

# **Midlands Arts Centre**

A Company Limited by Guarantee

**Trading as MAC**

## **Annual Report & Financial Statements For The Year Ended 31 March 2023**

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Charity No: 528979

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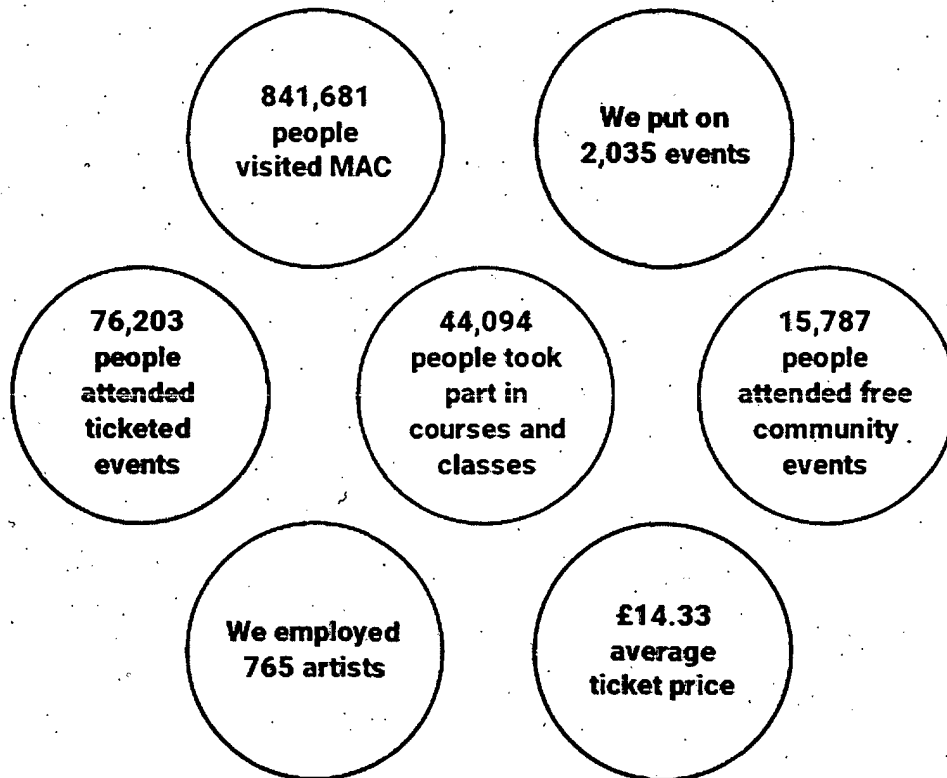
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# **Annual Report and Financial Statements for the Year Ended 31 March 2023**

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## Overview

### The Year in Numbers



## Chair's Statement

I am pleased to report that 2022/23 was a very positive year for MAC despite the inevitable economic pressures.

In 2022, MAC celebrated its 60<sup>th</sup> birthday. This was a real milestone; a time to reflect on past achievements and to acknowledge the sheer hard work that keeps MAC a vital contributor to the cultural life of Birmingham and beyond. Our park location, the diverse surrounding local community, and our vibrant city of Birmingham combine to give MAC its distinct personality and we remain proud of our special history and context.

Underpinning the success of the year just gone were a series of hugely popular celebratory events to mark this important anniversary. The year finished with a highly popular exhibition, Grayson's Art Club in partnership with Grayson Perry and Channel 4, which was launched in December and was extended until June 2023. In total, we saw upwards of 33,000 visitors, raising £130,000 through ticket income from the exhibition (by introducing a new 'pay-what-you-can' scheme) and contributing to a strong 'secondary spend income through catering and merchandise.

It is wonderful to see that visitors are returning to MAC. At the end of March 2023, footfall into the building was at 91% of pre-COVID-19 (2019/20) levels. These figures (which continue to grow) and the extraordinary response to our artistic programme demonstrate what we have long known: that people have a deep need for art in their lives. Our role continues to be to champion the value of inclusivity, wellbeing, and creativity to support their lives.

This success has been achieved against a backdrop of the fallout from the pandemic and the cost-of-living crisis, with rising inflation, increased fuel prices and political instability. We continue to prioritise the interests of our communities and are also working to support our workforce in these challenging times. Despite being 60 years old, MAC has the flexibility and the strength to embrace change. Our mission remains pertinent, 'To promote innovative, creative arts activities in ways which help to establish them as an important part of people's lives'. We continue to plan an ambitious future at a time when audiences and artists need us more than ever.

MAC's venue is a major asset in providing that interface with the public and the much-needed earned income we derive across activities. There has been significant growth in MAC's events hires since the re-opening in May 2021. Both corporates and charities have been keen to use our venues for room hire and hospitality. We were fortunate to receive a generous capital grant from Arts Council England for a complete refurbishment of MAC's music and recording studios. This state-of-the-art facility is now available to MAC's network of disabled children and young people through our award-winning MAC Makes Music programme, as well as community groups and commercial hirers.

We are thankful that stakeholder partnerships with Arts Council England, Players of the People's Postcode Lottery and Youth Music were all extended into further three-year funding agreements. We have many staunch supporters, and I am proud to report that relationships with local trusts such as The Feeney Trust, The Saintbury Trust and The Roughley Trust remain strong. Alongside charity support we remain grateful for the generosity of our corporate partners particularly Eversheds Sutherland and Patrizia, both of whom have been stalwart in their support of innovative community engagement. In the past year, MAC's

membership base has also expanded, and we welcome the regular commitment of individuals and their valuable financial support.

MAC finished the year-end in a positive financial position, in thanks to strong trading and buoyant ticket sales across the charity. In addition, in March 2023 MAC paid £866,890 from the sustainability fund to clear the historic pension liability deficit and so remove one of the major risks to MAC's long-term survival. This significant action has resulted in the removal of some £9,000 per month in costs in addressing those long-term liabilities. Our plans for 2023/24 remain ambitious, but we remain alert to the challenges of rising inflation and the cost-of-living crisis.

Finally, as Chair, this year I have worked closely with the Trustees on a detailed review of our governance. This work continues into 2023/24. A succession plan has been drawn up to ensure the Trustee group is refreshed as a number of long-serving Trustees come to the end of their terms of office, with a commitment to recruit and embed a cohort of new Trustees with the appropriate skills.

The ongoing care and boldness of vision it takes to make MAC the renowned arts centre it is today is a truly collective effort. I would like to thank everyone who has offered MAC their valuable guidance, particularly my fellow Trustees and those that have retired throughout the year, who share their time and wisdom so generously, all the artists who inspire our audiences; and most especially to our diligent and caring workforce who work tirelessly to ensure we deliver a high-quality service in everything we do.

**Mary Martin, Chair of the Trustees**

# Chief Executive's Report

This report covers a period of immense change as we readapt to a new cultural landscape. We remain more grateful than ever to see, that despite many external challenges, our audiences and artists need MAC more than ever and the importance of art remains vital to their everyday lives.

Notably we were recognised for our work, by Visit England's annual survey ranked MAC as the number 1 'most visited free attraction in the West Midlands' for 2022 and in March 2023, MAC was awarded 'Large Visitor Attraction of the Year' at the West Midlands Tourism Awards. As part of the judging process, we received an anonymous visit during the busy school holiday period from judges who explored the venue, exhibitions and our café, KILN. MAC's website, online and social media present, visitor reviews and our responses were also reviewed. It was a superb award to complete a fantastic 60<sup>th</sup> anniversary year.

We brought fresh perspective to art and new ways to engage with artists. Highlights include:

## Exhibitions

### Grayson's Art Club: The Exhibition

*"MAC in Birmingham is the perfect venue for our third Art Club Exhibition. I always have a great time in this city and suspect it may be the coolest place in the UK."* Sir Grayson Perry.

The exhibition launched with a celebration party on 2 December 2022 and the show being extended to 25 June 2023, due to public demand. During this period 33,000 visitors attended to enjoy over 120 artworks selected by Sir Grayson Perry, Lady Philippa Perry, and guest celebrities that featured as part of the season three of the popular TV services, Grayson's Art Club. The programme brought the nation together through art and encouraged people to celebrate their collective creativity.

### Adeela Suleman: Allegory of War

It was a privilege to produce the first solo UK exhibition of Pakistani artist, Adeela Suleman. The recurring motifs in her work such as birds and flowers form detailed, repetitive patterns, which are replete with symbolic meaning and are used across emblems of war and conflict. For MAC we presented a large-scale diorama embroidery, a series of metal works, sculptures and film. The exhibition followed on from the hugely popular exhibition by Maryam Wahid, Zaibunnisa (Feb-March 2022) to celebrate the voice of female experience from a Pakistani context. This demonstrates MAC's strategic commitment to raising the profile of under-represented artists from South Asian backgrounds.

### MAC at 60: A History of MAC in 60 Objects

An exhibition about how MAC has contributed to the everyday lives of residents, artists, visitors, and former and current staff. 60 objects chosen from across six decades of MAC's existence were loaned to the exhibition by 60 members of the public and exhibited around the venue. These objects told the rich and fascinating stories of people's personal connections to MAC.

## Live Arts

### Greg Homann: In Our Skin

This powerful verbatim-based theatre production connects the lives of gay men from two diverse cities across the hemisphere – Birmingham and Johannesburg. The work draws on interviews with men to create a compelling new work that captures the

complexity of what it is to be a gay man today. The production integrates the verbatim text with video and original music. A cast of six actor-musicians tell the wide ranged stories shared across two cities.

**A Little Earthquake Production: The Dog With Two Dads**

A new family play about a same-sex couple, Ali and Ash who are living happily together. The only thing that would make them even happier is the pitter-patter of furry feet as they become 'pawrents'. This wonderful story is about two papas and a dog and celebrates families of every shape and size, and being loved for exactly who you are. This play is part of MAC's strategic commitment to create new work for LGBTQIA+ families which extends across our artistic programmes.

**Stan's Café: Of All The People In All The World**

An acclaimed performance-installation that uses grains of rice to bring to life abstract statistics, which was adapted to offer a portrait of MAC's 60<sup>th</sup> anniversary. Each grain of rice in the gallery represented one person. Visitors were invited to compare the one grain that was them, to millions that were not. Over a period of days, a team of performers weighed out quantities of rice to represent a host of human statistics, such as the number of people born each day. Stan's Café has a long association with MAC, having performed many of their shows here since the company formed in 1991. The installation came complete with a special 'MAC twist', using the organisation's statistics in honour of our landmark year.

**Our involvement with REFRAME:** In 2023 MAC joined a new national consortium of partners led by Apple (Apple Racial Equity and Injustice Initiative) and Southbank Centre, Factory International and STEAMhouse to establish a framework to support the skills and ambitions of emerging Black creatives, who for too long have been locked out of opportunities and pathways to careers in the industry. REFRAME provides the technical tools and resources for aspiring young artists and creatives in the UK to develop their own voices and position themselves for long-lasting careers in the creative industries. Together, this partnership aims to inspire Black creatives to make the art of the future, building a cultural legacy for the UK. This pilot project now has the go-ahead to expand, with future investment building on MAC's own brands of Girls that Geek and Little Geeks.

