

MIDLANDS ARTS CENTRE
(A company limited by guarantee)

(Trading as mac birmingham)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2016

Company No: 00718349
Charity No: 528979

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MIDLANDS ARTS CENTRE
REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 March 2016

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MIDLANDS ARTS CENTRE

REPORT OF THE TRUSTEES 2015/2016

Report of the trustees for the year ending 31 March 2016

The trustees are pleased to present their annual directors' report together with the consolidated financial statements of the charity and its subsidiary for the year ending 31 March 2016 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Chair's Report

In taking over as chair in April 2016 from Mary Martin, who served as Interim Chair throughout 2015/16, I am aware of the very substantial successes of mac's work in all areas of our activities. The increasing reach of mac birmingham's work and the growth of our audiences and participant numbers at mac, and especially through our community outreach, touring and development activities, continue to mark out the great strides forward we have been able to make, year on year, since our reopening in 2010.

This report offers an insight into the activities we make available throughout Birmingham, the West Midlands and further afield and the rich diversity of artistic opportunity we are able to make available to everyone in delivering our aims of "arts for all". Our wonderful facilities in Cannon Hill Park in Birmingham, our extensive community partnerships and professional inter-relationships are especially underpinned by the continued regular support of Arts Council England, Birmingham City Council and players of The People's Postcode Lottery.

mac is delighted to play a major part in the cultural life of Birmingham, a great city with a proud history, an exciting present and an ambitious future driven by its diverse and youthful communities. Our work with children, families and young people – especially those for whom participation can be challenging as a result of their location, background or disability – is a motivating force for the organisation and we are pleased to have the support of a number of national foundations, such as Youth Music, investing in this important work. mac was founded as an arts centre for children and young people and, within the youngest city in Europe, mac's role in identifying, nurturing and showcasing the work of young people and young artists and companies is distinctive. The artistic and social enterprise we see amongst the communities with which we work underlines the importance of the arts and their ability to help us express our humanity and our aspirations.

Now in its 55th year, and with over 1 million visits made to mac in 2015/16 by people of all ages and backgrounds, we believe that the breadth and accessibility of mac's artistic programme demonstrates the public benefit that our work brings to the whole community. We are particularly pleased to record that 1 in 5 attenders to mac's ticketed events are from areas of traditionally low engagement. This proportion would increase were we to include non-ticketed activity and outreach engagement in those indicators.

MIDLANDS ARTS CENTRE REPORT OF THE TRUSTEES 2015/2016

Our success in growing audiences over the year saw significant increases in 2015-16:

- Footfall +5%
- Total bookers +3%
- Ticketed sales income +20%
- Online sales +71%
- 50% of all tickets sold online
- 33% of online transactions include a donation; 50% of transactions in person/phone
- Attendances increase: cinema (+8%), performances (+38%) and visual arts (+8%)
- Learning programmes income up by 16%.

mac's digital engagement continues to increase via social media and online contributions encouraged from all staff:

- 114,317 more website users than previous year
- Twitter – 52,900 followers (+43%)
- Facebook – 10,950 likes (+222%)
- YouTube & Vimeo Channels – 30,000 views
- Also Foursquare, Instagram, Flickr, Pinterest and LinkedIn.

We seek to ensure our programmes remain affordable and attractive and that those who are most in need gain the support they require to participate in activities on an equal basis. We run the centre as economically and efficiently as possible and in 2015/16 introduced water and light-saving technologies which have reduced our demand for carbon fuels.

mac is one of the busiest arts centres in the country and its audiences and participants perhaps the most diverse. As we achieved our ambition to deliver excellence and growth we were also pleased to meet our budgets and to secure another year of stable trading.

Our Chief Executive / Artistic Director and her Senior Management team have shown the imagination, ambition and drive which carry mac forward. It is therefore with sadness, but also deep appreciation, that we say goodbye to our Chief Executive, Dorothy Wilson, at this year's AGM. Dorothy has led the organisation for 26 years, almost half the centre's life and as she moves on the organisation is in good shape, with an excellent reputation in the city, the region and far beyond. We are delighted to welcome warmly Deborah Kermode as our new Chief Executive and Artistic Director. Debbie joins mac from IKON Gallery in Birmingham where she has been Deputy Director for the last 6 years.

The distinctiveness of the organisation and its effectiveness has only been possible because of the unerring vision and wonderful support of my colleague board members and the commitment of the staff team, our artistic partners and collaborators who daily deliver imaginative programmes of activity across a wide canvas and with/to audiences and participants from all walks of life in this great city.

MIDLANDS ARTS CENTRE REPORT OF THE TRUSTEES 2015/2016

I would like to record our thanks to everyone who plays a part in enabling mac to deliver its extraordinary work: our public investors, Birmingham City Council and Arts Council England; to People's Postcode Lottery, the many companies, trusts, foundations and private individuals who give us financial support; and our audiences and participants, new and old.

A handwritten signature in black ink, appearing to read 'Jonnie Turpie', written over the printed name.

Jonnie Turpie - MBE
Chair
29 September 2016

MIDLANDS ARTS CENTRE

OUR PURPOSES AND ACTIVITIES

mac's principal objectives are to encourage as many people as possible to:

- explore, examine and enjoy the arts activities of others
- participate in, and undertake, their own arts activities.

The Board of mac birmingham and its staff have continued to hold its business plan under review honing future plans in the light of operational experience, future public investment prospects and the strategic context for its future activities.

Public Benefit

In shaping and reviewing its objectives and planning its activities, the trustees have considered the Charity Commission's guidance on public benefit, including the guidance on public benefit and fee charging.

In 2010 mac reopened following a major capital project to secure its future, replace and refurbish its facilities and deliver the management of a substantially increased building facility. Six years on and the expanded mac building continues to enable an increasingly wide range of arts, learning and participation activities and provides a base for substantial outreach activities through touring and through community engagement, especially in communities with little local access to arts participation. mac's commitment is to continue providing the people of Birmingham, and the wider sub-region, with a year round programme of arts events and learning activities. These activities are designed to meet the interests of all, and embrace specific strands for children, young people, families, those of retirement age and people with disabilities. mac places a firm emphasis on equality of access, diversity of practice and of audiences/ participants and the celebration of intercultural activities in a youthful and diverse city.

Our pricing policy is set out in detail on page 21.

mac communicates comprehensively to the general public through a dedicated interactive website and through a wide range of media, electronic and paper-based campaigns. Social media is used actively as a means for encouraging user interaction with on line content and through our communications.

The arts centre relies on grants and the income from fees and charges to cover its operating costs. In setting the level of fees, charges and concessions, the Board gives very careful consideration to the accessibility of the centre for those on low incomes and those with particular needs.

Regarding its programmes and service delivery, the Board has agreed the following:

mac's ethos is based on a set of values which inform the whole of its activities. The tensions within the values help to shape the organisation's work and add an extra, creative spark to its activities. mac values the following:

- artistically experimental activities – and ones striving to engage with their audiences
- celebrating diversity - and strengthening social cohesion

MIDLANDS ARTS CENTRE OUR PURPOSES AND ACTIVITIES

- offering equal opportunities to everyone – and recognising the uniqueness of artistic talent
- increasing the accessibility of the arts – and respecting their complexity
- giving users and audiences more involvement in, and control over, programming – and introducing them to new challenges and innovations
- helping artists to find their own, unique voice – and to forge productive partnerships with other artists and the general public
- making the most of the social benefits of the arts – and valuing the pleasure people gain from their own individual artistic expression.

Key Strategies

mac seeks to achieve these objectives by:

- using its ethos to promote an adventurous, expressive, and approachable programme of arts events and activities
- developing intercultural projects which increase people's enjoyment and understanding of their own and different cultures
- encouraging and facilitating the development of people's own creativity, knowledge and skills
- providing creative projects and activities for children and young people
- reaching new users and deepening the engagement of existing users
- deepening the impact of mac's work through community outreach, and regional and national touring
- offering support, opportunities and practical help to artists to develop their work and careers
- building on established partnerships with other arts organisations, community groups and agencies, and developing new ones
- working in partnership with schools, cultural organisations, agencies, public bodies and the non-arts sector to develop programmes for particular target groups
- creating the natural hub for artists making new and contemporary work in the city, and creating opportunities for artist development
- providing access to arts projects and programmes to as many people as possible including those with fewer resources and opportunities
- ensuring the highest possible quality of work.

MIDLANDS ARTS CENTRE ACHIEVEMENTS AND PERFORMANCE

mac is committed to ensuring that talent and artistic excellence are thriving and celebrated. Our work centres on commissioning, supporting and producing excellent, engaging new work for existing and new audiences and reflects the diversity, demography and ambition of Birmingham and the region. Some examples in 2015/16:

- *Disrupted* was a group exhibition curated by Noëmi Lakmaier during her year-long residency at mac. The exhibition, co-commissioned by mac and DASH (Disability Arts Shropshire) was conceived for mac to directly respond to, and interact with, the arts centre venue, the building and its audiences. The artworks and installations exhibited invited visitors to encounter the 'Other' - that which is different and unfamiliar, often remaining unseen in our day to day lives - and to engage with it in a familiar space
- The *Cannon Hill Arts School* with artist and curator Trevor Pitt developed an experimental approach to learning and making art. Over 70 students from across the West Midlands embraced the opportunity to develop as artists, culminating in their very own Summer Show exhibition at mac
- First Bite – a commissioning partnership with China Plate and Warwick Arts Centre, supported by Birmingham Repertory Theatre, brought Stephanie Ridings' *The Road to Huntsville* to mac, produced by Pippa Frith. BBC Performing Arts Fund 2015 Fellow at mac, Rachael Young, presented her First Bite Festival commission *I, Myself & Me* at the 2016 Festival
- *(h)Experiment* was a season of work that re-imagined mac's beloved Hexagon Theatre as a space for risk, experimentation and playful collaboration. Supported by the Jon Feeney Trust mac worked with associate artists Stan's Cafe and Sid Peacock as well as comedian and mac tutor James Cook to develop 8 unique shows over 3 weeks in May. The season showcased artistic challenges, lots of noble(ish) humour and plenty of original performance, comedy and music by artists from across the region
- Working with New Art West Midlands (NAWM) 2016 offered the culmination of an intensive Artist Lab designed to encourage experimentation and foster the development of new art projects, with five participating artists sharing the outcomes and considering their potential next steps
- Future Curious – a collaboration HiVE created an open access programme for aspiring and emerging creative young people developed and produced by artists/producers Amy Martin and Yinka Danmole. Participants were encouraged to tinker, play and "hack" while responding to three key themes: Sustainability and the Environment; Creative Technology Data and the Internet; Space and Place
- *Spectra* is a performance project for people with learning disabilities, developed through a partnership between mac, Artist Kate DeRight, and Queen Alexandra College. Through consultation and creative activity the project aims to empower participants and develop them as creative leaders
- *Switch* is mac's very own band in residence, made up of a group of young musicians who work alongside professional music leaders to write songs, play instruments, sing and learn about the many aspects of music production. They have an increasing repertoire of original songs; enjoy regular performance opportunities, at mac and beyond, and have created a music video for their signature tune: "Switch on Your Happy Side"
- From the bric-a-brac of the artist's studio and its histories of creative processes to the spotlight of the public exhibition space, Birmingham artist Paul Newman's installation in response to mac's Arena Gallery, *Stage*, investigated the potential of both territories. *Stage* transported elements from his studio and included work looking backwards and forwards as characters and motifs from a 10 year period re-emerged.

