

## MIDLANDS ARTS CENTRE

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 2 APRIL 1995

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## CHAIR'S REPORT

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I want to spend part of this report looking forwards. But in looking back to April 1994, I am struck first by what an exciting period it has been for *mac*. I recall it as full of vibrant and high quality artistic activity, which has helped strengthen our sense of direction - our aims and policies.

I will not dwell at great length on the programme as we will this year be producing a fuller, public annual report. But I must mention some of the highlights. I would count amongst these many of our own productions - for the Thirties Towards the Millennium Festival, the professionally led music theatre double bill of "Brundibar" and "Peter and the Wolf"; and the two commissioned children's theatre shows, "The Last Shot" for the Arena Theatre and "Princess Aubergine" a magical combination of Indian storytelling, dance, and music for young children, which we hope to revive and tour in 1996.

Performances touring into *mac* were of a remarkably high standard. These are now more grouped into seasons such as the outdoor "Sounds in the Round" and the indoor "Winter Warmer" concerts; the physical and visual theatre, dance and mime season, "Moving Parts"; and a wide ranging and appealing programme in the autumn. It was good to see in each season new work created on site at *mac* especially where this further developed creative partnerships such as those with Claire Russ and her dancers, Stan's Cafe Theatre and Blissbody, who created a major multi-media work in the Arena.

For many the highlight of the exhibition year was the hugely successful season of Chinese work, "Reflections". It brought many new visitors to *mac* and it was astonishing to see a large exhibition of children's work with every piece sold. This should not overshadow the high quality of all 42 of the exhibitions mounted, more than half initiated and curated by *mac*, including those grouped into "Print Focus" in the autumn, those linked with the Women's, SAMPAD and Readers and Writers Festivals and that by our own *mac* students.

Our Education and Outreach team not only sustained the regular quality of the 370 term-long courses, and the excitement of the shorter holiday workshops, summer schools and specialist music weekends, but promoted many new initiatives. Partners for these were as diverse as Cadbury's Sixth Form College, the Barber Institute, the Children's Hospital, Birmingham Print Workshop, Queensbridge School, and Aston Arts of Handsworth College. The team also forged closer connections with the other *mac* programmes - with exhibitions, films, visiting companies and our own productions, all of which had special teacher's packs.

I want to mention especially *mac*'s activities for young people and families. The "*mac* the Cat Club" is producing a new generation of dedicated arts patrons, who fill performances, and participate in the "art detective trails" around exhibitions. We further developed the informal summer events in the outer courtyard, and the "summer under canvas" holiday programme.

Stage 2 remains the largest youth drama group in the region. Its success with its own productions and in fostering individual development grows yearly and the company achieved another first this year when it played in Germany.

Turning from the arts programme, for a greater part of the year *mac* was under scrutiny from a study commissioned by the City Council and West Midlands Arts. I would personally thank the staff, and all our colleagues and partners, for the time they gave the consultants. If the study did not immediately move *mac*'s development plans on in the way that we had hoped, it did give us a "clean bill of health" both for the changes made since 1989, and our current operation and management. It also consolidated and updated previous research and it is worth repeating just a few points. The report:

- \* confirmed and documented the huge number (450,000 a year) and wide range of *mac* users - with good penetration into age, ethnic and geographical areas not traditionally reached by many arts organisations - and *mac*'s success in attracting newcomers to the arts
- \* recognised *mac*'s important role for the City and region in the generation of new work, and in nurturing new companies and up-and-coming artists
- \* acknowledged that *mac* provides programmes in some areas of the arts not covered in any other way in the City
- \* endorsed the unique role *mac* plays in developing participation in the arts, in the development of skills, and in promoting active involvement in educational programmes
- \* noted with approval the liveliness and friendliness of *mac* and its programming and operational styles

It was recognised that *mac* is limited by the age, condition and configuration of its buildings and concluded that "a significant enhancement of the facilities will be needed if *mac* is to survive in the longer-term". We recognise our previous development plan is over three years old and that it and our policy statement should be revised in the light of experience and changed circumstances. The *mac* Board has since revised its policy statement and reviewed the staff structure, and will be going on to approve a new three-year plan in the autumn.

We have established our vision and focus on the roles that we can best play for the arts and the citizens of Birmingham in the 21st Century. With our breadth of programme and approach, friendliness and accessibility, we know that we attract many people and can attract more. For many *mac* is their "gateway to the arts".