**Our Community Engagement:** including MAC Neighbours Community Research projects, which was launched in the year.

**Our MAC Makes Music programme:** which made music with 861 children and young people, all of whom were facing at least one challenging circumstance to accessing music.

All these and so many more activities make MAC the exciting place it is to be involved in. And none of it would happen without its wonderful and committed team of staff, to whom I'd like to express my heartfelt thanks. I would like to say a final thank you to all the artists who worked with us, their commitment continues to be an inspiration to all of us.

**Deborah Kermode, Chief Executive & Artistic Director**

## **Trustees' Report including Strategic Report**

The Trustees, who are also the Directors of the charitable company for the purposes of Company Law, present their Annual Report, which includes the Strategic Report, and the audited consolidated financial statements for the charitable group year ended 31 March 2023.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association and the 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 (FRS102) (effective 1 January 2019).



## Who We Are

First opened in 1962, Midlands Arts Centre (MAC) is a pioneering arts centre and charity and an Arts Council England National Portfolio Organisation. Set in Cannon Hill Park, two miles south of the city centre, MAC offers a busy programme of theatre, independent cinema, visual arts exhibitions, creative courses, and special events. MAC is a national leader in developing work with children, young people, and families. At the heart of MAC is a focus on sustainability, accessibility, and inclusion. We work extensively to support international and local artists, and develop programmes for and with the local community.

We want 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."

### **Our Mission is:**

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

### **Our Vision is:**

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.

### **Our Values are:**

MAC's values underpin all the decisions we take: how we serve our audiences, recruit our staff and engage with artists. MAC values the following:

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

Further details on all our activities can be found later in this report and on our website:

[www.macbirmingham.co.uk](http://www.macbirmingham.co.uk)

## Key Highlights from 2022/23

2022/23 was our first year of full trading since reopening in May 2021, and offered us a more realistic sense of what the public wanted from us as a venue, post pandemic. Footfall increased significantly year on year, and was 841,681 in the year ending 31 March 2023 (2021/22: 449,219). Arts activities rebounded strongly, with the exception of Productions and Performances where audiences seem more reluctant to return. Importantly our trading activities improved significantly and once again contributed to the charity.

Much of the footfall was stimulated by the bumper year of artistic achievements throughout 2022/23. In celebration of the Commonwealth Games 2022, staged in Birmingham during the summer of 2022, MAC commissioned a range of ambitious exhibitions and performances on the theme 'Our Place in the Commonwealth' honouring artists whose heritage is reflected in their work and who bring a fresh perspective to notions of Commonwealth, Britishness and identity. Then to complete a busy year in December we were extremely proud to present 'Grayson's Art Club' with artist, Grayson Perry in partnership with Ch4.

Capital work on the venue remains a vital part of our future-proofing and in Autumn 2022 we refurbished our suite of music studios, re-modernising them for a more diverse and attractive offer to include a state-of-the-art recording studio, a resource that enables the hire of commercial sales and community usage.

As previously mentioned, MAC is the number 1 most visited free attraction in the West Midlands for 2022 from Visit England's annual survey. We also won West Midlands Tourism Awards – Large Visitor Attraction of the Year, with one judge commenting:

*"This felt like a cultural venue born of the community around it, with artwork representing the community and packed full of local community people using it. If I lived closer – I'd be here all the time with my family".*

Key artistic highlights in more detail:

### Exhibitions

In addition to Grayson's Art Club: The Exhibition, A History of MAC in 60 Objects and Adeela Suleman: Allegory of War, MAC was proud to present:

#### **John Akomfrah, The Unfinished Conversation (2012)**

In collaboration with Lisson Gallery, to celebrate the 10-year anniversary of his film installation, a moving portrait of the cultural theorist Stuart Hall's life and work. John Akomfrah was a founding member of the influential Black Audio Film Collective in 1982.

#### **Sharon Walters, Seeing Ourselves**

The first ever exhibition of British artist, Sharon Walters, revealing her intricate hand-assembled photographic collages that seek to celebrate the experiences of black women. Alongside the exhibition we presented a group show by Birmingham collective – Mixed Rage, whose work also shared a discourse around heritage and activism.

#### **Bristol Archives, Empire through the Lens**

A multi-faceted look at the former British Empire and its impacts on people today, through a unique selection of still and moving images. It was presented alongside four new

commissions by Birmingham-based artists responding to the ideas raised by items in the collection.

### **Queer Metals**

This group exhibition explores the multiplicity of queerness through metalwork and metalsmithing.

*"Thank you for this lovely exhibition, it raises a lot of wonderful wonderings at the intersection(s) of queer (not only identity) matter (and materiality) and body (or rather bodies)"*  
*"I (she/her) brought my wife to this exhibition – it's nice to feel seen. Great content, awesome items. Queer metal rocks."*

*"Thank you for bringing queer art to this space and ensuring we are seen & heard".*

### **Comedy, Theatre & Dance**

Live performance lies at the heart of MAC's creative work, spanning comedy, theatre and dance. The size of our venues dictates that much of it is new writing and experimental and therefore vital to the future long-term ecology of the arts sector. Across the UK, live performances have been slower to respond to return audiences post pandemic due to the financial costs and availability of touring work.

In 2022/23 we presented:

241 performances

765 artists were employed (2019/20: 293)

53% average capacity of paid events

Notable commissions included Stan's Café: Of All The People in All The World, Greg Homann: In Our Skin and Little Earthquake Theatre: The Dog With Two Dads.

### **Cinema**

922 screenings

29,016 tickets

Cinema is steadily returning, encouraged by special high profile film events such as the actress, Pam Grier Q&A, Russell T Davies talk and speakers Asif Kapadia and Saim Sadiq. A big part of audiences' desire to attend venues is the opportunity to meet the makers and actors.

Partnerships, such as NT Live and BFI London Film Festival, also play a vital part in boosting MAC's reputation and profile. We were one of ten venues across the UK offering a number of exclusive screenings cherry picked from the London Film Festival programme and due to the hugely positive results, the BFI will be extending the collaboration into 2023/24. We also welcomed the French Film Festival back to MAC screens in December and the Japan Touring Foundation Film Festival in March.

Our Reel & Meal (a classic film accompanied by a unique dining experience prepared by our catering team) has grown significantly into a popular supper club, with sell-out events on Valentine's Day and St Patrick's Day. This has been extended to family and children's dining for Halloween and Christmas.

Square Eyes TV Festival, MAC's homegrown TV festival, was commissioned for a third series and was even more entertaining, more ambitious, and packed full of celebrity guest

stars. The 2022 event offered exclusive screenings and Q&As, alongside exceptional Midlands-based productions and talents.

## **Learning & Participation (L&P)**

883 separate courses held

44,094 participants took part (2019/20: 41,800)

L&P has had a hugely successful year with sales comparable to pre-COVID figures. Term-time courses, children's holiday camps and adult short courses sold very well. There was an increased interest in arts and crafts-based activities with a downturn in mental health, wellbeing, dance and fitness courses. However, through the year we consolidated this area of the programme and identified new tutors to help reinvigorate more performance-based courses. The short courses are becoming better known and are popular as taster sessions and weekend experiences. We believe further growth opportunities are available. MAC's large team of artist tutors remain an important part of the workforce and additional training and investment has been sought to ensure a strong, diverse mix of talents and knowledge.

As mentioned previously, the REFRAIME pilot project has the go-ahead to expand, with future investment building on MAC's own brands of Girls that Geek and Little Geeks.

## **Community Engagement**

Galvanised by the huge appetite our communities have shown in their enthusiasm to return to hands-on activities since MAC's reopen in May 2021 and success in our fundraising, we spent 2022/23 reviewing our community strategy. We invested in a new post of Community Producer and Community Apprentice to consider more sustainable impact methods and partnerships and from this established community programmes were reimaged (such as Culture Club) and new ones, based on gaps in provision, were created.

### **MAC Neighbours Community Research Project**

MAC Neighbours, our newest community research project was established during the year with a call out for community researchers to engage with us, outside of our usual networks. The aim of MAC Neighbours initiative is to work closely with a cohort of ten residents who live closest to us and support them through accredited training to become community researchers to find out more about barriers to attending MAC, and to share their vision of what MAC could offer them. It is a unique opportunity to collaborate with residents to make an impact on future planning and strategic decisions at MAC.

*"Getting started with the research has been fantastic: the networking, speaking to local people, and the enthusiasm that has come from participants as well. I'm really pleased that I'm involved in MAC Neighbours, and I'm really looking forward to the whole research programme, and the positive outcomes as well. It's been brilliant."* – Community researcher Laila Khan.

### **Culture Club**

Culture Club, MAC's monthly arts club for over-65s, continues to grow, with around 50 regular attendees. Lots of group work across craft, music, and dance, which is hugely popular.

