

Company registration number: 05757614
Charity registration number: 1115091

PEER UK LTD

(A company limited by guarantee and registered charity)

UNAUDITED

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

PEER UK LTD
(A company limited by guarantee and registered charity)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2017**

Trustees	Felicity Allen Achim Borchardt-Hume, Chair to 10 January 2017 Craig Burnett Juan Cruz Jeffrey McMillan Fiona Murphy Isabelle Nowak, Chair from 10 January 2017 Habda Rashid (appointed 14 September 2016) Claire Reay (appointed 10 January 2017) Simon Tuttle, Treasurer Allister Warman
Company registered number	05757614
Charity registered number	1115091
Registered office	99 Hoxton Street London N1 6QL
Director / Chief Executive	Ingrid Swenson
Independent Examiner	Chris Harris CPFA MHA MacIntyre Hudson New Bridge Street House 30-34 New Bridge Street London EC4V 6BJ
Bankers	National Westminster Bank Plc 135 Bishopsgate London EC2M 3UR

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

The Board of Trustees, who act as directors of the Company for the purposes of the Companies Act, and trustees for charity law purposes, submit their annual report and the financial statements of Peer UK Ltd for the year ended 31 March 2017. The Board of Trustees confirms that the annual report and financial statements of the Company comply with current statutory requirements, the requirements of the Company's governing document and the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities (revised 2005)'.

Structure, governance and management

The Charity is a company limited by guarantee, its members being its Trustees. Their liability in the event of insolvent liquidation is limited to £10 per member and at 31 March 2017 there were 11 members. The Charity was incorporated on 27 March 2006 and registered as a charity on 5 July 2006. The Charity is governed by its Memorandum and Articles of Association.

The Memorandum and Articles allow for new Trustees to be appointed at any time by the Board of Trustees, and the number of Trustees must not fall below three. Trustees are then elected annually and may resign during the year by written notice to the Board. Prior to their appointment, new Trustees are invited to attend a quarterly Trustees' meeting as an observer and to meet the existing Trustees.

New Trustees undergo a consultation period of no less than half a day with the Director of the Charity to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision making processes, and recent financial performance of the Charity. Trustees are also encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

The Trustees have appointed a Director who is responsible for the day to day operation of the Charity. The Board meets on a quarterly basis and oversees decisions relating to the infrastructure and strategic direction of the Charity and measures of good governance.

Objectives

The objects of the Charity are "the advancement for the benefit of the public in education in art in particular by promoting and providing public facilities for the exhibition and study of work of art which are primarily contemporary for the purposes of training and educational research and to promote a better understanding of art in all its aspects."

Achievements and performance

2016/17 marked a considerable step-change for PEER, particularly in terms of strengthening its presence in the local area and making an important contribution to the cultural life on Hoxton Street and beyond. The two main phases of the £280K Capital Project were successfully completed by the end of March 2016 on time and on budget. A major fundraising event was PEER's participation in an auction at Sotheby's that took place in mid March 2016 and raised a total of £45,500 unrestricted funds, which were received in mid April 2017. To mark the completion of the capital works a launch event took place at PEER on April 13 followed by a celebration at Hoxton Hall, with speeches from Sir Nicholas Serota and Councillor Guy Nicholson, which around 200 people attended.

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A new programme of gallery exhibitions, events and public realm projects was also launched in early April, further details of which are below.

During the period, a total of five board meetings were held. Quarterly trustees meetings took place and the AGM was held in January 2017.

Staffing and organisational development

The General Manager, Natasha Vicars, had been employed in January 2016 initially for four months to the end of April to see through the capital works, but it was mutually agreed that she should become a permanent four days per week employee.

The post of Curator of Local Audiences (CoLA), Ania Bas, continued in her 13-month fixed term three days per week post (that began in November 2015), funded by The Cockayne Foundation, to the end of January 2017. In June 2017, while in post, Ania Bas learned of her successful application to The Earnest Kleinwort Charitable Foundation to support the fees, materials and delivery costs of a project entitled Four Seasons, which enabled her to continue her work at PEER on a part-time consultancy basis through summer 2017.

