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MIDLANDS ARTS CENTRE
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
3 April 2005


Clement Keys
CHARTERED ACCOUNTANTS



MIDLANDS ARTS CENTRE

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 3 April 2005

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OFFICERS AND OTHER INFORMATION

Directors and Trustees **The Directors and Trustees are listed on page 4.**

Secretary **E Hart**

Registered company number **718349**

Registered charity number **528979**

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

Bankers **HSBC plc
130 New Street
Birmingham B2 4JU**

Auditors **Clement Keys
Chartered Accountants
39/40 Calthorpe Road
Birmingham
B15 1TS**

Chair's Report 2004/2005

The past twelve months have been immensely busy and productive for **mac**. Significant progress on the **mac/sampad** Building project has seen us looking to the future of **mac**, while an increase in the size of our audiences have demonstrated that we are succeeding in meeting the current needs of our supporters, too.

In 2003 we marked **mac**'s 40th birthday, and looked back over all that had been achieved since John English and Mollie Randle first unveiled their dream for an arts centre for Birmingham; our focus now is on securing **mac**'s future for generations to come. Central to this is the urgent need to repair, upgrade and extend our facilities. During 2004/05 members of staff from across the whole organisation worked with our partners at **sampad**, and the Design Team, to test, refine, and improve the plans for the necessary improvements to **mac**. A substantial amount of work was squeezed into an intensive period of a few months, fuelled by our shared passion to get the plans right and make the most of this unique opportunity to improve the facilities at **mac**. As the year closed we were within sight of the conclusion of Stage D, and the submission of our formal application for planning permission. This is a significant achievement, and I would like to take this opportunity to thank all the staff, board members and the Design Team for their hard work over this period.

A significant amount of work remains to bring the plans to life, not least the continued search for the full £22 million budget required for this project. During the course of the past year Birmingham City Council confirmed their intention to support the project with at least £3.5 million: we are immensely grateful to them for this continued support and confidence in our plans.

I would also like to take this opportunity to thank the funders who support our annual programme. Birmingham City Council and Arts Council England remain our two largest funders, and we are immensely grateful to them for their continued support and collaboration. Screen West Midlands continues to provide enabling funding for our cinema programme.

Financially this has been a positive year for **mac**. We have reported a very small deficit of £4,969 which, with an annual turnover of £2,974,294 and reserves of £198,033, represents a healthy out-turn for the year. Overall our ticketed attendance is up 4% this year, and income has grown by 5%. Within this figure we have been particularly pleased by a substantial increase in cinema attendance and income: having weathered several years of intense competition in the sector over the past five years we are delighted that both income and attendance are up by 16%, once again bucking trends in the sector.

Our unique programme can only flourish with the support of a number of trusts and grant-making bodies who fund specific projects at **mac**. I would like to take this opportunity to thank these vital supporters for their continued faith in us. A full list appears elsewhere in this report, but I would like to give particular thanks to the Roughley and, Bryant Trusts for their continued and longstanding support, and to Youth Music for their substantial funding of the groundbreaking *Un-Earth* production at **mac** in July 2004.

mac's success has always been built on strong and productive partnerships. This year we have continued to work closely with **sampad**, who were founded here at **mac** and continue to call the centre home, both on the Building project and on our year-round artistic programme. Our long-standing partnership with World Unlimited on our international music programme went from strength to strength this year, most obviously with a fantastically successful Sounds in the Round season; and our programming partners Birmingham Jazz continue to attract loyal audiences for jazz here at **mac**. **mac** Productions worked closely with The Resurrectionists theatre company in 2003 and into 2004 to create the innovative and unforgettable *Un-Earth*. The production wove true stories from Birmingham-based Bosnian refugees into a visceral, moving production involving schoolchildren, an amateur community cast, and professional actors, musicians and company here at **mac** in July.

Finally I would like to thank my fellow board members, and the entire staff team at **mac**, for their dedication, hard work, and loyalty over the past year. They have kept focused on our core business while putting energy and resources into the development project.

As we look over another busy and successful year I am delighted that **mac** is in a strong position, with increased ticket sales, renewed support from our key funders, and a dynamic plan for our future.