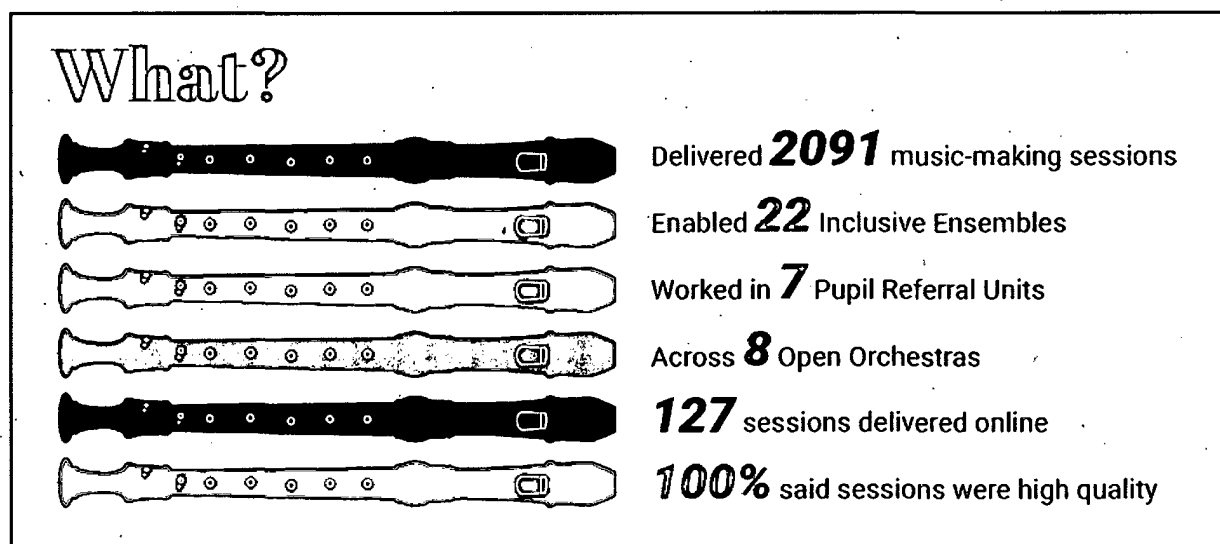
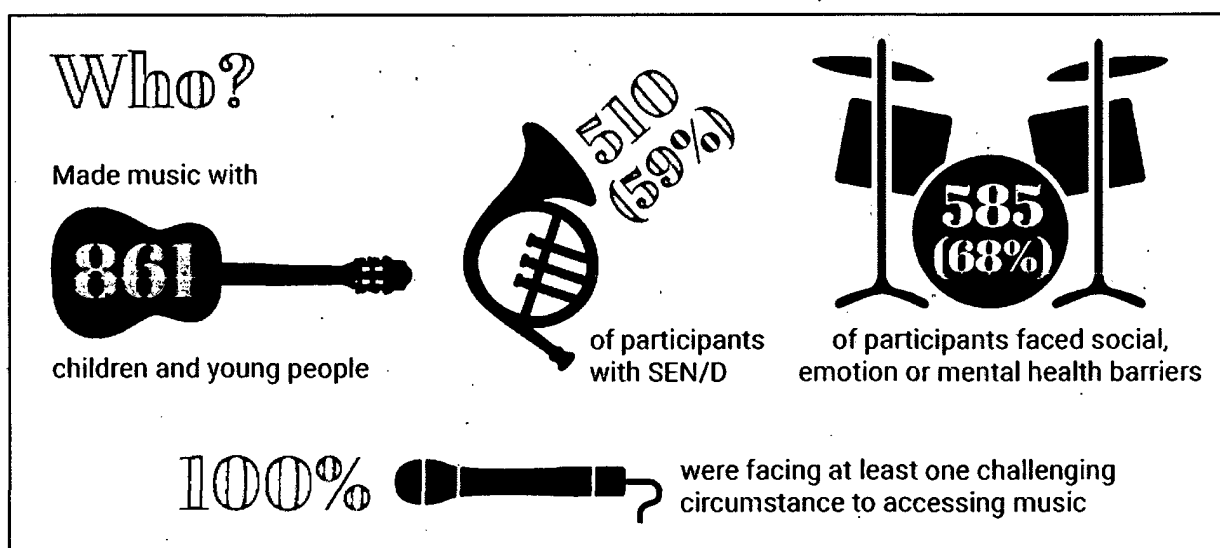
### **Bedlam**

We established a new creative wellbeing group for women who are experiencing issues with their mental health, participants are referred to us by Birmingham and Solihull Mental Health NHS Foundation Trust. The participants inputted into the recruitment of the lead-artist Amelia Hawk, selecting the short-listed artist, and attending artist interviews.

**Hannah Phillips'** group of young people identifying as LGBTQIA+ known as Generation Q came together in a performance called Raging Queers which was the result of several weeks of MAC supported workshops with Hannah and visiting artists. Gen Q produced a moving evening of performance for young people.

## MAC Makes Music

It was the final year of the four-year funding agreement we held with Youth Music Fund C. The final year reflected on the learning that had taken place with our major partners across the region and identified new ways to adapt our services in 2023/24 onwards.

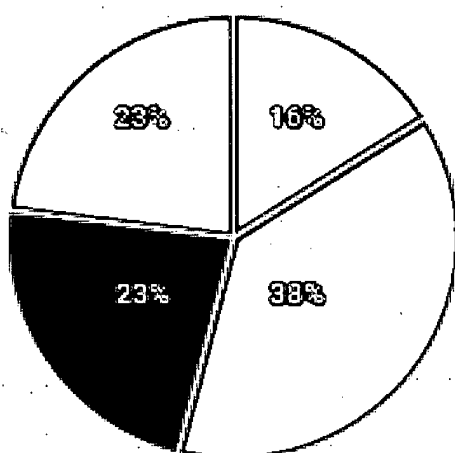


## How We Funded Our Activities

MAC's activities are funded by the generous support we receive from Arts Council England, Players of the People's Postcode Lottery, Birmingham City Council and many other trusts and foundations and individual donors; by our customers through the tickets they buy; by the users of our café, bar and retail outlet; and by those who hire our facilities for their events.

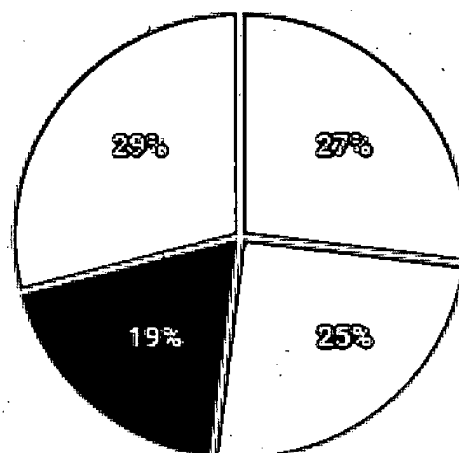
Of our total income, 61% is raised through our own arts and trading activities.

2022/23 INCOME



- Arts Council England
- Income from Activities

2021/22 INCOME



- Trading & Investments
- Fundraising, Trusts & Foundations

Looking at each major source of funds in turn:

### Fundraising, Trusts, and Foundations

MAC is committed to fundraising best practice and abides by the Fundraising Regulator's key principles: to be legal, open, honest, and respectful. MAC is registered with the Fundraising Regulator and no complaints have been received to date.

As well as our established major stakeholders, a diverse range of regional and national funders generously supported projects, exhibitions, and events across the organisation. This year, we continued to nurture meaningful relationships with regional and national trusts and foundations, welcomed new supporters, and developed campaigns to educate and inspire our audiences and visitors.

### Major Stakeholders

#### Arts Council England

MAC is a National Portfolio Organisation (NPO) within the funding programmes of Arts Council England (ACE). In early 2022 MAC applied for a three-year funding agreement, informed by ACE's new 10-year strategy 'Let's Create' that underpins their vision and

investment decisions until 2033. In October 2022 we were informed by ACE that we had been successfully awarded an annual grant of £752,746 (this represents a standstill figure since 2008). The new agreement started on 1<sup>st</sup> 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 until 2028 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)**

In October 2022, we were informed that we had received an incredible uplift from £350,000 to £600,000 and the annual grant at this level has now been confirmed until December 2025. The support of PPL is invaluable, with their investment largely directed towards MAC's community programmes and family work.

#### **Transforming MAC**

MAC received £150,000 from Arts Council England's Capital Investment Programme to renovate MAC's Music Rooms.

#### **Let's Make Some Noise**

Awarded £225,000 from Youth Music to support MAC's award-winning MAC Makes Music programme over the next 3 years (2023-26).

#### **Celebrating Communities**

Received £10,700 from DCMS and Department of Levelling Up's Windrush Grant Scheme and further investment from Birmingham 2022 Festival Grant of £10,000 to present John Akomfrah's *Unfinished Conversation* exhibition.

#### **New Perspectives**

The Saintbury Trust and The Grimmitt Trust, in memory of Marjorie Welch, both supported MAC's exhibitions centred around female voice, well-being and mental health with £10,000 each.

#### **Corporate Support**

##### **Eversheds Sutherland LLP**

Continuing a 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.

##### **Corkfield x PATRIZIA**

Secured a £25,000 sponsorship for *Grayson's Art Club: The Exhibition* from PATRIZIA x Corkfield.

#### **Individual Giving**

In 2022/23, generous audience and visitor donations totalled £38,785.

#### **Income from Activities (Ticketing)**

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. All our exhibitions are free entry, however more recently we have introduced a new method of pay-what-you-can for *Grayson's Art Club: The Exhibition*. Although we raised substantial income, we are aware that cost is a barrier to preventing

some lower income audiences from attending. We will consider charging a minimal ticket entrance (average £6) for some 'blockbuster' exhibitions in the future but will manage this very carefully with access to opportunities.

Overall, full ticket prices to our live performances and cinema/live event screenings ranged from £7.50 to £22 (or up to £30 for high-profile events). To improve 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 and participation 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.

### **Trading Activities**

Our trading activities include our onsite catering (the café KILN, express tills and bar), together with our events hire business and retail activities.

Pre-pandemic MAC's trading operations contributed around £600k per annum to the Charity by means of a management charge and gift aided profit. In 2022/23 the contribution almost reached the pre-pandemic level, at £552k; stronger than originally expected and achieved despite the challenges of the cost-of-living crisis and inflationary pressures on supply costs.

We saw an increase in footfall from a popular artistic programme and more casual users from Cannon Hill Park. In addition, there were retail sales of Grayson Perry exhibition items and a special catering offer of afternoon teas.

Events Hire has long been an important source of earned income, promoting the distinction of our artistic programme and venue as a unique setting. It has bounced back quickly post pandemic and also contributes to catering incomes.

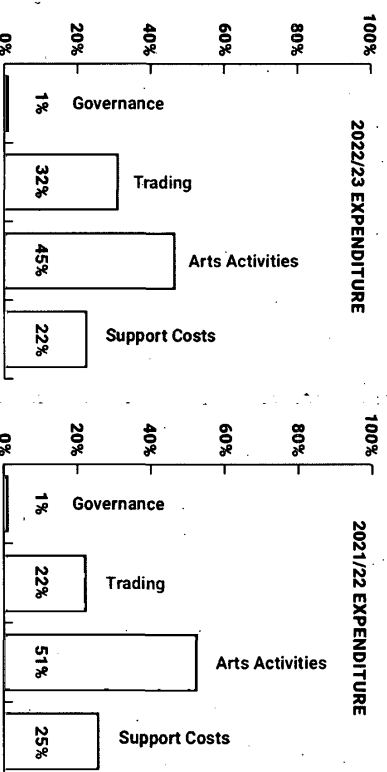
As we move forward into 2023/24 we will continue to maximise creative, social and income generation opportunities throughout the premises and café space with greater strategic push. There will be in the future a greater emphasis on pursuing cross department opportunities with ticket sales (post conference shows) and evening catering.



## How We Spent Our Money

Following MAC's reopening after lockdown, front line activity has increased. This is reflected in both our income and in our expenditure. As a proportion of overall costs, expenditure on Trading items (catering costs, retail items, etc) has significantly increased, with costs up 75% year on year. As would be expected, the largest block of expenditure is on arts activities (including salary costs), at 45% of total expenditure. The dropping of COVID-related restrictions has meant that Arts Activities costs increased more slowly (9% higher than 2021/22) than the related revenue growth. Similarly support costs increased only slightly despite inflationary pressures.

The single largest expenditure item for MAC is wages and salaries, which represent 50% of total expenditure.



## **The Impact We Have Had**

In 2022/23:

- 44,094 people took part in courses and classes
- 15,787 people attended free community events
- We employed 765 artists
- 33,000 viewed the Grayson Perry exhibition
- Over 800,000 people visited MAC

### **Public Benefit**

MAC's benefit to the public is wide-reaching. Our services ensure the public have a positive and active relationship to art and that there is a robust participation model in place that encourages collaboration and skill-based learning throughout our work. Moreover, we support artists through training and paid employment to participate with communities in a way that feels relevant to their everyday lives.

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 income 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.

### **Communications & Digital Engagement**

We continue to see high levels of engagement with MAC through our social media and other communication channels. We continue to evolve our delivery and practices in line with new developments.