It was necessary for the Director to take some extended compassionate leave during June and early July, and during this time she kept in touch with the day to day activities of the organisation and was on 50% salary, while the General Manager took an increase in salary to reflect her additional responsibility.

At the December Board meeting and AGM, Isabelle Nowak was elected onto the Board as Chair, and the existing Chair, Achim Borchardt Hume became Deputy Chair. Isabelle Nowak has a background in finance and has also pursued her interest in contemporary art by recently achieving an MA in the subject. She is currently the Capital Markets Director at VisionFund International, which is a microfinance charity. Claire Reay who is the Acting Manager of the Ivy Street Family Centre and Habda Rashid who is a curator at the Whitechapel Art Gallery were elected as new board members. Claire has extensive local knowledge, which is increasingly important in terms of building and engaging audiences who live and work in the area and also brings invaluable HR experience to the board. Habda's contemporary art and curating knowledge combined with an enthusiasm for helping to build the Patrons and supporters group will make her an important ambassador. After 10 years as both Trustee and also Chair, Fiona Murphy stepped down from the Board, and was warmly thanked for her tremendous contribution.

In December 2016, following a meeting with Clemmie Cooke, it was confirmed that the Paul and Louise Cooke Endowment would make a grant of £20K per year for a further two years in 2017/18 and for 2018/19, which was tremendous news and an incredible endorsement for the organisation. This represents the eighth and ninth year of support, and again it was granted as unrestricted income, and PEER was "at liberty to apply the funding where it is most needed."

PEER continued its successful partnership with Creative Access to engage a second paid intern as a three days per week Gallery Trainee for six months. The successful candidate, Sanaz Movahedi, started in late March 2016 and continued to September. Like her Creative Access predecessor, Khadija Saye, PEER continued to employ Sanaz on a casual basis after her contract finished.

The new Chair, Isabelle Nowak, spearheaded a major fundraising event on 21 February 2017 – a

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dinner in the gallery for 40 guests, including potential new Patrons of PEER. Sir Nicholas Serota generously agreed to be the main guest of honour and made a speech at the event that roundly endorsed PEER's achievements. A number of significant artists who have shown with or have links with PEER were also invited, including Mike Nelson, Jeff McMillan, Phyllida Barlow, Bob & Roberta Smith amongst others. This event was extremely successful with 13 new patrons signing up at three tiers of support (£500, £100 and £2,500), which all together raised £19,600 + Gift Aid. As a result of this new group of individual supporters, the Director has also set up a Patrons Programme offering exclusive exhibition tours and other special events.

On 1st February 2017, PEER, along with all other National Portfolio Organisations (NPOs), submitted its major application to Arts Council England for renewed core funding for a four-year period from April 2018 to March 2022. The application requested an uplift from its current annual grant of £52K to £85.5K, which would represent an increase of 64%. All Arts Council NPOs, and particularly those in London, were advised that increases in annual grants were extremely unlikely, but given the amount that had been achieved in terms of the capital development, the Board were supportive of this application, the result of which would be known in June 2017.

Artistic Programme

Hoxton Street Public Space – Chris Ofili and London Fieldworks – Launched on 13 April 2016

A key element of the Capital Improvement works was the complete transformation of the streetscape in front of PEER and up to the corner of Fanshaw Street. Working with a number of local volunteers, a colourful 'pocket park' garden with flowers, shrubs and climbers as well as four silver birch trees was planted, installed seating, bike parking, bins and laid 200 square metres of new paving. In addition to this, PEER commissioned art work by Turner Prize winning artist Chris Ofili for a freestanding illuminated civic clock as well as a 10 metre-long sculpture by artist collective London Fieldworks (Joe Joelson and Bruce Gilchrist) comprising 212 habitable boxes for local wildlife, which was installed along the back of the bed of planting. The effect of this project on the local community was instantly positive and has further embedded PEER and its work locally.