MIDLANDS ARTS CENTRE ACHIEVEMENTS AND PERFORMANCE

Visual arts programmes recognise the importance of producing content to situate mac's commitment to and integrity in the visual arts, both in the region and beyond.

Exhibitions included:

- In his new body of work, shown for the first time at mac, world renowned photographer Trevor Appleson took to the streets of Birmingham to look at youth culture now. The exhibition Included over 70 classic portrait photographs, reflecting the cultural diversity of young people in the city, their infinite styles and tribal affinities
- In collaboration with Artangel mac hosted Canadian filmmaker Atom Egoyan's installation Steenbeckett. Developed from Egoyan's short film of Samuel Beckett's celebrated play Krapp's Last Tape, Steenbeckett explored the qualities and characteristics of analogue and digital film, and the relationship between the recorded archive and human memory. A programme of events accompany the exhibition. Presented in association with Flatpack Film Festival as part of their Celluloid City project, events included film screenings, workshops and discussions around the changing nature of film in the digital age
- **made at mac** is an ongoing series of exhibitions that showcases the work created by mac course participants and the richness of their learning experience. Since 1962 mac has provided opportunities for people from all backgrounds to see, hear and, most importantly, make art. These exhibitions celebrate and recognise the creative talents of both the Artist Tutors and their students. The exhibitions are curated by mac's Producer team and hung by the mac technical team. With over 200 creative courses on offer at mac, **made at mac** aims to communicate the richness and quality of both the learning experiences and the content produced on site. In so doing, participants can share their work with the public at large, while developing and building their artistic skills and creative confidence
- In partnership with Art Works Hall Green mac helped stimulate, co-create and facilitate *Connecting Spaces* – an exhibition showcasing the creative work of community groups and artists working in collaboration. *Connecting Spaces* is borne out of a passion to engage residents from the Hall Green district (encompassing Sparkbrook, Springfield, Moseley and Kings Heath, and Hall Green) in arts activities locally and at mac. *Connecting Spaces* has enabled connections and collaborations with and between local artists, community groups and venues. During 2015/16 a colourful programme of activities took place throughout the district, with artists taking the lead to create opportunities for artistic encounters.

Performing Arts and Events programmes place an emphasis on enabling emerging and early stage artists, especially those from the region, to create new projects and to celebrate the diversity of the city and region. A focus on young audiences and family audiences alongside adventurous adults complements a programme rich in locally produced work with that of artists and companies touring nationally and internationally

- Out of Chaos (formerly Temple Theatre) created their two man *Macbeth*, produced with mac, Barnsley Civic Theatre and Oxford Playhouse. The multi-award winning touring company is based in Birmingham and makes generous, skilful theatre that has toured the world since 2008, winning three international awards and widespread critical acclaim
- *Ten Letters* was a new piece of intergenerational poetry theatre about Birmingham starring the best local poetry talent. Produced by Giovanni 'Spoz' Esposito and Lorna Meehan and incorporating multimedia and live music, *Ten Letters* celebrated the city in through a group of unique voices aged sixteen to sixty. The wordsmiths were Lorna Meehan, Spoz, Nyandavoh Foday, Aliyah Hasinah, Aliyah Denton, Melissa Bate, Callum Bate, Maggie Doyle, Sipho Eric Dube, Luci Hammans, Joe Cook, Casey Bailey, Emma Purshouse, Jasmine Gardosi and Carl Sealeaf
- A number of performances through the year took place off-site, in "found" spaces:

MIDLANDS ARTS CENTRE ACHIEVEMENTS AND PERFORMANCE

- For the first *Birmingham Weekender Festival* mac produced site specific performances of *Of Riders and Running Horses* - "We find a space in the margins of the city in which to gather: to start an ad-hoc ceremony, to stamp our feet and shake our limbs, to dance in the face of an ending" - a stirring and visceral new dance event by Still House created as a communal animation of urban spaces. The performances took place on the top floor of an iconic brutalist Birmingham car park with sweeping views across the city
- The Flanagan Collective presented their all female production of *Romeo & Juliet* full of pounding beats and six part choral harmony at St. Paul's Church in the Jewellery Quarter
- Seth Kriebel presented *The Unbuilt Room* in a secret city centre venue - a performance-game exploring how places create memories... and how memories create places. Small groups of players explored a verbal maze without leaving their seats in immersive, imagined theatre inspired by choose-your-own-adventure stories and early text-adventure computer games
- Following a sell-out run at Edinburgh Festival Fringe 2015, we were pleased to present another off-site special: a gritty, no-holds-barred production of Irving Welsh's *Trainspotting*, presented by King's Head Theatre, In Your Face Theatre Company and mac birmingham. Performed under the railway arches in Digbeth this run of performance attracted sell-out audiences and additional performances to meet demand.
- At Christmas we again offered two productions – the evergreen Little Angel Theatre production of *We're All Going On A Bear Hunt* which again attracted capacity audiences. We also partnered with Tobacco Factory Theatres in Bristol to present *Cinderella: A Fairytale* created by Tobacco Factory Theatres and Travelling Light Theatre Company. The production, which won a 2014 Off West End Award and a 2013 Olivier Award nomination, captivated audiences at mac.

Learning and Participation programmes at mac present a wide range of opportunities to learn practical arts skills in mac's well-equipped studios led by skilled Artist Tutors. Learning and Participation projects and programmes are developed in a range of formats at mac, as well as off-site and in virtual settings, and encompass regular, long term and one-off opportunities and special projects:

- Regular courses and workshops – where possible embracing ladders of opportunity for professional development
- Tasters and drop-in activity
- Special projects, including children and their families, young people, adults and intergenerational work
- Long term sustainable outreach projects, with a particular commitment to our role as arts champions (in Yardley), neighbours (Hall Green & Edgbaston) and communities in the north of the city.
- Projects and brokerage with schools and colleges including adult education.
- Contract and partnership working.
- Community and youth based productions, projects and exhibitions/interventions.
- The interpretation of theatre, gallery, media and cinema programmes – including talks (podcasts and live streaming), symposia, events, workshops/courses etc.

MIDLANDS ARTS CENTRE ACHIEVEMENTS AND PERFORMANCE

mac's diverse Cinema programmes offer an eclectic mix of new releases and art-house films; as well as special live screenings. With our dedicated cinema and projection capability in our Theatre and Hexagon theatre there's always a variety of screenings on offer. Festival partnerships with SHOUT Festival, Flatpack, London Indian Film Festival Behind the Curtain Festival` and Screening Rights Festival and others allow mac the opportunity to showcase screen events as part of wider city events. In 2015/16 we built on our very popular outdoor event screenings in the Arena theatre on site and began to experiment with off-site screenings in unusual places. As part of the BFI's *Love* season we screened *My Beautiful Launderettes* in a launderette! And showed several films in partnership with All Saint's Church in Kings Heath. Working with Chiltern Railways, Birmingham Conservatoire, Media Archive for Central England and Fred Theatre we presented screenings of David Lean's classic *Brief Encounter* at Birmingham's classic Moor Street station. The immersive event included live orchestral music, Noel Coward-esque in character sketches on the platform and a specially commissioned film of archive shorts featuring Birmingham's Snow Hill and New Street stations from the 40s-50s

mac makes music provides innovative music making opportunities for children and young people in challenging circumstances. We work with Pupil Referral Units, Charities, Hospitals, Primary Schools, Children's Services and Special Schools to influence sustained music making activity for those with limited access to music provision.

Creativity is at the heart of a diverse music offer in new music technology, song writing, band development, singing and music production.

mac is a strategic partner of Youth Music working towards creating a musically inclusive England, where every child can access music-making opportunities, regardless of their circumstances. Through mac makes music, we champion innovation in music making approaches, support workforce development and advocate for equality in music education in partnership with Music Education Hubs in Birmingham, Coventry, Sandwell, Solihull and Worcestershire.

Some key achievements in 2015/16 include:

- Composer / Performer Sid Peacock, mac's Artist in Residence in 2015 developed and led *The Macondo Village Band* (a name chosen by Sid Peacock to describe his folk music of a fictional place and the coming together of musicians from diverse styles and backgrounds) as part of an action research project exploring collaborative experimental composition with local Congolese and jazz musicians; music leaders who work for mac makes music and young refugees. The project was supported by the Arts and Humanities Research Council (AHRC) Cultural Engagement Fund in association with Birmingham City University and developed in association with mac makes music and the Children's Society's MY Place project
- Sound Venture creates bespoke music making opportunities to advance innovation and high quality music experiences for disabled children and young people. Key features of the programme are:
 - Access to music through the use of music technology
 - The development of creative ensemble
 - Providing performance opportunities.

MIDLANDS ARTS CENTRE ACHIEVEMENTS AND PERFORMANCE

- **Band Development** - Our work with All Saints Youth Project, inclusive out of school provision in Kings Heath led to the development of our in house band **SWITCH**, a group of learning disabled young people
- **Families** - Arts Café, featured accessible live performances by CBSO and Live Music Now players along with interactive music activity and workshops, creating a relaxed space for disabled children and their families to enjoy a holistic music experience
- **Music in Theatre** - **mac makes music** works in partnership with Fox Hollies School to support the development of 'The Company' – an inclusive after school theatre company that encourages young people with learning difficulties to create original theatre work together
- **mac makes music** supports the productions through the skills of a resident music leader. The Company create their own compositions which both respond to and influence original stories resulting in a unique style of musical theatre. The first production supported by **mac makes music** was 'Big Fox Little Fox Cardboard Box', inspired by the book: 'A Street Cat Named Bob', which reflected on homelessness and isolation. With a moving original score and songs, using both traditional instruments and cardboard box percussion, everyone on stage became a musician. The show was performed in mac's main theatre to a public audience and at Mencap's national conference
- **Music Making at mac** - Children's Action Team Support (CATS) is a voluntary organisation working to support families with disabled children in Balsall Heath. In a week long residency at **mac**, young people explored a wide range of music resources and activities together: including music technology; writing lyrics; singing and rapping and, a particular favourite, playing drum kit
- **Research and Early Years** – *Tune into Listening is the outcome of a yearlong action research project into the use of recorded music in Early Years settings led by early childhood music specialist Nicola Burke. Drawing on a range of musical styles the research explored ways in which early year's educators could effectively use recorded music. mac makes music is now disseminating the findings of the research and delivering*
 - Practical workshops on listening activities
 - A Discussion forum
 - Newly created resources to support music making in Early Years settings.

