

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 2008

TUESDAY



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CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE

INFORMATION

| | | |
|--------------------------------|--|---|
| Directors and Trustees | Hutton Lo Albert Cheah Louie Chow Katharine De Lisle Chris Lethbridge Cathy Butterworth Halima Cassell Fiona Candy Rebecca Lee | (resigned 01.02.08) (resigned 10.12.07) (resigned 20.06.07) |
| Chair | Albert Cheah | |
| Vice Chair | Louie Chow | |
| Treasurer | Cathy Butterworth | |
| 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

CONTENTS

| | Page |
|---|-------------|
| Trustees' report | 1 - 11 |
| Statement of trustees' responsibilities | 12 |
| Auditors' report | 13 - 14 |
| Statement of financial activities | 15 |
| Balance sheet | 16 |
| Notes to the accounts | 17- 22 |

**CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2008**

The trustees present their report and accounts for the year ended 31st March 2008 (and comparative figures for the year ended 31st March 2007)

Company status

The Chinese Arts Centre is a company limited by guarantee and not having share capital. The guarantors at 31 March 2008 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 six 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 2008**

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.

Chinese Arts Centre was able to deliver a range of exhibitions and activities which received critical success and high audience figures. We made a number of staff changes; making the post of Education and outreach redundant due to lack of funding for the post and developing the post of Administrator to Centre Co-ordinator. The principal reason for these changes was to make the organisation more financially viable.

We have been fortunate to have confirmed financial assistance from ACE for the next three years. However, we are increasingly aware that diversifying our finance is a key concern for the organisation. We will actively pursue consultancy work and look to increase income from hires and agency work into 2008/09.

The Board of Chinese Arts Centre have remained active in our work, providing guidance and support to staff and leading on policy and legal issues that affect the organisation.

The following is a summary of our activities:

Exhibition Programme:

Chain

Date: 12 April – 17 June 2007

Artists: Amy Cham, Annie Haiso-Ching Wang and He Chengyao

Chain exhibited works of three lens-based artists. Using their personal stories with their mothers, and the experience of being a mother themselves, they aim to illustrate an aspect of the reality of family intimacy.

The exhibition provided an opportunity for three Chinese artists of different backgrounds to show their works to the UK audience. Annie Haiso-Ching Wang is an established Taiwanese artist resident in the UK, but her works are hardly seen here. He Chengyao is well known for her Live Art, but her photos are rarely being shown in the UK. Amy Cham is the youngest one. She is an ambitious and outstanding artist in the new emerging generation.

By using a collective experience of the general public as the main theme of the exhibition, family relationships and motherhood, we attracted new audience groups. The exhibition was easy to understand and appeals to a non-traditional art audience. In addition, Annie and Amy are good at holding workshops and working with community groups. This exhibition was close to the Easter holiday, so some family programme and workshops was carried out parallel with the exhibition.

**CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2008**

The Pivotal Decade: Hong Kong Art 1997-2007

Date: 28 June- 23 September 2007

Artists: Wilson Shieh Ka-ho, Ho Siu-kee, Tse Yim On, Luke Ching Chin-wai
Chow Chun-fai, Tsang Chui-mei, Joey Leung Ka-yin

The aim of the exhibition was to raise awareness of the distinct artistic identity in Hong Kong's post-colonial era. The exhibition features a group of young local artists all graduated from the Chinese University of Hong Kong's Fine Art Department, the territory's oldest and most acclaimed fine art institute. "The Pivotal Decade" tells an indigenous story uniquely of Hong Kong and represents, from an artist's viewpoint, what has changed or remained unchanged in the first decade under Chinese rule. Featuring painting, sculpture, photography and installation, this seminal exhibition is the first to present Hong Kong art in a retro-thematic approach – a simultaneous documentation and reinterpretation of a specific theme. While each work represents the artist's personal response to external changes, they can be seen collectively as a new current silently pushing the forefront of contemporary Hong Kong art

Other than the exhibition in the Centre, we also collaborate with Cornerhouse and Hong Kong Arts Centre to carry out a programme of film and experimental videos. There are screening of movies and awarding winning video in Cornerhouse, and tailor-made creative videos will be shown on the BBC Big Screen during the exhibition.