Angela de la Cruz – 16 April to 21 May 2016

The inaugural installation in the newly refurbished gallery space was an installation by London-based Spanish artist Angela de la Cruz, a former Turner Prize nominee. She installed a work which had originally been exhibited at the Ballroom of the South Bank Centre entitled *Larger Than Life* (1993) that exploited the potential for maximum impact from the street, and also produced a new sculpture for PEER. During the exhibition vox pops with visitors to the gallery were collected and photographs were taken to produce a leaflet and poster.

Barry Thompson – 3 June to 9 July 2016

This exhibition, entitled *Fistful of Blood and Feathers*, was the artist's first solo show in London. The project was the first of a three-year partnership with Acme and comprised drawings and paintings produced by Thompson during his year-long Jessica Wilkes studio award at Acme. PEER produced a free artist's booklet containing a text and images by Thompson and he also took part in a conversation of his work as part of the Antiuniversity activities. During and after the exhibition four drawings were sold, with the artist receiving 60% of the sale price and the remaining amount received by PEER. The artist was subsequently offered a solo exhibition at Charlie Smith gallery later in 2017 as a direct result of this project.

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Neil Clements and Jeremy Moon – 15 July to 17 September 2016

This exhibition, titled *Out of Nowhere*, showed the work of young contemporary artist Neil Clements alongside four large works by abstract painter, Jeremy Moon, who died aged 38 in 1973. A second element of this project was an exhibition of works on paper and archive material by Moon, selected by Neil Clements, which was exhibited at another gallery in north London, Large Glass. Neil Clements took part in a sold out in-conversation event with artist David Batchelor about abstract painting and Clements wrote an essay about Moon's work which was produced as a handout in the gallery. This two-part partnership project received extremely good responses from audiences and also from the press. It was covered widely in both local as well as national press including a piece in *World of Interiors* and also in the international art magazine, *Artforum*, who additionally offered PEER a quarter page of free advertising for the show.

Wherewithal – 28 September to 15 October 2016

This was an exhibition of four recent graduates who had all recently completed a year's residency at Acme's Warton House building and was the second of three partnership projects with Acme. The artists were Alison Ballance, Rutie Borthwick, Hugo Brazao and Harriet Foyster. This was a tremendous opportunity for four emerging artists to have the chance to work in a professional gallery environment and have the benefit of curatorial input from the Director and General Manager. Two of the artists, Alison Ballance and Rutie Borthwick, presented a live performance evening

Jonathan Baldock and Emma Hart – 9 November 2016 to 28 January 2017

Baldock and Hart collaborated on a major new commission for PEER called **Love Life: Act I**. This project was conceived as a three-part touring exhibition in partnership with the Grundy Art Gallery in Blackpool and De La Warr Pavilion in Bexhill on Sea, where it would be added to at each successive venue. The project was based on the artists' imagined behind-the-scenes look at the life of Punch and Judy and featured ceramic items, a sound work and other sculptural elements. The fragile nature of the exhibits meant that the gallery needed to be invigilated, so a group of six young BAME 'ambassadors' aged between 18 and 21 were recruited from local schools and organisations to be paid gallery assistants, all of whom found the experience extremely rewarding. The artists took part in an in-conversation event with freelance curator Ben Roberts, which was sold out. A PR consultant was engaged to work on the press for this project, which proved extremely successful as the exhibition received 11 press reviews during the PEER show, and has continued to attract more coverage.

Paul Scott – 3 March to 22 April 2017

Paul Scott is a ceramic artist whose exhibition *Home Truths*, looked at historical industrially produced transferware and considered its cultural and sometimes also political meaning. Scott collages these everyday items together and in so doing repurposes them as sculptural works. The artist produced an audio guide for the project, which was offered to gallery visitors and was also made available on the website. The response to the exhibition was very positive, and one work was sold during the exhibition period, with further interest expressed.

