

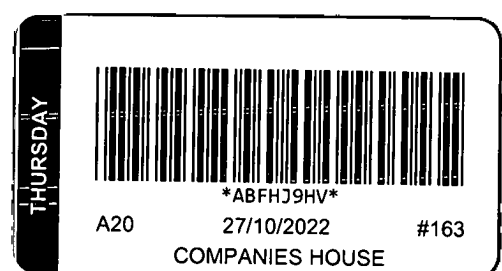
Midlands Arts Centre

A Company Limited by Guarantee

Trading as MAC

Annual Report & Financial Statements For The Year Ended 31 March 2022

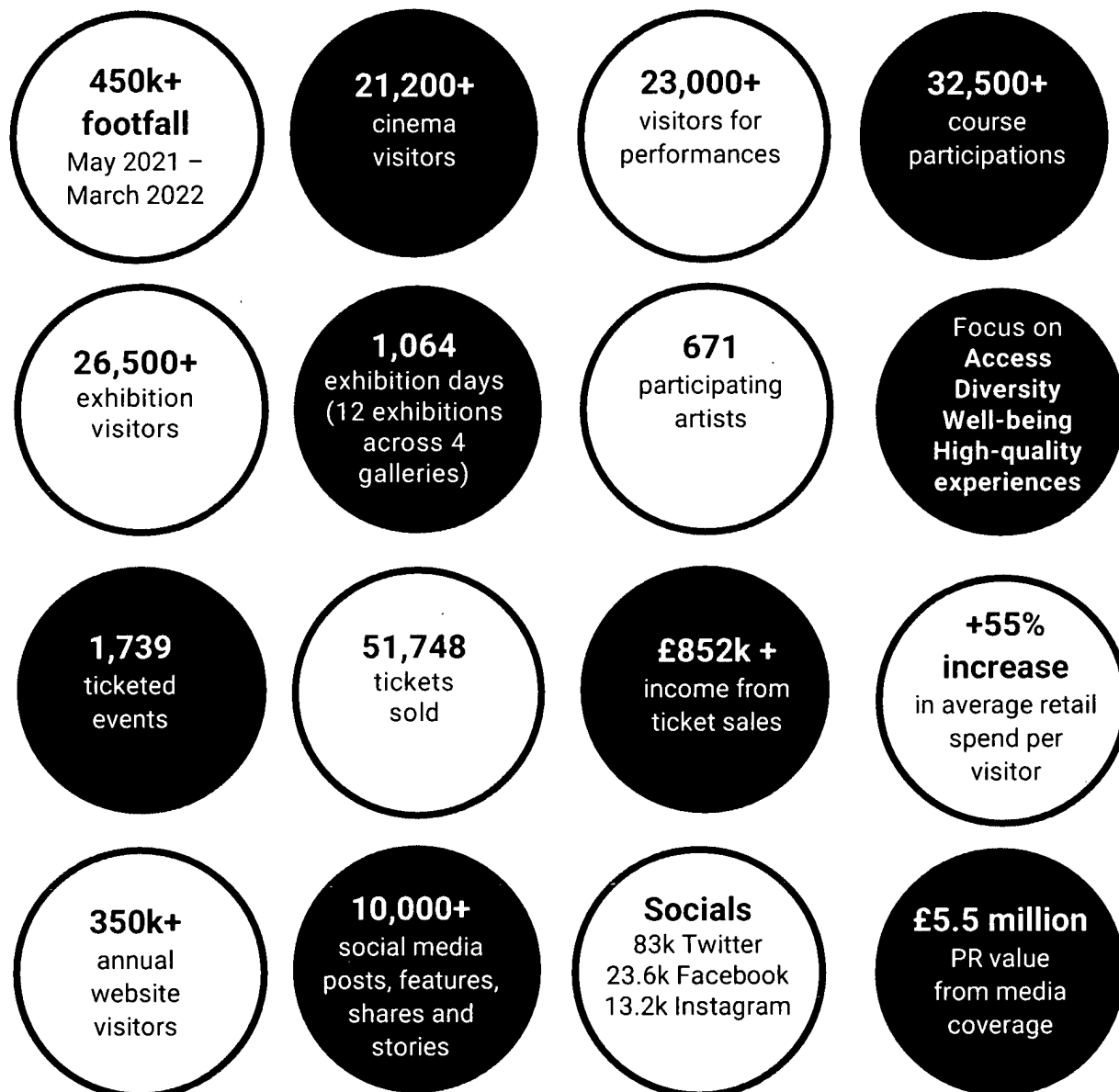
Company No: 00718349
Charity No: 528979



Report and Financial Statements for the Year Ended 31 March 2022

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A Snapshot of MAC as we recover from COVID-19



(all figures relate to 2021/22)

Report of the Trustees 2021/22

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 2022 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 2019).

Chairs' Report

We present our joint report for the year ended 31 March 2022. Unfortunately, Jonnie had to stand aside from August 2021 to focus on unexpected health issues, but has kept in touch throughout the year as Mary has valiantly taken the chair.

MAC re-opened formally to the public on 17 May 2021 after being closed for 14 months. Through enormous hard work and a highly committed workforce, we weathered the COVID-19 crisis and developed a new business model for generating the income that depends on us being open to the public. The priority during the year was to test the model and flex a new framework able to withstand a tumultuous, transitional year as we welcomed visitors and colleagues back to MAC safely and confidently.

Despite the extraordinary challenges we have faced, we remain committed to our mission – 'to promote innovative, creative arts activities in ways that help to establish them in people's lives'. First the pandemic, and now the cost-of-living crisis (with rising inflation, increased fuel prices and external political instability) have raised profound societal and cultural issues: about how communities adapt to the 'new normal'; and the value of inclusivity, wellbeing and creativity in supporting their lives.

The Board commenced a detailed review of our governance in February 2022. This has resulted in the production of a succession plan to ensure the Trustee group is refreshed as Trustees come to the ends of their terms of office by recruiting new Trustees with the appropriate skills. We have started the process of self-assessing our performance as a Board and updating policies and procedures relating to Governance. We are also in the process of refreshing our reports to Board so that we can monitor Key Performance Indicators in the important areas of Finance, Sustainability, Inclusivity and Quality.

Whilst beginning to build up trading income alongside income from our arts activities, we are extremely grateful to our key partners who have provided grants that have covered critical expenditure during this transitional period. We would like to thank colleagues at Department for Culture, Media & Sport, Arts Council England, Garfield Weston Foundation, and Players of the Postcode Lottery for providing lifelines to our organisation. We must also acknowledge the immeasurable support from Birmingham City Council in the development of MAC's endowment that will provide MAC with greater future stability. We have also been hugely grateful for the continued commitment of many valued individuals who signed up to MAC's new membership scheme. In April

2022 we finalised our new lease arrangements with Birmingham City Council (BCC). This sees MAC have a 99-year lease on our current site and a long-term endowment fund of £1.44m. We very much appreciate this long-term commitment by BCC to the future of MAC.

New and established charitable and commercial partnerships have enabled MAC to enhance our diverse public cultural offer. We now have the means and confidence to continue to plan sensibly after this first period of ten and a half months of operation. We look forward to a more positive year in 2022/23 as we celebrate MAC's 60-year anniversary and welcome the terrific opportunities provided by Birmingham's hosting of the Commonwealth Games and its associated cultural programme.

We remain confident in our future, and pursue a strong, clear strategy in line with MAC's charitable objectives. Undoubtedly, our resolve and stability in 2021/22 stemmed from our incredibly passionate and dedicated workforce that worked hard to refurbish our facilities, café, music studio, outdoor theatre and establish a sensory garden for our audiences. Since we have reopened, many colleagues have returned to MAC, which is wonderful, alongside new talented staff to infuse energy and expertise across teams. Our focus is to ensure successful induction and training programmes for everyone to drive MAC forward and serve the public well.

Throughout this challenging period, we have maintained our arts, culture, inclusive community activities and participation opportunities, for the public and artists alike. Our programme has been focused on our community's commonwealth engagement: locally, nationally and internationally. New talent has as always been attracted and supported into our refurbished galleries, theatres, cinema, music and learning studios to ensure we remain a vibrant West Midlands arts centre, constantly renewing ourselves, services, and culture as we look to bounce back.

Finally, we would like to take the opportunity to thank MAC's dedicated Board of Trustees for their expertise. Their oversight and strength have been critical in supporting MAC's survival in these uncertain times. In particular we would like to commend Greg Lowson for his long service on the Board and the many ways he has supported MAC activities. The whole Board thanks Jonnie Turpie for his six years as Chair representing MAC across the West Midlands and beyond.

Jonnie Turpie MBE
Chair of The Trustees

Mary Martin
Acting Chair of Trustees from August 2021

29 September 2022

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; and participate in, and undertake, their own arts activities".

Mission

To promote innovative, creative arts activities in ways which help to establish them as an important part of people's lives.

Vision

Artists and their relationship with audiences are at our heart. Our programmes focus on work exploring new grounds and adopting inter-cultural and inter-disciplinary approaches across a range of art forms and the meeting points in between.

Values

MAC's ethos is based on a set of values which informs the whole of its activities and helps to shape the organisation's work. MAC values the following:

- excellence in artistic practice, that is experimental and strives to engage with audiences;
- helping artists to find their own, unique voice and to forge productive partnerships with other artists and the general public;
- celebrating diversity and strengthening social cohesion;
- offering equal opportunities to everyone whilst recognising the uniqueness of artistic talent;
- increasing the accessibility of the arts and respecting their complexity;
- giving participants and audiences more involvement in activities and introducing them to new challenges and innovations; and
- making the most of the social benefits of the arts and valuing the pleasure people gain from their own individual artistic expression through wellbeing.

Public Benefit

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

The Board of MAC 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.

MAC 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.

MAC's venue continues to enable an increasingly wide range of arts, learning and participation activities and provides a base for substantial outreach activities through touring and community engagement, especially in communities with little access to arts participation. These activities are designed to meet the interests of all, and embrace specific strands for children, young people, families and people with disabilities. MAC places a firm emphasis on equality of access and the celebration of intercultural activities in a youthful and diverse city.

Achievements and Performance

Artistic Highlights from April 2021 to March 2022

MAC's visitor experience is tied to almost all the venue's activities, as audiences are invited to explore free galleries, visit Kiln café and enjoy our varied ticketed live performances and events. When MAC reopened on 17 May 2021, the priority was to ensure that strict safety measures were taken, in consultation with sector peers and following government guidance, so that visitors felt confident and secure in returning to us. We carefully considered the most appropriate areas of the artistic and participatory programmes that could reopen first, anticipating a phased return into autumn and winter period. Much of our focus during lockdown had been to complete a capital expenditure programme. This allowed us to adapt our building for a post-pandemic environment by refurbishing existing venues such as the Outdoor Theatre, which proved hugely popular with families returning in the summer. Another important priority was to ensure that our artists and creative teams had access to good training and support when re-engaging with the public and to help them to re-adapt to making new work onsite.

Visual Arts

Our free gallery spaces reopened immediately in May 2021, and visitor numbers have been strong. Audience surveys informed us that the public felt safe in MAC's more open and outdoor spaces.

Caroline Walker: Women's Work

This examined the hidden labour of jobs performed by women, such as tailors and chambermaids. During the pandemic we saw the dramatic shift in women's position in the workplace, with their overrepresentation in lower paid sectors (such as retail, hospitality and personal services) making them particularly vulnerable in the labour markets. Many women working in these industries have been unable to work from home, resulting in a disastrous decline in their economic status. Accompanying the exhibition were recorded interviews with some of the women featured, produced by BBC journalist Maria Margaronis. The recordings were accessed using QR codes scanned from a mobile phone and online. A beautiful film documenting Caroline working in her studio and a catalogue were available.

Maxine Walker: Untitled

This photographic exhibition brought together a remarkable body of work by Birmingham artist Maxine Walker, constituting a poignant exploration of identity and black womanhood to interrogate the intricacies of skin, blackness and being. Walker was a prominent pioneer and champion of black British photography during the mid-1980s.