Attracting an audience who are interested in the modern history of an important post-British colony, such as historian, sociologist. Moreover, the main group of Chinese community in UK are originally from Hong Kong. Through the collaboration in the film and video programme with Cornerhouse, we are hoping to bring in a new audience.

This exhibition ran in collaboration with Grotto Fine Art, which is an organisation focused solely on modern and contemporary Hong Kong arts. The film and video programme is a big collaboration project with several organisations in Hong Kong and Manchester.

Boutique

Date: 4 October – 23 December 2007

Artist: Anthony Key, Lisa Cheung, Nina Chua and Pamela So

Boutique is an entirely visceral exhibition, which features works by Anthony Key, Lisa Cheung, Nina Chua and Pamela So. The 'act' of making an art object is the dominant motif of this exhibition.

Boutique aims at reminding both the artist and the viewers an essence of art making activity - to fulfil our visual enjoyment. Each Artist has contained a delicate balance of physical and functional quality, which is not only for seeing but also tempting us to touch.

A small part of the exhibition was shown in Harvey Nicols, which reached a wide range of audience and direct new visitors to Chinese Arts Centre.

**CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2008**

Death by a thousand cuts

by Gordon Cheung

Date: 18 January – 23 March 2008

The exhibition saw the artist continuing his interrogation of power structures and belief systems, and our obedience to them. Cheung's paintings captured the hallucinations between the virtual and actual realities of a globalised world oscillating between Utopia and Dystopia. Spray paint, oil, acrylics, pastels, Financial Times stock listings and ink collide in his works to form epic techno-sublime vistas.

Death by a Thousand Cuts responded to the rise of China as potentially the next superpower, its affect on the world order and how their socialism is mutating into socialist capitalism. Cheung captured a sense of these issues and formulates his response by working with Chinese propaganda and acrobatic images

Gordon Cheung's has an unique personal style. His works were visually stunning and referenced important global issues. The exhibition was well received by press and attracted a lot of people to see the show.

Residency Programme:

PRODUCTION

In February 2007 we commenced a new scheme called **PRODUCTION**, which was in collaboration with ArtSway in Sway, Hampshire. This was a split site residency bringing together the urban and rural environments into one residency. The residency lasted 5 months, 3 of which were spent at Chinese Arts Centre. The result was a solo exhibition at ArtSway last August with the possibility of a future publication. For the residency both CAC and ArtSway pooled our resources and offered a budget in the region of £13000. For Chinese Arts Centre the residency cost the same as a Breathe residency but through the collaboration we were able to offer a much more exciting package. The first artist to take part in the scheme that we hope if successful will run every other year was Ma Yong Feng from Beijing.

Ma Yong Feng – Production – 21 Feb – 21 May 2007

The idea of splitting the residency was slightly problematic in that the facilities at Chinese Arts Centre weren't used to their full effect. Ma tended to use the studio as a base whilst he conducted research elsewhere. Artists who have completed residencies from Mainland China have not fully grasped the idea of what is expected of them through an artist's residency. Artists from Mainland China seem to have access to large resources either through production and administration, and these cannot be matched in the UK. This therefore means that the artists cannot produce work during the residency because they simply do not have the facilities within their budget.

**CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2008**

CtC Development Scheme through the British Council

In November 2007 our Residency Co-ordinator travelled to Chongqing to commence a Residency with 501 Artspace. The trip was part of a British Council CtC Development Grant and part of the aim of this was to establish a collaborative International Residency Programme between Chinese Arts Centre and 501 Artspace. This scheme commenced in May 2008. As part of the exchange we selected an artist to take part in our residency programme. An essential part of this exchange was to prepare the artists at 501, which will hopefully feed through to the rest of China, as to what they should expect from a residency programme and what they can achieve.

