

**COMPANY REGISTRATION NO: 02422890**  
**REGISTERED CHARITY NO: 1059678**

**REPORT & FINANCIAL STATEMENTS**

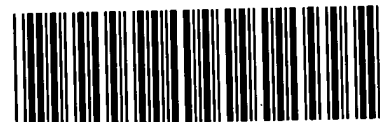
**MK GALLERY**

**(A COMPANY LIMITED BY GUARANTEE  
AND NOT HAVING A SHARE CAPITAL)**

**FOR THE YEAR ENDED 31 MARCH 2020**



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## **MK GALLERY**

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## **MK GALLERY**

### **TRUSTEES' REPORT**

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The Trustees, who are also Directors of the charity for the purposes of the Companies Act 2006, are pleased to present their annual report and the audited consolidated financial statements of the charity for the year ending 31 March 2020 which are prepared to meet the requirements for a Directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

#### **About MK Gallery, including Mission and Aims and Activities for the Public Benefit**

MK Gallery is recognised as one of the UK's leading visual art galleries and is one of 35 UK-wide members of Plus Tate. It plays an important leadership role in the region, with long standing collaborations with dozens of organisations locally, and connections to the wider world through international partnerships.

In March 2019 MK Gallery reopened to the public after a transformative capital project designed by award-winning architects 6a to expand and improve the gallery building to meet the current and future needs of audiences within Milton Keynes and the surrounding region. Completing the development of its new facilities and opening the enhanced building in early 2019 provided a welcoming setting for visual art, learning, cross-art form and film programmes, making MK Gallery an accessible and enjoyable destination in the city and wider region. The ambition and design of the new building, the quality of materials used and the new social and cultural opportunities it offers audiences all contribute to an exceptional visitor experience.

In the year to March 2020 MK Gallery welcomed over 150,000 general visitors to its exhibitions, film and events programmes, café, retail space and participatory activities.

MK Gallery's principal charitable purpose is to promote, maintain, improve and advance the education and understanding of the public, particularly by the production and presentation of and engagement with the arts, visual culture and related areas of creative practice.

Its vision is to be one of the UK's leading centres for the arts with a national and international reputation for artistic excellence and innovation and to be a cultural beacon for the city.

MK Gallery's mission is to provide access to high quality, innovative and thought-provoking art from around the world and through its programme, stimulate participation and debate, and build relationships between artists and audiences.

## **MK GALLERY**

### **TRUSTEES' REPORT (CONTINUED)**

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MK Gallery has three core values that support its vision and mission:

- Quality - By championing excellence the charity seeks to raise ambition and build confidence;
- Diversity – The charity welcomes and actively supports inclusivity;
- Opportunity – The charity is a platform for the development and exchange of art and ideas.

To deliver these values the Trustees set themselves strategic objectives for the year across five priority areas: Audiences, Artists, Enrichment, Place and Sustainability.

In shaping these priority areas the Trustees considered the Charity Commission's guidance on public benefit, Arts Council England's strategy for the arts *Let's Create*, MK Council's Corporate Plan and MK Council's Arts and Public Arts Strategy.

In 2019-20 MK Gallery contributed to the achievement of these objectives in the following ways:

#### **1. Audiences**

- MK Gallery welcomed over 150,000 visitors to the new building in the year following reopening.
- MK Gallery delivered a high quality and broad-ranging programme of exhibitions, conferences, educational events and leisure programmes.
- MK Gallery continued to develop a dialogue with audiences with digital technology being used across 20% of its learning programmes including early years, family learning and schools.

#### **2. Artists**

- 20% of Project Space exhibitions were dedicated to presentations by early career artists and 30% of exhibitions were by disabled artists or produced in collaboration with organisations that work with people affected by disability.
- MK Gallery's new live music and performance programme provided numerous opportunities for female and BAME artists and performers to showcase their work.

#### **3. Enrichment**

- MK Gallery's regular family programmes offered weekly arts activities for children aged 0-19 attracting 3450 participants over the year.
- MK Gallery's Art and Us programme worked with 247 children with diverse and complex needs and their families and the programme continued to be oversubscribed.
- MK Gallery supported 135 children to achieve their Arts Award through its core programmes and sustained relationships with schools.
- The newly launched schools programme engaged over 4,100 children and young people from Early Years, Primary, Secondary and Post-16.
- MK Gallery hosted three international conferences and numerous other educational talks and events.
- 1,610 children and young people took part in MK Gallery's Young Dancer competition.
- MK Gallery produced four new exhibition catalogues, commissioning many new essays for both and making sales of 6100 across the year.

## **MK GALLERY**

### **TRUSTEES' REPORT (CONTINUED)**

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#### **4. Place**

- MK Gallery reopened its doors to the public with extended galleries, a café, retail space, learning studio and Changing Places toilet.
- It achieved significant critical acclaim for all the Gallery's main exhibitions and major national press and media coverage for the city.
- The Gallery continued to maintain a leadership role with the local arts education network actively contributing to MK Cultural Education Partnership delivering projects for young people across Milton Keynes including the Secret Selfie, Room to Move and Mind the Gap.
- The Gallery also provided the setting for a number of major local events including MK Lit Fest and MK College's final year art show, and offered meeting space to community groups including Refugees Welcome and MK Community Foundation.

#### **5. Sustainability**

- New catering, retail and auditorium spaces were created within the Gallery that enabled the organisation to generate earned income equating to 30% of annual turnover.
- Improved facilities also allowed for the development of a private hire strategy and a ticketed exhibition, film and music programme.
- The redevelopment enabled the Gallery to create a number of new jobs within its team as well as casual, freelance and volunteering opportunities. MK Gallery currently has 155 volunteers.
- Touring partnerships for exhibitions, including with National Museum of Scotland and The Mauritshuis Museum in The Hague, provided significant financial support to exhibition production as well as opening up MK Gallery shows to wider audiences.

### **Overview of Achievements and Performance in 2019-20**

#### **AUDIENCES**

2019-20 saw the culmination of the Gallery's major capital expansion plans with a relaunch of the new facilities in March to much local and national acclaim. During the year over 150,000 people engaged with the Gallery's various programmes including exhibitions, film screenings, live music, conferences, seminars and community workshops. MK Gallery's audience development strategy seeks to increase and engage an ever-growing number of people in the benefits the gallery has to offer. Its footfall has grown five-fold since reopening in March 2019 as its audience development plans look to bring in a general audience from Milton Keynes and the surrounding region, as well as more specialist audiences from further afield.

Research undertaken by MK Gallery has highlighted important areas of audience growth for our programme that cross the spectrum of those less/least engaged in arts/culture: - MOSAIC groups including 'Careers and Kids', 'New Homemakers' and 'Professional Rewards' (aligning with Arts Council England AAI segments 'Dinner and a Show' and 'Family and Community Focussed'), that have some engagement with the arts and are strongly represented in our local demographic. These MOSAIC groups cut across ethnic and other minority groups and represent a cross-section of the local community.

## **MK GALLERY**

### **TRUSTEES' REPORT (CONTINUED)**

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#### **AUDIENCES (CONTINUED)**

Throughout 2019-20, programmes and related interpretation material were carefully curated to give greater access to diverse communities. Large print guides to exhibitions and hearing loops are always available and we provide guidance to support visitors with autism. Exhibition tours are devised to address specific Protected Characteristics. Additionally MK Gallery has continued to deliver programmes engaging local communities including disability groups; communities from the most deprived areas of England; young people experiencing low confidence and anxiety; and Refugees Welcome MK. Examples include a relaxed fireworks viewing for families with children with additional or complex needs; and Project Space exhibitions such as Family in Residence: In Nature (by families with children with additional needs) and A Space to be You (by artists who attend Headway, a charity for adults who have an acquired brain injury.)

MK Gallery expanded its audience offer opening its new 150 seat cinema programming in partnership with Curzon Cinema with 226 screenings of 141 films over the course of the year attracting around 14,000 visitors. In the autumn we introduced relaxed cinema screenings for families with children with sensory sensitivities.

Since reopening and relocating the music programme from the Events Space to the Sky Room MK Gallery has delivered 23 music events across a range of musical genres. Highlights in 2019-20 included OUTLANDS and the Portuguese Season. MK Gallery is a founding member of the OUTLANDS experimental music touring network which received funding from Arts Council England and the Esme Fairbairn Foundation to commission and tour six new interdisciplinary collaborative productions with accompanying workshops to develop and grow both artists and audiences. Each member of the network has volunteer ambassadors who support the network at a grass roots level to increase audiences and engagement. Our two ambassadors are also members of our Visitor Experience Team. MK Gallery delivered several OUTLANDS productions this financial year including Semi-Conductor + Eartheater, Enso Sone and a highly successful two-day conference and evening of performances. The Portuguese Season was programmed in collaboration with the Portuguese Conspiracy to coincide with Paula Rego: Obedience and Defiance. The programme was supported by the Camões Institute and included 7 concerts featuring 14 artists and two evenings of films between May and September.

## **MK GALLERY**

### **TRUSTEES' REPORT (CONTINUED)**

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#### **ARTISTS**

In 2019-20 MK Gallery worked with a broad range of artists through its exhibition, education and performance programmes. Artists' work was exhibited and artists were employed to deliver a range of participatory activities with individuals and community groups.

Four main exhibitions took place within the year. The inaugural show, which opened on 16 March 2019 was the playful and provocative 'The Lie of the Land.' The exhibition charted how British landscape was radically transformed by changes in free time and leisure activities since hunting and shooting, in part, tracing a line between Capability Brown's aristocratic gardens at Stowe and the social, urban experiment at neighbouring Milton Keynes. Overall, the exhibition aimed to capture a visionary spirit of grand designs tempered by the realities of political expediency.

Paula Rego: obedience and defiance included previously unseen paintings and works on paper from the artist's family and close friends, which reflected Rego's perspective as a woman immersed in urgent social issues and current affairs. This exhibition addressed challenging subjects including the moral challenges to humanity, particularly in the face of violence, gender discrimination and political tyranny. MK Gallery was the only venue in England for the exhibition which subsequently toured to the Scottish National Gallery of Modern Art, Edinburgh and to the Irish Museum of Modern Art, Dublin.

George Stubbs: 'all done from Nature' presented the first significant overview of this renowned eighteenth-century artist-scientist in Britain for more than 30 years. The exhibition brought together 80 paintings, drawings and publications from the National Gallery's life-size portrait of the stallion Whistlejacket to pieces never previously seen in public. The exhibition was accompanied by a fully illustrated publication that included new writings and extensive catalogue entries. A version of the show toured to the Mauritshuis in The Hague where it was the first-ever exhibition on the artist in the Netherlands.

Finally in early March 2020 the Gallery opened MK Calling, an open call submission exhibition featuring over 130 artists across five world class gallery spaces. The exhibition showcased the most dynamic work being made today including work by Royal Academicians, and alumni of The British Art Show, John Moore's Painting Prize and New Contemporaries. The show featured numerous pieces that addressed and challenged many contemporary issues such as the environment and the political climate, as well as a number of playful and performance works. With the exhibition taking place in the new town of Milton Keynes and with a third of artists local to the area, a lot of the work also looked at cities and architecture.

The Project Space hosted 10 exhibitions starting with Ed Webb-Ingall's 'Community, Land, Trust' an installation resulting from a series of conversations reflecting on the themes of the exhibition The Lie of the Land. 'Hey Pretty Baby...' shared the work of Soha Saiyer and her collaboration with local group Refugees Welcome.