The Butterfly Effect

A group exhibition co-curated by members of MAC's older people's community programme (Culture Club) featuring prominent post-war works of art from major West Midlands arts collections. The group selected work that resonated with pandemic issues such as loneliness, Black Lives Matter and the environment. It proved to be hugely popular, with staff invigilating the space noticing that visitors were spending a long time in the show and many were making return visits. We will replicate this approach of co-curation with communities for our autumn 2023 exhibition – about the relationship between nature and wellbeing – with artwork selected again from major regional collections.

Nilupa Yasmin: Tera- A Star তেরা

An exhibition by young Birmingham-based artist, Nilupa Yasmin, consisted of beautifully handcrafted and digitally woven artworks. The artist uses this creative process as a means of contemporary storytelling to carefully interlace cultural identity, loss and belonging with her own South Asian heritage as a British Bangladeshi Muslim woman. This was one of 40 new projects taking place across 40 arts centres as part of 'Here and Now', a national and local celebration of culture within communities, which was supported by Arts Council England and Future Arts Centres, marking the National Lottery's 25th birthday.

Cinema and Screen Based Media

Like many independent cinemas, MAC has spent 2021/22 looking to diversify content and branching out into programming more international and avant-garde films, live streaming events, and communal events, drawing in a potentially more diverse audience. This has allowed us to complete effectively with the significant growth in streaming services seen during the pandemic.

We continue to work closely with festival partners and BFI to promote exciting and unique opportunities for audiences. At the same time, we recognise that online content will impact cinemas, therefore we need to ensure our loyal MAC audiences remain stimulated by our programme. Surveying and customer feedback has been essential in planning the programme. The return of our printed cinema brochure in the autumn proved very popular.

Overall visitor numbers at MAC were stronger than anticipated. The autumn programme contained strong titles e.g. Spencer, House Of Gucci, The French Dispatch, The Phantom Of The Open and Belfast. In the autumn we also launched our very first TV festival entitled Square Eyes. The event was popular and saw a mixture of screenings for audience members as well as industry events at a time when Birmingham is finally starting to ramp up television production and when the world of television – whether archive, broadcast or streaming – is bigger than ever. Events included Q&As with the likes of Jed Mercurio, Kit de Waal, Cathy Tyson, Waris Hussein and writers and producers talking about TV past, present and future, alongside a number of exclusive screenings and rare archive with a Midlands focus.

Performance

Performances have been severely disrupted throughout the year due to the issues related to the pandemic, including cancellations and the public's concern in returning to enclosed spaces.

Following the capital investment programme, the Outdoor Theatre finally came into its own with a deliberate increase in the number of events programmed outdoors for a post COVID-19 audience. During the summer of 2021 we reduced the capacity for this space to allow for social distancing so we initially had 220 seats for sale as opposed to 420 pre-pandemic. The Indoor Theatre also came back into play in September 2021.

Some highlights included:

Lung Theatre returned to MAC with their work **Who Cares?** A documentary play examining our failing care system, the impact of austerity and what happens when a child becomes the parent.

Joe Lycett comedy performance - this event was one of the busiest back at MAC since re-opening, selling 350 seats in MAC's Outdoor Theatre. We also tested the dynamic pricing for acquiring high yields on tickets for a household name.

More standout comedy performances in the autumn with **Harry Hill: Fight!** in which he talked about his new autobiography, sharing photos and clips from his huge home movie collection. MAC regulars **Mark Thomas** and **Barbara Nice** also returned.

Motionhouse premiere of NOBODY

MAC was a major co-commissioning partner for this new piece by the region's flagship Dance Circus company. Programmed during autumn half term, and as part of our digital family festival Little Geeks, this piece sold out and wowed audiences with its trademark acrobatic dance fusing with state-of-the-art digital projections.

Finally, MAC's Christmas show **One Snowy Night** – by **Slot Machine Theatre** was a popular adaptation of the classic children's book by Nick Butterworth. Despite complications due to COVID-19 resulting in the lead cast member having to isolate during the first week of performances, the show got off to a strong start, and we saw sales pick up in the final week between Christmas and New Year to achieve income consistent with previous years.

Learning & Participation (L&P)

The number of courses provided in 2021/22 was 747 (of which 110 were for children, young people and families). 81% of places sold were from returning customers and there were 646 new bookers throughout the year.

Holiday Activities and Food Scheme (HAF)

In the summer holidays 2021 and post-Christmas, MAC provided 185 free places for children and young people on our holiday creative courses, camps and schools. Funded by the Department for Education, the HAF scheme was designed to provide children with engaging creative opportunities, combat holiday hunger, social deprivation and encourage physical activity in children and young people. Children were eligible if they receive free school meals. This is an England-wide initiative and MAC is one of 160 providers across Birmingham.

Little Geeks Festival Oct Half-Term 2021

A fun and inspiring programme of courses, workshops, interactive events, and performances at this year's festival, working with our Artist Tutors and partner organisations. The courses programmed included Motionhouse Dance Circus workshop and Virtual Reality Filmmaking along with many others. We organised 21 courses, 130 children attended and the Smart Play Zone (including Big Geeks Night) had a record number of attendees at 283 and Eye Music trust at 300 attendees.

Eye Music Trust brought Sensational Colour and Music for 5 days including workshops for SEN groups with MAC Makes Music, and BHCats.

"Thank you so much for the past few days! It was such a wonderful experience for all and the performance at the end was just amazing! The parents were really overwhelmed and there were lots of tears of joy! Huge thank you for the opportunity to attend the Playzone, everyone really enjoyed it! It was so lovely to be back at the Mac really reminded me of the old times :)"
Nazreen Bi, BHCats

On Thursday 28 October we welcomed our Little Geeks Ambassadors: 20 children aged 7 from Hillstone Primary. They had a fantastic day, with workshops with Eye Music Trust, lunch provided by our catering team, then a visit to the Smart Play Zone. We ended with a guided tour of The Butterfly Effect exhibition. Most of the children had not been to MAC or visited an art gallery before. They were enthralled and engaged the whole day.

We converted MAC's main theatre into the 'Smart Play Zone', with decoration inspired by Tron. Children and families could discover a wealth of digital projects, from retro gaming consoles to 3D printing with Adam Woodall. MAC Makes Music Leaders Kris Halpin and Liz Birch demonstrated their accessible music making equipment, including mimu gloves and MAC's raspberry pi weather station (with LED cloud sculpture) returned along with makey makey brioche bongos, simple pieces of electronic kit that introduce children to affordable DIY making, coding and electronics.

Girls that Geek Feb 2022

Girls that Geek conference was held on 11 February 2022. 80 young women attended plus their teachers. Our keynote speaker was Billie McMillan (SEGA), and there was a careers panel chaired by Dr Poppy Wilde (BCU) with panellists Lily Wales, Rosa Francesca, and Harmeet Chagger-Khan.

We had two workshops - Claire Morwood taught Bitsy Game Design and Mozilla VR with Ania Nierobisz. Aston University (ASTUTE), STEAMhouse and Associated Architects provided VR, AR and robotic experiences in our Show and Tell Space.

Strategic Partnerships

Associate Artists

During closure we kept in close contact with our Associate Artists, supporting them where we could with training and commissioning. On reopening they were the first artists to return to us and their knowledge and experience of audiences has been a crucial support to us.

Little Earthquake Theatre: The Stolen Year

A new commissioned theatre installation inspired by the experiences of members of MAC's Culture Club during lockdown. The company wove together a range of moving, funny and revelatory insights from over 60 hours of interviews and testimonies and collaborated with designers and sound engineers and a BSL Interpreter to produce a beautiful 30-minute theatrical sound installation in our main theatre. Over 400 people saw the installation which was in situ for five days and was free to attend.

"I didn't know what to expect, I was worried I wouldn't have anything interesting to say at all but Gareth & Phil are so caring and thoughtful that after half an hour we were talking about all kinds of things and laughing and crying together, what an incredible thing to take part in! Thank You." The Stolen Year Participant

ManMade Youth Dance Company led by Johnny Autin, a dance club for teen boys, whose purpose is to pursue dance opportunities that might not be readily available in school. Johnny stayed in touch with the participants during lockdown through online dance activities and the classes began again in person almost immediately taking advantage of making new work with the boys in MAC's Outdoor Theatre.

Jaivant Patel Dance returned for Diwali celebrations with a sell-out evening of live performance. Jaivant is an award-winning international dancer/choreographer, cultural producer and creative consultant whose work spans queer representation of Indian dance.

Red Earth Theatre Sandra Griffiths

Bedlam Festival returned with Red Earth Theatre: Rose Ward. MAC supported Associate Artist Sandra Griffiths, of Red Earth Theatre, in development of this new theatre piece based on the real-life experiences from a female psychiatric ward in Birmingham.

MAC Makes Music

During the 2021/22 period MAC Makes Music supported 770 children and young people to make music. Of these, 663 were regular participants. Those children and young people accessed 1,357 group and 785 individual music-making sessions.

MAC Makes Music strategically supported five West Midlands Music Education Hubs (MEHs) around Equality, Equity, Diversity and Inclusion in all areas (strategy, workforce, delivery). We supported 314 people from the global music education and community music workforce to become more inclusive in their practices through 255 training and mentoring opportunities.

We successfully raised £70,428 match funding from schools, music education hubs from across the country including Dorset and Milton Keynes, and other partners such as the Solihull Violence Reduction Partnership. We launched regional centres of the West Midlands Inclusive Choir and National Open Youth Orchestra Birmingham with rehearsals culminating with performances across the country, finishing at Birmingham Town Hall.

Culture Club

Keeping in touch with our seniors has been a MAC priority. When we knew we were reopening in May, we invited them in to see the new building and take part in activities a month earlier, in the hope that seeing their friendship groups and being creative again would support their mental wellbeing. The first events were a series of taster workshops in ceramics, watercolours and writing, all designed with our Learning & Participation team. All of this made the participants feel as safe as possible. Every space was fully booked and we had great feedback from participants. As a result of this planned activity, we received additional funding from DCMS for the "Loneliness Project" (designed to combat loneliness and isolation during COVID-19 times).

Hidden Voices music carers

We completed the programme by June 2021. Some legacy activity continued beyond July, including regular engagement with some of our carers taking part in courses at MAC that reflect the music and well-being focus of Hidden Voices. Our partner Midland Mencap continues to support the legacy activity with training opportunities and support for the Cared For, in order to allow the carers to attend training and other events at MAC and elsewhere. Many of the participants from the two-year programme continue to engage with other areas of our creative activities.

Transforming Narratives

The Transforming Narratives programme formally came to an end in March 2022. MAC has played a vital leadership role in Birmingham, promoting and commissioning South Asian female artists and curators from Bangladesh and Pakistan. The British Council and Arts Council England have valued our contribution, and MAC's 3-key exhibitions were reframed as a Commonwealth contribution to the Birmingham 2022 Festival.

Epiphania Visuals: When Speech is Forced Down, Art Must Speak (5 Feb – 3 Apr 2022)

A group exhibition by LGBTQ+ artist collective led by Dipa Yasmin, based in Dhaka. Themes explored gender identities and queer experiences through art, film, painting, and craft. Although many of the artists are not formally trained in the field of fine arts, their art has nonetheless acquired a unique and powerful visual language. It also serves as a means of strong collective activism.

Maryam Wahid: Zaibunnisa (5 Feb – 11 Apr 2022)

Zaibunnisa, meaning 'the beauty of women' refers to Wahid's mother's birth name prior to emigrating from Pakistan to the UK in 1982 for an arranged marriage. The photographs tell the story of Wahid and her mother's journey to Lahore in 2019, Wahid's first-ever trip to Pakistan and her mother's first visit in twenty years.

No Outsiders Festival for families

This annual festival in partnership with Hannah Phillips and Pride, Birmingham aims to help us re-define what makes a family and offer any type of family the chance to see themselves represented and celebrated in a safe, welcoming and creative way. This popular family programme, like Little Geeks, will have 'pop-up' events throughout the year as well as a dedicated festival period.

HAF Scheme

We are investigating potential involvement with the HAF (Holidays and Food) Scheme and are currently in talks with a potential partner, Strike 9 football academy and Reel Access.

Ticketing

From reopening at the end of May 2021 until the end of March 2022, we had a footfall of around 450k visitors. This compares with around 815k for the same period during a more typical year (for the period May 2018– March 2019). In tandem with this, our Audience Finder dashboard recorded 13,909 bookers for ticketed events May - March, compared with 22,743 for the full financial year in 2019 (i.e. reduced by just over a third).

