

AUDIENCES CENTRAL

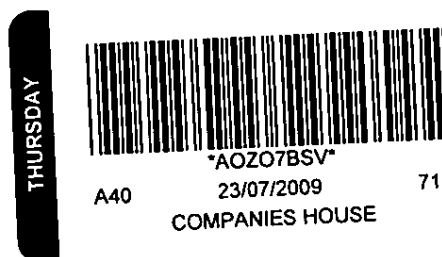
Limited by Guarantee

CONSOLIDATED FINANCIAL STATEMENTS

31 March 2009

Registered number 2598772

Charity number 1050167




Clement Keys
CHARTERED ACCOUNTANTS

AUDIENCES CENTRAL

Limited by Guarantee

DIRECTORS' REPORT

31 March 2009

The directors, who are also the trustees of the charity, are pleased to present their report together with the financial statements of the charitable company for the year ended 31 March 2009.

Reference and administration information

Registered charity name	Audiences Central
Company number	2598772
Charity number	1050167
Registered office	601 The Big Peg Vyse Street Birmingham B18 6NF
Bankers	National Westminster Bank Plc PO Box 4817 21 Digbeth Birmingham B5 6NW
Auditors	Clement Keys Chartered Accountants & Registered Auditors 39/40 Calthorpe Road Edgbaston Birmingham B15 1TS

Directors

The directors of the charitable company during the year were as follows;

J. Booth	
J. C. Cochrane	
D. Figuieredo	
A. Flint	
J. Jarvie	
A. Jowett	
F. D. Moroni	
P. J. Rees-Steer	(Chair)
L. Ratnaraja	
L. Richards	
D. N. Winterbotham	(resigned 25 November 2008)
M I Danels	(appointed 30 September 2008)

The charitable company, being limited by guarantee, has no share capital.

The following people held senior management positions within the charitable company during the year;

N Singh	Chief Executive Officer	(appointed 10 March 2008)
C. Griffin	Programme Director	(employment ceased 3 October 2008)
I. Jarratt	Operations and Finance Director	

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DIRECTORS' REPORT – continued

31 March 2009

Structure, Governance and Management

Governing document

Audiences Central is a charitable company limited by guarantee governed by its Memorandum and Articles of Association dated 30 January 1991 and amended subsequently on 25 September 1995, 26 July 2000 and 9 July 2004. It is registered as a charity with the Charity Commission. There are currently 11 members of the charitable company, each of whom agrees to contribute £1 in the event of the charitable company winding up.

Appointment of directors

As set out in the Articles of Association the directors are nominated either by organisations which subscribe to Audiences Central or by an existing member of the charitable company. Birmingham City Council nominates up to two directors. Up to nine directors can be nominated by the subscribing organisations, a third of whom retire each year. In addition, the directors can co-opt additional directors from beyond the subscriber base.

All directors may serve for a maximum of two terms of three years from the date of their first AGM. Each year the subscribing organisations are circulated with information about which directors are retiring and asking for further nominations for the AGM. When considering co-opting directors, the board has regard to the requirement for any specialist skills needed.

Nominees appointed by Birmingham City Council are subject to the appointment processes of that body and the guidelines on appointment to public office as they apply to Local Government nominees.

Director induction and training

New directors undergo an introductory briefing session to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision-making processes, the role of the trading subsidiary, the current business plan and recent financial performance of the charitable company. They also meet with key staff and other directors.

Organisation

The board of directors, which can have up to 20 members, administers the charitable company. The board meets at least quarterly and there is a sub-committee for Operations and Finance which meets at least three times a year. A Chief Executive Officer is appointed by the directors to manage the day-to-day operations of the charitable company. To facilitate effective operations, the Chief Executive Officer has delegated authority, within terms of delegation approved by the directors, for operational matters including finance, employment and programme-related activity.

The charitable company has undergone significant organisational change and is taking the opportunity to re-align its senior staff structure following the departure of the Programme Director and Communications Manager and the maternity leave of the Audience Development Manager. The new Chief Executive Nigel Singh (formerly Head of Arts and Museums for Staffordshire County Council) joined in March 2008 and the year has seen significant progress under his leadership with senior staff recruitment in progress to support the growth of the charitable company as detailed in the revised business plan.

