

Chinese Arts Centre Limited
Financial Statements
For
The Year Ended 31 March 2012

Company Registration Number 02137427
Charity Number 518992



Chinese Arts Centre Limited

Financial Statements

Year Ended 31 March 2012

| Contents | Page |
|---|-------------|
| Trustees Annual Report | 1 - 13 |
| Independent Auditor's Report to the Members | 14 - 15 |
| Statement of Financial Activities (Incorporating the income and expenditure account) | 16 |
| Balance Sheet | 17 |
| Notes to the Financial Statements | 18 - 25 |

Chinese Arts Centre Limited

Trustees Annual Report

Year Ended 31 March 2012

The trustees, who are also directors for the purposes of company law, present their report and the financial statements of the charity for the year ended 31 March 2012

Reference and Administrative Details

Registered Charity Name Chinese Arts Centre Limited

Charity Registration Number 518992

Company Registration Number 02137427

Principal Office Market Buildings
Thomas Street
Manchester
M4 1EU

Registered Office Market Buildings
Thomas Street
Manchester
M4 1EU

The Trustees

The trustees who served the company during the period were as follows

Lewis Biggs – appointed 12 November 2011
Li-Hsia Chan – appointed 2 December 2011
Albert Cheah – resigned 30 January 2012
Louie Chow - resigned 1 October 2011
Wessie Ling
Jackie McNerney
Peter Mearns – appointed 2 December 2011
Howard Rifkin
Richard Sobey

Chair Albert Cheah – (to 30 January 2012)

Acting Chair Peter Mearns (from 3 February 2012)

Vice Chair Louie Chow (to 5 January 2012)
Peter Mearns (from 18 January 2012 – 3 February 2012)
Wessie Ling (from 25 May 2012)

Treasurer Jackie McNerney

Chief Executive Officer Sally Lai

Company Secretary Sally Lai

Chinese Arts Centre Limited

Trustees Annual Report

Year Ended 31 March 2012

Auditor

Beever and Struthers
Chartered Accountants & Statutory Auditor
St George's House
215 - 219 Chester Road
Manchester
M15 4JE

Bankers

Royal Bank of Scotland PLC
38 Mosley Street
Manchester
M2 3AZ

Structure, Governance and Management

The charity acquired registered charitable status on 24 June 1987 and is governed by its Memorandum and Articles of Association which were updated and adopted on 16 February 2012. There were seven guarantors at the year end.

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

The day to day administration of the charity's affairs and property is delegated to Sally Lai (Chief Executive Officer) and Cloudy Tan (General Manager)

The Trustees and committee members meet at quarterly board meetings that are well attended and quorate. In addition there is a Finance and Human Resources Sub-committee which meets on a quarterly basis prior to the Board meeting.

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

Company status

Company status
Chinese Arts Centre is a company limited by guarantee and not having a share capital

Objectives and Activities

The charity's objectives are to advance the education of the public in contemporary Chinese arts and culture and to support such charitable purposes as the association may determine. The charity does this by promoting and enhancing Chinese arts and culture within the UK.

Chinese Arts Centre commissions and exhibits Chinese contemporary art work of the highest artistic quality Chinese Arts Centre also provides residency opportunities for artists of Chinese descent and delivers an extended programme, including education, through its touring exhibitions, agency and consultancy work Chinese Arts Centre presents a rolling programme of innovative exhibitions, residencies and events for which admission is free Chinese Arts Centre also provides advice, information and professional development opportunities to artists The staff regularly contribute to the wider cultural scene of the North West and beyond by presenting talks at public venues and within Higher Education institutions and by being on selection panels for art prizes

In the opinion of the Trustees, these objectives are consistent with the duty to further its charitable purposes for the public benefit. The Trustees confirm that they have complied with the duty in section 4 of the Charities Act 2006 to have due regard to guidance published by the Charity Commission in respect of public benefit matters.

Chinese Arts Centre Limited

Trustees Annual Report *(continued)*

Year Ended 31 March 2012

Key Objectives for 2011/12

- 1 To present a programme of innovative exhibitions, residencies, events and professional development opportunities
- 2 To contribute to the wider cultural scene by sharing expertise and knowledge with a range of partners
- 3 To extend our reach and encourage wider engagement with our programme
- 4 To build our online presence

Achievements and Performance

In 2011/12, a key success was securing support from The Prince's Foundation for Children and the Arts to deliver a year long education programme with 4 schools, with pupils with limited engagement with the arts

In 2011/12 Chinese Arts Centre continued to present a strong artistic programme of exhibitions and residencies. This included innovative projects such as *Everything Must Go* by Foreign Investment and our exhibition for the Asia Triennial Manchester, *Institution of the Future*, and an extremely popular first UK exhibition by Beijing-based fashion photographer Chen Man

In 2011/12 Chinese Arts Centre reviewed our online presence, launched our new website and devised a digital strategy

Chinese Arts Centre recruited three trustees, Lewis Biggs OBE, Li-Hsia Chan and Peter Mearns in late 2011/ early 2012. They bring expertise in artistic programming, the business sector and marketing and communications