This closely reflected national trends around prevailing audience attitudes to attendance and cultural participation, as presented in survey headlines published by The Audience Agency and other national audience agencies.

Our autumn 2021 season was a somewhat mixed picture in terms of sales and engagement (again mirroring wider trends) as audiences continued to navigate COVID-19 concerns and tentative moves towards re-socialising.

Despite this, we still managed to achieve several sold-out performances, along with other positive wins:

- With some minor adjustments relating to our closure period, our priority booking system for termly Learning & Participation courses worked effectively again in terms of managing demand and encouraging loyalty and repeat bookings. We secured £57k within the first 2 hours of the priority window opening, £83k over the first weekend and £102k+ over the priority booking period (one week).
- The Christmas show (Slot Machine Theatre's One Snowy Night) generated a comparable income to our 2019 Christmas show – an encouraging result given that the lead-up and show run coincided with ongoing pandemic anxiety among audiences, COVID-19 outbreaks at schools and pandemic headlines in December.

Footfall and bookers continued to track up steadily towards the end of the period and it is encouraging that despite significantly uncertain times, nearly 20% of bookers chose to donate (or re-credit) to MAC as part of their ticket purchase.

MAC Ticketed Events in 2021/22

- £852,329 income from ticket sales
- 51,748 total tickets
- 13,909 total bookers
- 1,739 MAC ticketed events
- £16.91 average ticket yield

Pricing Policy

Our pricing policy (introduced in 2019) continued to reflect our strategy of enabling all within our community, whatever their means, to take part in our activities - to participate in learning activities and attend our events. Our exhibitions offered 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.

Overall, full ticket prices to our live performances and cinema/live event screenings ranged from £5 to £22 (or up to £30 for high-profile events). To open access and to reward MAC's loyal/early bookers, we continued to honour our commitment to making at least 10% of all our tickets available for £10 or less, with additional concessions for under 16s and complimentary tickets for companions/carers.

Tickets for MAC's learning programme continued to span a broad range of options, from £30-£200, according to the length and nature of the course. We offered a 'Save-A-Space Scheme' that allows customers to pay for their tickets in instalments to make it more convenient for budgeting. We also offered free, high-quality learning activities for children, young people and families in our public and learning spaces. We continue to fundraise to help make our activities affordable and within the reach of those most in need.

Communications & Digital Engagement

During our venue closure and in the run up to MAC's reopening in late May, we were proactive and agile in adapting our marketing and communications output to deliver alternative strategies for reaching our audiences. After reopening to the public in May 2021, we continued to review and calibrate our delivery using intelligence from on-going surveying and in response to changing government guidelines, new social landscapes and evolving marketing tools and techniques.

- Our regular e-newsletters to previous bookers resumed, with bi-weekly updates for our Cinema, Theatre, Family, Courses and Visual Arts highlights
- We conducted regular audience surveys and bespoke e-newsletters for special events and activity
- Our social media campaigns focused on ticket pushes for key events, plus updates on our free community programmes and free exhibitions
- We implemented new campaigns focused on ACE's Let's Create investment principles, with a focus on MAC's environmental work (Green Champions updates), work to 'give voice' to under-represented groups, innovative digital work including film creation, contemporary issues championing critical conversations, and ensuring our hyper-local audience were part of a global conversation with international links and movements e.g. Black Lives Matter

E-newsletters, Website and Social Media

- 150+ e-newsletters featuring highlights and upcoming events to 12k subscribers
- 3k+ social media posts, features, shares and stories
- 61 news articles/blogs published
- 13.2k Instagram followers, 23.6k Facebook followers and 83k Twitter followers
- £2.2 million advertising value equivalent of press and media coverage
- £5.5 million PR Value of press and media coverage
- 966 articles/items of coverage
- 369k+ website visitors
- 2.9 million website page views

Workforce & People

Following MAC's reopening in May 2021, significant effort has been put into recruiting and training a full team of staff. Staff structures were reviewed prior to reopening, to ensure capacity to manage the additional risk in operating during a pandemic and to provide future flexibility and resilience for the organisation. Colleagues on furlough gradually returned and in total 96 existing colleagues resumed work with MAC following reopening. This continuity of knowledge and experience has been essential in delivering induction and training to new starters across the year.

Throughout the year there were many changes in the staff structure as a dynamic and quick-reacting approach has been needed to strengthen teams and give more flexibility across the organisation. Many artist tutors chose not to return which was not unexpected and this presented positive opportunities for the Learning programme to diversify.

There have been high levels of turnover throughout the year though the workforce is now in a more stable position and the focus has shifted to ongoing training and retention. Unprecedented levels of staff sickness/isolation were seen in all areas of the business and teams showed great resilience to cover this by taking on additional duties.

Significant and ongoing difficulties in recruiting a full team in the Catering department have impacted on our ability to operate effectively. This is a nationwide issue with a national skills shortage following on from the impact of BREXIT, COVID-19 and uncertainty in the hospitality industry. We have carefully reviewed the structure and talent within the team and restructured management to reflect the fiercely competitive nature of recruiting nationally in hospitality and reacted quickly during recruitment to fill vacancies.

A benchmarking and pay review exercise were undertaken in October 2021 to ensure our commitment to paying our workforce fair wages. The Board agreed a move away from the nationally negotiated pay rates to which salaries were previously linked and an investment of c.£68k was made to realign salaries with the market and reflect the significant investment required to rebuild the organisation and restructure. Alongside the pay review, an additional pay increase of 3.25% was endorsed by the Board of Trustees to take account of the external impact on salaries of the increased cost of living and NI employee uplift, to be implemented from 1 April 2022.

Diversity Statement

We understand that if MAC is to play a relevant and important role in Birmingham, our staff and our programmes need to be reflective and representative of the diversity within the city that we serve, responding to the interests and cultures of those who live and work here. MAC is proactive in its approach to diversity and inclusion and our Equality and Diversity Action Plan is an active tool that enables effective strategic approach and monitoring by staff and Board. At the heart of our approach is a commitment to valuing diversity, treating people with dignity and respect, eliminating discrimination and promoting social cohesion through our organisation and artistic programme.

We want to do better. We will start by participating in More Than A Moment pledge, the West Midlands Arts sector's promise to take radical, bold and immediate action and will review our organisation's processes from recruitment to contracting and communications to programming and audiences.

Throughout the organisation from Board level to all staff teams we will commit financially to resources, training and opportunities to assess and meet measurable targets to ensure progress. We aim for a future where there are no barriers – perceived or real – for individuals to engage with and be a part of MAC, as a member of the workforce, board, volunteer, audience member, participant or artist.

Financial Review

After a 13-month closure caused by the COVID-19 pandemic, MAC re-opened cautiously on 17 May 2021.

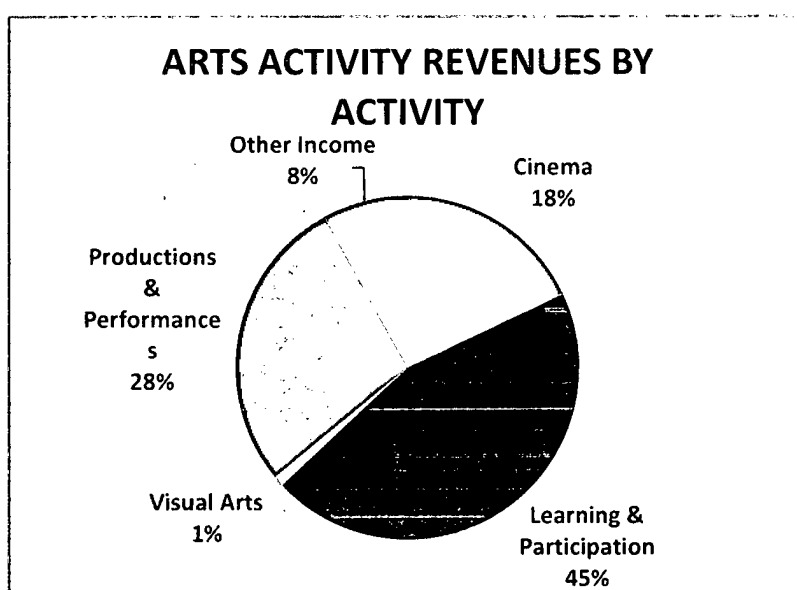
The plans for reopening had been developed over a number of months. Previously furloughed staff were gradually brought back to work, and new staff were recruited into a revised staffing structure, which takes account of new realities. At the end of March 2021 an outdoor takeaway food offer was launched from MAC's terrace, until the doors could be re-opened.

During the initial opening period, access to the building was controlled and capacity for ticketed activities was reduced, in line with COVID restrictions. Significant additional cleaning requirements were introduced, as were other COVID protection measures which had been generously supported by Arts Council England, Birmingham City Council and the BFI. These constraints were gradually reduced in line with government guidelines, with MAC back to near-normal by September 2021.

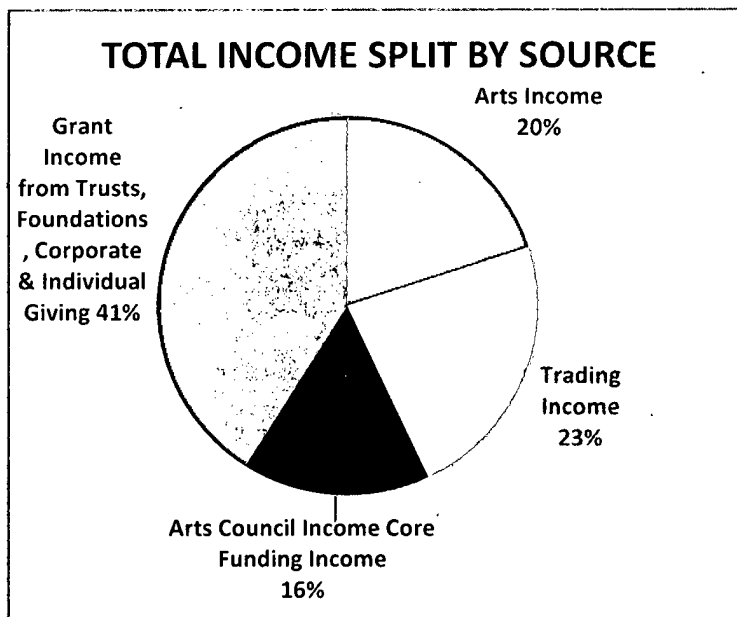
In light of the ongoing uncertainty, the Trustees formally agreed that no management charges would be made to the Trading operation during 2021/22 and Trading was set a target of at least breaking even on this basis. In the event, Trading generated £1,063,197 of income and transferred £67k covenanted profit under gift aid, supported by strong events hire activities in particular. A management charge of £350k has been reintroduced in 2022/23.

Total income in 2021/22 was £4,576,511 (2020/21 £4,449,228, of which £2,032,300 was characterised as 'COVID-19 support funding.').

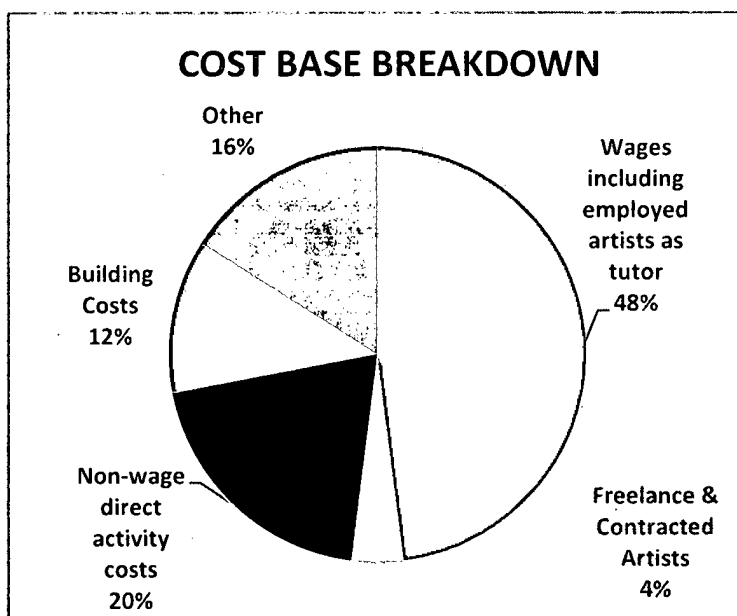
Footfall into the building has gradually increased, but remains below the levels seen pre-pandemic. In terms of ticketed activity, the learning and participation programme has responded well and cinema visitors were higher than initially anticipated. Recovery has been more muted in Performances. Overall ticketed revenues of £896,155 compared with a more typical £1.5m pre-pandemic.