Anita Bhalla

26 July 2005

DIRECTORS' AND TRUSTEES' REPORT

The Directors present their Annual Report together with the Financial Statements for the year ended 3 April 2005.

PRINCIPAL ACTIVITY AND REVIEW OF YEAR

Midlands Arts Centre, (also known as **mac**) a company limited by guarantee and registered as a charity, is governed by its memorandum and articles of association. **mac** continued to operate in accordance with its charitable objectives by the production, promotion, education in and appreciation of the arts. In doing so it sought to serve the needs of, and provide opportunities for, all sections of the community including young people, people with special needs, those culturally disadvantaged and minority groups.

The net outgoing resources for the year amounted to £16,722 (2004 net outgoing £49,608) and the movement on general, designated and restricted funds is shown in the consolidated statement of financial activities.

A full review of the financial performance for the year and of future prospects is set out in the Chair's Report on page 2.

Midlands Arts Centre Trading Limited is the trading subsidiary. Its principal activity is providing catering services from **mac's** premises.

DIRECTORS

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

John Alden (Appointed 27/09/04)
Viv Astling
Anita Bhalla (Chair)
Claire Cochrane
Emily Cox (Appointed 27/09/04)
Rod Dungate (Vice Chair)
Andrew Howell (Resigned 27/09/04)
James Hutchings (Resigned 27/09/04)
David Jepson (Appointed 27/09/04)
Mary Martin
Bryan Knott (Resigned 27/09/04)
Wanjiku Nyachae (Resigned 10/05/05)
Roger Shannon
Shaila Sharif
John Smith
Natalie Wint

Claire Cochrane, Rod Dungate and John Smith will retire by rotation at the AGM and, being eligible, offer themselves for re-election.

All directors of the company are trustees of the charity.

Members of the Board are elected at general meeting. The Board has authority to fill vacancies arising during the year. Up to three members of the Board can be nominated by Birmingham City Council.

The company maintains an indemnity insurance for its directors and officers.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Board of Directors (the Trustees) meet on a regular basis. The Directors delegate the day to day running of the company to the Chief Executive who is assisted by a management team. They are:

| | |
|-----------------|-------------------------------------|
| Dorothy Wilson | Director and Chief Executive |
| Ed Hart | Finance and Administration Director |
| Frances Longley | Communications Director |
| Michelle Draine | Operations Director |

Financial Regulations have been established and approved by the Board of **mac**. They are intended to set out the working arrangements by which the Board gives effect to its statutory financial responsibilities, and to its management powers as defined in paragraphs 39 to 41 of the Articles of Association adopted by Special Resolution on 7 November 1990. Further they provide details of powers delegated to the Director and Managers of the Company by the Board in accordance with paragraphs 52 to 53 of these Articles of Association, and to its responsibilities under paragraphs 56 to 59 of these Articles of Association relating to Accounts and Audit.

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

mac is a member of the following organisations, with which it cooperates in the pursuit of its charitable objectives:

- Audiences Central
- Birmingham Arts IT Ltd
- Theatrical Management Association (TMA)

OBJECTIVES AND ACTIVITIES

mac's programme will build on its established reputation to:

- Provide a framework, in the context of high quality incoming national and international exhibitions, for the work of the best and most promising of the region's photographers, fine artists and craftspeople, including touring it nationally and internationally. **mac** will embed its position and reputation as the foremost provider of contemporary crafts exhibitions in Birmingham and as a regional leader, and Birmingham's main venue, for regular photography exhibitions.
- Deepen engagement with the already nationally acclaimed programme of high quality physical, visual, non-text based, multi-media, non-narrative theatre and dance companies and enhance the programmes by commissioning new work which further explores the relationship between the simultaneity of the digital age and the analogue experience of the human body.
- Focus in programming on artists involved in new interpretations and developments in jazz, electronic, traditional and world music.
- Increase **mac's** visibility as a national leader in the development, production and promotion and touring of high quality and energetic work for children and young people, through children's theatre, dance and puppetry and through the quality and excitement of our production work with young people.
- Enrich the adventurous and unique style of **mac's** own professional theatre productions and their integration of narration, commissioned music and songs, and striking visual designs.
- Continue to encourage the development of reading and writing activities and the celebration of literature events.
- Extend the stimulation of new life long learning opportunities linked to our presentational programmes.
- Further the development of cross-media links to our new literature programme and to the

cinema programmes.