Chinese Arts Centre Limited

Trustees Annual Report *(continued)*

Year Ended 31 March 2012

Artistic Programme

Exhibitions:

Intrinsic

Artist Angie Atmadjaja

Date 13 May – 11 June 2011

Structure

Artist: Angie Atmadjaja

Date 2 July – 23 July 2011

Chinese Arts Centre presented two site-specific interactive sound installations by UK-based Angie Atmadjaja

The exhibitions explored the relationship between the audio waves that surround us and the day-to-day sounds that we can hear *Intrinsic* was an audio and light installation that reacted to sound vibrations and enabled visitors to alter the brightness of the lights hanging in the space *Structure* was an audio installation, in which an invisible sound landscape was created by locating audio peak and null points To run alongside these installations, Angie also conducted a talk and demonstration

Audience comments for *Intrinsic* included the following

'I enjoyed the interactive aspect of the exhibition which was great to visit with friends '

'Very interesting - was like a walking meditation and the actual Arts Centre is very calming and welcoming'

'I thought the Angie Atmadjaja exhibition was very interesting and not something I had seen anywhere else before'

Audience comments for *Structure* included the following

'Blown away by this show'

'Love the direction that the CAC has Celebrating the new'

'A worth while visit on my first visit to Manchester'

Everything Must Go

Artists Foreign Investment

Date 5 August – 17 September 2011

Everything Must Go was a playful new work by the artist group Foreign Investment The project took a highly engaged approach to connect the Centre and the public by asking the public to bring in unwanted objects that were made in China These objects were then gilded in gold in a production line in the gallery. The objects were then sold for the price of the labour needed to gild the objects The project sought to create social encounters through the magical medium of gold and to give discarded and obsolete objects another lease of life through fabricating desirable 'objets d'arts' – thus bringing awareness of notions of value, not only of the object itself but also to the notion of labour It also offered tangible understanding and appreciation of the both the origins of a product and the multitude of products we consume in daily life

Chinese Arts Centre Limited

Trustees Annual Report *(continued)*

Year Ended 31 March 2012

Audience comments for *Everything Must Go* included the following

'A really enjoyable, thought-provoking project'

'Raises very interesting questions'

Institution for the Future

Artists Hu Xiangqian, Roshisham Ismail AKA Ise and Parking Projects, Jun Yang, Michael Lee, Vandy Rattana, Ruangrupa, Richard Streitmatter-Tran (dia/projects)

Date 1 October – 26 November 2011

Institution for the Future was curated with Shanghai-based curator Biljana Ciric and was presented as part of the Asia Triennial Manchester 2011. It showcased works by artists' collectives and small independent, para-institutions from various Asian countries who are actively engaged with their local arts scenes and who attempt to contribute to and develop an arts infrastructure in their regions. It asked 'what kind of institution do we need for the future?' and sought to explore this through a range of platforms including archives, installations, web-based works, text piece and projects. The exhibition featured artists from Cambodia, China, Indonesia, Malaysia, Singapore, Taiwan and Vietnam.

Following on from this project Chinese Arts Centre will be publishing a book featuring artists, curators and cultural-thinkers ideas for an institution for the future in 2012.

Audience comments for *Institution for the Future* included the following

'Particularly enjoyed Michael Lee's digital video and the Chinese Arts Centre as a whole has been a very interesting place to visit'

'I really enjoyed the exhibition and will come back again soon!'

Chen Man

Artist: Chen Man

Date 10 February – 7 April 2012

At the start of 2012 Chinese Arts Centre presented renowned Beijing-based fashion photographer, Chen Man's first exhibition in UK.

The exhibition included a range of images from her extensive body of work for major fashion brands and magazines. Not only did the exhibition capture the spirit of an emerging consumer culture in China but it also demonstrated Chen Man's impressive technical skill in post-production. The exhibition was extremely well attended.

Audience comments for Chen Man's exhibition included the following

'Something very different to what is in other galleries in Manchester!'

'Amazing, beautiful, inspiring, seen nothing like it'

Chinese Arts Centre Limited

Trustees Annual Report *(continued)*

Year Ended 31 March 2012

'mind-blowing!'

'Really amazing!!!!'

'fantastic exhibition! beautifully curated'

'My dad told me how good it was, and for once I admit it, he was right'

The Wishing Tree - Chinese New Year Project

Artists Lu Di and Olivia Glasser

Date 10 – 28 January 2012

Chinese Arts Centre invited Manchester-based artists Olivia Glasser and Lu Di to create a large-scale sculptural installation to celebrate Chinese New Year. Their installation, *The Wishing Tree* was inspired by traditional Chinese wishing trees and invited the people of Manchester to create lanterns to hang from the tree.

Breathe Residency Programme

Chinese Arts Centre's residency programme aims to provide artists with time and space to develop new work and to test ideas with the support of Chinese Arts Centre's team. A key priority for the Centre is to connect visiting artists to local practitioners, creating opportunities for collaboration and dialogue. The Breathe residency scheme is a 3-month residency opportunity.