Next Generation

Working under a dedicated producer, **mac's** Next Generation programme provides opportunities for young people and emerging artists aged 14 - 30.

mac offers an entry point and catalyst for young people and emerging artists to discover or re-discover their creative capabilities in a supported environment, and to develop skills through exposure and training in a variety of areas. Working both within **mac's** building and out across the region, we're proud of the impact our work is making on the artists of tomorrow.

The **Next Gen Creative Agency** is a scheme designed to offer young people aged between 16 and 24 the chance to build skills and engage with **mac birmingham's** programme.

mac birmingham was delighted to support a powerful project led by Bryony Kimmings. *The Boys Project* was developed and led by award-winning performance artist by Bryony Kimmings and the Royal Court Theatre, in partnership with Roundhouse, West Yorkshire Playhouse, Manchester Royal Exchange, Wales Millennium Centre and **mac**. The participants were a total of 60 men, aged 18-25, who have, at some stage in their lives, faced social or economic disadvantage or exclusion. Squads of participants in Birmingham, Cardiff, Leeds, Manchester and London seized a once-in-a-lifetime

MIDLANDS ARTS CENTRE

ACHIEVEMENTS AND PERFORMANCE

opportunity to influence political change. They delivered a large-scale highly motivated art project across the UK - an all-out art assault.

The **Future C U R I O U S** project is powered by mac's Next Generation programme and is led by Independent producer Yinka Danmole. The project was developed to enable young people to explore future innovation, technology and thinking through creativity. Our first summer festival curated and led by Yinka and Producer Amy Martin saw us produce a wide ranging, free, open access season for aspiring and emerging artists, exploring future arts practices through artists' talks, commissions, workshops, lectures, visits and labs.

New Shoes is for young people aged 16-24 years who are based in Birmingham and who have an interest in arts and creativity, tackling local community issues and bringing ideas to life. The programme is designed for young people who currently don't have access to regular creative opportunities and no previous experience is required. The project allows young people to develop their individual creative identity and set up their own imaginative projects within their local communities. Launched by mac's Next Generation programme and delivered by Beatfreeks, **New Shoes** is designed to enable young people to acquire lifelong skills; realise their future creative potential and make positive contributions within society.

The **Next Gen Associates** are made up of young people who have been associated with mac for a number of years. The most effective work of the Next Generation programme has been developed through collaborating and working in partnership with young artists directly, and the Next Gen Associates is a way of formalising this into a specific role. mac is focused on developing longer term partnerships with young artists and practitioners and the Next Gen Associates programme is a way of securing that ongoing relationship. Associates are supported by mac to develop and shape the Next Generation programme by attending three programme reviews a year, representing mac at board meetings and other signature events, as well as supporting the monitoring and evaluation of key projects and programmes.

mac and **somewhereto_** hosted a range of free work spaces at mac for young people throughout the year enabling them get creative and develop their talents. **somewhereto_** is a movement to liberate underused, disused and empty spaces in the UK and is funded by a £7m injection from the Big Lottery Fund in partnership with You Tube and delivered by youth engagement agency Livvy.

MIDLANDS ARTS CENTRE ACHIEVEMENTS AND PERFORMANCE

Communications and Digital Engagement

mac wants to see more people experience and be inspired by the arts. We have focused on increasing the amount of our activity made available to audiences digitally. Our website has enabled mac to reach:

- 114,317 more website users than previous year
- 50% of all tickets sold online
- 33% of online transactions include a donation; (50% of transactions in person/phone)
- better navigation to non-ticketed activity, outreach work in communities and through partnerships and collaborations.

mac's digital engagement continues to increase via social media and online contributions encouraged from all staff:

- Twitter – 52,900 followers (+43%)
- Facebook – 10,950 likes (+222%)
- YouTube & Vimeo Channels –30,000 views
- Also Foursquare, Instagram, Flickr, Pinterest and LinkedIn.

Increased digital output via our "alternative" content programmes enabled an enrichment and diversification of our programme to offer world class entertainment to audiences and growing audiences that crossover film, theatre/opera/visual arts.

Working through our Next Generation programme we have continued to grow the region's young filmmakers and give them a platform to exhibit films in a cinematic environment.

We have also developed further the use of "The Hub" in our public space for digital activities and drop-in screenings of mac content.

With a footfall in the centre now over 1.05 million visitors per year, a highly active social media following on Twitter and Facebook, consistently developing sales rates via our website and a very high pick-up rate for print, mac continues to develop awareness of its presence and its offer with participants and audiences.

Artists and Communities

Since its inception more than 50 years ago mac has always been concerned with its responsibilities to the ecology of artists and arts organisations, linking in partnership to grow its reach and provide space and advice to others. This helps us keep constant and relevant relationships across the diverse groups and communities who use mac. Examples include our Next Generation and mac makes music programmes where we have connected with young people in challenging circumstances.

Our Arts Champions programme moved to a co-design model working closely with Art Works, the Arts Forum in Hall Green. The Arts Champions Scheme is a Birmingham City Council initiative that gets Birmingham based arts organisations working with residents in their local area.

mac birmingham has been part of the Arts Champion scheme for over a decade, working previously with residents in the Hodge Hill and Yardley districts. Arts Champion activities in these areas have included *Generation Craft*: a craft-based project that paired a local craft artist with community groups in Yardley; *The Grand Dance*: an intergenerational project exploring going out,

MIDLANDS ARTS CENTRE ACHIEVEMENTS AND PERFORMANCE

music and dancing; a photographic portrait project working with Pakistani boys and young men from Stechford and a writing competition in association with Yardley libraries - amongst many other things.

mac is in the third year as Arts Champion for the Hall Green area. In 2015/16 we sought artists to run a project in each of the Hall Green wards had a strong response and 4 artists/projects were selected. Projects were run as follows:

- with Hall Green library titled 'A Cinderella a Day'. Participants took part in monthly storytelling and visual arts workshops at the library November to February, exploring different versions of the Cinderella tale from around the world and making peg dolls of different Cinderellas. Families attended Cinderella at mac as part of the process and then curated an exhibition of their dolls as part of the finale event
- The Craftivists worked with Community Vibe, a group of artists who all have mental health conditions, to create an event for members of the public which took place in Kings Heath in January. They created 'Little Bits of Lovely' as part of an interactive storytelling and installation event locally and then at mac. They saw Earthfall Dance's performance at mac, worked with mac tutors on visual images for the publicity and worked with tutors on further illustrations and on performance poetry, building their confidence in creating visual pieces and speaking publicly
- Film maker Ilvars Veinbergs worked with BHCATS (Balsall Heath Children's Action Team Support) to create a short film that captures the impact of the arts and the work of BHCATS on the young children with disabilities who access the service. The film tells their story as well as giving them opportunities to see performances at mac and take part in workshops with our tutors. The film was shown at the finale event
- Aliyah Holder, a spoken word artist with Beatfreeks, worked with one of the women's groups from Ashiana in Sparkbrook/Springfield. The group is for women who have come to the country on spouse visas and their project looked at marriage and the traditions that go with it. They used photography and writing to explore their own stories as well as participating in Dhol and Bollywood Dance workshops at mac and seeing performances on the theme of relationships
- Artist Harpreet Kaur documented and created commentary about the projects which captured the development of the project and helped to curate the work when it was presented at the launch of the exhibition and sharing event at mac in February 2016.

Commercial Trading Activities

Our trading activities have seen significant development with the addition of more Craft Fairs, Food Markets, gallery pop-up shops, an extended retail offer including artists' books and cards, exhibition catalogues, children's books and mac branded merchandise as well as successful events sales, catering and bars services. Our trading arm has delivered substantially increased income to the parent charity over the year. (Total: 2015/16: £659,237 - 2014/15: £521,917). Without this financial return to the parent company our charitable work would be severely restricted.

MIDLANDS ARTS CENTRE ACHIEVEMENTS AND PERFORMANCE

Equality, Diversity and Workforce

mac birmingham is an organisation committed to embracing and exploring diversity in its mission to provide a gateway connecting people with the arts. Both in its provision of services and as an employer, mac seeks not only to ensure equality of opportunity, but also to sustain a long term strategy to develop a greater understanding of the diversity of people that we live and work with in order to strengthen our programme, enhance our visitors' experience and enable staff to maximise their potential. We are committed to paying our staff fair wages and to observe nationally negotiated pay rates to which our staff salaries are linked.

mac birmingham is open to the public 7 days a week and actively promotes an environment of acceptance, accessibility and enjoyment for all and, while recognising that there are many differences within the community we serve, we strive to ensure that everyone is treated with respect and dignity.

For mac diversity goes beyond the requirements of the Single Equality Act 2010. Diversity is not about them and us. It's about all of us. The range of perspectives and experience diversity brings is an asset to our organisation, and we strive to create an inclusive, welcoming environment for visitors, artists, partners and employees alike where individual differences and the contributions of all are recognised and valued. Our jobs, like our arts centre, are open to all. Diversity is reflected in our employment strategies, our engagement with the public, our programming and business planning. This then provides unlimited opportunities for everyone to tap into their full potential and to add to the richness of our creative programmes and services.

Our mission at mac is to make innovative, creative arts activities an important part of people's lives. To do this and to do it well requires the commitment of everybody in the organisation, whether in the delivery of arts programming, supporting the functioning of the organisation or contributing to the commercial arm of our operation. We are pleased to offer a wide range of volunteering opportunities within the organisation and especially pleased that our volunteering and shadowing opportunities are available to, and are taken up by, a significant number of people with personal experience of disability.

The knowledge, skills and ideas of everyone at mac are fundamental to how successful we are. The mac Communication & Consultation Forum is an opportunity for all employees to gain a better understanding of mac and our operations, and to contribute to our future development. Monthly staff newsletters keep staff updated systematically with information on matters of concern to them as employees.

The Consultative Forum and regular staff meetings provide an effective means of consulting employees or their representatives on a regular basis so that the views of employees can be taken into account in making decisions which are likely to affect their interests, and assist in achieving a common awareness on the part of all employees of the financial and economic factors affecting the performance of the company.

