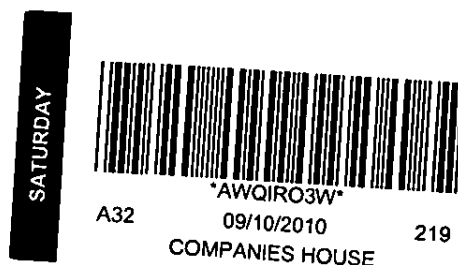


Chinese Arts Centre Limited
Financial Statements
For
The Year Ended 31 March 2010



Company Registration Number 02137427
Charity Number 518992

BEEVER AND STRUTHERS
Chartered Accountants & Statutory Auditor
St George's House
215 - 219 Chester Road
Manchester
M15 4JE

Chinese Arts Centre Limited

Financial Statements

Year Ended 31 March 2010

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Chinese Arts Centre Limited

Trustees Annual Report

Year Ended 31 March 2010

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 2010

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

Albert Cheah
Louie Chow
Chris Lethbridge
Wessie Ling
Rebecca Malone (on maternity leave)
Jackie McNerney
Richard Sobey
Ming Turner
Lee Whitfield
Carly Wong
Howard Rifkin

Jackie McNerney was appointed as a trustee on 27 November 2009

Ming Turner retired as a trustee on 27 November 2009

Lee Whitfield retired as a trustee on 14 May 2010

Carly Wong retired as a trustee on 27 November 2009

Howard Rifkin was appointed as a trustee on 14 April 2010

Secretary	Sally Lai
Chair	Albert Cheah
Vice Chair	Louie Chow
Treasurer	Jackie McNerney
Chief Executive Officer	Sally Lai
Company Secretary	Sally Lai

Chinese Arts Centre Limited

Trustees Annual Report *(continued)*

Year Ended 31 March 2010

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 dated 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.

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.

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

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

Chinese Arts Centre Limited

Trustees Annual Report *(continued)*

Year Ended 31 March 2010

Objectives and Activities

The charity's objectives are to advance the education of the public in all forms of Chinese 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 work by artists of Chinese descent 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 agency and consultancy work. Chinese Arts Centre presents a rolling programme of innovative exhibitions and residencies and events for which admission is free. Chinese Arts Centre also provides advice and information to artists. The staff regularly contributes to the wider cultural scene of the North West by presenting talks at public venues and within Higher Education institutions and by being on selection panels.

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.

Key Objectives for 2009/10

- 1 To strengthen and develop Chinese Arts Centre's programme of innovative programme of exhibitions and residencies
- 2 To stabilise the Centre and to carry organisational development work to strengthen the Centre
- 3 To enhance our understanding of our audience by carrying out in-depth audience research
- 4 To contribute to the wider cultural scene by sharing our expertise and knowledge with a range of partners

Achievements and Performance

In 2009/10, Chinese Arts Centre continued to present a strong artistic programme of exhibitions and residencies. This included a new commission, *Memento*, by Ed Pien which will tour across the UK in 2009 and 2010.

The year also brought about exciting new partnerships including the Cultural Leadership Programme funded collaboration with the Whitworth Art Gallery, 20 Stories High, Contact Theatre and Zion Arts Centre, which have provided staff with excellent professional development opportunities. Other exciting new partnerships included working with The Wellcome Collection and Bolton University, which extended our reach both in terms of provision for practitioners and audiences.

Chinese Arts Centre has been extending our international work by continuing to support a sister residency programme at 501 Arts Space in Chongqing, thereby extending opportunities for artists from the UK to gain experience of working internationally. The Centre has also actively collaborated with international partners in co-curating exhibitions, one of which will tour to China in June 2010.

Chinese Arts Centre Limited

Trustees Annual Report *(continued)*

Year Ended 31 March 2010

In 2009/10, we successfully carried out stabilisation and organisational development work which strengthened the Centre. This included making important improvements to our financial monitoring and re-structuring. In 2009/10, we recruited a part-time Communications and IT Assistant, Trevor Chan. During 2009/10 Chinese Arts Centre recruited a new Board member Jackie McNerney, Administrative Director of the Manchester International Festival, bringing finance and human resources expertise to the board. Another key activity delivered as part of this organisational development was the in-depth audience research we conducted. During the year we have made improvements to our marketing including the production of a bilingual programme and monthly e-newsletters.