Collateral events

Katrina Beales workshop – *We are all addicts now*

CFW book launch of *Ha-Ha Chrystal* in partnership with Copy Press

Ian Bourn book launch in partnership with Piece of Paper Press

Hosted the monthly Art Magazine Reading Group on eight occasions

Hosted five meetings of the International Association of Art Critics UK Section

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Local Partnerships and Off-site artistic programme

Amy Pennington / Shakespeare on the Arden Estate – Launched on 13 August

The Curator of Local Audiences, Ania Bas, worked in partnership with The North and South Arden Estate Tenants Management Association to commission artist Amy Pennington to produce an outdoor artwork inspired by Shakespeare's writing. What came to be known as the *Hoxton Unicorns* was part of the local celebrations of the 400th anniversary of Shakespeare's birth. Pennington worked with local residents to select a text, which was then interpreted for a 25 metre long mural for a playground area that had suffered from neglect in recent years. The result transformed the space and the work was celebrated in an event in the local community hall, which was very well attended.

Four Seasons – November 2016 to April 2017

With funding from Ernest Kleinwort Charitable Foundation, the Curator of Local Audiences organised the first two of four seasonal off-site projects for the otherwise unused display case on the flank wall of the neighbouring post office. Each project had a series of accompanying workshops for local residents. The first project for the winter was work by Lucy Steggals entitled *Forest Set*, which looked at the local historical links with Pollocks Toy Theatre set designs. The spring project was a commission by Fiona McDonald called *Foxing*, which was based on the artist's research into how foxes are perceived, and how this wild animal has adapted to living in densely populated urban environments. A ceramic mask-making workshop was held and also an evening of 'foxing' performances and events.

During 2016/17 PEER worked with the following funders and partners

Acme
Artforum magazine
Belmacz
Counterculture Partners
Copy Press
Creative Access
De La Warr Pavilion, Bexhill
Ernest Kleinwort Charitable Trust
Large Glass, London
Lisson Gallery, London
Lux, London
North & South Arden Tenant Management Organisation
Paul and Louise Cooke Endowment
Shakespeare in Shoreditch
Shoreditch Library
St Anne's Church, Hoxton
The Ampersand Foundation
The Cockayne Foundation
The Henry Moore Foundation
The Mayor of London
The Antiuniversity
The art magazine reading group
Arts Council England
The Elephant Trust
Fabrique bakery

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Grundy Art Gallery, Blackpool
Hackney Community College
Hackney Council Cultural Development Team Hackney Council VCS
Hoxton Hall
Hoxton Trust
International Association of Art Critics
Ivy Street Family Centre
The Sunday Painter
Troy Town Pottery and Town Gas
Shoreditch Trust
Victoria Miro Gallery
Whitechapel Gallery

Financial review

The results of the Charity's operation are set out in the financial statements. The net inflow of funds for the year amounted to £10,688 (2016 : £183,050). The reserves available at 31 March 2017 amounted to £340,647 (2016 : £329,959), with £nil restricted funds carried forward.

The Trustees consider the minimum level of reserves required to ensure the continuing running of the Charity to be approximately three months' general running costs. The Trust's free reserves as at 31 March 2017 stood at £170,563, which the Trustees consider to be adequate, taking account of expected core costs in the coming year. Peer UK Ltd receives contributions for core costs from grant providers when taking on new projects as part of the grant agreements.

Public benefit

The Trustees consider that Peer UK benefits the public in four primary ways:

- Delivering uncompromising, innovative, world-class art in the gallery and the public realm that is lead by ideas and excellence rather than fashion and marketability.
- Offering creative opportunities to local people of all ages and from a range of economic, social and cultural backgrounds through our participation programme.
- Providing emerging, mid-career and established artists with opportunities to explore and take new risks in their working practice.
- Making a positive impact on the local environment and its communities through the provision of the highest quality art.

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives, and in planning current and future activities.

Statement of Board of Trustees' responsibilities

The Board of Trustees is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company and charity law applicable to charities in England/Wales requires the Board of Trustees to

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

prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of the surplus or deficit of the Charity for that period. In preparing those financial statements the Board of Trustees have:

- selected suitable accounting policies and applied them consistently,
- made judgements and estimates that are reasonable and prudent,
 - stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
 - prepared the financial statements on a going concern basis (unless it is inappropriate to presume that the Charity will continue in operation).

The Board of Trustees have overall responsibility for ensuring that the Charity has an appropriate system of controls, financial and otherwise. They are also responsible for keeping proper accounting records which are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the detection and prevention of fraud and other irregularities.