We have had many positive meetings at all levels within the City Council and West Midlands Arts, and have agreed an approach to *mac*'s further development and bids for National Lottery Funds.

As I write in July we have submitted our first application - for £1 million to refurbish the existing buildings and replace out-dated equipment. We have also applied for funding of a study to determine the exact form of *mac*'s development and its feasibility. This will assess the potential of the whole site as we believe that an imaginative development partnership, not just for *mac* but for the park and a range of other cultural and leisure facilities, could make this a unique site - a combination of facilities which would prove a huge attraction to local communities and visitors alike.

But as important as they are, buildings are only one part of our future. Our roles in education and in nurturing new artists and activities, together with our considerable experience of setting up and managing partnership projects, give us the opportunity to develop further in what has traditionally been termed "outreach" work. That term for *mac* can embrace everything from international exchanges to projects with, and within, local communities. It can range from tours of major *mac* exhibitions or productions to the provision of artists to initiate workshops within a local special needs school. As with the buildings, we know we have the vision to foster such developments, but equally we know that current resources fall short of allowing us to meet the needs.

The Board of *mac* has turned its attention to how we promote our vision better to the outside world, and in particular to diversifying our income and increasing capital funding. We are proud of our recent record and have survived four years, which have seen a cut of 10% in real terms in our public grants, by achieving a 40% increase in earned income. We have ended each of those years with a small surplus, but we fear that such increases in earned income and final results cannot be sustained for ever. While conscious of the severe restrictions on all public funding, we must continue to make the case for funders to look to build on our major success, not endanger it, at this key time.

At *mac* we are positioning ourselves, as we approach the end of the century, to continue to play a key and innovatory role as one of Britain's leading arts centres. We have over thirty years of experience as a "gateway" through which many hundreds of thousands of people have come to the arts. We face many challenges on the path to securing the resources - buildings, equipment, staff and activities - that will maximise our potential to deliver cultural opportunities effectively to even more of the people of Birmingham and the region in the 21st Century.

Finally, my sincere thanks to our funders and other supporters, to our customers, to my colleagues on the Board and Development Steering Group, but most especially to the dedicated and talented staff without whose commitment this would all be impossible.

Anita Bhalla  
CHAIR

## DIRECTORS' REPORT

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The Directors present their Annual Report together with the Financial Statements for the year ended 2 April 1995.

### 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 result for the year was an operating surplus of £2,166, before transfers, and after providing £30,000 in respect of expenditure already committed for exhibitions and major productions in 1995/6. It was decided, with great reluctance, to cancel the 1995 Summer Production, but this was inevitable given the failure to achieve adequate supplementary funding from other sources. Provision has been made for future loss-making activities and therefore the Directors no longer feel it necessary to maintain the Arts Project Fund. The remaining balance has been transferred back to the Revenue Account.

The Directors have considered carefully the opportunities offered by funding from the National Lottery for which applications can be made to the Arts Council. During the year, substantial preparatory work was undertaken into an initial bid to cover a wide range of repair, refurbishment and re-equipment. The application was not completed for submission before the end of the financial year, but the Directors did, however, consider it prudent to set up a Development Fund in anticipation of associated costs which will not be covered by any monies ultimately received from the lottery itself. £10,000 has been transferred from Revenue into this fund. The final result after transfers was a surplus of £9,842, reducing the accumulated deficit to £112,154.

Achievement of the surplus was helped by the £30,000 increase in revenue grant from the City of Birmingham, and by a strong performance by all Arts Departments. Capital spending was restricted, although donations from the Roughley Trust and the Bryant Trust made possible the setting up of a Desk Top Publishing Unit within the Marketing Department, and the initiation of plans for a Front of House Information System.

### POST BALANCE EVENTS

During the year various options for reorganising the loan financing were considered, and in April 1995, with the co-operation of the City of Birmingham in rephasing payment of the Revenue Grant, the loan from the Midland Bank of £80,000 was repaid in full.

At the same time, negotiations with Courage, whilst not achieving any changes in interest rates on the existing loans, produced agreement on a rebate structure on purchases which should cover the £20,000 of repayments falling due in the coming year.

#### FUTURE DEVELOPMENTS

The "Enterprise Initiative" for 1994/5 had produced some results in the expansion of lettings and functions income, but had not progressed as far as anticipated in the areas of sponsorship and other sources of funding. This is to be pursued further in 1995/6.