- Excite and extend new community involvement in production through our award winning programmes linking them to community celebrations and appropriate city events.
- Highlight the distinctiveness of our cinema programmes by researching, identifying and making available the best of world cinema together with contemporary classic films, as well as those of the past, exploring creative links with other areas of **mac's** programme.
- Deepen and extend existing, and make new opportunities for, festivals and seasons in the programme which create points of concentrated artistic intensity and allow for the presentation of work which is particularly challenging, innovative and uncompromising.

RISK MANAGEMENT

A risk analysis of the financial operations of **mac** has been conducted. As part of **mac's** ongoing work, a comprehensive risk analysis of the whole company will be undertaken, with appropriate actions identified. A further risk analysis is in place in respect of the **mac/sampad** Building Project.

RESERVES POLICY

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

The Restricted fund represents money given to **mac** for specific capital and project work. The balance as at 3 April 2005 of £1,667,633 is made up of a deficit of £69,407 in respect of a capital development project, £1,480,654 capital grants and donations in respect of buildings, improvements to buildings and assets belonging to **mac** to be funded over their expected life span, and £256,386 grants and donations received in respect of specific arts projects. The deficit on the capital development project represents costs that have been incurred in advance of the receipt of previously committed funding.

The Designated funds represent sums that the Trustees have approved to be set aside for capital and project work that has a projected lifespan in excess of a single financial year. The balance as at 3 April 2005 is £16,865

The Trustees' policy in respect of the monies held in the General Fund is influenced by:

- Forecast of levels of income in the ensuing year
- Forecast for expenditure in the ensuing year on the basis of planned activity
- An analysis of any future needs, opportunities, contingencies or risks, the effects of which are not likely to be met from planned expenditure.

The General fund policy is to be reviewed in the context of a report on this issue due to be published in the coming year by Arts Council England.

TRUSTEES' RESPONSIBILITIES

The trustees are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group and the incoming resources and application of resources, including the net income or expenditure, of the group for the year. In preparing those financial statements, the trustees are required to:

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

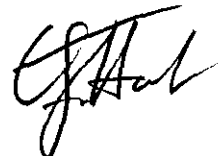
The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and the group and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BY ORDER OF THE BOARD



A Bhalla
CHAIR

26 July 2005



E Hart
SECRETARY

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MIDLANDS ARTS CENTRE

We have audited the financial statements for the year ended 3 April 2005 set out on pages 10 to 23 and which comprise the Consolidated Statement of Financial Activities, the company and group Balance Sheet, the Consolidated Cashflow Statement and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are requested to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditors

The trustees' (who are also the directors of Midlands Art Centre for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards as set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1995. We also report to you if, in our opinion, the Trustees' Annual Report is not consistent with the financial statements, if the charity and group has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charity and group is not disclosed.

We read other information contained in the trustees' Annual Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's and group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the charity's and group's affairs as at 3 April 2005 and of the group's incoming resources and application of resources, including its income and expenditure in the year then ended and have been properly prepared in accordance with the Companies Act 1985.


CLEMENT KEYS

CHARTERED ACCOUNTANTS AND REGISTERED AUDITOR
Birmingham

26 July 2005

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES for the year ended 3 April 2005

