

MIDLANDS ARTS CENTRE
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2014

Company No: 00718349
Charity No: 528979

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MIDLANDS ARTS CENTRE
REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 March 2014

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MIDLANDS ARTS CENTRE CHAIR'S REPORT 2013/2014

In October 2013 **mac birmingham** brought to a close its remarkable and highly successful 15-month celebration of its first 50 years - **mac at 50**:

- Inspiring artists, communities, businesses and audiences
- Celebrating the world we live and work in
- Looking forward to the next decade.

Sounding the River, commissioned by **mac**, was the culmination of our 50th birthday year and of almost five years of planning, artistic development and fundraising. It was a triumph artistically, with wonderful audience and critical feedback and every show a sell-out. Through a magical journey of sound, light and performance down the River Rea and into Cannon Hill Park, audiences found themselves meandering along the riverbank where fire lit performers extinguished the darkness, mechanised birds flew past their ears and trees came alive with strange electronic song. Lead Artist Jony Easterby brought together a group of internationally acclaimed artists to celebrate the hidden beauty of Birmingham's urban river and transformed the outdoors into fascinating, playful places that enthralled adults and children alike.

Our **Next Generation** programme for young people grew and developed. Supported by The Monument Trust and IdeasTap, in 2013-14 the programme has connected with over 11,000 young people aged 14-24, enabling young audiences and participants

- to be exposed to the creative industries
- to use creativity as a tool for individual and social change
- to be supported in the development of their resilience, risk-taking and leadership capabilities.

In partnership with independent producer Amy Martin, **mac** was commissioned by **Arts Connect West Midlands** (Arts Council Bridge organisation) to develop a framework for engaging young people post-16 in creative projects. We delivered events looking at sharing best practice and developed a resource to help organisations better engage young people in challenging circumstances through creative initiatives.

Our Visual Arts programme continued to build upon a growing regional and national profile this year with a programme that involved a spectrum of artists, from those based locally to those on the international stage, and covering a range of media from traditional craft techniques through to innovative digital practices.

We were delighted to present the Hayward Touring exhibition *A Universal Archive* which brought to Birmingham the work of the celebrated and world-renowned South African artist William Kentridge. The Art Circuit exhibition *Walk On*, which closed our 2013-14 programme, included many significant artists known internationally for their contributions to the canon of visual arts. The work of established artists such as Marina Abramović, Francis Alÿs, Sophie Calle and Richard Long sat alongside that of artists such as Atul Bhalla, Sarah Cullen, Tracy Hanna and Tim Knowles. These strategic relationships with Hayward Touring and Art Circuit are being nurtured into 2014/15 and beyond.

The **mac**-produced Vanley Burke exhibition *By the Rivers of Birminam*, curated by Lynda Morris, toured to UK venues representing an opportunity to make more of the content **mac** produces.

We launched ***made at mac*** this year. Conceived as a platform to share work produced through our Learning and Participation courses, this programme launched in January 2014 to make transparent the process of creating work as much as showcasing the results. By putting the spotlight on a particular course and tutor, ***made at mac*** communicates the richness and quality of both the learning experience and the content produced on site.

Our Performances work saw our most successful Christmas shows since reopening in terms of audience attendance and critical acclaim. The return of our Associate company Motionhouse Dance Theatre to **mac** with their breath-taking and exhilarating new work, *Broken*, commissioned by **mac** New Work Trust as part of our 50th anniversary was a real highlight. **mac** commissioned and supported artists also had some great successes - Untied Artists won a Fringe First for *For Their Own Good* and Caroline Horton was nominated for an Olivier for *You're Not Like the Other Girls* Chrissy.

We celebrated the richness and diversity of our work as a cultural partner on The Full English, the world's largest digital archive of traditional and folk music and dance, mounted by the English Folk Dance and Song Society. This included schools projects, a free family activity day, engagement with the archive by **mac** course participants and a sold out concert by an ensemble of UK's finest English folk musicians, led by Fay Hield. And our ongoing artistic partnership with Red Earth Theatre this year included the presentation of our commissioned and co-produced show *Emil and the Detectives*, as part of a national tour. The show included beautifully designed captions, integrated into the set, enhancing access for deaf/deaf audiences.

Cinema and other screen-based work has developed encouragingly - Summer 2013 saw the launch of Sundown Cinema, **mac**'s summer season of outdoor film screenings. The opening film, *Sunrise*, presented in partnership with Flatpack projects, was performed with a live score. We welcomed back Play Poland Film Festival in October and hosted 4 films and an exhibition of rare Polish film posters, building links with the local Polish community and regular building users.

Our Learning and Participation and Outreach work continue unabated. Our role as Arts Champion in the District of Yardley came to a celebratory end embraced by artists and participants alike and there was a real buzz and sense of enjoyment on this programme. 423 people were involved as participants and a further 1,519 people involved as live event audiences and we worked with 9 partner organisations. A strong working partnership was set up with business, with the Swan Centre in South Yardley making public space available as a venue for and promoting events, and encouraging its staff to participate in projects. This was the final year of a three year programme of work in Yardley as the Arts Champion for the District. In 2014-15 we move on to become Arts Champion for the Hall Green District and look forward to working with partners there.

mac is one of the busiest arts centres in the country and its audiences and participants perhaps the most diverse. In the youngest city in Europe it is good to report the increasing numbers of children and young people with whom we engage. As we achieved our ambition to deliver an outstanding programme of 50th anniversary projects we were also pleased to meet our budgets and to secure another year of stable trading following the investment in the reopening years. We are enormously grateful to all the Trusts, businesses and Individuals who support us and to a number of new Trusts who supported our work very generously.