These improvements and a much better knowledge of our audience mean that Chinese Arts Centre will be able to create an exciting and dynamic programme that responds to our audiences going forwards.

Exhibition Programme:

Memento

Artist: Ed Pien

Date: 24 April - 4 July 2009

Ed Pien is a Toronto based artist interested in belief systems and the supernatural. Following a residency in 2008 Ed was invited to present a solo exhibition that developed ideas explored during his residency.

The walk-through installation, *Memento*, explored notions of belonging and the many meanings of the word 'ghost'. It transformed the entire gallery space into a haunting environment combining light, intricate paper-cuts, reflector film, mirrors, acetate sculptures, video and sound.

Memento was very well received by the public, press and sector peers. During the installation period a number of events were organised including an artists' talk as part of the Tuesday Talks series at the Whitworth Art Gallery, in Manchester, which was attended by 60 students and artists. Chinese Arts Centre also organised a pre-preview viewing of the work for curators from Manchester and Liverpool for local professionals to discuss the work in more detail.

The exhibition had press coverage in Manchester Evening News, Metro, Asian Art News, The Guardian Guide, and The American.

Memento toured to Arts depot in London and will tour to two other venues in 2010/11.

Our commissioning fee allowed the artist to lever in additional funding from the Toronto Arts Council, Ontario Arts Council, Canada Council for the Arts. We were also able to get in-kind support from Sunlik Beer and Apotheca.

Chinese Arts Centre Limited

Trustees Annual Report *(continued)*

Year Ended 31 March 2010

Birdhead

Date 11 July - 26 September 2009

Artists Song Tao and Ji Weiyu

This was the first UK solo exhibition of the work of Shanghai based Ji Weiyu and Song Tao who collaborate under the name of Birdhead. Ji Weiyu and Song Tao's highly improvised and spontaneous approach to documenting their daily lives, reflected the frenetic pace of change in Shanghai. Their subjective and un-retouched take on urban reality captured not only a local cultural identity, from a native inhabitant's point of view, but also invoked the physical experience of being in Shanghai, the relationship between the body and the city.

Birdhead's exhibition had press coverage in Manchester Evening News, Metro Newspaper, Dimsum, Saatchi Gallery Online and Yishu.

Chinese Arts Centre received in-kind support from Sunlik Beer and Apotheca for the exhibition.

One Degree of Separation

Date 9 October 2009 - 9 January 2010

Artists Kwan Sheung Chi, Lee Kit, Luke Ching, Pak Sheung Chuen, Wong Wai Yin

One Degree of Separation explored the role that social connections and artistic interconnections play in the practice of a group of artists from Hong Kong. The exhibition focused not just on individual works of art but subtly drew attention to manifold interconnections between them, in a way that mirrors how the artists themselves relate to each other in their everyday lives, through shared concerns and working practices.

Accompanying the exhibition was a Curated Meal at Islington Mill organised in partnership with Contemporary Art Society (referred to earlier) attended by 48 people. Chinese Arts Centre also organised a social gathering for studio groups in Manchester to meet with the artists Lee Kit and Kwan Sheung Chi who themselves are part of studio network in Hong Kong, Fotanian. This event was attended by 30 people.

One Degree of Separation had press coverage in Manchester Evening News, Citylife, Critical Network, Link Chinese, and 7th Space Interactive.

The exhibition was kindly supported by the Hong Kong Economic and Trade Office and received in-kind support from Apotheca.

Negotiable Values

Date 22 January - 3 April 2010

Artists Conroy/ Sanderson, Gordon Cheung, He Chengyao, Wang Jun

Developed out of a dialogue with Yan Yan, Director of 501 Arts Space, the exhibition brought together artists' works which explore the notion of advancement and raises questions about the price of progress. What has been lost in the pursuit of a better life? How have ethical and moral dilemmas been resolved or compromised?