Jason Ho – Whisper Residency – 24 May – 6 June 2007

Jason Ho is influenced by the work of late nineteenth century stage directors such as Dion Boucicault or David Belasco. His intention was to create a silent Opera. Visitors to Chinese Arts Centre were invited to book 20 minute sessions with Jason to produce up to 1 minute of movement from the scripts, which were filmed. Participants will be given a copy of the footage and at the end of the project all the films will be combined in a loop to be screened within the centre. This proved a popular project and a number of people took part enabling Jason to complete his video work. This year he has produced a book based on his research. Also as part of the residency Jason hosted further film screenings of related work & work by artists who have influenced him but unfortunately there was very little public demand for the screenings. We were hoping the screenings of these rare Operas would bring in people outside our usual sphere.

Karen Tang – Breathe – 8 June – 8 September 2007

Karen Tang's residency fell at an extremely busy time in her practise. With a collaborative commission to produce for South London Gallery and a solo exhibition at the Agency in London, Karen had very little opportunity to contemplate her practice and instead, worked hard creating a new body of work. She used local based businesses to source supplies and persuaded a local steel cutting firm to use their equipment. She produced a body of what that would not have been possible at any other point during her career. The work she produced raised the standard of her works. Karen found the whole experience rewarding and we were pleased by the work she produced at the conclusion of the residency.

Space for 10

In October we collaborated with another organisation, Art House in Wakefield for their **Space for 10** scheme. The scheme offers residencies for 10 artists in venues across the UK. Taking part are Arnolfini and Spike Island, Kettles Yard, London Print Studio, New Art Gallery Walsall, Yorkshire Sculpture Park and Northern Gallery for Contemporary Art. The scheme is paid for by Esmée Fairburn and so the only costs incurred will be the Residency Coordinator and running costs. Chinese Arts Centre stipulated that the artist whom we chose must be of Chinese descent and we will be on the selection panel. The London based artist Alma Tischler-Wood was selected.

**CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2008**

Alma Tischler-Wood – Space for 10 – 24 Oct – 24 Dec 2007

Alma had a very successful residency at Chinese Arts Centre. Famous for her collaborative performance works, Alma used the opportunity to focus on her solo practice. Though successful commercially, this aspect of her practice remained under developed. During the 3 month residency Alma received a great deal of personal mentoring and support both through Chinese Arts Centre and the Space for 10 Scheme.

**Ping Qiu – Breathe – In Collaboration with Birthrites
7 June – 28 February 2008**

This residency was supported by Birthrites, a local curatorial group who secured funding for a touring exhibition of which Ping Qiu would be part of. Ping came to Chinese Arts Centre with the intention of producing a body of work for this exhibition. There was very little development in terms of her practice as she had made the work several times before, but she engaged well with local artists and it was a pleasure to support her during this project.

Conclusion:

At present the Breathe Residency scheme has been a huge success. The selected artists have time to reflect on their techniques, 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.

Agency:

The Centre supported a range of projects which raised the profile of Chinese artists. Our agency work makes a cost-effective promotion of Chinese art and culture. Our experience allows flexible operations across the country of multi -projects, utilising the various skills of performers/artists, which enables us to forge links with different organisations on a national scale. An example of the work carried out was Monkey King, a partnership with Manchester International Festival. The Festival commissioned us to provide an education programme for their Monkey King Premier. We delivered 25 full day workshop for schools and community groups. These partnerships enhanced our centre's profile in a national and international level and bring in much needed funds. The Monkey King project has been a pilot for our new way of working. We believed it would be much more cost effective for us to work in partnership with key organisations to deliver a nationwide programme of events.

Conclusion

We are excited by the potential of our agency approach as it enables us to work with other organisations to deliver a high quality product, and to generate an income from our involvement.

**CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2008**

Marketing:

Visitor Figures 07/08

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. 14,438 visitors attended during this period.

Exhibition Figures

Amy Cham, Haiso-Ching Wang & He Chengyao: Chain

Date: 12 April – 2 July 2007

2,485 visitors

Sheih Ka-ho, Ho Siu-kee, Tse Yim On, Ching Chin-wai, Chow Chun-fai, Tsang Chui-mui & Leung Ka-Yin: The Pivotal Decade: Hong Kong Art Show 1997 - 2007

Date: 28 June – 23 September 2007

4,023 visitors

Anthony Key, Lisa Cheung, Nina Chua & Pamela So: Boutique

Date: 4 October – 23 December 2007

3,838 visitors

Gordon Cheung: Death by a thousand cuts

Date: 18 January – 23 March 2007

2,825 visitors

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 3,000 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.