Related parties

During the year the charitable company had a wholly owned subsidiary - Audiences Central Enterprises Limited which runs marketing services and campaigns on behalf of commercial arts companies and arts and cultural organisations outside the West Midlands. Audiences Central Enterprises Limited is a company limited by shares; there are two issued shares which are owned by Audiences Central. Birmingham Arts Information Technology Limited (BAIT), a former subsidiary, ceased trading with effect from 31 March 2008.

AUDIENCES CENTRAL

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DIRECTORS' REPORT – continued

31 March 2009

Structure, Governance and Management - continued

Related parties - continued

Up to the date of cessation of trading BAIT offered ticketing and IT services to arts and cultural companies in the West Midlands and further afield.

Risk management

The directors have a risk management strategy which comprises:

- An annual review of the risks the charitable company may face;
- The establishment of systems and procedures to mitigate those risks identified in the plan; and
- The implementation of procedures designed to minimise any potential impact on the charitable company should those risks materialise.

Objectives and activities

The objects for which the charitable company is established are to promote any charitable purpose for the benefit of the community in Birmingham and including Staffordshire, Shropshire, Herefordshire, Worcestershire, Warwickshire and the West Midlands county by providing charitable organisations operating within the area of benefit with:

- Advice, training and information; and
- Other assistance appropriate to their needs so as to enable such organisations to carry out their charitable work more effectively and efficiently for the benefit of the community.

The charitable company has the general aim of improving the effectiveness of arts and cultural marketing and audience development for organisations based in the West Midlands region. The strategies employed to achieve the charitable company's objectives are to:

- deliver a programme of professional development and training for arts and cultural organisations and their staff;
- offer specialist marketing research and intelligence services for arts and cultural organisations;
- run a range of marketing services to enable arts and cultural organisations to target their audiences more effectively, including the region's arts events website;
- create partnerships between arts and cultural organisations for joint projects and programmes of audience development activity;
- offer specialist consultancy services on a one to one basis for arts and cultural organisations, especially for those organisations who subscribe to Audiences Central; and
- be specialists in diversity audience development – in terms of cultural diversity, disability, social class and age.

At the time of writing the charitable company has 106 subscribing cultural organisations, drawn from across the whole West Midlands region and covering every art form. They include large performing arts companies, small rurality-based community touring organisations, galleries, agencies focusing on engaging young people in the arts and niche festivals presenting contemporary arts practice.

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities. In particular, the trustees have considered how planned activities will contribute to the aims and objectives set.

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DIRECTORS' REPORT continued

31 March 2009

Achievements and performance

This year has been one of major change for the organisation and included the embedding of a new Chief Executive Officer. These changes have obviously affected the key areas of activity planned for this year. This included the implementation of the new membership scheme and progression through the Arts Council Thrive programme. Specifically, performance against the area of consultancy has been disappointing. Achievements against other targets however have been good.

During 2008/09 key activities and events included:

- Developing the Captivate hypothesis and testing these
- Implementation of the new membership scheme
- The culmination of the Big Picture project and legacy work delivery
- Delivery of high profile consultancy and research contracts including campaign management for the Theatre 7 in Shrewsbury and the evaluation of the DCFS project Shakespeare Live
- The delivery of press, marketing networks for members across the region
- The delivery of a programme of modules, insight sessions aimed at upskilling arts and culture members with a range of skills
- The delivery of external newsletters – such as The Source, The Loop and opportunities to profile members work on Artscentral, the front facing arts listings website.

Communications activities include the development of the portfolio of print and advocacy documents, redevelopments in the business focused website (Audiencescentral.co.uk) and overseeing the introduction of the CRM database system ACT. The departure of the Communications Manager has meant that some areas of development have been delayed until 2009/10.

The completion of large scale projects, such as The Big Picture, Family Friendly, Maximise II and Not for the Likes of You, have built upon the reputation and value of strategic audience development projects.

Research continues to be an area of expertise that is highly successful. The team is taking on fewer projects, delivering nationally significant work that has larger margins and larger internal cost recovery. Branding, the development of advocacy marketing tools and the development of new research products have also been undertaken including the delivery of large scale projects such as Shakespeare Live for the DCFS and the introduction of new products such as the Mystery Shopping service.

This year Marketing Services was affected by the Marketing Services and Campaigns Manager's sabbatical, however income levels were met, supplier relationships have been embedded and new products introduced and tested, including Prospect Locator – a postcode based customer targeting tool. The redevelopment of the front facing website, Arts Central has also begun, with initial research, income strategy and scoping now fully underway.

