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MIDLANDS ARTS CENTRE

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 2 APRIL 2000

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TRUSTEES REPORT 1999/00

1999/2000 was a year full of achievements for **mac**. We consolidated the Centre's artistic reputation with some highly successful productions, both critically and publicly acclaimed; growing national recognition of our exhibitions programme, amongst them a the **mac** curated exhibition of Kate Malone's vibrant ceramics *The Allotment* which enjoyed a long and celebrated national tour. The cinema programme went from strength to strength and we welcomed some of the country's most exciting performing arts companies to perform at **mac**. Education and Outreach programmes worked with more people than ever before and we built even closer links with local communities through our partnership project with Birmingham City Council, **artSites**. At the end of the year we were able to reintroduce a reading and writing component to our work with the appointment of the writer Sara Maitland as our Literature Producer.

The financial and managerial stability of the organisation, regained in 1998/99, was enhanced and we were able to create some new staff posts to develop our work thanks to the support of our public funders and the continued generosity of the Saintbury, Bryant and Roughley Trusts in particular.

Artistic Programme

Our **productions** work began and ended with the same production. *Do Megabugs Byte*, our spring 99 production for the 4-7 age range was revived with a new title, *Planet Time*, performed at **mac** and, for the first time, presented on a national tour. It was a great success was very positively received.

Our production of the Philip Glass opera *Satyagraha* was a fitting finale both to the 80's festival and to **mac**'s involvement with the 'Towards The Millennium Festival' as a whole. It is an involvement of which we can be justifiably proud. Of this final production, the City Council's Head of Arts wrote "It looked and sounded terrific, and by any standards it's a really remarkable achievement. The '80s festival could not have had a more inspirational finale."

The Christmas production *The Magical Adventures of Aladdin* produced box office results within a tiny margin of the record returns of the previous year. The production itself was distinguished by a text that was full of pace and thoughtful structure. A striking design including projections and a vibrant music score both helped successfully to evoke the varied locations.

With the support of the City Council's Arts Education initiative we had the pleasure of working on a wide range of projects with schools, including an original theatre production with two special schools. The play took its title from the original story – *Abdul and The Lion* – and was adapted by Paul Jonathan Savage who was here at the time on an Arts Council bursary. Colourful design, masks and music made for a wonderfully supportive environment that the children worked in with relish. We made many friends, and there is no question that the process was an important educational event in the schools' year.

We were delighted to welcome Taz Bashir as our new **cinema** programmer in June 1999. It is pleasing to report that **cinemac** is strongly placed as the Birmingham area's preferred venue for the more adventurous choice of product. Good box office on films such as *Topsy Turvy*, *Straight Story*, *American Beauty*, *Love's Labour's Lost* and *The End of the Affair* means we will continue to get strong titles early. And even more satisfying to see so many foreign language titles such as *All About My Mother* and *Time Regained* getting good houses.

Distributors, big and small, are showing more confidence in us by making product available sooner. It is also very gratifying to note the loyalty of our customers who wait to see films at **mac** whilst the introduction of new strands and education in the programming strategy will develop future audiences.

Cinema exhibition in the region will be undergoing a period of massive change with a number of initiatives and new sites under construction. In summary: a dynamic cinematic diet, strong box-office, very loyal patronage, good marketing, and reduced running costs we believe will position cine**mac** well in a fast changing sector.

Education & Outreach

The regular programmes of participatory activities we present have compared very well with previous years. Careful artistic changes have benefited some courses. New artists/tutors have brought new ideas and new participants, whilst tutors who have been at **mac** for a time have continued to attract loyalty from students. Many of our courses are based around ideas explored elsewhere in the Centre's artistic programme, for example the Christmas courses were based on our Christmas production and many programmes are linked to visiting performing arts companies' work and to exhibitions presented in the Centre. The ongoing support and loyalty of the artists with whom we work underlies so much of our success.

Throughout the year many activities were organised for schools and other groups and for the public. Many were related to the exhibition programme.

We have collaborated with the City Council's education arts strategy and have arranged activities for schools linked to literacy and numeracy programmes as well as programmes related to the *University of the First Age* and the Excellence in Cities *Gifted and Talented* initiatives. We have worked extensively with school teachers through Partnership Teachers days and the *Teachers as Artists* programme.