Our Senior Management team has shown that they possess the skills, experience and ambition to keep developing an organisation that is more diverse and more ambitious than ever. Our reach increases, our audiences develop and our engagement deepens with each year. Some 2013-14 highlights in numbers:

- Footfall up 8% (70,000 visits)
- Total bookers up 10%

- Ticket sales income up 23% with ticket yield up 27%
- Attendances increased across all artforms: cinema (6%), performances (15%), visual arts (8% - across all exhibition spaces) and learning by 7%.

As **mac** concludes its birthday celebration year I have decided that the time has come for me to stand down as Chair of the Board, a position I have been privileged to hold for almost 20 years. I am delighted to have been part of the organisation through such a period of development, culminating in the realisation of a major physical development and an artistic flowering of which we are still only seeing the first fruits in our wonderful "new" centre. It has been a real pleasure to work with a team of dedicated, imaginative and hugely supportive Board members and to appreciate the qualities of our extraordinary staff team and the artists with whom they work every day. I am delighted to be passing on the mantle as Chair of the Board to my colleague Wanjiku Nyachae with whom I have been working closely on the transition. Wanjiku will take over as Chair at the 2014 AGM.

It remains only for me to thank everyone who in any way enables this remarkable organisation to keep doing its extraordinary work: our public investors, Birmingham City Council and Arts Council England; the many companies, trusts, foundations and private individuals who give us financial support; the artists who sustain and develop **mac**'s creative work; our audiences and participants, new and old; my colleague Board members; and the staff team at **mac**, who show us repeatedly just what is possible with a limited budget and an unlimited imagination.



Anita Bhalla
CHAIR
25 September 2014

MIDLANDS ARTS CENTRE REPORT OF THE DIRECTORS AND TRUSTEES

The Directors present their Annual Report together with the Financial Statements for the year ended 31 March 2014.

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	Clement Keys LLP Chartered Accountants 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:

Viv Astling (Vice Chair) (resigned 25 Sep 13)	Anita Bhalla (Chair)
Chris Cuthbert	Cllr James Hutchings
Gwenda Hughes (appt. 27 November 2013)	Emrys Jones
Greg Lowson (appt. Vice Chair 27 Nov 2013)	Mary Martin (appt. Vice Chair 31 Mar 2014)
Wanjiku Nyachae (appt. 27 November 2013)	Linda Saunders (appt. 20 May 2013)
Ken Sloan	John Smith
Cllr Martin Straker-Welds	Mike Williams

Anita Bhalla, Mary Martin and John Smith will retire by rotation and, being eligible, Mary Martin offers herself for re-election at the forthcoming AGM; Anita Bhalla and John Smith will retire. The directors of the company are also the trustees of the charity. Members of the Board are elected at a general meeting. The Board has authority to fill vacancies arising during the year. Up to three members of the Board can be nominated by Birmingham City Council. The company maintains indemnity insurance for its Directors and Officers.

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) and on 15 November 1995 (2 to 3 Birmingham City Council nominated 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; and
- 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 maximum number of members of the Board (other than those nominated by Birmingham City Council) as specified in article 29 of the articles of association is 12. 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.

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: Artistic Director and Chief Executive

Michelle Smith: Strategic Operations Director

Joanne Jefferies: Head of Finance (15 April 2013 - 2 August 2013)

Hinal Shah: Head of Finance (appointed 8 July 2013)

Sue Longfils: Head of Administration and Company Secretary

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 39 to 41 of the Articles of Association adopted by Special Resolution on 7 November 1990. Further, they provide details of powers delegated to the CEO and Managers of the Company by the Board in accordance with paragraphs 52 to 53 of these Articles of Association, and to its responsibilities under paragraphs 56 to 59 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 Birmingham Arts Partnership
- o Birmingham Chamber of Commerce and Industry
- o Cinema Exhibitors Association
- o BFI Film Hub SW + WM
- o ENGAGE
- o Independent Theatre Council
- o Marketing Birmingham
- o National Campaign for the Arts
- o Theatrical Management Association (renamed UK Theatre from Jan 2014)
- o The National Institute of Adult Continuing Education
- o Touring Exhibition Group
- o Visita Group – Heart of England
- o BFI SWWM Film Hub
- o National Partnership of 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.

OBJECTIVES AND ACTIVITIES

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 Board of **mac** and its staff has reviewed its business planning in the light of operational experience in the new **mac** building, future public investment prospects and the strategic context for its future activities. 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.

From 2008-2010 **mac** undertook a major capital project to secure its future, replace and refurbish its facilities and deliver the management of a substantially increased building facility. The new, expanded **mac** enables a 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 interest of all, and embrace specific strands for children, young people, those of retirement age and people with disabilities. **mac** places emphasis on equality of access and the celebration of intercultural activities.

mac communicates comprehensively to the general public through a dedicated interactive website and through a wide range of media, electronic and paper-based campaigns. The use of social media has been actively developed as a means for encouraging user interaction and communication.

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.

Regards 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:

- o artistically experimental activities – and ones striving to engage with their audiences
- o celebrating diversity - and strengthening social cohesion
- o offering equal opportunities to everyone – and recognising the uniqueness of artistic talent
- o increasing the accessibility of the arts – and respecting their complexity
- o giving users and audiences more involvement in, and control over, programming – and introducing them to new challenges and innovations
- o helping artists to find their own, unique voice – and to forge productive partnerships with other artists and the general public
- o 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:

- o using its ethos to promote an adventurous, expressive, and approachable programme of arts events and activities
- o developing intercultural projects which increase people's enjoyment and understanding of their own and different cultures
- o encouraging and facilitating the development of people's own creativity, knowledge and skills
- o providing creative projects and activities for children and young people
- o increasing the numbers and range of **mac**'s existing users
- o deepening the impact of **mac**'s work through community outreach, and regional and national touring
- o offering support, opportunities and practical help to artists to develop their work and careers

- o building on established partnerships with other arts organisations, community groups and agencies, and developing new ones
- o working in partnership with schools, cultural organisations, agencies, public bodies and the non-arts sector to develop programmes for particular target groups
- o becoming the natural hub for artists making new and contemporary work in the city, and create opportunities for artist development
- o providing access to arts projects and programmes to as many people as possible including those with fewer resources and opportunities
- o ensuring the highest possible quality of work.