Over the summer the Project Space featured four exhibitions from young people. 'History Repeats' showcased the work of pupils from Lord Grey Secondary school that they created in response to Paula Rego's Obedience and Defiance; while Ride High takes on Stubbs shared the work of 60 young people who attend sessions with Ride High, a charity that uses horse riding and handling to boost self-esteem and confidence. The Not- So-Secret Selfie focused on the work of 40 young people from across Milton Keynes, alongside six of the Gallery's Associate Artists during the 2019 summer holiday; funded by Children in Need, this project aimed to improve the mental health of its participants. Make a Splash offered visitors the chance to vote for their favourite design for the rebranding of the Milton Keynes Culture and Education Partnership. Work from 135 pupils from five schools was included in the exhibition.

## **MK GALLERY**

### **TRUSTEES' REPORT (CONTINUED)**

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#### **ARTISTS (CONTINUED)**

'Platform' showcased work from the Platform Graduate Award, an initiative to support emerging graduate artistic talent to further their practice following graduation, while We Are All Artists provided MK Gallery's own staff and volunteers a platform for their personal art practice.

In 2020 our exhibitions 'Family and Residence' and 'A Space To Be You' exhibited work from groups who work with people with complex needs. 'Paint Park' by Alison Goodyear provided visitors with a chance to interact with her painting through virtual reality.

#### **ENRICHMENT**

In 2019-20, MK Gallery engaged with 12,800 people through its creative learning programmes which firmly aligned with Arts Council England's Quality Principles.

The Gallery's Associate Artist pool increased to 52. Artists continued to be commissioned to develop programmes that support and promote high quality, participatory experiences.

Regular children's programmes Start the Art and Saturday Studio embedded themselves in the new Studio making use of the playscape where possible. 123 sessions took place across the year.

The Gallery's Art and Us programme continued to be oversubscribed and of significant value to participants. Post session evaluation has continued to take place with participating families, on average completing one survey per weekly session. Of a total of 49 adult evaluations and 57 child evaluations (using Picture Exchange Communication Symbols), sessions are rated as 100% and 86% Excellent respectively. The further 14% rate the session had as good.

In 2019-20, MK Gallery's new creative learning programme for schools, post-16 and groups launched. Offering a broad range of child-centred experiences across the gallery site, it has engaged over 4,100 children and young people from Early Years, Primary, Secondary and Post-16. The Gallery's expanded pool of 50+ Associate Artists, as well as external partners, continued to deliver a broad range of participatory experiences.

In addition to the ongoing schools offer, notable projects in 2019-20 include:

- The Work Life Project: a series of workshops and talks exclusively for young women within Milton Keynes to help them discover how their skills can contribute to the creative industry. Delivered in collaboration with Conde Nast College of Fashion & Design, and Rooms of Our Own.
- Fluent Futures and the ARTiculation Prize: a programme of workshops and events designed to develop public speaking and debate skills through art. ARTiculation is delivered in partnership with The Roche Court Educational Trust.

The Gallery's popular series of competitions for young artists across MK continued in 2019-20 with MK Young Dancer, delivered in partnership with Milton Keynes Theatre, MOTUS and Matthew Bourne's New Adventures dance company. 1,610 children and young people engaged with the project through school assemblies, dance workshops, mentoring sessions, teacher CPD which culminated in a live performance of competition finalists in the Gallery's Sky Room auditorium.

The Gallery continued its work offsite taking part in annual events in the city such as MK Play Day.



## **MK GALLERY**

### **TRUSTEES' REPORT (CONTINUED)**

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#### **PLACE**

MK Gallery has developed many successful partnerships over the years and is aware of the strength that partnership working gives to long-term strategic delivery. During 2019-20 MK Gallery partnered with many local, national and international organisations and groups.

As well as its exhibition and education partners MK Gallery collaborated with others to deliver a number of academic conferences. *Belonging and Unbelonging in the English Countryside* was curated by Paul Gilroy, Cora Gilroy Ware and Ingrid Pollard and used use performance, intergenerational conversation and deep listening to explore exclusion and the English countryside. *EXPLORERS Conference: Art, Rights and Representation* was a two-day event about neurodiversity, art and the politics of inclusion in partnership with Hastings based projectartworks. *The Coming Community: New Towns, Art and Place* explored the legacies of art and culture in the first generation of New Towns and consider what might be learned from such examples.

The Gallery maintained a leadership role within the local arts education network actively facilitating the development of a new brand identity for MK Cultural Education Partnership. 127 children and young people worked with a graphic designer achieving an Arts Award qualification through the process.

MK Gallery continued to participate in the Milton Keynes Arts and Heritage Alliance (AHA MK): a collection of local organisations working together to position the arts and heritage sectors as strategic contributors to the community and economy of Milton Keynes. This partnership supports communication with other local cultural providers to ensure MK Gallery continues to be a relevant artistic resource for the city.

#### **SUSTAINABILITY**

MK Gallery's principal sources of revenue to date have been via public sector grant funding – primarily from Arts Council England (ACE) and MK Council. Other income, such as trusts and foundations, sponsorship, donations and other sources, has been vigorously pursued but opportunities to earn income have been limited. 2019-20 was a year of significant financial change with the organisation reducing reliance on ACE subsidy from 55% to 26% of turnover. New earned income streams including exhibition tickets, retail, catering, private hire and cinema/concerts accounted for 30% of turnover for the first time.

To support the costs of its ambitious exhibition programme, MK Gallery successfully introduced an entry fee for both its Paula Rego and George Stubbs exhibitions this year, with free access for under 26-year-olds, free days for local residents, and many concessions. The inaugural exhibition, *Lie of the Land* remained free for all visitors.

MK Gallery also commissioned and produced four new exhibition catalogues for its *Lie of the Land*, Paula Rego and George Stubbs exhibitions respectively. Each catalogue included numerous essays and new writing from a diverse range of academics, historians and writers. 6100 copies were sold during exhibition runs generating over £80,000 in income.

MK Gallery's staff team grew to include an expanded front of house team, and new positions including an Events and Marketing Manager, a Volunteer Manager and a Catering Manager. MK Gallery remained committed to paying all its staff The Real Living Wage and introduced a number of modest HR incentives to make the organisation an attractive place to work.

## **MK GALLERY**

### **TRUSTEES' REPORT (CONTINUED)**

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#### **SUSTAINABILITY (CONTINUED)**

MK Gallery's volunteer team has grown steadily since the initial recruitment in February 2019. The Gallery now has 155 volunteers. On average the team inducts five new volunteers per month. Trained to be welcoming, helpful and friendly, the Gallery's volunteers all share a passion for art and love sharing their knowledge with others. They come from a range of ages and backgrounds and invigilate exhibitions and ushering events including cinema and family activities. In December 2019 MK Gallery's 'We are All Artists' staff and volunteer exhibition included 43 pieces of work by volunteers.

#### **Future Developments**

MK Gallery re-opened to the public just before the beginning of the financial year, having embarked on a major capital transformation in September 2017. This project was the result of self-assessment, audience feedback and stakeholder consultation based on the critical need to expand and diversify the Gallery's artistic offer, audiences and revenue streams in order to underpin the organisation's long term sustainability.

The Gallery's first year of operation was a period of significant programme and audience development with footfall figures exceeding all expectations. The impact of Covid 19 and the closure of the building in March 2020 presents numerous challenges for the Board and executive across all areas of the business including cash-flow, long-term revenue fundraising and public exhibitions and education programmes. The period 2020-2022 will see a reassessment of many aspects of the Gallery's business model and operational structures in order to rebuild lost audiences, programmes, commercial income and funding streams.

#### **Finance Review**

2019/20 was a year of continued stabilisation and review and improvements to accounting procedures, as well as the completion of the Charity's capital projects and re-opening of the Gallery. The financial statements that follow are prepared to comply with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The principal Charity income for the year continued to arise from the unrestricted annual subsidies from Milton Keynes Council totalling £278,944 (2019: £272,546), and funding from Arts Council England of £383,307 (2019: £383,307) plus £392,862 capital funding.

Further income was raised from external sources and fundraising and income generation continues with income from trusts, foundations, donations, exhibition hire fees, sales of limited edition artworks, sundry income, bank interest and the profit on café and venue hire, retail, ticket sales and exhibition catalogues.

Total expenditure for the group was £2,423,154 (2019: £1,311,986) of which £2,241,484 (2019: £1,257,815) was spent on the charitable activities i.e. operation of the art gallery. This included £820,564 (2019: £546,337) of staff costs, £739,723 (2019: £416,215) of exhibition and education and event programme costs, £241,727 (2019: £97,316) of premises costs, and £261,329 of depreciation (2019: £6,122).

## **MK GALLERY**

### **TRUSTEES' REPORT (CONTINUED)**

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#### **Finance Review (continued)**

The subsidiary, MK Gallery Trading Limited, reported a loss of £(1,692) (2019: profit of £139).

The most recently formed subsidiary, MK Gallery Enterprises Limited, reported a loss of £(63,496) (2019: profit before tax of £2,347). MK Gallery Enterprises Limited operates the art gallery and all commercial trading operations carried on at the art gallery premises. The operations in the subsidiary continued to be reorganised during the year and both the level of business and the year end financial position were satisfactory. MK Gallery Trading Limited wound up in 2021/22.

The Trustees are fully aware of the need to protect the Charity's funds beyond the period of committed support from Milton Keynes Council whilst ensuring that the charity can fulfil the key charitable objectives in the short and medium term including the committed revenue funding of MK Gallery and potential further expenditure on site development.

The Charity's financial forecasts and strategies were examined while preparing the Forward Plan 2018-2022; those continue to be monitored and tested through its financial controls and reporting systems.

#### **Financial Summary**

The year-end financial position for the charitable group (to the nearest thousand) was as follows:

|                                    | £           |
|------------------------------------|-------------|
| Unrestricted funds carried forward |             |
| General surplus                    | (304,000)   |
| Capital fund                       | 8,183,000   |
| Designated funds carried forward   |             |
| Capital fund                       | 3,000,000   |
| Development fund                   | 1,230,000   |
| Capital construction fund          | 22,000      |
| Restricted funds                   | 676,000     |
|                                    | <hr/>       |
| Net assets                         | £12,807,000 |
|                                    | <hr/>       |

#### **Reserves Policy**

The MK Gallery reserves policy is to maintain a sufficient level of reserves to enable operating activities to be maintained, taking account of potential risks and contingencies that may arise from time to time. The policy is reviewed annually by the Trustees.

Unrestricted group reserves at the year-end amounted to £12,131,033 (2019: £12,494,010). Of these, the free reserves amounted to £(304,364) (2019: £145,273). The desired level of free reserves is £500,000, representing approximately 6 months' operating costs.

In September 2012 the Trustees agreed to designate £4,000,000 from general reserves to a designated fund, the Development Fund. The company maintained and invested this fund to provide monies to meet special targets of opportunity or need, which further its mission and which may or may not have specific expectation or incremental or long-term increased income. On 18 March 2013 the Trustees re-designated £2,000,000 of the Development Fund to a new Capital Fund as a contribution towards the major redevelopment of the site. On 27 September 2016 the Trustees re-designated a further £1,000,000 from the Development Fund to the Capital Fund.

## **MK GALLERY**

### **TRUSTEES' REPORT (CONTINUED)**

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#### **Reserves policy (continued)**

At 31 March 2020 the majority of the redevelopment costs had been incurred with only the building contract retention remaining outstanding. In the course of 2020/21 post-build rectification period the final contract sum has been agreed between Bowmer & Kirkland and MK Gallery and payment of the retention is likely to take place at the end of 2020/21.