The exhibition featured both Chinese and non-Chinese artists and included photography, video, animation, drawing and sculpture. In June 2010 the exhibition tours to 501 Arts Space in Chongqing, China. In China the exhibition will feature Conroy/ Sanderson, Gordon Cheung, He Chengyao, Li Cao, Li Xiaojing, Jonathan Baldock, Rachel Goodyear, Wang Jun, Yang Zhichao, Zheng Li.

Chinese Arts Centre Limited

Trustees Annual Report *(continued)*

Year Ended 31 March 2010

Following the preview, a discussion and lunch was organised for the artists, curators and local artists that have visited or are planning to visit China. The discussion gave participants the opportunity to reflect on ideas raised in the exhibition and to share experience of working in China. This event was attended by 15 people.

Negotiable Values received press coverage on TVB Chinese Channel, New Tang Dynasty Television, The Guardian, Cityco, and Citylife.

This exhibition was given in-kind support from City Inn.

Breathe Residency Programme

Jessica Tsang (21 May - 21 August 2009) Open Studio Saturday 15 August 2009

Jessica Tsang is a London based sculptor. During Jessica's time at the Chinese Arts Centre she researched and developed new sculptural works.

Ying Mei Duan (25 August - 25 November 2009) Open Studio Thursday 19 November 2009

Ying Mei Duan is a live artist from Germany. During her residency Ying Mei worked with members of the local community to create a series of mini-exhibitions and performances.

Sarah Sanders and Daniel Staincliffe (30 November - 23 December 2009)

Sarah Sanders and Daniel Staincliffe are Manchester based artists that have undertaken residencies in China. Chinese Arts Centre made the space available to them so that they could continue exploring some of the ideas they developed during their residencies in China.

Wang Jun (1 February - 1 May 2010) Open Studio Saturday 24 April 2010

Wang Jun is an artist from Chongqing. During Wang Jun's stay he collaborated with local artists and presented an open studio of works by 6 artists.

Whisper Residencies

Li E Chen

London based interdisciplinary artist Li E Chen undertook a two week residency at Chinese Arts Centre in May 2009. During her residency Li E Chen created a series of performances exploring mathematical codes.

Jamie Lau

London based artist Jamie Lau spent two weeks at the Centre researching and creating new works in January 2010. For his open studio Jamie produced a series of new photographs and a sculptural work.

First Step Showcase

In 2009/10 we had three First Step showcases. The artists that presented work in our stairwell display area were Sarah Tse, Lu Di and Andrew Lim.

Educational activity: Talks, Events, Workshops and Performances

Talks and Events

During the year Chinese Arts Centre's staff have also been invited to present at talks and events at the following places, Iniva in London, HUB National Centre for Craft and Design, Sheffield Museum and Art Galleries, Nottingham University and Tate Modern.

Chinese Arts Centre Limited

Trustees Annual Report *(continued)*

Year Ended 31 March 2010

Workshops

Chinese Arts Centre has maintained a high level of service and uptake in the area of workshops and performances. In 2009/10, Chinese Arts Centre provided 93 organisations (including schools, community organisations and local authorities) with 260 workshop sessions and performances, reaching 12,024 people.

As well as working across Greater Manchester and the North West on our on-going schools workshop programme we delivered two additional projects with key partners. Chinese Arts Centre organised workshops in schools in the South East of England in association with the British Council. We also worked in partnership with Magpie (Museum and Gallery Project in Education) in developing innovative ways of teaching Chinese arts and culture.

To celebrate Chinese New Year in January 2010, Chinese Arts Centre initiated a project with Chinese elders from Wai Yin Chinese Women's Society and students from Salford University. The project involved 20 participants and 5 students and culminated in a celebratory event at Chinese Arts Centre attended by 100 people.

Performances

Chinese Arts Centre provided councils in Cumbria and Oldham with a complete range of events to celebrate Chinese New Year.