The application to the National Lottery, on which preparatory work had been undertaken in 1994/5 will be completed, and extended to incorporate a study into the desirable scale and nature of expanded premises. Beyond this, a detailed bid is anticipated for funds to undertake the major building work involved in such expansion.

#### DIRECTORS

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

Anita Bhalla (Chair)  
Eve Brook  
Elizabeth Chalmers  
Rod Dungate  
Nicola Hart  
Bernard Jones  
Jo Klaces  
Vayu Naidu-Banfield  
Alicia Randle  
John Smith  
Renee Spector  
Vanessa Whitburn

Elizabeth Chalmers, Nicola Hart, Bernard Jones and Vanessa Whitburn retired by rotation at the AGM on 16 November 1994. All, being eligible, offered themselves for re-election and were duly re-elected to the Board.

#### DIRECTORS' RESPONSIBILITIES

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the surplus or deficit of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 2 April 1995. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis, as explained more fully in note 1b on page 12.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

#### SECRETARY

Edward Cooper served as Secretary to the Board throughout the year.

#### AUDITORS

A resolution proposing the re-appointment of Coopers & Lybrand as auditors of the Midlands Arts Centre will be put to the Annual General Meeting on 15 November 1995.

BY ORDER OF THE BOARD



Edward Cooper  
SECRETARY

13 September 1995

## AUDITORS' REPORT TO THE MEMBERS OF MIDLANDS ARTS CENTRE

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We have audited the financial statements on pages 9 to 21.

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 6 the company's directors are responsible for the preparation of 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 company'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.

### FUNDAMENTAL UNCERTAINTY

In forming our opinion we have considered the adequacy of the disclosures made in the financial statements concerning the basis of preparation. The financial statements have been prepared on a going concern basis and the validity of this depends on the continued support of the City of Birmingham and West Midlands Arts by providing adequate funding, and of the company's bankers by providing adequate overdraft facilities. The financial statements do not include any adjustments that would result from a failure to obtain such continued support. Details of the circumstances relating to the fundamental uncertainty are described in note 1b. Our opinion is not qualified in this respect.

### OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 2 April 1995 and of its surplus and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Coopers & Lybrand.*

COOPERS & LYBRAND  
CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS  
Birmingham

13 September 1995



## MIDLANDS ARTS CENTRE

## REVENUE ACCOUNT FOR THE YEAR ENDED 2 APRIL 1995

	Notes	1995 £	1994 £
NET OPERATING REVENUE	2	574,191	514,448
COST OF PROVIDING SERVICES	3	1,675,740	1,564,946
OPERATING DEFICIT BEFORE INTEREST, GRANTS AND TRANSFERS		(1,101,549)	(1,050,498)
Bank interest receivable		3,281	2,816
Interest payable	5	(12,982)	(17,267)
DEFICIT FOR YEAR BEFORE GRANTS AND TRANSFERS		(1,111,250)	(1,064,949)
Grants receivable for year	6	1,113,416	1,093,360
SURPLUS FOR YEAR BEFORE TRANSFERS		2,166	28,411
Transfer from/(to) Major Arts Project Fund	13	17,676	(20,000)
Transfer to Development Fund	14	(10,000)	-
SURPLUS FOR YEAR		9,842	8,411
Accumulated deficit brought forward		(121,996)	(130,407)
Surplus for year		9,842	8,411
Accumulated deficit carried forward		(112,154)	(121,996)

All activities of the company are continuing.

The company 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 retained surplus for the year stated above, and their historical cost equivalents.

## MIDLANDS ARTS CENTRE

## BALANCE SHEET AT 2 APRIL 1995

	Notes	1995 £	1994 £
FIXED ASSETS			
Tangible Assets	7	2,230,410	2,299,959
CURRENT ASSETS			
Stocks	8	17,649	19,658
Debtors	9	41,366	59,130
Cash at bank and in hand		55,778	61,684
		114,793	140,472
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	(427,380)	(410,739)
NET CURRENT LIABILITIES		(312,587)	(270,267)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,917,823	2,029,692
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	11	(108,334)	(168,334)
		1,809,489	1,861,358
DEFERRED INCOME			
Grants deferred for future depreciation	12	1,829,434	1,887,686
Donations	12	82,209	75,668
Major Arts Project Fund	13	-	20,000
Development Fund	14	10,000	-
ACCUMULATED DEFICIT		(112,154)	(121,996)
		1,809,489	1,861,358