Particular highlights include:

- Our website received 527k visitors (up 98% from 2021/22) with 4.1 million website views (up 84% from last financial year) and user engagement of 3.2m (up 84%). Thanks to our enhanced social media campaigns, we saw a 104% increase in referrals to the website via social media.
- We had 1129 articles/items of press coverage, with an £8.6 million advertising value equivalent and £21.5 million PR value.
- We produced 184 e-newsletters across performance, cinema, family and special events highlights; 1.5k social media posts, features, shares and stories; and had 30+ news articles/blogs published.

- We have 16.2k Instagram followers, 25k Facebook followers and 83.2k Twitter followers and had 45.7k views on our YouTube channel. The most popular films on YouTube were the family performance trailers, our monthly cinema highlights trailers, and artist interviews (Hannah Middleton and Caroline Walker).
- We launched our TikTok account with 6,799 views to date.
- On the Grayson Art Club on sale date we had 7,865 website visitors (almost 4 times the average regular user amount).

## **Our environmental impact**

Rooted in our local economy and communities, we are committed to ensuring our work has a minimal impact on the environment and actively promotes sustainable ways of working.

Our Green Champions group are staff volunteers who meet regularly to discuss how to make MAC more sustainable. Throughout the year our Green Champions delivered against our Environmental Policy and Action Plan achieving the following key highlights:

- A significant investment was made to change 391 lights from compact fluorescent to LED. This is predicted to save 29,000 kWh per year.
- We installed sensor taps in our main toilets resulting in both water and gas savings.
- We installed a drinking fountain in the foyer area for customer refills and introduced a 25% discount on hot drinks for customers bringing their own reusable cup.
- Over Summer 2022 we ran a sustainable travel campaign to encourage audiences to consider alternatives to car travel and took part in the Act Green survey which gave us vital information on how important the environment is to our audiences.
- We reviewed the climate control strategy for the Main Gallery so that air handling only runs continuously when the exhibition specifically requires it and this has saved a significant amount of energy.
- We developed a short Carbon Awareness course made available to all staff and time is given to all members of the Green Champions group to complete accredited Carbon Literacy training.

## **Our Plans for Next Year**

As we look ahead into 2023/24, we celebrate the 150-year anniversary of Cannon Hill Park. This is an excellent time to promote our special relationship with the environment and our leading voice in climate justice work. A major aim is to stimulate partnership working with our direct neighbours and we are delighted that MAC is collaborating with Edgbaston Cricket Stadium and Corkfield x PATRIZIA to present Pollution Pods by Michael Pinsky. This impressive, immersive installation invites the public to engage directly with climate issues. Through initiatives such as these we are keen to promote the Edgbaston area as a viable destination and green alternative to the city centre particularly around the sustainability agenda.

The Grayson's Art Club exhibition attracted large numbers of new audiences to MAC and contributed significantly to ticket income and secondary spend. Building on from this wide appeal, we have secured several forthcoming prestigious national exhibitions with partners such as the Design Museum and Southbank Touring. The exhibitions confirmed for 2023/24 and further into 2024/25 include Motherhood; Waste Age: What Can Design Do? and The Offbeat Sari. These exhibitions secure MAC's reputation for presenting the highest quality art in the region and reinforces our strategic aims namely - championing the environment, women's voice and South Asian culture.

Whilst we keenly promote the talents of our local community, we also are proud of new high-profile relationships nationally with Southbank Centre and Apple as part of the REFRAME project to which MAC is a key partner working with seven local schools to support young people through innovative digital opportunities.

Championing disability is a major focus of our work in the forthcoming years, in relation to recruitment of our workforce, artistic programme and capital development. In respect to 2023/24 we have successfully secured notable grants, these include: Art Fund Reimagine: £35,500 for workforce development, DASH: Disabled curator £35,000 and BFI: £60,000 for audience engagement. Alongside this a new post of Public Health Researcher paid for by BCC (£30,000) will also be based at MAC and sit within the arts team, with a focus on highlighting the positive benefit of creativity on mental health and disability.

Capital work continues with the refurbishment of the outside terrace area. This will provide greater security with the instalment of the art fence, but also the opportunity to engage visitors with improved catering and creative events.

As a charity MAC works tirelessly to support communities many of whom are affected by the impact of the cost-of-living crisis including artists and our own workforce. We continue to be vigilant in our planning and decision making with Board regularly reviewing ticketing, menu costs and our free arts offer to ensure we are genuinely supporting those we serve.

The cost-of-living crisis and inflationary pressures will inevitably impact our cost base and our ability to raise income. Our plans remain ambitious but we are not complacent and regularly monitor our finances to ensure we remain on track.

## **Our People and Organisation**

MAC's staff are our most valuable asset and the key means by which we can achieve our objectives.

### **Equality, Diversity, and Inclusion**

As of 31 March 2023 representation of women in our total workforce was 54%. In 2022/23 our senior leadership team comprised five women. The percentage of staff from the global majority was 26% of the total workforce and 7% of our workforce identified as disabled or living with a long-term health condition.

MAC is an organisation committed to embracing and exploring diversity in its mission to provide a gateway connecting people with the arts. 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.

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.

### **Disability Confident**

MAC undertook the process of becoming a level 2 disability confident employer. This involved auditing how well MAC was recruiting in a fair and accessible manner, and how well MAC was keeping and developing our staff with disabilities.

We recognise that we have more work to do to increase representation of disabled people within our workforce and we will put in place a workplan to work towards the Government's Disability Confident Scheme Level 3 (Leader) which will put us in a strong position to attract and retain disabled employees. We will use this workplan to help us diversify our recruitment strategies and implement flexible working and reasonable adjustments to support and retain disabled employees. We will also ensure that all our staff receive Disability Equality and Anti-Ableist training.

### **Staff Wellbeing**

MAC understands the positive impact that healthy and engaged employees make to the success of the organisation and have pledged to provide ongoing support and help for employees experiencing mental health concerns. In support of our aim for a healthy and engaged workforce MAC has:

- Implemented a Well-being and Mental Health at Work Policy to raise awareness and encourage staff to be proactive in support of their wellbeing.
- An open-door policy to encourage employees to raise any concerns about their health with their line manager or other member of the management team.

- Carried out mental health awareness training for line managers.
- Trained several members of staff in mental health first aid.
- Provided access to an employee assistance programme where employees may discuss any concerns they have with trained counsellors.

MAC's HR Committee regularly receive reports on staff health and wellbeing and monitor this at Board level.

## **Remuneration Policy**

The Board of Trustees has overall responsibility for MAC's pay policy and for the salaries of executive directors. The HR Committee oversee the annual pay review process within the budget agreed by the Board. Our policy is to pay rates which are competitive - recognising the difference between charitable and trading activity, we compare the salaries we offer against charitable and commercial sectors as appropriate and undertake regular benchmarking exercises.

## **Safeguarding**

At MAC safeguarding does not just apply to those we support through our activities, but to our staff and volunteers as well and this is reflected in the range of safeguarding issues that we provide support with. Our safeguarding policy is owned and agreed by our Board of Trustees and safeguarding is a fundamental part of MAC's work. We audit our safeguarding work and seek continuous development of our safeguarding approaches.

## **The Future**

We are reviewing our values for the organisation which will represent how we treat each other as colleagues and how we work with communities to deliver our objective of arts for all. We will engage our Staff Forum representatives to help us with this work to ensure our values fully represent the workforce of the organisation.

We are committed to becoming a Living Wage accredited employer and will continue our work towards this with the Board monitoring progression over time and within the parameters of affordability.

We're committed to creating and maintaining a positive high performing work environment and will roll out a staff engagement survey that will help us prioritise the interests of staff, particularly training and review of benefits. We will appoint an executive lead to oversee areas of improvement with a task and finish group to take forward work and involve as many of our staff as possible.

## Financial Review

As has been discussed elsewhere in this report, MAC's first full year since reopening was a successful one.

Total income increased from £4.6m to £5.7m, a 24% increase, as arts activities resumed their normal patterns and trading operations improved. Of this, approximately £200k can be directly attributed to the visitors to the Grayson Perry exhibition, in the form of donations and associated spend. Further information on MAC's income can be found in 'How We Funded Our Activities'.

The overall deficit in the year of £204,302 (2022: surplus £77,653) included an exceptional charge of £415,864 relating to the exit from MAC's historic pension scheme. Excluding this, the surplus would have been £211,562. Further information on MAC's cost base can be found in 'How We Spent Our Money'.

During the year, it became possible to buy out the historic liability associated with the defined benefit pension scheme. This scheme had long been one of MAC's key risks and had been requiring additional contributions of some £100k per annum. The treatment of this buy-out is explained further in note 23 to the accounts. The total cost of exit was £885k and this was funded from MAC's sustainability fund.

A total of £395k was spent in 2022/23 on capital expenditure, of which £221k related to the redevelopment of the music studios.

### Investment Policy

In formulating an investment policy, MAC has historically 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 has to date 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. As a result of this review, it was decided to investigate a more sophisticated approach to managing MAC's surplus funds. During 2022/23, a robust process was undertaken to select suitable investment managers to work with MAC and advise on longer term investments. Quilter Cheviot were selected, though no investment has yet been made. Similarly, Flagstone cash management platform is to be used for short- and medium-term deposits from mid-2023/24.

The policy is reviewed on an annual basis.

### Reserves Policy

The reserves of the charity are divided into restricted funds and unrestricted funds in accordance with charity legislation.

The restricted fund represents money given to MAC for specific capital and project work within the overall aims of the organisation. The funds are analysed between capital and projects, as set out in notes 15 and 16 to the accounts. Grants and donations received for capital purposes are accounted for as restricted funds and depreciation of the underlying

fixed assets is charged to these funds over their lifetime. Project funds will usually be spent in full within 5 years. The balance on the long-term capital funds represents funds received from donors towards the MAC/Sampad Building Project and for the purchase of fixed assets, less the depreciation charged on an annual basis. Over time these reserves will reduce to zero as the assets are fully depreciated.

The balance on restricted funds as of 31 March 2023 of £3,684,256 includes a balance of £1,888,948 in respect of the capital redevelopment project and other capital projects and £1,239,987 of grants and donations received in respect of specific arts projects. These grants and donations include sums from a range of supporters towards future commissions, productions, co-productions, exhibitions, and events as part of MAC's longer-range artistic programme.

Additionally, MAC has now established a "MAC sustainability fund", currently holding £555,321 for the purpose of ensuring the long-term continuation of the charity. This fund was previously entitled the endowment fund and is earmarked to support MAC going forwards by underpinning both MAC's operational needs and future capital projects.

#### **Designated Funds**

A designated fund was agreed for 2023/24 of £300,000 to ensure the fabric of MAC's building can be maintained in good order for at least the next two years.

#### **Unrestricted Funds**

The unrestricted reserves figure (excluding designated funds identified above) of £729,574 has been reviewed by the Trustees. They have determined, on the basis of detailed budget and financial planning through to the end of the 2023/24 financial year that this level is adequate to maintain financial stability.