MIDLANDS ARTS CENTRE STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

2013-14 has been a year of stretching further still – building new relationships with new artists, deepening relationships with continuing partners and extending our reach and engagement with the public, both at **mac** and through our community outreach activities and national touring. Our relationship with our key partner, Sampad South Asian Arts, remains strong and vibrant as we work together on strategic initiatives and programme activities.

We have continued to do our utmost to ensure that our mission of making art part of the lives of people of all backgrounds is met. We have done this through commissioning, supporting and producing excellent and engaging new work which connects with existing and new audiences and reflects the diversity, demography and ambition of Birmingham. We evaluate our success against our own ambitions and business targets, those of the artists and public with whom we work and against audience, critical and peer reviews.

Visual arts

Since reopening in 2010 the visual arts programme has recognised the importance of producing content to re-establish and situate **mac** as a serious organisation with a commitment to and integrity in the visual arts, both in the region and beyond. This continues to be the case and the carefully managed and phased increase in receiving touring exhibitions year on year reflects a shift that works in the interests of both the programme – bringing efficiencies by freeing time and resources to develop further the quality and impact of our in-house productions – and our audiences by introducing further voices and perspectives.

A total of nineteen exhibitions took place in 2013/14, with 369 artists exhibiting their work in our first floor and public space galleries. Among them was *Making Moves*, a partnership between Craftspace and Staffordshire County Council which explored new models for touring craft in the West Midlands region through newly commissioned work by eighteen makers. And another – Brian Lobel's *Fun with Cancer Patients*, which showed in the Arena Gallery as part of Fierce Festival – received acclaim for its arresting, challenging and in depth exploration of cancer through the experiences of the young cancer patients who collaborated. A parallel AHRC funded project with the University of Warwick, placed researchers in the gallery space to give visitors the opportunity to talk about their own cancer experiences and provide another valuable layer of interpretation and access point to the exhibition.

Other highlights included:

- ***Bert Hackett: The Gemini Years*** Launched with a special preview marking the former Birmingham Post cartoonist's 80th birthday the exhibition of over 100 original cartoons drew significant coverage from local and regional media, and proved popular with audiences.
- ***The Open Project*** The biannual open submission project and successor to 2011's Anticurate was formed of a series of four exhibitions organised by fifteen Young Curators as part of the Next Generation programme. A total of 283 artists engaged with the project with their work featured in the final 'salon' exhibition.
- ***Vered Lahav: The Garden*** The exhibition by Worcester-based artist Vered Lahav, supported by the University of Derby, was commended for the quality of the work and its critical engagement with the subject of geography and migration. Delegates from the coincided

and associated 'Lessons in Geography' conference gave credit to **mac** for a vigorous, enquiring and ambitious programme.

- **made at mac** Conceived as a platform to share work produced through our Learning and Participation courses, this programme launched in January 2014 to make transparent the process of creating work as much as showcasing the results. By putting the spotlight on a particular course and tutor, **made at mac** communicates the richness and quality of both the learning experience and the content produced on site.

Next Generation Projects

New Shoes was a new programme started in Autumn 2013 encouraging the take-up of social action amongst young people in challenging circumstances in Birmingham. The partnership between **mac** and **Beatfreeds** has delivered a demanding training programme for young people from referral agencies and youth charities local to **mac**, (such as **Youth Space, Rathbone, Youth Offending Service**), developing their motivation, confidence, discipline, teamwork and a model of professional conduct in a holistic environment.

The Open Project was **mac**'s innovative reworking of the open exhibition format, offering young people the opportunity to curate their own exhibition at the centre. In partnership with **Reach** we enabled 10 young people to work together to curate their own exhibition. Over 3 months working alongside artists and professional curatorial advisors & curator **Trevor Pitt**, the young people learned some of the principles of curatorial practice and were given the opportunity to apply them in a professional working gallery with an average footfall of over 250 people per day.

The Cannon Hill Collective (CHC) in autumn saw new CHC members being recruited to replace those who have gone to University, other formal study, or have started to develop their practice professionally. The new CHC cohort worked with Associate theatre company, **Stan's Cafe**, as lead artists and provocateurs, exploring how creative expression can effect social change and how art practices can challenge many of society's deepest assumptions. They created the 'What's The Agenda festival?' in March 2014 which was seen by over 200 young people.

The Cannon Hill Lectures (CHL) was a new project for 2013, born of the need for young people to find information about the creative industries (particularly given the closure of **Connexions** and funding cuts to youth agencies/clubs/networks in the West Midlands). Working in partnership with independent producer **Amy Rozel Martin**, **mac** has delivered 15 lectures this year to over 300 young people across the West Midlands.

Next Generation wider support

The Next Generation team has been a constant pillar of support to aspiring artists and other organisations working with young people. Through programmes such as **Creative Space** we have provided one-to-one guidance and advice, and enabled a range of young artists and emerging companies to develop new initiatives and projects from which other young people, particularly those in challenging circumstances, can benefit. This support work has a combined value of £40,800.