At a meeting in September 2020 the Trustees agreed that following payment of the final account to the building contractor the Capital Fund would be undesignated. The relevant sum would move to the unrestricted capital fund to cover the cost of the new asset with any remaining funds transferring to the general income fund.

Once this movement had taken place the Trustees agreed that the Development Fund should be redesignated as follows:

- £360,000 to a Programme Fund to underwrite exhibition and other operational costs for the next three years.
- £600,000 to a Capital Renewal Fund to cover the cost of physical reparations and equipment replacement across the site.

Any remaining funds are to be returned to the general income fund.

In the view of the Trustees the free reserves are sufficient at the current time as the decision can be taken to reverse any designations in the event the funds are needed for general purposes.

#### **Investment Policy**

MK Gallery operates a policy of investing a minimum sum of £1,000,000 (plus accumulated value) relating to the current Development Fund long-term with an investment manager.

Following completion of the redevelopment project, the Trustees employ a policy of investing any remaining funds in short to medium-term interest bearing deposits.

In accordance with its reserves policy MK Gallery also has at least six months of planned expenditure as cash reserves in order to ensure financial security, continuity and to provide for contingencies.

MK Gallery assets are invested in line with its aims, in such a way that enables the trust to achieve its goals in both the short and long term. The Trustees do not wish to adopt an exclusionary policy, but individual investments may be excluded if perceived to conflict with the trust's purpose. Such instructions may be issued to the Investment Manager on behalf of the trust by the Finance and Operations Committee. The Finance Committee will carry out a review of the Gallery's investment policy once the final balance of the capital project is settled.

#### **Assets**

In the opinion of the Trustees, the charitable company's assets are sufficient to fulfil the obligations of the Charity.

#### **Trustee Liability Insurance**

Liability Insurance exists for the benefit of all Trustee Directors.

## **MK GALLERY**

### **TRUSTEES' REPORT (CONTINUED)**

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#### **Legal and Administrative Details**

The Charity is MK Gallery (registered number 1059678) and is constituted as a private limited company limited by guarantee (registered number 02422890) incorporated in the UK. The principal and registered address is MK Gallery, 3 Theatre Walk, Central Milton Keynes, MK9 3PX.

#### **Trustees**

The directors of the charitable company are its Trustees for the purposes of charity law. The Trustees and Officers serving during the year were as follows:

|                   |  |
|-------------------|--|
| Chairman          | William Cousins (resigned 24 August 2019)<br>Elizabeth Gifford (Chair from 17 September 2019)<br>Cllr Carole Baume (appointed 7 July 2020)<br>David Danskin<br>Cllr David Hopkins<br>David King<br>Cllr Pete Marland<br>Cllr Jennifer Marklew (resigned 7 July 2020)<br>Fidele Mutwarasibo (appointed 7 July 2020)<br>Mark Rayner<br>Neil Smith<br>Charles Douglass Welch (resigned 29 September 2020)<br>Sunita Yeomans |
| Company Secretary | David Danskin  |
| Gallery Director  | Anthony Spira  |

All current Trustees stand as guarantors to the company in the sum of £1 each.

#### **Advisers**

The following acted as advisers to the charity during the year:

|   |   |   |
|---|---|---|
| <b>Bankers</b><br>HSBC Bank plc<br>19 Midsummer Place<br>Milton Keynes<br>MK9 3GB | <b>Bankers</b><br>METRO Bank<br>One Southampton Row<br>London<br>WC1B 5HA                               | <b>Auditor</b><br>Mazars LLP<br>The Pinnacle<br>160 Midsummer Boulevard<br>Milton Keynes<br>MK9 1FF |
| <b>HR Consultants</b><br>Fortus<br>1 Rushmills<br>Northampton<br>NN4 7YB          | <b>Solicitors</b><br>Hewitsons<br>Exchange House<br>482 Midsummer Boulevard<br>Milton Keynes<br>MK9 2EA | <b>Accountants</b><br>Steve Monico Ltd<br>19 Goldington Road<br>Bedford<br>MK40 3JY                 |

## **MK GALLERY**

### **TRUSTEES' REPORT (CONTINUED)**

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#### **Structure, Governance and Management**

MK Gallery, established in 1999 as Milton Keynes Theatre and Gallery Company, is a company limited by guarantee and a registered charity governed by its Memorandum and Articles of Association which were formally adopted on 20 February 2014.

#### **Appointment of Trustees (Directors)**

MK Gallery may appoint any person who is willing to be a Trustee. Milton Keynes Council (MKC) may nominate two people to be Trustees.

Each Trustee serves for a three year term from the date of his or her appointment. The Trustees may resolve to re-appoint a Trustee who retires for a further term. The exceptions to this rule are Trustees nominated by Milton Keynes Council, who are appointed on an annual basis.

Trustees are recruited through an open process to meet identified skills gaps and succession planning. Opportunities are advertised on the Gallery's website and through other local and regional media channels.

New Trustees receive induction and training through meetings with the Chair, Director and staff of the Charity and through receipt of the Charity Commission's *The Essential Trustee*, a copy of the charity's Articles of Association and other key internal documents including the most recent Business Plan and Board papers.

Three trustees retired or stood down for personal reasons in 2019-20. In August 2019 William Cousins resigned from his position as Chair of the Board. On 7 July 2020 Cllr Jennifer Marklew resigned from her position as Trustee. On 29 September 2020 Charles Douglass Welch resigned from his position as Trustee. Elizabeth Gifford took over the role as Chair of the Board on 24 August 2019. Two trustees, Carole Baume and Fidele Mutwarasibo, joined the Board on 7 July 2020.

#### **Organisational Structure**

The Board of Trustees meets quarterly to administer the Charity, review performance and discuss key topics. In addition to this the Finance and Operations Committee meets quarterly to scrutinise finance and audit, HR and legal issues. The Building Committee has delegated responsibility from the Board to oversee the capital project and until April 2019 met monthly to review project progress. This Committee will cease to operate once the rectification period is completed in mid 2020.

The Board currently has no official working parties or steering groups.

Day to day management of the Gallery is delegated to MK Gallery's staff team led by the Director who is supported by the Deputy Director and Head of Public Programme. The Director takes lead responsibility for exhibition programming, fundraising, marketing and audience development, the Deputy Director for commercial operations and day to day management, staff, governance and facilities and the Head of Public programme for cinema, live programming, education and outreach. Senior Management Team meetings take place weekly and are an opportunity for the Director, Deputy Director and Head of Public Programme to discuss operational issues including finance, recruitment/ staffing/ governance, diversity, audience development (including exhibitions and public programmes), and any external issues/news.

## **MK GALLERY**

### **TRUSTEES' REPORT (CONTINUED)**

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#### **Organisational Structure (continued)**

A large number of new Visitor Experience Duty Managers and Visitor Experience Assistant roles were created in March 2019 to support the opening of the new building along with the new role of Volunteer Manager. The role of Events Manager was made permanent in October 2019 as the development of the Gallery's private hire and retail activities progressed. As part of budget planning for 2020-21 the executive reviewed the organisational structure and developed a proposal with support from the human resources team at Fortus, the Gallery's external HR consultant. The new structure brought the Gallery's learning programmes under a new Head of Public Programme, created a new Marketing and Events Manager and a new operational front of house team structure which better supported the day to day running of the building. The new structure was implemented in March 2020 following a consultation process with staff. The Gallery also took on a number of new catering staff in March 2020 through a TUPE process following the departure of the organisation's external café operator Modern British Catering Company.

Volunteers are vital to the successful running of MK Gallery. A new volunteer programme was launched shortly before reopening with over 100 individuals receiving volunteer training in March 2019. The number of active volunteers has now grown to 155.

#### **Salary Review**

The Board is responsible for approving the organisation's annual budget which includes the global salaries budget. The Board has delegated responsibility for reviewing and setting individual salary levels to the Director, except in the case of his/her own salary. The Board remains responsible for making decisions in relation to the Director's salary. Salary levels across the organisation are reviewed annually and benchmarked against external peers to establish market rate salaries for similar posts in the sector/area. Changes to individual job descriptions are also taken into account.

Any changes to individual staff salaries are included in the global salary budget presented to the Board for approval in March. The Board also makes any decision regarding the pay of the Director at this meeting.

The Director/Board is/are under no obligation to increase annual rates of pay as a result of these reviews. This is reflected in the company's employment contracts.

## **MK GALLERY**

### **TRUSTEES' REPORT (CONTINUED)**

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#### **Related parties**

None of the Trustees receive remuneration or other benefit from their work with the charity. Any connection between a Trustee or senior manager of the charity with an artist, contractor, performer or other supplier must be disclosed to the full Board in the same way as any other contractual relationship with a related party.

The charity's wholly owned subsidiary, MK Gallery Trading Limited, was established in 2002 to undertake some or all of the commercial activities of MK Gallery.

The Board authorised the set-up of a new trading company, MK Gallery Enterprises Ltd, in October 2018 for all the Gallery's trading activities. The Board started meeting regularly from 2019-20 to review the Gallery's commercial activities.

#### **Financial health**

The charity continues to control its costs whilst diversifying income, both earned and voluntary to achieve a sustainable financial model. This concern is a key focus for the charity's capital development plans, which saw significant progress during this financial year.

#### **Risk Management**

The Trustees acknowledge their responsibility to identify, review and assess all major risks to which the Company is exposed, in particular those related to its operation, finances and reputation. A formal organisational risk assessment is undertaken as part of the charity's business planning process which identifies and ranks the risks the charity faces and the means of mitigation.

#### **Brexit**

In the opinion of the Board the impact of the UK leaving the EU finally on 31 December 2020 has not adversely affected the charity nor is it expected to have a material effect during 2021.



## **MK GALLERY**

### **TRUSTEES' REPORT (CONTINUED)**

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#### **Impact of Covid-19**

In March 2020 MK Gallery closed to the public in line with government guidelines to prevent the spread of Covid-19. Closure resulted in the postponement of two major exhibitions, significant losses from earned and raised income sources and a large number of staff being furloughed throughout the first six months of 2020/21. The site reopened on a part-time basis in September 2020. In December 2020 the Gallery entered a further period of closure which is expected to last until at least March 2021.

The Board of Trustees and Senior Management Team drew on £350,000 cash reserves and worked to secure a number of emergency grants including £25,000 from Milton Keynes Council, £20,000 from the Paul Hamlyn Foundation and £10,000 from the Paul Mellon Centre to support cashflow in the first half of 2020/21. All staff volunteered to accept a 20% reduction in salary to September 2020 and operational costs were reduced to a minimum while the building was closed. In October 2020 the Gallery was awarded £250,000 from the Cultural Recovery Fund and received a £3,000 business grant from Milton Keynes Council to support operations in the second half of the year and replenish reserves. A small amount of earned income was raised in October and December through exhibition and cinema, retail and café sales. As a result of these actions the Gallery is expected to replenish reserves by around £115,000 at 31 March 2021.

The ongoing impact of the COVID-19 coronavirus pandemic continues to cause a significant deterioration in global economic conditions. Senior Management Team monitors the impact of measures and plans issued by government on a weekly basis and regularly reports issues to the Board.

The Board has considered the consequences of COVID-19 and other events and conditions, and it has determined that they do not create a material uncertainty that casts significant doubt upon the Gallery's ability to continue as a going concern.

Although designated for long-term programming and capital maintenance the Gallery has sufficient cash to underwrite its operational costs for at least 12 months. Further applications for emergency funds are being submitted to replace lost income and support programme expenditure including the second round of Cultural Recovery grants.

Senior Management is developing new budget forecasts for 2021/22 and 2022/23 which take into consideration revised exhibition timetables, additional marketing capacity and different operational models (particularly in relation to maintenance and partnership working) and has the ability to flex programmes and activities in line with available funds.