Our **performances** programme has proved largely successful again this year with a well received and attended *Sounds in the Round* season in the outdoor Arena Theatre. We have enjoyed another very successful year of performances for young audiences and a celebratory season marking the tenth anniversary of the *Moving Parts* season of physical and visual theatre in spring 2000. We were fortunate to secure funding from the City Council co-ordinated 'Forward Festival' marking the culmination of the decade-long 'Towards the Millennium Festival' and the birth of the new Millennium. This allowed us to commission the nationally acclaimed David Glass Ensemble to make the final part of their trilogy of work inspired through working with street children around the world. The first two pieces has been shown at **mac** as part of earlier *Moving Parts* seasons. The new piece was prepared through an educational residency at **mac** and premiered at the beginning of *Moving Parts 2000*.

Music programming has been very strong but we have experienced some reduction in audiences, largely as a result of an increased number of music promoters in the city and the consequent rise in competition. Reshaping our programme and introducing a new brand, *The Music Room*, has proved attractive and brought in new artists and new audiences. We launched a new season of programming *Objectivity* in the autumn showcasing some of the country's best cutting edge work in puppetry, mask and theatre of objects. This inaugural season played to very good audiences.

In **Exhibitions** we were at last able to create a full time programmer post which allowed for greater attention to be given to supporting the public's appreciation of exhibitions through better gallery information. This has included the free information for every show, family events, gallery talks and regular collaboration with the education department. We were delighted to receive substantial support from the Crafts Council towards *Kate Malone's* 9-venue touring exhibition of

ceramics and the accompanying catalogue. The Crafts Council also helped us with the curation and touring of *Maggie Henton's* exquisite baskets which toured to 7 venues nationally and received good reviews. In collaboration with the University of Central England, an exhibition of contemporary art from Chile was brought to **mac** with the support of the Chilean foreign office. Closer to home a focus on landscape, *A Sense of Place* showed the work of three Birmingham artists and a touring exhibition of paintings by Peter Prendergast.

We continued to show a range of media including fine art, photography and craft to a very wide-ranging audience. Throughout the year the exhibitions programme has attracted much interest from a wide public, people often travelling long distances to visit. We joined the Art Buyers Credit Scheme, run by West Midlands Arts. This certainly played a part in ensuring that exhibition sales were high, not only of art work but of catalogues and other publications.

We were pleased that Judy Dames, our exhibition programmer, was funded to travel to galleries in Ireland, Venice and New York through grants from the contemporary Arts Society and West Midlands Arts. This was enormously stimulating and has led to a number of ideas being put into practice.

Marketing and Fundraising

mac has been at the forefront of a number of new initiatives designed to recruit new audiences to performances, visual art and cinema. By developing strong relationships with other venues and agencies, we were able to participate in externally funded projects working across a number of venues throughout the region. During the year we have participated in a number of marketing projects spearheaded by Birmingham Arts Marketing (BAM). These include the 'Towards The Millennium' programme during 1999, and its successor for the new century, the 'Forward Festival'.

One of the core objectives of the 'Forward Festival' is to encourage new audiences to sample the arts. This includes both those who never attend arts events, and those who are encouraged by the umbrella of the Festival to try an artform which they would not usually consider.

As a member of the Disability Campaign Working Group Shirley Kirk, our Marketing Manager, was instrumental in the production of a manual offering advice and examples of best practice to market the arts to disabled people, with a specific emphasis on Birmingham. A second initiative was the setting up of an anti-clash diary for performances and events which include either Sign Language Interpretation or Audio Description. By avoiding clashes the range of events open to hearing or visually impaired people has been increased.

In 1999 the M6 Group (of West Midlands arts galleries linked by the M6 motorway) successfully bid for £20,000 from the Arts Council's New Audiences fund. With a substantial award from European sources and contributions from each gallery, there is now a substantial budget to help in developing new audiences for visual art across and beyond the region.