As a committed learning organisation we offer investment and progression routes for our own workforce and others by providing volunteering and placement opportunities e.g. Creative Apprenticeships, work experience and internship opportunities with key regional HE/FE providers, volunteering on in-house and outreach projects:

MIDLANDS ARTS CENTRE ACHIEVEMENTS AND PERFORMANCE

- We worked with Mencap and Autism WM, placing mature students in shadowing roles with our Customer Service Assistants
- We placed students in variety of roles including in our studios with technicians and artist tutors, in Customer Services, Arts, Catering and Administration departments
- New Shoes - programme encouraging take-up of social action amongst young people in challenging circumstances in Birmingham. Partnership with Beatfreeks delivered a demanding training programme for young people from referral agencies and youth charities (such as Youth Space, Rathbone, Youth Offending Service), developing their motivation, confidence, discipline, teamwork and a model of professional conduct in a holistic environment
- Through our Next Generation programme, and in partnership with a range of community partners and **Somewhere to**, supporting young people with their creative development, providing space to share and develop creative ideas, and develop their leadership abilities, risk taking and resilience
- We developed our volunteer programme offering a range of opportunities on various projects - take up worked particularly well in technical support for exhibition work
- We appointed Next Generation programme "graduates" into staff roles and recruited other emerging young talent
- Successful Creative Apprenticeships programmes were delivered
- We ran our first Disabled Access Day across the centre in partnership with a range of disability organisations
- We won our first Creative Industry Green award for our environmentally friendly policies, practices and achievements.

Our volunteers

mac is very involved in the community and relies on voluntary help. Besides artists from communities who display their artistic work at the Centre, during the year 74 volunteers assisted with supporting events, projects and performances both at mac and through our community outreach activities. We wish to thank all our volunteers for their support and service and all the skills and enthusiasm they bring to the organisation.

MIDLANDS ARTS CENTRE FINANCIAL REVIEW

mac's key financial objective is to ensure financial stability and continued solvency year on year so that it can pursue its artistic aims and objectives. For the financial period ended 31 March 2016 mac recorded a surplus of £56,865 on its unrestricted general fund. The impact of recognising a liability in the PSATSA multi-employer pension scheme of £838,843 means the new financial year begins with a surplus of £421,386 on unrestricted general reserve. A surplus on designated funds of £514,128 and a deficit of £838,843 on its pension fund, resulting in net unrestricted funds of £96,671. mac has followed FRS 102 in preparing these financial statements and the statement of financial activities (SOFA), balance sheet and notes are set out from page 23 onwards:

- During the year our earned income represented 62% of total income
- Core funding income from Arts Council England and Birmingham City Council (Service contract) amounted to 27% of total income
- Grant income from trusts, foundations, corporate and individual giving comprised 11% of total income
- Wages, including employed artists as tutors, were 49% of total expenditure
- Payment to freelance and contracted artists represented 17.8% of total expenditure
- Costs of running the building were 10.7% of total costs.

In spring 2015 the Board created a new strategic plan. Progress is being monitored against this plan.

Principal funding sources

mac birmingham generates income from its own sources - box office, fundraising, commercial trading income and other sundry sources including the revenue from touring its productions and exhibitions and fees paid for outreach projects and activities.

Arts Council Funding

mac is a National Portfolio Organisation within the funding programmes of Arts Council England (ACE). mac has entered into a three year funding agreement with Arts Council from 1 April 2015 based on a cash standstill from 2014/15 through to 2017/18.

Birmingham City Council Funding

mac has an annually reviewed Service Level Agreement (SLA) with Birmingham City Council (BCC). BCC's budgets have also been cut. In 2014 the Council reduced by 17% its fee for services provided by mac for the year commencing April 2015 and subsequently reduced this further by 26% for the year commencing April 2016.

Fundraising

We continue to focus on fundraising from a variety of sources which is key to help sustain and develop our activities, especially for those with the least ability to pay, whether individuals or groups, and to support the work of emerging and early stage artists:

- We exceeded our fundraising target in 2015/16 with a total of £491,879 raised in the year
- Our fundraising includes sums contributed through donations from individuals, trusts and foundations

MIDLANDS ARTS CENTRE FINANCIAL REVIEW

- An Award of £250,000 was received from the People's Postcode Lottery
- £22,049 of funding is attributed to support from individuals through interactive collection boxes in the building, donations at the point of sale; web/counter/phone
- Constructive discussions continue with a number of Trusts in relation to potential new giving in 2016-17.

Investment Policy

In formulating an investment policy, mac has recognised that whilst it may have surplus funds to invest, these are likely to be called upon in the short to medium term. The policy therefore is to hold investments in liquid funds so they are available to meet predicted cash-flow needs. In selecting suitable cash deposits the policy is to maximise the return and maintain low transaction costs whilst ensuring high levels of capital security by minimising credit risk, and minimising interest rate risk. Deposits and interest rates are reviewed regularly by the Finance and Governance Sub-Committee. The policy is reviewed on an annual basis.

Reserves policy and Going Concern

The reserves of the charity have been divided into Restricted funds and General funds in accordance with charity legislation.

The Restricted fund represents money given to mac for specific capital and project work within the overall aims of the organisation. The funds are analysed between capital and project, as set out in notes 14 and 15 to the accounts. Grants and donations received for capital purposes are accounted for as restricted funds and depreciation of the underlying fixed assets is charged to these funds over their lifetime. Project funds will usually be spent in full in the next 5 years. The balance on the long-term capital funds represents funds received from donors towards the mac/sampad Building Project and for the purchase of fixed assets, less the depreciation charged on an annual basis. Over time these reserves will reduce to zero as the assets are fully depreciated.

The balance on restricted funds as at 31 March 2016 of £2,854,124 includes a balance of £2,413,070 in respect of the capital redevelopment project and £441,054 grants and donations received in respect of specific arts projects. These grants and donations include sums from a range of supporters towards future commissions, productions, co-productions, exhibitions and events as part of mac's longer range artistic programme.

The General unrestricted reserves figure of £96,671 including (£838,843) Pension liability, £421,386 general funds and £514,128 of designated funds, has been reviewed by the Trustees and they have determined, on the basis of detailed business and financial planning and cashflow projections through to 2018, that this is below the level required to maintain financial stability on an on-going basis, especially in light of an anticipated call on reserves to balance annual budgets and facilitate cashflow. More especially now, in the light of known and potential reductions in public investments over the next few years, it is felt that the level of reserves should be increased and therefore the Strategic plan 2015-2018 aims to realise modest surpluses to rebuild reserves. The Trustees also judge that modest provision should be allowed for any unforeseen legal or redundancy costs. It is also recognised that the economic environment continues to carry risks around ticket and other sales receipts as well as to its catering and other trading profits.

MIDLANDS ARTS CENTRE FINANCIAL REVIEW

Designated Funds

Following discussion by the Board it was agreed to retain a designated fund of £514,128 (2015: £393,019) to support strategic development and long-term sustainability.

Without the continuing support of Arts Council England, Birmingham City Council and People's Postcode Lottery it would be challenging for the Trust to continue operating. However the trustees are building a plan which develops further mac's commercial endeavours and are, further, developing a proposal for an Extension to the existing premises at Cannon Hill Park to enable a programme of creative learning, artist development and commercial hire activities to help build economic resilience in the light of declining public investment prospects.

Our consolidated balance sheet remains strong with net current assets of £1,171,016. The trustees have reviewed the circumstances of mac and mac Trading and consider that adequate resources continue to be available to fund the activities of the Trust and group for the foreseeable future. The trustees are of the view that Trust and group are a going concern.

mac proactively manages cash flow; for much of mac's income it is paid in advance or on the day; much of our operating cost is spread evenly across the year apart from payment for capital projects.

Principal Risks and Challenges

We are committed to sustaining a confident and skilled organisation and providing the best possible creative environment in which to develop our work at mac, in communities and increasingly on line. Our planning acknowledges the importance of investing in high-quality artistic delivery, people and infrastructure to bring the best work to the widest audience. We regularly monitor risks to successful delivery of our artistic programme and use a range of self-assessment tools, external evaluation and peer review to help us ensure our work reaches our own high standards, supporting excellence whilst ensuring the widest possible participation and engagement.

The Board has reviewed and assessed the risks to which we may be exposed. A risk register identifies those risks and assigns specific actions and responsibilities for mitigating them. The risk management process is ongoing, and is regularly reviewed by the Board. The board maintains a watchful eye on organisational, reputational and operational risks, efficiency, streamlining operations, processes and practices to achieve the best and fairest use of our financial and human resources. During the year our business model planning looked at the likelihood of continued reduction in public investment and increasing emphasis on fundraising and diversification of other income streams. The business planning activities are enabling the Senior Management team and Board to make informed business decisions while understanding the risks and opportunities for the organisation and how this might affect mac's future plans.

The Finance and Governance Committee meets at least five times a year and at other times as required and reports to the full Board. The Finance and Governance Committee reviews the effectiveness of all material internal controls, including operational, financial and compliance controls and risk management systems. The internal systems are designed to meet the Company's

MIDLANDS ARTS CENTRE FINANCIAL REVIEW

particular needs and the risks to which we are exposed, to manage those risks and to provide reasonable assurance that mitigation plans are realistic and likely to be effective. The Committee also reviews and advises the board on established regular procedures, including budgetary controls, and monitors the receipt of income and both revenue and capital expenditure.

The high level risks and management strategy as at 31 March 2016 were:

	NATURE OF RISK	RISK MANAGEMENT STRATEGY
AUDIENCES		
1	A decrease in the quality and availability of artistic product; Pipeline of product; nurturing home-grown. Negative impact on programme and in turn on revenue.	Support and encourage emerging artists from all communities. Build community and artistic partnerships
2	Potential introduction of parking charges by Birmingham City Council (BCC), lack of parking capacity leading to adverse customer experience and decrease in visitor numbers. Activities in Cannon Hill Park outside mac's control adding to parking capacity and potential sound bleed affecting mac spaces. Negative impact on reputation, activities and direct and ancillary income.	Continue to liaise with local partners and stakeholders to address parking issues, work with organisations and groups operating in the park to add a complementary offer for park users and track frequency of return visitors.
FINANCIAL		
3	Historic Pension Fund Liabilities becoming unaffordable: negative impact on revenue model and on cashflow	Continue to lead on managing the relationship with partnership organisations and Professional Trustee
4	Cash Flow (Maintain / Reserve) in order to pay bills to keep business viable	Constant monitoring of cashflow
5	Further drop in Birmingham City Council (BCC) grants. Challenge to current business model and ability to deliver social as well as artistic mission	Increase commercial income and fundraising. Develop new income streams and model forward scenarios.
6	Comprehensive Spending Review and potential negative impact on Arts Council funding. Govt White paper on Culture and the Arts de-prioritises public investment = reducing income from public sources and risk	Remain alert to Govt and BCC briefings, constantly review and implement advocacy strategy and activities within Culture Central. Review business plans and budget forecasts to respond to latest intelligence on funding scenario
7	Birmingham City Council (BCC) introduce charging for car park in Cannon Hill Park. Reduction in visitor numbers to centre and income from café/bar.	mac to formally advise BCC on concerns. Raise customer awareness. Propose strategy for refunds for mac customers if charges go ahead.
ARTISTIC		
8	Artists unable to Survive / Sustain. Lack of value placed on education. Decline in quality and attractiveness of programme	Support and encourage emerging artists from all communities. Build community and artistic partnerships
9	Lack of protection on Intellectual Property: risk to business opportunities	Strong partnership agreements and branding of work. All relevant contracts in place
COMMS/PR		
10	Changing channels of communication; resource to keep up; effort to keep	Collaboration with other networks and development agencies to keep on top of industry changes
FACILITIES		
11	Security - threat to users / staff / property / vandalism	Adequately trained CSMs & BSS combined with up to date security systems that are under a comprehensive service contract.
POLICIES AND PROCESSES		
12	Risks to business operational, financial and reputational of failure to have appropriate and effective policies and procedures and to monitor them regularly	Ensure appropriate professional advice is used wherever necessary; regularly review policies and SMT and Board to receive reports on any issues arising; build in robust challenges to our own systems
13	Safeguarding	As above
ENVIRONMENTAL		
14	Quality of Park / Car park: Potential negative impact on reputation and revenue.	Maintain close communication with all neighbours and with partner agencies

MIDLANDS ARTS CENTRE FINANCIAL REVIEW

Our Pricing policy

Our pricing policy reflects our strategy of enabling all within our community, whatever their means, to take part in our activities - to participate in learning activities, attend our events and to view our exhibitions. Our exhibitions and art installations offer an opportunity for the public to view, free of charge, new works created by contemporary artists, works on loan from major collections and to see the work of leading artists of our day and to gain experience of ground-breaking art.