Liu Ding and Carol Yinghua Lu (18 May – 15 June 2011)

Curator and critic Carol Yinghua Lu and artist/ curator Liu Ding undertook research whilst in Manchester and carried out a number of studio visits with Manchester-based artists. They also developed their *Liu Ding's store – in conversations*, a project which establishes thinking and discussion centred around the value of art.

Utopia Group (12 September – 7 October 2011)

Beijing-based Utopia Group (He Hai and Deng Dafei) undertook a residency at Chinese Arts Centre in the lead up to the Asia Triennial Manchester 2011. During their residency they developed a new body of work inspired by the stories of local people and the rise and decline of Manchester's textile industry. For the triennial they carried out a performance and had an open studio documenting performances made during their residency.

Jen Wu (7 November 2011 – 12 February 2012)

Jen Wu is a London-based artist. During her residency with us she investigated Manchester and its various histories including the formation of alternative political philosophies in the 18th Century to the more contemporary history of the 'Mancunian' music and club scene. For her open studio she presented work-in-progress responding to underground cultures in the city.

Chinese Arts Centre Limited

Trustees Annual Report *(continued)*

Year Ended 31 March 2012

Whisper Residencies

Chinese Arts Centre's Whisper Residency programme is a short 2-week residency scheme aimed at emerging practitioners. This short intensive residency is often used by artists to focus on developing a specific work or project.

Daksha Patel is a Manchester-based artist whose work examines the relationship between subjective and medical models of the human body. During her residency Daksha collaborated with a local acupuncturist and presented a series of drawings for her open studio.

Chu ChunTeng is a recent graduate from Goldsmiths College, London. During his residency he undertook research into notions of mainstream, foreignness and marginality.

First Step Showcase

Chinese Arts Centre's First Step Showcase is an opportunity for recent graduates to present a site-specific work in the stairwell display area at the Centre.

Xinyi Liu is an artist previously based in London. His work references contemporary politics through humour and satire. For his First Step installation he created an installation consisting of hand grippers with national colours and flags.

Over the course of 18 months Chinese Arts Centre worked with **Neesa Well Women Project** to look at skill swapping and learning across cultures. Following workshops with a host of artists the project culminated in the creation of puppets, shown at the display area, and a film created by the women, which was shown at Manchester Art Gallery as part of the Asia Triennial Manchester 2011.

Jessica Longmore is a Manchester-based artist whose work focuses on the idea of the studio as a container, an environment which acts as a 'former' in the production of work. For the First Step Jessica presented a series of images created during her residency in Chongqing, China.

Jeremy Hutchison is a London-based artist. For the First Step Display he presented part of his *Err* project, that looks at what happens when you lodge an error in the 'smooth wheels of globalisation' in the form of objects made with deliberate faults by factory workers in China.

Special projects

In February 2012 Chinese Arts Centre presented *Songs for my Grandmother* an ambitious new work by acclaimed vocalist and musician Seaming To. The newly composed pieces created in collaboration with poet Judy Kendall brought together the skills and experiences of three generations of Chinese women and drew on the memories of Seaming's grandmother. The performance was presented at the International Anthony Burgess Foundation and was supported by the PRS Foundation for Music.

Chinese Arts Centre Limited

Trustees Annual Report *(continued)*

Year Ended 31 March 2012

Educational activity: Talks and Events, Education and Outreach, Performances

Talks and Events

During the year Chinese Arts Centre's staff and artists have also been invited to present talks and to take part in events at the following places, Collins Gallery Glasgow, Manchester Museum for the Confucius Institute, Iniva, Manchester Metropolitan University

Chinese Arts Centre also initiated and organised a curatorial laboratory for participants of the Asia Triennial Manchester 2011

Education and Outreach

In 2011/12, a key success was securing support from The Prince's Foundation for Children and the Arts to deliver its Start programme, a year long education programme with 4 schools, with pupils with limited engagement with the arts. The aim of the initiative is to work with 4 schools from Greater Manchester where children have limited engagement with the arts, over a 3-year period. Importantly Chinese Arts Centre's programme of activity includes not only visits to the Centre, workshops to create responses to the Centre's programme but also an exhibition in either the gallery or residency space at the Centre, thereby creating greater confidence to engage with the arts.

In 2011/12 Chinese Arts Centre continued its collaboration with Manchester Art Gallery working with Neesa Well Women Project, an Asian Women's group based in Cheetham Hill. The focus of this phase was to create work to show as part of the Asia Triennial Manchester, which included creating puppets and a film.

Chinese Arts Centre continued to provide workshops and performances to schools. In 2011/12, Chinese Arts Centre carried out 99 workshop sessions in schools reaching a total of 5,191 people.

Performances

Chinese Arts Centre presented a number of performances in 2011/12 including Yu-Chen Wang's performance at Victoria Baths presented as part of FutureEverything and seen by over 650 people. We also participated in the Manchester Day Parade which was seen by approximately 70,000 people.

Consultancy and Partnership Projects

Chinese Arts Centre works with a wealth of partners every year. This enables us to increase our visibility, to provide opportunities for artists and to demonstrate our expertise. The consultancy and partnership projects are also important sources of income for the organisation and help to support our core work.

