

Charity Registration No 518992
Company Registration No 2137427 (England and Wales)

CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
TRUSTEES' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2007



CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE

INFORMATION

Directors and Trustees	Huttson Lo Albert Cheah Louie Chow Katharine De Lisle Chns Lethbridge Cathy Butterworth Halima Cassell Fiona Candy
Co Chair	Albert Cheah Louie Chow
Vice Chair	Huttson Lo
Treasurer	Albert Cheah
Chief Executive Officer	Sarah Champion
Company Secretary	Sarah Champion
Charity Number	518992
Company number	2137427
Principal address	Market Buildings Thomas Street Manchester M4 1EU
Registered office	Market Buildings Thomas Street Manchester M4 1EU
Auditors	Bulcock & Co 10 The Bull Ring Northwich Cheshire CW9 5BS
Bankers	Royal Bank of Scotland 38 Mosely Street Manchester M60 2BW

**CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2007**

The trustees present their report and accounts for the year ended 31st March 2007 (and comparative figures for the year ended 31st March 2006)

Company status

The Chinese Arts Centre is a company limited by guarantee and not having share capital. The guarantors at 31 March 2007 are the trustees in office at that date and detailed in the trustees report on page 11. Their liability in respect of the guarantee as set out in the Memorandum of Association is limited to £1 per guarantor.

Structure, governance and management

The charity acquired registered charitable status on 24 June 1987 and is governed by its Memorandum and Articles of Association dated 6 June 1987. There were eight guarantors at the year-end.

The chair of the trustees is nominated by the board of trustees. Other trustees are appointed in accordance with the Articles of Association where the board has regard to the requirement for any specialist skill required. Any nominations are approved at a board meeting prior to formal appointment.

New trustees undergo a days training to help them understand their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision making processes, the financial projections and latest management accounts of the charity. During the day the trustee has a tour of the premises and is introduced to all employees. Trustees are encouraged to attend appropriate training courses to assist them fulfilling their role effectively.

The day-to-day administration of the charity's affairs and property is delegated to Sarah Champion (Chief Executive Officer) and Cloudy Tan (General Manager).

The trustees and committee members meet at quarterly board meetings that are well attended and quorate.

Objectives and activities

The charity's objects are to advance the education of the public in all forms of Chinese culture and to support such charitable institutions of such charitable purposes as the association may determine. The Charity does this by promoting and enhancing Chinese Arts and culture within the United Kingdom (UK) and developing the positive identity of the people of Chinese descent.

The Chinese Arts Centre has four main aims, which shape its policy decisions:

- 1 To promote a wide variety of artists of Chinese descent and their work in arts and cultural events
- 2 To facilitate the wider community both to appreciate Chinese arts and culture and to recognise and develop their own creative talents
- 3 To promote Chinese arts and culture through education and training
- 4 To work with successive generations of British Chinese people to re-define and shape Chinese culture in Britain, drawing on Chinese cultural heritage.

We firmly believe that Chinese Arts Centre is in a strong financial position with good long-term prospects.

**CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2007**

It is never easy in the voluntary sector, there is never enough of time, money or other resources to meet all the demands placed on us. It is only through the tremendous hard work and dedication of all the staff and volunteers that we are able to provide the volume and range of services that we do. As ever, they deserve all the thanks and praise that come our way.

The over-riding aim of Chinese Arts Centre is to commission and exhibit work by artists of Chinese descent of the highest artistic quality, and, hopefully, work that challenges perceptions of contemporary art. We aim to compete on an international stage and so have a rigorous selection and commissioning policy for all areas of our programme.

Exhibition Programme:

Susan Pui San Lok: *Golden*

Date 20 April – 2 July 2006

Golden was a new commission by Chinese Arts Centre, a sound and video installation. *Golden* looked at the notion of place and displacement from multiple historical, cultural and generational perspectives. It focused on an idiosyncratic portrait of two immigrants who arrived with the first major influx of Hong Kong Chinese to Britain in the 1950s and 1960s.

Outcomes:

Having a solo exhibition in Chinese Arts Centre is challenging for the artist. *Golden* was a successful exhibition with a good quality of work. It became an ongoing project, which the artist continued to develop after the show and it was taken by Beaconsfield Gallery in London later in the year.