During 1999-2000 we enjoyed considerable success in building support from new grant giving trusts, both local and national, particularly for education work and skill sharing projects. We have also been successful in raising the level of support given by trusts that are regular **mac** supporters. We have linked this to our work on relationship building; keeping trusts informed of the progress of projects that they have supported, inviting them to **mac** events and through our publication **mac** News. Initial contact made with key Birmingham businesses with potential to support **mac** and successful PR events such as Sounds in the Round reception are continuing to increase **mac's** Birmingham profile.

Trading, Management and Administration

We are delighted to report a very good year for our trading subsidiary company, reflecting the greater confidence within the company and improving levels of customer service and satisfaction.

During the year we made a commitment to work towards the Investors in People standard and have begun a thorough-going review of a range of managerial and administrative procedures, including recruitment & selection and rates of pay and terms of employment for our many non-core and sessional staff.

Through our Head of Technical and Building Services, Sebastian Barnes, we have worked closely with **artSites** on several projects to raise skills in technical management and customer services at the five community sites. A set of 4 local assessment standards, intended for use at **mac** and the **artSites**, have been created, with another 3 in process. Covering technical & front of house practical skills, their use has led to the creation & delivery of training courses at **mac**. Coupled with our own staff and community training initiatives this programme has attracted national interest as a model of good practice.

During the year we were able to implement a new IT network which, despite the inevitable teething problems, has greatly enhanced the communication capability of the centre. It is pleasing to report that the changeover from 1999 to 2000 caused no problems or disruption. We have also been able to bring our very elderly computerised accounting system into the 21st century. Thanks to advice and support from BT we have launched our Web site at: www.mac-birmingham.org.uk

As ever the challenges of managing an almost 40 year old building do not recede – like the floodwater from the Park Lake and the River Rea – which have caused two major incidents of flooding during the year. On a more positive note we have welcomed more hirers of our facilities than ever before with another record breaking year. We look forward to exploring new markets and reviewing the service to customers.

It is good to report that we have been encouraged to revisit our plans for the capital development of **mac**. The centre is hugely successful in many ways but the majority of our facilities are inadequate to meet contemporary expectations of customer comfort and service. We make every effort to meet the needs of disabled artists and patrons but a set of 5 buildings joined only at ground floor level present some insuperable physical barriers. Our desire to see the full flowering of our artistic ambitions is severely hampered too. The stabilisation of our financial operation over the last two years, the continuing and indeed growing success and widening impact of our artistic programme, and record attendances and participations in much of our work place us well to reinvigorate our plans to develop our facilities. We are in detailed conversation with the City Council, West Midlands Arts and our architect team, Branson Coates Architecture, to advance these plans.

My colleague Board members and I continue to be very committed to work hard on behalf of **mac** and we feel privileged to be involved in supporting such a vital and energetic organisation. **mac** plays a central role in delivering high quality arts experiences, for participants and audiences alike, to the citizens of Birmingham and the West Midlands. Our growing national and international reputation recognises that regional impact and is leading to a number of influential collaborations with European partners.

We are indebted to Birmingham City Council and West Midlands Arts who, through their financial investment and the expertise and advice of their staff have been enormously supportive to **mac** during the year. Our Trust Funders have offered us continuing support and encouragement in substantial areas of our work and we are most grateful to them for their confidence.

Our heartfelt thanks to all the many artists who make our work possible and whose talents and imagination constantly drive us to help them make the connections with audiences and participants. Their generosity of vision, skill and commitment make it all worthwhile.

Our staff are a huge resource for the centre. We have been able to welcome a number of new staff through the year. We are grateful to Mick Escott who joined us temporarily as Acting General Manager during Jaki Booth's maternity leave and I would like to thank Shirley Kirk, Marketing and Development Manager, who left us as the year ended. Shirley was a key member of the Management team helping to see through the staff restructuring initiated in 1998 as part of our successful recovery programme. We also said farewell to Jane Crawford, Accounts Administrator, who worked at *mac* for 18 years, for many of them also acting voluntarily as Productions photographer. We thank her sincerely and wish her well. Our sincere thanks to all the staff of the centre who work so energetically to make *mac* special; and our thanks too to the public whose constant support provides the inspiration.