Learning and Participation

Courses and workshops – an excellent year with increased take up of regular courses, both term long and short and holiday programmes. New courses were introduced effectively and attendance and income targets were met.

Arts Champion work in Yardley District included:

- Photographer and **mac birmingham** Artist Tutor Kate Green worked with young women at St. Basil's emergency assessment accommodation for homeless young people to produce photographic self portraits and words to dispel stereotypical images of the homeless. The work entitled 'Behind the Stereotype' was exhibited at Blakesley Hall Open Day in February 2014 and was seen by 300 local people. It was also selected by Birmingham City Council for exhibition at its Cultivating Culture Symposium in March 2014 and had a further online audience of 2,000. A presentation on the project also formed part of the symposium programme. The work will be toured to other St. Basils accommodation to encourage more young people to participate in the arts.
- Beatfreeks Young people's arts social enterprise company worked with young people from all over Yardley, including participants from St. Thomas Community Centre, The Vibe, HOPE and Fitcap, to develop original performance work which was showcased as 'Yardley Jam' at The Swan Shopping Centre in South Yardley in March 2014. Shopping centre staff also took part in a workshop to produce and showcase spoken word work. The project developed leadership skills in young adults aged 19 – 25.
- A creative writing project led by Birmingham Poet Laureate and **mac** Artist Tutor, Jo Spence to produce work on South Yardley, which was also showcased at the Cultivating Culture Symposium; readings and talks by Jo at Yardley Libraries; family workshops to produce sculptural pieces to support Blakesley Hall's Open Day in February and a Yardley Arts Walk and visual Arts Workshop for adults and children in March 2014 to coincide with the Walk On exhibition at **mac birmingham**.

Family Arts

- Working with colleagues in Birmingham Arts Partnership **mac** participated fully in the new national Family Festival attracting audiences and participants from across the city and beyond.
- We extended our programmes of free creative activity sessions for children and young families

Schools

- We continued to develop and deliver bespoke workshops for schools often linked directly into our exhibitions programmes and the work of commissioned and visiting performing artists and companies

Performing Arts

- Sounding the River, the culmination of our 50th birthday year was a triumph artistically, with wonderful audience feedback, sold out shows and a great spirit amongst the staff and volunteers that made it happen
- Our most successful Christmas shows since reopening in terms of audience attendance
- The first visit to **mac** of the wonderful Spooky Men's Chorale, a 16 piece choir from the Blue Mountains, Australia – combining musicianship and humour – to a brilliant reception in the outdoor Arena
- Presenting Brand New Ancients by Kate Tempest, the leading light of UK spoken word and undoubtedly gifted writer and performer, whose work synonymously captures the zeitgeist and transcends it – as one of 5 English venues outside of London – over 2 sell out performances.

- Our **mac makes music** programme, supported by Youth Music and working with the Music Education Hubs in 5 Local Authority areas, is delivering “breakthrough” and “cold spot” activities for children and young people in challenging circumstances.
- Delivery of a Youth Music funder regional Early Years Networking service for Music practitioners and agencies.

Cinema

- Summer 2013 saw the launch of Sundown Cinema, **mac**’s summer season of outdoor film screenings. The opening film was presented in partnership with Flatpack projects and performed with a live score. This audience development initiative to encourage crossover between performing arts and cinema had a total attendance of 323 and income of just under £3k.
- **mac** Arts and Event Sales departments teamed up to work together to co-host Cine-Excess Festival in 2013 alongside partners, the Universities of Brighton and Birmingham. The festival and conference celebrated European Erotic Film in a historical and cultural context and welcomed many national and international delegates from Europe and USA gaining regional and national press coverage.
- January 2014 saw the installation of a 2k projector in the main theatre allowing an increased capacity for film at **mac**, particularly alternative content. Audiences continue to go from strength to strength.
- Flatpack film festival returned to **mac** in March and screening 12 films over 2 weeks including workshops with Twentieth Century Fox Studio animation artists and Q&A’s with directors adding value to the programme. This year audience figures were up with paid 428 attendees and over 100 engagements in free drop in activities.
- Screen Juniors, **mac**’s monthly children and family film programme offers free digital and craft based workshops where children have a chance to make their own short animation films and have them shown on the big screen at the following Screen Juniors film screening. Audience figures for the year were 574 with over 500 workshop engagements.

Communications

A new website was developed over the year and went live in February 2014. Working with local developers Supercool Design the site demonstrates better **mac**’s wider achievements both out in communities, and through our partnerships and collaborations. Online ticket sales are growing since the switch to the new site, with April 2014 sales accounting for 36% of all ticketing sales, a 16% growth on April 2013.

Our PR coverage was spread well across all areas of **mac**’s work. Buoyed by our 50th year celebrations and its culmination in the event, *Sounding the River*, our coverage had a PR equivalency value of £5.28million (up 27% on 2012/13).

mac was the first venue in Birmingham to offer relaxed performances targeted towards audiences with an Autistic Spectrum Condition, sensory and communication disorders, a learning disability or for anyone who would benefit from a more relaxed environment.

mac has been a founding member of Edgbaston First: a new campaign to recognise the excellence in the area for arts, culture, sports and leisure.

With a footfall now exceeding 900,000, 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.

Commercial Trading Activities

Our trading activities have seen significant development with the addition of Craft Fairs, Food Markets, a gallery pop-up shop, an extended retail offer including artists' books, exhibition catalogues, artists' cards, books and **mac** branded merchandise as well as successful events sales, catering and bars services. Our trading arm has delivered increased income to the parent charity over the year.

Equality, Diversity and Workforce

mac blirmingham 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.

mac blirmingham is open to the public 7 days a week and to maintain 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.