Full ticket prices to our live events and cinema and live event screenings vary between £8 and £20. Concessionary rates are available for all events and are always priced with a minimum 20% reduction for those entitled to concessions. Tickets for learning programmes at mac vary enormously from £4 for individual events to £145 for full term courses of 12 or more classes in some studios with low maximum student ratios – e.g. jewellery. Concessions are available on all courses and a range of free to access learning activities for children, families and young people are presented regularly in our public spaces along with free performances and events. We fundraise to help make our activities affordable and within the reach of those most in need.

To view our programme, and for fuller details of ticket prices and discount terms and conditions, or to e-book, visit our website www.macbirmingham.co.uk, email our enquiry team at: info@macbirmingham.co.uk or telephone our booking office 0121 446 3232 or visit our booking office, open 9am until 9pm every day.

MIDLANDS ARTS CENTRE PLANS FOR FUTURE PERIODS

Plans for future periods

To secure the future sustainability of the organisation and to build on significant successes within the business, the board is developing a longer range business plan. This aims to facilitate the growing demand for our work – especially for learning and outreach activities - and to develop further mac's commercial endeavours. These plans include the development of services related to our core business for utilisation elsewhere - especially Event Management, Technical resourcing, Ticketing and Catering services. Further, the Trustees have commissioned the development of a proposal for an Extension to the existing premises at Cannon Hill Park to enable a programme of creative learning, artist development and commercial hire activities to help build economic resilience in the light of declining public investment.

The prospect of further decline in the value of Local Authority contracts is almost certain and the Trustees have responded to this by restructuring and strengthening the Senior Management team and by recruiting to a new Deputy CEO level post responsible for partnerships and for delivering new income streams through partnership working, and delivering services through commissioning and contracting. Further modest restructuring of the staff focused on improving efficiency and effectiveness.

We continue to strengthen our links with the community, our patrons and customers and our fundraising has continued to attract significant success, enabling significant parts of our activity to offer access to those most in need.

MIDLANDS ARTS CENTRE REFERENCE AND ADMINISTRATIVE INFORMATION

Charity Name	Midlands Arts Centre	
Charity Registration Number	528979	
Company Registration Number	00718349	
Registered Office	Cannon Hill Park Birmingham B12 9QH	
Bankers	HSBC Plc 130 New Street Birmingham B2 4JU	Scottish Widows PO Box 12757 67 Morrison Street Edinburgh EH3 8YJ
Auditors	PKF Cooper Parry Group Limited Statutory Auditors No.8 Calthorpe Road Birmingham B15 1QT	

STRUCTURE, GOVERNANCE AND MANAGEMENT

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

Cllr Matt Bennett	(appt. 27/07/2015)		Kamara Bennett	(resigned 26/01/2016)
Chris Cuthbert	(resigned 26/01/2016)		Yetunde Dania	
Gwenda Hughes			Cllr James Hutchings	(retired 27/07/2015)
Emrys Jones			Sharon Lea	(appt. 26/01/2016)
Mary Martin (Vice Chair)	(appt. Interim Chair 21/5/15 - 31/03/2016)		Greg Lowson (Vice Chair)	
Louise McCathie			Sara Meyer	
Wanjiku Nyachae	(resigned 21/05/2015)		Linda Saunders	
Sue Scholes			Cllr Martin Straker-Welds	
Jonnie Turpie	(appt. 26/01/2016)		Mike Williams	
	(appt. as Chair 01/04/2016)			

MIDLANDS ARTS CENTRE

REFERENCE AND ADMINISTRATIVE INFORMATION

Linda Saunders, Mary Martin and Gwenda Hughes will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming AGM.

Governing document

Midlands Arts Centre (trading as **mac birmingham**) is a company limited by guarantee and a registered charity. It was established on 19 March 1962 (Certificate of Incorporation on Change of Name; 5 December 1990) and its Articles of Association amended to allow for current governance arrangements on 18 November 1992 (11 to 12 Board members); on 15 November 1995 (2 to 3 Birmingham City Council nominated Board members) and on 25 September 2014 (12 to 15 Board members).

The company's object is the promotion of, education in and appreciation of the arts. This primary charitable object is set out in its governing instrument which is its Memorandum and Articles of Association. The company's Mission is to promote innovative, creative arts activities in ways which help to establish them as an important part of people's lives. **mac's** principal objectives are to encourage as many people as possible to:

- o explore, examine and enjoy the arts activities of others
- o participate in, and undertake, their own arts activities.

The governing body is the Board whose members are non-executive and unpaid. The Board meets regularly, retains full and effective control over the company and monitors the Executive (see below). The Board is involved in major strategic decisions and has ultimate responsibility for the conduct and financial stability of the arts centre. It seeks to support the Executive in a culture of mutual confidence and trust.

Recruitment and appointment to the Board of Directors

As set out in the Articles of Association the number of members of the Board (other than those nominated by Birmingham City Council) as specified in article 31 of the Articles of Association is no less than 4 and not more than 15. Birmingham City Council may appoint up to three members of the Board. The Chair and Vice-Chair are elected by the Board from amongst their number. Nominees appointed by Birmingham City Council are subject to the appointment processes of those bodies and the guidelines on appointment to public office as they apply to Local Government nominees. Board members at the date of this Report are listed above as are all Board members who served during the year under review.

Board induction and training

The Chair or Vice Chair, together with the CEO, meet with newly appointed board members to brief them on: their role and responsibilities as a trustee as outlined the Terms of Reference; their legal obligations under charity and company law; Charity Commission guidance on public benefit; review the content of the Memorandum and Articles of Association, committee and decision-making processes, current business plans and recent financial performance of the charity. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

MIDLANDS ARTS CENTRE

REFERENCE AND ADMINISTRATIVE INFORMATION

Key documentation is provided in board inductions including, the current Business Plan and budget, the Mission Statement and artistic, educational, equal opportunities policies, the Memorandum and Articles of Association, the latest annual report and audited accounts and previous board papers, to give board members a full understanding of the organisation. The Head of Governance and HR ensures board members are aware of policies relevant to them and that they complete relevant paperwork, such as their declaration of interests and personal data for monitoring purposes. Board and staff structures are provided including the membership and role of sub-committees, practical information on communications, procedures and timings of meetings.

The Chair meets with all board members individually for an annual appraisal. The annual Board Away Day provides development opportunities for the board and identifies further development needs in order for relevant training to be scheduled.

Organisational structure

The Board of Directors (the Trustees) meets on a regular basis. The Directors delegate the day to day running of the company to the Artistic Director/Chief Executive (CEO) who is assisted by a Senior Management Team.

During the year they were:

Dorothy Wilson MBE, FRSA: Artistic Director and Chief Executive

Michelle Smith: Commercial Operations Director

Hinal Shah: Head of Finance

Lindsey Cook: Head of Sales and Marketing

Claire Marshall: Creative and Partnerships Director

Sue Longfils: Head of Governance and Strategic HR.

The recruitment of members of Senior Management team is conducted by the CEO and a board member. For over 25 years all mac staff pay levels are referenced to points on the scale used by Local Authorities and many Third Sector organisations. Pay awards are negotiated nationally by the relevant Unions with Local Authorities employer representatives. mac implements any salary increases thus negotiated.

The Board delegates to the CEO full control over the selection and production of all programmes and events presented at, and under the auspices of, mac. The CEO and the other members of the Senior Management Team generally attend meetings of the Board. The Board appoints members of the Senior Management Team and determines their contracts of employment. The HR Sub-Committee of the Board reviews the remuneration of the staff annually. The Board monitors the performance of the Senior Management Team and reviews the quality, effectiveness and timeliness of information provided to the Board by the Executive.

The Board has established a Finance and Governance Sub-Committee which reviews the financial performance of the company and plays a full part in strategic business planning. Financial Regulations have been established and approved by the Board of mac. They are intended to set out the working arrangements by which the Board gives effect to its statutory financial responsibilities, and to its management powers as defined in paragraphs 41 to 43 of the Articles of Association adopted by Special Resolution on 25 September 2014. Further,

MIDLANDS ARTS CENTRE REFERENCE AND ADMINISTRATIVE INFORMATION

they provide details of powers delegated to the CEO and Managers of the Company by the Board in accordance with paragraphs 55 to 56 of these Articles of Association, and to its responsibilities under paragraphs 59 to 62 of these Articles of Association relating to Accounts and Audit.

The CEO is responsible to the Board for the proper administration of the Company's financial affairs. The CEO may delegate to the Head of Finance responsibility for systems, day-to-day accounting and preparation of regular management accounts and budgets.

Related parties

mac is formally a member of the following organisations, with which it co-operates in the pursuit of its charitable objectives:

- o Arts and Business
- o Arts Marketing Association
- o Culture Central (formerly Birmingham Arts Partnership)
- o Birmingham Chamber of Commerce and Industry
- o Cinema Exhibitors Association
- o ENGAGE
- o Independent Theatre Council
- o Marketing Birmingham
- o UK Theatre
- o Visita Group – Heart of England
- o BFI SWWM Film Hub
- o Future Arts Centres.

The charity's wholly owned subsidiary, Midlands Arts Centre Trading Limited, was established to operate the commercial bar and catering facilities and facilities hire activities at mac.

In its work mac collaborates with a wide range of artistic and community partners.

Pay policy for senior staff

The directors consider the senior management team comprising the key management personnel of the charity to be in charge of directing and controlling, running and operating the Trust on a day to day basis.

The recruitment of the Chief Executive is conducted by the Chair and a panel of board members. The appointment of members of the Senior Management team is conducted by the CEO and a board member. All mac staff pay levels are referenced to points on the scale used by the National Joint Council for Local Government Services, used by many public and third sector organisations.