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 2008.

Advertising

Advertising budget for 2007/8 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 second VITAL International Live Art festival, two days of performances and a two day conference, which took place during November 2007.

Media Coverage

To help save advertising budget Chinese Arts Centre is very good at securing as much free editorial and airplay as possible. During 2007/8 Chinese Arts Centre received BBC TV and radio news coverage, local Channel Manchester TV and editorial from regional and national press.

**CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2008**

Sponsorship and Awards

Chinese Arts Centre continues to find in kind support to help with exhibitions and events. During 2007/8 we have built new relationships with hotel sponsors continued our support from drinks sponsors for private views.

Chinese Arts Centre applies for a number of national awards each year.

Conclusion

2007/8 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.

Finances:

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 2007/2008 the Centre was awarded an increase from ACE:NW by 2.7% to £171,700. This was to part fund the visual arts commissioning programme and the new increased costs associated with the new centre.

Grants:

Other grants received are:

Arts Council NW: Live Arts - £47,042

Arts Council of England: East Project - £34,311

Arts Council of England: Cultural Leadership - £30,000

British Council: Breathe Residency - £1,750

Earned income:

The earned income was from various sources: agency works, increase by 25%, consultancy and sales from the shop. 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 in kind 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.

**CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2008**

Position:

Chinese Arts Centre always traded with a cumulative surplus which was carried over to next year to cover for any improvement, purchase of equipment, maternity cover, etc.

The general manager works closely with the CEO on the overall budget of the Chinese Arts Centre. The curator, marketing manager and the residency 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.

External factors

Fairbairn foundation has funded us for our final third year. We are also in our final three year funding from NWAD:AGMA under their CD:GM scheme. HK Trade & Economic has also contributed to our exhibition programme.

A number of partners currently help CAC financially 'in kind' 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.

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 operation of the business. Board members skills include: legal, design, academic, practising artists, ACE officer (East), development agency and arts organisation. The Board meet quarterly with the Personnel Sub-Committee meeting as and when required.

Each member has a definite role of responsibility and managed their budget. We routinely use independent project managers to run short term projects, allowing staff to focus on their key areas.

The CEO has a clear vision for the organisation and monthly team meetings taken place to ensure the whole staff understood the strategic significance 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 2008**

Reserves and risk management

The level of reserves the charity holds is 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. Its reserves are 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.

After undertaking an assessment of the charity's needs in March 2008, the trustees wish to establish a level of reserves for the financial year to March 2009 of £75,000. Their current unrestricted reserves presently stand at £70,758. These represent the free reserves of the charity.

The trustees will carry out an annual risk assessment in order to identify the reserves required by the organisation year on year. They have set a balanced budget for 2008-09 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 2009 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 2008**

Trustees

The trustees, who served during the year, are:

| | |
|--------------------|---------------------|
| Albert Cheah | (Chair) |
| Louie Chow | (Vice Chair) |
| Hutton Lo | (resigned 01.02.08) |
| Katharine de Lisle | (resigned 10.12.07) |
| Chris Lethbridge | |
| Cathy Butterworth | (Treasurer) |
| Halima Cassell | (resigned 20.06.07) |
| Fiona Candy | |
| Rebecca Lee | |

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 2008**

Trustees' responsibilities in relation to the accounts

The trustees (who are also directors of Chinese Arts Centre Limited for the purposes of company law) are responsible for preparing the Trustees' 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 trustees 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 of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK 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 charitable company will continue in business.

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

In so far as the trustees are aware, there is no relevant audit information of which the charitable company's auditors are unaware; and the trustees 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.