The Board of Trustees is responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Preparation of the report

This report has been prepared taking advantage of the small companies exemption of section 415A of the Companies Act 2006.

Accountants

The accountants, MHA MacIntyre Hudson have indicated their willingness to accept re-appointment for the coming year.

This report was approved and authorised for issue by the Board of Trustees on 14 November 2017 and signed on its behalf by:

Isabelle Nowak, Chair.

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**INDEPENDENT EXAMINER'S REPORT
FOR THE YEAR ENDED 31 MARCH 2017**

INDEPENDENT EXAMINERS REPORT TO THE TRUSTEES OF PEER UK LTD

I report on the financial statements of the Charity for the year ended 31 March 2017 which are set out on pages 11 to 25.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND EXAMINER

The Trustees, who are also the directors of the company for the purposes of company law, are responsible for the preparation of the financial statements. The Trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the Act) and that an independent examination is needed.

Having satisfied myself that the Charity is not subject to audit under charity or company law and is eligible for independent examination, it is my responsibility to:

- examine the financial statements under section 145 of the Act;
- follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the Act; and
- state whether particular matters have come to my attention.

BASIS OF INDEPENDENT EXAMINERS REPORT

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the Charity and a comparison of the financial statements presented with those records. It also includes consideration of any unusual items or disclosures in the financial statements, and seeking explanations from you as Trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the financial statements present a 'true and fair view' and the report is limited to those matters set out in the statement below.

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INDEPENDENT EXAMINER'S REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2017

INDEPENDENT EXAMINERS STATEMENT

In connection with my examination, no matter has come to my attention:

- (1) which gives me reasonable cause to believe that in any material respect the requirements:
- to keep accounting records in accordance with section 386 of the Companies Act 2006; and
 - to prepare financial statements which accord with the accounting records, Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard in the UK and Republic of Ireland (FRS 102) and in other respects comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities.
- have not been met; or
- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached.

Signed:

Dated:

CHRIS HARRIS CPFA

MHA MacIntyre Hudson
New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

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**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2017**

		Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:					
Donations and grants	2	110,120	54,088	164,208	351,696
Charitable activities	3	18,289	-	18,289	12,930
Investments	4	37	-	37	64
Other income	5	11,293	-	11,293	938
TOTAL INCOME		139,739	54,088	193,827	365,628
EXPENDITURE ON:					
Charitable activities	6	104,451	78,688	183,139	182,578
TOTAL EXPENDITURE		104,451	78,688	183,139	182,578
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		35,288	(24,600)	10,688	183,050
NET MOVEMENT IN FUNDS		35,288	(24,600)	10,688	183,050
RECONCILIATION OF FUNDS:					
Total funds brought forward	15	305,359	24,600	329,959	146,909
TOTAL FUNDS CARRIED FORWARD		340,647	-	340,647	329,959

The notes on pages 13 to 25 form part of these financial statements.

All income and expenditure derive from continuing activities.

The Statement of Financial Activities includes all gains and losses recognised during the year.

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REGISTERED NUMBER: 05757614

**BALANCE SHEET
AS AT 31 MARCH 2017**

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	12		170,084		206,233
CURRENT ASSETS					
Stocks		19,455		13,255	
Debtors	13	10,215		47,853	
Cash at bank and in hand		151,052		107,117	
			180,722	168,225	
CREDITORS: amounts falling due within one year	14	(10,159)		(44,499)	
NET CURRENT ASSETS			170,563		123,726
NET ASSETS			340,647		329,959
CHARITY FUNDS					
Restricted funds	15		-		24,600
Unrestricted funds	15		340,647		305,359
TOTAL FUNDS			340,647		329,959

The Trustees consider that the Charity is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the Charity to obtain an audit for the year in question in accordance with section 476 of the Act.

The Trustees acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees on 14 November 2017 and signed on their behalf, by:

.....
Isabelle Nowak
Chair

The notes on pages 13 to 25 form part of these financial statements.