| | Notes | 2005 | | Restricted | Total | 2004 Total |
|---|-------|------------------------------|-----------------|------------------|------------------|------------------|
| | | Unrestricted General £ | Designated £ | £ | £ | £ |
| INCOME AND EXPENDITURE | | | | | | |
| INCOMING RESOURCES | | | | | | |
| Donations, legacies and other similar incoming resources | 2 | 1,412,397 | - | 494,417 | 1,906,814 | 1,584,609 |
| <i>Activities in furtherance of charitable objectives</i> | | | | | | |
| Community fund grant | | | - | - | - | 476,917 |
| Income from Arts activities | | 898,904 | - | - | 898,904 | 1,060,897 |
| Project grants | 3 | | - | 194,845 | 194,845 | 222,698 |
| <i>Activities for generating funds</i> | | | | | | |
| Commercial trading operations | | 657,541 | - | - | 657,541 | 649,334 |
| Bank interest receivable | | <u>5,452</u> | <u>-</u> | <u>-</u> | <u>5,452</u> | <u>4,286</u> |
| Total incoming resources | | <u>2,974,294</u> | <u>-</u> | <u>689,262</u> | <u>3,663,556</u> | <u>3,998,741</u> |
| <i>Less cost of generating funds</i> | | | | | | |
| Commercial trading operations | 4 | <u>(554,065)</u> | <u>-</u> | <u>-</u> | <u>(554,065)</u> | <u>(523,950)</u> |
| Net incoming resources available for charitable application | | <u>2,420,229</u> | <u>-</u> | <u>689,262</u> | <u>3,109,491</u> | <u>3,474,791</u> |
| CHARITABLE EXPENDITURE 5 | | | | | | |
| <i>Costs of activities in furtherance of charitable objectives</i> | | | | | | |
| Arts activities | | 763,012 | - | 141,310 | 904,322 | 1,219,495 |
| Support costs | | 976,299 | - | 459,709 | 1,436,008 | 1,677,408 |
| Management and administration | 7 | <u>685,887</u> | <u>-</u> | <u>99,996</u> | <u>785,883</u> | <u>627,496</u> |
| Total charitable expenditure | | <u>2,425,198</u> | <u>-</u> | <u>701,015</u> | <u>3,126,213</u> | <u>3,524,399</u> |
| Total resources expended | 8 | <u>2,979,263</u> | <u>-</u> | <u>701,015</u> | <u>3,680,278</u> | <u>4,048,349</u> |
| Net movement in funds – net income/ (expenditure) for the year | | (4,969) | - | (11,753) | (16,722) | (49,608) |
| Transfer between funds | | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | | (4,969) | - | (11,753) | (16,722) | (49,608) |
| Total funds forward | | <u>203,002</u> | <u>16,865</u> | <u>1,679,386</u> | <u>1,899,253</u> | <u>1,948,861</u> |
| Total funds carried forward | | <u>198,033</u> | <u>16,865</u> | <u>1,667,633</u> | <u>1,882,531</u> | <u>1,899,253</u> |

All activities of the group are continuing.

The group has no recognised gains and losses other than the deficit above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the deficit on ordinary activities and the deficit for the year stated above, and their historical cost equivalents.

BALANCE SHEET

as at 3 April 2005

| | Notes | Consolidated 2005 £ | 2004 £ | Company 2005 £ | 2004 £ |
|--|-------|---------------------------|------------------|----------------------|------------------|
| FIXED ASSETS | | | | | |
| Tangible fixed assets | 9 | 1,711,578 | 1,817,167 | 1,711,578 | 1,817,167 |
| Investment in subsidiary undertaking | 10 | - | - | 100 | 100 |
| | | <u>1,711,578</u> | <u>1,817,167</u> | <u>1,711,678</u> | <u>1,817,267</u> |
| CURRENT ASSETS | | | | | |
| Stocks | 11 | 10,768 | 10,922 | - | - |
| Debtors | 12 | 404,668 | 317,354 | 454,243 | 345,062 |
| Cash at bank and in hand | | <u>264,586</u> | <u>188,557</u> | <u>197,071</u> | <u>154,151</u> |
| | | <u>680,022</u> | <u>516,833</u> | <u>651,314</u> | <u>499,213</u> |
| CREDITORS amounts falling due within one year | 13 | <u>509,069</u> | <u>434,747</u> | <u>480,461</u> | <u>417,227</u> |
| NET CURRENT ASSETS | | <u>170,953</u> | <u>82,086</u> | <u>170,853</u> | <u>81,986</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>1,882,531</u> | <u>1,899,253</u> | <u>1,882,531</u> | <u>1,899,253</u> |
| Represented by: | | | | | |
| RESTRICTED FUNDS | 14 | 1,667,633 | 1,679,386 | 1,667,633 | 1,679,386 |
| UNRESTRICTED FUNDS | | | | | |
| Designated Funds | 15 | 16,865 | 16,865 | 16,865 | 16,865 |
| General Funds | | <u>198,033</u> | <u>203,002</u> | <u>198,033</u> | <u>203,002</u> |
| | 16 | <u>1,882,531</u> | <u>1,899,253</u> | <u>1,882,531</u> | <u>1,899,253</u> |