Changes:

Susan's exhibition was delayed for three weeks because of an emergency operation of the artist in the last stage of the production of the artworks. We used these three weeks to set up a gallery base archive of Chinese Arts Centre, which showed a video montage from the previous exhibition and products from exhibition workshop. The audience got a chance to review the past exhibition programme, and see the outcomes of a previous workshop which was never shown before.

Gayle Chong Kwan: *Cockaigne*

Date 13 July – 24 September 2006

Chinese Arts Centre has supported Gayle since graduation and so it was rewarding to take her touring exhibition, initiated by Autograph. Famously painted by Brueghel the Elder in 1567, Cockaigne is a 14th Century fictional paradise island, a land made entirely of food where all wants and needs are met; work is simply forbidden. Gayle Chong Kwan's new series of twelve photographs are the latest contribution to the myth. Each photograph depicts a utopian or mythical landscape constructed entirely out of foodstuff. The artist tries to explore utopian ideals of paradise and the presentation of the exotic in the global tourism and travel industries, as well as European legend and the history of fine art.

**CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2007**

Outcomes:

The exhibition was well received by the audience and local organisations. There was a lot of press coverage and we were able to attract a new sponsor for the exhibition.

After being exhibited in Chinese Arts Centre, Cockaigne travelled to London for the Southwark Platform art project.

Lesley Sanderson and Neil Conroy: Out of Nowhere

Date: 5 October – 22 December 2006

Chinese Arts Centre commissioned the artists to make compelling and evocative works that had the power to challenge cross cultural boundaries. It was an installation with photography and video that explored 'Otherness' in all its guises. In debates around the 'Other', they understand that everyone could be seen as Other, depended on the context of culture and place. The commission enabled them to carry out an investigation into how two very different artists from different cultural backgrounds, can collaborate on work that explores identity.

Outcomes:

The exhibition continues Conroy/Sanderson's exploration of dislocation and 'the foreign' through evocative use of portraiture. It was a beautiful exhibition with five projections and a site-specific installation. A subtle narrative links all the images together in a random sequence, which invited the audience to build up the whole story with their own experience. All the related events accompany this event, including workshop and talks were well received and the audience frequently stayed behind to continue the discussion with the artists and the speaker.

Joshua Jlang: Collective Identity

Date: 13 January – 1 April 2007

Collective Identity was a co-commission with Birmingham University. The exhibition focused on the notion of collective identity from different perspectives. Since the foundation of the People's Republic in 1949, mass assemblies become a familiar and prominent phenomenon in Chinese's daily life, which has made the word 'collective' far outweigh its literal meaning. Artists were commissioned to create new work to respond to this particular social phenomenon.

Outcomes:

This exhibition showed the most recent works by nine leading contemporary Mainland Chinese artists. Each piece of work represents a unique and different perspective from the artist to the phenomena of post Mao era, which provide various new angle for the audience to look into. The exhibition was well received with over 200 people coming to the preview. Chinese Arts Centre received a lot of enquiries from different galleries and art collectors eager to work with the selected artists.

**CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2007**

Residency Programme:

Peggy & Karen Ngan

Peggy and Karen arrived at the beginning of March for a 2 month Breathe Residency. Working in collaboration their work revolves around their shared experiences as twins. During their residency they produced a large number of drawings and a new video piece. The last drawings, which they showed in the open studio, depicted particular places in Manchester, with each twin drawing their own memories of this space. Each twin would draw on either side of a large sheet of paper and they were displayed so you could see both sides by curling the sheets. In the video work one twin would copy the other twin's response to a place, with the finished piece displayed on 2 monitors. The residency was successful in that both Peggy & Karen were able to focus on their practise for such an intense period. I was concerned slightly that they didn't push themselves as much as I would have liked, and so their residency didn't allow them to experiment as much as I'd hoped. They were resistant to suggestions, and didn't seem prepared to try new ideas. This may suggest that they are focussed on an idea, but it may also have been laziness. Having said that, the sustained period did allow them to produce a large body of work, which would have normally taken them 6 months to a year to produce. It was unfortunate that their open studio didn't tie in with the main exhibition, though we did organise a small gathering on a Saturday afternoon, which wasn't too badly attended.

Wai Yan Chan

Wai Yan is a video artist and graduated from Chelsea 2 years ago. Due to Susan delaying the opening of her show, the start of his residency was taken up by setting up an introductory show to link to the main exhibition. Wai Yan's residency was very productive as it gave him a good opportunity to make use of a studio and set up installations. He produced a new video work for the Residency.