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 at **mac**, whether in the delivery of arts programming, supporting the functioning of the organisation or contributing to the commercial arm of our operation.

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.

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 2014 **mac** recorded a surplus of £352,971 on unrestricted operations, and the new financial year begins with a surplus of £266,612 on unrestricted general reserve. **mac** has

followed SORP 2005 in preparing these financial statements and the statement of financial affairs (SOFA), balance sheet and notes are set out from page 19 onwards.

- During the year our earned income represented 57.0% of total income;
- Core funding income from Arts Council England and Birmingham City Council (Service contract) was 27.8% of total income;
- Grant income from trusts, foundations, corporate and individual giving comprised 15.2% of total income;
- Wages were 39.9% of total expenditure; and
- Utility costs represented 2.88% of total expenditure.

In spring 2012 the Board created a new strategic plan. Progress is being monitored against this plan.

Principal funding sources

mac blmningham 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 2012 based on a standstill in cash commitment for 2012/13 and 2% uplift in each of the following two years. However as a result of subsequent reductions in grant aid from Government, ACE's intimated revenue grant to **mac** has been reduced by 2.09% for 2013/14 and 3.06% for 2014/15.

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 2011 the Council reduced by 14% its fee for services provided by **mac** for the year commencing April 2011 and indicated that this figure would remain at cash standstill for years commencing April 2012 and 2013.

Fundraising for Capital works

Fundraising towards the costs of the **mac/sampad** Building project continued during the year with income of £11,943 received.

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

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 2014 of £2,835,759 includes a balance of £2,267,157 in respect of the capital redevelopment project and £568,502 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 £798,180, including £531,568 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 2015, 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.

Designated Funds

Following discussion by the Board it was agreed to retain a designated fund of £531,568 (2013: £215,600).

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; and
- 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



A Bhalla
CHAIR
25 September 2014



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 2014 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).

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 15 and 16, 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.

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 2014 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 matter 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:

Clement Keys LLP
Chartered Accountants
Statutory Auditors

No. 8 Calthorpe Road
Birmingham
B15 1QT

25 September 2014

MIDLANDS ARTS CENTRE
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(Including an Income and Expenditure Account)
for the year ended 31 March 2014

	Notes	Unrestricted funds £	Restricted building project £	Other restricted projects £	2014 Total £	Restated 2013 Total £
INCOMING RESOURCES						
<i>Incoming resources from generated funds</i>						
<i>Voluntary Income</i>						
Grants and donations	2	748,088	1,000	-	749,088	752,517
<i>Activities for generating funds</i>						
Commercial trading operations	5	1,461,792	-	-	1,461,792	1,330,970
Office lettings, hire and recharges		82,027	-	-	82,027	72,864
Investment income	2	2,479	10,943		13,422	32,997
<i>Incoming resources from charitable activities</i>						
Grants, donations and other income	3	1,035,026	-	364,256	1,399,282	1,088,528
Arts activities	4	775,086	-		775,086	681,365
Total Incoming resources		4,104,498	11,943	364,256	4,480,697	3,959,241
RESOURCES EXPENDED						
<i>Costs of generating funds</i>						
Commercial trading operations	5	990,710	-	-	990,710	877,862
<i>Charitable activities</i>						
Building project costs	14	-	1,650	-	1,650	-
Arts activities	6 & 14	2,739,013	-	340,576	3,079,589	2,884,872
Governance costs	6	21,804	-		21,804	25,814
Total resources expended	6	3,751,527	1,650	340,576	4,093,753	3,788,548
Net (outgoing)/ Incoming resources being						
net (expenditure)/ Income for the year		352,971	10,293	23,680	386,944	170,693
<i>Reconciliation of funds</i>						
Fund balances brought forward		445,209	2,256,864	544,922	3,246,995	3,076,302
Fund balances carried forward		798,180	2,267,157	568,602	3,633,939	3,246,995

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 23 to 39 form part of these financial statements.

MIDLANDS ARTS CENTRE
Company number 00718349
BALANCE SHEETS
as at 31 March 2014

		Consolidated		Company	
	Notes	2014 £	2013 £	2014 £	2013 £
FIXED ASSETS					
Tangible fixed assets	9	2,607,242	2,315,718	2,598,247	2,305,026
Investment in subsidiary undertaking	10	-	-	100	100
		<u>2,607,242</u>	<u>2,315,718</u>	<u>2,598,347</u>	<u>2,305,126</u>
CURRENT ASSETS					
Stocks	11	21,093	13,915	-	-
Debtors	12	371,843	454,618	1,186,941	1,261,205
Cash at bank and in hand:					
- unrestricted		733,999	427,500	(117,049)	(425,751)
- restricted – projects		568,602	544,922	568,602	544,922
- restricted – capital		<u>2,267,157</u>	<u>2,256,864</u>	<u>2,267,157</u>	<u>2,256,864</u>
		<u>3,962,694</u>	<u>3,697,819</u>	<u>3,905,651</u>	<u>3,637,240</u>
CREDITORS amounts falling within one year	13	(2,935,997)	(2,766,542)	(2,870,059)	(2,695,371)
NET CURRENT ASSETS		<u>1,026,697</u>	<u>931,277</u>	<u>1,035,592</u>	<u>941,869</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,633,939</u>	<u>3,246,995</u>	<u>3,633,939</u>	<u>3,246,995</u>
Represented by:					
RESTRICTED FUNDS	14 & 15	2,835,759	2,801,786	2,835,759	2,801,786
UNRESTRICTED FUNDS					
General Funds	16	266,612	229,609	266,612	229,609
Designated Funds	16	531,568	215,600	531,568	215,600
		<u>3,633,939</u>	<u>3,246,995</u>	<u>3,633,939</u>	<u>3,246,995</u>

The notes on page 23 to 39 form part of these financial statements.