The Board acknowledges that further actions might be required within the next 12 months to generate sufficient cashflows to meet its obligations when they fall due but is prepared to draw on cash reserves to cover gaps in the short-term. The charity is unlikely to require borrowing facilities.

## **MK GALLERY**

### **TRUSTEES' REPORT (CONTINUED)**

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#### **Fundraising activities**

With stronger fundraising regulation now in place in the UK and EU, the charity has worked to ensure that it maintains high standards in how it works with funders, donors and supporters and that fundraising practices and management meet the requirements of the new regulations.

Key features of the charity's approach to fundraising are:

- The charity is a member of the Institute of Fundraising and follows the Code of Fundraising Practice which is set by the Fundraising Regulator through its Standards Committee. The charity is registered with the Fundraising Regulator which maintains the standards for charitable fundraising and ensures that fundraising is respectful, open, honest and accountable to the public. It also takes complaints about fundraising, investigates cases and adjudicates on fundraising practice;
- The fundraising method outlines the charity's commitment to high standards;
- The fundraising approach is in line with the charity's aims and objectives;
- The charity raises funds through business networking, corporate donations and trusts and foundations fundraising, and individual gifts where appropriate;
- The fundraising work is overseen by the Head of Development and Communications who is also a member of the Institute of Fundraising;
- Fundraising guidance and advice is given to supporters through fundraising packs, email enquiries, networking events, the website and telephone conversations.
- The charity does not carry out any telephone, face-to-face or door-to-door fundraising.
- All of the charity's fundraising activity complies with explicit donor preferences about opting in.
- The charity does not use third party agencies for fundraising. The charity does not swap or share data and never sells data.
- The charity has a complaints policy which outlines commitment to resolving fundraising complaints as promptly and amicably as possible. It also sets out the process for handling any complaints received. All formal and informal complaints are recorded, along with the actions taken to resolve the complaint and the outcome of those actions. Complaints will be reported and referred to the Fundraising Regulator if a resolution with the complainant cannot be reached or if they are in the breach of any aspect of a code of fundraising practice;
- In 2019/20 no complaints were received;
- The Board of Trustees is able to provide additional assistance, advice and reassurance on the standards of the charity's fundraising delivery.

## **MK GALLERY**

### **TRUSTEES' REPORT (CONTINUED)**

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#### **Statement of Disclosure of Information to Auditor**

In so far as the Trustees are aware:

- (a) there is no relevant information of which the group's auditor is unaware, and
- (b) the Trustees have taken all the 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**

A resolution to reappoint Mazars LLP as auditor to the Charity and to authorise the Trustees to fix their remuneration will be proposed at the next General Meeting.

This report has been prepared under the special provisions of Part 15 of the Companies Act 2006 relating to small entities.

**Approved by the Board and signed on its behalf by**

*Elizabeth Gifford*  
Elizabeth Gifford (Jan 27, 2021 12:08 GMT)

**E Gifford  
Chairman**

**Date** 27-Jan-2021

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

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The Trustees (who are also the directors of MK Gallery for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and the group 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 2019 (FRS 102);
- 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 adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **MK GALLERY**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MK GALLERY**

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#### **Opinion**

We have audited the financial statements of MK Gallery (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise of the Consolidated Statement of Financial Activities, the Consolidated and Charitable Company Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 March 2020 and of the group's 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.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees' have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **MK GALLERY**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MK GALLERY**

#### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report, which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In light of the knowledge and understanding of the group and the parent charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Trustees' Report.

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

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charity financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specific by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

## **MK GALLERY**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MK GALLERY**

#### **Responsibilities of Trustees**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 18, the Trustees (who are also the directors of the parent charity 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Use of the audit report**

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 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 group and the group's members as a body for our audit work, for this report, or for the opinions we have formed.



Vincent Marke (Jan 29, 2021 18:01 GMT)

Vincent Marke (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor  
The Pinnacle  
160 Midsummer Boulevard  
Milton Keynes  
MK9 1FF

Date: 29-Jan-2021

Mazars LLP is eligible to act as an auditor in terms of section 1212 of the companies Act 2006.

# **MK GALLERY**

## **CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2020**

|  | Notes  | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | Total<br>2020<br>£ | Total<br>2019<br>£ |
|--|--------|----------------------------|--------------------------|--------------------|--------------------|
| <b>Income:</b>                               |        |                            |                          |                    |                    |
| <i>Income from charitable activities:</i>    |        |                            |                          |                    |                    |
| Grants and donations                         | 5      | 1,531,049                  | 235,350                  | 1,766,399          | 3,391,188          |
| Other income                                 |        | -                          | -                        | -                  | 12,673             |
| <i>Income from other trading activities:</i> |        |                            |                          |                    |                    |
| Commercial trading operations                |        | 269,007                    | -                        | 269,007            | 32,350             |
| Investment income                            | 6      | 332                        | -                        | 332                | 4,678              |
| <b>Total income</b>                          |        | <b>1,800,388</b>           | <b>235,350</b>           | <b>2,035,738</b>   | <b>3,440,889</b>   |
| <b>Expenditure:</b>                          |        |                            |                          |                    |                    |
| Raising funds                                | 7      | 181,670                    | -                        | 181,670            | 54,171             |
| <i>Expenditure on charitable activities:</i> |        |                            |                          |                    |                    |
| Operation of art gallery                     | 8      | 2,062,912                  | 178,572                  | 2,241,484          | 1,257,815          |
| <b>Total expenditure</b>                     |        | <b>2,244,582</b>           | <b>178,572</b>           | <b>2,423,154</b>   | <b>1,311,986</b>   |
| Unrealised gain/(loss) on investments        | 6      | 81,217                     | -                        | 81,217             | (10,261)           |
| <b>Net income/(expenditure)</b>              |        | <b>(362,977)</b>           | <b>56,778</b>            | <b>(306,199)</b>   | <b>2,118,642</b>   |
| <b>Transfers between funds</b>               |        | <b>-</b>                   | <b>-</b>                 | <b>-</b>           | <b>-</b>           |
| <b>Net movement in funds for the year</b>    |        | <b>(362,977)</b>           | <b>56,778</b>            | <b>(306,199)</b>   | <b>2,118,642</b>   |
| <b>Reconciliation of funds:</b>              |        |                            |                          |                    |                    |
| Total funds brought forward                  |        | 12,494,010                 | 618,856                  | 13,112,866         | 10,994,224         |
| <b>Total funds carried forward</b>           | 22, 23 | <b>12,131,033</b>          | <b>675,634</b>           | <b>12,806,667</b>  | <b>13,112,866</b>  |

The notes on pages 26 to 46 also form part of these financial statements.



# MK GALLERY

## CONSOLIDATED AND CHARITABLE COMPANY BALANCE SHEETS (COMPANY NUMBER 02422890) AS AT 31 MARCH 2020

|   | Notes | Group<br>2020<br>£ | 2019<br>£         | Charitable company<br>2020<br>£ | 2019<br>£         |
|---|-------|--------------------|-------------------|---------------------------------|-------------------|
| <b>Fixed assets:</b>                      |       |                    |                   |                                 |                   |
| Tangible assets                           | 16    | 11,586,017         | 11,531,143        | 11,586,017                      | 11,531,143        |
| Investments                               | 17    | 1,528,898          | 1,463,494         | 1,529,098                       | 1,463,694         |
| <b>Total fixed assets</b>                 |       | <b>13,114,915</b>  | <b>12,994,637</b> | <b>13,115,115</b>               | <b>12,994,837</b> |
| <b>Current assets:</b>                    |       |                    |                   |                                 |                   |
| Stock                                     |       | 45,150             | 8,587             | 24,742                          | -                 |
| Debtors                                   | 18    | 114,243            | 437,905           | 205,343                         | 438,869           |
| Cash at bank and in hand                  |       | 40,669             | 589,529           | 16,069                          | 573,939           |
| <b>Total current assets</b>               |       | <b>200,062</b>     | <b>1,036,021</b>  | <b>246,154</b>                  | <b>1,012,808</b>  |
| <b>Liabilities:</b>                       |       |                    |                   |                                 |                   |
| Creditors falling due within one year     | 19    | (508,310)          | (917,792)         | (502,559)                       | (907,924)         |
| <b>Net current assets / (liabilities)</b> |       | <b>(308,248)</b>   | <b>118,229</b>    | <b>(256,405)</b>                | <b>104,884</b>    |
| Total assets less current liabilities     |       | 12,806,667         | 13,112,866        | 12,858,710                      | 13,099,721        |
| <b>Net assets</b>                         |       | <b>12,806,667</b>  | <b>13,112,866</b> | <b>12,858,710</b>               | <b>13,099,721</b> |
| <b>The funds of the charity:</b>          |       |                    |                   |                                 |                   |
| <b>Unrestricted funds</b>                 |       |                    |                   |                                 |                   |
| General income fund                       | 22    | (304,364)          | 151,850           | (252,321)                       | 138,705           |
| General capital fund                      | 22    | 8,183,591          | 8,157,125         | 8,183,591                       | 8,157,125         |
| Designated funds                          | 22    | 4,251,806          | 4,185,035         | 4,251,806                       | 4,185,035         |
| <b>Total unrestricted funds</b>           |       | <b>12,131,033</b>  | <b>12,494,010</b> | <b>12,183,076</b>               | <b>12,480,865</b> |
| <b>Restricted funds</b>                   |       |                    |                   |                                 |                   |
| Restricted income funds                   | 22    | 675,634            | 618,856           | 675,634                         | 618,856           |
| <b>Total restricted funds</b>             |       | <b>675,634</b>     | <b>618,856</b>    | <b>675,634</b>                  | <b>618,856</b>    |
| <b>Total charity funds</b>                | 23    | <b>12,806,667</b>  | <b>13,112,866</b> | <b>12,858,710</b>               | <b>13,099,721</b> |

The notes on pages 26 to 46 also form part of these financial statements.