Raymond Yap

Raymond Yap had to cancel his residency after a family bereavement and so Jessica Emmett was given this slot.

Jessica Emmett

Jessica Emmett is based in Manchester and could come in at short notice. The first residency was used to set up her Sock Bunny project which would continue after Owen Leong's residency. The Residency was well received and engaged well with the public. She also produced a video work during her residency and set up a networking event for emerging artists of Chinese descent.

Owen Leong

Owen Leong is an Australian based artist who works in Video and Installation. He produced a number of sculptural works, photographs and films during his Breathe residency as was included in the Liverpool Biennial Independents. Owen was very good at networking himself into the local art scene. He engaged incredibly well with staff and visitors to the centre and the residency was an important step in his international career.

**CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2007**

Anthony Leung Po Shan

Hong Kong born Chinese artist Anthony Leung Po-Shan is a cross-boundary practitioner who plays with images, texts and the body in theatre, performance, installation and writings. Anthony's residency was linked to the Vital Festival initiated by the Chinese Arts Centre and her residency culminated in a series of performances as part of the programme.

Karen Tam

Karen Tam works in the fields of installation and video that looks at narration, memory, identity, and migration. She has been interested in the history of the Chinese diasporas, and how it is closely connected to the emergence of Chinese restaurants and cuisine in the West. Her research comes out of a family history in the business. The Sino-restaurant can be used as a metaphor for Cathay, or the idea of China in the minds of Westerners. Karen created an installation made up of paper cuts and an Opium Den which she installed in the studio workshop. Her residency was a great success and inclusive. She worked with the Chinese Arts Centre staff to realise her project and also created an exclusive CD of 19th Century Racist folk songs linked to Manchester heritage.

Conclusion:

At present the Breathe Residency scheme has been a huge success. The selected artists have time to reflect on their practice, try out new methods of working and take risks. Each artist is given support appropriate to their stage in their career. It is our intention that the infrastructure of British Chinese arts will be very different in five years as a result of Breathe. For the first time there will be visible role models to encourage other, younger, Chinese artists that it is possible to have a career in the arts. There will also be twenty highly skilled, professional Chinese artists who are aware of the arts scene in Britain and know how to engage with it.

Management

Chinese Arts Centre benefits from a strong Board who are clear that their role is to look after the legal and policy issues affecting the organisation – leaving the staff to manage the day to day business. Board members skills include, legal, design, academic, practicing artists, ACE officer (East), development agency, arts organisation. The Board meet quarterly with the Personnel Sub committee meeting as and when required.

The staffing structure has remained stable since the major organisational review in 2003. Each staff member has a clear area of responsibility and an associated budget to manage. We routinely use independent project managers to run short term projects, allowing staff to focus on their key areas. Each staff member is a specialist in their field and respected as such.

The CEO has a clear vision for the organisation and monthly team meetings make sure the whole staff support this and understand the strategic importance of each area of our work.

**CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2007**

Finances

Chinese Arts Centre is in a strong financial position. Chinese Arts Centre financed itself from a number of sources. The income derived from three main areas: revenue funding from ACE NW, grants and earned income.

For 2006/2007 the Centre was awarded an increase by 4% to £167,100. This was to partly fund the visual arts commissioning programme and the new increased costs associated with the new centre.

Grants

Other grants received were:

Arts Council NW R&D Live Arts Festival - £4,000

Arts Council NW Live Arts - £75,000

Arts Council of England East Project - £16,113

Arts Council of England Commissions - £45,000

Earned income

The earned income was from various sources: dedicated education activities and agency works, increase by 25% and sales from the shop covered most of the cost of the front of house staff. Hire of the centre has been hugely successful, exceeds more than 50% profit margin and is important revenue for us and one that we intend to expand. Some sponsorship from various companies was also received.

Direct expenses

Expenditure was related to the direct costs of the main artistic programme, marketing costs for the organisation and costs directly attributed to the education programme and agency.

Overheads

Other overheads included staff costs (salaries/wages/pension), administration costs (postage, stationery, telephone & fax, audit fees, insurance, computer maintenance) and premises costs (heat, lighting, security, repairs & maintenance, cleaning), sundry expenses and bank charges.