As noted elsewhere in this report, MAC continues to be very grateful for the support provided by Arts Council England, Peoples Postcode Lottery and National Foundation of Youth Music.



The cost base was carefully examined while the building was closed, to ensure maximum flexibility to cope with the uncertain outlook while ensuring best value for money. Wages, including employed artists as tutors, are MAC's most significant cost item, representing 48% of total costs. In line with other businesses, MAC's operations were adversely affected by recruitment issues and staff illness during 2021/22.



Overall, a net surplus of £77,653 was achieved in the year, taking total reserves to £4,918k. Restricted funds reduced by £49k to £4,329k, while unrestricted funds increased by £127k to £590k, including £350k of designated funds and a pension deficit of £446k.

Following on from the redevelopment work which took place while the building was closed, during 2021/22 we continued to invest in the building to build resilience for the future. A

total of £198k was spent on digital screens and changing places facilities, with these projects supported by Arts Council Kickstarter grant.

The prior year accounts have been restated to reflect the final agreement of the lease and the lease premium relating to the 2010 Capital Project with Birmingham City Council (BCC), together with the award by BCC of a £1,440,070 endowment to MAC. These restatements have no impact on the results for the year ended 31 March 2020 or 31 March 2021 nor on the net asset position at those dates. See note 27 for further details.

As we look forward, there is concern about the impact of the cost-of-living crisis on MAC's cost base and on our customers' appetite for ticketed events. The capital investment programme has helped increase MAC's resilience. Careful and prudent financial management will continue to be required, including ensuring we have sufficient reserves to mitigate any downturn in our forecasts. Our reserves policy is set out later in this report.

Trustees will remain closely involved and are confident that the experience of surviving the pandemic, the generous financial support received from Trusts, Foundations, Government and other sources, the skill and commitment of all staff and financial prudence for the foreseeable future, will provide the financial stability and continued solvency to allow the charity to pursue its artistic aims and objectives.

Principal funding sources

Arts Council England

MAC is a National Portfolio Organisation (NPO) within the funding programmes of Arts Council England (ACE). Due to the pandemic, ACE decided to extend the current funding agreement by one year until March 2023. During January to May 2022, MAC prepared for a new grant application informed by ACE's new 10-year strategy 'Let's Create' that underpins their vision and investment decisions until 2033. It was recommended that we submit a grant application of £752,746 which represents a standstill figure that we have been on since 2012. Notification is planned for late October 2022. If successful the new agreement would start in April 2023.

Birmingham City Council (BCC)

We do not receive any grant or investment from the culture or arts department of the local authority. We have a formal agreement with BCC to share income derived from Cannon Hill car parking after the deduction of capital costs.

Players of the People's Postcode Lottery (PPL)

MAC has been a grateful recipient of an annual award since 2014. In the 2021 calendar year, our grant was confirmed as £350,000 with an additional 'bonus' award of an extra £350,000 towards our community programme.

In January 2022 it was announced that MAC'S grant would increase to £600,000. The support of PPL is invaluable, with their investment funding MAC's community programme and family engagement.

Fundraising

In 2021/22 we successfully fundraised £768,964. Much of our fundraising strategy has concentrated on grants to boost our diverse range of programming and vital community work. In a post-pandemic landscape, fundraised income has helped to enhance our capacity to produce and present new high-quality work, reinvigorate our public spaces, support artists, and deepen our engagement within marginalised communities.

Trusts & Foundations

Making Art Available to Everyone - Postcode Culture Trust

In 2021/22 MAC received a £350,000 'Extra Award' from People's Postcode Lottery and 'Regular Grant' of £600,000.

Empowering Communities – Fidelity UK Foundation

MAC successfully secured a grant of £332,300 from the Foundation to support community engagement to be spent over a three-year period (2022-25). The investment will cover two new fulltime roles (Community Producer and Community Apprenticeship), freelance/artist costs and project delivery.

New Ways of Working – Esmée Fairbairn

Esmée Fairbairn Reinvent Fund awarded MAC £35,000 to look at new ways of re-establishing diverse and inclusive volunteer groups.

Presenting Extraordinary Art – Art Fund

MAC successfully received two grants - £5,300 towards an 'Assistant Curator' role to support the Visual Arts Programme and £10,000 towards Adeela Suleman's 2022 exhibition through the *Re-imagine Fund*.

New Perspectives – Birmingham 2022 Festival

Grant of £10,000 to bring John Akomfrah's *Unfinished Conversation* to Birmingham in a large multi-screen exhibition.

Exciting and Representative Film – British Film Institute

MAC has a growing relationship with BFI and have received two grants, £2,800 and £8,000 to support our cinema programme and overheads.

Capital Improvements

MAC Music Rooms – Arts Council England: Capital Investment Programme

£150,000 of capital investment to transform existing music spaces into fully accessible, contemporary, and flexible music studios.

Changing Places Toilet – Regional Trust and Foundation Support

Additional capital funding was received to install a brand-new Changing Places Facility onsite from Dorothy Cadbury Trust £3,000 (Changing Places Toilet), Oakley Foundation: £1,000 (Changing Places Toilet)

Corporate Support

Eversheds Sutherland LLP

Three – year partnership at £7,500 per annum to enhance MAC's vital Learning and Community Programme. Further in-kind support is provided by the exceptional team at Eversheds with legal advice pertaining to all aspects of the Charity and Trading arms.

PATRIZIA

£13,200 towards the *In Common* Public Art project with Maryam Wahid surrounding PATRIZIA'S new Corkfield Apartments.

Individual Support

We are extremely grateful to our audiences and visitors who donate to MAC through a number ways and campaigns.

In 2021/22, we raised £12,470 through ticket donations, £3,000 was donated to our Every Child campaign and £1,933 was collected in Gift Aid.

Best Practice

MAC is committed to fundraising best practice and abides by the Fundraising Regulator's key principles: to be legal, open, honest and respectful.

Investment Policy

Prior to the recent award of a £1,440,070 endowment from Birmingham City Council, when formulating its investment policy MAC 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 has been 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 and the next review will consider, with external advice if appropriate, how best to handle this endowment.

Reserves Policy

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

Restricted funds

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, endowment and project, as set out in notes 15 and 16 to the accounts.

Capital funds - 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. 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.

Endowment funds – represent long-term funding received from Birmingham City Council in the form of an endowment.

Project funds - will usually be spent in full within 5 years. These grants and donations have been received in respect of specific arts projects and 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 balance on restricted funds as at 31 March 2022 of £4,328,616 includes a balance of £973,000 in respect of the capital redevelopment project, £775,776 relating to the small-scale capital redevelopment, £1,440,070 for the endowment and £1,139,770 grants and donations.

Unrestricted Funds

The unrestricted reserves figure of £589,516 is made up of the pension liability of £445,540, general funds of £685,056 and £350,000 of designated funds.

It has been reviewed by the Trustees, recognising that significant risks remain around the aftereffects of the global pandemic and the worsening economic environment. They have determined, on the basis of detailed budget and financial planning through to the end of the 2022/23 financial year and funding commitments from Arts Council England and Peoples Postcode Lottery in particular, that this level is adequate to maintain financial stability.

The Trustees have agreed that the level of reserves (2 months of budgeted costs) remains appropriate in the short term and is in line with the previous recommendation by the Department of Culture, Media and Sport.

Designated funds - Following discussion by the Board it was agreed to maintain a designated fund of £350,000 (2021: £600,000) to cover the first two years of a 10-year anticipated capital maintenance programme as well as general activities.

Going Concern

The Trustees have considered the effect of any ongoing disruption from the pandemic and of the worsening economic situation on the going concern position. They believe the charity will continue to operate for a period of at least 12 months from the date of signing these accounts, due to the strong level of funding already secured with its key partners, Arts Council England and Players of the People's Postcode Lottery, together with grants from a number of major trusts and foundations.

At the balance sheet date, the charity held significant cash balances. The charity also has a significant level of reserves, enough of which are unrestricted and available to absorb short-term deficits, if required.

As detailed earlier, Arts Council England has confirmed funding through until 31 March 2023. People's Postcode Lottery funding is confirmed until December 2022 with positive indications of future funding into 2023.

The 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 March 2023 has been prepared.

These detailed financial forecasts assume that MAC remains open throughout the year and assume a £350k contribution to the charity from the trading company. They have been

considered by the Trustees and, together with the commitment from Arts Council England and People's Postcode Lottery, allow the Trustees to be satisfied that the charitable company remains 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. 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 enable the 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 constantly 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 updated by the Senior Management Team and reviewed by the Board. The Board maintains a watchful eye on financial, reputational and operational risks, efficiency, streamlining operations, processes and practices, to achieve the best and fairest use of our financial and human resources. 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 internal systems are designed to meet the Company's 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 going forward. The Finance & Governance Sub-Committee advises the Board on budgetary controls, recommends steps to ensure financial viability of the organisation, monitoring the receipt of income for both revenue and capital expenditure. The high-level risks increased due to the current external challenges and are reflected in the table below:

RISKS		RISK MANAGEMENT	
NATURE OF RISK		Control Measures	
FINANCIAL			
1	A decline in visitor numbers resulting in reduced income and inability to pay overheads, staffing, event fees and fixed costs.	<ul style="list-style-type: none">• Constant review of staff hours and teams, balancing costs against the programme• Flexibility with opening times of the building to balance demand for services and safety• Contracts monitored closely to be able to postpone or cancel if necessary	
2	Cancellation of events remains an ongoing problem due to illness of performers or staff leading to loss of income when committed to costs.	<ul style="list-style-type: none">• Detailed planning of costs with contracts including robust cancellation clauses which protect MAC• Events are rescheduled where possible to lessen the financial impact on the business and staff are deployed flexibly to account for last minute changes• Variable hours staff contracts contain a clause for cancellation of shift with over 24h notice	
3	<p>National Stakeholders and existing funding sources are subject to pressure to divert funds resulting in low or no funding/investment in MAC.</p> <p>Instability in the UK/Global economy, stock market and employment affects the overall propensity and ability for trusts, corporates and individuals to support arts charities.</p> <p>A competitive fundraising market.</p>	<ul style="list-style-type: none">• Remain alert to Government, Arts Council and City Council briefings and constantly review and implement advocacy strategy and activities within Culture Central.• Business plans and budget forecasts are reviewed regularly to respond to the latest intelligence on funding scenarios, working closely with stakeholders to form productive relationships.	
4	An employer in the PSATSA Pension scheme ceases to trade and their liability falls on the other employers in the scheme.	<ul style="list-style-type: none">• Regularly liaise with the Pension administrator with regards to the level of financial liability and with the other employers on their financial stability	
5	<p>MAC Trading does not meet expected targets because of the offer being not well received, not fit for purpose, or not profitable enough to support the Charity programme.</p> <p>Inflationary pressures impact on margins and problems with the supply chain in Catering limit the offer.</p>	<ul style="list-style-type: none">• A full detailed Risk Register is kept for all Trading activities and updated and monitored by the MAC Trading Board to ensure mitigation measures are in place so that MAC Trading activities remain profitable to support the Charity.	