The financial statements were approved by the Board of Directors on 25 September 2014 and signed on its behalf by :


.....
A BHALLA - Chair

MIDLANDS ARTS CENTRE
CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2014

	Notes	2014 £	2013 £
Reconciliation of net Incoming resources to net cash flow from operating activities			
Net incoming resources		386,944	170,693
Depreciation charges	9	41,123	29,834
(Loss)/Profit on disposal	9	9,073	-
Net interest	2	(13,422)	(32,997)
(Increase)/Decrease in stocks	11	(7,178)	245
Decrease/(Increase) in debtors	12	82,775	(121,540)
Increase in creditors	13	169,455	181,834
		<u>668,770</u>	<u>228,069</u>
Net cash inflow from operating activities		<u>668,770</u>	<u>228,069</u>
CASH FLOW STATEMENT			
Net cash inflow from operating activities		668,770	228,069
Returns on investments and servicing of finance	(a)	13,422	32,997
Capital expenditure	9	(341,720)	(11,984)
Increase in cash	(b)	<u>340,472</u>	<u>249,082</u>

The notes on pages 23 to 39 form part of these financial statements.

MIDLANDS ARTS CENTRE
NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2014

(a)	<u>Returns on Investment and servicing of finance</u>	2014	2013
		£	£

Interest received	<u>13,422</u>	<u>32,997</u>
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(b)	<u>Decrease In cash</u>	2014	2013
		£	£

Balance at beginning of period	3,229,285	2,980,205
Net cash inflow (note c)	<u>340,473</u>	<u>249,082</u>
Balance at end of period	<u><u>3,569,758</u></u>	<u><u>3,229,287</u></u>

(c)	<u>Reconciliation of net cash flow to movements in net funds</u>	£
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Increase in cash during year being change in net funds	340,473
Net funds at 1 April 2013	<u>3,229,285</u>
Net funds at 31 March 2014	<u><u>3,569,758</u></u>

(d)	<u>Analysis of changes in net funds</u>	At 1 April 2013	Cash flows	At 31 March 2014
		£	£	£

Cash at bank	<u>3,229,285</u>	<u>340,473</u>	<u><u>3,569,758</u></u>
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MIDLANDS ARTS CENTRE

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

1. ACCOUNTING POLICIES

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

a Basis of accounting

The financial statements have been prepared under the historical cost convention and include the results of the charitable company's operations which are described in the Directors' and Trustees' Report.

The financial statements have been prepared in accordance with the provisions of the Companies Act 2006 and in compliance with the revised Statement of Recommended Practice - 'Accounting and Reporting by Charities' issued in March 2005 and applicable accounting standards.

b 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 and paragraph 397 of SORP 2005.

c Incoming resources

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.

d 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.

e Resources expended

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

Charitable expenditure comprises those costs incurred by the charitable company in the delivery of its activities for its beneficiaries and comprises both the direct costs and support costs relating to those activities.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charitable company and include audit fees and costs linked to the strategic management of the charitable company.

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.

f 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.

g 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.

h Stocks

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

i Lease rentals

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

j 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.

k Pension costs

The company is a member of the Pension Scheme for Administration and Technical Staff in the Arts, a defined benefit scheme. Contributions are charged to the Statement of Financial Activities in accordance with the rates advised by the Scheme Actuary.

The company has set up a defined contribution scheme with Standard Life.

l 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 2015 has been prepared.

Midlands Arts Centre is dependent upon the continuing financial support 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 2015 and Birmingham City Council has confirmed funding through until 31 March 2015.

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.

2. VOLUNTARY INCOME

	2014	2013
	£	£
Grants, Donation and other Income - unrestricted		
Arts Council England	736,159	734,886
Pinsent Masons pro-bono fees	8,156	12,618
Fund raising and gift aid donations	3,773	-
Capital Development		
Fund raising and gift aid donations	1,000	5,013
	<u>749,088</u>	<u>752,517</u>
Investment Income		
Unrestricted	2,479	-
Restricted	10,943	32,997
	<u>13,422</u>	<u>32,997</u>

3. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	2014 £	2013 £
Grants, Donation and other Income - unrestricted		
Birmingham City Council - Service level agreement	650,000	650,000
ACE Catalyst	183,000	-
J Paul Getty Charitable Trust	100,000	-
Peoples Postcode Lottery	100,000	-
Other Income	2,026	-
	<u>1,035,026</u>	<u>650,000</u>
Grants, Donation and other Income - restricted		
General Projects		
Arts Council	57,966	70,335
Birmingham City Council	4,000	400
Bryant Trust	20,000	30,000
Monument Trust	84,600	84,680
National Foundation for Youth Music	110,000	195,000
Roughley Trust	15,000	15,000
Other Projects	72,690	43,113
	<u>364,256</u>	<u>438,528</u>

4. INCOME FROM ARTS ACTIVITIES

	2014 £	2013 £
Cinema	218,473	163,458
Learning and Participation	266,670	266,989
Visual Arts	26,321	44,028
Next Generation	27,183	11,070
Productions and Performances	212,835	123,126
Other Income	23,604	72,694
	<u>775,086</u>	<u>681,365</u>

5. TRADING OPERATIONS

The charitable company owns 100% of the share capital of Midlands Arts Centre Trading Limited which provides catering services, event sales & hire. During the year, Midlands Arts Centre Trading Limited made sales of £18,602 (2013: £25,178) to the parent company.