Position

Throughout the year our finances were strong. The Chinese Arts Centre always trades with a surplus. Accumulated surplus was carried over to cover for any improvement, purchase of equipment, maternity cover, etc.

The general manager works closely with the CEO on the overall of the Chinese Arts Centre's budget.

The curator, marketing manager and the education co-ordinator manage their own budgets and also in association with the general manager to oversee any changes. Quarterly reports and bank reconciliation are sent to the Board re income and expenditure.

The Chinese Arts Centre works with Bulcock & Co to carry out an audit of existing financial structure.

**CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2007**

External factors

We have been successful in our application to the Esmee Fairbairn foundation and has been approved for our final third year. We are in our second of three year funding from NWAD AGMA under their CD GM scheme. Manchester Airport sponsored us again for accessibility.

A number of partners currently help the Chinese Arts Centre via sponsorship for certain events and these include The Place Apartment Hotel who provide complimentary rooms for our exhibiting artists. Oddbins and Sunlik Beer who have provided complimentary refreshments for each exhibition launch.

Public benefit:

Chinese Arts Centre is moving away from being a frontline provider of services to being a support agency for other arts organisations. This approach allows us to work with the maximum number of people and support specialists in their fields. Examples of agency work include,

- Managing and marketing a season of Chinese culture for New Year 2007
- Developed close relationship with Selfridges as well as acting as service providers for other organisations/businesses
- Bowlee Park Housing, The Entertaining Business, Sharper Solutions, Mere Golf Club, More Music in Morecambe, Hatworks Museum, Tameside Borough Council,
- Rose Bruford College, HMOI Styal, Manchester City Council

In addition to the public exhibition programme, Chinese Arts Centre provided a national education programme, supplying a variety of Chinese arts and craft workshops to hundreds of schools, including primary, secondary and special schools, and also other organisations (community centres, museums and galleries). Last year total events totalled 150 schools and organisations. Apart from the national education programme, we also ran at 8 different contemporary Chinese art workshops and talks at our centre. We also have partnerships with other communities and provide special programmes for young people. The following figures are the achievements of the year.

CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2007

Chinese Arts Workshop

Workshop	No of workshop	No of learners
Ongam	26	840
Lantern making	36	1080
Lion dancing	35	1580
Ribbon dancing	88	2,890
Tai Chi	26	480
Calligraphy	46	1,380
Chinatown Tour	9	270
Chinese Music	22	630
Opera Mask making	35	1050
Paper cutting	14	420
Brush painting	30	900
Other – Poetry, Photography Mahjong	60	1290
TOTAL	427	12,810

Visitor Figures 2006/07

There has been a steady increase of visitors to the centre. Monthly figures range between 1,000 – 1,700 visitors who attend to view exhibitions, visit resident artists, attend workshops, private hires, shop or relax in our teahouse. 15,066 visitors attended during this period.

Exhibition Figures

Susan Pui San Lok Golden
Date: 20 April – 2 July 2006
1,969 visitors

Gayle Chong Kwan. Cockaigne
Date: 13 July – 24 September 2006
2,868 visitors

Lesley Sanderson and Neil Conroy Out of Nowhere
Date: 5 October – 22 December 2006
3,182 visitors

Joshua Jiang Collective Identity
Date: 13 January – 1 April 2007
4,687 visitors

**CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2007**

Marketing Tools

Chinese Arts Centre continued to promote artists, exhibitions and events in print format by mailing regular programmes, invites and special event cards to our database. Our current cleansed database consists of approx 2,500 addresses who request information by post and this is split, regionally, nationally and internationally. Where possible we try to limit postal to e-contact to help save budget. New formats have been researched during 2006/7 to implement changes to how we contact visitors next year.

There was regular distribution of print via Arts About Manchester's distribution services, print was exchanged on a reciprocal basis with other organisations and staff took print packages to meetings and research trips.

Chinese Arts Centre also researched and developed a strategy to design and implement a new look website during 2007.

Advertising

Advertising budget for 2006/7 was spent on international publications, UK Asian publications with a small amount distributed between arts, culture and leisure guides. New 'Live Art' audiences were also reached as a result of the VITAL International Live Art festival, which took place during November 2006.

Media Coverage

To help save advertising budget Chinese Arts Centre is very good at securing as much free editorial and airplay as possible. During 2006/7 Chinese Arts Centre received BBC TV and radio news coverage, local Channel Manchester TV, NW radio airplay on several occasions and editorial from regional and national press.