Consultancy and Partnership Projects

In 2009/10, Chinese Arts Centre worked in partnership with a number of organisations to develop specific projects. These included a curated evening for the Wellcome Collection, London and the Writers' Pathway project with Bolton University.

Sally Lai, Chief Executive of Chinese Arts Centre, was also a selector for the Arts Council London 2012 Artists Taking the Lead (£500,000) commission in the North West and was a selector for the Progress Reports exhibition at Iniva, which was seen by 3350 people.

Audiences

In 2009/10, Chinese Arts Centre commissioned Arts About Manchester (now All About Audiences) to conduct a thorough analysis of our audience visiting the Centre. These findings will inform our programming in 2010/11 and beyond. The key findings were as follows:

Profile of visitors:

There is no noticeable bias in gender or age for visitors. There is a greater diversity in ethnic groups compared to the population of the Northwest, particularly with Chinese, Asian and Asian British ethnic groups. The majority of visitors come from the Greater Manchester area but 21% of our audience travels for more than 1 hour to visit the Centre. There is a noticeable bias towards visitors working in the creative industries.

Motivation for visiting:

The artistic programme is the main motivation for the majority of visitors, which is encouraging. A high proportion of the audience surveyed attended launch event (19%). The facilities at Chinese Arts Centre were also a factor in attracting visitors, with over half saying that the tea house and the gift shop were factors in their decision to visit. There was also a good (19%) drop in rate for visitors who were 'just passing'. Communication and marketing. Word of mouth and print marketing channels were most commonly used as ways of staying informed about Chinese Arts Centre's activity. There is the scope to develop Chinese Arts Centre's e-marketing.

Chinese Arts Centre Limited

Trustees Annual Report *(continued)*

Year Ended 31 March 2010

Frequency of visits:

There is an opportunity to increase the number of repeat visits to exhibitions at Chinese Arts Centre, as the majority (75%) do not visit exhibitions more than once

Crossover with other venues:

The biggest crossover was visitors who had also been to the Cornerhouse Manchester Art Gallery, Urbis and Whitworth Art Gallery also had a significant crossover

Chinese Arts Centre also attracts a significant audience outside of the Centre through educational work and touring exhibitions

Exhibition Title	Artists	Dates	Total attendance
Memento	Ed Pien	24 April – 4 July 2009	2287
	Talk at Whitworth Art Gallery		63
	Dinner at Islington Mill		50
	Networking event		25
Birdhead	Birdhead Song Tao and Ji Weiyu	11 July – 26 September 2009	2560
	Networking event		20
One Degree of Separation	Kwan Sheung Chi, Lee Kit, Luke Ching, Pak Sheung Chuen, Wong Wai Yin	9 October 2009 – 9 January 2010	2656
	Networking event		25
	Dinner at Islington Mill with Contemporary Art Society		48
Negotiable Values	Conroy/ Sanderson, Gordon Cheung, He Chengyao, Rachel Goodyear, Wang Jun	22 January – 3 April 2010	2578
	Discussion		15
		TOTAL	10327 *

* An additional 933 people visited the Centre just to see the first step showcase and the artist-in-residence's open studio

Chinese Arts Centre Limited

Trustees Annual Report *(continued)*

Year Ended 31 March 2010

Activity	Artists	Dates	Total attendance/ participants
Workshops and Performances (260)	A variety of different freelance workshop leaders	Throughout the year	12,024
Touring show	Ed Pien	Jan – Feb 2010	1259
Public talks by staff & exhibitions that CAC has selected artists for and curated programmes for other organisations	-	Throughout the year	3672
Private Talks by staff	-		12
Chinese New Year project	Salford University Fine Arts students and Wai Yin Chinese Elders	Jan 2010	25 + 100 attendees
		TOTAL	17,092

Marketing

In 2009/10, Chinese Arts Centre has been developing our marketing, particularly our e-marketing. In the course of the year we have actively developed our presence on social networking sites (Facebook and flickr) at the end of 2009/10 Chinese Arts Centre had a Facebook following of over 4000 people. Since the start of 2010 Chinese Arts Centre has also been producing a monthly e-newsletter.