Public Engagement

The advocacy role that the organisation has in supporting Arts Council segmentation and the engagement agenda is a major focus for the next two years. The additional uplift received from Arts Council West Midlands amounts to £288k over two financial years. This year we have been developing and identifying key strands of work that sit under this, including delivering the Taking Part regional roadshows that have promoted the use and findings of the Arts Council new segmentation tool, Taking Part. The organisation will seek to support the regional campaign for engagement and test the segmentation model developed by Art Council. The redevelopment of Arts Central (our public facing website) ensures that this site is the linchpin within the West Midlands that enables cultural providers to interact and form dialogues with cultural consumers.

AUDIENCES CENTRAL

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DIRECTORS' REPORT continued

31 March 2009

Achievements and performance – continued

Captivate

Captivate activity includes the exploration of the cases for customer relationship management, the testing of new products, including diagnostic tools and consultancy approaches, and the development of an evaluation framework for the organisation. The organisational work that has been undertaken has also enabled us to define our values, to analyse key processes and invest in skilling up staff in relevant areas. Key to this has been a focus on membership and account management. It is clear, however, that there needs to be further work on the costs/benefit analysis and clarity of the new membership scheme's offer.

The Big Picture (and Legacy)

The culmination of this project involves the completion of a world breaking photo mosaic (certified by Guinness Book of World Records), and a dissemination day for participating stakeholders and partner organisations. Following on from this is the delivery of a major piece of work that encouraged engagement through the use of photography for whom economic factors restrict access to cultural activities. The success of this project was widely recognised through the arts and culture sector and through extensive media coverage especially the BBC Midlands Today programme. The prestigious Jaguar Land Rover Award for Arts and Business for Cultural Branding was awarded to the project.

Aimed at continuing the project and promoting access to arts and cultural opportunities to those who registered initially on the Big Picture website, the development of the Big Picture Legacy work (£19k funded by Arts Council, West Midlands) sought to collate print offers by a range of cultural organisations that members of the public could access. The legacy work also included the continuation of the website that attracted so much attention and promoted online engagement.

Financial review

A surplus was achieved in the year of £10,487 which more than doubles the budgeted surplus of £5,204. This is a pleasing result following the senior staff changes during the year.

Key areas to note are that the position was enhanced by the receipt of a donation of £73,514 from Charities Aid Foundation and all activity areas have performed above or in line with budget with the exception of consultancy which has seen a disappointing year.

Other achievements to note are the introduction of online banking, debtor days being below the target of 40 days throughout the year, the production and Board approval of statutory accounts within 2 months of year end and the production of management accounts within 7 working days of month ends.

The principal sources of revenue for the charitable company, apart from the income from the trading subsidiary, were grants from Arts Council England and Birmingham City Council, membership income and income from programme activities including marketing services, research, consultancy, professional development and other grants and donations. The charitable company generates 70% of its unrestricted income through the provision of services. Its key public funder is Arts Council England which invested core funds of £216,852 in 2008/09.

A grant from Arts Council England to provide investment in organisational development continued to be used during the year but ceased as at March 2009. The grant during the past three years has enabled:

- The resourcing of a senior communications post, to enable better relations with clients, potential clients and partner agencies;
- The resourcing of expanded marketing services staff capacity, to enable increased revenue streams from this area;
- Improvement in the IT resources and infrastructure of the charitable company, especially to aid project management and control; and

AUDIENCES CENTRAL

Limited by Guarantee

DIRECTORS' REPORT continued

31 March 2009

Financial review – continued

- Enhanced development support for staff and senior management.

Alongside this major organisational development grant, a milestone plan has been agreed to allow detailed and effective monitoring of the charitable company's performance in relation to both the organisational change programme and for business planning purposes. This includes measures relating to financial performance, staffing recruitment and retention, delivery of IT and infrastructure enhancements, staff development activity and development of programme activity processes. Arts Council England holds quarterly meetings with senior management to review progress against target, and to provide advice and support in the achievement of these goals.

Investment powers and policy

Under the Memorandum and Articles of Association, the charitable company has the power to invest in any manner the directors consider appropriate.

The directors, having regard to the liquidity requirements of operating the charitable company, have followed a policy of keeping available funds in an interest-bearing bank account.

Reserves policy

The directors have established the level of reserves (that is those funds which are freely available) that the charitable company ought to have. Reserves are needed to enable the charitable company to cover all of its administrative expenses in the event of it winding up. At the end of 2008/09 the charitable company had total unrestricted reserves of £39,288 and total "free reserves", that is those not represented by fixed assets of £26,272.