The financial statements on pages 10 to 23 were approved by the Board of Directors on 26 July 2005 and signed on its behalf by :



A BHALLA - Chair

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 3 April 2005

| | Notes | 2005 £ | 2004 £ |
|--|-------|-----------------|------------------|
| Reconciliation of net incoming resources to net cash flow from operating activities | | | |
| Net outgoing resources | | (16,722) | (49,608) |
| Depreciation charges | | 129,633 | 129,049 |
| Loss on disposal of fixed assets | | - | 260 |
| Net interest | | (5,452) | (4,979) |
| Decrease/(increase) in stock | | 154 | (1,296) |
| Increase in debtors | | (87,314) | (115,206) |
| Increase/(decrease) in creditors | | <u>74,322</u> | <u>(26,546)</u> |
| Net cash outflow from operating activities | | <u>94,621</u> | <u>(68,326)</u> |
| CASH FLOW STATEMENT | | | |
| Net cash inflow/(outflow) from operating activities | | 94,621 | (68,326) |
| Returns on investments and servicing of finance | (a) | 5,452 | 4,979 |
| Capital expenditure | 9 | <u>(24,044)</u> | <u>(39,976)</u> |
| Increase/(decrease) in cash | (b) | <u>76,029</u> | <u>(103,323)</u> |

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the year ended 3 April 2005

| (a) Returns on investment and servicing of finance | 2005 | 2004 |
|---|--------------|--------------|
| | £ | £ |
| Interest received | 5,452 | 4,979 |
| Interest paid | - | - |
| Interest net | <u>5,452</u> | <u>4,979</u> |

| (b) Increase in cash | 2005 | 2004 |
|------------------------------|----------------|------------------|
| | £ | £ |
| Balance at beginning of year | 188,557 | 291,880 |
| Net cash outflow (note c) | <u>76,029</u> | <u>(103,323)</u> |
| Balance at end of year | <u>264,586</u> | <u>188,557</u> |

(c) Reconciliation of net cash flow to movements in net funds

| | |
|--|----------------|
| | £ |
| Increase in cash during year being change in net funds | 76,029 |
| Net funds at 28 March 2004 | <u>188,557</u> |
| Net funds at 3 April 2005 | <u>264,586</u> |

| (d) Analysis of changes in net funds | At 28 March | Cash | At 3 April |
|---|--------------------|---------------|-------------------|
| | 2004 | flows | 2005 |
| | £ | £ | £ |
| Cash at bank | <u>188,557</u> | <u>76,029</u> | <u>264,586</u> |

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 3 April 2005

1. ACCOUNTING POLICIES

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

a Basis of accounting

mac prepares its annual financial statements on the historical cost basis of accounting. They are drawn up in accordance with Section 226 of and Schedule 4 to, the Companies Act 1985, modified to comply with the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2000).

b Basis of Consolidation

Consolidated financial statements are based on the accounts of the parent company and of the subsidiary as at the balance sheet date. A separate Statement of Financial Activities for the charity itself is not presented because advantage has been taken of the exemptions afforded by section 230 of the Companies Act 1985 and paragraph 304 of SORP 2000.

c Incoming resources

Income from arts activities is included in incoming resources in the period in which the relevant activity takes place.

Grant income

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.

Investment income

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

d Resources expended

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

Expenditure which is directly attributable to specific activities and has been included in those cost categories. Certain other costs, which are attributable to more than one activity, are apportioned across cost categories on the basis of an estimate of the proportion of time spent by staff on those activities.

e Depreciation

Buildings

Amortisation has been provided on leasehold buildings with effect from 2 April 1984 to write off the expenditure over the remaining period of the lease.

Short-term leasehold improvements and fixtures, fittings and equipment

Depreciation is being provided on short-term leasehold improvements and fixtures, fittings and equipment other than computers in equal annual instalments over their estimated working life of 10 years.

Computers

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

f Capital grants

Grants and donations received for capital purposes are accounted for as restricted funds and are released to the general fund at the same rate as the amortisation or depreciation of the underlying fixed assets.

g Stocks

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

h Lease rentals

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

i Pre-production costs

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

j Pension costs

The company is a member of the Pension Schemes for Administration and Technical Staff in the Arts, a defined benefit scheme. Contributions are charged to the income and expenditure account in accordance with the rates advised by the Scheme Actuary. It also contributes on behalf of individual employees into a further two schemes.