Anita Bhalla
CHAIR

DIRECTORS' REPORT

The Directors present their Annual Report together with the Financial Statements for the year ended 2 April 2000.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

Midlands Arts Centre, a company limited by guarantee and registered as a charity, continued to operate in accord with its charitable objectives by the production, promotion, education in and appreciation of the arts. In doing so it sought to serve the needs of, and provide opportunities for all sections of the community including young people, people with special needs, those culturally disadvantaged and minority groups.

The net outgoing resources for the year amounted to £26,393 (1999 net incoming £111,727) and the movement on general, designated and restricted funds is shown on page 10.

A full review of the financial performance for the year and of future prospects is set out in the Trustees' Report on pages 2 to 6.

DIRECTORS

During the year under review, the following individuals served on the Board of Directors:

Viv Astling
Anita Bhalla (Chair)
Claire Cochrane
Rod Dungate
Nicola Hart
Andrew Howell
David Hull (appointed 22 September 1999)
Eric McKenzie (resigned 15 June 1999)
Lydia Kan (appointed 23 March 2000)
Mary Martin (appointed 22 September 1999)
Robert Moggridge Lowe
Bryan Nott (appointed 28 March 2000)
Antonia Payne (resigned 17 November 1999)
Alicia Randle
John Smith
Renee Spector (resigned 28 March 2000)

Claire Cochrane, Nicola Hart, Antonia Payne and Alicia Randle retired by rotation at the AGM on 17 November 1999. All, being eligible, offered themselves for re-election and were duly re-elected to the Board.

The company maintains an indemnity insurance for its directors and officers.

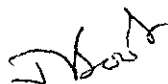
DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BY ORDER OF THE BOARD



Jacqueline Booth
SECRETARY

27 September 2000

AUDITORS' REPORT TO THE MEMBERS OF MIDLANDS ARTS CENTRE

We have audited the financial statements on pages 10 to 23, which have been prepared under the historical cost convention and the accounting policies set out on pages 13 and 14.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 8 the directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

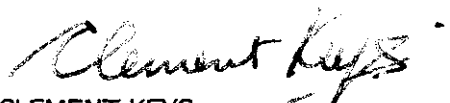
BASIS OF OPINION

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

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

OPINION

In our opinion the financial statements give a true and fair view of the state of the affairs of the company and the group at 2 April 2000 and of the net outgoing resources and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



CLEMENT KEYS
CHARTERED ACCOUNTANTS AND REGISTERED AUDITOR
Birmingham
27 September 2000

MIDLANDS ARTS CENTRE

Consolidated Statement of Financial Activities for the year ended 2 April 2000

	Notes	2000			1999
		Unrestricted	Restricted	Total	as restated - note 22 Total
		General £	Designated £	£	£
INCOMING RESOURCES					
Income from Arts Activities		773,986	-	773,986	657,629
Revenue Grants	2	1,029,030	-	1,029,030	968,530
Project Grants	3	-	-	135,737	102,214
Lottery Grants		-	-	-	43,175
Donations		-	-	-	10
Recovery funding		-	-	-	143,000
VAT refund		-	-	-	43,188
Bank Interest		9,648	-	9,648	5,888
		1,812,664	-	135,737	1,948,401
					1,963,634
TRADING ACTIVITIES					
Income from trading activities	4				
Trading Income		703,889	-	703,889	670,294
Bank Interest		4,096	-	4,096	3,278
Trading Expenditure		(564,931)	-	(564,931)	(541,731)
Interest payable		-	-	-	(2,248)
Net Trading Income		143,054	-	143,054	129,593
Total Incoming Resources		1,955,718	-	135,737	2,091,455
					2,093,227
RESOURCES USED					
Direct Charitable Expenditure					
Arts Activities		1,172,949	-	1,172,949	1,096,406
Promotion and Publicity		226,125	-	226,125	203,659
		1,399,074	-	1,399,074	1,300,065
Other Expenditure					
Administration	5	718,774	-	718,774	664,593
Lottery Project		-	-	-	16,842
		718,774	-	718,774	681,435
Total Resources Expended	6	2,117,848	-	2,117,848	1,981,500
Net (outgoing) incoming resources before transfers		(162,130)	-	135,737	111,727
Transfers between funds	7	243,232	(15,694)	(227,538)	-
Net (outgoing)/incoming resources		81,102	(15,694)	(91,801)	111,727
Balance brought forward		11,073	55,864	2,200,476	2,267,413
Balance carried forward		92,175	40,170	2,108,675	2,241,020
					2,267,413

All activities of the company are continuing

The group has no recognised gains and losses other than the surplus above and therefore no separate statement of total recognised gains and losses has been presented.