In 2011/12 Chinese Arts Centre provided consultancy services for Bury Museum and Art Gallery and Salford Art Gallery.

Chinese Arts Centre Limited

Trustees Annual Report *(continued)*

Year Ended 31 March 2012

Audiences

| Exhibition/ Project Title (Artists) | Activity | Dates | Total attendance |
|--|--|---------------------------------|------------------|
| Intrinsic | Exhibition | 13 May – 11 June 2011 | 985 |
| Structure (Angie Atmadjaja) | | 2 July – 23 July 2011 | 763 |
| Everything Must Go (Foreign Investment) | Exhibition | 5 August – 17 September 2011 | 1400 |
| Institution for the Future (curated with Biljana Ciric) (Hu Xiangqian, Roslismah Ismail AKA Ise and Parking Projects, Jun Yang, Michael Lee, Vandy Rattana, Ruangrupa, Richard Streitmatter-Tran (Dia/ Projects) | Exhibition Performance | 1 October – 26 November 2011 | 2027 |
| Caldershaw Primary school with Tasha Whittle and Nicky Colclough | School Exhibition (Start project) | 13 – 23 December 2012 | 595 |
| The Wishing Tree – Chinese New Year Project Olivia Glasser and Lu Di | Chinese New Year project exhibition | 10 – 28 January 2012 | 700 |
| Chen Man | Exhibition | 10 February – 7 April 2012 | 3490 |
| Other events & exhibitions (including open studios and first step) | | Throughout the year | 3391 |
| | | TOTAL | 13351 |

Chinese Arts Centre Limited

Trustees Annual Report *(continued)*

Year Ended 31 March 2012

Audiences

| Activity | Artists | Dates | Total attendance/ participants |
|--|---|------------------------------------|-----------------------------------|
| Workshops in schools (99) | A variety of different freelance workshop leaders | Throughout the year | 5191 |
| Outreach programme: Start programme with schools | Various | Throughout the year | 246 |
| Neesa Well Women Project | | Throughout the year | 180 |
| Public talks by staff & artists | Various | Throughout the year | 191 |
| Performances & screenings | Manchester Day Parade | 19 June 2011 | 70,000 |
| | Yu-Chen Wang at Victoria Baths – FutureEverything | 14 May 2011 | 682 |
| | Seaming To International Anthony Burgess Foundation | 23 February 2012 | 120 |
| | Vortex | 25 February 2012 | 60 |
| | Yu-Chen Wang film screening | 24 September 2011 | 35 |
| | Screening of Neesa film at Manchester Art Gallery | 30 September – 26 November 2011 | 34,050 |
| | | | |
| | | TOTAL | 110,755 |

Marketing

In 2011/12, Chinese Arts Centre continued to develop its marketing. The organisation now produces a number of separate e-newsletters for hires (800), schools (700) as well as our general monthly newsletter (4000).

Chinese Arts Centre Limited

Trustees Annual Report *(continued)*

Year Ended 31 March 2012

Financial Review

2011/12 Chinese Arts Centre's financial position was as anticipated, with provision made for the predicted deficit in 2010/11. The deficit of £9,681 in general funds plus the brought forward reserve of £32,442 produced a total unrestricted reserve of £22,761 of general funds. This will be held as an operating reserve in accordance with the Reserves Policy with the aim of building this up over the coming years and will support the organisation's restructure in 2012/13. From the two designated funds (set up in 2009/10 for Research and Development and for Capital Maintenance) there has been expenditure of £1,975 from the Research and Development fund. This brings the designated reserves to £20,000 (Capital Maintenance) and £18,025 (Research and Development).

The restricted reserves are represented by the Building Fund and the Organisational Development Grant and specific grants received for specific projects e.g. The Prince's Foundation for Children and the Arts. These have decreased in line with the depreciation costs of the building allocated in the year and the full utilisation of the grants.

The Finance and Human Resources Sub-committee continues to meet quarterly in advance of the main Board meetings to review the budgets, quarterly management accounts, finance and human resource issues in more detail. The Chief Executive, with the assistance of the General Manager, closely manages the overall budget of Chinese Arts Centre.

The day-to-day finance operations are managed on an ongoing basis by the General Manager with fortnightly finance updates with the Chief Executive. Projects and budgets are managed by the appropriate staff under supervision of either the General Manager or the Chief Executive.

The main source of revenue was from Arts Council England, North West and was used for the ongoing development of Chinese Arts Centre and towards delivering our programme of exhibitions, residencies and education work that promotes contemporary Chinese art to broad national and international audiences. It should also be noted that Chinese Arts Centre has been able to lever in additional funding paid to artists in their own countries for its work. Chinese Arts Centre also attracts in-kind support from a number of sources the value of which is estimated to be £14,787.

Risk Management

The Finance and Human Resources Sub-committee reviews the risk register to assess the major risks to which the charity is exposed, in particular those relating to the specific operational areas of the charity, its investments and its finances on a six-monthly basis. Major risks and actions to mitigate them are discussed by the full Board of Trustees. Trustees aim to ensure that Chinese Arts Centre has established effective systems to mitigate risks by ensuring that controls exist over key financial systems and by examining the operational and business risks faced by the charity.