**MK GALLERY**

**CONSOLIDATED AND CHARITABLE COMPANY BALANCE SHEETS  
(COMPANY NUMBER 02422890)  
AS AT 31 MARCH 2020 (CONTINUED)**

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These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

**Approved by the board, authorised for issue and signed on its behalf by**

Elizabeth Gifford  
Elizabeth Gifford (Jan 27, 2021 12:08 GMT)

Mark Rayner  
Mark Rayner (Jan 27, 2021 16:39 GMT)

**E Gifford  
Chairman**

**M Rayner  
Trustee**

**Date 27-Jan-2021**

# **MK GALLERY**

## **CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020**

|  | <b>Group</b>     |                    | <b>Charitable company</b> |                    |
|--|------------------|--------------------|---------------------------|--------------------|
|  | <b>2020</b>      | <b>2019</b>        | <b>2020</b>               | <b>2019</b>        |
|  | <b>£</b>         | <b>£</b>           | <b>£</b>                  | <b>£</b>           |
| <b>Cash flows from operating activities:</b>                   |                  |                    |                           |                    |
| Net movement in funds  | (306,199)        | 2,118,642          | (241,012)                 | 2,116,529          |
| Less interest income shown in investing activities             | (332)            | (4,678)            | (332)                     | (4,678)            |
| Add depreciation   | 261,329          | 6,122              | 261,329                   | 6,122              |
| Less unrealised gain/add unrealised loss                       | (81,217)         | 10,261             | (81,217)                  | 10,261             |
| Increase in stock  | (36,563)         | (8,587)            | (24,742)                  | -                  |
| (Increase)/Decrease in debtors                                 | 323,662          | 223,028            | 233,526                   | 220,594            |
| Increase/(Decrease) in creditors                               | (409,482)        | 115,140            | (405,364)                 | 110,917            |
| Add investment management fees paid from fixed asset portfolio | 15,813           | 32,353             | 15,813                    | 32,353             |
| <b>Net cash used in operating activities</b>                   | <b>(232,989)</b> | <b>2,492,281</b>   | <b>(241,999)</b>          | <b>2,492,098</b>   |
| <b>Cash flows from investing activities:</b>                   |                  |                    |                           |                    |
| Interest received  | 332              | 4,678              | 332                       | 4,678              |
| Purchase of shares in subsidiary                               | -                | -                  | -                         | (100)              |
| Disposal of listed investments                                 | -                | 2,000,000          | -                         | 2,000,000          |
| Purchase of tangible fixed assets                              | (316,203)        | (6,376,077)        | (316,203)                 | (6,376,077)        |
| <b>Net cash provided by/(used in) investing activities:</b>    | <b>(315,871)</b> | <b>(4,371,399)</b> | <b>(315,871)</b>          | <b>(4,371,499)</b> |
| <b>Change in cash and cash equivalents in the year</b>         | <b>(548,860)</b> | <b>(1,879,118)</b> | <b>(557,870)</b>          | <b>(1,879,401)</b> |
| Cash and cash equivalents at the beginning of the year         | 589,529          | 2,468,647          | 573,939                   | 2,453,340          |
| <b>Total cash and cash equivalents at the end of the year</b>  | <b>40,669</b>    | <b>589,529</b>     | <b>16,069</b>             | <b>573,939</b>     |

## **MK GALLERY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

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#### **1 Accounting policies**

##### **a) Basis of preparation**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

MK Gallery constitutes a public benefit entity as defined by FRS 102.

##### **Going concern**

The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

The Trustees consider the going concern basis to be appropriate due to the current level of reserves and the fact the charity raised all necessary funds needed for the capital project which, at the end of the year, was complete. The Trustees' assessment of the impact of Covid-19 is detailed on page 15.

##### **b) Group financial statements and basis of consolidation**

These financial statements consolidate the results of the charity and its wholly owned subsidiary, MK Gallery Trading Limited, on a line-by-line basis. A separate statement of financial activities and income and expenditure account for the charity itself has not been presented itself because the charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

##### **c) Volunteers and donated services and facilities**

The value of services provided by volunteers is not incorporated into these financial statements. Further details of the contribution made by volunteers can be found in the trustees' annual report.

##### **d) Short term employee benefits**

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service. The charity operates a defined contribution pension scheme. Contributions payable to the charity's pension scheme are charged to the statement of financial activities in the period to which they relate.

## **MK GALLERY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

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#### **e) Income**

Voluntary income including donations, gifts and legacies and grants that provide core funding or are of general nature are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Such income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the charity has unconditional entitlement.

Grants and donations for capital purposes are recognised on a receivable basis.

Income from commercial trading activities is recognised as earned as the related goods and services are provided.

Investment income is recognised on a receivable basis.

Income from charitable activities includes income received under contract or where entitlement to grant funding is subject to specific performance conditions and is recognised as earned as the related services are provided. Grant income included in this category provides funding to support performance activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Income is deferred when performance related grants are received in advance of the exhibitions or education programmes to which they relate.

#### **f) Expenditure**

Expenditure is recognised when a liability is incurred. Contractual arrangements and performance related grants are recognised as goods or services are supplied. Other grant payments are recognised when a constructive obligation arises that results in the payment being unavoidable.

Costs of generating funds are those costs incurred in attracting voluntary income and those incurred in trading activities that raise funds.

Expenditure on capital items is capitalised and included within fixed assets when it becomes payable.

Charitable activities include expenditure related to the overall administration and development of the art gallery complex in Milton Keynes. It includes both the direct costs and support costs relating to these activities.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**1 Accounting policies (continued)**

**f) Expenditure (continued)**

Expenditure is classified under activity headings relating to the exhibition programme, the education programme and the events programme of the charity. Expenditure that is not directly attributable to each activity is apportioned between the activities of the charity according to criteria appropriate to the nature of the expenditure. Expenditure is allocated to support costs using the bases stated in note 10.

**g) Irrecoverable VAT**

All expenditure is classified under activity headings that aggregate all costs related to the category. Irrecoverable VAT on revenue expenditure is included within support costs and irrecoverable VAT on capital costs is capitalised as part of the cost of the fixed asset.

**h) Fixed assets and depreciation**

Depreciation is provided to write off the cost of tangible fixed assets over their estimated useful economic lives as follows:

|  |                 |
|--|-----------------|
| Property Improvements under the course of construction | Not depreciated |
| Capital constructions                                  | 1.25% per annum |
| Furniture, fittings and equipment                      | 20% per annum   |
| Computer equipment                                     | 33% per annum   |

**i) Fixed asset investments**

Investment income is accounted for when due.

Realised gains and losses are accounted for by reference to the sale proceeds and either the last balance sheet valuation, or the cost of the purchase if later. Unrealised gains and losses are calculated by comparing the previous balance sheet valuation, or cost of purchase if later, to the valuation at the year end.

**j) Leases**

Operating lease rentals are charged to the income and expenditure account on a straight line basis over the period of the lease. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date rent is expected to be adjusted to the prevailing market rate.

**k) Financial instruments**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of financial activities in support costs.

## **MK GALLERY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

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#### **1 Accounting policies (continued)**

##### **1) Funds**

The company has the following funds:

*Unrestricted funds:* These represent funds which can be expended as the Trustees see fit, in accordance with the charitable objects of the company.

*Designated funds:* These are funds set aside by the Trustees out of unrestricted general funds for specific future purposes or projects.

*Restricted income funds:* These represent income received, which can only be expended for the purpose specified by the donor.

*Unrestricted capital funds:* The charity's restricted capital funds are those raised for the capital project. Annual depreciation is charged against the fund. The closing balance represents funds held in the restricted capital project fixed asset and equates to the net book value of the associated restricted fixed asset.

#### **2 Key areas of judgement and estimate**

In applying the accounting policies, the Trustees have made critical accounting judgments, estimates and assumptions. These estimates and assumptions are based on historical experience and are reviewed on a continual basis. Actual results may differ from the estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The total cost of the capital project has been broken down using component accounting to include the shorter life assets within the category of furniture, fittings and equipment rather than capital constructions. The assets have been categorised according to their useful lives which have been chosen to reflect the expected life of the asset and are then depreciated accordingly. There are no indications of impairment of the capital constructions.

#### **3 Limited liability**

The company is limited by guarantee and therefore has no share capital. The liability of the members is limited by guarantee to £1 each.

## MK GALLERY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

#### 4 Comparative Statement of Financial Activities

The Consolidated Statement of Financial Activities for the year ended 31 March 2019 is presented for illustrative purposes.

|  | Notes | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | Restricted<br>capital<br>funds<br>£ | Total<br>2019<br>£ |
|--|-------|----------------------------|--------------------------|-------------------------------------|--------------------|
| Income:                                      |       |                            |                          |                                     |                    |
| <i>Income from charitable activities:</i>    |       |                            |                          |                                     |                    |
| Grants and donations                         |       | 684,064                    | 296,869                  | 2,410,255                           | 3,391,188          |
| Other income                                 |       | 12,673                     | -                        | -                                   | 12,673             |
| <i>Income from other trading activities:</i> |       |                            |                          |                                     |                    |
| Commercial trading operations                |       | 32,350                     | -                        | -                                   | 32,350             |
| Investment income                            |       | 4,678                      | -                        | -                                   | 4,678              |
| Total income                                 |       | 733,765                    | 296,869                  | 2,410,255                           | 3,440,889          |
| Expenditure:                                 |       |                            |                          |                                     |                    |
| Raising funds                                |       | 54,171                     | -                        | -                                   | 54,171             |
| <i>Expenditure on charitable activities:</i> |       |                            |                          |                                     |                    |
| Operation of art gallery                     |       | 917,421                    | 203,950                  | 136,444                             | 1,257,815          |
| Total expenditure                            |       | 971,592                    | 203,950                  | 136,444                             | 1,311,986          |
| Unrealised (loss)/gain on investments        |       | (10,261)                   | -                        | -                                   | (10,261)           |
| Net income/(expenditure)                     |       | (248,088)                  | 92,919                   | 2,273,811                           | 2,118,642          |
| Transfers between funds                      |       | 8,159,975                  | (115,350)                | (8,044,625)                         | -                  |
| Net movement in funds for the year           |       | 7,911,887                  | (22,431)                 | (5,770,814)                         | 2,118,642          |
| Reconciliation of funds:                     |       |                            |                          |                                     |                    |
| Total funds brought forward                  |       | 4,582,123                  | 641,287                  | 5,770,814                           | 10,994,224         |
| Total funds carried forward                  |       | 12,494,010                 | 618,856                  | -                                   | 13,112,866         |

The unrestricted funds balance of £12,494,010 is made up of £8,308,975 income and capital funds and £4,185,035 designated funds.



## MK GALLERY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

#### 5 Voluntary income

##### 2020 (Group)

|                                | Unrestricted<br>2020<br>£ | Restricted<br>2020<br>£ | Restricted<br>Capital<br>2020<br>£ | Total<br>2020<br>£ |
|--------------------------------|---------------------------|-------------------------|------------------------------------|--------------------|
| <b>Grants receivable:</b>      |                           |                         |                                    |                    |
| Milton Keynes Council:         |                           |                         |                                    |                    |
| Deed of Variation              | 183,944                   | -                       | -                                  | 183,944            |
| Gallery subsidy                | 95,000                    | -                       | -                                  | 95,000             |
| Other grants                   | -                         | 20,000                  | -                                  | 20,000             |
| Trusts and foundations         | 19,355                    | 50,000                  | -                                  | 69,355             |
| Public grants                  | 2,000                     | 10,000                  | -                                  | 12,000             |
| Arts Council England           | 776,169                   | 18,000                  | -                                  | 794,169            |
| <b>Total grants receivable</b> | <b>1,076,468</b>          | <b>98,000</b>           | <b>-</b>                           | <b>1,174,468</b>   |
| Donations                      | 454,581                   | 137,350                 | -                                  | 591,931            |
|                                | <u>1,531,049</u>          | <u>235,350</u>          | <u>-</u>                           | <u>1,766,399</u>   |

##### 2019 (Group)

|                                | Unrestricted<br>2019<br>£ | Restricted<br>2019<br>£ | Restricted<br>Capital<br>2019<br>£ | Total<br>2019<br>£ |
|--------------------------------|---------------------------|-------------------------|------------------------------------|--------------------|
| <b>Grants receivable:</b>      |                           |                         |                                    |                    |
| Milton Keynes Council:         |                           |                         |                                    |                    |
| Deed of Variation              | 172,546                   | -                       | -                                  | 172,546            |
| Gallery subsidy                | 100,000                   | -                       | -                                  | 100,000            |
| Other grants                   | -                         | 20,000                  | -                                  | 20,000             |
| Trusts and foundations         | 5,000                     | 179,657                 | 30,000                             | 214,657            |
| Public grants                  | 1,714                     | 22,212                  | -                                  | 23,926             |
| SEMLEP                         |                           |                         |                                    |                    |
| Arts Council England           | 383,307                   | 75,000                  | 2,283,805                          | 2,742,112          |
| <b>Total grants receivable</b> | <b>662,567</b>            | <b>296,869</b>          | <b>2,313,805</b>                   | <b>3,273,241</b>   |
| Donations                      | 21,497                    | -                       | 96,450                             | 117,947            |
|                                | <u>684,064</u>            | <u>296,869</u>          | <u>2,410,255</u>                   | <u>3,391,188</u>   |

Under a historic agreement with Milton Keynes Council, the Council undertook to provide the company with an annual subsidy of £100,000 towards the gallery's operational costs. As at 31 March 2020, a total of £2,195,000 (2019: £2,100,000) has been received since 1998. Of this, £95,000 is included in this year's financial statements which is lower than the previous year due to a reduction in funding. A further agreement with Milton Keynes Council commenced in November 2011 to provide an index-linked grant of £150,000 per annum under a Deed of Variation. £183,944 has been included as income in the year ended 31 March 2020 (2019: £172,546).