2. DONATIONS, LEGACIES AND OTHER SIMILAR INCOMING RESOURCES

| | 2005 | 2004 |
|--------------------------------------|------------------|------------------|
| | £ | £ |
| Revenue grants – unrestricted | | |
| Arts Council England | 676,783 | 626,788 |
| Birmingham City Council | 679,606 | 666,280 |
| Screen West Midlands | 32,000 | 32,000 |
| Other | <u>24,008</u> | <u>-</u> |
| | <u>1,412,397</u> | <u>1,325,068</u> |
| Capital grants – restricted | | |
| | 2005 | 2004 |
| | £ | £ |
| Sampad | - | 3,382 |
| Learning and Skills Council | - | 1,200 |
| ERDF | - | 250,000 |
| Arts Council England | 380,100 | 4,959 |
| Birmingham City Council | <u>114,317</u> | <u>-</u> |
| | <u>494,417</u> | <u>259,541</u> |

3. PROJECT GRANTS

| | 2005 | 2004 |
|-----------------------------|----------------|----------------|
| | £ | £ |
| Statutory bodies | | |
| Arts Council England | 57,670 | 106,273 |
| Birmingham City Council | <u>30,000</u> | <u>64,112</u> |
| | <u>87,670</u> | <u>170,385</u> |
| Non statutory bodies | | |
| Bryant Trust | 30,000 | 35,000 |
| Roughley Trust | 10,000 | 5,000 |
| Saintbury Trust | - | 3,000 |
| M English Legacy | 50,000 | - |
| Screen West Midlands | 17,175 | - |
| Others | <u>-</u> | <u>9,313</u> |
| | <u>107,175</u> | <u>52,313</u> |
| Grand Total | <u>194,845</u> | <u>222,698</u> |

4. TRADING OPERATIONS

The company owns 100% of the share capital of Midlands Arts Centre Trading Limited which provides catering services to the centre. The turnover represents sales to third parties made either directly by Midlands Arts Centre Trading Limited or indirectly through Midlands Arts Centre (2005 - £67,626; 2004 - £63,055).

| | 2005 £ | 2004 £ |
|--------------------------|-------------------------|-------------------------|
| Turnover | 657,541 | 649,334 |
| Cost of sales | <u>(254,742)</u> | <u>(235,900)</u> |
| Gross profit | 402,799 | 413,434 |
| Staff costs | (248,549) | (248,975) |
| Other operating costs | <u>(50,774)</u> | <u>(39,768)</u> |
| Operating surplus | 103,476 | 124,691 |
| Bank interest receivable | <u>1,393</u> | <u>693</u> |
| Net trading income | <u>104,869</u> | <u>125,384</u> |

5. CHARITABLE EXPENDITURE

| | 2005 £ | 2004 £ |
|---|-------------------------|-------------------------|
| Expenditure includes: | | |
| Auditors' remuneration | | |
| - in respect of audit (Holding company £5,200 : (2004 £5,000) | 7,200 | 6,700 |
| - for other services (Holding company £800 : 2004 £700) | 800 | 700 |
| Operating leases – equipment | - | 1,546 |
| Depreciation – owned assets | <u>129,633</u> | <u>129,049</u> |

6. STAFF COSTS

| | 2005 | 2004 |
|--------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 1,377,478 | 1,355,044 |
| Social security | 114,620 | 87,747 |
| Pension | <u>61,747</u> | <u>59,578</u> |
| | <u>1,553,845</u> | <u>1,502,369</u> |

The company contributes to a number of pension schemes, the principal one being the Administrative and Technical Staff in the Arts Pension Scheme, which is a national scheme of the defined benefit type.

No trustee received any remuneration or reimbursed expenses during the year.

One employee earns between £50,000 and £60,000.