Reserves Policy

The Trustees wish to build up a reserve that will aim to cover up to three months running costs which is approximately £50,000. The current surplus of £22,761 in unrestricted reserves will be held on this basis and Chinese Arts Centre will aim to increase this over the coming years.

Governance

Chinese Arts Centre ran an awayday for its board and managers in autumn 2011. Through an in-depth recruitment process that factored in skills and connections to support Chinese Arts Centre's strategic aims over the next few years 3 new board members were recruited.

Chinese Arts Centre Limited

Trustees Annual Report *(continued)*

Year Ended 31 March 2012

Plans for Future Periods

Having secured core funding until 2014/15 through the Arts Council's National Portfolio the priority for the organisation is to create a staff structure that best supports the delivery of the organisation's strategic aims. This will be a priority for 2012/13.

Throughout 2012/13, Chinese Arts Centre will present a range of exhibitions and projects catering for different audiences, with accompanying events as part of an integrated programme. There will also be a focus on developing our education and outreach work through the Start programme as well as enhancing our digital offer.

In 2012/13 Chinese Arts Centre will also invest in raising the organisation's profile and visibility through marketing and PR and will undertake a rebranding exercise.

Responsibilities of the Trustees

The trustees (who are also the directors of Chinese Arts Centre Limited for the purposes of company law) are responsible for preparing the Trustees Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (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 judgements 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 operation.

Chinese Arts Centre Limited

Trustees Annual Report *(continued)*

Year Ended 31 March 2012

Responsibilities of the Trustees (continued)

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 2006. The trustees 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 auditor is 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 auditor is aware of that information.

Auditor

Beever and Struthers are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Signed by order of the trustees

..... *Sally L. E. J.*

Sally Lai
Company Secretary

Registered office

Market Buildings
Thomas Street
Manchester
M4 1EU

Chinese Arts Centre Limited

Independent Auditor's Report to the Members of Chinese Arts Centre Limited

Year Ended 31 March 2012

We have audited the financial statements of Chinese Arts Centre for the year ended 31 March 2012 which comprise the Statement of Financial Activities, the Balance Sheet, and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with Section 144 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Trustees and Auditor

As explained more fully in the Trustees' Responsibilities Statement set out on pages 12 to 13, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications in our report.

Chinese Arts Centre Limited

Independent Auditor's Report to the Members of Chinese Arts Centre Limited (continued)

Year Ended 31 March 2012

Opinion on financial statements

In our opinion the financial statements.

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

MARIA HALLOWS (Senior Statutory Auditor)
For and on behalf of
BEEVER AND STRUTHERS
Chartered Accountants & Statutory Auditor

Beever and Struthers

St. George's House
215 - 219 Chester Road
Manchester
M15 4JE

10/8/2012

Chinese Arts Centre Limited

Statement of Financial Activities (Incorporating the Income and Expenditure Account)

Year Ended 31 March 2012

| | Note | Unrestricted Funds £ | Restricted Funds £ | Total Funds 2012 £ | Total Funds 2011 £ |
|---|------|----------------------------|--------------------------|--------------------------|--------------------------|
| Incoming Resources | | | | | |
| Incoming resources from generating funds | | | | | |
| Voluntary income | 2 | 199,446 | 37,059 | 236,505 | 238,575 |
| Activities for generating funds | 3 | 53,613 | – | 53,613 | 40,276 |
| Investment income | 4 | 81 | – | 81 | 116 |
| Incoming resources from charitable activities | 5 | 29,011 | – | 29,011 | 47,336 |
| Other incoming resources | 6 | 666 | – | 666 | 4,318 |
| Total Incoming Resources | | <u>282,817</u> | <u>37,059</u> | <u>319,876</u> | <u>330,621</u> |
| Resources Expended | | | | | |
| Costs of generating funds | | | | | |
| Costs of generating voluntary income | 7 | (35,181) | – | (35,181) | (41,679) |
| Charitable activities | 8 | (250,410) | (94,109) | (344,519) | (297,458) |
| Governance costs | 9 | (8,882) | – | (8,882) | (7,070) |
| Total Resources Expended | | <u>(294,473)</u> | <u>(94,109)</u> | <u>(388,582)</u> | <u>(346,207)</u> |
| Net Outgoing Resources for the Year/Net Expenditure for the Year | 10 | (11,656) | (57,050) | (68,706) | (15,586) |
| Reconciliation of Funds | | | | | |
| Total funds brought forward | | 72,442 | 597,047 | 669,489 | 685,075 |
| Total Funds Carried Forward | | <u>60,786</u> | <u>539,997</u> | <u>600,783</u> | <u>669,489</u> |

The Statement of Financial Activities includes all gains and losses in the year and therefore a statement of total recognised gains and losses has not been prepared.