MAC's policy is to hold an amount equivalent to at least two months of budgeted expenditure in unrestricted reserves. This recognises that significant risks remain around cost of goods and services rising and the economic environment. Unrestricted reserves were 2.1 months of budgeted expenditure at the year end.

#### **Going Concern**

The Trustees have considered the effect of any further disruption from the pandemic and of other external pressures such as the cost-of-living crisis and inflation. Having assessed how these factors impact 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. In coming to this opinion, they have taken into account:

- The strong level of funding already confirmed until financial year 2025/26 with key partners; Arts Council England, Players of the People's Postcode Lottery and Youth Music.
- The continued support from major trusts and foundations.
- The strong cash balances and good level of reserves, enough of which are unrestricted and available to absorb short-term deficits, if required.
- The charitable company's business plans and operating basis.

All these factors allow the Trustees to be satisfied that the charitable company remains a going concern, and as such, the financial statements have been prepared on a going concern basis.



## Managing Our Risks

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. 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 Trustees have overall responsibility for the management of risk within the organisation and regularly assess 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 Trustees. The Trustees maintain 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 internal systems are designed to meet MAC'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 Trustees on budgetary controls, recommends steps to ensure financial viability of the organisation, monitoring the receipt of income for both revenue and capital expenditure.

In the following table are the top risks for the organisation and our mitigations to manage these.

Risk	Mitigation and Actions
<b>FINANCIAL</b>	
MAC Trading does not meet expected targets; is not fit for purpose or not profitable enough to support the charity programme; inflationary pressure impacts on margins; problems with supply chain in catering of some products limit offer.	Full detailed Risk Register for all Trading Activities updated and monitored by the MAC Trading Board with mitigation measures in place to ensure MAC Trading activities remain profitable in order to support the charity.
Cost of Living Crisis: Growing inflation and the cost-of-living crisis will affect the Trading offer (ability to buy raw materials) and customer spend (across arts and trading). Fuel increases expected to continue to rise and may not be able to reduce consumption to mitigate.	Vigilant to changes in the market, strong cost control on produce, good relationship with suppliers, willingness to adapt the menu, survey audiences, regular financial monitoring e.g. to understand audience spend. Building management system used to analyse and look for areas where energy reduction can be implemented. Change of lighting to LED and more control over use of air handling in gallery to reduce energy consumption.
<b>STAFFING</b>	
Inflation and the cost-of-living crisis impacting on financial wellbeing of staff and causing additional stress and pressure, impacting staff mental health and physical well-being increasing sickness as a result. Overall risk for the organisation of increasing costs (salaries, support packages, recruitment, sickness absence) and lowered productivity.	Board regularly review and benchmark salaries and staff benefits to ensure in line with market; regular signposting to employee assistance programme for all staff; health and wellbeing policy in place; training managers to look for signs of any mental health concerns; Board oversight with KPIs developed to monitor impact of cost-of-living.

## **Governance, Reference and Administrative Information**

Midlands Arts Centre is a registered charity constituted as a company limited by guarantee (registered charity number 528979 and registered company number 00718349).

MAC is governed by a Memorandum and Articles of Association which sets out its charitable object:

the promotion of, education in, and appreciation of, the arts.

MAC'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.

## **Governance Priorities**

During 2022-23 we focused on the following areas:

- Board structure and renewal (including Chair setting terms for Trustees)
- A fresh, more diverse recruitment process for attracting new Trustees
- Self-assessment and governance priorities setting and Trustee appraisals
- Ensuring governance is a standing item on the agenda of the Finance & Governance subcommittee.

## **Board of Trustees**

Our Board of Trustees, who are also Directors of the Charity for the purposes of the Companies Act, have overall responsibility for the strategy, management, and control of MAC. They are non-executive and unpaid. Our Chief Executive, working with the Executive Team, is responsible for delivering the Board's vision and strategy and for the day-to-day operations. The Board seeks to support the Executive in a culture of mutual confidence and trust.

As of 31 March 2023, the Board was made up of 15 Trustees.

Our Articles allow for between 4 and 15 Trustees. In addition, Birmingham City Council (BCC) may appoint up to 3 members of the Board. Nominees appointed by BCC are subject to their appointment process and the guidelines on appointments to public office as they apply to Local Government nominees.

The Chair and Vice-Chair(s) are elected by the Board from among their number.

All Trustees are required to demonstrate that they meet the skills needed, which are set out in the role profile. Appointments are led by the Nominations Committee which makes recommendations to the Board of Trustees. When recruiting, we consider the

diverse skills and experience needed to govern MAC in the long term, ensuring that the Board is fit for purpose and brings a diversity of different interests and experience.

Appointed Trustees are recruited following external advertisement and their skills and competencies are assessed against the role profile. They serve for an initial term of three years and, subject to review and the approval of the Board of Trustees, may serve for two further periods of three years.

Four new Trustees were appointed during 2022-23 (and a further one Trustee has been appointed during 2023-24 to the date of this report).

All new Trustees are given an induction programme which is tailored to their needs. It will always include meetings with the Chair, Vice-Chair and Chief Executive; review of current business plans, budgets and recent financial performance; and practical information on policies, meetings and structure. Each new Trustee is assigned a 'Board Buddy': an existing Trustee who can support them in their early stages of development. Individual Trustees have regular appraisals with the Chair of the Board; this enables any training and development needs to be identified and addressed.

The Board of Trustees holds an away day at least once a year which provides further opportunities for Trustee development.

The Trustees have overall approval and oversight of the organisation's strategy, plans and budgets and are regularly kept updated on progress against these.

Indemnity insurance is in place.

## **Charity Governance Code**

MAC supports the principles of the Charity Governance Code and we continue to review our practice against the Code's requirements as part of an approach to continuously improving our governance arrangements.

The Chair leads on the governance review action plan that outlines the board development and priorities for the forthcoming period. The Chair is supported by the Chairs of subcommittees and two Vice Chairs.

## **Board Committees**

The MAC Board has established three standing Committees to consider issues in greater depth and to advise the Board. All Committees are accountable to, and report to the Board.

### **Finance & Governance Sub-Committee**

Members: 4 Trustees plus Chair ex officio

Role: To oversee strategic direction of finances and associated activities and to cover issues associated with governance. Act as the board/oversight group to monitor requirements for ACE Investment Principles. Any significant delegated decision making is referred to the full Board.

Meetings are held in advance of each Charity Board meeting and attended by CEO, Head of Finance and Director of Governance and HR.

During 2022-23, it particularly focussed on:

- Impact of the Cost-of-Living crisis on MAC, including detailed analysis of the 2023-24 budget
- Incorporation of governance priority action plan as a standing item on the committee's agenda
- Recruitment of a suitable replacement for the Head of Finance
- Pension scheme withdrawal, as discussed elsewhere in this report
- Development of a draft investment policy and preliminary selection of Quilter Cheviot as MAC's investment managers. This work will continue in 2023-24.
- Selection of a cash management platform: Flagstone. Again, this will continue in 2023-24.

#### **HR Committee**

Members: 3 Trustees plus Chair ex officio

Role: To discuss personnel matters where Trustee level decision is required and input into policies relating to personnel.

Meetings are held when required and attended by the Chief Executive and Director of Governance & HR.

During 2022-23, it particularly focussed on:

- Agreement and introduction of Terms of Reference for the HR Committee.
- Support for staff in the Cost-of-Living Crisis, including a one-off payment and increased staff food discount.
- Annual pay award for MAC staff from 1 April 2023 taking into consideration inflation and increase in Government National Minimum/Living Wage.
- Review of MAC's Staff Code of Conduct.
- Introduction of MAC's Recruitment Policy, formalising existing procedures and outlining commitment to EDI.
- Review of Staff Benefits, focussing on pension offer and company sick pay – benchmarking work ongoing into 2023-24.

#### **Nominations Committee**

Members: Chairs of Boards, deputy chairs and sub-committee chairs.

Role: To oversee Board membership including recruitment, induction, and allocation of additional roles on the Board.

Meetings are held when required and attended by the Chief Executive and Director of Governance & HR.

During 2022-23, it particularly focussed on:

- Trustee recruitment/succession planning with a particular focus on recruitment of financially experienced Trustees.
- Trading Board recruitment – ongoing into 2023-24
- Chair recruitment
- Review of Trustee induction programmes
- Board self-assessment & skills audit

## MAC Trading, our subsidiary company

The Charity's wholly owned subsidiary, Midlands Arts Centre Trading Limited was established to provide catering services, event sales, venue hires and retail activities and operates from the site of its parent company, Midlands Arts Centre.

**Directors**

Mike Williams (Chair)  
 Guy Owen (retired 21 March 2023)  
 Claire Daniel  
 Martin Leppard  
 Kam Bains (appointed 25 November 2022)

**Company Registration Number** 03261120

**Registered Office** Cannon Hill Park  
 Birmingham  
 B12 9QH

## Trustees and Professional Advisers

The following table illustrates the individuals who have served on the Board of Trustees during 2022-23 and key movements in 23-24 to the date of this report.

Trustee	Changes	Committee and Other Responsibilities
Cllr Shabina Bano	Appointed 29 Sep 2022 Resigned 6 Jun 2023	Birmingham City Council representative
Cllr Matt Bennett		Birmingham City Council representative
Gurdip Bhangoo		
Selina Brown	Appointed 26 July 2023	
Letha Charles	Appointed 24 May 2022	F&G Committee
Stephanie Dale		Environment & sustainability
Owen Dutton		Vice-Chair; Nominations Committee
Hardeep Gogna	Appointed 24 May 2022 Resigned 28 Nov 2022	F&G Committee
Daljinder Johal		HR Committee; Health & Safety
Linda Jones		HR Committee
Sharon Lea	Resigned 28 Sep 2023	
Dr Haseena Lockhat		Equality, Diversity & Inclusion
Mary Martin		Chair; Nominations Committee
Louise McCathie		HR Committee (Chair); Nominations Committee
Neil McGowan	Appointed 27 Mar 2023	F&G Committee
Ros Robins	Appointed 26 Jan 2023	Vice-Chair; F&G Committee; Nominations Committee
Linda Saunders	Retired 23 May 2023	F&G Committee
Sue Scholes		F&G Committee (Chair); Nominations Committee
Cllr Martin Straker-Welds	Retired 24 May 2022	
Jonnie Turpie	Retired 29 Sep 2022	Chair
Mike Williams		Trading Board Chair; Safeguarding

Owen Dutton and Stephanie Dale will retire by rotation and, being eligible will offer themselves for re-election at the forthcoming AGM.