Under its NPO scheme ACE provided the company with a grant of £383,307 towards gallery operational costs for the year ended 31 March 2020 (2019: £383,307). There were several public grants received during the year toward the costs of charitable activities including grants for the capital project from ACE, Milton Keynes Council and SEMLEP.

**MK GALLERY****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020****6 Investment income from current assets**

|                             | <b>Group<br/>2020<br/>£</b> | <b>2019<br/>£</b> |
|-----------------------------|-----------------------------|-------------------|
| Deposit interest receivable | -                           | 1,229             |
| Bank interest receivable    | 332                         | 3,449             |
|                             | <u>332</u>                  | <u>4,678</u>      |

**Investment income from fixed asset investments**

|   | <b>Group<br/>2020<br/>£</b> | <b>2019<br/>£</b> |
|---|-----------------------------|-------------------|
| Unrealised gains/(losses) on listed investments portfolio | 81,217                      | (10,261)          |
|   | <u>81,217</u>               | <u>(10,261)</u>   |

**7 Costs of generating funds**

|  | <b>Unrestricted<br/>2020<br/>£</b> | <b>Restricted<br/>2020<br/>£</b> | <b>Group<br/>2020<br/>£</b> | <b>Group<br/>2019<br/>£</b> |
|--|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Commercial trading operations                  | 165,857                            | -                                | 165,857                     | 21,818                      |
| Investment management fees                     | 15,813                             | -                                | 15,813                      | 32,353                      |
| Total expenditure on costs of generating funds | <u>181,670</u>                     | <u>-</u>                         | <u>181,670</u>              | <u>54,171</u>               |

All figures for 2019 relate to unrestricted funds.

# MK GALLERY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### 8 Analysis of expenditure on charitable activities

|  | Exhibitions<br>and running<br>the Gallery<br>£ | Education<br>and events<br>programme<br>£ | Total<br>2020<br>£ |
|--|--|---|--------------------|
| Transport                                  | 191,568  | -   | 191,568            |
| Construction of exhibitions                | 53,381   | -   | 53,381             |
| Artist fees and expenses                   | 63,461   | -   | 63,461             |
| Technician costs                           | 75,717   | -   | 75,717             |
| Other exhibition costs                     | 105,270  | -   | 105,270            |
| Event costs                                | -  | 2,000                                     | 2,000              |
| Education delivery costs                   | -  | 93,660                                    | 93,660             |
| Premises costs                             | 96,691   | 72,518                                    | 169,209            |
| Marketing and development costs            | 85,582   | 64,187                                    | 149,769            |
| Travel costs                               | 2,798  | 2,099                                     | 4,897              |
| Depreciation                               | 130,665  | 104,531                                   | 235,196            |
| Staff costs                                | 405,716  | 161,027                                   | 566,743            |
| Other staff costs                          | 72,482   | -   | 72,482             |
| Support costs (see note 10)                | 265,107  | 176,739                                   | 441,846            |
| Governance costs (see note 10)             | 9,771  | 6,514                                     | 16,285             |
| Total expenditure on charitable activities | <u>1,558,209</u>                               | <u>683,275</u>                            | <u>2,241,484</u>   |

Expenditure on charitable activities was £2,241,484 (2019: £1,257,815) of which £68,917 (2019: £85,202) was restricted in respect of exhibition costs, £99,762 was restricted in respect of education and event costs (2019: £115,905), £4,547 was restricted in respect of development costs (2019: £1,050), £5,080 was restricted in respect of premises costs and £266 was restricted in respect of support costs (2019: £1,793). The remaining amount of £2,062,912 (2019: £917,421) was unrestricted. 100% of support costs are allocated to expenditure on charitable activities.

## MK GALLERY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

#### 9 Analysis of support and governance costs

| 2020  | Support costs<br>£ | Governance costs<br>£ | Total 2020<br>£ | Basis of apportionment |
|---|--------------------|-----------------------|-----------------|------------------------|
| Salary costs                                | 119,928            | 5,000                 | 124,928         | Time spent             |
| Other staff costs                           | 14,487             | -                     | 14,487          | Invoiced cost          |
| Travel costs                                | 2,099              | -                     | 2,099           | Invoiced cost          |
| Marketing and development costs             | 64,187             | -                     | 64,187          | Invoiced cost          |
| Premises costs                              | 72,518             | -                     | 72,518          | Office space           |
| Accountancy – accounts preparation services | -                  | 3,500                 | 3,500           | Governance             |
| Accountancy – general support services      | 23,442             | -                     | 23,442          | Invoiced cost          |
| Audit fees                                  | -                  | 7,000                 | 7,000           | Governance             |
| Professional fees                           | 7,434              | -                     | 7,434           | Invoiced cost          |
| Memberships/subscriptions                   | 1,866              | -                     | 1,866           | Invoiced cost          |
| Trustee insurance                           | -                  | 696                   | 696             | Governance             |
| Board and committee costs                   | -                  | 89                    | 89              | Governance             |
| Bank charges                                | 9,604              | -                     | 9,604           | Total cost             |
| Depreciation                                | 26,133             | -                     | 26,133          | Office space           |
| Irrecoverable VAT                           | 13,381             | -                     | 13,381          | Total cost             |
| Corporation tax                             | -                  | -                     | -               | Invoiced cost          |
| Sundry costs                                | 14,588             | -                     | 14,588          | Invoiced cost          |
| IT and telephone costs                      | 59,909             | -                     | 59,909          | Invoiced cost          |
| Printing and postage costs                  | 12,270             | -                     | 12,270          | Invoiced cost          |
| <b>Total</b>                                | <b>441,846</b>     | <b>16,285</b>         | <b>458,131</b>  |                        |

# **MK GALLERY**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

### **9 Analysis of support and governance costs (continued)**

| <b>2019</b>                                 | <b>Support costs<br/>£</b> | <b>Governance costs<br/>£</b> | <b>Total<br/>2019<br/>£</b> | <b>Basis of<br/>apportionment</b> |
|---|----------------------------|-------------------------------|-----------------------------|-----------------------------------|
| Salary costs                                | 108,542                    | 5,000                         | 113,542                     | Time spent                        |
| Other staff costs                           | 28,138                     | -                             | 28,138                      | Invoiced cost                     |
| Travel costs                                | 1,924                      | -                             | 1,924                       | Invoiced cost                     |
| Marketing and development costs             | 35,797                     | -                             | 35,797                      | Invoiced cost                     |
| Premises costs                              | 29,195                     | -                             | 29,195                      | Office space                      |
| Accountancy – accounts preparation services | -                          | 3,190                         | 3,190                       | Governance                        |
| Accountancy – general support services      | 15,334                     | -                             | 15,334                      | Invoiced cost                     |
| Audit fees                                  | -                          | 7,503                         | 7,503                       | Governance                        |
| Professional fees                           | -                          | -                             | -                           | Invoiced cost                     |
| Memberships/subscriptions                   | 1,144                      | -                             | 1,144                       | Invoiced cost                     |
| Trustee insurance                           | -                          | -                             | -                           | Governance                        |
| Board and committee costs                   | -                          | 33                            | 33                          | Governance                        |
| Bank charges                                | (3,217)                    | -                             | (3,217)                     | Total cost                        |
| Depreciation                                | 612                        | -                             | 612                         | Office space                      |
| Irrecoverable VAT                           | 49,055                     | -                             | 49,055                      | Total cost                        |
| Corporation tax                             | 463                        | -                             | 463                         | Invoiced cost                     |
| Sundry costs                                | 2,109                      | -                             | 2,109                       | Invoiced cost                     |
| IT and telephone costs                      | 41,337                     | -                             | 41,337                      | Invoiced cost                     |
| Printing and postage costs                  | 9,816                      | -                             | 9,816                       | Invoiced cost                     |
| <b>Total</b>                                | <b>320,249</b>             | <b>15,726</b>                 | <b>335,975</b>              |                                   |

### **10 Net income/(expenditure) for the year**

This is stated after charging:

|  | <b>Group<br/>2020<br/>£</b> | <b>2019<br/>£</b> |
|--|-----------------------------|-------------------|
| Operating leases – equipment                               | -                           | 4,840             |
| Auditors’ remuneration for audit services – Mazars LLP     | 13,550                      | 6,400             |
| Auditors’ remuneration for non-audit services – Mazars LLP | -                           | -                 |
| Depreciation   | 261,329                     | 6,122             |

## MK GALLERY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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#### 11 Staff costs

|                       | Group<br>2020<br>£ | 2019<br>£     |
|-----------------------|--------------------|---------------|
| Wages and salaries    | 731,283            | 487,959       |
| Social security costs | 58,138             | 40,423        |
| Other pension costs   | 31,143             | 17,955        |
|                       | <hr/> 820,564      | <hr/> 546,337 |

One employee received remuneration in the band £70,000 to £80,000 during the year (2019: one in the band £60,000 to £70,000). Pension costs in the year for the provision of a defined contribution scheme in respect of this employee amounted to £3,648 (2019: £2,800).

The charity trustees were not paid any remuneration in the year (2019: £nil), neither were they reimbursed expenses during the year (2019: £nil).

The key management personnel of the parent charity and the group comprise the Trustees, the Gallery Director, the Deputy Director, and the Head of Development and Communications. For the previous year, the key management personnel were the Trustees, the Gallery Director, the Deputy Director and the Head of Development and Communications. The total employee benefits of the key management personnel of the charity were £166,181 (2019: £154,546).

The average number of persons employed by the group during the year was 41 (2019: 28).

#### 12 Pension costs

The company and its subsidiary make contributions into a group of personal pensions on behalf of their employees. The assets of the scheme are held separately from those of the company. The pension cost charge for the period represented contributions payable by the company and its subsidiary and amounted to £31,143 (2019: £17,955). At the year end there were contributions outstanding of £4,763 which are included in other creditors (2019: £1,938). Pension costs are allocated to restricted funds when such costs are covered by restricted funding.

## **MK GALLERY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

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#### **13 Taxation**

As a registered charity, the company is not in normal circumstances subject to corporation tax. As a result, the Trustees are of the opinion that no material corporation tax liability will arise on the activities undertaken during this year.

The following relates to the trading subsidiary's corporation tax charge:

|  | <b>Group</b> |             |
|--|--------------|-------------|
|  | <b>2020</b>  | <b>2019</b> |
|  | <b>£</b>     | <b>£</b>    |
| Domestic current year tax  |              |             |
| UK corporation tax   | -            | 463         |
|  | <hr/>        | <hr/>       |
| Current tax charge   | -            | 463         |
|  | <hr/>        | <hr/>       |
|  | <b>2020</b>  | <b>2019</b> |
|  | <b>£</b>     | <b>£</b>    |
| Factors affecting the tax charge for the year  |              |             |
| Profit on ordinary activities before taxation  | -            | 2,437       |
|  | <hr/>        | <hr/>       |
| Profit on ordinary activities before taxation multiplied<br>by the standard rate of U.K. corporation tax of 19.00%<br>(2019: 19.00%) | -            | 463         |
| Effects of:  |              |             |
| Gift Aid donations   | -            | -           |
| Capital allowances in excess of depreciation   | -            | -           |
| Depreciation in excess of capital allowances   | -            | -           |
|  | <hr/>        | <hr/>       |
| Current tax charge   | -            | 463         |
|  | <hr/>        | <hr/>       |

The subsidiary MK Gallery Ltd's result for the year gives rise to a current tax charge of £nil for the year ended 31 March 2020 (2019: £nil).

