Assets	314,087	227,008
Liabilities	<u>(314,086)</u>	<u>(227,007)</u>
Funds	<u><u>1</u></u>	<u><u>1</u></u>

The notes form part of these financial statements

TOWNER

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

4. INCOME FROM CHARITABLE ACTIVITIES

	Activity	2017 £	2016 £
Grants	Secured funding EBC	613,879	613,880
Grants	Secured funding Arts Council	359,350	360,576
Grants	R & M funding	23,754	1,300
Grants	Education and learning funding	21,953	32,936
Grants	Film funding	-	1,139
Grants	Grants and funding	-	10,000
Grants	DDF Income	45,071	55,711
Grants	ACCNPF Funding	200,652	-
Grants	ACC Catalyst Grant	<u>45,000</u>	<u>-</u>
		1,309,659	1,075,542

TOWNER

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017**

5. RAISING FUNDS

Other trading activities

	Unrestricted funds	Restricted funds	2017 Total funds	2016 Total funds
	£	£	£	£
Fundraising fees	<u>79,688</u>	<u>-</u>	<u>79,688</u>	<u>79,948</u>

6. CHARITABLE ACTIVITIES COSTS

	Direct costs	Support costs (See note 7)	Totals
	£	£	£
R & M funding	121,147	-	121,147
Education and learning funding	122,350	-	122,350
Film funding	513	-	513
Exhibition and events costs	390,185	-	390,185
Travel and subsistence	15,430	-	15,430
Charitable activities	494,833	-	494,833
Support costs	117,963	13,126	131,089
DDF Income	<u>28,432</u>	<u>-</u>	<u>28,432</u>
	<u>1,290,853</u>	<u>13,126</u>	<u>1,303,979</u>

7. SUPPORT COSTS

	Finance	Other	Governance Costs	Totals
	£	£	£	£
Support costs	<u>1,860</u>	<u>2,800</u>	<u>8,466</u>	<u>13,126</u>

TOWNER

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017**

8. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2017	2016
	£	£
Auditors' remuneration	5,250	7,726
Other operating leases	<u>2,800</u>	<u>2,215</u>

9. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2017 nor for the year ended 31 March 2016.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 March 2017 nor for the year ended 31 March 2016.

10. STAFF COSTS

	2017	2016
	£	£
Wages and salaries	534,584	461,450
Social security costs	43,061	29,933
Other pension costs	<u>38,963</u>	<u>49,669</u>
	<u>616,608</u>	<u>541,052</u>

The average monthly number of employees during the year was as follows:

	2017	2016
Full time staff	10	10
Part time staff	<u>30</u>	<u>30</u>
	<u>40</u>	<u>40</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2017	2016
£60,001 - £70,000	<u>1</u>	<u>1</u>

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds	Restricted fund	Total funds
	£	£	£
INCOME AND ENDOWMENTS FROM			
Donations and legacies	162,651	-	162,651
Charitable activities			
Secured funding EBC	613,880	-	613,880
Carried forward	613,880	-	613,880

TOWNER

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted funds £	Restricted fund £	Total funds £
Charitable activities			
Brought forward	613,880	-	613,880
Secured funding Arts Council	359,350	1,226	360,576
R & M funding	1,300	-	1,300
Education and learning funding	9,424	23,512	32,936
Film funding	1,139	-	1,139
Grants and funding	10,000	-	10,000
DDF Income	-	55,711	55,711
 Other trading activities	 84,984	 -	 84,984
Total	1,242,728	80,449	1,323,177
 EXPENDITURE ON			
Raising funds	3,937	-	3,937
Charitable activities			
R & M funding	63,845	-	63,845
Education and learning funding	78,187	36,371	114,558
Film funding	2,835	-	2,835
Exhibition and events costs	256,594	-	256,594
Travel and subsistence	11,171	-	11,171
Charitable activities	471,733	-	471,733
Support costs	169,745	-	169,745
DDF Income	-	62,274	62,274
 Other	 18,899	 -	 18,899
Total	1,076,946	98,645	1,175,591
 NET INCOME	165,782	(18,196)	147,586
 RECONCILIATION OF FUNDS			
Total funds brought forward	124,589	190,439	315,028
 TOTAL FUNDS CARRIED FORWARD	290,371	172,243	462,614