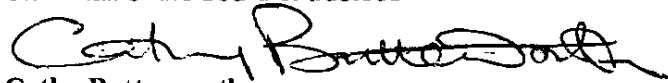
Small company exemption

This report has been prepared in accordance with the special provisions of Part VII 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



Cathy Butterworth
Trustee and Treasurer
19 September 2008

**CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS
FOR THE YEAR ENDED 31 MARCH 2008**

We have audited the financial statements of Chinese Arts Centre Limited for the year ended 31 March 2008 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 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 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 2008**

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 2008 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.
- the information given in the Trustees' Report is consistent with the financial statements.



Bulcock & Co

Date: 19 September 2008

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 2008

| | Note | Unrestricted funds £ | Restricted income funds £ | 2008 £ | 2007 £ |
|--|------|----------------------------|------------------------------------|-----------|-----------|
| Incoming resources | | | | | |
| Incoming resources from generated funds | | | | | |
| Voluntary income | | 1,000 | - | 1,000 | 7,080 |
| Activities for generating funds | | 57,742 | - | 57,742 | 47,975 |
| Investment income | | 3,738 | - | 3,738 | 3,424 |
| Incoming resources from charitable activities | | 218,396 | 142,268 | 360,664 | 534,730 |
| Other incoming resources | | 371 | - | 371 | 3,841 |
| Total incoming resources | 2 | 281,247 | 142,268 | 423,515 | 597,050 |
| Resources expended | | | | | |
| Costs of Generating Funds | | | | | |
| Fundraising trading costs | | 76,747 | - | 76,747 | 62,859 |
| Investment management costs | | 670 | - | 670 | 775 |
| Charitable activities | | 241,326 | 290,421 | 531,747 | 556,855 |
| Governance costs | | 16,107 | - | 16,107 | 12,606 |
| Total resources expended | 3 | 334,850 | 290,421 | 625,271 | 633,095 |
| Net income / (expenditure) for the year | - | 53,603 | - 148,153 | - 201,756 | - 36,045 |
| Gross transfers between funds | - | 807 | 807 | - | - |
| Net movement in funds | - | 54,410 | - 147,346 | - 201,756 | - 36,045 |
| Total funds brought forward | | 125,168 | 1,027,740 | 1,152,908 | 1,188,953 |
| Total funds carried forward | 12 | 70,758 | 880,394 | 951,152 | 1,152,908 |

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.

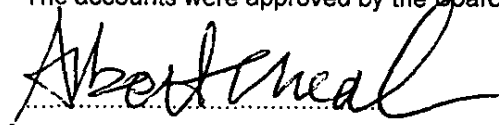
The notes on pages 17-22 form part of these financial statements.

CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
BALANCE SHEET AS AT 31 MARCH 2008

| | Notes | 2008 | 2007 |
|---|-------|-----------------|------------------|
| | | £ | £ |
| Fixed assets | | | |
| Tangible assets | 9 | 858,479 | 1,027,740 |
| Current assets | | | |
| Stocks | | 5,188 | 2,322 |
| Debtors | 10 | 40,467 | 20,504 |
| Cash at bank and in hand | | <u>61,438</u> | <u>127,197</u> |
| | | 107,093 | 150,023 |
| Creditors: amounts falling due within one year | 11 | <u>- 14,420</u> | <u>- 24,855</u> |
| Net current assets | | 92,673 | 125,168 |
| Total assets less current liabilities | | <u>951,152</u> | <u>1,152,908</u> |
| Funds of the Charity | | | |
| Unrestricted | 13 | 70,758 | 125,168 |
| Restricted | 13 | 880,394 | 1,027,740 |
| Total funds | | <u>951,152</u> | <u>1,152,908</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 19 September 2008



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 2008

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 (note 2)

Donations 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.

1.3 Resources expended (note 3)

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.

1.4 Tangible fixed assets and depreciation (note 9)

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 |

1.5 Operating leases

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

1.6 Pension costs (note 7)

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

CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2008

1.7 Stocks

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

1.8 Donated services and facilities

No valuation of donated services and facilities is included in the SOFA as no reliable measurement has been made during the year. The amount of donated services is not considered to be material.

1.9 Fund accounting

Funds held by the charity are either:

Restricted Funds - these are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes

Unrestricted funds - these are funds that can be used in accordance with the charity's objects at the discretion of the trustees.