	2014	2013
	£	£
Turnover	1,480,394	1,356,148
Cost of sales	<u>(366,141)</u>	<u>(376,264)</u>
Gross profit	1,114,253	979,884
Staff costs	(507,115)	(444,348)
Other operating costs	(117,453)	(57,250)
Transactions with parent company:		
Facility fee payable	(150,000)	(150,000)
Technical and customer services support recharged	(60,310)	(56,800)
Room rental payable	(145,764)	(136,727)
Licence fees payable	(2,200)	(2,200)
Covenanted profit transferred under gift aid	<u>(131,411)</u>	<u>(132,559)</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 RESOURCES EXPENDED

	Cinema	Learning and participation	Visual Arts	Performing Arts	Other Restricted Projects	Building Project	Trading operations	2013/14 Total	2012/13 Total
	£	£	£	£	£	£	£	£	£
Costs directly allocated to activities									
Staff costs, travel and subsistence	84,162	382,671	182,581	228,308	107,375	-	477,033	1,462,130	1,322,848
Payments relating to artists	85,172	121,763	74,074	185,771	190,377	-	-	657,157	582,010
Materials and consumables	12,978	39,094	97,631	17,446	8,498	-	492,369	668,016	683,568
Communications	18,678	72,709	20,151	94,464	3,496	-	-	209,498	189,940
IT systems providing direct arts support	4,580	8,576	2,859	8,576	1,722	-	2,524	28,837	28,657
Administration	954	954	14,060	233	682	-	18,784	35,667	40,117
Total direct costs	206,524	625,767	391,356	534,798	312,150	-	990,710	3,061,305	2,847,140
Support costs allocated to activities									
Premises and services costs	-	-	-	-	28,426	-	-	28,426	27,260
Building running costs	62,531	188,595	72,739	160,030	-	-	-	483,895	501,609
HR and administration	9,927	30,365	11,678	25,693	-	-	-	77,663	64,911
IT & Finance	33,113	123,289	47,419	104,322	-	-	-	308,143	240,809
Governance	2,949	8,338	3,411	7,106	-	-	-	21,804	25,814
Operations and planning	11,521	44,719	16,870	37,757	-	1,650	-	112,517	81,005
Total support costs	120,041	395,306	152,117	334,908	28,426	1,650	-	1,032,448	941,408
Total costs - 2014	326,565	1,021,073	543,473	869,706	340,576	1,650	990,710	4,093,753	-
Total costs - 2013	253,015	816,458	420,624	686,384	452,341	-	1,223,589	-	3,788,548

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

7. CHARITABLE EXPENDITURE

	2014	2013
	£	£
Expenditure includes:		
Auditors' remuneration		
- in respect of audit	10,850	10,850
- for specialist VAT advice (all holding company)	3,935	1,125
Depreciation – owned assets	41,123	29,834
Loss on disposal of fixed asset	<u>9,073</u>	<u>-</u>

8. STAFF COSTS

	2014	2013
	£	£
Wages and salaries	1,757,302	1,637,252
Social security costs	112,724	106,212
Pension costs	30,176	37,870
Pension deficit reduction	<u>64,877</u>	<u>52,236</u>
	<u>1,965,079</u>	<u>1,833,570</u>

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 Standard Life.

	2014	2013
	Number	Number
The number of employees whose remuneration fell within the band £60,000 to £69,999	<u>1</u>	<u>1</u>

No trustee received any remuneration or reimbursed expenses during the year. (2013: Nil)

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

	2014	2013
	Number	Number
Business and administration staff – Full time	27	39
Business and administration staff – Part time	63	55
Arts team – Full time	11	9
Arts team – Part time	69	65
Catering, bar and events staff	<u>39</u>	<u>41</u>
	<u>209</u>	<u>209</u>

9. TANGIBLE FIXED ASSETS

Consolidated	Leasehold land and buildings £	Short Leasehold Improvements £	Fixtures and fittings £	Computers £	Total £
Cost					
At 1 April 2013	4,553,422	47,717	192,921	41,962	4,836,022
Additions	228,070	28,003	70,584	15,063	341,720
Disposals	-	-	(14,325)	-	(14,325)
At 31 March 2014	4,781,492	75,720	249,180	57,025	5,163,417
Depreciation					
At 1 April 2013	2,368,422	4,676	106,245	40,961	2,520,304
Released on Disposal	-	-	(5,252)	-	(5,252)
Charge for year	-	4,373	33,237	3,513	41,123
At 31 March 2014	2,368,422	9,049	134,230	44,474	2,556,175
Net book values					
At 31 March 2014	2,413,070	66,671	114,950	12,551	2,607,242
At 31 March 2013	2,185,000	43,041	86,676	1,001	2,315,718

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 £	Short Leasehold Improvements £	Fixtures and fittings £	Computers £	Total £
Cost					
At 1 April 2013	4,553,422	47,717	178,176	41,962	4,821,277
Additions	228,070	28,003	65,381	15,063	336,517
Disposals	-	-	(14,325)	-	(14,325)
At 31 March 2014	4,781,492	75,720	229,232	57,025	5,143,469
Depreciation					
At 1 April 2013	2,368,422	4,676	102,192	40,961	2,516,251
Released on Disposal	-	-	(5,252)	-	(5,252)
Charge for year	-	4,373	26,337	3,513	34,223
At 31 March 2014	2,368,422	9,049	123,277	44,474	2,545,222
Net book values					
At 31 March 2014	2,413,070	66,671	105,955	12,551	2,598,247
At 31 March 2013	2,185,000	43,041	75,984	1,001	2,305,026

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)

	2014 £	2013 £
Catering and bar stocks	13,453	10,015
Retail Stock	7,640	3,900
	<u>21,093</u>	<u>13,915</u>