TOWNER

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2017**

12. HERITAGE ASSETS

	Total £
MARKET VALUE	
At 1 April 2016	119,405
Additions	<u>266,896</u>
At 31 March 2017	<u>386,301</u>
 NET BOOK VALUE	
At 31 March 2017	<u>386,301</u>
At 31 March 2016	<u>119,405</u>

As at 31 March 2017, heritage assets comprising of purchased and donated artwork accessioned to the Collection has been capitalised at the appropriate cost of purchase or assessed market value if donated.

The Trustees believe that the current market value of the Collection is in excess of the value capitalised and thus no depreciation is provided.

13. DEBTORS

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	13,532	15,436	311	8,064
Amounts owed by group undertakings	-	-	305,019	212,657
Other debtors		2,564	(50)	695
VAT	<u>48,894</u>	<u>-</u>	<u>48,894</u>	<u>-</u>
	<u>62,426</u>	<u>18,000</u>	<u>354,174</u>	<u>221,416</u>
 Amounts falling due after more than one year:				
Prepayments and accrued income	<u>422,171</u>	<u>-</u>	<u>422,171</u>	<u>-</u>
 Aggregate amounts	<u>484,597</u>	<u>18,000</u>	<u>776,345</u>	<u>221,416</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Trade creditors	145,859	63,038	136,792	54,807
VAT	-	34,518	-	40,638
Accruals and deferred income	<u>597,744</u>	<u>61,549</u>	<u>597,744</u>	<u>49,309</u>
	<u>743,603</u>	<u>159,105</u>	<u>734,536</u>	<u>144,754</u>

15. STOCK

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Stock	<u>29,014</u>	<u>35,243</u>	<u>-</u>	<u>-</u>

TOWNER

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 MARCH 2017

16. MOVEMENT IN FUNDS

	At 1/4/16 £	Net movement in funds £	At 31/3/17 £
Unrestricted funds			
General fund	290,371	304,982	595,353
Restricted funds			
Restricted fund	172,243	100,390	272,633
TOTAL FUNDS	<u>462,614</u>	<u>405,372</u>	<u>867,986</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	1,620,321	(1,309,339)	(6,000)	304,982
Restricted funds				
Restricted fund	128,822	(28,432)	-	100,390
TOTAL FUNDS	<u>1,749,143</u>	<u>(1,337,771)</u>	<u>(6,000)</u>	<u>405,372</u>

17. EMPLOYEE BENEFIT OBLIGATIONS

The charity operates a pension scheme providing defined 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 credit method of valuation. A full actuarial valuation was carried out at 31 March 2015, taking into account the transfer of employees from the previous employer upon commencement of the Trust.

The pension fund values for the employees transferred from the Borough Council were assessed by the Pension Trustees at the date of transfer and assigned to those employees under Towner as a new employer. In accordance with FRS17 a full valuation will be undertaken as at 31 March 2017 at the same point that a formal valuation is undertaken by the Pension Trustees in order that any over or under provision may be accounted for at that time.

18. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 March 2017.

19. MEMBERS' LIABILITY

The charity is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

TOWNER

**RECONCILIATION OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2017**

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
INCOME AND ENDOWMENTS FROM				
Donations and legacies		162,651	-	162,651
Charitable activities		1,075,542	-	1,075,542
Other trading activities		<u>84,984</u>	<u>-</u>	<u>84,984</u>
Total		1,323,177	-	1,323,177
EXPENDITURE ON				
Raising funds		3,937	-	3,937
Charitable activities		1,123,107	29,648	1,152,755
Governance costs		29,648	(29,648)	-
Other		<u>18,899</u>	<u>-</u>	<u>18,899</u>
Total		1,175,591	-	1,175,591
NET INCOME		<u>147,586</u>	<u>-</u>	<u>147,586</u>