Sponsorship and Awards

Chinese Arts Centre continues to find sponsorship support to help with exhibitions and events. During 2006/7 we have built new relationships with hotel sponsors, continued our support from drinks sponsors for private views and developed our existing support with Manchester Airport Group.

Chinese Arts Centre applies for a number of national awards each year. This year we are particularly proud to have won a Pearl Award for Creative Excellence from the Pearl Foundation.

Conclusion

2006/7 has been an extremely positive year for Chinese Arts Centre. Visitor figures have exceeded expectations, exhibitions have been well received with preview attendance almost double last year. New media contacts have been researched and developed and Chinese Arts Centre's reputation has grown nationally and internationally.

Aims of ACE

Supporting Cultural Diversity

Chinese Arts Centre only aims to support and develop the careers of artists of Chinese descent. Our intention is to profile their work and increase their professionalism so that mainstream arts organisations take them on as artists of note in their own right.

**CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2007**

Reserves and risk management

The level of reserves the charity holds are based on a realistic assessment of needs and will be sufficient to establish an appropriate level of working capital and to protect the charity from major risks that may cause serious disruption to its charitable work in the future

The trustees considered the major risks the charity is exposed to in terms of,

- Governance and management of risk
- Operational risks
- Financial risks
- External risks
- Compliance with law and regulations

During the year the trustees undertook a review of the risks associated with the charity in order to formulate a reserves policy. The trustees confirm that the major risks to which the charity is exposed are reviewed on a regular basis and they are confident that the systems they have in place are sufficient to mitigate those risks.

The trustees recognise that they hold charity income funds that are freely available for their general purposes. The resources the charity has or can make available to spend for any or all of the charity's purposes, once it has met its commitments and covered its planned expenditure, are its reserves.

After undertaking an assessment of the charity's needs in March 2007, the trustees wish to establish a level of reserves for the financial year to March 2008 of £75,000. Their current unrestricted reserves presently stand at £125,168. These represent the free reserves of the charity.

The trustees will carry out an annual risk assessment to identify the reserves required by the organisation year on year. They have set a balanced budget for 2007-08 to maintain the reserves at their current level.

The trustees will monitor the reserves policy and carry out a review of the policy at the end of March 2008 or sooner should circumstances require.

The Articles of Association allow the trustees to make and hold investments using the general funds of the charity, but no such investments are presently held.

**CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2007**

Trustees

The trustees, who served during the year, are
Albert Cheah (Co Chair and Treasurer)
Louie Chow (Co Chair)
Hutton Lo (Vice Chair)
Katharine de Lisle
Chris Lethbridge
Cathy Butterworth
Halima Cassell
Fiona Candy

None of the trustees has any beneficial interest in the company. The charity is a company limited by guarantee and has no share capital. All of the trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

The directors of the company are also trustees for the purpose of charity law.

Associated organisations

In order to pursue its charitable objectives, the Charity co-operates with a number of other associations such as The Asia Art Archive, Dimsum, The London Jing Kun Opera Association and many others listed on our website at www.chinese-arts-centre.org.

Asset cover for funds

Note 13 sets out an analysis of the assets attributable to the various funds and a description of the trusts. These assets are sufficient to meet the charity's obligations on a fund by fund basis.

**CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2007**

Trustees' responsibilities in relation to the accounts

Company law requires the trustees to prepare accounts for each financial year which give a true and fair view of the charitable company's state of affairs at the end of the year and of its financial position at the end of the year

In preparing those accounts, the trustees are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company 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 charitable company and to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In accordance with company law, as the company's directors, we certify that:

so far as we are aware, there is no relevant audit information of which the company's auditors are unaware; and
as the directors of the company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Small company exemption

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Bulcock & Co be reappointed as auditors of the company will be put to the Annual General Meeting

On behalf of the board of trustees



**Louie Chow
Trustee and Co Chair**

14th December 2007

CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS
FOR THE YEAR ENDED 31 MARCH 2007

We have audited the financial statements of Chinese Arts Centre Limited for the year ended 31 March 2007 on pages 15 to 22 which comprise the Statement of Financial Activities, the Balance Sheet and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 17 to 18.