All of the above amounts relate to continuing activities

The notes on pages 18 to 25 form part of these financial statements

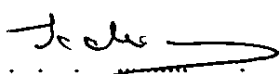
Chinese Arts Centre Limited

Balance Sheet

31 March 2012

| | Note | 2012 £ | 2011 £ |
|---|------|-----------------|-----------------|
| Fixed Assets | | | |
| Tangible assets | 13 | 541,730 | 589,828 |
| Current Assets | | | |
| Stocks | 14 | 1,460 | 2,747 |
| Debtors | 15 | 10,074 | 8,172 |
| Cash at bank and in hand | | 90,224 | 179,564 |
| | | <u>101,758</u> | <u>190,483</u> |
| Creditors: Amounts falling due within one year | 16 | <u>(42,705)</u> | <u>(29,834)</u> |
| Net Current Assets | | 59,053 | 160,649 |
| Total Assets Less Current Liabilities | | 600,783 | 750,477 |
| Provisions for Liabilities | | | |
| Provisions | 17 | - | (80,988) |
| Net Assets | | 600,783 | 669,489 |
| Funds | | | |
| Restricted income funds | 18 | 539,997 | 597,047 |
| Unrestricted income funds | | | |
| General funds | 19 | 22,761 | 32,442 |
| Designated funds | 19 | <u>38,025</u> | <u>40,000</u> |
| | | <u>60,786</u> | <u>72,442</u> |
| Total Funds | | 600,783 | 669,489 |

These financial statements were approved by the members of the committee on the 10/8/12 and are signed on their behalf by



Jackie McNerney
Treasurer

Company Registration Number 02137427

The notes on pages 18 to 25 form part of these financial statements

Chinese Arts Centre Limited

Notes to the Financial Statements

Year Ended 31 March 2012

1. Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards, the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 (SORP 2005) and the Companies Act 2006, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Donated Services and Facilities

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

Incoming Resources

Voluntary income is received by way of grants and donations and is recognised when receivable, except insofar as they are incapable of financial measurement.

Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.

Revenue grants (including grants for property and equipment repairs and maintenance) 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.

Trading income comprises monies receivable for the hire of facilities at the centre together with miscellaneous sales of materials less related costs.

Investment income is included when receivable.

Resources Expended

Costs of generating funds comprise the costs associated with attracting voluntary income, hire and the shop.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an estimated usage based on time spent on the activity.

Chinese Arts Centre Limited

Notes to the Financial Statements

Year Ended 31 March 2012

1. Accounting Policies (*continued*)

Fund Accounting

Unrestricted funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity

Designated funds

Designated funds are amounts which have been put aside at the discretion of the Trustees for specific purposes

Restricted funds

Restricted funds are subject to specific conditions by donors as to how they may be used. Expenditure which meets these criteria is identified to the fund, together with a fair allocation of management support costs.

The charity has a Building fund which represents the resources received to purchase the building, fixtures, fittings and improvements met by grant funding. The fund is reduced annually by the related depreciation charge

Fixed Assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

| | | |
|--------------------|---|-------------------|
| IT equipment | - | 50% straight line |
| Other equipment | - | 25% straight line |
| Leasehold Property | - | Over 20 years |

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Operating Lease Agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Pension Costs

The charity does not operate a pension scheme for employees. Any annual contributions payable would be charged to the statement of financial activities

Chinese Arts Centre Limited

Notes to the Financial Statements

Year Ended 31 March 2012

2. Voluntary Income

| | Unrestricted Funds £ | Restricted Funds £ | Total Funds 2012 £ | Total Funds 2011 £ |
|---|----------------------------|--------------------------|--------------------------|--------------------------|
| Donations | | | | |
| General donations | 589 | - | 589 | 1,000 |
| Grants receivable | | | | |
| Arts Council of England. Revenue grant | 172,287 | - | 172,287 | 185,056 |
| Manchester City Council - AGMA | 8,659 | - | 8,659 | 16,300 |
| Arts Council of England Grants for the Arts Organisational Development | - | 24,191 | 24,191 | 36,219 |
| Arts Council of England Grants for the Arts Development Grant | - | 2,864 | 2,864 | - |
| Prince's Foundation for Children & the Arts Start Programme | - | 10,004 | 10,004 | - |
| Arts Collaboratory | 7,175 | - | 7,175 | - |
| Manchester City Council Small Change Big Change | 4,800 | - | 4,800 | - |
| The New Partnership Cultural Leadership | 2,836 | - | 2,836 | - |
| Partnership funding Quarantine | 1,300 | - | 1,300 | - |
| Manchester Guardian Society Charitable Trust | 1,000 | - | 1,000 | - |
| PRS for Music Foundation | 800 | - | 800 | - |
| | <u>199,446</u> | <u>37,059</u> | <u>236,505</u> | <u>238,575</u> |

3. Incoming Resources from Activities for Generating Funds

| | Unrestricted Funds £ | Total Funds 2012 £ | Total Funds 2011 £ |
|---------------------|----------------------------|--------------------------|--------------------------|
| Shop Income | 5,816 | 5,816 | 8,304 |
| Room Hire | 30,247 | 30,247 | 20,372 |
| Sponsorship | - | - | 2,200 |
| In-kind Support | 14,787 | 14,787 | 6,163 |
| Partnership Funding | 2,763 | 2,763 | 3,237 |
| | <u>53,613</u> | <u>53,613</u> | <u>40,276</u> |