TOWNER

RECONCILIATION OF FUNDS

AT 1 APRIL 2015

(DATE OF TRANSITION TO FRS 102)

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
		-	-	-
TOTAL ASSETS LESS CURRENT LIABILITIES		-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>	<u>-</u>
FUNDS		<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUNDS		<u>-</u>	<u>-</u>	<u>-</u>

TOWNER

**RECONCILIATION OF FUNDS
AT 31 MARCH 2016**

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Heritage assets		119,405	-	119,405
CURRENT ASSETS				
Debtors		221,416	-	221,416
Cash at bank and in hand		<u>266,547</u>	<u>-</u>	<u>266,547</u>
		487,963	-	487,963
CREDITORS				
Amounts falling due within one year		(144,754)	-	(144,754)
NET CURRENT ASSETS		<u>343,209</u>	<u>-</u>	<u>343,209</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>462,614</u>	<u>-</u>	<u>462,614</u>
NET ASSETS		<u>462,614</u>	<u>-</u>	<u>462,614</u>
FUNDS				
Unrestricted funds		290,371	-	290,371
Restricted funds		<u>172,243</u>	<u>-</u>	<u>172,243</u>
TOTAL FUNDS		<u>462,614</u>	<u>-</u>	<u>462,614</u>

TOWNER

**DETAILED CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2017**

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
INCOME AND ENDOWMENTS				
Donations and legacies				
Donations	277,813	83,751	361,564	149,217
Gift aid	11,465	-	11,465	341
Subscriptions	<u>10,185</u>	<u>-</u>	<u>10,185</u>	<u>13,093</u>
	299,463	83,751	383,214	162,651
Other trading activities				
Sponsorships	2,500	-	2,500	-
Events & exhibitions	10,568	-	10,568	41,735
Other income	<u>122,208</u>	<u>-</u>	<u>43,202</u>	<u>43,249</u>
	135,276	-	135,276	84,984
Charitable activities				
Grants	<u>1,264,588</u>	<u>45,071</u>	<u>1,309,659</u>	<u>1,075,542</u>
Total incoming resources	1,699,327	128,822	1,828,149	1,323,177
EXPENDITURE				
Other trading activities				
Fundraising fees	79,688	-	79,688	3,937
Charitable activities				
Wages	534,584	-	534,584	461,450
Social security	43,061	-	43,061	29,933
Pensions	38,963	-	38,963	49,669
Rates and water	40,906	-	40,906	42,835
Insurance	16,168	-	16,168	17,804
Light and heat	57,003	-	57,003	74,065
Telephone	3,800	-	3,800	3,902
Postage and stationery	7,668	-	7,668	8,179
Advertising	32,123	-	32,123	36,766
Sundries	-	-	-	833
Education project expenditure	58,625	-	58,625	55,517
Exhibition and event costs	275,373	-	275,373	175,922
Film funding expenditure	513	-	513	2,835
Travel and subsistence	15,430	-	15,430	11,104
Staff recruitment and training	10,660	-	10,660	20,959
Staff welfare	2,511	-	2,511	655
Repairs and renewals	125,033	-	125,033	65,478
Other	<u>-</u>	<u>28,432</u>	<u>28,432</u>	<u>62,274</u>
	1,341,427	28,432	1,369,859	1,120,180

TOWNER

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2017**

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Other				
Irrecoverable VAT	33,110	-	33,110	18,899
Support costs				
Finance				
Bank charges	1,860	-	1,860	2,927
Other				
Other operating leases	2,800	-	2,800	2,215
Governance costs				
Auditors' remuneration	5,250	-	5,250	7,726
Sundries	6,235	-	6,235	4,707
Accountancy and legal fees	(3,019)	-	(3,019)	15,000
	<u>8,466</u>	<u>-</u>	<u>8,466</u>	<u>27,433</u>
Total resources expended	1,388,345	28,432	1,416,777	1,175,591
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net income	<u>310,982</u>	<u>100,390</u>	<u>411,372</u>	<u>147,586</u>