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

1. ACCOUNTING POLICIES

1.1 General information and basis of preparation

Peer UK Ltd is a company limited by guarantee in the United Kingdom and is registered with the Charity Commission (Charity Registered Number: 1115091) and Registrar of Companies (Company Registration Number: 05757614) in England and Wales. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charity. The address of the registered office is given in the Charity information on page 1 of these financial statements. The nature of the Charity's operations and principal activities are promoting and providing public facilities for the exhibition and study of works of art.

Peer UK Ltd constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with 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) issued on 16 July 2014 (as updated through Update Bulletin 1 published on 2 February 2016), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

The Charity has applied Update Bulletin 1 as published on 2 February 2016 and does not include a cash flow statement on the grounds that it is applying FRS 102 Section 1A.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in sterling which is the functional currency of the Charity and rounded to the nearest pound.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

1.2 Funds

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

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

1. ACCOUNTING POLICIES (continued)

1.3 Income recognition

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

For donations to be recognised the Charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the company and it is probable that they will be fulfilled.

Donated facilities and donated professional services are recognised in income at their fair value when their economic benefit is probably, it can be measured reliably and the Charity has control over the item. Fair value is determined on the basis of the value of the gift to the Charity. For example the amount the Charity would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure.

No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102). Further detail is given in the Trustees' Annual Report.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

Where practicable, gifts in kind donated for distribution to the beneficiaries of the Charity are included in stock and donations in the financial statements upon receipt. If it is impracticable to assess the fair value at receipt or if the costs to undertake such a valuation outweigh any benefits, then the fair value is recognised as a component of donations when it is distributed and an equivalent amount recognised as charitable expenditure

Membership income relates to a Friends scheme initiated in 2009, with two levels of support and neither is for receiving any financial gain from the Charity or having any legal entitlement at the AGM. The income is therefore accounted for in the period received.

Gift Aid donations are recognised at the point when the related income is receivable.

1.4 Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Expenditure on charitable activities includes all costs incurred on furthering the objects of the Charity; and
- Other expenditure represents those items not falling into the categories above.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

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

1. ACCOUNTING POLICIES (continued)

1.5 Support costs allocation

Support costs are those that assist the work of the Charity but do not directly represent charitable activities and include office costs, governance costs, administrative payroll costs. They are incurred directly in support of expenditure on the objects of the Charity and include project management carried out at Headquarters. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of expenditure on raising funds and expenditure on charitable activities on a basis consistent with use of the resources. Governance costs are those incurred in connection with the running of the Charity and compliance with constitutional and statutory requirements.

The analysis of these costs is included in note 8.

1.6 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold improvements	-	7 years (period of lease expiring in June 2022)
Office equipment	-	3 years

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing stock to its present location and condition. Provision is made for damaged, obsolete and slow-moving stock where appropriate.

The majority of the stock consists of donated items. The attributed value has been discounted from the advertised market price to reflect the uncertainty as to the date of sale and recognition that some of the items may finally be sold at amounts significantly lower than this price.

1.8 Debtors

Debtors are recognised when the Charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

1.9 Creditors

Creditors are recognised when the Charity has a present legal or constructive obligation resulting from a past event and the settlement is expected to result in an outflow of economic benefits.

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

1. ACCOUNTING POLICIES (continued)**1.10 Financial instruments**

The Charity only holds basic Financial Instruments. The financial assets and financial liabilities of the Charity are as follows:

Debtors – trade and other debtors (including accrued income) are basic financial instruments and are debt instruments measured at amortised cost as detailed in Note 13. Prepayments are not financial instruments.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Liabilities – trade creditors, accruals and other creditors will be classified as financial instruments, and are measured at amortised cost as detailed in Note 14. Taxation and social security are not included in the financial instruments disclosure. Deferred income is not deemed to be a financial liability, as in the cash settlement has already taken place and there is simply an obligation to deliver charitable services rather than cash or another financial instrument.

1.11 Taxation

The Charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it is able to take advantage of applicable charity tax exemptions for UK corporation tax purposes.

1.12 Going concern

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the Charity to be able to continue as a going concern.