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

| | 2005 | 2004 |
|-----------|---------------|---------------|
| | Number | Number |
| Full time | 46 | 41 |
| Part time | <u>151</u> | <u>171</u> |
| | <u>197</u> | <u>212</u> |

7. MANAGEMENT AND ADMINISTRATION

| | 2005 | 2004 |
|------------------------|----------------|----------------|
| | £ | £ |
| Staff | 215,730 | 194,369 |
| Premises | 141,911 | 82,850 |
| Legal and professional | - | 1,030 |
| IT | 39,568 | 56,161 |
| Repairs | 48,209 | 30,949 |
| Depreciation | 113,466 | 114,070 |
| Other | <u>226,999</u> | <u>148,067</u> |
| | <u>785,883</u> | <u>627,496</u> |

8. ANALYSIS OF TOTAL RESOURCES EXPENDED

| | 2005 | | | Total |
|-------------------------------|------------------|------------------|----------------|------------------|
| | Staff costs | Other | Depreciation | |
| | £ | £ | £ | £ |
| Arts activities | 372,715 | 515,440 | 16,167 | 904,322 |
| Support costs | 716,851 | 719,157 | - | 1,436,008 |
| Management and administration | <u>215,730</u> | <u>456,687</u> | <u>113,466</u> | <u>785,883</u> |
| | 1,305,296 | 1,691,284 | 129,633 | 3,126,213 |
| Commercial trading operations | <u>248,549</u> | <u>305,516</u> | <u>-</u> | <u>554,065</u> |
| | <u>1,553,845</u> | <u>1,996,800</u> | <u>129,633</u> | <u>3,680,278</u> |

| | 2004 | | | Total |
|-------------------------------|------------------|------------------|----------------|------------------|
| | Staff costs | Other | Depreciation | |
| | £ | £ | £ | £ |
| Arts activities | 411,146 | 793,370 | 14,979 | 1,219,495 |
| Support costs | 647,879 | 1,029,529 | - | 1,677,408 |
| Management and administration | <u>194,369</u> | <u>319,057</u> | <u>114,070</u> | <u>627,496</u> |
| | 1,253,394 | 2,141,956 | 129,049 | 3,524,399 |
| Commercial trading operations | <u>248,975</u> | <u>274,975</u> | <u>-</u> | <u>523,950</u> |
| | <u>1,502,369</u> | <u>2,416,931</u> | <u>129,049</u> | <u>4,048,349</u> |

9. TANGIBLE FIXED ASSETS

| Consolidated and company | Short-term | | Fixtures and fittings | Computers | Total |
|--------------------------|---------------------|------------------------|-----------------------|---------------|------------------|
| | Leasehold buildings | leasehold improvements | | | |
| | £ | £ | £ | £ | £ |
| Cost | | | | | |
| At 28 March 2004 | 2,368,422 | 260,348 | 486,856 | 161,258 | 3,276,884 |
| Additions | - | 880 | 16,144 | 7,020 | 24,044 |
| Disposals | - | (30,099) | (141,870) | (120,038) | (292,007) |
| At 3 April 2005 | <u>2,368,422</u> | <u>231,129</u> | <u>361,130</u> | <u>48,240</u> | <u>3,008,921</u> |
| Depreciation | | | | | |
| At 28 March 2004 | 807,835 | 186,420 | 321,162 | 144,300 | 1,459,717 |
| Charge for year | 47,368 | 22,612 | 45,162 | 14,488 | 129,633 |
| Disposals | - | (30,099) | (141,870) | (120,035) | (292,007) |
| At 3 April 2005 | <u>855,203</u> | <u>178,933</u> | <u>224,454</u> | <u>38,753</u> | <u>1,297,343</u> |
| Net book values | | | | | |
| At 3 April 2005 | <u>1,513,219</u> | <u>52,196</u> | <u>136,676</u> | <u>9,487</u> | <u>1,711,578</u> |
| At 28 March 2004 | <u>1,560,587</u> | <u>73,928</u> | <u>165,694</u> | <u>16,958</u> | <u>1,817,617</u> |

The Midlands Arts Centre site, containing all the group's buildings, is held under a long lease expiring in 2037 and is not assignable without the consent of the City of Birmingham.

As at 3 April 2005, the group had no capital projects for which capital grants had been received, but orders not yet placed (2004 Nil).

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. The results of the subsidiary undertaking are set out in note 4.