This report is made solely to the charity'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 charity's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the trustees and the auditors

The trustees' (who are also the directors of Chinese Arts Centre Limited for the purposes of company law) responsibilities for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities on page 12.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 1985. We also report to you if, in our opinion, the Trustees' Annual Report is not consistent with the financial statements, if the charity 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 is not disclosed.

We read the other information contained in the Trustees' Annual Report and consider whether they are 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 International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes 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 in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

**CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS
FOR THE YEAR ENDED 31 MARCH 2007**

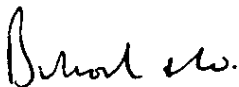
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standard - Provisions Available for Small Entities, in the circumstances set out in note 14 to the accounts.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity's affairs as at 31st March 2007 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985



Bulcock & Co

Date: 14 December 2007

Chartered Accountants
Registered Auditors
10 The Bull Ring
Northwich
Cheshire
CW9 5BS

CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2007

	Note	Unrestricted funds £	Restricted income funds £	2007 £	2006 £
Incoming resources					
Incoming resources from generated funds					
Voluntary income		7,080	-	7,080	5,500
Activities for generating funds		47,975	-	47,975	44,898
Investment income		3,424	-	3,424	757
Incoming resources from charitable activities		163,793	370,937	534,730	365,932
Other incoming resources		3,841	-	3,841	-
Total incoming resources	2	<u>226,113</u>	<u>370,937</u>	<u>597,050</u>	<u>417,087</u>
Resources expended					
Costs of Generating Funds					
Fundraising trading costs		62,859	-	62,859	49,136
Investment management costs		775	-	775	881
Charitable activities		66,009	490,846	556,855	529,587
Governance costs		<u>12,606</u>	<u>-</u>	<u>12,606</u>	<u>11,765</u>
Total resources expended	3	<u>142,249</u>	<u>490,846</u>	<u>633,095</u>	<u>591,369</u>
Net income / (expenditure) for the year		83,864	- 119,909	- 36,045	- 174,282
Gross transfers between funds		- 85,415	85,415	-	-
Net movement in funds		- 1,551	- 34,494	- 36,045	- 174,282
Total funds brought forward		126,719	1,062,234	1,188,953	1,363,235
Total funds carried forward	12	<u>125,168</u>	<u>1,027,740</u>	<u>1,152,908</u>	<u>1,188,953</u>

The charity has no recognised gains or losses other than the results for the year as set out above. All of the charity's operations are classed as continuing and all of its income is derived from activities which are within its objects.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 1985.

The notes on pages 17-22 form part of these financial statements.

CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
BALANCE SHEET AS AT 31 MARCH 2007

	Notes	2007		2006	
		£	£	£	£
Fixed assets					
Tangible assets	9		1,027,740		1,192,685
Current assets					
Stocks		2,322		1,136	
Debtors	10	20,504		58,822	
Cash at bank and in hand		<u>127,197</u>		<u>193,642</u>	
		150,023		253,600	
Creditors: amounts falling due within one year	11	- 24,855		- 257,332	
Net current assets/(liabilities)			125,168	-	3,732
Total assets less current liabilities			<u>1,152,908</u>		<u>1,188,953</u>
Funds of the Charity					
Unrestricted funds	12		125,168		126,719
Restricted income funds	12		1,027,740		1,062,234
Total funds			<u>1,152,908</u>		<u>1,188,953</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

The accounts were approved by the Board on 14th December 2007



Albert Cheah
Chair of trustees on behalf of the trustees

The notes on pages 17 - 22 form part of these financial statements

CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2007

1. Accounting Policies

1.1 Basis of preparation

The accounts are prepared under the historical cost convention

The accounts have been prepared in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005) issued in March 2005, applicable UK Accounting Standards and the Companies Act 1985. The principal policies adopted in the preparation of the accounts are set out below

1.2 Incoming Resources

Donations, legacies and other forms of voluntary income are recognised as incoming resources when receivable, except insofar as they are incapable of financial measurement

Trading income comprises monies received for workshops, training courses run, and the hire of facilities at the Chinese Arts Centre together with miscellaneous sales of materials less related costs

Revenue grants are recognised as incoming resources when received. Where income is received in relation to costs to be incurred in a future period, then that income is classified as deferred income and included in creditors on the balance sheet

Capital grants received in respect of the new premises have been recognised as incoming resources