Financial Review

At the year end Chinese Arts Centre is in a much better position financially in unrestricted funds due to the improvements implemented in 2009/10. The surplus of a £39,331 plus brought forward reserves of £7,564 produced a total of £46,895. The Trustees have decided to set up two designated funds. Firstly, a Capital Maintenance fund to deal with building maintenance and equipment needed in future years. A transfer of £20,000 from the surplus has been transferred to this fund. Secondly, a Research and Development fund to enable the curatorial staff to have funds to research future exhibitions and potential new sources of income. £20,000 has been transferred to this fund. The general reserve now stands at £6,895 which will be held as an operating reserve in accordance with the Reserves Policy with the aim to build this up over the coming years. The restricted reserves, which are totally represented by the Building Fund, have fallen due to the depreciation of the property which was funded by Arts Council England. The decrease on this fund has caused the overall decrease in funds from £696,581 to £685,074.

During the year, a Finance and Human Resources Subcommittee was established. This meets 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. Reviews have also been made to the management accounts which now detail variances with explanations and also include regular re-forecasting.

Liquidity, accounts payable and accounts receivable 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.

Chinese Arts Centre Limited

Trustees Annual Report *(continued)*

Year Ended 31 March 2010

The main source of revenue was from the Arts Council of 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. Chinese Arts Centre also receives a small grant from the Association of Greater Manchester Authorities.

Risk management

Chinese Arts Centre prepares a risk register for review by the Finance and HR sub-committee on a six monthly basis. Major risks and actions to mitigate them are discussed by the full Board of Trustees.

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 £6,895 in general reserves will be held on this basis and Chinese Arts Centre will aim to increase this over the coming years.

Plans for Future Periods

In 2010/11, Chinese Arts Centre will carry out further organisational development work with support from the Arts Council. In August 2010, Chinese Arts Centre will be holding a board away day, facilitated by the Clore Leadership Programme, in order to create space for an in-depth discussion of the organisation's future plans and ambitions.

Throughout 2010/11, Chinese Arts Centre will be presenting a range of exhibitions catering for different audiences, with accompanying events as part of an integrated programme. The Centre will continue to develop new partnerships to extend our work nationally and internationally. These will include Liberation an exhibition co-curated by Beijing-based artist Liu Ding and critic/curator Carol Yinghua Lu. This show will be accompanied by a discussion and workshops organised in partnership with Madlab. In autumn 2010, we will be presenting the UK premier of a new work by internationally renowned Taiwanese video artist Chen Chieh-jen as part of the AND festival and will also be organising a series of events around the ideas explored in the work.

Continuing our provision for the community Chinese Arts Centre will be presenting an exhibition of calligraphy and brush-painting by two of our longstanding workshop leaders in August 2010. This will be accompanied by a series of free calligraphy and brush-painting workshops. This includes a series of workshops with Neesa Well Women Project in Cheetham Hill organised by Manchester Art Gallery and lead by our artist-in-residence. Following the success of last year's project Chinese Arts Centre will also be developing a community project for Chinese New Year in early 2011.

In November 2011, Chinese Arts Centre will be initiating an art auction to raise funds and the profile of the Centre ahead of the organisation's 25th anniversary in 2011.

In 2010, Chinese Arts Centre will also begin preparing for its 25th anniversary in 2011. This will include a series of exciting new commissions. Informed by our audience research the new commissions will have a participatory element to them, which will encourage repeat visits and active participation.

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).

Chinese Arts Centre Limited

Trustees Annual Report *(continued)*

Year Ended 31 March 2010

Responsibilities of the Trustees *(continued)*

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

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

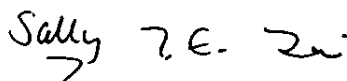
the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Auditor

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

Registered office

Signed by order of the trustees



Sally Lai
Company Secretary

10/4/10

Chinese Arts Centre Limited

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

Year Ended 31 March 2010

We have audited the financial statements of Chinese Arts Centre Limited for the year ended 31 March 2010 on pages 14 to 23, which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), and on the basis of the accounting policies set out on pages 16 to 18

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Trustees and Auditors

The responsibilities of the trustees (who also act as directors of Chinese Arts Centre Limited for the purposes of company law) 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) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Responsibilities of the Trustees on pages 10 to 11.