There is no difference between the surplus on ordinary activities and the surplus for the year stated above, and their historical cost equivalents.

MIDLANDS ARTS CENTRE

Balance Sheets as at 2 April 2000

		Consolidated		Company	
	Notes	2000	1999 as restated - note 22	2000	1999 as restated - note 22
		£	£	£	£
FIXED ASSETS					
Tangible Assets	8	2,202,173	2,324,402	2,202,173	2,324,402
Investment in Subsidiary Undertaking	9	-	-	100	100
		<u>2,202,173</u>	<u>2,324,402</u>	<u>2,202,273</u>	<u>2,324,502</u>
CURRENT ASSETS					
Stocks	10	10,958	24,841	-	13,132
Debtors	11	79,905	71,103	79,792	130,415
Cash at Bank and in Hand		322,314	257,325	309,108	154,050
		<u>413,177</u>	<u>353,269</u>	<u>388,900</u>	<u>297,597</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	12	374,330	410,258	350,153	335,415
NET CURRENT ASSETS/(LIABILITIES)		<u>38,847</u>	<u>(56,989)</u>	<u>38,747</u>	<u>(37,818)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,241,020</u>	<u>2,267,413</u>	<u>2,241,020</u>	<u>2,286,684</u>
RESTRICTED FUNDS					
	13	2,108,675	2,213,152	2,108,675	2,200,476
UNRESTRICTED FUNDS					
Designated Funds	14	40,170	43,188	40,170	55,864
General Funds		92,175	11,073	92,175	11,073
	15	<u>2,241,020</u>	<u>2,267,413</u>	<u>2,241,020</u>	<u>2,267,413</u>

The financial statements on pages 10 to 23 were approved by the Board of Directors on 27 September 2000 and signed on its behalf by:

 A Bhalla - Chair

MIDLANDS ARTS CENTRE**Consolidated Cash Flow Statement for the year ended 2 April 2000**

	Notes	2000 £	1999 £
Reconciliation of net incoming resources before transfers to net cash flow from operating activities			
Net incoming resources before transfers		(26,393)	111,727
Depreciation charges		168,188	161,513
Loss on disposal of assets		—	1,351
Net interest		(13,744)	(6,918)
Decrease in stock		13,883	2,408
(Increase)/Decrease in debtors		(8,802)	41,032
Decrease/(Increase) in creditors (advance revenue grants)		—	(259,007)
Increase/(Decrease) in other creditors		(35,928)	16,312
		<hr/>	
Net cash inflow from operating activities		97,204	68,418
		<hr/>	

CASH FLOW STATEMENT

Net cash inflow from operating activities		97,204	68,418
Returns on investments and servicing of finance	16	13,744	6,918
Capital Expenditure	8	(45,959)	(31,371)
Financing	17	—	(35,417)
		<hr/>	
(Decrease)/Increase in cash	18	64,989	8,548
		<hr/>	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2 April 2000

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important policies is set out below.

a Basis of accounting

mac prepares its annual financial statements on the historical cost basis of accounting. They are drawn up in accordance with Section 226 of, and Schedule 4 to, the Companies Act 1985, modified to comply with the Statement of Recommended Practice, Accounting by Charities.

b Basis of Consolidation

Consolidated financial statements are based on the accounts of the parent company and of the subsidiary as at the balance sheet date.

c Basis of preparing the financial statements - going concern

The nature of the group's operations is such that it is dependent on annual discretionary grants from the City of Birmingham and West Midlands Arts.