6	Growing inflation and the cost-of-living crisis and increasing fuel costs affect the catering offer (ability to buy raw materials) and customer spend (across arts and trading).	<ul style="list-style-type: none"> • Remain vigilant to changes in the market • Strong cost control on produce and good relationship with suppliers to get the best deals • Regular review of and willingness to adapt the menu • Regular financial monitoring to understand customer spend and customer surveys to understand spending appetite
LEADERSHIP AND GOVERNANCE		
1	<p>Incorrect or inadequate Health and Safety procedures/risk assessments in place</p> <p>A serious incident on site leading to HSE investigation, prosecution and/or insurance claim and possible reputational damage.</p>	<ul style="list-style-type: none"> • MAC contracts a specialist H&S support company to act as the 'Competent Person' who regularly audits the premises and provides specialist advice • Key staff are given specific training in undertaking risk assessments • A H&S working group oversee different areas of the building including facilities, technical resources, catering, security, people and access. • MAC utilises specialist software to ensure robust processes for reporting incidents • PPE is provided where applicable to ensure staff and visitor safety. Staff are provided with H&S training on induction, and this is refreshed at regular intervals
2	Insufficient Safeguarding measures resulting in operational, financial and reputation risks to the business if there is not an appropriate and effective safeguarding policy, procedures, and constant monitoring in place.	<ul style="list-style-type: none"> • Appropriate professional advice is sought whenever necessary • MAC's Safeguarding policy and procedures are reviewed on a regular basis and approved by MAC's Board of Trustees • MAC's Board and Senior Management Team receive regular reports on any issues arising • All staff receive training on Safeguarding and regular briefing sessions are built into the annual work plan to ensure staff are kept up to date
3	Non-compliance with the Premises Licence requirements risks building closure	<ul style="list-style-type: none"> • At least 3 current staff maintain personal licences and can act as the Designated Premises Supervisor

STAFFING AND RECRUITMENT		
1	<p>Staff shortages in key roles due to sickness, lack of suitable candidates due to changes in the employment market following the pandemic and Brexit, or inadequate salaries to attract good candidates.</p> <p>Flexible contracts impacting on customer offer and service resulting from lack of staff availability at busy times (e.g. weekends).</p>	<ul style="list-style-type: none"> • Regular benchmarking of salaries in line with current trends and against similar venues • Job descriptions and contracts provide crossover between departments allowing for cover and redeployment of staff if required • Staff contracts are reviewed regularly to ensure staff on zero hours contracts are offered core hours where possible • Rota planning takes into account the programme ensuring that the staff levels meet the demands of the building • Opening hours are adjusted when necessary to ensure costs are managed against the programme • Use of agency staff is authorised when necessary • Apprenticeships and internships are used where possible to bring in new skills to the industry
2	<p>Poor staff management and poor staff retention resulting in: A failure to put in place appropriate training for managers leading to poor management of staff</p> <p>Risk of issues leading to additional cost and loss of staff time in disciplinary action and tribunals</p> <p>A high turnover of staff resulting in channelling a high level of resources into the recruitment process</p>	<ul style="list-style-type: none"> • Robust HR policies and procedures are in place and reviewed regularly • All managers receive training in performance management and good management practices • Recruitment strategies remain flexible to attract and retain staff • The Board of Trustees undertake a regular review of staff pay and benefits and roles and staff structures are reviewed regularly.
3	<p>An overload on staff resulting in existing staff being over-stretched to train and induct new staff members, resulting in lower performance, morale or becoming ill including poor mental health due to high and pressurised workloads.</p>	<ul style="list-style-type: none"> • External support provided where appropriate • Staff receive regular reviews and have regular interaction with all levels of management & HR • Staff are encouraged to take annual leave at regular intervals • Managers are trained to look for signs of any well-being and mental health concerns and a Well-being and Mental Health at Work policy is in place • An Employee Assistance Programme is in place to support all staff across the organisation with specialist advice.

ARTISTIC		
1	Visiting companies rehearsing and/or performing unsafely without following risk assessments of spaces and putting themselves and audiences at risk.	<ul style="list-style-type: none"> Visiting companies are required to provide risk assessments in advance of the booking to ensure that performances comply with Health and Safety procedures Visiting companies receive a health and safety induction and MAC technical staff will support companies to ensure that work is safe for performers and audiences
2	Artists and companies may not be able to meet contractual agreements due to illness or lack of funding.	<ul style="list-style-type: none"> Contractual commitments are reviewed regularly to ensure that they are relevant and up to date and there is regular communication and assessment with artists and companies.
AUDIENCES		
1	Visitor numbers (footfall) is now returning to pre-pandemic levels although some areas of ticketing are down, however audiences' appetite to spend could be further impacted by current economic pressures on excessive rises in cost of living.	<ul style="list-style-type: none"> Undertake regular surveys across MAC's audience base to monitor ongoing and emerging trends and preferences External support on PR from specialist agencies is utilised when required Effective and prominent messaging about MAC's offer is in place to rebuilt audiences and encourage secondary spend, particular in relation to messaging around MAC's catering offer
2	<p>A reduced artistic programme may impact on audiences returning and the type of art presenting may not appeal.</p> <p>A reduction in the offer and an oversubscribed demand for ticketing could cause visitor backlash.</p>	<ul style="list-style-type: none"> Customers surveyed to gauge support and inform marketing campaigns to encourage audiences back to the building Clear and positive communications with customers across all platforms Constant review of MAC's programme to ensure it remains relevant to audiences
TECHNOLOGY		
1	Cyber-attack and Cybercrime remain a top risk to the organisation and post pandemic more sophisticated scams are common, which endangers the security of personal and company information, disruption of day-to-day business, financial losses, and data breaches (GDPR) reputational damage.	<ul style="list-style-type: none"> Key policies are embedded at induction and training is regularly delivered to all teams Key data is encrypted Guidance is sought from external bodies e.g. ICO re. data protection MAC is working with a specialist company to audit our current cybersecurity and regularly update MAC's IT systems to reduce the risk Ensure that MAC keeps up to date with current technology and best practice

		<ul style="list-style-type: none"> • Firewall systems and spam filtering are in place and reviewed monthly
2	Failure of MAC's internal network infrastructure and systems which will impact on all areas of the business (including programme, sales in café, telephone and computers) resulting in loss of business and wasted staff time.	<ul style="list-style-type: none"> • Wherever possible a backup system is in place e.g. our primary internet connection has a UPS battery back up, and a backup internet connection • Work with a cybersecurity company to improve resilience and automatic failover to alternative server for sales systems
3	IT Hardware/Software is no longer fit for purpose due to changes of use, end of life or lack of resource or capacity for training.	<ul style="list-style-type: none"> • Training for staff in all areas in a timely way; monitor and review as appropriate and update or change if necessary.

Future Plans

2022/23 is MAC's first full twelve-month period of operation since 2018/19. Whilst we and the cultural sector face huge challenges, we have much to be positive about. MAC's reputation as a strong, safe, creative and well managed organisation is borne out by research and public surveys; and stakeholder feedback confirms that we survived and managed the difficulties of COVID successfully.

We have a solid network of supporters and loyal stakeholders who we work strategically with to ensure we remain relevant to the communities we serve and the artists we support. However, we also recognise that the landscape – both culturally, socially and economically continues to be a time of enormous transition. We have rebuilt footfall to about two-thirds of pre-COVID, made significant capital changes that allow us have greater adaptability, recruited and trained a very skilled and competent workforce and remain active commercially to mitigate against the current external challenges.

At the date of signing these accounts, the British economy is headed for recession. The cost of living has been increasing across the UK since early 2021 and the annual rate of inflation is the highest it has been since 1982 affecting the affordability of goods and services for households. Rising prices, particularly food, energy and fuel prices, including the effect of the conflict in Ukraine is impacting on the public's ability to spend. All these external factors will almost certainly affect MAC's ability to rebuild our services to pre COVID-19 levels in the next few years.

The Business Plan has been updated with revised commercial opportunities such as enhancing the night-time economy through catering, the rejuvenation of the outdoor theatre in the summer months to allow for more ambitious events, and establishing a new flexible food and beverage offer with a table offer in the main cafe Kiln. All these new areas are positive but in the short-term will need to be regularly reviewed and trialled throughout the financial year to ensure that the targets we have set remain on track.

In setting the 2022/23 budget we have recognised that our financial position is balanced due to the long-term support of key funders. Salary costs have increased along with the National Living wage and Employer NI rate. MAC's HR sub-committee agreed a 3.25% inflationary rise for all staff.

Already we can see evidence that the demand for our work in participation continues to rebuild positively in ticketing from our termly courses for September 2022/23. Performances are proving more stubborn and have been disproportionately hit with the residual effects of the pandemic, however much of our live work has been transferred to the refurbished Outdoor Theatre which is contributing more successfully than pre COVID-19 during the summer period.

MAC's venue continues to be a major asset and to remain resilient and profitable our building must work harder for us as we go forward. The recent successful capital programme of new and updated facilities has allowed MAC to remain attractive to our customer base and capitalise on additional income from paid participations, event hire and catering. In 2022 we continue to invest in areas that we are confident will draw in additional income e.g. a new 4k cinema projector (life expectancy 10 years); a suite of newly refurbished music studios; LED lighting in staff areas; and improved software.

Trading Forecasting

Pre-pandemic MAC's Trading operations generated around £500-600k per annum in profits which was paid to the Charity by way of a management charge and gift aid. In light of the need to rebuild post-pandemic, the 2022/23 annual management charge for Trading has been set at £350k and the year has started positively.

We have seen a slow but steady increase in audience numbers returning to the venue. We have based footfall projections on the planned artistic programme and previous general visitor numbers in order to forecast earned income budgets.

Room hire has returned faster and more confidently than we forecast, however the overall catering offer is proving more challenging to rebuild. The casual footfall and park users contribute enormously to Catering, and from summer activities we can see that footfall is steadily returning. The new KILN café model is still being tested and the Trading Board and senior managers are continually reviewing the offer to ensure it operates as efficiently as possible.

EPOS systems have been updated and can now provide a great deal more accuracy in collecting data and reporting to aid future decision making on menus and operations. Managers are confident that, with the new systems in place, strong income is achievable. Monthly reviews will monitor figures carefully and budgets now have a spend-per head template against which to measure. Catering numbers will be reviewed regularly in light of any additional performances and capacity.

Events Hire

MAC has increasingly relied on Events Hire as an important source of earned income, promoting the distinction of our artistic programme and venue as a unique setting. When setting budgets, we had anticipated that Events Hire would take longer to recover from the effects of the pandemic. However, since the reopen we have had a positive level of new bookings and are up on target going into the autumn. We realise that there is much work to continue securing companies to use us and with the introduction of online software such as Zoom etc, we need to work harder to encourage clients to feel confident again using our onsite facilities.

We will continue to maximise creative, social and income generation opportunities throughout the premises and new café space with greater strategic push. There will be in the future a greater emphasis on pursuing cross department opportunities with ticket sales (post conference shows) and evening catering.

Fundraising

Fundraising is an important part of securing a robust future. Since our reopening we have continued to engage our relationships with long-term partners and identify new ones as we test and rebuild our services. We are proud to have secured funding from two corporate businesses – Eversheds Sutherland and Patrizia. Both recognise the value of our work and contribution to communities.

MAC at 60

In autumn 2022 MAC will be celebrating a season of special events and fundraising initiatives dedicated to our 60-year anniversary. This is an excellent time to remind the public of the value we play as a Birmingham brand to the city and their lives. We recognise that

customers' behaviours may have changed and it will be a competitive environment going forward, therefore we need to tell our 'story' in fresh and exciting ways and the anniversary is a great way of promoting our services.

A community exhibition – The History of MAC in 60 Objects will see us invite community members to contribute objects that speak to them about MAC and their experience of us e.g. pottery, photographs, puppets. This is a terrific opportunity to celebrate our audiences and their relationship with us.

60 Dinners – we are also commissioning dining artist Kaye Winwood to devise a special dining experience for key stakeholders and supporters in November to celebrate MAC's history and the special relationship we have with trusts and foundations. This will be a moment to ensure funding partners are primed for future opportunities and announcements to support us.

Artistic programme

Much of the arts programme has been rescheduled from the 2020/21 year with confirmed grants. We will continue to strategically focus resources on prioritising local talent and existing relationships with national partners – particularly those that we know are popular with audiences e.g. comedy and family work.

Going forward MAC continues to work productively in collaboration with local partners e.g. Patrizia and Edgbaston Stadium to promote the surrounding site and appeal to local residents who visit us regularly. Almost all the funding has been secured for the visual arts (free programme) from April 2023 into early 2024, with a strong fundraising plan identifying additional funds for commissions.

Adeela Suleman, artist and craftsman from Karachi, is our major summer exhibition for the Birmingham 2022 Festival. This demonstrates our commitment to working closely with South Asian audiences and artists. We wish to be recognised as a major contributor to promoting and commissioning artwork by artists of Pakistani, Indian and Bangladeshi heritage and to actively ensure we offer inclusive and exciting opportunities to residents of Birmingham from all cultural backgrounds to enjoy work about the South Asian experience.