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, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Trustees Annual Report is consistent with those financial statements

In addition we report to you if, in our opinion, the charity has not kept adequate accounting records, if the charity's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made

We read the Trustees Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it

Chinese Arts Centre Limited

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

Year Ended 31 March 2010

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 by the trustees 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.

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.

Opinion

In our opinion

- the financial statements give a true and fair view of the state of the charity's affairs as at 31 March 2010 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the Companies Act 2006; and
- the information given in the Trustees Annual Report is consistent with the financial statements

Beever and Struthers

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

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

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Chinese Arts Centre Limited

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

Year Ended 31 March 2010

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2010 £	Total Funds 2009 £
Incoming Resources					
Incoming resources from generating funds					
Voluntary income	2	223,888	—	223,888	217,755
Activities for generating funds	3	41,838	—	41,838	28,304
Investment income	4	77	—	77	1,419
Incoming resources from charitable activities	5	56,884	—	56,884	63,718
Other incoming resources	6	3,001	—	3,001	7,525
Total Incoming Resources		325,688	—	325,688	318,721
Resources Expended					
Costs of generating funds					
Costs of generating voluntary income	7	(36,280)	—	(36,280)	(46,875)
Charitable activities		(246,066)	(49,091)	(295,157)	(518,357)
Governance costs	10	(5,758)	—	(5,758)	(8,060)
Total Resources Expended		(288,104)	(49,091)	(337,195)	(573,292)
Net Outgoing Resources					
Before Transfers	11	37,584	(49,091)	(11,507)	(254,571)
Transfer between funds	12	1,747	(1,747)	—	—
Net Expenditure for the Year		39,331	(50,838)	(11,507)	(254,571)
Reconciliation of Funds					
Total funds brought forward		7,564	689,017	696,581	951,152
Total Funds Carried Forward		46,895	638,179	685,074	696,581

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 16 to 23 form part of these financial statements.

Chinese Arts Centre Limited

Balance Sheet

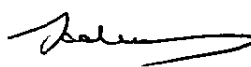
31 March 2010

	Note	2010 £	2009 £
Fixed Assets			
Tangible assets	14	639,215	689,017
Current Assets			
Stocks	15	2,747	2,747
Debtors	16	14,605	12,084
Cash at bank and in hand		124,325	81,749
		<u>141,677</u>	<u>96,580</u>
Creditors: Amounts falling due within one year	17	<u>(21,964)</u>	<u>(15,162)</u>
Net Current Assets		119,713	81,418
Total Assets Less Current Liabilities		<u>758,928</u>	<u>770,435</u>
Provisions for Liabilities			
Other provisions	18	<u>(73,854)</u>	<u>(73,854)</u>
Net Assets		<u>685,074</u>	<u>696,581</u>
Funds			
Restricted income funds	19	638,179	689,017
Unrestricted income funds			
General funds	20	6,895	7,564
Designated funds	20	<u>40,000</u>	<u>-</u>
		46,895	7,564
Total Funds		<u>685,074</u>	<u>696,581</u>

These financial statements were approved by the members of the committee on the 10/9/10 and are signed on their behalf by



Albert Cheah
Director



Jackie McNerney
Director

Company Registration Number 02137427

The notes on pages 16 to 23 form part of these financial statements.

Chinese Arts Centre Limited

Notes to the Financial Statements

Year Ended 31 March 2010

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 2010

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

Equipment	-	25% straight line
Leasehold Property	-	Over 20 years

In previous years the leasehold property was depreciated 10% straight line, on review it was decided that this was too high and it was more appropriate to depreciate over the same period of the Arts Council charge on the building

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

Chinese Arts Centre Limited

Notes to the Financial Statements

Year Ended 31 March 2010

1. Accounting Policies (*continued*)

Pension Costs

The charity operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the charity. The annual contributions payable are charged to the statement of financial activities.