In 1998 the company developed a recovery plan for presentation to West Midland Arts and the City of Birmingham, so that the accumulated deficit could be eliminated. In February 1999 as part of the company's recovery plan, West Midlands Arts confirmed annual grants of not less than £411,030 for the four years ending 31st March 2002. The City of Birmingham also indicated its support for the recovery plan. Although it was unable to give the same commitment on the annual grant, it has confirmed an additional £28,000 per year for the period of the plan.

Based on the recovery plan, the commitment to funding from West Midlands Arts and the indication of support from the City of Birmingham, the directors believe that it is appropriate to prepare the financial statements on the going concern basis.

d Covenant and investment income

These are included in the financial statements as and when receivable and the amounts shown include taxation recoverable thereon.

e Depreciation

Buildings

Amortisation has been provided on leasehold buildings with effect from 2 April 1984 to write off the expenditure over the remaining period of the lease.

Short-term leasehold improvements and fixtures, fittings and equipment

Depreciation is being provided on short-term leasehold improvements and fixtures, fittings and equipment other than computers in equal annual instalments over their estimated working life of 10 years.

Computers

Depreciation on computers is being provided in equal instalments over an estimated working life of 3 years.

f Capital grants

Grants and donations received for capital purposes are accounted for as restricted funds and are released to the general fund at the same rate as the amortisation or depreciation of the underlying fixed assets.

g Stocks

Stocks are valued at the lower of cost and estimated realisable value.

h Lease rentals

Rentals on operating leases are charged in the revenue account as incurred.

i Pre-production costs

These are written-off as incurred and are not carried forward to match against production income.

j Pension costs

The pension arrangements for eligible employees are administered through a number of schemes, the principal one being the Administrative and Technical Staff in the Arts Pension Scheme. Pension costs are charged in the revenue account so as to spread the cost of pensions over the service lives of employees in the schemes. The pension cost is assessed in accordance with the advice of qualified actuaries. In addition the group contributes in certain circumstances to personal pension schemes, such contributions are charged in the year they are incurred.

2. REVENUE GRANTS

	2000	1999
	£	£
West Midlands Arts	411,030	378,530
City of Birmingham	618,000	590,000
	<u>1,029,030</u>	<u>968,530</u>

3. PROJECT GRANTS

	2000	1999
	£	£
<u>Statutory</u>		
West Midlands Arts	27,700	-
City of Birmingham	68,940	47,132
Arts Council	7,050	9,450
	<u>103,690</u>	<u>56,582</u>
<u>Non statutory</u>		
Baring Foundation	2,982	-
Baron Davenport Trust	1,000	-
Bryant Trust	10,000	13,000
Cole Trust	3,000	-
Handsworth College	-	2,810
Charles Henry Gilfoyle Trust	1,000	-
Roughley Trust	12,500	12,500
Saintbury Trust	-	8,000
Stage 2	-	5,500
Sheldon Trust	500	-
Welconstruct	400	600
Others	665	3,222
	<u>32,047</u>	<u>45,632</u>
<u>Grand Total</u>	<u>135,737</u>	<u>102,214</u>

4. TRADING ACTIVITIES

The company owns 100% of the share capital of Midlands Arts Centre Trading Limited, which provides catering services to the centre. The turnover represents sales to third parties made either directly by Midlands Arts Centre Trading Limited (2000 - £703,889; 1999 - £670,294) or indirectly through Midlands Arts Centre (2000- £58,569; 1999 - £45,372).

4. TRADING ACTIVITIES (continued)

	2000	1999
	£	£
Turnover	703,889	670,294
Cost of Sales	(289,532)	(287,546)
Gross Profit	<u>414,357</u>	<u>382,748</u>
Staff Costs	213,805	212,023
Other Operating Costs	61,594	42,162
Operating Surplus	<u>138,958</u>	<u>128,563</u>
Bank Interest Receivable	4,096	3,278
Loan Interest Payable	-	(2,248)
Net Trading Income	<u>143,054</u>	<u>129,593</u>

5. ADMINISTRATION AND OTHER EXPENDITURE

Administrative expenditure includes:

	2000	1999
	£	£
Auditors' remuneration:		
- in respect of audit	4,875	10,700
(Holding Company £3,000; 1999 £6,500)		
- for other services	500	1,920
(Holding Company nil; 1999 nil)		
Hire of fixtures, fittings and equipment	37,373	44,744
Total staff costs:		
Wages and salaries	1,116,913	1,098,093
Social security	62,036	75,522
Pension	33,450	27,992
	<u>1,212,399</u>	<u>1,201,607</u>

The company contributes to a number of pension schemes, the principal one being the Administrative and Technical Staff in the Arts Pension Scheme, which is a national scheme of the defined benefit type.