The subsidiary MK Gallery Enterprises Ltd's result for the year gives rise to a current tax charge of £nil for the year ended 31 March 2020 (2019: £463).

## MK GALLERY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

#### 14 Financial activities of the charity

The financial activities shown in the consolidated statement includes those of the charity's wholly owned subsidiary, MK Gallery Trading Limited.

A summary of the financial activities by the charity is set out below:

|                                    | 2020<br>£         | 2019<br>£         |
|------------------------------------|-------------------|-------------------|
| <b>Gross income</b>                | 1,847,948         | 3,408,539         |
| Total expenditure                  | (2,088,959)       | (1,292,010)       |
| <b>Net income</b>                  | (241,011)         | 2,116,529         |
| Total funds brought forward        | 13,099,721        | 10,983,192        |
| <b>Total funds carried forward</b> | <b>12,858,710</b> | <b>13,099,721</b> |
| <b>Represented by:</b>             |                   |                   |
| Restricted income funds            | 675,634           | 618,856           |
| Designated funds                   | 4,251,806         | 4,185,035         |
| Unrestricted income funds          | (252,321)         | 138,705           |
| Unrestricted capital funds         | 8,183,591         | 8,157,125         |
|                                    | <b>12,858,710</b> | <b>13,099,721</b> |

#### 15 Financial activities of the trading companies

The wholly owned trading subsidiaries MK Gallery Trading Limited (MKGT) and MK Gallery Enterprises Ltd (MKGE), which are incorporated in the United Kingdom, usually pay all taxable profits to the charity by gift aid. No Gift Aid payment was made in the year so that funds were retained in the subsidiary for use in the following year. The trading subsidiaries operate the art gallery and all commercial trading operations carried on at the art gallery premises. The charity owns the entire share capital of 100 ordinary shares of £1 each in each company. A summary of the trading results is shown below.

|   | MKGE<br>2020<br>£ | MKGE<br>2019<br>£ | MKGT<br>2020<br>£ | MKGT<br>2019<br>£ |
|---|-------------------|-------------------|-------------------|-------------------|
| <b>Turnover</b>   | 269,564           | 20,103            | (557)             | 20,247            |
| Cost of sales & administration costs                      | (333,060)         | (18,129)          | (1,135)           | (20,108)          |
| <b>Net profit</b>   | <b>(63,496)</b>   | <b>1,974</b>      | <b>(1,692)</b>    | <b>139</b>        |
| Amount gift aided to the charity                          | -                 | -                 | -                 | -                 |
| <b>Taken to reserves in subsidiary</b>                    | <b>(63,496)</b>   | <b>1,974</b>      | <b>(1,692)</b>    | <b>139</b>        |
| <b>The assets and liabilities of the subsidiary were:</b> |                   |                   |                   |                   |
| Fixed assets  | -                 | -                 | -                 | -                 |
| Current assets  | 68,031            | 21,025            | 11,374            | 26,141            |
| Current liabilities                                       | (129,453)         | (18,951)          | (1,795)           | (14,870)          |
| Total net assets  | (61,422)          | 2,074             | 9,579             | 11,271            |
| <b>Aggregate share capital and reserves</b>               | <b>(61,422)</b>   | <b>2,074</b>      | <b>9,579</b>      | <b>11,271</b>     |



# MK GALLERY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### 16 Tangible fixed assets

|                       | Group                              | Group                              | Group  | Group                      | Group          |
|-----------------------|------------------------------------|------------------------------------|--|----------------------------|----------------|
|                       | Property<br>improve-<br>ments<br>£ | Capital<br>construc-<br>tions<br>£ | Furniture,<br>fittings and<br>equipment<br>£ | Computer<br>equipment<br>£ | Total<br>£     |
| <b>Cost</b>           |                                    |                                    |  |                            |                |
| As at 1 April 2019    | 11,524,567                         | -                                  | 76,058                                       | 10,376                     | 11,611,001     |
| Additions             | -                                  | 205,538                            | 98,839                                       | 11,826                     | 316,203        |
| Transfer of class     | (11,524,567)                       | 11,033,189                         | 491,378                                      | -                          | -              |
| At 31 March 2020      | -                                  | 11,238,727                         | 666,275                                      | 22,202                     | 11,927,204     |
| <b>Depreciation</b>   |                                    |                                    |  |                            |                |
| At 1 April 2019       | -                                  | -                                  | 69,482                                       | 10,376                     | 79,858         |
| Charge for the year   | -                                  | 140,484                            | 119,804                                      | 1,041                      | 261,329        |
| At 31 March 2020      | -                                  | 140,484                            | 189,286                                      | 11,417                     | 341,187        |
| <b>Net book value</b> |                                    |                                    |  |                            |                |
| At 31 March 2020      | -                                  | 11,098,243                         | 476,990                                      | 10,785                     | 11,586,017     |
| At 31 March 2019      | 11,524,567                         | -                                  | 6,576  | -                          | 11,531,143     |
|                       | <b>Company</b>                     | <b>Company</b>                     | <b>Company</b>                               | <b>Company</b>             | <b>Company</b> |
|                       | Property<br>improve-<br>ments<br>£ | Capital<br>construc-<br>tions<br>£ | Furniture,<br>fittings and<br>equipment<br>£ | Computer<br>equipment<br>£ | Total<br>£     |
| <b>Cost</b>           |                                    |                                    |  |                            |                |
| As at 1 April 2019    | 11,524,567                         | -                                  | 66,647                                       | 10,376                     | 11,601,590     |
| Additions             | -                                  | 205,538                            | 98,839                                       | 11,826                     | 316,203        |
| Transfer of class     | (11,524,567)                       | 11,033,189                         | 491,378                                      | -                          | -              |
| At 31 March 2020      | -                                  | 11,238,727                         | 656,864                                      | 22,202                     | 11,917,793     |
| <b>Depreciation</b>   |                                    |                                    |  |                            |                |
| At 1 April 2019       | -                                  | -                                  | 60,071                                       | 10,376                     | 70,447         |
| Charge for the year   | -                                  | 140,484                            | 119,804                                      | 1,041                      | 261,329        |
| At 31 March 2020      | -                                  | 140,484                            | 179,875                                      | 11,417                     | 331,776        |
| <b>Net book value</b> |                                    |                                    |  |                            |                |
| At 31 March 2020      | -                                  | 11,098,243                         | 476,989                                      | 10,785                     | 11,586,017     |
| At 31 March 2019      | 11,524,567                         | -                                  | 6,576  | -                          | 11,531,143     |

## MK GALLERY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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#### 16 Tangible fixed assets (continued)

All assets are held for direct charitable purposes.

Certain assets were transferred from property improvements under the course of construction to furniture, fittings and equipment during the year to reflect the components of the capital project that were internal fixtures and equipment with a shorter useful life than capital constructions.

#### 17 Investments

Listed investments are held at market value and were valued by Ruffer LLP on the basis of their open market value as at 31 March 2020. The historical cost of the investments as at 31 March 2020 is £1,000,000 (2019: £1,000,000).

| Group                                 | Shares in subsidiary<br>£ | Listed investments<br>£ | Total<br>£ |
|---------------------------------------|---------------------------|-------------------------|------------|
| At 1 April 2019                       | -                         | 1,463,494               | 1,463,494  |
| Change in market value                | -                         | 81,217                  | 81,217     |
| Gross investment management fees paid | -                         | (15,813)                | (15,813)   |
| At 31 March 2020                      | -                         | 1,528,898               | 1,528,898  |

| Company                               | Shares in subsidiary<br>(cost)<br>£ | Listed investments<br>(market value)<br>£ | Total<br>£ |
|---------------------------------------|-------------------------------------|---|------------|
| At 1 April 2019                       | 200                                 | 1,463,494                                 | 1,463,694  |
| Change in market value                | -                                   | 81,217                                    | 81,217     |
| Gross investment management fees paid | -                                   | (15,813)                                  | (15,813)   |
| At 31 March 2020                      | 200                                 | 1,528,898                                 | 1,529,098  |

MK Gallery owns all the shares of MK Gallery Trading Limited, a company registered in England under company number 04469234. Unaudited accounts have been signed and have been filed with the Registrar of Companies. A summary of trading results is shown in note 16.

MK Gallery also owns all the shares of MK Gallery Enterprises Limited, a company registered in England under company number 11597873. Unaudited accounts have been signed and have been filed with the Registrar of Companies. A summary of trading results is shown in note 16.

The change in market value represents the net gains and losses arising within the portfolio managed by Ruffer LLP. There were no monies added to or withdrawn from the portfolio by the charity during the year.

All investments are held for charitable activities.

## MK GALLERY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

#### 18 Debtors

|                                    | Group          |                | Company        |                |
|------------------------------------|----------------|----------------|----------------|----------------|
|                                    | 2020           | 2019           | 2020           | 2019           |
|                                    | £              | £              | £              | £              |
| Trade debtors                      | 47,582         | 2,030          | 35,798         | 1,155          |
| Prepayments                        | 33,263         | 1,714          | 33,263         | -              |
| Accrued income                     | -              | 306,731        | -              | 300,805        |
| Amounts owed by group undertakings | -              | -              | 115,993        | 2,341          |
| Other debtors                      | 33,398         | 127,430        | 20,289         | 134,568        |
|                                    | <u>114,243</u> | <u>437,905</u> | <u>205,343</u> | <u>438,869</u> |

#### 19 Creditors: amounts falling due within one year

|                                    | Group          |                | Company        |                |
|------------------------------------|----------------|----------------|----------------|----------------|
|                                    | 2020           | 2019           | 2020           | 2019           |
|                                    | £              | £              | £              | £              |
| Trade creditors                    | 128,117        | 558,831        | 119,706        | 554,508        |
| Deferred income (note 21)          | 675            | 3,000          | -              | -              |
| Taxation and social security       | 14,718         | 13,654         | 14,718         | 13,191         |
| Accruals                           | 360,037        | 340,369        | 354,259        | 338,287        |
| Amounts owed to group undertakings | -              | -              | 9,113          | -              |
| Other creditors                    | 4,763          | 1,938          | 4,763          | 1,938          |
|                                    | <u>508,310</u> | <u>917,792</u> | <u>502,559</u> | <u>907,924</u> |

Amounts owed by and to group undertakings are unsecured, interest free and repayable on demand.

#### 20 Deferred income

|                             | Group      |              | Company  |          |
|-----------------------------|------------|--------------|----------|----------|
|                             | 2020       | 2019         | 2020     | 2019     |
|                             | £          | £            | £        | £        |
| Balance at 1 April 2019     | 3,000      | -            | -        | -        |
| Amount received in the year | 675        | 3,000        | -        | -        |
| Amount released in the year | (3,000)    | -            | -        | -        |
|                             | <u>675</u> | <u>3,000</u> | <u>-</u> | <u>-</u> |
| Balance at 31 March 2020    | 675        | 3,000        | -        | -        |

Income is deferred where it relates to a future accounting period.