The financial statements on pages 9 to 21 were approved by the Board of Directors on 13 September 1995 and signed on its behalf by:

 ..... A Bhalla - Chair

MIDLANDS ARTS CENTRE

CASH FLOW STATEMENT FOR THE YEAR ENDED 2 APRIL 1995

	Notes	£	1995 £	1994 £
Net cash outflow from operating activities	15		(1,039,461)	(991,970)
Returns on investments and servicing of finance				
Interest received		3,281		2,816
Interest paid		(12,982)		(17,267)
Net cash outflow from returns on investments and servicing of finance			(9,701)	(14,451)
Investing activities				
Payments to acquire tangible fixed assets		(28,056)		(28,289)
Net outflow from investing activities			(28,056)	(28,289)
Net cash outflow before financing			(1,077,218)	(1,034,710)
Financing				
Revenue grants received		1,113,416		1,093,360
Capital grants received		4,253		20,000
Donations received		13,643		744
Loans repaid		(60,000)		(48,333)
			1,071,312	1,065,771
(Decrease)/Increase in cash and cash equivalents	16		(5,906)	31,061

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 2 APRIL 1995

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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. Modifications to the format of the financial statements prescribed by Schedule 4 have been introduced, as required by paragraph 3(3) of that Schedule, in view of the special charitable nature of MAC's activities.

b Basis of preparing the financial statements - going concern

The nature of the company's operations is such that it is dependent on annual discretionary grants from the City of Birmingham and West Midlands Arts, and bank overdraft facilities to enable it to continue to operate. In addition the company has an accumulated deficit of £112,154 and net current liabilities of £312,587.

During the year ended 2 April 1995, the company met its day to day working capital requirements through bank loan facilities. With the collaboration of the City of Birmingham, the balance of the loan was repaid in April 1995.

Grants totalling £988,530 have been committed by the City of Birmingham and West Midlands Arts for the year ended 31 March 1996. Based on cash flow forecasts to that date, the financial statements have been prepared on a going concern basis which assumes the company will continue in operational existence for the foreseeable future.

If the company were unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet value of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify fixed assets and long term liabilities as current assets and liabilities.

Whilst the directors are presently uncertain as to the outcome of the matters mentioned above they believe that it is appropriate for the financial statements to be prepared on a going concern basis.

c Covenant and investment income

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

d 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 4 years.

e Capital grants

Grants and donations received for capital purposes are accounted for as deferred credits, being released to revenue account at the same rate as the amortisation or depreciation of the underlying fixed assets. Grants and donations expected to be released in the year following the date of these financial statements are included in creditors falling due within one year. Grants and donations to be released beyond that date are disclosed separately in the balance sheet as deferred income.

f Stocks

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

g Lease rentals

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

h Pre-production costs

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

i 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.

## 2 NET OPERATING REVENUE

	1995	1994
	£	£
Gross Operating Revenue		
Income from Arts Activities	511,697	454,657
Sponsorship	850	14,500
Catering & Bar Sales	629,264	541,837
	<u>1,141,811</u>	<u>1,010,994</u>
Less		
Catering & Bar Cost of Sales	567,620	496,546
Net Operating Revenue	<u>574,191</u>	<u>514,448</u>

Catering and bar operations are managed by independent contractors.

## 3 COST OF PROVIDING SERVICES

	1995	1994
	£	£
Operating Expenditure	1,031,467	922,947
Administration Costs	644,273	641,999
	<u>1,675,740</u>	<u>1,564,946</u>

The cost of providing services includes:

	1995	1994
	£	£
Staff costs (note 4)	858,911	806,361
Auditors' remuneration	6,500	6,500
Amortisation of leasehold property	47,289	47,289
Depreciation of fixtures, fittings, equipment & computers	50,316	50,053
Hire of fixtures, fittings & equipment	42,065	41,721

Members of the Board receive no emoluments.