From 1 December to 14 April 2023, we are exhibiting 'Grayson's Art Club' in partnership with Channel 4 and Swan Films, a group exhibition that showcases the public's artworks chosen by artist Grayson Perry and guest celebrities during season 3 of the hit TV series, Grayson's Art Club. The exhibition will extend across MAC's exhibition spaces.

There are no fees provided and all the exhibition costs will be met by MAC however there is considerable opportunity to exploit various financial streams through:

- Retail - commissioned artworks, catalogue, general merchandise
- Donations - we are testing out a 'pay what you can' scheme
- Sponsorship – e.g. Patrizia and private donors confirmed
- Catering boosted with extended footfall in the usual 'dark' months of Jan-March.
- Public programme – L&P classes and special events
- Gallery Hire

To accompany the exhibition a special episode of Grayson's Art Club airs on Channel 4 later in December 2022 focusing on MAC, audiences, staff and the exhibition process.

Cannon Hill Park 150 Anniversary – MAC Goes Green!

We are preparing a range of important and special projects to celebrate Cannon Hill Park's 150-year anniversary in 2023 with greater focus on community participation around the theme of the environment both local impact and global relevance.

Board Recruitment

Recruitment remains critical to ensure that we have an effective, diverse, knowledgeable and committed team of Trustees in place to support MAC's sustainability. Since April 2022 we have successfully recruited a further 2 new Trustees and a new Director for the Trading Board. At MAC's AGM on 29 September 2022 Jonnie Turpie MBE will formally step down as Chair, with Mary Martin stepping into the role from her position as Acting Chair. We are extremely grateful to both Jonnie and Mary for their ongoing support of MAC.

Reference & 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	Shawbrook Bank Ltd Lutea House Warley Hill Business Park The Drive, Great Warley Brentwood Essex CM13 3BE
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Auditors

Cooper Parry Group Limited
Statutory Auditors
Cubo Birmingham
Office 401, 4th Floor
Two Chamberlain Square
Birmingham
B3 3AX

Structure, Governance & Management

During the year under review and up to the date of approval of the Annual Report, the following individuals served on the Board of Directors:

Cllr Matt Bennett	Gurdip Bhangoo
Letha Charles (app. 24 May 2022)	Stephanie Dale
Owen Dutton (Vice Chair)	Hardeep Gogna (app. 24 May 2022)
Daljinder Johal	Linda Jones (app. 28 Mar 2022)
Sharon Lea	Haseena Lockhat
Greg Lowson (Vice Chair) (ret. 28 Mar 2022)	Mary Martin (Acting Chair)
Louise McCathie	Linda Saunders
Sue Scholes	James Spencer (ret. 28 Sep 2021)
Cllr Martin Straker-Welds (ret. 24 May 2022)	Jonnie Turpie (Chair)
Michael Williams	

Jonnie Turpie, Sharon Lea and Mike Williams will retire by rotation and, being eligible, Sharon Lea and Mike Williams will offer themselves for re-election at the forthcoming AGM.

Governing Document

Midlands Arts Centre (trading as MAC) 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:

- explore, examine and enjoy the arts activities of others; and
- 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.

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 additional members of the Board. The Chair and Vice-Chair/s 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 & 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.

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 Director 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:

Deborah Kermode	Chief Executive and Artistic Director
Michelle Smith	Strategic Operations Director (res. 2 June 2022)
Nicola Rowe	Deputy CEO & Director of Commercial (app. 25 July 2022)
Hinal Shah	Finance Director
Sue Longfils	Director of Governance and HR (ret. 31 May 2022)
Holly Mulhern	Director of Governance and HR (app. 1 May 2022)
Sally Ann Pennington	Head of Development

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 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, 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 Finance Director responsibility for internal control and financial systems, day-to-day accounting and preparation of regular management accounts and budgets.

Related Parties

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

- Arts Marketing Association
- Greater Birmingham Chamber of Commerce
- Culture Central
- Future Arts Centres
- UK Theatre
- West Midlands Growth Company

The charity's wholly owned subsidiary, Midlands Arts Centre Trading Limited, was established to manage the commercial bar and catering operation and hiring out space and facilities 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 charity 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. Remuneration for senior staff is agreed by the Board, this is reviewed annually alongside all pay scales for the organisation to ensure salaries remain competitive and support cost of living increases.

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 2019 (FRS 102);
- 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 adequate and 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



M Martin
Acting Chair

29 September 2022



H Mulhern
Secretary

Independent Auditor's Report to the Members of Midlands Arts Centre

Opinion

We have audited the financial statements of Midlands Arts Centre ("parent charitable company") and its subsidiary ("the group") for the year ended 31 March 2022 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charitable Company Balance Sheets, the Consolidated Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 2022, and of its 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.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Going Concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent charitable company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the Trustees' Annual Report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on Other Matters Prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report (incorporating the directors' report) has been prepared in accordance with legal requirements.

Matters on Which We Are Required to Report by Exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (incorporating the directors' report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's 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.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and under the Companies Act 2006 and report in accordance with those Acts.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below:

Our assessment focussed on key laws and regulations the group and parent charitable company has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, Charities Act 2011, Trustee Act 2000, Charities (Protection and Social Investment) Act 2016, taxation legislation, data protection and employment legislation.

We are not responsible for preventing irregularities. Our approach to detecting irregularities included, but was not limited to, the following:

- obtaining an understanding of the legal and regulatory framework applicable to the group and parent charitable company and how the group and parent charitable company are complying with that framework, including agreement of financial statement disclosures to underlying documentation and other evidence;
- obtaining an understanding of the group and parent charitable company's control environment and how the group and parent charitable company have applied relevant control procedures, through discussions with Trustees and other management and by performing walkthrough testing over key areas;
- obtaining an understanding of the group and parent charitable company's risk assessment process, including the risk of fraud;
- reviewing meeting minutes of those charged with governance throughout the year; and
- performing audit testing to address the risk of management override of controls, including testing journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

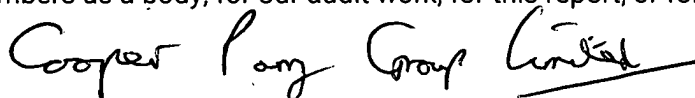
Whilst considering how our audit work addressed the detection of irregularities, we also considered the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our Report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'Simon Atkins', written over a horizontal line.

Simon Atkins FCA
Senior Statutory Auditor

for and on behalf of:

Cooper Parry Group Limited

Chartered Accountants and Statutory Auditor
Cubo Birmingham
Office 401, 4th Floor
Two Chamberlain Square
Birmingham
B3 3AX

Date: 29/04/22

Midlands Arts Centre

Consolidated Statement of Financial Activities

(including consolidated Income and Expenditure Account) for the year ended 31 March 2022

	Notes	Unrestricted funds £	Restricted building project £	Endowment Funds £	Other restricted projects £	2022 Total £	2021 Total £
INCOME							
<i>Donations and legacies</i>	2	380,570	138,502	-	-	519,072	699,610
<i>Income from charitable activities</i>							
Grants, donations and other income	3	886,970	-	-	1,138,474	2,025,444	3,565,268
Arts activities	4	896,155	-	-	-	896,155	2,714
<i>Income from other trading activities</i>							
Commercial trading operations	5	1,063,197	-	-	-	1,063,197	4,271
Office lettings, hire and recharges		65,523	-	-	-	65,523	156,233
<i>Investment income</i>	2	7,120	-	-	-	7,120	21,132
Total income		3,299,536	138,502	-	1,138,474	4,576,511	4,449,228
EXPENDITURE							
<i>Expenditure of raising funds</i>							
Commercial trading operations	6	996,277	-	-	-	996,277	26,268
<i>Expenditure on charitable activities</i>							
Small Scale Building Project Cost	15	-	-	-	-	-	-
Arts activities	6	2,176,657	-	-	1,325,925	3,502,582	2,952,029
Total expenditure		3,172,934	-	-	1,325,925	4,498,859	2,978,297
Net income for the year		126,602	138,502	-	(187,451)	77,653	1,470,932
Transfers between funds		-	-	-	-	-	-
Net movement in funds for the year		126,602	138,502	-	(187,451)	77,653	1,470,932
<i>Reconciliation of funds</i>							
Total Fund brought forward		462,914	1,610,274	1,440,070	1,327,221	4,840,479	3,369,547
Total funds carried forward		589,516	1,748,776	1,440,070	1,139,770	4,918,132	4,840,479

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 43 to 63 form part of these financial statements.

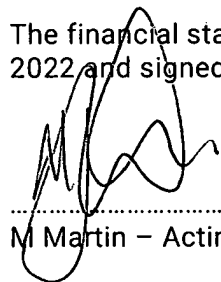
Midlands Arts Centre (Company No. 00718349)

Balance Sheets as at 31 March 2022

		Consolidated		Company	
	Notes	2022 £	As Re-stated 2021 £	2022 £	As Re-stated 2021 £
FIXED ASSETS					
Tangible fixed assets	9	2,087,483	1,969,562	2,087,483	1,969,562
Investment in subsidiary undertaking	10	-	-	100	100
Total Fixed Assets		<u>2,087,483</u>	<u>1,969,562</u>	<u>2,087,583</u>	<u>1,969,662</u>
CURRENT ASSETS					
Stocks	11	28,185	23,876	-	-
Debtors	12	346,905	211,802	469,652	321,678
Cash at bank and in hand:					
- unrestricted		923,311	1,120,061	734,586	980,035
- restricted – projects		1,139,770	1,327,221	1,139,770	1,327,221
- restricted – endowment		1,440,070	1,440,070	1,440,070	1,440,070
- restricted – capital (lease)		-	973,000	-	973,000
Total Current Assets		<u>3,878,242</u>	<u>5,096,030</u>	<u>3,784,078</u>	<u>5,042,004</u>
LIABILITIES					
Creditors falling due within one year	13	(672,091)	(1,744,494)	(578,027)	(1,668,572)
NET CURRENT ASSETS		<u>3,206,151</u>	<u>3,351,536</u>	<u>3,206,051</u>	<u>3,373,432</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,293,634</u>	<u>5,321,098</u>	<u>5,293,634</u>	<u>5,343,094</u>
Pension liability	23	(375,502)	(480,619)	(375,502)	(480,619)
NET ASSETS		<u>4,918,132</u>	<u>4,840,479</u>	<u>4,918,132</u>	<u>4,862,475</u>
Represented by:					
RESTRICTED FUNDS					
Building Project	15	1,748,776	1,610,274	1,748,776	1,610,274
Endowment Funds	15	1,440,070	1,440,070	1,440,070	1,440,070
Other	15	1,139,770	1,327,221	1,139,770	1,327,221
UNRESTRICTED FUNDS					
General Funds	17	685,056	413,571	685,056	435,567
Designated Funds	17	350,000	600,000	350,000	600,000
Pension reserve	17	(445,540)	(550,657)	(445,540)	(550,657)
		<u>4,918,132</u>	<u>4,840,479</u>	<u>4,918,132</u>	<u>4,862,475</u>

The notes on page 43 to 63 form part of these financial statements.

The financial statements were approved by the Board of Directors on 29 September 2022 and signed on its behalf by:



M Martin – Acting Chair

Midlands Arts Centre

Consolidated Cash Flow Statement for the Year Ended 31 March 2022

	Notes	2022 £	2021 £
Reconciliation of net incoming/(outgoing) resources to net cash flow from operating activities			
Net incoming/(outgoing) resources		77,653	1,470,932
Depreciation charges	9	80,319	71,343
Net interest	2	(7,120)	(21,132)
(Increase)/Decrease in stocks	11	(4,309)	17,162
(Increase)/Decrease in debtors	12	(135,103)	293,874
(Decrease)/Increase in creditors	13	(1,177,520)	52,811
		<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities		<u>(1,166,081)</u>	<u>1,884,990</u>
CASH FLOW STATEMENT			
Net cash (outflow)/inflow from operating activities		(1,166,081)	1,884,990
Returns on investments and servicing of finance	(a)	7,120	21,132
Capital expenditure	9	(198,240)	(838,352)
Increase/(Decrease) in cash	(b)	<u>(1,357,201)</u>	<u>1,067,770</u>

The notes on pages 43 to 63 form part of these financial statements.