#### **Senior Management Team**

Deborah Kermode	Chief Executive and Artistic Director
Michelle Smith	Deputy CEO & Director of Commercial (res. 2 June 2022)
Nicola Rowe	Deputy CEO & Director of Commercial (app. 25 July 2022)
Hinal Shah	Finance Director (res. 10 March 2023)
Chris Knight	Interim Finance Director (app. 21 February 2023)
Sally Ann Pennington	Head of Development
Sue Longfils	Director of Governance and HR & Company Secretary (ret. 31 May 2023)
Holly Mulhern	Director of Governance and HR & Company Secretary (app. 28 Apr 2022))

#### **Registered Office**

Charity Name:	Midlands Arts Centre
Charity Registration Number:	528979
Company Registration Number:	00718349
Registered and Principal Office	Cannon Hill Park, Birmingham B12 9QH

#### **Professional Advisers**

##### **Bankers**

HSBC Plc	Shawbrook Bank Ltd
130 New Street	Lutea House
Birmingham	Warley Hill Business Park
B2 4JU	The Drive, Great Warley
	Brentwood
	Essex CM13 3BE

##### **Auditors**

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

##### **Investment Advisers**

Quilter Cheviot Investment Management  
8<sup>th</sup> Floor, 2 Snowhill  
Birmingham  
B4 6GA

## **Statement of Trustees' 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.

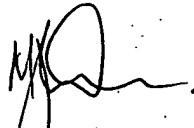
The directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

**Disclosure of Information to Auditors**

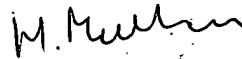
As far as we are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- We have taken all steps that we ought to have taken to make ourselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**By Order of the Board**



M Martin  
Chair



H Mulhern  
Secretary

28 September 2023



# **Independent Auditor's Report on the Financial Statements to the Members of Midlands Arts Centre**

## **Opinion**

We have audited the financial statements of Midlands Arts Centre (the 'parent charitable company') and its subsidiary company (the 'charitable group') for the year ended 31 March 2023 which comprises the Consolidated Statement of Financial Activities, the Consolidated and Company Balance Sheet, the Consolidated Cash Flow Statement 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, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Charities SORP 2019.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable group's and the parent charitable company's affairs as at 31 March 2023 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.

## **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 financial statements section of our report. We are independent of the charitable group and the parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 charitable group's and the parent charitable company's ability to continue as a going concern for a period of at least twelve 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.

#### **Opinion on other matters prescribed by the Companies Act 2005**

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

- the information given in the Trustees' Report, which includes the Strategic Report and the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In light of our knowledge and understanding of the charitable group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report included within the Trustees' 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 Trustees' responsibilities statement set out on page 31, the Trustees (who are also the Directors of the parent charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 charitable group's and the 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 charitable group and the parent charitable company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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 extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Our assessment focused on key laws and regulations the charitable group and the 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, taxation legislation, data protection, anti-bribery and employment legislation.

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

- obtaining an understanding of the legal and regulatory framework applicable to the charitable group and the parent charitable company and how the charitable group and the parent charitable company is complying with that framework, including agreement of financial statement disclosures to underlying documentation and other evidence;
- obtaining an understanding of the charitable group's and the parent charitable company's control environment and how they 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 charitable group's and the 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.

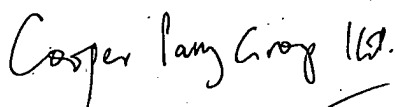
Whilst considering how our audit work addressed the detection of irregularities, we also considered the likelihood of detection of fraud based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

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 on the Financial Reporting Council's website at [www.frc.org.uk/auditorresponsibilities](http://www.frc.org.uk/auditorresponsibilities). This description forms part of our Auditors' report.

#### **Use of our report**

This report is made solely to the parent charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent charitable 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 parent charitable company and its 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', with a horizontal line underneath.

**Simon Atkins, FCA**  
**Senior Statutory Auditor**

for and on behalf of  
**Cooper Parry Group Limited**  
Statutory Auditor  
Cubo Birmingham  
Office 401, 4<sup>th</sup> Floor  
Two Chamberlain Square  
Birmingham  
B3 3AX

Date: 2 October 2023

**MIDLANDS ARTS CENTRE**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
(including consolidated Income and Expenditure Account)  
for the year ended 31 March 2023

	Notes	Unrestricted funds £	Restricted building project £	Restricted MAC Sustainability Fund £	Other restricted projects £	2023 Total £	2022 Total £
<b>INCOME</b>							
<i>Grants and donations</i>	2	38,046	150,000	-	-	188,046	519,072
<i>Income from charitable activities</i>							
Grants, donations and other income	3	866,277	-	-	1,124,692	1,990,969	2,025,444
Arts activities	4	1,328,910	-	-	-	1,328,910	896,155
<i>Income from other trading activities</i>							
Commercial trading operations	5	1,980,423	-	-	-	1,980,423	1,063,197
Office lettings, hire and recharges		180,746	-	-	-	180,746	65,523
<i>Investment income</i>	2	7,833	-	-	-	7,833	7,120
<b>Total income</b>		<b>4,402,235</b>	<b>150,000</b>	<b>-</b>	<b>1,124,692</b>	<b>5,676,927</b>	<b>4,576,511</b>
<b>EXPENDITURE</b>							
<i>Expenditure of raising funds</i>							
Commercial trading operations	6	1,743,517	-	-	-	1,743,517	996,277
<i>Expenditure on charitable activities</i>							
Small Scale Building Project Cost	6, 15	-	9,828	-	-	9,828	-
Arts activities	6	2,687,545	-	-	1,024,475	3,712,020	3,502,582
Exceptional item	6, 23	(468,885)	-	884,749	-	415,864	-
<b>Total expenditure</b>		<b>3,962,177</b>	<b>9,828</b>	<b>884,749</b>	<b>1,024,475</b>	<b>5,881,229</b>	<b>4,498,859</b>
<b>Net income for the year</b>		<b>440,058</b>	<b>140,172</b>	<b>(884,749)</b>	<b>100,217</b>	<b>(204,302)</b>	<b>77,653</b>
<b>Transfers between funds</b>							
<b>Net movement in funds for the year</b>		<b>440,058</b>	<b>140,172</b>	<b>(884,749)</b>	<b>100,217</b>	<b>(204,302)</b>	<b>77,653</b>
<b>Reconciliation of funds</b>							
Total Fund brought forward		589,516	1,748,776	1,440,070	1,139,770	4,918,132	4,840,479
<b>Total funds carried forward</b>		<b>1,029,574</b>	<b>1,888,948</b>	<b>555,321</b>	<b>1,239,987</b>	<b>4,713,830</b>	<b>4,918,132</b>

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.

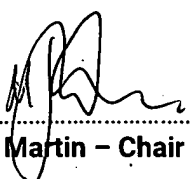
The notes on pages 40 to 59 form part of these financial statements.

**MIDLANDS ARTS CENTRE**  
**Company Number 00718349**  
**BALANCE SHEETS**  
**as at 31 March 2023**

		Consolidated		Company	
	Notes	2023 £	2022 £	2023 £	2022 £
<b>FIXED ASSETS</b>					
Tangible fixed assets	9	2,404,815	2,087,483	2,404,815	2,087,483
Investment in subsidiary undertaking	10	-	-	100	100
<b>Total Fixed Assets</b>		<u>2,404,815</u>	<u>2,087,483</u>	<u>2,404,915</u>	<u>2,087,583</u>
<b>CURRENT ASSETS</b>					
Stocks	11	59,454	28,185	33,425	-
Debtors	12	421,010	346,905	888,886	469,652
Cash at bank and in hand:					
- unrestricted		677,084	923,311	45,662	734,585
- restricted – projects		1,239,987	1,139,770	1,239,987	1,139,770
- restricted – MAC Sustainability Fund		555,321	1,440,070	555,321	1,440,070
<b>Total Current Assets</b>		<u>2,952,856</u>	<u>3,878,241</u>	<u>2,763,281</u>	<u>3,784,078</u>
<b>LIABILITIES</b>					
Creditors falling due within one year	13	(643,841)	(672,091)	(454,366)	(578,027)
<b>NET CURRENT ASSETS</b>		<u>2,309,015</u>	<u>3,206,150</u>	<u>2,308,915</u>	<u>3,206,050</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,713,830</u>	<u>5,293,633</u>	<u>4,713,830</u>	<u>5,293,633</u>
Pension liability	23	-	(375,502)	-	(375,502)
<b>NET ASSETS</b>		<u>4,713,830</u>	<u>4,918,132</u>	<u>4,713,830</u>	<u>4,918,132</u>
<b>Represented by:</b>					
<b>RESTRICTED FUNDS</b>					
Building Projects	15	1,888,948	1,748,776	1,888,948	1,748,776
MAC Sustainability Fund	15	555,321	1,440,070	555,321	1,440,070
Other	15	1,239,987	1,139,770	1,239,987	1,139,770
<b>UNRESTRICTED FUNDS</b>					
General Funds	17	729,574	685,056	729,574	685,056
Designated Funds	17	300,000	350,000	300,000	350,000
Pension reserve	17	-	(445,540)	-	(445,540)
		<u>4,713,830</u>	<u>4,918,132</u>	<u>4,713,830</u>	<u>4,918,132</u>

The notes on pages 40 to 59 form part of these financial statements.

The financial statements were approved by the Board of Directors on 28 September 2023 and signed on its behalf by:

  
 M Martin – Chair

**MIDLANDS ARTS CENTRE  
CONSOLIDATED CASHFLOW STATEMENT  
for the year ended 31 March 2023**

	Notes	2023 £	2022 £
<b>Reconciliation of net incoming/(outgoing) resources to net cash flow from operating activities</b>			
Net (outgoing)/incoming resources		(204,302)	77,653
Depreciation charges		77,986	80,319
Net interest		(7,833)	(7,120)
Increase in stocks		(31,269)	(4,309)
Increase in debtors		(74,105)	(135,103)
Decrease in creditors		(403,751)	(1,177,520)
		<hr/>	<hr/>
Net cash outflow from operating activities		<u>(643,274)</u>	<u>(1,166,081)</u>
<b>CASH FLOW STATEMENT</b>			
Net cash outflow from operating activities		(643,274)	(1,166,081)
Returns on investments and servicing finance	(a)	7,833	7,120
Capital expenditure		(395,318)	(198,240)
Decrease in cash	(b)	<u>(1,030,759)</u>	<u>(1,357,201)</u>

The notes on pages 40 to 59 form part of these financial statements.

**MIDLANDS ARTS CENTRE**  
**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT**  
**for the year ended 31 March 2023**

(a)	<u>Returns on investment and servicing of finance</u>	2023	2022	
		£	£	
	Interest received	<u>7,833</u>	<u>7,120</u>	
(b)	<u>Decrease in cash</u>	2023	2022	
		£	£	
	Balance at 1 April 2022	3,503,151	4,860,352	
	Net cash flow (note c)	<u>(1,030,759)</u>	<u>(1,357,201)</u>	
	Balance at 31 March 2023	<u><u>2,472,392</u></u>	<u><u>3,503,151</u></u>	
(c)	<u>Reconciliation of net cash flow to movements in net funds</u>		£	
	Decrease in cash during year being change in net funds		(1,030,759)	
	Net funds at 1 April 2022		<u>3,503,151</u>	
	Net funds at 31 March 2023		<u><u>2,472,392</u></u>	
(d)	<u>Analysis of changes in net funds</u>	At 1 April	Cash	At 31 March
		2022	flows	2023
		£	£	£
	Cash at bank	3,503,151	(1,030,759)	2,472,392



# Notes to the Financial Statements for the Year Ended 31 March 2023

## 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 is a charitable company limited by guarantee and incorporated in England and Wales under company number 00718349. It is also registered with the Charity Commission for England and Wales under registration number 528979. The registered office is Cannon Hill Park, Birmingham, B12 9QH.