2. Voluntary Income

	Unrestricted Funds £	Total Funds 2010 £	Total Funds 2009 £
Grants and donations			
Arts Council of England Revenue grant	181,096	181,096	176,335
Arts Council of England Grants for the Arts - Organisational development	28,235	28,235	28,235
Manchester City Council - AGMA	10,300	10,300	10,000
Arts Council of England - East showcase	—	—	2,435
Arts Council of England - Vital report	950	950	—
British Council	1,750	1,750	—
Visiting Arts	1,557	1,557	—
Other income	—	—	750
	<u>223,888</u>	<u>223,888</u>	<u>217,755</u>

3. Incoming Resources from Activities for Generating Funds

	Unrestricted Funds £	Total Funds 2010 £	Total Funds 2009 £
Shop Income	9,574	9,574	8,507
Room Hire	25,464	25,464	17,797
Sponsorship	6,800	6,800	2,000
	<u>41,838</u>	<u>41,838</u>	<u>28,304</u>

4. Investment Income

	Unrestricted Funds £	Total Funds 2010 £	Total Funds 2009 £
Bank interest receivable	<u>77</u>	<u>77</u>	<u>1,419</u>

Chinese Arts Centre Limited

Notes to the Financial Statements

Year Ended 31 March 2010

5. Incoming Resources from Charitable Activities

	Unrestricted Funds £	Total Funds 2010 £	Total Funds 2009 £
Consultancy	21,884	21,884	11,652
Education workshop and performance	33,750	33,750	50,066
Touring income	1,250	1,250	2,000
	<u>56,884</u>	<u>56,884</u>	<u>63,718</u>

6. Other Incoming Resources

	Unrestricted Funds £	Total Funds 2010 £	Total Funds 2009 £
Sundry income	3,001	3,001	7,525

7. Costs of Generating Voluntary Income

	Hire £	Shop £	Voluntary Income £	Total Funds 2010 £	Total Funds 2009 £
Direct expenditure	5,847	3,654	–	9,501	15,671
Wages & salaries	5,208	5,176	11,717	22,101	25,050
Premises	2,320	1,159	–	3,479	3,722
Support costs	599	300	300	1,199	2,432
	<u>13,974</u>	<u>10,289</u>	<u>12,017</u>	<u>36,280</u>	<u>46,875</u>

8. Analysis of Charitable Expenditure

	Unrestricted Funds £	Restricted Funds £	Total Funds 2010 £	Total Funds 2009 £
Direct charitable activities	90,033	–	90,033	147,440
Wages & salaries	85,001	–	85,001	96,341
Marketing	9,187	–	9,187	17,806
Depreciation	1,895	49,091	50,986	169,462
Premise expenses	42,913	–	42,913	45,910
Support costs	17,037	–	17,037	41,398
	<u>246,066</u>	<u>49,091</u>	<u>295,157</u>	<u>518,357</u>

Chinese Arts Centre Limited

Notes to the Financial Statements

Year Ended 31 March 2010

9. Support Costs

	Activities for generating funds £	Governance £	Charitable activities £	Total Funds 2010 £	Total Funds 2009 £
Wages & salaries	22,101	1,226	85,001	108,328	122,780
Other staff costs	—	—	6,249	6,249	18,787
Administration	1,199	—	10,787	11,986	24,320
Other costs	—	333	—	333	723
	<u>23,300</u>	<u>1,559</u>	<u>102,037</u>	<u>126,896</u>	<u>166,610</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. Governance Costs

	Unrestricted Funds £	Total Funds 2010 £	Total Funds 2009 £
Salaries and wages	1,226	1,226	1,389
Accountancy fees	—	—	4,083
Audit fees	4,199	4,199	2,588
Other expenses	333	333	—
	<u>5,758</u>	<u>5,758</u>	<u>8,060</u>

11. Net Outgoing Resources for the Year

This is stated after charging

	2010 £	2009 £
Staff pension contributions	—	5,889
Depreciation	50,986	169,462
Auditors' remuneration - audit of the financial statements	<u>4,199</u>	<u>2,588</u>

12. 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.