Midlands Arts Centre
Notes to the Consolidated Cash Flow Statement for the Year
Ended 31 March 2022

<u>(a)</u>	<u>Returns on investment and servicing of finance</u>	2022	2021	
		£	£	
	Interest received	<u>7,120</u>	<u>21,132</u>	
<u>(b)</u>	<u>Increase in cash</u>	2022	2021	
		£	£	
	Balance at beginning of period	4,860,352	3,792,583	
	Net cash flow (note c)	<u>(1,357,201)</u>	<u>1,067,770</u>	
	Balance at end of period	<u><u>3,503,151</u></u>	<u><u>4,860,353</u></u>	
<u>(c)</u>	<u>Reconciliation of net cash flow to movements in net funds</u>		£	
	Decrease in cash during year being change in net funds		(1,357,201)	
	Net funds at 1 April 2021		<u>4,860,352</u>	
	Net funds at 31 March 2022		<u><u>3,503,151</u></u>	
<u>(d)</u>	<u>Analysis of changes in net funds</u>	At 1 April	Cash	At 31 March
		2021	flows	2022
		£	£	£
	Cash at bank	4,860,352	<u>(1,357,201)</u>	<u>3,503,151</u>

Notes to the Financial Statements for the Year Ended 31 March 2022

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 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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.

c 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.

d 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 Charity's work or for specific artistic projects being undertaken by the Charity.

e Endowment funds

Long-term funding received from Birmingham City Council. There are no current restrictions on the use of this endowment.

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

The new lease arrangements with Birmingham City Council were agreed in March 2022 and finalised in April 2022. The lease is for 99 years and the intention is to write off the lease premium over the period of the lease.

Short-term leasehold improvements and fixtures, fittings and equipment

Depreciation is being provided on short-term leasehold improvements and fixtures, fittings and equipment other than computers in equal annual instalments over their estimated working life of between 3 to 25 years.

Computers

Depreciation on computers is being provided in equal instalments over an estimated working life of between 3 to 5 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

Any costs which are not able to be recycled or resold are written off 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

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

The Trustees have considered the effect of the pandemic and the uncertain economic outlook on the going concern position. They believe the charity will continue to operate for a period of at least 12 months from the date of signing these accounts, due to the strong level of funding already secured with its key partners, Arts Council England and Players of the People's Postcode Lottery, together with grants from a number of major trusts and foundations.

At the balance sheet date, the charity held significant cash balances. The charity also has a significant level of reserves, enough of which are unrestricted and available to absorb short-term deficits, if required as activity levels climb to more normal operating patterns.

As detailed in the Report of the Trustees, Arts Council England has confirmed funding through until 31 March 2023. People's Postcode Lottery funding is confirmed until December 2022 with positive indications of future funding into 2023.

The 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 March 2023 has been prepared.

These detailed financial forecasts assume that MAC remains open with activity at more normal levels albeit not yet to pre-pandemic heights. They have been considered by the Trustees and, together with the commitment from Arts Council England and People's Postcode Lottery, allow the Trustees to be satisfied that the charitable company remains a going concern.

On that basis the Trustees have prepared these financial statements on a going concern basis.

2. Income from Donations and Legacies

	2022 £	2021 £
Grants, Donations and other income - unrestricted		
People's Postcode Lottery	350,000	-
Pinsent Masons pro-bono fees	6,653	3,055
Eversheds pro-bono fees	7,125	-
Fund raising and gift aid donations	16,792	31,572
	<u>380,570</u>	<u>34,627</u>
Investment Income		
Unrestricted	7,120	21,132
Restricted	-	-
	<u>7,120</u>	<u>21,132</u>
Small Scale Capital Development - restricted		
Lord Mayor of Birmingham Charity	1,000	-
Lymoges Trust	1,500	-
BHSF	534	-
Arts Council England	135,468	269,983
Greater Birmingham and Solihull Local Enterprise Partnership	-	365,000
Saintbury Trust	-	30,000
	<u>138,502</u>	<u>664,983</u>

3. Incoming Resources from Charitable Activities

Grants, Donations and other income - unrestricted	2022	2021
	£	£
Arts Council England	752,746	752,746
Arts Council England - Emergency Grant	-	293,332
Other Income	134,224	18,273
	<u>886,970</u>	<u>1,064,351</u>

Grants, Donations and other income - restricted

General Projects - Covid 19 support	2022	2021
	£	£
Arts Council England - Culture Recovery Funds	270,574	680,668
Job Retention Scheme	5,512	725,222
Birmingham City Council	24,000	36,400
Garfield Weston	-	267,761
Esmee Fairbairn Foundation	-	16,917
BFI	3,000	12,000
Other	11,400	-
	<u>314,486</u>	<u>1,738,968</u>

General Projects - other	2022	2021
	£	£
Arts Council England	65,471	-
Birmingham City Council	8,149	-
Spirit of 2012	32,144	110,480
National Foundation for Youth Music	165,124	215,715
Roughley Trust	5,000	5,000
Feeney Trust	-	4,000
Esmee Fairbairn Foundation	35,000	-
People's Postcode Lottery	500,000	390,000
Greater Birmingham and Solihull Local Enterprise Partnership	-	21,650
Other Projects	13,100	15,104
	<u>823,988</u>	<u>761,949</u>

4. Income from Arts Activities

	2022	2021
	£	£
Cinema	158,137	27
Learning and Participation	405,762	102
Visual Arts	12,309	117
Productions and Performances	255,095	2,468
Other Income	64,852	-
	<u>896,155</u>	<u>2,714</u>

Income generated from Arts Activities for 2022 and 2021 all relates to unrestricted funds.

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 £18,390 (2021: £Nil) to the parent company.

	2022	2021
	£	£
Turnover	1,063,197	4,271
Cost of sales	(229,421)	(11,685)
Gross (loss)/profit	<u>833,776</u>	<u>(7,414)</u>
Staff costs	(591,618)	-
Other operating costs	(150,083)	(14,583)
Transactions with parent company:		
Facility fee payable	-	-
Technical and customer services support recharged	(3,158)	-
Room rental payable	-	-
Licence fees payable	-	-
Covenanted profit transferred under gift aid	(66,920)	-
Operating (loss)/profit	<u>21,997</u>	<u>(21,997)</u>
Tax on profit on ordinary activities	-	-
Retained in subsidiary	<u>21,997</u>	<u>(21,997)</u>
The assets and liabilities of the subsidiary at 31 March were:		
Net current assets	<u>100</u>	<u>(21,897)</u>
Total net assets	<u>100</u>	<u>(21,897)</u>
Aggregate share capital and reserves	<u>100</u>	<u>(21,897)</u>

6. Total Expenditure

	Cinema	Learning and participation	Visual Arts	Performing Arts	Other Restricted Projects	Restricted Building Projects	Trading operations	2021/22 Total	2020/21 Total
	£	£	£	£	£	£	£	£	£
Costs directly allocated to activities									
Staff costs, travel and subsistence	97,150	235,345	90,409	175,570	515,919	-	591,619	1,706,012	1,000,829
Payments relating to artists	80,324	194,586	74,751	145,163	215,781	-	-	710,605	203,286
Materials and consumables	12,881	31,204	11,987	23,278	84,748	-	367,737	531,834	145,789
Communications	8,814	21,351	8,202	15,928	7,184	-	-	61,479	128,388
IT systems providing direct arts support	3,478	8,424	3,236	6,285	716	-	8,113	30,252	82,709
Administration	31,895	77,267	29,682	57,642	9,128	-	23,597	229,211	36,116
Small Scale Building Project Cost	-	-	-	-	-	-	-	-	-
Total direct costs	234,542	568,177	218,267	423,866	833,476	-	991,066	3,269,394	1,597,117
Support costs allocated to activities									
Premises and services costs	-	-	-	-	6,582	-	-	6,582	391,741
Building running costs	31,093	75,323	28,936	56,192	336,542	-	-	528,086	121,452
HR and administration	6,577	15,933	6,121	11,886	2,503	-	-	43,020	275,018
IT & Finance	30,495	73,873	28,379	55,110	8,228	-	-	196,085	95,008
Governance	5,493	13,306	5,112	9,927	-	-	5,211	39,049	91,062
Operations and planning	45,135	109,341	42,004	81,569	138,594	-	-	416,643	406,899
Total support costs	118,793	287,776	110,552	214,684	492,449	-	5,211	1,229,466	1,381,180
Total costs - 2021-22	353,335	855,953	328,819	638,550	1,325,925	-	996,277	4,498,859	-
Total costs - 2020-21	129,355	527,658	212,476	346,949	1,735,591	-	26,268	-	2,978,297

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

£1,325,925 (2021: £1,735,591) of the above costs were attributable to restricted funds. £3,172,934 (2021: £1,242,706) of the above costs were attributable to unrestricted funds.

7. Charitable Expenditure

Expenditure includes:	2022 £	2021 £
Auditors' remuneration		
- in respect of audit	15,300	12,005
- for specialist advice (all parent Charity)	11,565	4,893
Depreciation – owned assets	<u>80,319</u>	<u>71,343</u>

8. Staff Costs

	2022 £	2021 £
Wages and salaries	2,027,237	1,458,754
Social security costs	132,496	99,857
Pension costs	<u>36,872</u>	<u>30,707</u>
	<u>2,196,605</u>	<u>1,589,318</u>

Redundancy amounts of £Nil (2021 : £70,356) were paid during the reporting year.
Holiday pay of £6,498 (2021: £4,183) 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.

	2022 Number	2021 Number
The number of employees whose remuneration fell within the band £60,000 to £69,999	<u>-</u>	<u>1</u>
The number of employees whose remuneration fell within the band £70,000 to £79,999	<u>1</u>	<u>-</u>

Trustees' and key management personnel remuneration and expenses

No trustee received reimbursed expenses during the year. (2021: £Nil)

The total amount of employee benefits received by key management personnel is £261,664 (2021: £252,363). Key management personnel are set out on page 33 of this report.

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

	2022 Number	2021 Number
Business and administration staff – Full time	28	21
Business and administration staff – Part time	57	40
Arts team – Full time	5	6
Arts team – Part time	68	73
Catering, bar and events staff	<u>55</u>	<u>14</u>
	<u>213</u>	<u>154</u>

9. Tangible Fixed Assets

Consolidated and Company	Leasehold land and buildings £	Leasehold Improvements £	Fixtures and fittings £	Computers £	Total £
Cost					
At 1 April 2021 (as previously reported)	4,781,492	984,861	471,472	162,732	6,400,557
Prior year restatement (note 27)	(1,440,070)	-	-	-	(1,440,070)
At 1 April 2021 (as re-stated)	3,341,422	984,861	471,472	162,732	4,960,487
Additions	-	179,513	12,061	6,666	198,240
Disposals	(2,368,422)	-	-	-	(2,368,422)
At 31 March 2022	973,000	1,164,374	483,533	169,398	2,790,305
Depreciation					
At 1 April 2021	2,368,422	100,409	397,802	124,292	2,990,925
Charge for year	-	26,505	34,087	19,728	80,319
Disposals	(2,368,422)	-	-	-	(2,368,422)
At 31 March 2022	-	126,914	431,889	144,020	702,822
Net book values					
At 31 March 2022	973,000	1,037,460	51,645	25,378	2,087,483
At 31 March 2021	973,000	884,452	73,670	38,440	1,969,562

The new 99-year lease with BCC was agreed in March 2022 and finalised in April 2022 and hence the fully amortised Leasehold land and buildings relating to the previous lease have been disposed of.