2. Analysis of incoming resources (note 1.2)

| | | 2008 | 2007 |
|--|--|----------------|----------------|
| | Analysis | £ | £ |
| Voluntary income | Sponsorship & donations | 1,000 | 7,080 |
| | | <u>1,000</u> | <u>7,080</u> |
| Activities for generating funds | Room hire | 18,931 | 18,580 |
| | Consultancy | 7,867 | 1,362 |
| | Shop sales | 8,154 | 9,870 |
| | Agency income | 22,790 | 18,163 |
| | | <u>57,742</u> | <u>47,975</u> |
| Investment income | Bank interest | 3,738 | 3,424 |
| | | <u>3,738</u> | <u>3,424</u> |
| Incoming resources from charitable activities | Arts Council of England: NW | 171,700 | 186,643 |
| | Arts Council of England - building grant | - | 174,294 |
| | Cultural Leadership | 30,000 | |
| | British Council | 1,750 | - |
| | Manchester City council - AGMA | 10,000 | 10,000 |
| | Arts Programme | 5,857 | 14,068 |
| | East Project | 43,311 | 16,113 |
| | Education & workshop | 23,174 | 37,193 |
| | Live Arts | 47,042 | 79,000 |
| | Arts council of England: East showcase | 21,915 | |
| | Esme Fairbairn income | 5,915 | 17,419 |
| | | <u>360,664</u> | <u>534,730</u> |
| Other income | Insurance money for damaged work | - | 3,192 |
| | Sundry Income | 371 | 649 |
| | | <u>371</u> | <u>3,841</u> |
| Total incoming resources | | <u>423,515</u> | <u>597,050</u> |

Capital grants

At 31 March 2008, 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.

CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2008

3. Analysis of resources expended (note 1.3)

| | | note | 2008 £ | 2007 £ |
|------------------------------------|------------------------------|------|----------------|----------------|
| Fundraising trading costs | Room Hire costs | | 3,337 | 3,622 |
| | Shop costs | | 5,985 | 11,202 |
| | Agency costs | | 10,852 | 12,177 |
| | Support Costs | 4 | 56,573 | 35,858 |
| | | | 76,747 | 62,859 |
| Investment management costs | Bank charges | | 670 | 775 |
| | | | 670 | 775 |
| Charitable activities | Cultural leadership | | 11,736 | - |
| | East Project | | 25,650 | 12,238 |
| | Education & workshop | | 21,111 | 33,823 |
| | Live Arts | | 46,257 | 61,475 |
| | Esme Fairbairn - PAD | | 8,283 | 2,671 |
| | Artistic Programme & Project | | 48,811 | 43,250 |
| | Support costs | 4 | 369,899 | 403,398 |
| | | | 531,747 | 556,855 |
| Governance costs | Support Costs | 4 | 8,704 | 8,964 |
| | Audit Fees (note 6) | 6 | 7,403 | 3,642 |
| | | | 16,107 | 12,606 |
| Total resources expended | | | 625,271 | 633,095 |

4. Support Costs

| Support cost type | Fundraising activity £ | Charitable Activity £ | Governance Activity £ | Total Cost £ |
|----------------------------------|---------------------------|--------------------------|--------------------------|-----------------|
| Premises expenses | 6,204 | 40,564 | 954 | 47,722 |
| Administration costs | 5,769 | 37,720 | 888 | 44,377 |
| Staff costs (note 7) | 19,015 | 124,332 | 2,926 | 146,273 |
| Staff expenses and casual labour | 3,476 | 22,726 | 534 | 26,736 |
| Depreciation costs | 22,109 | 144,558 | 3,402 | 170,068 |
| Totals per note 3 | 56,573 | 369,899 | 8,704 | 435,176 |

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 2008

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 (2007 £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

| | 2008 | 2007 |
|------------------------|-------------|-------------|
| | £ | £ |
| Auditors' fees | 5153 | 2142 |
| Accountancy assistance | 2250 | 1500 |
| | 7403 | 3642 |