5. ADMINISTRATION AND OTHER EXPENDITURE (continued)

The average number of employees in the year was as follows:

	2000 Number	1999 Number
Full time	48	50
Part time	148	162
	<u>196</u>	<u>212</u>

6. ANALYSIS OF TOTAL RESOURCES EXPENDED

	2000			
	Staff Costs £	Other £	Depreciation £	Total £
Direct charitable expenditure				
Arts activities	715,335	457,614	-	1,172,949
Publicity and promotion	91,879	134,246	-	226,125
Other expenditure				
Administration	191,380	359,206	168,188	718,774
	<u>998,594</u>	<u>951,066</u>	<u>168,188</u>	<u>2,117,848</u>
	1999			
	Staff Costs £	Other £	Depreciation £	Total £
Direct charitable expenditure				
Arts activities	633,400	350,246	-	1,096,406
Publicity and promotion	92,690	110,969	-	203,659
Other expenditure				
Administration	263,494	352,346	161,513	664,593
Lottery project	-	16,842	-	16,842
	<u>989,584</u>	<u>830,403</u>	<u>161,513</u>	<u>1,981,500</u>

7. TRANSFERS BETWEEN FUNDS

The transfers represent the transfer of capital grants and donations from restricted funds to the general funds to match the depreciation of related assets; the release of designated funds against depreciation of matching assets and restricted funds to the general fund.

8. TANGIBLE FIXED ASSETS

	Leasehold Buildings	Short-term leasehold improvements	Fixtures & Fittings	Computers	Total
COST	£	£	£	£	£
At 4 April 1999	2,368,422	301,943	623,334	137,278	3,430,977
Additions	-	7,590	9,965	28,404	45,959
Disposal & Write Off	-	-	-	(9,250)	(9,250)
At 2 April 2000	2,368,422	309,533	633,299	156,432	3,467,686
DEPRECIATION					
At 4 April 1999	571,137	128,670	329,388	77,380	1,106,575
Charge for year	47,297	26,586	54,260	40,045	168,188
Disposal & Write Off	-	-	-	(9,250)	(9,250)
At 2 April 2000	618,434	155,256	383,648	108,175	1,265,513
NET BOOK VALUES					
At 2 April 2000	1,749,988	154,277	249,651	48,257	2,202,173
At 4 April 1999	1,797,285	173,273	293,946	59,898	2,324,402

The Midlands Arts Centre site, containing all the group's buildings, is held under a long lease expiring in 2037 and is not assignable without the consent of the City of Birmingham.

As at 2 April 2000, the group had no capital projects for which capital grants had been received, but orders not yet placed (1999 Nil)

9. INVESTMENT IN SUBSIDIARY UNDERTAKING

The company owns 100% of the issued share capital of Midlands Arts Centre Trading Limited, a company registered in England and Wales, and whose principal activity is the provision of catering services.

10. STOCKS

	Consolidated		Company	
	2000	1999	2000	1999
	£	£	£	£
Trading Stock	10,958	11,709	-	-
Other stock	-	13,132	-	13,132
	<u>10,958</u>	<u>24,841</u>	<u>-</u>	<u>13,132</u>