## MK GALLERY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

#### 21 Analysis of charitable funds

|                              | At 1 April<br>2019 | Income    | Expenditure | Transfers | At 31 March<br>2020 |
|------------------------------|--------------------|-----------|-------------|-----------|---------------------|
|                              | £                  | £         | £           | £         | £                   |
| <b>Group</b>                 |                    |           |             |           |                     |
| Unrestricted fund movements: |                    |           |             |           |                     |
| Designated funds:            |                    |           |             |           |                     |
| Development fund             | 1,163,494          | 81,217    | (14,456)    | -         | 1,230,255           |
| Capital fund                 | 3,000,000          | -         | -           | -         | 3,000,000           |
| Capital construction fund    | 21,541             | 10        | -           | -         | 21,551              |
| General income fund          | 138,705            | 1,138,509 | (1,529,535) | -         | (252,321)           |
| General capital fund         | 8,157,125          | 392,862   | (366,396)   | -         | 8,183,591           |
| Trading Subsidiaries:        |                    |           |             |           |                     |
| MKGT                         | 11,171             | (557)     | (1,135)     | -         | 9,479               |
| MKGE                         | 1,974              | 269,564   | (333,060)   | -         | (61,522)            |
| Total unrestricted funds     | 12,494,010         | 1,881,605 | (2,244,582) | -         | 12,131,033          |
| Restricted funds (see below) | 618,856            | 235,350   | (178,572)   | -         | 675,634             |
| Total funds                  | 13,112,866         | 2,116,955 | (2,423,154) | -         | 12,806,667          |

#### Company

|                              |            |           |             |   |            |
|------------------------------|------------|-----------|-------------|---|------------|
| Designated funds:            |            |           |             |   |            |
| Development fund             | 1,163,494  | 81,217    | (14,456)    | - | 1,230,255  |
| Capital fund                 | 3,000,000  | -         | -           | - | 3,000,000  |
| Capital construction fund    | 21,541     | 10        | -           | - | 21,551     |
| General income fund          | 138,705    | 1,138,509 | (1,529,535) | - | (252,321)  |
| General capital fund         | 8,157,125  | 392,862   | (366,396)   | - | 8,183,591  |
| Total unrestricted funds     | 12,480,865 | 1,612,598 | (1,910,387) | - | 12,183,076 |
| Restricted funds (see below) | 618,856    | 235,350   | (178,572)   | - | 675,634    |
| Total funds                  | 13,099,721 | 1,847,948 | (2,088,959) | - | 12,858,710 |

#### Restricted funds

#### Group and Company

|                           |         |         |          |   |         |
|---------------------------|---------|---------|----------|---|---------|
| Paul Hamlyn Foundation    | 71,481  | 38,000  | (73,766) | - | 35,715  |
| MK Council Porte Cochères | 4,818   | -       | -        | - | 4,818   |
| Catalyst                  | 31,714  | -       | (7,597)  | - | 24,117  |
| Kirkland Foundation       | -       | 125,000 | -        | - | 125,000 |
| Artwork SE Bridge Support | 2,082   | -       | -        | - | 2,082   |
| Artwork CLN 1             | 1,851   | -       | (1,264)  | - | 587     |
| Carried forward           | 111,946 | 163,000 | (82,627) | - | 192,319 |

## MK GALLERY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

#### 22 Analysis of charitable funds (continued)

|                                    | At 1 April<br>2019<br>£ | Income<br>£    | Expenditure<br>£ | Transfers<br>£ | At 31 March<br>2020<br>£ |
|------------------------------------|-------------------------|----------------|------------------|----------------|--------------------------|
| <b>Restricted funds</b>            |                         |                |                  |                |                          |
| <b>Group and Company</b>           |                         |                |                  |                |                          |
| Brought forward                    | 111,946                 | 163,000        | (82,627)         | -              | 192,319                  |
| Artwork CLN 2                      | 241                     | -              | -                | -              | 241                      |
| Children in Need                   | 116                     | 10,000         | (9,893)          | -              | 223                      |
| MK Council Middleton<br>Commission | 15,559                  | -              | (15,540)         | -              | 19                       |
| Garfield Weston – L&F              | 839                     | -              | -                | -              | 839                      |
| Artwork MKCEP                      | 2,490                   | -              | -                | -              | 2,490                    |
| Art Fund Garfield Weston           | 18,000                  | 2,000          | (20,000)         | -              | -                        |
| Pedalling Culture                  | 2,000                   | 1,000          | (3,000)          | -              | -                        |
| AHA                                | -                       | 8,100          | (6,947)          | -              | 1,153                    |
| City Club – Arts Council           | 462,533                 | 20,000         | (8,640)          | -              | 473,893                  |
| MKCF Young Dancer                  | 500                     | -              | (688)            | -              | (188)                    |
| P Rego Learning                    | 4,632                   | -              | (4,632)          | -              | -                        |
| MKCF                               | -                       | 1,500          | (1,515)          | -              | (15)                     |
| New Towns                          | -                       | 18,000         | (17,405)         | -              | 595                      |
| Open University                    | -                       | -              | 720              | -              | 720                      |
| ACE Explorers                      | -                       | 9,000          | (7,905)          | -              | 1,095                    |
| Arts Society North Bucks           | -                       | 500            | (500)            | -              | -                        |
| Directors Circle                   | -                       | 2,250          | -                | -              | 2,250                    |
| <b>Total Restricted funds</b>      | <b>618,856</b>          | <b>235,350</b> | <b>(178,572)</b> | <b>-</b>       | <b>675,634</b>           |

Milton Keynes Council has confirmed that for the purposes of managing and reporting on their annual grants, that the Council do not consider or treat those as restricted. The Company must report regularly on the grant released as a result of new management arrangements, and comply with annual Council reporting needs.

| Name of fund              | Description, nature and purpose of fund  |
|---------------------------|--|
| <b>Restricted Funds</b>   |  |
| Paul Hamlyn Foundation    | To fund a 3 year programme of inclusive arts practice for children with complex needs and their families |
| MK Council Porte Cochères | To support the Porte Cochères project  |
| Catalyst                  | A fundraising programme to improve the Gallery's capability to raise funds from private sources          |

## **MK GALLERY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

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#### **22 Analysis of charitable funds (continued)**

|                                 |  |
|---------------------------------|--|
| Kirkland Foundation             | To support the cost of exhibition programmes   |
| Artwork SE Bridge Support       | To support educational workshops   |
| Artwork CLN Fund 1              | To support the development of the Creative Learning Network  |
| Artwork CLN Fund 2              | To support the development of the Creative Learning Network  |
| Children in Need                | To fund a 3 year facilitated artists programme of activity for young people with low level mental health relates issues  |
| MK Council Middleton Commission | To commission an artists-led participatory project on behalf of the Broughton and Middleton Parish Council   |
| Garfield Weston Foundation      | To support the Lost and Found project  |
| Artwork MKCEP                   | To project manage an education and arts sector partnership programme on behalf of AHA MK to engage children from 10 schools including CPD for teachers and artists |
| Art Fund Garfield Weston        | To support the George Stubbs exhibition  |
| Pedalling Culture               | To support the Pedalling Culture project   |
| AHA                             | To support public learning programmes  |
| City Club – Arts Council        | To support the City Club project   |
| MKCF Young Dancer               | To support the Young Dancer project  |
| P Rego Learning                 | To support the Work Life Project   |
| New Towns                       | To support a conference  |
| Open University                 | To support artist commissions  |
| ACE Explorers                   | To support the Explorers conference  |
| Arts Society North Bucks        | To support the Family in Residence project   |
| Directors Circle                | To support the cost exhibition programmes  |

## MK GALLERY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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#### 22 Analysis of charitable funds (continued)

##### Designated Funds

The Trustees designated funds received during the year ended 31 March 2013 for the capital project and development fund. See later in note 22 for further details.

##### Unrestricted Funds

The general income fund represents those funds that are unrestricted and not designated for other purposes.

The general capital fund represents those funds that are unrestricted but represented by capital assets and are therefore not available reserves.

##### Transfers between funds

No transfers between funds were made in the year.

#### 23 Analysis of net assets between funds

##### Group:

|                     | Unrestricted<br>Funds | Restricted<br>Funds | 2020<br>Total     | 2019<br>Total     |
|---------------------|-----------------------|---------------------|-------------------|-------------------|
|                     | £                     | £                   | £                 | £                 |
| Fixed assets        | 11,586,017            | -                   | 11,586,017        | 11,531,143        |
| Investments         | 853,264               | 675,634             | 1,528,898         | 1,463,494         |
| Current assets      | 200,062               | -                   | 200,062           | 1,036,021         |
| Current liabilities | (508,310)             | -                   | (508,310)         | (917,792)         |
|                     | <u>12,131,033</u>     | <u>675,634</u>      | <u>12,806,667</u> | <u>13,112,866</u> |

##### Company:

|                     | Unrestricted<br>Funds | Restricted<br>Funds | 2020<br>Total     | 2019<br>Total     |
|---------------------|-----------------------|---------------------|-------------------|-------------------|
|                     | £                     | £                   | £                 | £                 |
| Fixed assets        | 11,586,017            | -                   | 11,586,017        | 11,531,143        |
| Investments         | 853,464               | 675,634             | 1,529,098         | 1,463,694         |
| Current assets      | 246,154               | -                   | 246,154           | 1,012,808         |
| Current liabilities | (502,559)             | -                   | (502,559)         | (907,924)         |
|                     | <u>12,183,076</u>     | <u>675,634</u>      | <u>12,858,710</u> | <u>13,099,721</u> |

## **MK GALLERY**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

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#### **24 Commitments**

There is a 99 year lease on the Theatre, Art Gallery and Theatre Square. A nominal rent of £1 each per annum is payable. This lease expires in more than 5 years.

Changes to the lease arrangements between Milton Keynes Council, Ambassador Theatre Group and MK Gallery mean the three parties are all now signatory to management arrangements that are enshrined in a long lease of 99 years from 18 December 2001.

##### *Capital commitments*

The charity has undertaken a capital development project which is complete apart from the final balance due to the contractor. At the year end the final balance due for the project was unknown but the charity is holding sufficient reserves to cover the balance due. At the previous year end of 31 March 2019 the amount of committed capital expenditure was £132,836.

#### **25 Related party transactions**

During the year donations of £nil were received from Trustees (2019: £nil). There are no other related party transactions during the period that require disclosure. The charitable company has taken advantage of the exemption available in accordance with Section 33 of FRS 102 'Related Party Disclosures' not to disclose transactions entered into between two or more members of the group that are wholly owned.

A company with a common director to MK Gallery Enterprises Ltd, MK Community Foundation, gave an extraordinary grant of £66,200 in the year ended 31 March 2020.

#### **26 Provisions and contingent liabilities**

The company has indemnified the purchaser of a lease against any claw back of £800,000 VAT by HMRC. This is only ever likely to arise if the building was not to be used as a commercial theatre within 10 years from November 2011. The Trustees consider the likelihood of this occurring to be remote and consequently no provision for this liability is considered appropriate.

#### **27 Post Balance Sheet Events**

The Covid-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken to contain the virus have affected economic and social activity with a direct impact on the charity's activities. A number of measures have been taken to monitor and mitigate the effects of Covid-19. At this stage, the impact on the business and results has been difficult to quantify although the most significant factor is the closure of the Gallery and cessation of all revenue generated by admissions, shops sales, the café and events. Steps are being taken to mitigate the loss of revenue and the hope is that the impact is minimised as the charity was able to take advantage of various Covid-related funding. The trustees do not currently believe there is an impact on the company's ability to continue as a going concern.