Bank interest is recognised as investment income when received

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in note 13 to the accounts

Resources expended

All expenditure is included in the income and expenditure account. The value of purchase invoices received after the year end in respect of expenditure incurred before the year end has also been included in the income and expenditure account. Staff costs and overhead expenses are allocated to activities either directly when identifiable or on the basis of staff time spent on those activities

1.3 Tangible fixed assets and depreciation

Tangible fixed assets (costing more than £250) are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Fixtures, fittings & equipment	25% Straight line
Long leasehold land and buildings	10% Straight line

CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

1.4 Operating leases

Rentals payable under operating leases are charged to the Statement of Financial Activities as incurred over the term of the lease

1.5 Pension costs

The pension costs charged in the financial statements represent the contribution payable by the charity during the year

1.6 Stocks

Stock is valued at the lower of cost and net realisable value

2. Analysis of incoming resources

	Analysis	2007	2006
		£	£
Voluntary income	Sponsorship & donations	7,080	5,500
		<u>7,080</u>	<u>5,500</u>
Activities for generating funds	Room hire	18,580	18,922
	Consultancy	1,362	-
	Shop sales	9,870	10,002
	Agency income	18,163	15,974
		<u>47,975</u>	<u>44,898</u>
Investment income	Bank interest	3,424	757
		<u>3,424</u>	<u>757</u>
Incoming resources from charitable activities	Arts Council of England NW	186,643	249,430
	Arts Council of England - building grant	174,294	-
	Community Chest	-	3,275
	British Council	-	5,265
	Visiting Arts	-	692
	Manchester City council - AGMA	10,000	-
	Arts Programme	14,068	3,005
	East Project	16,113	-
	Education & workshop	37,193	40,757
	Live Arts	79,000	48,447
	Esme Fairbairn income	17,419	15,061
		<u>534,730</u>	<u>365,932</u>
Other income	Insurance money for damaged work	3,192	-
	Sundry Income	649	-
		<u>3,841</u>	<u>-</u>
Total incoming resources		<u>597,050</u>	<u>417,087</u>

Capital grants

At 31 March 2007, the charity had received a total of £2,212,327 from the Arts Council of England and £12,608 from ICIAN in respect of the premises project. All monies received are subject to a legal charge - see note 9

During the year ended 31 March 2007 further capital grants totalling £22,825 were received and spent on the premises project

CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

3. Analysis of resources expended

		2007	2006
		£	£
Fundraising trading costs	Room Hire	3,622	3,649
	Shop Sales	11,202	2,926
	Agency income	12,177	8,895
	Support Costs	35,858	33,666
		62,859	49,136
Investment management costs	Bank charges	775	881
		775	881
Charitable activities	East Project	12,238	-
	Education & workshop	33,823	28,884
	Live Arts	61,475	44,075
	Esme Fairbairn income	2,671	15,061
	Artistic Programme & Project	43,250	62,829
	Support costs	403,398	378,738
		556,855	529,587
Governance costs	Support Costs	8,964	8,416
	Audit Fees (note 6)	3,642	3,349
		12,606	11,765
Total resources expended		633,095	591,369

4 Support Costs

Support cost type	Fundraising activity	Charitable Activity	Governance Activity	Total Cost
	£	£	£	£
Premises Expenses	2,551	28,695	638	31,883
Administration costs	3,581	40,287	895	44,763
Staff costs and expenses	14,274	160,580	3,568	178,422
Depreciation costs	15,452	173,837	3,863	193,152
	35,858	403,398	8,964	448,220

Support costs have been allocated in line with proportion of turnover

CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

5. Trustees

None of the Trustees (or any persons connected with them) received any remuneration or expenses or payments for professional or other services during the year (2006 £nil)

There were no transactions between the charity and any of the trustees during the year

6. Fees for examination or audit of the accounts

	2007	2006
	£	£
Auditors' fees	2142	1763
Accountancy assistance	1500	1586
	<u>3642</u>	<u>3349</u>

7. Employees

Employment costs

	2007	2006
	£	£
Gross wages, salaries and benefits in kind	148,300	132,784
Employer's National Insurance costs	14,106	12,645
Pension costs	7,795	6,454
Total staff costs	<u>170,201</u>	<u>151,883</u>