2. INCOME FROM DONATIONS AND GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	25,092	-	25,092	64,876
Gift in kind	-	-	-	16,750
Grants	83,265	54,088	137,353	268,360
Membership income	1,763	-	1,763	1,710
	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and legacies	110,120	54,088	164,208	351,696
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total 2016</i>	134,439	217,257	351,696	
	<hr/>	<hr/>	<hr/>	

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

3. ANALYSIS OF INCOME BY CHARITABLE ACTIVITY

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Movement in value of donated goods	6,250	-	6,250	1,755
Editions sales	2,333	-	2,333	5,855
Gallery sales	9,585	-	9,585	4,250
Publication sales	-	-	-	313
Event income	121	-	121	757
Total	<u>18,289</u>	<u>-</u>	<u>18,289</u>	<u>12,930</u>

In 2016, of the total income from charitable activities, £12,315 was to unrestricted funds and £615 was to restricted funds.

4. INCOME FROM INVESTMENTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest received	37	-	37	64
Total 2016	<u>64</u>	<u>-</u>	<u>64</u>	

5. OTHER INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Other income	11,293	-	11,293	938
Total 2016	<u>938</u>	<u>-</u>	<u>938</u>	

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

6. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Activities undertaken directly 2017 £	Support costs 2017 £	Total 2017 £	Total 2016 £
Promoting study of works of art	112,781	70,358	183,139	182,578
<i>Total 2016</i>	95,198	87,380	182,578	

In 2016, of the total expenditure on charitable activities £138,154 was from unrestricted funds and £44,424 was from restricted funds.

Direct costs are analysed in Note 7.

Support costs are analysed in Note 8.

7. ANALYSIS OF TOTAL EXPENDITURE ON DIRECT COSTS

	Charitable Activities £	Total 2017 £	Total 2016 £
Fees and expenses	35,775	35,775	15,580
Exhibitions, events and project production	19,044	19,044	2,812
Marketing	3,329	3,329	695
CAT expenses	-	-	24,744
Gallery and edition sale costs	1,486	1,486	755
Staff costs	53,147	53,147	50,612
	112,781	112,781	95,198
<i>At 31 March 2016</i>	95,198	95,198	

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

8. ANALYSIS OF TOTAL EXPENDITURE ON SUPPORT COSTS

	Charitable Activities £	Total 2017 £	Total 2016 £
Rent and rates	7,208	7,208	22,902
Office costs	10,311	10,311	7,133
Communications	3,959	3,959	3,735
Utilities	1,551	1,551	1,217
Insurance	92	92	1,147
Bank charges	406	406	190
Governance costs	6,533	6,533	10,163
Depreciation	40,298	40,298	40,893
	<u>70,358</u>	<u>70,358</u>	<u>87,380</u>
<i>At 31 March 2016</i>	<u>87,380</u>	<u>87,380</u>	

Governance costs are analysed in Note 9

9. GOVERNANCE COSTS

	2017 £	2016 £
Independent Examiners remuneration - review on the financial statements	2,100	2,700
Independent Examiners remuneration - preparation of the accounts	1,200	1,200
Legal and professional Accountancy	3,233	5,263
	-	1,000
Total	<u>6,533</u>	<u>10,163</u>

10. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets: - owned by the Charity	40,298	40,893
Independent Examiners remuneration	3,300	3,900

During the year, no Trustees received any remuneration (2016 - £NIL).
During the year, no Trustees received any benefits in kind (2016 - £NIL).
During the year, no Trustees received any reimbursement of expenses (2016 - £NIL).

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11. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	51,306	48,211
Social security costs	1,841	2,401
	<u>53,147</u>	<u>50,612</u>

The average number of persons employed by the Charity during the year was as follows:

	2017 No.	2016 No.
Direct staff	2	2

No employee received remuneration amounting to more than £60,000 in either year.

The total amount of employee benefits received by Key Management Personnel was £33,966 (2016 - £35,296). The Charity considers its Key Management Personnel comprise the Trustees and Chief Executive.