Pay awards are negotiated nationally by the relevant Unions with Local Authorities employer representatives. mac implements any salary increases thus negotiated.

MIDLANDS ARTS CENTRE REFERENCE AND ADMINISTRATIVE INFORMATION

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors (who are also Trustees of Midlands Arts Centre for the purpose of Charity Law) are responsible for preparing the Annual Report, including the Strategic Report, and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company 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 charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

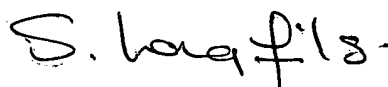
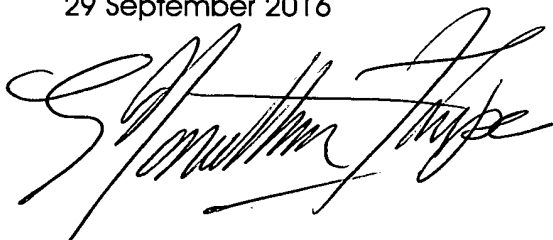
In so far as the directors are aware:

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

BY ORDER OF THE BOARD

E J Turpie - MBE
Chair
29 September 2016



S Longfils
SECRETARY

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MIDLANDS ARTS CENTRE

We have audited the financial statements of Midlands Arts Centre for the year ended 31 March 2016 which comprise the Consolidated Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable to the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, set out on page 27, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MIDLANDS ARTS CENTRE

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2016 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

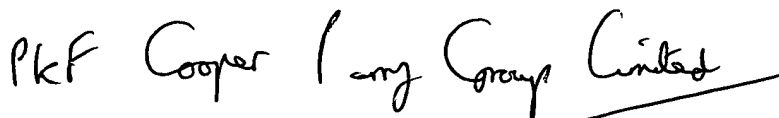
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Chair's Report and the Report of the Directors and Trustees, including the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

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



Simon Atkins FCA

Senior Statutory Auditor
for and on behalf of:

PKF Cooper Parry Group Ltd
Statutory Auditors

No. 8 Calthorpe Road
Birmingham
B15 1QT

29 September 2016

MIDLANDS ARTS CENTRE
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(including consolidated Income and Expenditure Account)
for the year ended 31 March 2016

	Notes	Unrestricted funds £	Restricted building project £	Other restricted projects £	2016 Total £	2015 Total £
INCOME						
<i>Donations and legacies</i>	2	768,308	-	-	768,308	778,867
<i>Income from charitable activities</i>						
Grants, donations and other income	3	818,233	-	191,613	1,009,846	1,009,926
Arts activities	4	1,102,904	-	-	1,102,904	989,888
<i>Income from other trading activities</i>						
Commercial trading operations	5	1,737,561	-	-	1,737,561	1,579,549
Office lettings, hire and recharges		78,130	-	-	78,130	34,252
<i>Investment income</i>	2	11,956	-	-	11,956	9,208
Total Income		4,517,092	-	191,613	4,708,705	4,401,690
EXPENDITURE						
<i>Expenditure of raising funds</i>						
Commercial trading operations	6	1,096,498	-	-	1,096,498	1,073,911
<i>Expenditure on charitable activities</i>						
Arts activities	6	3,176,972	-	241,837	3,418,809	3,186,141
Total expenditure		4,273,470	-	241,837	4,515,307	4,260,052
Net Income/(expenditure)		243,622	-	(50,224)	193,397	141,638
Transfers between funds		-	-	-	-	-
Net movement in funds for the year		243,622	-	(50,224)	193,397	141,638
<i>Reconciliation of funds</i>						
Total Fund brought forward		(146,951)	2,413,070	491,278	2,757,397	2,615,759
Total funds carried forward		96,671	2,413,070	441,053	2,950,794	2,757,397

All activities of the Group are continuing and there is no difference between the reported result for the year stated above and that on a historical cost basis.

The Group has no recognised gains and losses other than those included in the Consolidated Statement of Financial Activities.

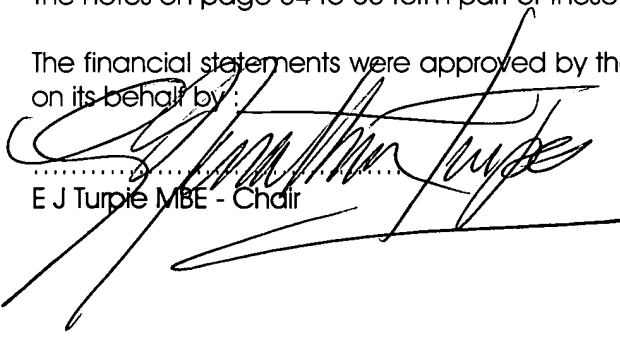
The notes on pages 34 to 53 form part of these financial statements.

MIDLANDS ARTS CENTRE
BALANCE SHEETS
as at 31 March 2016

		Consolidated		Company	
	Notes	2016 £	2015 £	2016 £	2015 £
FIXED ASSETS					
Tangible fixed assets	9	2,544,929	2,595,313	2,544,929	2,577,248
Investment in subsidiary undertaking	10	-	-	100	100
Total Fixed Assets		2,544,929	2,595,313	2,545,029	2,577,348
CURRENT ASSETS					
Stocks	11	25,379	22,316	-	-
Debtors	12	344,480	310,684	586,357	575,294
Cash at bank and in hand:					
- unrestricted		1,016,250	851,288	708,529	556,122
- restricted – projects		441,053	491,278	441,054	491,278
- restricted – capital		2,413,070	2,413,070	2,413,070	2,413,070
Total Current Assets		4,240,232	4,088,636	4,149,010	4,035,764
LIABILITIES					
Creditors falling due within one year	13	(3,069,216)	(3,095,753)	(2,978,094)	(3,024,917)
NET CURRENT ASSETS		1,171,016	992,882	1,170,916	1,010,847
TOTAL ASSETS LESS CURRENT LIABILITIES		3,715,945	3,588,196	3,715,945	3,588,196
Pension liability	22	(765,151)	(830,799)	(765,151)	(830,799)
NET ASSETS		2,950,794	2,757,397	2,950,794	2,757,397
Represented by:					
RESTRICTED FUNDS	14 & 15	2,854,124	2,904,348	2,854,124	2,904,348
UNRESTRICTED FUNDS					
General Funds	16	421,386	364,521	421,386	364,521
Designated Funds	16	514,128	393,019	514,218	393,019
Pension reserve	17	(838,843)	(904,491)	(838,843)	(904,491)
		2,950,794	2,757,397	2,950,794	2,757,397

The notes on page 34 to 53 form part of these financial statements.

The financial statements were approved by the Board of Directors on 29 September 2016 and signed on its behalf by:



 E J Turpie MBE – Chair

MIDLANDS ARTS CENTRE
CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2016

	Notes	2016 £	2015 £
Reconciliation of net incoming resources to net cash flow from operating activities			
Net incoming resources		193,397	141,638
Depreciation charges	9	56,268	56,364
Net interest	2	(11,956)	(9,208)
Increase in stocks	11	(3,063)	(1,223)
(Increase)/Decrease in debtors	12	(33,797)	61,159
Decrease in creditors	13	(92,183)	(27,626)
		<hr/>	<hr/>
Net cash inflow from operating activities		<u>108,664</u>	<u>221,104</u>
CASH FLOW STATEMENT			
Net cash inflow from operating activities		108,664	221,104
Returns on investments and servicing of finance	(a)	11,956	9,208
Capital expenditure	9	(5,883)	(44,435)
Increase in cash	(b)	<u>114,737</u>	<u>185,878</u>

The notes on pages 34 - 53 form part of these financial statements.

MIDLANDS ARTS CENTRE
NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2016

(a)	<u>Returns on investment and servicing of finance</u>	2016 £	2015 £
	Interest received	<u>11,956</u>	<u>9,208</u>
(b)	<u>Increase in cash</u>	2016 £	2015 £
	Balance at beginning of period	3,755,636	3,569,758
	Net cash inflow (note c)	<u>114,737</u>	<u>185,878</u>
	Balance at end of period	<u><u>3,870,373</u></u>	<u><u>3,755,636</u></u>
(c)	<u>Reconciliation of net cash flow to movements in net funds</u>		£
	Increase in cash during year being change in net funds		114,737
	Net funds at 1 April 2015		<u>3,755,636</u>
	Net funds at 31 March 2016		<u><u>3,870,373</u></u>
(d)	<u>Analysis of changes in net funds</u>	At 1 April 2015 £	Cash flows £
	Cash at bank	<u>3,755,636</u>	<u>114,737</u>
			<u><u>3,870,373</u></u>

MIDLANDS ARTS CENTRE
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2016

1. ACCOUNTING POLICIES

The principal accounting policies adopted, judgement and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a Basis of preparation

Midlands Arts Centre meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

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) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

b Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

The areas where restatement are required are disclosed in note 26.

c Basis of Consolidation

The consolidated financial statements consolidate the results of the parent company and of the subsidiary on a line by line basis. A separate Statement of Financial Activities and income and expenditure account for the charitable company itself are not presented because advantage has been taken of the exemptions afforded by section 408 of the Companies Act 2006.

d Income

Income from arts activities is included in incoming resources in the period in which the relevant activity takes place. Income is deferred when admission fees are received in advance of the performances or events to which they relate.

Income from donations and grants, including capital grants, is included in incoming resources when these are receivable, except as follows:

- When donors specify that donations and grants given to the charity must be used in future accounting periods, the income is deferred until those periods.
- When donors impose conditions which have to be fulfilled before the charity becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre-conditions for use have been met.

When donors specify that donations and grants, including capital grants, are for particular

restricted purposes, which do not amount to pre-conditions regarding entitlement, this income is included in incoming resources of restricted funds when receivable.

Income from commercial trading operations is recognised as earned.

Investment income is included in the financial statements as and when receivable and the amounts shown include taxation recoverable thereon, where applicable.

e Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of charity. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Trust's work or for specific artistic projects being undertaken by the Trust.

f Donated services

Where services are provided to the charity as a donation that would normally be purchased from suppliers, this contribution is included as an estimate based on the value of the contribution to the charity.

g Expenditure and irrecoverable VAT

Expenditure is included in the Consolidated Statement of Financial Activities on an accruals basis, inclusive of any VAT which cannot be recovered.

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the costs of commercial trading including the café, bar room hires and their associated support costs.
- Expenditure on charitable activities includes the costs of performances, exhibitions and other educational activities undertaken to further the purposes of the charity and their associated support costs.
- Other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

All costs are allocated between the expenditure categories of the Consolidated Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity comprise both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

h Depreciation and impairment

Buildings

Historically, 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. However, as the lease is due to be surrendered on practical completion of the new building project it has been fully impaired.

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 between 5 and 25 years.

