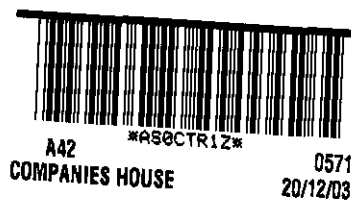


Charity Registration No 518992
Company Registration No 2137427 (England and Wales)

CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
TRUSTEES' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2003



CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
INFORMATION

Directors and Trustees	Yvette S Cox	(resigned 18 November 2002)
	Jacqui Fendall	
	Jasmine SAV Hendry	(resigned 11 June 2002)
	Huttson Lo	(appointed 18 November 2002)
	Robert Foster	(appointed 14 May 2003)
Chair	Robert Foster	
Vice Chair	Huttson Lo	
Treasurer	Jacqui Fendall	
Chief Executive Officer	Sarah Champion	
Company Secretary	Sarah Champion	
Charity Number	518992	
Company number	2137427	
Principal address	39-43 Edge Street Manchester M4 1HW	
Registered office	39-43 Edge Street Manchester M4 1HW	
Auditors	Bulcock & Co 10 The Bull Ring Northwich Cheshire CW9 5BS	
Bankers	Royal Bank of Scotland 38 Mosely Street Manchester M60 2BW	

CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE

CONTENTS

	Page
Trustees' report	1-3
Statement of trustees' responsibilities	4
Auditors' report	5-6
Statement of financial activities	7
Balance sheet	8
Notes to the accounts	9-15

CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2003

The trustees present their report and accounts for the year ended 31st March 2003 (and comparative figures for the year ended 31st March 2002).

Objects of the charity

The charity is a company limited by guarantee and acquired registered charitable status on 24 June 1987. There are two guarantors at the year end.

The charity's objects are to promote and enhance Chinese Arts and culture within the United Kingdom and to develop the positive identity of the people of Chinese descent.

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

Review of activities

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

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

Trustees

The trustees, who are also the directors for the purpose of company law, who served during the year, are:

Yvette S Cox	(resigned 18 November 2002)
Jacqui Fendall	
Jasmine SAV Hendry	(resigned 11 June 2002)
Hutton Lo	(appointed 18 November 2002)

On 14 May 2003 Robert Foster was appointed as a trustee and chair.

None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

In addition to the above trustees, the charity receives assistance from Peter McNamara, Andrew Lloyd, Albert Cheah, Kin Cheng, Louie Chow, Chris Lethbridge, Katharine De Lisle, Elizabeth Huang, Andrew Lloyd and Alan Seatwo acting as committee members and regularly attending board meetings to provide ad hoc help and advice.

The appointment of trustees is governed by the Articles of Association.

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

The trustees meet at bi-monthly intervals and the meetings are well attended and quorate.

CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2003

The trustees confirm that the major risks to which the charity is exposed are reviewed on a regular basis and they are confident that the systems they have in place are sufficient to mitigate those risks.

Review of financial position

On 7 June 2001, Chinese Arts Centre was informed that it had been accepted onto the Arts Council of England's lottery programme with £2,185,160 ring fenced for the organisation. During the last financial year Chinese Arts Centre has purchased a leasehold site and completed the detailed development of the plans. Chinese Arts Centre has been through an extensive programme of organisational development including Board and Staff recruitment and the updating of many of the Centre's policies, including formal procedures for:

1. Annual leave entitlement
2. Maternity provisions and parental leave
3. Sickness notification
4. Time of in lieu
5. Travel allowances
6. Discipline
7. Capability
8. Managing sickness and absence
9. Appraisals

At the year end the charity had received £833,175 of funding towards the project. The new building is due to be open in November 2003.

The Chinese Arts Centre was fortunate to gain an increase of 20% in revenue funding from North West Arts Board (NWAB). This went towards covering the cost of the core staff. NWAB has now merged with Arts Council of England and in March 2003 was able to confirm our revenue funding for the following three years. This commitment has given Chinese Arts Centre confidence for long term planning and allows us the flexibility to programme events which require more than a year's development.

The Lottery project has placed a great deal of additional demands on staff, principally the CEO and General Manager. To compensate for this a decision in 2001/2002 was made to initiate fewer projects during the year. This lack of programming directly correlates to less income and expenditure on projects and should not be read as a lack of activity or problems securing funds.

2003 / 2004 is a time of growth and opportunities. The lottery grant is clear recognition of the national status of the Chinese Arts Centre and of the Arts Council of England's desire to support its development. The Chinese Arts Centre has been fortunate to continue to employ dedicated staff and to have a supportive and committed Board and the trustees would like to thank them for all of their help.

CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE

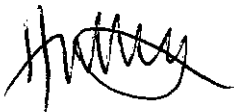
Asset cover for funds

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

Auditors

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

On behalf of the board of trustees



Hutton Lo
Trustee

Date: 10-12-03

CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

In preparing those accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
INDEPENDENT AUDITORS' REPORT
TO THE TRUSTEES OF CHINESE ARTS CENTRE LIMITED**

We have audited the accounts of Chinese Arts Centre Limited for the year ended 31 March 2003 which comprise the Statement of Financial Activities, the balance sheet and the related notes. These accounts have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the charity's trustees, as a body, in accordance with Section 43 of the Charities Act 1993. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees' responsibilities for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Trustees' Responsibilities. The trustees are also the directors of Chinese Arts Centre Limited for the purpose of company law,

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the trustees' report is not consistent with the accounts, if the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We are not required to consider whether the statement contained in the trustees' report concerning the major risks to which the charity is exposed covers all existing risks and controls, or to form an opinion on the effectiveness of the charity's risk management and control procedures.

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

Basis of opinion

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

CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
INDEPENDENT AUDITORS' REPORT
TO THE TRUSTEES OF CHINESE ARTS CENTRE LIMITED (continued)

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 as to whether the accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the charity's affairs as at 31 March 2003 and of its incoming resources and application of resources including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Bulcock & Co

Bulcock & Co

Date: 10/12/03

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

CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2003

	Note	Unrestricted funds £	Restricted funds £	2003 £	2002 £
Incoming resources					
Grants receivable	2		155,542	155,542	103,165
Interest receivable		164		164	105
Net income from trading activities	3	13,371		13,371	13,932
Other income				-	5045
Total incoming resources		<u>13,535</u>	<u>155,542</u>	<u>169,077</u>	<u>122,247</u>
Resources expended					
Direct charitable expenditure		-	111,147	111,147	119,523
Other expenditure:					
Management and administration		2,165		2,165	1,314
Total resources expended	4	<u>2,165</u>	<u>111,147</u>	<u>113,312</u>	<u>120,837</u>
Net income for the year		<u>11,370</u>	<u>44,395</u>	<u>55,765</u>	<u>1,410</u>
Fund balances at 1 April 2002		6,979	0	6,979	5,569
Fund balances at 31 March 2003		<u>18,349</u>	<u>44,395</u>	<u>62,744</u>	<u>6,979</u>

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

All of the charity's operations are classed as continuing and all of its income is derived from activities which are within its objects.

CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
BALANCE SHEET
AS AT 31 MARCH 2003

		2003		2002	
	Notes	£	£	£	£
Fixed Assets					
Tangible assets	8		922,606		94,026
Investments	9		-		1
Current assets					
Debtors	10	2,378		3,550	
Cash at bank and in hand		65,560		7,557	
			67,938	11,107	
Creditors: amounts falling due within one year	11	(5,780)		(6,049)	
Net current assets			62,158		5,058
Deferred income	12		(922,020)		(92,106)
Total assets less current liabilities			62,744		6,979
Income Funds					
Unrestricted funds:					
Other charitable funds	13		18,349		6,979
Restricted funds:					
Other charitable funds	13		44,395		-
			62,744		6,979

The accounts were approved by the Board on 10.12.2003

J. Fendall
Jacqui Fendall
Trustee and Treasurer

CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2003

1. Accounting policies

1.1 Basis of preparation

The accounts are prepared under the historical cost convention.

The charity has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small charity.

The accounts have been prepared in accordance with the Statement of Recommended Practice - Accounting by Charities.

1.2 Incoming resources

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

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

Revenue grants are recognised as incoming resources when received.

Capital grants received in respect of the new premises have been deferred in accordance with note 2.

Bank interest is recognised as investment income when received.

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

1.3 Resources expended

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

1.4 Tangible fixed assets and depreciation

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

Fixtures, fittings & equipment 25% Straight line

Additions to long leasehold premises relates to costs incurred to date on the new premises which have not been depreciated in this year. The project is due to be completed in the next financial year when the trustees will allocate appropriate depreciation policies.

CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2003

1.5 Operating leases

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

1.6 Group accounts

These accounts present information about the company as an individual undertaking and not about its group. The company is entitled to the exemption under s248 of the Companies Act 1985 from the obligation to prepare group accounts.

2 Grants receivable

Revenue grants

During the year the charity received £155,542 comprising the following:

1. £91,892 from North West Arts Board as a contribution to the costs of various projects undertaken
2. £18,500 from the Baring Foundation being contributions to core costs for the period 1 September 2002 to 31 August 2003.
3. £4,750 from AFA towards computer costs.
4. £400 from The British Council for national initiatives.
5. £30,000 from the Arts Council being contributions to costs to be incurred in the next financial year relating to receiving the franchise for cultural diversity in Greater Manchester.
6. £10,000 from the Arts Council being contributions to costs to be incurred in the next financial year relating to the Task Group cultural diversity project.

Capital grants

1. In addition the charity received has now received a total of £833,175 from the Arts Council of England in respect of ongoing costs of the new premises project. The trustees consider that the most appropriate accounting treatment of the monies received is to include them on the balance sheet as deferred income since the project spans the year end and is due to be completed in the next financial period. Once the total costs have been incurred and the related grants received then the income will be shown in the Statement of Financial Activities and released over the expected life of the asset. All monies received are subject to a legal charge - see note 8.