12. TANGIBLE FIXED ASSETS

	Leasehold improve- ments £	Office equipment £	Total £
Cost			
At 1 April 2016	273,347	5,370	278,717
Additions	3,020	1,129	4,149
At 31 March 2017	<u>276,367</u>	<u>6,499</u>	<u>282,866</u>
Depreciation			
At 1 April 2016	67,866	4,618	72,484
Charge for the year	39,546	752	40,298
At 31 March 2017	<u>107,412</u>	<u>5,370</u>	<u>112,782</u>
Net book value			
At 31 March 2017	<u>168,955</u>	<u>1,129</u>	<u>170,084</u>
At 31 March 2016	<u>205,481</u>	<u>752</u>	<u>206,233</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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13. DEBTORS

	2017	2016
	£	£
Trade debtors	4,621	247
Other debtors	2,155	510
Prepayments	3,439	1,596
Grants receivable	-	45,500
	<hr/> 10,215 <hr/>	<hr/> 47,853 <hr/>

14. CREDITORS: Amounts falling due within one year

	2017	2016
	£	£
Trade creditors	4,230	26,497
Other taxation and social security	-	1,820
Other creditors	2,629	1,633
Accruals	3,300	14,549
	<hr/> 10,159 <hr/>	<hr/> 44,499 <hr/>

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

15. FUND RECONCILIATION

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 April 2016 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2017 £
Designated funds					
Fixed asset fund	206,233	-	(40,298)	4,149	170,084
General funds					
General Funds	99,126	139,739	(64,153)	(4,149)	170,563
Total Unrestricted funds	305,359	139,739	(104,451)	-	340,647
Restricted funds					
Local Audiences Programme	16,805	54,088	(70,893)	-	-
Neil Clements	3,000	-	(3,000)	-	-
Barry Thompson	4,795	-	(4,795)	-	-
	24,600	54,088	(78,688)	-	-
Total of funds	329,959	193,827	(183,139)	-	340,647

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 April 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2016 £
Designated funds						
Fixed asset fund	12,233	-	(40,893)	234,893	-	206,233
	12,233	-	(40,893)	234,893	-	206,233
General funds						
General Funds	75,894	147,756	(97,261)	(27,263)	-	99,126
	75,894	147,756	(97,261)	(27,263)	-	99,126
Total Unrestricted funds	88,127	147,756	(138,154)	207,630	-	305,359

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NOTES TO THE FINANCIAL STATEMENTS
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15. FUND RECONCILIATION (continued)

Restricted funds

ACE Catalyst	14,725	6,395	(21,120)	-	-	-
Real Estates Project	1,605	615	(2,220)	-	-	-
Ampersand Foundation - Deputy Director Post	12,452	-	(12,452)	-	-	-
Cockayne Foundation - Local Audiences Programme	-	20,000	(3,195)	-	-	16,805
Creative Access Grants	-	2,500	(2,500)	-	-	-
Neil Clements	-	3,000	-	-	-	3,000
Barry Thompson	-	5,000	(205)	-	-	4,795
Capital Development Project	30,000	180,362	(2,732)	(207,630)	-	-
	<u>58,782</u>	<u>217,872</u>	<u>(44,424)</u>	<u>(207,630)</u>	<u>-</u>	<u>24,600</u>
Total of funds	<u>146,909</u>	<u>365,628</u>	<u>(182,578)</u>	<u>-</u>	<u>-</u>	<u>329,959</u>

The fixed asset fund represents the net book value of unrestricted tangible fixed assets. Each year an amount will be transferred to or from the fund representing the movement in the net book value of unrestricted tangible assets in the year.

Unrestricted funds are general funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

The restricted funds represent the various different projects carried out by the Charity as commented on in more detail in the Trustees' report.

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
Tangible fixed assets	170,084	-	170,084
Current assets	180,722	-	180,722
Creditors due within one year	(10,159)	-	(10,159)
	<u>340,647</u>	<u>-</u>	<u>340,647</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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16. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £
Tangible fixed assets	206,233	-	206,233
Current assets	143,625	24,600	168,225
Creditors due within one year	(44,499)	-	(44,499)
	<u>305,359</u>	<u>24,600</u>	<u>329,959</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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17. RELATED PARTY TRANSACTIONS

Other than Key Management Personnel remuneration detailed in Note 11 there were no related party transactions during the period (2016 - £Nil).