Computers

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

Impairment

All long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. In such circumstances the charitable group estimates the future cash flows expected to result from the use of the asset and its disposal and where those are less than the carrying amount an impairment loss is recognised.

i Capital grants

Grants and donations received for capital purposes are accounted for as restricted funds and depreciation of the underlying fixed assets is charged to these funds.

j Stock

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

k Lease rentals

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

l Pre-production costs

These are written-off on the opening of a production, exhibition or other such project and are not carried forward to match against production income.

m Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

n Creditors and provisions

are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

o Pension costs

To meet the requirements of auto-enrolment of staff into a pension scheme, the Company offers the NEST pension scheme.

Previous pension schemes available to staff are now closed.

p Going concern

These accounts have been prepared on a going concern basis.

The Directors and Trustees have considered the charitable company's business planning in the context of known resources and have reviewed the operating basis of the group's operations. A formal business plan for the period to 2018 has been prepared.

Midlands Arts Centre is dependent upon the continuing financial investment of Birmingham City Council and Arts Council England.

As detailed in the Report of the Directors and Trustees, Arts Council England has confirmed funding through until 31 March 2018 and Birmingham City Council has confirmed funding through until 31 March 2017.

The Trustees have prepared detailed revenue and cashflow forecasts for the coming year and having considered the results of these forecasts, together with the commitment from Birmingham City Council and Arts Council England, are satisfied that the charitable company remains a going concern.

q Transition to FRS 102

mac has adopted the SORP (FRS 102) for the first time in the year ended 31 March 2016 and details of the adjustments owing to opening balances and the prior periods operating results are given in note 26.

2. INCOME FROM DONATIONS AND LEGACIES

	2016 £	2015 £
Grants, Donations and other income - unrestricted		
Arts Council England	739,146	739,147
Pinsent Masons pro-bono fees	7,113	12,346
Fund raising and gift aid donations	22,049	27,374
	<u>768,308</u>	<u>778,867</u>
Investment Income		
Unrestricted	11,956	1,844
Restricted	-	7,364
	<u>11,956</u>	<u>9,208</u>

3. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

Grants, Donations and other income - unrestricted	2016	2015
	£	£
Birmingham City Council - Service level agreement	540,000	540,000
People's Postcode Lottery	250,000	200,000
Other Income	28,233	34,978
	<u>818,233</u>	<u>774,978</u>

Grants, Donations and other income - restricted

General Projects	2016	2015
	£	£
Arts Council	-	17,500
Birmingham City Council	4,000	4,000
National Foundation for Youth Music	162,016	98,953
Roughley Trust	7,000	15,000
Saintbury Trust	-	10,000
Other Projects	18,597	89,495
	<u>191,613</u>	<u>234,948</u>

4. INCOME FROM ARTS ACTIVITIES

	2016	2015
	£	£
Cinema	306,863	277,970
Learning and Participation	375,038	341,158
Visual Arts	46,504	50,948
Next Generation	11,527	34,767
Productions and Performances	354,804	276,637
Other Income	8,168	8,408
	<u>1,102,904</u>	<u>989,888</u>

5. INCOME EARNED FROM TRADING OPERATIONS

The charitable company owns 100% of the share capital of Midlands Arts Centre Trading Limited which provides catering services, event sales, venue hires and retail activities. During the year, Midlands Arts Centre Trading Limited made sales of £18,174 (2015: £16,279) to the parent company.

	2016 £	2015 £
Turnover	1,755,735	1,595,828
Cost of sales	<u>(410,189)</u>	<u>(378,710)</u>
Gross profit	1,345,546	1,217,118
Staff costs	(552,293)	(557,242)
Other operating costs	(134,016)	(137,959)
Transactions with parent company:		
Facility fee payable	(195,000)	(182,000)
Technical and customer services support recharged	(66,463)	(68,117)
Room rental payable	(200,571)	(171,870)
Licence fees payable	(2,200)	(2,200)
Covenanted profit transferred under gift aid	<u>(195,003)</u>	<u>(97,730)</u>
Operating profit	-	-
Tax on profit on ordinary activities	-	-
Retained in subsidiary	<u>-</u>	<u>-</u>
The assets and liabilities of the subsidiary at 31 March were:		
Net current assets	<u>100</u>	<u>100</u>
Total net assets	<u>100</u>	<u>100</u>
Aggregate share capital and reserves	<u>100</u>	<u>100</u>

6. TOTAL EXPENDITURE

	Cinema	Learning and participation	Visual Arts	Performing Arts	Other Restricted Projects	Building Project	Trading operations	2015/16 Total	2014/15 Total
	£	£	£	£	£	£	£	£	£
Costs directly allocated to activities									
Staff costs, travel and subsistence	106,448	468,370	212,895	276,763	60,958	-	511,845	1,637,279	1,654,904
Payments relating to artists	122,573	177,050	108,954	272,384	121,898	-	-	802,859	707,901
Materials and consumables	13,538	44,483	110,240	25,143	24,381	-	560,671	778,456	739,491
Communications	15,660	60,902	17,401	80,042	8,346	-	-	182,351	185,998
IT systems providing direct arts support	6,672	12,974	4,448	12,974	6,461	-	1,455	44,984	42,183
Administration	900	900	13,052	150	8,401	-	22,527	45,930	53,646
Total direct costs	265,791	764,679	466,990	667,456	230,445	-	1,096,498	3,491,859	3,384,123
Support costs allocated to activities									
Premises and services costs	-	-	-	-	11,392	-	-	11,392	9,550
Building running costs	62,882	188,646	72,556	159,624	-	-	-	483,708	511,820
HR and administration	11,985	35,954	13,829	30,423	-	-	-	92,191	86,643
IT & Finance	30,375	110,455	41,420	93,886	-	-	-	276,136	248,008
Governance	3,130	8,495	3,577	7,154	-	-	-	22,356	27,336
Operations and planning	13,766	55,066	20,650	48,183	-	-	-	137,665	106,261
Total support costs	122,138	398,616	152,032	339,270	11,392	-	-	1,023,448	989,618
Total costs - 2015-16	387,929	1,163,295	619,022	1,006,726	241,837	-	1,096,498	4,515,307	-
Total costs - 2014-15	340,625	1,060,758	577,189	895,297	312,272	-	1,073,911	-	4,260,052

Support costs have been allocated to activities on a percentage linked to direct costs.

£241,837 (2015 £312,272) of the above costs were attributable to restricted funds. £4,273,470 (2015 £3,947,780) of the above costs were attributable to unrestricted funds.

7. CHARITABLE EXPENDITURE

Expenditure includes:	2016	2015
	£	£
Auditors' remuneration		
- in respect of audit	10,700	9,750
- for specialist VAT advice (all holding company)	1,000	-
Depreciation – owned assets	<u>56,268</u>	<u>56,364</u>

8. STAFF COSTS

	2016	2015
	£	£
Wages and salaries	1,973,653	1,921,645
Social security costs	117,382	111,410
Pension costs	<u>34,605</u>	<u>38,232</u>
	<u>2,125,640</u>	<u>2,071,287</u>

Total redundancy amounts of £10,853 (2015 : £ nil) were paid during the reporting year. Holiday accrual of £11,306 (2015: £ nil) is included in provisions.

The company contributes to the Pension Scheme for Administrative and Technical Staff in the Arts, which is a national scheme of the defined benefit type. The scheme is closed to new members. The company has also established a defined contribution scheme with NEST.

	2016	2015
	Number	Number
The number of employees whose remuneration fell within the band £60,000 to £69,999	<u>1</u>	<u>1</u>

Trustees' and key management personnel remuneration and expenses

One trustee received reimbursed expenses of £39 during the year. (2015: £67)

The total amount of employee remuneration received by key management personnel is £235,195 (2015: £183,896). Key management personnel are set out in page 25 of this report.

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

	2016	2015
	Number	Number
Business and administration staff – Full time	26	26
Business and administration staff – Part time	61	62
Arts team – Full time	11	10
Arts team – Part time	74	59
Catering, bar and events staff	<u>45</u>	<u>51</u>
	<u>217</u>	<u>208</u>

9. TANGIBLE FIXED ASSETS

Consolidated	Leasehold land and buildings £	Leasehold Improvements £	Fixtures and fittings £	Computers £	Total £
Cost					
At 1 April 2015	4,781,492	75,720	280,165	70,475	5,207,852
Additions	-	-	3,403	2,480	5,883
At 31 March 2016	4,781,492	75,720	283,568	72,955	5,213,735
Depreciation					
At 1 April 2015	2,368,422	16,542	173,657	53,917	2,612,538
Charge for year	-	7,494	38,898	9,876	56,268
At 31 March 2016	2,368,422	24,036	212,555	63,793	2,668,806
Net book values					
At 31 March 2016	2,413,070	51,684	71,013	9,162	2,544,929
At 31 March 2015	2,413,070	59,177	106,508	16,558	2,595,313

In 2012 and 2014 there were additions of £2,185,000 and £228,070 to leasehold land and buildings representing the amount payable under a development agreement in respect of a lease premium due on the granting of a new lease to mac upon the final completion of the building project. A corresponding creditor has been recognised to reflect the payment due.

As the lease has not yet been signed, no depreciation has been charged on the capitalised amount.

For further details see note 20.

9. TANGIBLE FIXED ASSETS (Continued)

Company	Leasehold land and buildings £	Leasehold improvements £	Fixtures and fittings £	Computers £	Total £
Cost					
At 1 April 2015	4,781,492	75,720	242,453	70,475	5,170,140
Additions	-	-	3,403	2,480	5,883
Transfer from Trading	-	-	9,685	-	9,685
At 31 March 2016	4,781,492	75,720	255,541	72,955	5,185,708
Depreciation					
At 1 April 2015	2,368,422	16,543	154,010	53,917	2,592,892
Charge for year	-	7,494	30,518	9,876	47,888
At 31 March 2016	2,368,422	24,037	184,528	63,793	2,640,780
Net book values					
At 31 March 2016	2,413,070	51,683	71,013	9,162	2,544,929
At 31 March 2015	2,413,070	59,177	88,442	16,557	2,577,248

In 2012 and 2014 there were additions of £2,185,000 and £228,070 to leasehold land and buildings representing the amount payable under a development agreement in respect of a lease premium due on the granting of a new lease to mac upon the final completion of the building project. A corresponding creditor has been recognised to reflect the payment due.

As the lease has not yet been signed, no depreciation has been charged on the capitalised amount.

For further details see note 20.

10. 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, event sales and hire. The results of the subsidiary undertaking are set out in note 5.