11. STOCKS

| | Consolidated | | Company | |
|---------------|---------------|---------------|----------|----------|
| | 2005 | 2004 | 2005 | 2004 |
| | £ | £ | £ | £ |
| Trading stock | <u>10,768</u> | <u>10,922</u> | <u>-</u> | <u>-</u> |

12. DEBTORS

| | Consolidated | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2005 | 2004 | 2005 | 2004 |
| | £ | £ | £ | £ |
| Amounts falling due within one year | | | | |
| Due from subsidiary undertaking | - | - | 51,654 | 35,178 |
| Other debtors | 188,487 | 135,136 | 188,083 | 129,341 |
| Prepayments | 104,350 | 45,803 | 102,675 | 44,128 |
| Accrued income | <u>111,831</u> | <u>136,415</u> | <u>111,831</u> | <u>136,415</u> |
| | <u>404,668</u> | <u>317,354</u> | <u>454,243</u> | <u>345,062</u> |

13. CREDITORS

| | Consolidated | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2005 | 2004 | 2005 | 2004 |
| | £ | £ | £ | £ |
| Amounts falling due within one year | | | | |
| Trade creditors | 195,971 | 182,883 | 177,478 | 174,566 |
| Taxation and social security payable | 40,805 | 33,878 | 36,404 | 30,785 |
| Other creditors | 142,182 | 117,470 | 142,182 | 117,470 |
| Accruals | 79,902 | 85,773 | 74,188 | 79,663 |
| Deferred income | <u>50,209</u> | <u>14,743</u> | <u>50,209</u> | <u>14,743</u> |
| | <u>509,069</u> | <u>434,747</u> | <u>480,461</u> | <u>417,227</u> |

14. RESTRICTED FUNDS (Charity and group)

| | Capital Development £ | Capital grants and donations £ | Project grants £ | Total £ |
|--------------------------------|-----------------------------|---|------------------------|------------------|
| At 28 March 2004 | (104,115) | 1,580,650 | 202,851 | 1,679,386 |
| Incoming resources (notes 2/3) | 494,417 | - | 194,845 | 689,262 |
| Resources expended | (459,709) | (99,996) | (141,310) | (701,015) |
| Transfers | - | - | - | - |
| At 3 April 2005 | <u>(69,407)</u> | <u>1,480,654</u> | <u>256,386</u> | <u>1,667,633</u> |

During the year, Arts Council England provided *mac* with funding amounting to £380,100 and Birmingham City Council provided funding of £114,317, in respect of the *mac/sampad* Building Project. Expenditure on the project (other than tangible fixed assets) has not been capitalised, but is recorded as charitable expenditure, as work to date has been on the feasibility of the scheme, leading to the submission of a planning application.

15. DESIGNATED FUNDS (Charity and group)

| | Development Fund £ |
|--------------------|--------------------------|
| At 28 March 2004 | 16,865 |
| Incoming resources | - |
| Resources expended | - |
| At 3 April 2005 | <u>16,865</u> |

16. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

| | Unrestricted Funds £ | Designated Funds £ | Restricted Funds £ | Total Funds £ |
|--|----------------------------|--------------------------|--------------------------|---------------------|
| Fund balances at 3 April are represented by: | | | | |
| Fixed assets | 230,923 | - | 1,480,655 | 1,711,578 |
| Net current assets | <u>(32,890)</u> | <u>16,865</u> | <u>186,978</u> | <u>170,953</u> |
| | <u>198,033</u> | <u>16,865</u> | <u>1,677,633</u> | <u>1,882,531</u> |

17. LEASE COMMITMENTS**2005**
£**2004**
£

Annual commitments under operating leases for
office equipment expiring
within one year
within one to two years

-
-
1,030

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

18. TAX STATUS

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

19. PENSIONS

Contributions to the Pension Scheme for Administration and Technical Staff in the Arts, a defined benefit scheme, are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the charity.

At the last valuation date of 31 March 2003, using the projected unit method, the actuarial value of investments and future contributions was £6.496 million and the actuarial valuation of benefits was £6.386 million.

The scheme is a multi-employer scheme and the charity is unable to identify its share of the underlying assets and liabilities. Accordingly in compliance with FRS17 – Retirement Benefits, it has been accounted for as a defined contributions scheme. Based on the recommendations of the Actuary, employer contributions are 13½% pensionable earnings.