2. In addition, the charity has also received further Arts Council funding totalling £76,238 together with a £12,607 contribution from the vendors of the premises towards set up costs incurred due to the late completion of the contract. All of this money has also been deferred as in paragraph 1.

CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2003

3 Net income from trading activities

	2003 £	2002 £
Gross income	42,404	39,030
Expenses	(29,033)	(25,098)
	<u>13,371</u>	<u>13,932</u>

Gross income is made up of the following:

1. £ 18,129 - Education and workshop activities
2. £ 5,091 - Arts programmes
3. £ 19,019 - Agency income
4. £ 165 - various materials / items sold

Expenses of £29,033 relate to costs incurred in respect of the above

4. Total resources expended

	Staff costs £	Depreciation £	Other costs £	2003 Total £	2002 Total £
Direct charitable expenditure	64,675	1,334	45,138	111,147	119,523
Other expenditure					
Management and administration	0	0	2,165	2,165	1,314
	<u>64,675</u>	<u>1,334</u>	<u>52,240</u>	<u>113,312</u>	<u>120,837</u>

Management and administration costs include auditor's fees of £2,165 (2002 - £1314).

5. Trustees

None of the trustees (or any persons connected with them) received any remuneration or expenses during the year.

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

CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2003

6 Employees

Number of employees

The average monthly number of employees during the year was:

	2003	2002
	Number	Number
Administration	4 =	4 =
Employment costs	2003 £	2002 £
Wages and salaries	64,675 =	65,085 =

The above figures include employer's national insurance of £5,350 (2002 £ 5,168). There were no employees whose annual emoluments were £50,000 or more.

7 Taxation

The company is a registered charity and relief under s505 ICTA 1988 is claimed and no tax has been provided for.

CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2003

8 Tangible fixed assets

	Long Leasehold Premises 2003 £	Fixtures & Fittings 2003 £	Total 2003 £
Cost			
At 1 April 2002	92,106	5,334	97,440
Additions	829,914		829,914
At 31 March 2003	<u>922,020</u>	<u>5,334</u>	<u>927,354</u>
Depreciation			
At 1 April 2002	-	3,414	3,414
Charge for the year	-	1,334	1,334
At 31 March 2003	<u>-</u>	<u>4,748</u>	<u>4,748</u>
Net book value			
At 31 March 2003	<u>922,020</u>	<u>586</u>	<u>922,606</u>
At 31 March 2002	<u>92,106</u>	<u>1,920</u>	<u>94,026</u>

Long leasehold additions - see notes 1.4 and 2.

On 21 January 2003 the Arts Council of England took out a legal charge over the new premises at Unit 2, Market Buildings, Thames Street, Smithfield, Manchester to a maximum sum of £2,185,160.

During 1999 the premises occupied by the charity were destroyed by fire along with many of the charity's assets. Insurance monies received in respect of the replacement of those assets amounting to £17,944 have been netted off against the cost of replacement.

The cost of assets shown above includes £19,303 spent by the charity on replacing the items lost in the fire less £17,944 insurance proceeds received.

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

9. Investments in subsidiary

During the year to March 2002, the company acquired the one issued ordinary share in Chinese Arts Centre (Properties) Limited, a company incorporated in England and Wales, at par for cash. The wholly owned subsidiary was formed with the intention to administer the £2.2 million of funding from the Arts Council of England's lottery fund required to build the new premises which are expected to be occupied by Chinese Arts Centre in Autumn 2003. However the monies were granted to Chinese Arts Centre Limited and have been included in these financial statements.

CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2003

9. Continued

The aggregate capital and reserves of the subsidiary was £1 and the subsidiary has never traded. In September 2002 the directors of Chinese Arts Centre (Properties) Limited applied to the Registrar of Companies for the company to be struck off.

10. Debtors

	2003 £	2002 £
Trade debtors	2,378	3,550
	<u>2,378</u>	<u>3,550</u>

11. Creditors: amounts falling due within one year

	2003 £	2002 £
Accruals	5,780	6,049
	<u>5,780</u>	<u>6,049</u>

12. Deferred income

Relates to the capital grants received from the Arts Council for England which has been dealt with in accordance with note 2.

13. Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 March 2003 are represented by:			
Tangible fixed assets	586	922,020	922,606
Current assets	23,543	44,395	67,938
Creditors: amounts falling due within one year	(5,780)		(5,780)
Deferred income		(922,020)	(922,020)
	<u>18,349</u>	<u>44,395</u>	<u>62,744</u>

CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2003

14. Commitments under operating leases

At 31 March 2003 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2003	2002
	£	£
Expiry date:		
Less than one year	8,813	
Between two and five years	-	8,813
	<hr/>	<hr/>

15. Capital commitments

At 31 March 2003 the company had committed to acquiring new premises in Manchester's Northern Quarter at an estimated total cost of £2.2 million. The project is entirely funded by a grant from the Arts Council of England's lottery fund.