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 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.

**f 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.

**g Fixed Assets, Depreciation and impairment**

All assets that are considered to have a useful economic life (UEL) are capitalised and held as tangible fixed assets. All tangible fixed assets are held at cost less accumulated depreciation with the exception of leasehold land and buildings which are held at the value of the lease premium as determined at 31 March 2022.

Depreciation is provided at rates calculated to write off the costs of the asset, less its estimated residual value, over its UEL as follows:

**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.

**h 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.

**i Stock**

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

**j Lease rentals**

Rentals on operating leases are recognised in the Statement of Financial Activities on a straight-line basis as incurred.

**k 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.

**l 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.

**m 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.

**n Pension costs**

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

**o Going concern**

The Trustees have considered the effect of any further disruption from the pandemic and of other external pressures such as the cost-of-living crisis and inflation. Having assessed how these factors may impact 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 financial statements. In coming to this conclusion they have taken into account:

- the strong level of funding already secured and confirmed until financial year 2025/26 with key partners; Arts Council England, Players of the People's Postcode Lottery and Youth Music
- The continued support from major trusts and foundations
- The strong cash balances and good level of reserves, enough of which are unrestricted and available to absorb short-term deficits, if required
- The charitable company's business plans and operating basis.

All these factors allow the Trustees to be satisfied that the charitable company remains a going concern, and as such, the financial statements have been prepared on a going concern basis.

**p Financial Instruments**

MAC only holds basic financial instruments as defined in FRS102. The financial assets and financial liabilities of the Trust and their measurement bases are as follows:

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 12. Prepayments are not financial instruments.

Amounts due from MAC's wholly owned subsidiary are held at face value less any impairment.

Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 13. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has

already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

**q Critical estimates and significant judgements**

The Trustees consider that there are no significant areas of judgement or key assumptions that affect items in the financial statements other than those included within the accounting policies described above.

**2. Income from grants and donations**

	2023 £	2022 £
<b>(a) Grants, Donations and other income - unrestricted</b>		
People's Postcode Lottery	-	350,000
Pinsent Masons pro-bono fees	2,600	6,653
Eversheds pro-bono fees	-	7,125
Fundraising and gift aid donations	35,446	16,792
	<u>38,046</u>	<u>380,570</u>
<b>(b) Investment Income</b>		
Unrestricted	7,833	7,120
Restricted	-	-
	<u>7,833</u>	<u>7,120</u>
<b>(c) Small Scale Capital Development - restricted</b>		
Lord Mayor of Birmingham Charity	-	1,000
Lymoges Trust	-	1,500
BHSF	-	534
Arts Council England	150,000	135,468
	<u>150,000</u>	<u>138,502</u>

### 3. Income from Charitable Activities

#### (a) Grants, Donations and other income - unrestricted

	2023	2022
	£	£
Arts Council England	752,748	752,746
Other Income	113,529	134,224
	<u>866,277</u>	<u>886,970</u>

#### (b) Grants, Donations and other income - restricted

##### General Projects - Covid 19 support

	2023	2022
	£	£
Arts Council England - Culture Recovery Funds	-	270,574
Job Retention Scheme	-	5,512
Birmingham City Council	-	24,000
BFI	-	3,000
Other	-	11,400
	<u>-</u>	<u>314,486</u>

##### General Projects - other

	2023	2022
	£	£
Arts Council England	56,435	65,471
Spirit of 2012	-	32,144
National Foundation for Youth Music	145,022	165,124
Esmée Fairbairn Foundation	-	35,000
People's Postcode Lottery	600,000	500,000
Anonymous	199,150	-
Other Projects	124,085	26,249
	<u>1,124,692</u>	<u>823,988</u>

#### Total grants, donations and other income - restricted

<u>1,124,692</u>	<u>1,138,474</u>
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### 4. Income from Arts Activities

	2023	2022
	£	£
Cinema	220,519	158,137
Learning and Participation	660,442	405,762
Visual Arts	99,433	12,309
Productions and Performances	245,828	255,095
Other Income	102,688	64,852
	<u>1,328,910</u>	<u>896,155</u>

All income generated from Arts Activities for the 2023 and 2022 year relates to unrestricted funds.

## 5. Income from Trading Operations

The charitable company owns 100% of the share capital of Midland Arts Centre Trading Limited which provides catering services, event sales, venue hires and retail activities. The trading results and net asset position of the company for the year ended 31 March 2023 are as follows:

	2023 £	2022 £
<b>Turnover</b>	2,004,277	1,063,197
Cost of sales	(453,210)	(229,421)
<b>Gross (loss)/profit</b>	<u>1,551,067</u>	<u>833,776</u>
Staff costs	(729,109)	(591,618)
Other operating costs	(210,654)	(150,083)
Transactions with parent company:		
Facility fee payable	(349,992)	-
Technical and customer services support recharged	(59,608)	(3,158)
Covenanted profit transferred under gift aid	<u>(201,704)</u>	<u>(66,920)</u>
<b>Operating (loss)/profit</b>	-	21,997
Tax on profit on ordinary activities	-	-
Retained in subsidiary	<u>-</u>	<u>21,997</u>
<b>The assets and liabilities of the subsidiary at 31 March were:</b>		
Net current assets	<u>100</u>	<u>100</u>
<b>Total net assets</b>	<u>100</u>	<u>100</u>
<b>Aggregate share capital and reserves</b>	<u>100</u>	<u>100</u>

During the year, Midlands Arts Centre Trading Limited made sales of £23,207 (2021: £18,390) to the parent company.

## 6. Total Expenditure

	Cinema	Learning and participation	Visual Arts	Performing Arts	Designated	Other Restricted Projects	Restricted Building Projects	Trading operations	Exceptional Items	2022/23 Total	2021/22 Total
	£	£	£	£	£	£	£	£	£	£	£
<b>Costs directly allocated to activities</b>											
Staff costs, travel and subsistence	170,595	645,804	155,921	150,819	-	155,403	-	670,376	-	1,948,918	1,706,012
Payments relating to artists	160,149	26,741	55,011	133,706	-	459,341	-	-	-	834,948	710,605
Materials and consumables	6,362	52,096	63,072	2,268	-	66,265	-	540,769	-	730,832	531,834
Communications	10,493	26,025	9,707	9,962	-	1,097	-	-	-	57,284	61,479
IT systems providing direct arts support	-	-	-	-	-	-	-	-	-	-	30,252
Administration	17,191	47,751	13,052	14,138	-	50,831	-	182,379	-	325,341	229,211
Small Scale Building Project Cost	-	-	-	-	-	-	-	-	-	-	-
<b>Total direct costs</b>	<b>364,790</b>	<b>798,417</b>	<b>296,763</b>	<b>310,893</b>	<b>-</b>	<b>732,937</b>	<b>-</b>	<b>1,393,524</b>	<b>-</b>	<b>3,897,323</b>	<b>3,269,394</b>
<b>Support costs allocated to activities</b>											
Premises and services costs	-	-	-	-	-	-	-	-	-	-	6,582
Building running costs	34,836	93,151	31,352	29,923	-	60,286	9,828	71,017	-	330,393	528,086
HR and administration	17,170	45,913	15,453	14,749	-	29,714	-	35,003	-	158,002	43,020
IT & Finance	48,630	130,034	43,766	41,772	-	84,156	-	99,135	-	447,493	196,085
Governance	4,036	10,792	3,632	3,467	-	9,075	-	17,254	-	48,256	39,049
Operations and planning	62,585	167,350	56,325	53,758	7,990	108,306	-	127,583	-	583,897	416,643
<b>Total support costs</b>	<b>167,257</b>	<b>447,240</b>	<b>150,528</b>	<b>143,669</b>	<b>7,990</b>	<b>291,537</b>	<b>9,828</b>	<b>349,992</b>	<b>-</b>	<b>1,568,041</b>	<b>1,229,466</b>
<b>Exceptional Items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>415,864</b>	<b>415,864</b>	<b>-</b>
<b>Total costs - 2022-23</b>	<b>532,047</b>	<b>1,245,657</b>	<b>447,291</b>	<b>454,562</b>	<b>7,990</b>	<b>1,024,474</b>	<b>9,828</b>	<b>1,743,516</b>	<b>415,864</b>	<b>5,881,229</b>	<b>-</b>
<b>Total costs - 2021-22</b>	<b>353,335</b>	<b>855,953</b>	<b>328,819</b>	<b>638,550</b>	<b>-</b>	<b>1,325,925</b>	<b>-</b>	<b>996,277</b>	<b>-</b>	<b>-</b>	<b>4,498,859</b>

£1,919,052 (2022: £1,325,925) of the above costs were attributable to restricted funds. £3,962,177 (2022: £3,172,934) of the above costs were attributable to restricted funds.

Except for where costs can be directly allocated to activity headings, the method of apportionment of costs to activity headings is based, mostly, on activity levels. Actual income generated in the year has been used to indicate levels of activity.



## 7. Charitable Expenditure

Expenditure includes:	2023 £	2022 £
Auditors' remuneration		
- in respect of audit of the Charity	21,580	12,550
- in respect of audit of the Charity's subsidiary company	4,825	2,750
- for specialist advice (all parent Charity)	6,125	11,565
Depreciation – owned assets	<u>77,986</u>	<u>80,319</u>

## 8. Staff Costs

The aggregate staff costs of the charitable group were:

	2023 £	2022 £
Wages and salaries	2,506,655	2,027,237
Social security costs	180,685	132,496
Pension costs	<u>43,505</u>	<u>36,872</u>
	<u>2,730,845</u>	<u>2,196,605</u>

Holiday pay of £9,711 (2022: £6,498) is included in provisions.

The charity contributed to the Pension Scheme for Administrative and Technical Staff in the Arts during the year, which is a defined benefit scheme. This scheme is closed to new members and in March 2023 the charity exited from the scheme (refer to note 23 for further details). The company has also established a defined contributed scheme with NEST.

### Higher Paid Staff

	2023 Number	2022 Number
The number of employees whose remuneration fell within the band £70,000 to £79,999	<u>1</u>	<u>1</u>

No other employees were paid remuneration of more than £60,000 in current or previous year.

### Trustees' and key management personnel remuneration and expenses

No trustee received reimbursed expenses during the year. (2022: £Nil)

The total amount of employee benefits received by key management personnel is £259,066 (2022: £261,664). Key management personnel are set out on page 30 of this report.

### Average number of employees

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

	2023 Number	2022 Number
Business and administration staff – Full time	30	28
Business and administration staff – Part time	48	57
Arts team – Full time	5	5
Arts team – Part time	59	68
Catering, bar and events staff - Full time	18	55
Catering, bar and events staff - Part time	36	n/a
	<u>196</u>	<u>213</u>

Until 2023, catering, bar and events staff were not analysed between full and part time.