Chinese Arts Centre Limited

Notes to the Financial Statements

Year Ended 31 March 2010

13. Staff Costs and Emoluments

Total staff costs were as follows:

	2010	2009
	£	£
Wages and salaries	98,460	106,419
Social security costs	9,868	10,472
Other pension costs	—	5,889
	<u>108,328</u>	<u>122,780</u>

Particulars of employees:

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

	2010	2009
	No	No
Number of administrative staff	1	3
Number of management staff	3	2
	<u>4</u>	<u>5</u>

No employee received remuneration of more than £60,000 during the year (2009 - Nil)

14. Tangible Fixed Assets

	Equipment	Leasehold	Total
	£	Property	£
		£	
Cost			
At 1 April 2009	101,757	1,679,139	1,780,896
Additions	1,184	—	1,184
At 31 March 2010	<u>102,941</u>	<u>1,679,139</u>	<u>1,782,080</u>
Depreciation			
At 1 April 2009	100,010	991,869	1,091,879
Charge for the year	1,895	49,091	50,986
At 31 March 2010	<u>101,905</u>	<u>1,040,960</u>	<u>1,142,865</u>
Net Book Value			
At 31 March 2010	<u>1,036</u>	<u>638,179</u>	<u>639,215</u>
At 31 March 2009	<u>1,747</u>	<u>687,270</u>	<u>689,017</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.

Chinese Arts Centre Limited

Notes to the Financial Statements

Year Ended 31 March 2010

15. Stocks

	2010	2009
	£	£
Stock	<u>2,747</u>	<u>2,747</u>

16. Debtors

	2010	2009
	£	£
Trade debtors	13,644	9,346
Prepayments	<u>961</u>	<u>2,738</u>
	<u>14,605</u>	<u>12,084</u>

17. Creditors: Amounts falling due within one year

	2010	2009
	£	£
Trade creditors	4,152	1,441
Taxation and social security	2,783	—
Accruals	<u>15,029</u>	<u>13,721</u>
	<u>21,964</u>	<u>15,162</u>

18. Other Provisions

	2010	2009
	£	£
Provision for grants repayable	<u>73,854</u>	<u>73,854</u>

The provision of grants repayable relates to restricted monies received in respect of the EU Project. The trustees do not believe they are able to meet the match funding requirements according to the terms of the agreement. Chinese Arts Centre is awaiting a response from the EU as to whether it can rescale the project and until a response is received it is felt appropriate to provide in full for the return of monies received.

19. Restricted Income Funds

	Balance at 1 Apr 2009	Outgoing resources	Transfers	Balance at 31 Mar 2010
	£	£	£	£
Building Fund	<u>689,017</u>	<u>(49,091)</u>	<u>(1,747)</u>	<u>638,179</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.

Chinese Arts Centre Limited

Notes to the Financial Statements

Year Ended 31 March 2010

20. Unrestricted Income Funds

	Balance at 1 Apr 2009 £	Incoming resources £	Outgoing resources £	Transfers £	Balance at 31 Mar 2010 £
General Funds	7,564	325,688	(288,104)	(38,253)	6,895
Designated Funds					
Capital maintenance fund	-	-	-	20,000	20,000
Research and development fund	-	-	-	20,000	20,000
Total	7,564	325,688	(288,104)	1,747	46,895

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

The Research and Development Fund is to enable the curatorial staff to have funds to research future exhibitions and potential new sources of income

21. Analysis of Net Assets Between Funds

	Tangible fixed assets £	Net current assets £	Total £
Restricted Income Funds:			
Revenue Grant Funds	638,179	-	638,179
Unrestricted Income Funds	-	46,895	46,895
Total Funds	638,179	46,895	685,074

22. Transactions with Trustees

None of the trustees (or any person connected with them) received and remuneration or expenses or payments for professional or other services during the current or previous years

None of the trustees has a beneficial interest in the company

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

23. 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