11. STOCK (Consolidated Only)

	2016 £	2015 £
Catering and bar stocks	14,448	14,132
Retail Stock	<u>10,931</u>	<u>8,184</u>
	<u>25,379</u>	<u>22,316</u>

12. DEBTORS

	Consolidated		Company	
	2016 £	2015 £	2016 £	2015 £
Amounts falling due within one year				
Due from subsidiary undertaking	-	-	383,387	372,382
Other debtors	157,571	126,566	24,262	24,765
Prepayments	108,317	149,121	100,449	143,551
Accrued income	<u>78,593</u>	<u>34,997</u>	<u>78,259</u>	<u>34,596</u>
	<u>344,481</u>	<u>310,684</u>	<u>586,357</u>	<u>575,294</u>

13. CREDITORS

	Consolidated		Company	
	2016 £	2015 £	2016 £	2015 £
Amounts falling due within one year				
Trade creditors	189,518	225,091	144,262	170,765
Taxation and social security	17,711	73,105	17,711	73,105
Other creditors	2,465,121	2,470,876	2,465,121	2,470,876
Accruals	126,278	113,403	117,025	112,175
Deferred income	196,896	139,586	160,283	124,303
Pension liability	<u>73,692</u>	<u>73,692</u>	<u>73,692</u>	<u>73,692</u>
	<u>3,069,216</u>	<u>3,095,753</u>	<u>2,978,094</u>	<u>3,024,916</u>

14. RESTRICTED FUNDS (Charity and group)

	Capital Development £	Projects (note 15) £	Total £
At 1 April 2015	<u>2,413,070</u>	<u>491,278</u>	<u>2,904,348</u>
Incoming resources			
Incoming resources (note 3)	<u>-</u>	<u>191,613</u>	<u>191,613</u>
Total incoming resources	-	191,613	191,613
Resources expended			
Arts activities	<u>-</u>	<u>(241,837)</u>	<u>(241,837)</u>
	-	(241,837)	(241,837)
At 31 March 2016	<u><u>2,413,070</u></u>	<u><u>441,054</u></u>	<u><u>2,854,124</u></u>

15. ANALYSIS OF RESTRICTED PROJECT FUNDS (Charity and group)

	01 April 2015 £	Incoming resources £	Resources expended £	31 March 2016 £
Arts Council - Catalyst	28,339	-	(26,373)	1,966
Birmingham City Council - Arts Champion Scheme	2,835	4,000	(6,835)	-
Monument Trust	7,705	-	(7,705)	-
National Foundation for Youth Music Youth music inclusion programme working with children and young people in challenging circumstances	21,536	162,016	(151,183)	32,369
Other Projects*	430,863	25,597	(49,741)	406,718
Total	491,278	191,613	(241,837)	441,053

* Includes sums from a range of supporters including Bryant, Roughley, Saintbury, Feeney and Grimmitt Trusts towards commissions, productions, co-productions, exhibitions and events as part of macs' longer range artistic programme.

16. UNRESTRICTED FUNDS (Charity and group)

	General Funds £	Designated Funds £	Pension Funds £	Total £
At 1 April 2015	364,521	393,019	(904,491)	(146,951)
Net incoming resources before transfers	177,974	-	65,648	243,622
Transfer of funds	(121,109)	121,109	-	-
At 31 March 2016	<u>421,386</u>	<u>514,128</u>	<u>(838,843)</u>	<u>96,671</u>

At the year end, the designated funds are £514,128 (2015: £393,019). These are allocated £333,000 (2015: £183,000) towards strategic development and sustainability. £71,109 (2015: £100,000) towards Next Generation programme with Young People and £110,019 (2015: £110,019) towards the support of new Outreach and learning programmes.

In accordance with the requirements of FRS 102 mac has recognise a Pension liability of £838,843.

17. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Fund balances at 31 March 2016 are represented by:			
Fixed assets	131,859	2,413,070	2,544,929
Stock	25,379	-	25,379
Debtors	344,480	-	344,480
Cash at bank and in hand	1,016,250	2,854,123	3,870,373
Creditors	(656,146)	(2,413,070)	(3,069,216)
Provisions / Pensions	(765,151)	-	(765,151)
	<u>96,671</u>	<u>2,854,123</u>	<u>2,950,794</u>

The designated funds within unrestricted funds are represented by cash at bank.

18. FINANCIAL ACTIVITIES OF THE CHARITABLE COMPANY

The financial activities shown in the consolidated statement of financial activities includes those of the company's wholly owned subsidiary.

A summary of the financial activities undertaken by the parent charitable company is set out below:

	2016 £	2015 £
Gross incoming resources	3,630,381	3,344,058
Total expenditure on charitable activities	(3,414,627)	(3,175,084)
Governance costs	(22,356)	(27,336)
Net incoming resources for the year	<u>193,397</u>	<u>141,638</u>
Total funds brought forward	<u>2,757,397</u>	<u>2,615,759</u>
Total funds carried forward	<u>2,950,794</u>	<u>2,757,397</u>
Represented by:		
Unrestricted funds	421,386	364,521
Designated funds	514,128	393,019
Restricted funds	2,854,124	2,904,348
Pension funds	(838,843)	(904,491)
	<u>2,950,794</u>	<u>2,757,397</u>

19. LEASE COMMITMENTS

The charitable company has a commitment to pay a peppercorn rent expiring after more than five years on the leasehold land and buildings at Cannon Hill Park.

20. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

mac is committed to make a contribution towards the capital development project.

At the date of signing the accounts, an amount of £2,413,070 has been recognised in fixed assets as a capitalised lease premium with a corresponding creditor recorded in accruals.

The charitable company is the representative member of a VAT registration group with its subsidiary company. The parent and subsidiary are jointly and severally liable for any VAT due from the representative member.

21. TAX STATUS

As a charitable company, Midlands Arts Centre, is exempt from tax on income and gains falling within Sections 481-489 of the Corporation Taxes Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen within the charitable company. The trading subsidiary has no profits which are subject to taxation under the provisions of the Income and Corporation Taxes Act 2010.

22. PENSIONS

a) NEST Pension

The Company offers the NEST pension scheme to meet the requirements of auto-enrolment of staff into a pension scheme.

b) The Pension Scheme for Administration and Technical Staff in the Arts (PSATSA)

The company participates in the scheme, a multi-employer scheme which provides benefits to 8 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 31 March 2013. This valuation showed assets of £15.5m, liabilities of £18.7m and a deficit of £3.2m. To eliminate this funding shortfall, the Scheme's professional Trustee has asked the participating employers to

pay additional contributions to the scheme based on their calculated share of the shortfall. The contributions of mac are as follows:

Deficit contributions

From 1 June 2014 to 1 June 2029: £73,692 per annum

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

	Period Ending 31 March 2016 £
Provision at start of period	904,491
Unwinding of the discount factor (interest expense)	8,044
Deficit contribution paid	(73,692)
Re-measurements - impact of any change in assumptions	-
Re-measurements - amendments to the contribution schedule	-
Provision at end of period	<u>838,843</u>

Statement of Financial Activities impact

	Period Ending 31 March 2016 £
Interest expense	8,044
Re-measurements - impact of any change in assumptions	-
Re-measurements - amendments to the contribution schedule	-
Contributions paid in respect of future service	-
Costs recognised in income and expenditure account	-

Assumptions

	31 March 2016 % per annum	31 March 2015 % per annum
Rate of interest	2.3%	2.1%

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

23. MEMBERS

The charity is incorporated as a company limited by guarantee and, in accordance with the Memorandum of Association of the company, every member of the company undertakes to contribute to the assets of the company in the event of its being wound up while he is a member, or within one year after he ceases to be a member, for payment of the debts and liabilities of the company contracted before he ceases to be a member and the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves such amount as may be required, not exceeding one pound. The number of members at 31 March 2016 was 18 (2015: 15).

24. RELATED PARTY TRANSACTIONS

A number of the trustees of Midlands Arts Centre have interests in organisations which have provided support and funding to the charity in the year. The Trustees have considered the disclosure requirements of Accounting and Reporting by Charities: Statement of Recommended Practice (FRS 102) and of Financial Reporting Standard number 8: Related Party Disclosures, and consider that the transactions requiring disclosure are as follows:

Greg Lowson, Trustee, is Managing Partner of Pinsent Masons, a firm the charity uses for the provision of legal services. Pro-bono fees donated by Pinsent Masons are disclosed in note 2 to the accounts. Invoiced fees during the year totalled £nil (2015: £419).

Chris Cuthbert, Trustee, is the Director of Acquis Media Ltd., a firm the charity uses for the provision of IT support and video and design services. Invoiced fees during the year totalled £10,941 (2015: £16,218). The transactions are on favourable terms to mac.

25. ULTIMATE CONTROLLING PARTY

mac is controlled by its Board of Trustees.

26. First time adoption of SORP (FRS 102)

The effect of the transition from previous UK Generally Accepted Accounting Practice to FRS102 is outlined below

The total pension provision of £838,843 (2015: £904,491) is disclosed within creditors falling due within one year £73,692 (2015: £73,692) and long term pension liability as £765,151 (2015: £830,799)

	As previously stated	Effect of transition	FRS 102 (as restated	As previously stated	Effect of transition	FRS 102 (As restated)
BALANCE SHEET	01-Apr-14	01-Apr-14	01-Apr-14	31-Mar-15	31-Mar-15	31-Mar-15
	£	£	£	£	£	£
Fixed assets						
Tangible fixed assets	2,607,242	-	2,607,242	2,595,313	-	2,595,313
Investments in subsidiary	-	-	-	-	-	-
Current assets						
Stocks	21093	-	21,093	22316	-	22316
Debtors	371,843	-	371,843	310,684	-	310,684
Cash at bank and in hand	3,569,758	-	3,569,758	3,755,636	-	3,755,636
Current liabilities						
Creditors	(2,935,997)	(73,692)	(3,009,689)	(3,022,061)	(73,692)	(3,095,753)
Provisions for liabilities and charges						
Pension reserve	-	(944,488)	(944,488)	-	(830,799)	(830,799)
	<u>3,633,939</u>	<u>(1,018,180)</u>	<u>2,615,759</u>	<u>3,661,888</u>	<u>(904,491)</u>	<u>2,757,397</u>
Funds						
Restricted Funds	2,835,759	-	2,835,759	2,904,348	-	2,904,348
Unrestricted Funds						
General Fund	266,612	-	266,612	364,521	-	364,521
Designated Fund	531,568	-	531,568	393,019	-	393,019
Pension Reserve	-	(1,018,180)	(1,018,180)	-	(904,491)	(904,491)
	<u>3,633,939</u>	<u>(1,018,180)</u>	<u>2,615,759</u>	<u>3,661,888</u>	<u>(904,491)</u>	<u>2,757,397</u>

Income and Expenditure Account

	As previously stated	Effect of transition	FRS 102 (as restated	As previously stated	Effect of transition	FRS 102 (as restated)
	31-Mar-14	31-Mar-14	31-Mar-14	31-Mar-15	31-Mar-15	31-Mar-15
	£	£	£	£	£	£
Income	4,480,697	-	4,480,697	4,401,690	-	4,401,690
Expenditure	4,093,753	1,018,180	5,111,933	4,373,741	(113,689)	4,260,052
Net expenditure	<u>386,944</u>	<u>(1,018,180)</u>	<u>(631,236)</u>	<u>27,949</u>	<u>113,689</u>	<u>141,638</u>