4. Investment Income

| | Unrestricted Funds £ | Total Funds 2012 £ | Total Funds 2011 £ |
|--------------------------|----------------------------|--------------------------|--------------------------|
| Bank interest receivable | <u>81</u> | <u>81</u> | <u>116</u> |

Chinese Arts Centre Limited

Notes to the Financial Statements

Year Ended 31 March 2012

5. Incoming Resources from Charitable Activities

| | Unrestricted Funds | Total Funds 2012 | Total Funds 2011 |
|------------------------------------|-----------------------|---------------------|---------------------|
| | £ | £ | £ |
| Consultancy | 4,000 | 4,000 | 3,993 |
| Education workshop and performance | 25,011 | 25,011 | 43,343 |
| | <u>29,011</u> | <u>29,011</u> | <u>47,336</u> |

6. Other Incoming Resources

| | Unrestricted Funds | Total Funds 2012 | Total Funds 2011 |
|---------------|-----------------------|---------------------|---------------------|
| | £ | £ | £ |
| Sundry income | <u>666</u> | <u>666</u> | <u>4,318</u> |

7. Costs of Generating Voluntary Income

| | Hire | Shop | Voluntary Income | Total Funds 2012 | Total Funds 2011 |
|--|---------------|--------------|---------------------|---------------------|---------------------|
| | £ | £ | £ | £ | £ |
| Direct expenditure | 3,437 | 3,603 | - | 7,040 | 6,090 |
| Wages & salaries | 6,794 | 2,217 | 12,006 | 21,017 | 24,642 |
| Premises | 2,449 | 1,224 | - | 3,673 | 3,137 |
| Support costs | 830 | 272 | 1,467 | 2,569 | 675 |
| Write-down of stock valuation | - | 1,287 | - | 1,287 | - |
| Exchange rate difference (see note 17) | - | - | (405) | (405) | 7,135 |
| | <u>13,510</u> | <u>8,603</u> | <u>13,068</u> | <u>35,181</u> | <u>41,679</u> |

8. Analysis of Charitable Expenditure

| | Unrestricted Funds | Restricted Funds | Total Funds 2012 | Total Funds 2011 |
|------------------------------|-----------------------|---------------------|---------------------|---------------------|
| | £ | £ | £ | £ |
| Direct charitable activities | 82,577 | 42,221 | 124,798 | 95,166 |
| Wages & salaries | 97,372 | 2,798 | 100,170 | 94,772 |
| Marketing | 11,017 | - | 11,017 | 9,850 |
| Depreciation | 1,585 | 49,090 | 50,675 | 49,387 |
| Premises expenses | 45,301 | - | 45,301 | 38,700 |
| Support Costs | 12,558 | - | 12,558 | 9,583 |
| | <u>250,410</u> | <u>94,109</u> | <u>344,519</u> | <u>297,458</u> |

Chinese Arts Centre Limited

Notes to the Financial Statements

Year Ended 31 March 2012

9. Support Costs

| | Activities for generating funds | Governance | Charitable activities | Total Funds 2012 | Total Funds 2011 |
|-------------------|---------------------------------------|--------------|--------------------------|---------------------|---------------------|
| | £ | £ | £ | £ | £ |
| Wages & salaries | 21,017 | 2,588 | 100,170 | 123,775 | 120,780 |
| Other staff costs | - | - | 3,800 | 3,800 | 2,109 |
| Administration | 2,569 | - | 8,758 | 11,327 | 8,149 |
| Accountancy fees | - | 1,800 | - | 1,800 | 529 |
| Audit fees | - | 2,400 | - | 2,400 | 4,113 |
| Other costs | - | 2,094 | - | 2,094 | 1,062 |
| | <u>23,586</u> | <u>8,882</u> | <u>112,728</u> | <u>145,196</u> | <u>136,742</u> |

The charity allocates its support costs as shown in the table above and then further apportions these costs on a basis consistent with the use of its resources

10. Net Outgoing Resources for the Year

This is stated after charging:

| | 2012 | 2011 |
|-------------------------------------|--------|--------|
| | £ | £ |
| Depreciation | 50,675 | 49,387 |
| Auditors' remuneration: | | |
| - audit of the financial statements | 2,400 | 4,113 |
| - other audit fees | - | 529 |

11. Fund Transfers

The fund transfer relates to net book value of the equipment in the Tangible Fixed Asset note. Only the leasehold property and the subsequent expenditure paid for by the Arts Council grant is considered as part of the restricted reserve.

12. Staff Costs and Emoluments

Total staff costs were as follows:

| | 2012 | 2011 |
|-----------------------|----------------|----------------|
| | £ | £ |
| Wages and salaries | 113,330 | 110,310 |
| Social security costs | 10,445 | 10,470 |
| | <u>123,775</u> | <u>120,780</u> |

Chinese Arts Centre Limited

Notes to the Financial Statements

Year Ended 31 March 2012

12. (continued)

Particulars of employees:

The average number of employees during the year, calculated on the basis of full-time equivalents, was as follows

| | 2012 | 2011 |
|--------------------------------|----------|----------|
| | No | No |
| Number of administrative staff | 2 | 2 |
| Number of management staff | 3 | 3 |
| | <u>5</u> | <u>5</u> |

No employee received remuneration of more than £60,000 during the year (2011 - Nil).