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)

	2022 £	2021 £
Catering and bar stocks	15,853	6,536
Retail Stock	12,332	17,340
	<u>28,185</u>	<u>23,876</u>

12. Debtors

	Consolidated		Company	
	2022	2021	2022	2021
	£	£	£	£
Amounts falling due within one year				
Due from subsidiary undertaking	-	-	214,994	126,753
Other debtors	119,782	25,364	31,986	12,195
Prepayments	101,573	65,564	97,122	62,564
Accrued income	125,551	120,874	125,551	120,166
	<u>346,905</u>	<u>211,802</u>	<u>469,652</u>	<u>321,678</u>

13. Creditors

	Consolidated As re-stated		Company As re-stated	
	2022	2021	2022	2021
	£	£	£	£
Amounts falling due within one year				
Trade creditors	201,903	350,312	133,612	295,972
Taxation and social security	23,971	(61,010)	23,971	(61,007)
Other creditors	33,223	1,003,401	33,223	1,003,401
Accruals	120,933	283,230	104,447	269,271
Deferred income	198,676	75,177	189,391	67,551
Pension liability	93,384	93,384	93,384	93,384
	<u>672,091</u>	<u>1,744,494</u>	<u>578,027</u>	<u>1,668,572</u>

14. Operating Leases

The total minimum lease payments due by the charitable company at 31 March 2022 in respect of non-cancellable operating leases are as follows:

	Consolidated Other operating leases		Company Other operating leases	
	2022	2021	2022	2021
Within one year	11,883	1,009	11,883	1,009
Within one and two years	15,009	2,901	15,009	2,901
Within two to five years	5,346	4,720	5,346	4,720
	<u>32,238</u>	<u>8,630</u>	<u>32,238</u>	<u>8,630</u>

15. Restricted Funds (Charity and Group)

	Capital Development £	Small Scale Capital Development Project £	Endowment Funds £	Projects (note 16) £	Total £
At 1 April 2021 (as previously reported)	2,413,070	637,274	-	1,327,221	4,377,565
Prior year restatement (note 27)	(1,440,070)	-	1,440,070	-	-
At 1 April 2021 (as re-stated)	973,000	637,274	1,440,070	1,327,221	4,377,565
Incoming resources					
Incoming resources (note 2,3)	-	138,502	-	1,138,474	1,276,976
Resources expended					
Arts activities	-	-	-	(1,325,925)	(1,325,925)
At 31 March 2022	973,000	775,776	1,440,070	1,139,770	4,328,616

Comparison to financial year ended 31 March 2021 (as re-stated)

	Capital Development £	Small Scale Capital Development Project £	Endowment Funds £	Projects (note 16) £	Total £
At 1 April 2020 (as previously reported)	2,413,070	(27,709)	-	561,895	2,947,256
Prior year restatement (note 27)	(1,440,070)	-	1,440,070	-	-
At 1 April 2020 (as re-stated)	973,000	(27,709)	1,440,070	561,895	2,947,256
Incoming resources					
Incoming resources (note 2,3)	-	664,983	-	2,500,917	3,165,900
Resources expended					
Arts activities	-	-	-	(1,735,591)	(1,735,591)
At 31 March 2021 (as re-stated)	973,000	637,274	1,440,070	1,327,221	4,377,565

16. Analysis of Restricted Project Funds (Charity and Group)

	1 April 2021 £	Incoming resources £	Resources expended £	31 March 2022 £
National Foundation for Youth Music Youth music inclusion programme working with children and young people in challenging circumstances	78,554	165,124	(188,742)	54,936
Covid - 19 Support funds*	321,078	314,486	(612,111)	23,453
Other Projects**	927,589	658,864	(525,072)	1,061,381
Total	1,327,221	1,138,474	(1,325,925)	1,139,770

* Refer to note 3 - "General Projects - Covid 19 support - 2022" for list of supporters

** Refer to note 3 - "General Projects – other - 2022" for list of supporters

Comparison to financial year ended 31 March 2021

	1 April 2020 £	Incoming resources £	Resources expended £	31 March 2021 £
National Foundation for Youth Music Youth music inclusion programme working with children and young people in challenging circumstances	-	215,715	(137,161)	78,554
Covid - 19 Support funds*	-	1,738,968	(1,417,890)	321,078
Other Projects**	561,895	546,234	(180,540)	927,589
Total	561,895	2,500,917	(1,735,591)	1,327,221

* Refer to note 3 - "General Projects - Covid 19 support 2021" for list of supporters

** Refer to note 3 - "General Projects – other 2021" for list of supporters

17. Unrestricted Funds (Group)

	General Funds £	Designated Funds £	Pension Funds £	Total £
At 1 April 2021	413,571	600,000	(550,657)	462,914
Net incoming resources before transfers	254,204	(232,719)	105,117	126,602
Transfer of funds	17,281	(17,281)	-	-
At 31 March 2022	685,056	350,000	(445,540)	589,516

Unrestricted Funds (Charity)

	General Funds £	Designated Funds £	Pension Funds £	Total £
At 1 April 2021	435,567	600,000	(550,657)	484,910
Net incoming resources before transfers	232,208	(232,719)	105,117	104,606
Transfer of funds	17,281	(17,281)	-	-
At 31 March 2022	685,056	350,000	(445,540)	589,516

At the year end, the designated funds are £350,000 (2021: £600,000).

- £300,000 towards Capital maintenance programme
- £50,000 towards general activities

In accordance with the requirements of FRS 102 MAC has recognised a pension liability of £445,540.

Comparison to financial year ended 31 March 2021

Unrestricted Funds (Group)

	General Funds £	Designated Funds £	Pension Funds £	Total £
At 1 April 2020	631,771	400,000	(609,480)	422,291
Net incoming resources before transfers	(13,260)	(4,940)	58,823	40,623
Transfer of funds	(204,940)	204,940	-	-
At 31 March 2021	<u>413,571</u>	<u>600,000</u>	<u>(550,657)</u>	<u>462,914</u>

Unrestricted Funds (Charity)

	General Funds £	Designated Funds £	Pension Funds £	Total £
At 1 April 2020	631,771	400,000	(609,480)	422,291
Net incoming resources before transfers	8,736	(4,940)	58,823	62,619
Transfer of funds	(204,940)	204,940	-	-
At 31 March 2021	<u>435,567</u>	<u>600,000</u>	<u>(550,657)</u>	<u>484,910</u>

At the year end, the designated funds are allocated £600,000 (2020: £400,000).

- £300,000 towards transition cost – risk around getting MAC up and running again
- £200,000 towards 60th year art projects and promoting MAC in the Commonwealth Games
- £100,000 towards small scale capital development project.

In accordance with the requirements of FRS 102 MAC has recognised a pension liability of £550,657.

18. Analysis of Group Net Assets Between Funds

	Unrestricted Funds Consolidated £	Restricted Funds Consolidated £	Endowment Funds £	Total Funds £
Fund balances at 31 March 2022 are represented by:				
Fixed assets	338,707	1,748,776	-	2,087,483
Stock	28,185	-	-	28,185
Debtors	346,905	-	-	346,905
Cash at bank and in hand	923,311	1,139,770	1,440,070	3,503,151
Creditors	(672,091)	-	-	(672,091)
Provisions / Pensions	(375,502)	-	-	(375,502)
	<u>589,516</u>	<u>2,888,546</u>	<u>1,440,070</u>	<u>4,918,132</u>

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

Comparison to financial year ended 31 March 2021

	Unrestricted Funds Consolidated £	Restricted Funds Consolidated £	Endowment Funds £	Total Funds £
Fund balances at 31 March 2021 (re-stated) are represented by:				
Fixed assets	359,288	1,610,274	-	1,969,562
Stock	23,876	-	-	23,876
Debtors	211,802	-	-	211,802
Cash at bank and in hand	1,120,061	2,300,221	1,440,070	4,860,352
Creditors	(771,494)	(973,000)	-	(1,744,494)
Provisions / Pensions	(480,619)	-	-	(480,619)
	<u>462,913</u>	<u>2,937,495</u>	<u>1,440,070</u>	<u>4,840,479</u>

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

19. 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:

	2022 £	2021 £
Gross incoming resources	3,558,238	4,418,689
Total expenditure on charitable activities	(3,463,533)	(2,834,699)
Governance costs	(39,049)	(91,062)
Net (outgoing)/incoming resources for the year	<u>55,657</u>	<u>1,492,928</u>
Total funds brought forward	4,862,475	3,369,547
Total funds carried forward	<u>4,918,132</u>	<u>4,862,475</u>
Represented by:		
Unrestricted funds	685,056	435,567
Designated funds	350,000	600,000
Endowment funds	1,440,070	1,440,070
Restricted funds	2,888,546	2,937,495
Pension funds	(445,540)	(550,657)
	<u>4,918,132</u>	<u>4,862,475</u>

20. 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.

21. Capital Commitments and Contingent Liabilities

MAC is committed to make a contribution towards the music studio development project.

MAC is redeveloping its music spaces to make them more accessible and better used for the local community, as well as installing a recording studio with enhanced technology across all music rooms. MAC received £150,000 from Arts Council England towards the project.

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.

22. 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.

23. Pensions

- **NEST Pension**

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

- **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 7 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 2019. This valuation showed assets of £21m, liabilities of £23.2m and a deficit of £2.3m. To eliminate this funding shortfall, the participating employers have agreed to continue to pay contributions to the scheme based on their calculated share of the shortfall. The contributions of MAC are as follows:

Deficit contributions

From 1 June 2017 to 31 August 2027:	£93,384 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.

PRESENT VALUES OF PROVISION

	2022	2021
	£	£
Present value of provision		
Pension liability due in a year	93,384	93,384
Pension liability due after a year	352,156	457,273
Present value of provision	<u>445,540</u>	<u>550,657</u>

Reconciliation of opening and closing provisions

	Period Ending 31 March 2022
	£
Provision at start of period	550,657
Unwinding of the discount factor (interest expense)	(11,733)
Deficit contribution paid	(93,384)
Remeasurements - impact of any change in assumptions	-
Remeasurements - amendments to the contribution schedule	-
Provision at end of period	<u>445,540</u>

Statement of Financial Activities impact

	Period Ending 31 March 2022
	£
Interest expense	(11,733)
Remeasurements - impact of any change in assumptions	-
Remeasurements - amendments to the contribution schedule	-
Contributions paid in respect of future service	-
Costs recognised in income and expenditure account	-
	<u>(11,733)</u>

Assumptions

	31 March 2022	31 March 2021
	% per annum	% per annum
Rate of interest	2.4%	0.7%

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.

24. 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 2022 was 15 (2021:16).

25. 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 102, 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.

Owen Dutton, Trustee, is a Senior Associate of Eversheds Sutherland, a firm the charity used in the year ending 31 March 2022 for the provision of specialist advice in relation to the Small Scale Capital Development Project. Pro-bono fees donated by Eversheds Sutherland are disclosed in note 2 to the accounts.

Transactions with the charity's totally owned subsidiary, Midlands Arts Centre Trading Limited, are described in note 5 to the accounts and year-end balances are in note 12.

26. Ultimate Controlling Party

MAC is controlled by its Board of Trustees.

27. Prior year restatement

As reported in the Trustees' Report, during the year negotiations have concluded with Birmingham City Council in connection with the lease premium for the site occupied by Midlands Arts Centre.

As part of these negotiations, the valuation of the lease premium has been agreed and the creation of an endowment fund has been confirmed.

In prior sets of financial statements, a number of assumptions were made in respect of the carrying value of the lease premium. The principles surrounding the lease premium and the creation of an endowment fund were first agreed with Birmingham City Council in March 2020 and after further negotiation and legal work, the lease was agreed in March 2022.

The accounts for the year ended 31 March 2020 and 31 March 2021 were drawn up based on the concepts agreed by Birmingham City Council. The signing of the lease has now formalised the amounts involved. Although the value of the lease premium could have been taken into account in the financial statements to March 2020 and March 2021, the Trustees decided not to adopt these values until the lease was signed.

A prior year restatement has been made in these financial statements to reflect the final agreed position. This has resulted in the creation of an endowment fund and the reduction of the carrying value of fixed assets and the reduction of the creditor due to Birmingham City Council.

The prior year restatement has no impact on the previously reported Statement of Financial Activities or the result for the years ended 31 March 2020 and 31 March 2021. It also has no impact on the closing net asset position at either balance sheet date.

The financial impact is set out below:

	Previously reported at 31 March 2021 £	Prior year Restatement £	Restated at 31 March 2021 £
Fixed assets	3,409,632	(1,440,070)	1,969,562
Creditors	(3,184,564)	1,440,070	(1,744,494)
Funds			
Restricted funds			
Restricted funds - building project	3,050,344	(1,440,070)	1,610,274
Restricted funds - other projects	1,327,221	-	1,327,221
Endowment fund	-	1,440,070	1,440,070
Unrestricted funds			
General funds	413,571	-	413,571
Designated funds	600,000	-	600,000
Pension reserve	(550,657)	-	(550,657)
	4,840,479	-	4,840,479