11. DEBTORS

	Consolidated		Company	
	2000	1999	2000	1999
	£	£	£	£
Amounts falling due within one year:				
VAT reclaimable	-	966	2,276	966
ACE Lottery Grant	-	10,615	-	10,615
Due from subsidiary undertaking	-	-	-	59,312
Other Debtors	36,492	39,558	36,491	39,558
Prepayments and accrued income	43,413	19,964	41,025	19,964
	<u>79,905</u>	<u>71,103</u>	<u>79,792</u>	<u>130,415</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated 2000	1999 As restated note 22	Company 2000	1999 As restated note 22
	£	£	£	£
Amounts falling due within one year:				
Trade Creditors	174,452	33,455	136,497	-
Due to subsidiary undertaking	-	-	38,427	12,670
VAT payable	13,902	16,243	-	-
Taxation and social security payable	20,347	22,288	16,907	18,828
Other Creditors	105,276	166,193	101,665	166,193
Accruals and deferred income:				
Revenue grants in advance	-	102,758	-	102,758
Project grants & donations in advance				
Other	60,353	69,321	56,647	34,966
	<u>374,330</u>	<u>410,258</u>	<u>350,153</u>	<u>335,415</u>

13. RESTRICTED FUNDS (company and group)

	Capital grants and donations	Project Grants	Total
	£	£	£
At 4 April 1999	2,150,114	-	2,150,114
Prior year adjustments (note 23)	-	-	-
Project grants		50,362	50,362
As restated	<u>2,150,114</u>	<u>50,362</u>	<u>2,200,476</u>
Incoming resources (note 3)		135,737	135,737
Expenditure and transfer to general fund	(137,023)	(90,515)	(227,538)
At 2 April 2000	<u>2,013,091</u>	<u>95,584</u>	<u>2,108,675</u>

14. DESIGNATED FUNDS (company and group)

The fund is used to finance depreciation of matched assets and items of development expenditure.

	Capital Fund	Development Fund	Stage 2 Fund	Total £
At 4 April 1999	29,212	13,976		43,188
Prior year adjustments (note 22)	—	—	12,676	12,676
As restated	<u>29,212</u>	<u>13,976</u>	<u>12,676</u>	<u>55,864</u>
Expenditure and transfer to general fund	(9,737)	(3,200)	(2,757)	(15,694)
At 2 April 2000	<u>19,475</u>	<u>10,776</u>	<u>9,919</u>	<u>40,170</u>

15. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted Funds	Designated Funds	Restricted Funds	Total Funds
	£	£	£	£
Fund balances at 2 April are represented by:				
Tangible fixed assets	189,082	—	2,013,091	2,202,173
Current assets	277,422	40,170	95,585	413,177
Current liabilities	(374,330)	—	—	(374,330)
	<u>92,174</u>	<u>40,170</u>	<u>2,108,676</u>	<u>2,241,020</u>

16. RETURNS ON INVESTMENT AND SERVICING OF FINANCE

	2000 £	1999 £
Interest received	13,744	9,166
Interest paid	—	(2,248)
Interest net	<u>13,744</u>	<u>6,918</u>

17. FINANCING

	2000 £	1999 £
Loans repaid	-	(35,417)
Total	<u>-</u>	<u>(35,417)</u>

18. INCREASE IN CASH

	2000 £	1999 £
Balance at beginning of year	257,325	248,777
Net cash inflow (note 19)	64,989	8,548
Balance at end of year	<u>322,314</u>	<u>257,325</u>

19. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	£
Increase in cash during year	64,989
Change in net debt	<u>64,989</u>
Net funds at 4 April 1999	257,325
Net funds at 2 April 2000	<u>322,314</u>

19. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS (continued)

Analysis of changes in net funds

	At 4 April 1999 £	Cash Flows £	At 2 April 2000 £
Cash at bank	257,325	64,989	322,314
	<u>257,325</u>	<u>64,989</u>	<u>322,314</u>

20. LEASE COMMITMENTS

	2000 £	1999 £
Annual commitments under operating leases for office equipment expiring		
Within one year	-	-
Two to five years inclusive	31,562	31,562
Over five years	-	-
	<u>31,562</u>	<u>27,890</u>

21. TAX STATUS

mac is a charity (Charity number 528979) under the provisions of the Income and Corporation Taxes Act 1988.

22. Prior Year Adjustments

In order to more correctly reflect the status of the respective funds, certain grants previously included in creditors have been re-categorised as restricted or designated funds. This has resulted in an increase in incoming resources for 1999 of £19,271 and as increase in net funds brought forward at 5 April 1998 of £43,767. This resulted in total funds brought forward at 4 April 1999 being increased by £63,038.