### 9. Tangible Fixed Assets

Consolidated and Company	Leasehold land and buildings £	Leasehold Improvements £	Fixtures and fittings. £	Computers £	Total £
<b>Cost</b>					
At 1 April 2022	973,000	1,164,374	483,533	169,398	2,790,305
Additions	-	288,720	95,449	11,148	395,317
Disposals	-	-	-	-	-
At 31 March 2023	<u>973,000</u>	<u>1,453,094</u>	<u>578,982</u>	<u>180,546</u>	<u>3,185,622</u>
<b>Depreciation</b>					
At 1 April 2022	-	126,915	431,886	144,020	702,821
Charge for year	9,828	29,223	25,837	13,098	77,986
Disposals	-	-	-	-	-
At 31 March 2023	<u>9,828</u>	<u>156,138</u>	<u>457,723</u>	<u>157,118</u>	<u>780,807</u>
<b>Net book values</b>					
At 31 March 2023	<u>963,172</u>	<u>1,296,956</u>	<u>121,259</u>	<u>23,428</u>	<u>2,404,815</u>
At 31 March 2022	<u>973,000</u>	<u>1,037,460</u>	<u>51,645</u>	<u>25,378</u>	<u>2,087,483</u>

### 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 and financial position of the subsidiary undertaking are set out in note 5.

## 11. Stock

	Consolidated		Company	
	2023	2022	2023	2022
	£	£	£	£
Catering and bar stocks	16,634	15,853	-	-
Retail Stock	42,820	12,332	33,425	-
	<u>59,454</u>	<u>28,185</u>	<u>33,425</u>	<u>-</u>

## 12. Debtors

	Consolidated		Company	
	2023	2022	2023	2022
	£	£	£	£
<b>Amounts falling due within one year</b>				
Due from subsidiary undertaking	-	-	435,134	214,994
Other debtors	148,783	119,782	49,067	31,986
VAT repayable	-	-	140,971	-
Prepayments	73,222	101,573	72,449	97,122
Accrued income	199,005	125,551	191,265	125,551
	<u>421,010</u>	<u>346,905</u>	<u>888,886</u>	<u>469,652</u>

## 13. Creditors

	Consolidated		Company	
	2023	2022	2023	2022
	£	£	£	£
<b>Amounts falling due within one year</b>				
Trade creditors	207,376	201,903	125,644	133,612
VAT, other taxation and social security	81,654	23,971	-	23,971
Other creditors	48,336	33,223	48,336	33,223
Accruals	116,517	120,933	93,102	104,447
Deferred income	189,958	198,676	187,284	189,391
Pension liability	-	93,384	-	93,384
	<u>643,841</u>	<u>672,091</u>	<u>454,366</u>	<u>578,027</u>

## 14. Operating Lease Commitments

The total minimum lease payments due by the charitable company at 31 March 2023 in respect of non-cancellable operating leases are as follows:

	Consolidated		Company	
	Other operating leases		Other operating leases	
	2023	2022	2023	2022
	£	£	£	£
Within one year	12,752	11,883	12,752	11,883
Within one and two years	4,445	15,009	4,445	15,009
Within two to five years	6,668	5,346	6,668	5,346
	<u>23,865</u>	<u>32,238</u>	<u>23,865</u>	<u>32,238</u>

## 15. Restricted Funds (Charity and Group)

	Capital Development £	Small Scale Capital Development Project £	MAC Sustainability Fund £	Projects (note 16) £	Total £
<b>At 1 April 2022</b>	973,000	775,776	1,440,070	1,139,770	4,328,616
<b>Incoming resources</b>					
Incoming resources (note 2,3)	-	150,000	-	1,124,692	1,274,692
<b>Resources expended</b>					
Amortisation	(9,828)	-	-	-	(9,828)
Arts activities	-	-	-	(1,024,475)	(1,024,475)
Exceptional Item	-	-	(884,749)	-	(884,749)
Transfers	-	-	-	-	-
<b>At 31 March 2023</b>	963,172	925,776	555,321	1,239,987	3,684,256

The Capital Development Fund matches the lease premium (notional value) of the 99 year lease currently held by MAC from Birmingham City Council.

The Small Scale Capital Development Project represents capital grants received for minor capital works.

The MAC Sustainability Fund (previously known as "Endowment Funds") is available to support MAC in financing any costs of an exceptional nature.

The Restricted Projects comprise restricted funds provided by a large number of donors and funders. They are utilised in accordance with their specific purposes throughout the year.

### Comparison to financial year ended 31 March 2022

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

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

	1 April 2022 £	Incoming resources £	Resources expended £	31 March 2023 £
National Foundation for Youth Music Youth music inclusion programme working with children and young people in challenging circumstances	54,936	145,022	(125,972)	73,986
Covid - 19 Support funds*	23,453	-	(23,453)	-
Other Projects**	1,061,381	979,670	(875,050)	1,166,001
<b>Total</b>	<b>1,139,770</b>	<b>1,124,692</b>	<b>(1,024,475)</b>	<b>1,239,987</b>

\* Refer to note 3 for list of supporters

\*\* Includes sums from a range of supports including The Roughley Trust, The Saintbury Trust, The John Feeney Charitable Trust, The Rowlands Trust, Anonymous Foundation, Spirit of 2012, Film Hub Midlands, The Grimmitt Trust, Southbank Centre, M K Rose Charitable Trust towards commissions, productions, exhibitions and events as part of MAC's longer range artistic programme.

## Comparison to financial year ended 31 March 2022

	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
<b>Total</b>	<b>1,327,221</b>	<b>1,138,474</b>	<b>(1,325,925)</b>	<b>1,139,770</b>

## 17. Unrestricted Funds (Consolidated and Company)

	General Funds £	Designated Funds £	Pension Funds £	Total £
At 1 April 2022	685,056	350,000	(445,540)	589,516
Net incoming resources before transfers	2,508	(7,990)	445,540	440,058
Transfer of funds	42,010	(42,010)	-	-
At 31 March 2023	729,574	300,000	-	1,029,574

The designated funds have been identified by the Directors as being necessary to ensure that MAC's building is maintained to a good standard.

The pension funds reflected the pension deficit associated with MAC's previous defined benefits pension scheme. Further details on the pension scheme are provided in note 23.

### Comparison to financial year ended 31 March 2022

	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

## 18. Analysis of Group Net Assets Between Funds

	Unrestricted Funds Consolidated £	Restricted Funds Consolidated £	Total Funds £
Fund balances at 31 March 2023 are represented by:			
Fixed assets	515,867	1,888,948	2,404,815
Stock	59,454	-	59,454
Debtors	421,010	-	421,010
Cash at bank and in hand	677,084	1,795,308	2,472,392
Creditors	(643,841)	-	(643,841)
Provisions / Pensions	-	-	-
	<u>1,029,574</u>	<u>3,684,256</u>	<u>4,713,830</u>

### Comparison to financial year ended 31 March 2022

	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>589,517</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:

## 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.

	2023 £	2022 £
<b>Gross incoming resources</b>	3,933,410	3,558,238
Total expenditure on charitable activities	(3,673,593)	(3,463,533)
Governance costs	(48,255)	(39,049)
Exceptional Items	(415,864)	-
<b>Net (outgoing)/incoming resources for the year</b>	(204,302)	55,657
Total funds brought forward	4,918,132	4,862,475
<b>Total funds carried forward</b>	<u>4,713,830</u>	<u>4,918,132</u>
<b>Represented by:</b>		
Unrestricted funds	729,574	685,056
Designated funds	300,000	350,000
Restricted funds	3,684,256	4,328,616
Pension funds	-	(445,540)
	<u>4,713,830</u>	<u>4,918,132</u>

## 20. Other Lease Commitments

The charitable company has the commitment to pay a peppercorn rent expiring after more than 5 years on the leasehold, land, and buildings at Cannon Hill Park.

## 21. Contingent Liabilities

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 481 to 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 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)**

This is a multi-employer defined benefit scheme in the UK. The scheme was historically accounted for as a defined contribution scheme by MAC as insufficient information was available for it to be treated as a defined benefit 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'. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme. MAC had previously accounted for their share of the deficit based on the discounted future deficit contributions payable.

In January 2023 the Trustees of MAC served the PSATSA Pension Fund Trustee with formal notice they wished to trigger a section 75 exit from the pension fund. An exit payment of £827,000 together with associated costs of the Pension Fund of £39,890 was subsequently paid to the Pension Fund in March 2023 thereby fully eliminating any liability associated with this historic benefit pension scheme. MAC also incurred legal and advisory fees of £17,829 which brought the total cost of exiting from the Pension Fund to £884,719.

Given the significance of this transaction, which affects multiple elements of the Consolidated Statement of Financial Activities, the Balance Sheet, and the Consolidated Cash Flow Statement, it has been shown as an exceptional item in the Statement of Financial Activities. The net one-off impact of this transaction is an exceptional charge of £415,864 in Statement of Financial Activities for the year ended 31 March 2023. The calculation of this exceptional charge is detailed further below.

**PRESENT VALUES OF PROVISION**

	2023	2022
	£	£
Present value of provision	-	93,384
Pension liability due in a year	-	375,501
Pension liability due after a year	-	468,885
Present value of provision	-	468,885

**Reconciliation of opening and closing provisions**

	Period Ending 31 March 2023
	£
Provision at start of period	468,885
Deficit contribution paid	(88,437)
Payment of residual liability on exit from the scheme	(380,448)
Provision at end of period	-

**Statement of Financial Activities impact**

	Period Ending 31 March 2023
	£
Release of pension liability at the start of the period	(468,885)
Buy-out of pension liability	827,000
Legal fees and other expenses in exiting the scheme	57,749
Amount recognised as an exceptional item	415,864

**Assumptions**

	31 March 2023	31 March 2022
	% per annum	% per annum
Rate of interest	not applicable	2.4%

**24. Members**

The charity is incorporated as 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 they are a member, or within one year after they cease to be a member, for the payment of the debts and liabilities of the company contracted before they cease 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 £1.

The number of members at 31 March 2023 was 18 (2022:15).

## **25. Related Parties Transactions**

A number of 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 (FRS102), and of Financial Reporting Standard 102, and consider that the transactions requiring disclosure are as follows:

- a. Linda Jones, Trustee, is a partner of Pinsent Masons LLP, a firm the charity used in the year ending 31 March 2023 for the provision of specialist advice in relation to negotiation of the building lease with Birmingham City Council. Pro-bono fees donated by Pinsent Masons are disclosed in note 2 to the accounts.
- b. Owen Dutton, Trustee is a Legal Director of Eversheds Sutherland, a firm the Charity has a corporate sponsorship arrangement with.

Transactions with the charity's totally owned subsidiary, Midlands Arts Centre Trading Ltd, are disclosed in note 5 to the accounts, and the balances owed to or due from the company are disclosed in note 12.

## **26. Ultimate Controlling Party**

MAC is controlled by its Board of Trustees.