Number of employees

The average monthly number of employees during the year was

	2007	2006
	Number	Number
Administration and Support	7	8

There were no employees whose annual emoluments were £60,000 or more

The charity operates a defined contribution pension scheme in respect of all full time employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the charity and amounted to £7,795 (2006 £6,454). The number of employees to whom retirement benefits are accruing under the defined contribution scheme are 6 (2006 - 6)

8. Taxation

The company is a registered charity and no provision is considered necessary for taxation

CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

9. Tangible fixed assets

	Leasehold land & buildings £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 April 2006	1,656,314	95,568	1,751,882
Additions	22,825	5,382	28,207
Disposals	-	-	-
At 31 March 2007	<u>1,679,139</u>	<u>100,950</u>	<u>1,780,089</u>
Depreciation			
At 1 April 2006	488,127	71,070	559,197
Depreciation charge for year	167,914	25,238	193,152
Disposals	-	-	-
At 31 March 2007	<u>656,041</u>	<u>96,308</u>	<u>752,349</u>
Net book value			
At 1 April 2006	<u>1,168,187</u>	<u>24,498</u>	<u>1,192,685</u>
At 31 March 2007	<u>1,023,098</u>	<u>4,642</u>	<u>1,027,740</u>

On 21 January 2003 the Arts Council of England took out a legal charge over the charity's new premises at Unit 2, Market Buildings, Thames Street, Smithfield, Manchester to a maximum sum of £2,185,160. Under the terms of the agreement, the charge is to be left in place for 21 years. The legal charge is over the entire cost of the long leasehold premises.

Under the terms of the long lease, there are no clawback provisions for any of the capital grants received.

All fixed assets are used in the direct furtherance of the charity's objects.

10 Debtors

	2007 £	2006 £
Trade debtors	18,861	58,822
Prepayments and accrued income	1,643	-
	<u>20,504</u>	<u>58,822</u>

11. Creditors : amounts falling due within one year

	2007 £	2006 £
Other creditors	-	14,543
Accruals and deferred income	24,855	242,789
	<u>24,855</u>	<u>257,332</u>

Deferred income includes £20,000 (2006 £229,294) relating to income received prior to the year end to be matched against costs in the following year.

CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2007

12. Analysis of net assets between funds

	General unrestricted funds £	restricted funds £	Total £
Funds balances at 31 March 2007 are			
Tangible fixed assets	-	1,027,740	1,027,740
Current assets	150,023	-	150,023
Creditors amounts falling due within one year	- 24,855	- -	24,855
	<u>125,168</u>	<u>1,027,740</u>	<u>1,152,908</u>

13 Movements of major funds

	Fund balances 2006 £	Incoming resources transfers in	Income £	Outgoing resources transfer out	expenditure £	Fund balances 2007 £
Restricted funds						
Building fund	1,062,234	158,658		-	193,152	1,027,740
Building improvements fund			174,294	- 73,243	- 101,051	-
Revenue grants fund	-		196,643	-	196,643	-
	<u>1,062,234</u>	<u>158,658</u>	<u>370,937</u>	<u>-73,243</u>	<u>-490,846</u>	<u>1,027,740</u>
Unrestricted funds	126,719	45,036	226,113	-130,451	-142,248	125,168
Total funds	<u>1,188,953</u>	<u>203,694</u>	<u>597,050</u>	<u>-203,694</u>	<u>-633,095</u>	<u>1,152,908</u>

Building fund

The building fund represents the resources received to purchase the building, fixtures and fittings and improvements met by grant funding. This fund is reduced annually by the related depreciation.

Building improvements fund

The building improvements fund represents grants received towards additional work to be completed on the building. Funding was received based on six areas of work and according to the terms of the funding once each area was completed the funds were then available to be transferred to the general fund. The transfer out of this fund is represented by asset additions of £28,207, transferred to the building fund, and the balance of £45,036 transferred to unrestricted funds.

Revenue grants fund

The revenue grants fund represents grant funding received that must be spent on particular areas of the charity's activities as stipulated by the donor. The grants were expended in accordance with those terms.

Unrestricted Funds

Unrestricted funds represent the funds that are freely available to the charity for use without restriction to any specific purpose. During the year there were transfers in from the building improvements funds as detailed above of £45,036, whilst funds of £158,658 were transferred out to the building fund so that restricted funds now reflect the value of the property. Total gross transfers between restricted and unrestricted funds are £85,415 as shown in the SOFA.

14. APB Ethical Standards

In common with many other businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.