7. Employees

Employment costs

| | 2008 | 2007 |
|--|----------------|----------------|
| | £ | £ |
| Gross wages, salaries and benefits in kind | 127,444 | 148,300 |
| Employer's National Insurance costs | 12,532 | 14,106 |
| Pension costs (note 1.6) | 6,297 | 7,795 |
| Total staff costs (note 4) | 146,273 | 170,201 |

Number of employees

The average monthly number of employees during the year was:

| | 2008 | 2007 |
|----------------------------|---------------|---------------|
| | Number | Number |
| Administration and Support | 7 | 7 |

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 £6,297 (2007 £7,795). The number of employees to whom retirement benefits are accruing under the defined contribution scheme are 5 (2007 - 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 2008

9. Tangible fixed assets (note 1.4)

| | Leasehold land & buildings £ | Fixtures, fittings and equipment £ | Total £ |
|------------------------------|---------------------------------------|---|------------------|
| Cost | | | |
| At 1 April 2007 | 1,679,139 | 100,950 | 1,780,089 |
| Additions | - | 807 | 807 |
| Disposals | - | - | - |
| At 31 March 2008 | <u>1,679,139</u> | <u>101,757</u> | <u>1,780,896</u> |
| Depreciation | | | |
| At 1 April 2007 | 656,041 | 96,308 | 752,349 |
| Depreciation charge for year | 167,914 | 2,154 | 170,068 |
| Disposals | - | - | - |
| At 31 March 2008 | <u>823,955</u> | <u>98,462</u> | <u>922,417</u> |
| Net book value | | | |
| At 1 April 2007 | 1,023,098 | 4,642 | 1,027,740 |
| At 31 March 2008 | <u>855,184</u> | <u>3,295</u> | <u>858,479</u> |

On 21 January 2003 the Arts Council of England took out a legal charge over the charity's premises at Market Buildings, Thomas 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

| | 2008 £ | 2007 £ |
|--------------------------------|---------------|---------------|
| Trade debtors | 38,271 | 18,861 |
| Prepayments and accrued income | 2,196 | 1,643 |
| | <u>40,467</u> | <u>20,504</u> |

11. Creditors : amounts falling due within one year

| | 2008 £ | 2007 £ |
|------------------------------|---------------|---------------|
| Other creditors | - | - |
| Accruals and deferred income | 14,420 | 24,855 |
| | <u>14,420</u> | <u>24,855</u> |

Deferred income includes £2,750 (2007 £20,000) 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 2008

12. Analysis of net assets between funds

| | General unrestricted funds £ | restricted funds £ | Total £ |
|--|---------------------------------------|--------------------------|----------------|
| Funds balances at 31 March 2008 are | | | |
| Tangible fixed assets | - | 858,479 | 858,479 |
| Current assets | 85,178 | 21,915 | 107,093 |
| Creditors: amounts falling due within one year | - 14,420 | - | 14,420 |
| | <u>70,758</u> | <u>880,394</u> | <u>951,152</u> |

13. Movements of major funds

| | Fund balances 2007 £ | Incoming resources transfers in | income £ | Outgoing resources transfer out | expenditure £ | Fund balances 2008 £ |
|---------------------------|-------------------------------|------------------------------------|----------------|------------------------------------|------------------|-------------------------------|
| Restricted funds | | | | | | |
| Building fund | 1,027,740 | 807 | 0 | - | 170,068 | 858,479 |
| Revenue grant funds | | | | | | |
| East Showcase | | | 21,915 | | | 21,915 |
| Cultural leadership | | | 30,000 | - | 30,000 | - |
| East Project | | | 43,311 | - | 43,311 | - |
| Live Arts | | | 47,042 | - | 47,042 | - |
| | <u>1,027,740</u> | <u>807</u> | <u>142,268</u> | <u>0</u> | <u>-290,421</u> | <u>880,394</u> |
| Unrestricted funds | 125,168 | | 281,247 | -807 | -334,850 | 70,758 |
| Total funds | <u>1,152,908</u> | <u>807</u> | <u>423,515</u> | <u>-807</u> | <u>-625,271</u> | <u>951,152</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. The transfer from unrestricted funds represents the investment in fixed assets during the year

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.

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.