13. Tangible Fixed Assets

| | Equipment £ | Leasehold Property £ | Total £ |
|-------------------------|----------------|----------------------------|------------------|
| Cost | | | |
| At 1 April 2011 | 102,941 | 1,679,138 | 1,782,079 |
| Additions | 2,578 | - | 2,578 |
| At 31 March 2012 | <u>105,519</u> | <u>1,679,138</u> | <u>1,784,657</u> |
| Depreciation | | | |
| At 1 April 2011 | 102,201 | 1,090,051 | 1,192,252 |
| Charge for the year | 1,585 | 49,090 | 50,675 |
| At 31 March 2012 | <u>103,786</u> | <u>1,139,141</u> | <u>1,242,927</u> |
| Net Book Value | | | |
| At 31 March 2012 | <u>1,733</u> | <u>539,997</u> | <u>541,730</u> |
| At 31 March 2011 | <u>740</u> | <u>589,088</u> | <u>589,828</u> |

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

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. To date £2,212,327 has been received from the Arts Council of England Under the terms of the long lease there are no clawback provisions for any of the capital grants received

14. Stocks

| | 2012 | 2011 |
|-------|--------------|--------------|
| | £ | £ |
| Stock | <u>1,460</u> | <u>2,747</u> |

Chinese Arts Centre Limited

Notes to the Financial Statements

Year Ended 31 March 2012

15. Debtors

| | 2012 | 2011 |
|---------------|---------------|--------------|
| | £ | £ |
| Trade debtors | 4,656 | 4,949 |
| Prepayments | 5,418 | 3,223 |
| | <u>10,074</u> | <u>8,172</u> |

16. Creditors: Amounts falling due within one year

| | 2012 | 2011 |
|------------------------------|---------------|---------------|
| | £ | £ |
| Trade creditors | 10,021 | 1,661 |
| Taxation and social security | 3,062 | 3,061 |
| Accruals and deferred income | 29,622 | 25,113 |
| | <u>42,705</u> | <u>29,835</u> |

17. Provisions

| | 2012 | 2011 |
|------------|------|--------|
| | £ | £ |
| Provisions | - | 80,988 |

The provision at 31 March 2011, relating to restricted monies received in respect of an EU Project which could not be implemented, was repaid in August 2011

18. Restricted Income Funds

| | Balance at 1 Apr 2011 | Incoming Resources | Outgoing resources | Balance at 31 Mar 2012 |
|--|--------------------------|-----------------------|-----------------------|---------------------------|
| | £ | £ | £ | £ |
| Building Fund | 589,088 | - | (49,091) | 539,997 |
| Organisational Development Grant | 7,959 | 24,191 | (32,150) | - |
| Development Grant | - | 2,864 | (2,864) | - |
| Prince's Foundation for Children & the Arts | - | 10,004 | (10,004) | - |
| | <u>597,047</u> | <u>37,059</u> | <u>(94,109)</u> | <u>539,997</u> |

The building fund represents the resources received to purchase the building, fixtures and fittings and improvements met by grant funding. The fund is reduced annually by the related depreciation. The Organisational Development Grant and the Development both from the Arts Council were awarded to support the organisation's development. The Prince's Foundation for Children and the Arts grant is to support the development of a programme of education and outreach work with 4 schools

Chinese Arts Centre Limited

Notes to the Financial Statements

Year Ended 31 March 2012

19. Unrestricted Income Funds

| | Balance at 1 Apr 2011 £ | Incoming resources £ | Outgoing resources £ | Balance at 31 Mar 2012 £ |
|----------------------------------|-------------------------------|----------------------------|----------------------------|--------------------------------|
| General Funds | 32,442 | 282,817 | (292,498) | 22,761 |
| Designated Funds | | | | |
| Capital Maintenance Fund | 20,000 | - | - | 20,000 |
| Research and Development Fund | 20,000 | - | (1,975) | 18,025 |
| | <u>72,442</u> | <u>282,817</u> | <u>(294,473)</u> | <u>60,786</u> |

The Capital Maintenance Fund is to deal with building maintenance and equipment needed in future years

The Research and Development fund is to enable curatorial staff to research new exhibitions, develop new potential sources of income and look at rebranding

20. Analysis of Net Assets Between Funds

| | Tangible fixed assets £ | Net current assets £ | Total £ |
|----------------------------------|-------------------------------|----------------------------|----------------|
| Restricted Income Funds: | | | |
| Revenue Grant Funds | 539,997 | - | 539,997 |
| Unrestricted Income Funds | - | 60,786 | 60,786 |
| Total Funds | <u>539,997</u> | <u>60,786</u> | <u>600,783</u> |

21. Transactions with Trustees

During the year the trustees were reimbursed travel expenses totalling £2,094 (2011 £1,034) for attending board and other meetings and events in connection with Chinese Arts Centre business

None of the trustees has a beneficial interest in the company

22. Company Limited by Guarantee

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