12. DEBTORS

	Consolidated		Company	
	2014 £	2013 £	2014 £	2013 £
Amounts falling due within one year				
Due from subsidiary undertaking	-	-	922,397	944,344
Other debtors	126,428	335,101	22,965	207,848
Prepayments	125,581	114,551	122,581	107,214
Accrued income	119,834	4,966	118,998	1,799
	<u>371,843</u>	<u>454,617</u>	<u>1,186,941</u>	<u>1,261,205</u>

13. CREDITORS

	Consolidated		Company	
	2014 £	2013 £	2014 £	2013 £
Amounts falling due within one year				
Trade creditors	191,907	148,656	138,183	107,922
Taxation and social security	57,074	29,630	57,074	29,630
Other creditors	2,474,757	2,256,407	2,474,758	2,255,733
Accruals	97,822	93,012	94,806	63,249
Deferred income	114,437	238,837	105,238	238,837
	<u>2,935,997</u>	<u>2,766,542</u>	<u>2,870,059</u>	<u>2,695,371</u>

14. RESTRICTED FUNDS (Charity and group)

	Capital Development £	Projects (note 15) £	Total £
At 1 April 2013	<u>2,256,864</u>	<u>544,922</u>	<u>2,801,786</u>
Incoming resources			
Incoming resources (notes 2/3)	1,000	364,256	365,256
Investment income	<u>10,943</u>	<u>-</u>	<u>10,943</u>
Total incoming resources	<u>11,943</u>	<u>364,256</u>	<u>376,199</u>
Resources expended			
Premises Upgrade	(1,650)	-	(1,650)
Arts activities	<u>-</u>	<u>(340,576)</u>	<u>(340,576)</u>
	<u>(1,650)</u>	<u>(340,576)</u>	<u>(342,226)</u>
At 31 March 2014	<u>2,267,157</u>	<u>568,602</u>	<u>2,835,759</u>

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

	01 April 2013	Incoming resources	Resources expended	31 March 2014
	£	£	£	£
Arts Council - Catalyst	26,392	-	-	26,392
Arts Council - Sounding the River	-	57,966	(57,966)	-
Birmingham City Council - Arts Champion Scheme	400	4,000	(4,000)	400
Monument Trust Towards Next Generation programme of work with Young People	104,848	84,600	(81,224)	108,224
National Foundation for Youth Music Youth music inclusion programme working with children and young people in challenging circumstances	75,689	110,000	(144,806)	40,883
Other Projects*	337,593	107,690	(52,580)	392,703
Total	544,922	364,256	(340,576)	568,602

* Includes sums from a range of supporters including Bryant, Roughley, Saintbury, Feeney and Grimmet 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 £	Total £
At 1 April 2013	229,609	215,600	445,209
Net incoming resources before transfers	352,971	-	352,971
Transfers between funds	(315,968)	315,968	-
At 31 March 2014	<u>266,612</u>	<u>531,568</u>	<u>798,180</u>

At the year end, the designated funds are allocated £531,568 (2013: £215,600). £145,913 (2013: £112,945) towards the payment of the lease premium payable to Birmingham City Council on completion of the new lease, £100,000 (2013: nil) towards Next Generation programmes with Young People, £183,000 (2013: nil) towards strategic development initiatives and £102,655 (2013: £102,655) towards the support of new Outreach and Learning programmes.

17. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Fund balances at 31 March 2014 are represented by:			
Fixed assets	340,085	2,267,157	2,607,242
Stock	21,093	-	21,093
Debtors	371,843	-	371,843
Cash at bank and in hand	733,999	2,835,759	3,569,758
Creditors	(668,840)	(2,267,157)	(2,935,997)
	<u>798,180</u>	<u>2,835,759</u>	<u>3,633,939</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:

	2014 £	2013 £
Gross Incoming resources	3,508,590	2,841,186
Total expenditure on charitable activities	(3,099,842)	(2,644,679)
Governance costs	(21,804)	(25,814)
Net Incoming resources for the year	<u>386,944</u>	<u>170,693</u>
 Total funds brought forward	 3,246,995	 3,076,302
Total funds carried forward	<u><u>3,633,939</u></u>	<u><u>3,246,995</u></u>
 Represented by:		
Unrestricted funds	266,612	229,609
Designated funds	531,568	215,600
Restricted funds	2,835,759	2,801,786
	<u><u>3,633,939</u></u>	<u><u>3,246,995</u></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

Up until December 2012, when the scheme was closed to future accrual, **mac** had active members in the Pension Scheme for Administration and Technical Staff in the Arts, a defined benefit scheme.

The scheme is an unsegregated multi-employer scheme and the charity is unable to identify its share of the underlying assets and liabilities on a consistent and reasonable basis. Accordingly in compliance with FRS17 – Retirement Benefits, it has been accounted for as a defined contribution scheme and therefore the total pension cost is equal to the cost of the contributions payable to the scheme for the accounting period. For the year to 31 March 2014, total contributions payable were £58,236 (2013: £50,343).

At the last valuation date of 31 March 2013, based on the Statutory Funding Objective basis, the value of investments was £15.5 million and the actuarial valuation of benefits earned to 31 March 2013 was £18.7 million. The scheme deficit as at the last valuation was therefore £3.2 million.

In order to contribute towards reducing the above deficit based upon the valuation of the Scheme as at 31 March 2013, **mac** has agreed to pay deficit reduction contributions of £6,141 per month from 1 June 2014 until 31 May 2029.

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 2014 was 33 (2013: 34).

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 (revised 2005) 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 (2013: £Nil).

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 £11,191 (2013: £13,878) and £1,593 in trade creditors. The transactions are on favourable terms to **mac**.

25. ULTIMATE CONTROLLING PARTY

mac is controlled by its Board of Trustees.