#### 4 STAFF COSTS

	1995	1994
	Number	Number
The average number of persons employed by MAC was:		
Full-time	39	38
Part-time	159	155
	<hr/>	<hr/>
	198	193
	<hr/>	<hr/>
The cost of employing the above persons was:		
	£	£
Wages and salaries	782,638	734,463
Social security costs	54,850	54,521
Pension costs	21,423	17,377
	<hr/>	<hr/>
	858,911	806,361
	<hr/>	<hr/>

#### 5 INTEREST PAYABLE

	1995	1994
	£	£
On bank loans, overdraft and other loans:		
Repayable within 5 years by instalments	9,836	13,615
Repayable wholly or partly in more than 5 years by instalments	3,146	3,652
	<hr/>	<hr/>
	12,982	17,267
	<hr/>	<hr/>

## 6 GRANTS RECEIVABLE

	1995		1994	
	Revenue	Project	Revenue	Project
	£	£	£	£
In respect of current year: Revenue & Project Grants				
West Midlands Arts	378,530	-	378,530	-
City of Birmingham	610,000	22,000	580,300	10,000
Arts Council	-	14,100	-	6,500
Crafts Council	-	1,000	-	-
Foundation for Sport & the Arts	10,500	-	20,242	14,500
MAC New Work Trust	-	5,516	-	6,000
Others	-	3,950	-	10,573
Donations	60	-	165	-
	<hr/>	<hr/>	<hr/>	<hr/>
	999,090	46,566	978,937	47,573
	<hr/>	<hr/>	<hr/>	<hr/>
Capital Grants & Donations released in the year				
Leasehold Buildings	-	49,940	-	49,405
Fixtures, Fittings & Equipment	-	16,283	-	15,136
Computers	-	1,538	-	2,309
	<hr/>	<hr/>	<hr/>	<hr/>
	-	67,761	-	66,850
	<hr/>	<hr/>	<hr/>	<hr/>
	999,090	114,326	978,937	114,423
	<hr/>	<hr/>	<hr/>	<hr/>



# 7 TANGIBLE FIXED ASSETS

	Leasehold Buildings	Short-term Lease Imp.	Fixtures & Fittings	Computers	Total
<b>COST</b>					
At 3 April 1994	2,368,422	98,384	403,835	40,252	2,910,893
Additions	-	13,284	5,750	9,022	28,056
Disposal & Write Off	-	-	-	(5,250)	(5,250)
At 2 April 1995	2,368,422	111,668	409,585	44,024	2,933,699
<b>DEPRECIATION</b>					
At 3 April 1994	334,693	41,339	199,246	35,656	610,934
Charge for year	47,289	10,339	36,220	3,757	97,605
Disposal & Write Off	-	-	-	(5,250)	(5,250)
At 2 April 1995	381,982	51,678	235,466	34,163	703,289
<b>NET BOOK VALUES</b>					
At 2 April 1995	1,986,440	59,990	174,119	9,861	2,230,410
At 3 April 1994	2,033,729	57,045	204,589	4,596	2,299,959

The Midlands Arts Centre Site, containing all MAC'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 1995, MAC had no capital projects for which capital grants had been received, but orders not yet placed (1994 Nil).

## 8 STOCKS

	1995	1994
	£	£
Catering Equipment	5,211	9,133
Other	12,438	10,525
	<hr/>	<hr/>
	17,649	19,658
	<hr/>	<hr/>

## 9 DEBTORS

	1995	1994
	£	£
Amounts falling due within one year:		
Grants receivable	-	20,000
Other debtors	23,762	17,665
Prepayments and accrued income	17,604	21,465
	<hr/>	<hr/>
	41,366	59,130
	<hr/>	<hr/>

## 10 CREDITORS

	1995	1994
	£	£
Amounts falling due within one year:		
Unsecured loan from Midland Bank repayable by instalments	40,000	40,000
Unsecured loans from Courage Ltd repayable by instalments	20,000	20,000
Unsecured loan from Bromwich Catering	25,000	25,000
VAT payable	10,004	5,149
Taxation and social security payable	294	15,536
Other Creditors	89,715	75,310
Accruals and deferred income:		
Capital grants & donations deferred for future depreciation	68,531	66,685
Revenue grants in advance	94,632	94,632
Other	79,204	68,427
	<hr/>	<hr/>
	427,380	410,739
	<hr/>	<hr/>

## 11 CREDITORS

	1995 £	1994 £
Amounts falling due after more than one year:		
Unsecured loans from Courage Ltd & Midland Bank repayable by instalments:		
Over one and under two years	60,000	60,000
Over two and under five years	41,667	91,667
Beyond five years	6,667	16,667
	<hr/>	<hr/>
	108,334	168,334
	<hr/>	<hr/>

Interest on the Courage loans is payable at a variable rate which is dependent upon annual barrelage purchases. Interest on the Midland Bank loan is payable at 2% above base rate.

The Courage loans are repayable in equal monthly instalments of £833 over the periods of the loans, which are both for 10 years, with the first repayments made on 1 April 1988 and 1 February 1991.

The loan from Midland Bank is guaranteed by the City of Birmingham and was repayable in instalments at the rate of £17,500 per quarter commencing two years after the first drawing, which was in June 1991. By agreement with Midland Bank in June 1993, the commencement date for repayments was deferred for a month to July 1993, and quarterly payments reduced to £10,000.

In April 1995, with the co-operation of the City of Birmingham in rephasing the payment of the Revenue Grant, the balance of the Midland Bank loan of £80,000 was repaid in full.

## 12 DEFERRED INCOME

	Deferred Income £	Donations £
Capital grants and donations deferred for more than one year to offset future depreciation:		
At 3 April 1994	1,887,686	75,668
Received during year		
Roughley Trust	-	8,000
Bryant Trust	-	5,000
Millichoppe Foundation	-	500
Other	-	143
Transfer from P & L (capitalisation of expenditure: Foundation for Sport and the Arts)	4,253	-
Transferred to P & L (94/95 depreciation)	(340)	(736)
Transferred to current liabilities	(62,165)	(6,366)
	<hr/>	<hr/>
At 2 April 1995	1,829,434	82,209
	<hr/>	<hr/>

### 13 MAJOR ARTS PROJECT FUND

	£	£
	1995	1994
Balance at beginning of year	20,000	-
Utilised during year	(2,324)	-
Transfer (to)/from revenue	(17,676)	20,000
	<hr/>	<hr/>
Balance at end of year	-	20,000
	<hr/>	<hr/>

### 14 DEVELOPMENT FUND

This represents a transfer from revenue to a specific fund to cover expenditure connected with National Lottery bids not recoverable from other sources.

### 15 NET CASH OUTFLOW FROM OPERATING ACTIVITIES

Reconciliation of operating deficit before interest, grants and exceptional item to net cash outflow from operating activities

	1995	1994
	£	£
Operating deficit before interest, grants and transfer	(1,101,549)	(1,050,498)
Depreciation	97,605	97,342
Capital grants and donations credited	(67,761)	(66,850)
Loss on disposal of tangible fixed assets	-	343
(Increase)/Decrease in stocks	2,009	400
Decrease/(Increase) in debtors	17,764	(77)
(Decrease)/Increase in creditors	14,795	27,370
Major Arts Project Fund expenditure	(2,324)	-
	<hr/>	<hr/>
	(1,039,461)	(991,970)
	<hr/>	<hr/>

### 16 INCREASE IN CASH AND CASH EQUIVALENTS

Analysis of changes in cash and cash equivalents during the year

	1995	1994
	£	£
Balance at beginning of year	61,684	30,623
Net cash (outflow)/inflow	(5,906)	31,061
	<hr/>	<hr/>
Balance at end of year	55,778	61,684
	<hr/>	<hr/>

## 17 DECREASE IN CASH AND CASH EQUIVALENTS (BALANCE SHEET)

Analysis of the balance of cash and cash equivalents as shown in the balance sheet

	1995	1994	Change in year
	£	£	£
Cash in bank and in hand	55,778	61,684	(5,906)
	<u>          </u>	<u>          </u>	<u>          </u>

## 18 LEASE COMMITMENTS

	1995	1994
	£	£
Annual commitments under operating leases for office equipment expiring		
Within one year	5,254	-
Within one to two years	-	2,014
Within two to five years	15,781	17,950
	<u>          </u>	<u>          </u>
	21,035	19,964
	<u>          </u>	<u>          </u>

## 19 PENSION OBLIGATIONS

MAC 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.

An actuarial valuation of the scheme was conducted as 1 April 1993. The valuation showed that, while the experience of the Scheme had been unfavourable since the last valuation, the Scheme's assets remained more than sufficient to cover both pensions currently being paid and those already earned by active and deferred members.

The total amount paid by MAC during the year towards the cost of providing pension benefits was £21,423 (1994 - £17,377).

Unpaid contributions outstanding at the year end were £294 (1994 - £159).

## 20 TAX STATUS

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