It is expected that, by the end of the current business plan period in March 2012, the charitable company will have positive unrestricted reserves in accordance with the current business projections.

Plans for future periods

The current business plan covers the period 2007/08-2011/12. However, due to the fundamental organisational development work that has been undertaken, it has become necessary to create an interim plan that covers the period 2009-10. After this period, the organisation will develop a new business plan that addresses the period 2010 – 2012.

This interim plan is in alignment with the uplift that the organisation has received through the engagement agenda and introduces fundamental principles and approaches that have been developed during this financial year. Furthermore, the cultural landscape has witnessed fundamental change that Audiences Central needs to plot and react to.

This plan has sought to adopt a range of organisational procedures aimed at embedding the strategic direction of the organisation and encouraging performance monitoring. This includes work around the values and strategic objectives of the organisation, the development of key performance indicators and the introduction of an annual strategic action plan that also incorporates the current milestones.

Other improvements include redefining the communications function as an area of activity and the strengthening of the organisational development section, which identifies some key work undertaken and planned, such as the development and review of key HR policies, governance issues and infrastructure issues.

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DIRECTORS' REPORT continued

31 March 2009

Plans for future periods - continued

The key areas of development in the current business plan include:

- Progress and embed customer focus and concentrate on membership development (including the segmentation of membership by sub region and sector and creating appropriate offers)
- Delivering the Public Engagement agenda
- Address changes in Arts Council corporate priorities and corporate plan
- Contribute to the development of Network audience development network
- Embed interim staffing structure in line with business plan activity
- Redevelop and rebrand ArtsCentral our income generating front facing website
- Introduce performance measures (Key Performance Indicators and the Strategic plan)
- Address the DCMS voluntary arts agenda
- Address opportunities as DAWM (DCMS Agencies, West Midlands) develops, including developing closer strategic relationships
- Responding to the loss of Birmingham City Council funding
- Address the Self Assessment and Peer Review work of ACE
- Respond to opportunities arising from the Cultural Olympiad
- Develop the Cultural Tourism agenda

Directors' responsibilities in relation to the financial statements

The directors (who are also the trustees of Audiences Central for the purposes of charity law) are responsible for preparing the Directors' 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 directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

In so far as the directors are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDIENCES CENTRAL
Limited by Guarantee
DIRECTORS' REPORT continued
31 March 2009

Auditors

Clement Keys will be proposed for re-appointment in accordance with section 485 of the Companies Act 2006.



Audiences Central
601 The Big Peg
Vyse Street
Birmingham
B18 6NF

By order of the board

P.J. Rees-Steer
Chairman

30 June 2009

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
AUDIENCES CENTRAL
Limited by Guarantee**

We have audited the financial statements of Audiences Central for the year ended 31 March 2009 which comprise the Statement of Financial Activities, Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the charitable company's directors are responsible for the preparation of the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with those financial statements.

We also report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the charitable company is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

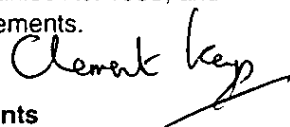
Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the affairs of the charitable company and the group as at 31 March 2009, and of the group's incoming resources and application of resources, including the group's income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

39/40 Calthorpe Road
Edgbaston
Birmingham
B15 1TS

CLEMENT KEYS
Chartered Accountants
Registered Auditors



30 June 2009

AUDIENCES CENTRAL
Limited by Guarantee

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(incorporating an Income and Expenditure Account)
for the year ended 31 March 2009

	Note	Unrestricted funds £	Restricted funds £	2009 Total funds £	2008 Total funds £
Incoming resources					
Incoming resources from generated funds					
<i>Voluntary income</i>					
Grants and donations	3	308,318	-	308,318	229,881
<i>Activities for generating funds</i>					
Income from trading subsidiaries	5	48,497	-	48,497	544,861
Subscriber and organisational support		49,107	-	49,107	50,666
Investment income	4	8,482	-	8,482	6,930
Incoming resources from charitable activities					
Grants and donations – restricted activity 19		-	226,381	226,381	510,855
Research		33,830	-	33,830	73,666
Consultancy		19,636	-	19,636	237,671
Professional development		3,742	-	3,742	7,011
Services		<u>95,606</u>	<u>-</u>	<u>95,606</u>	<u>112,660</u>
Total incoming resources		<u>567,218</u>	<u>226,381</u>	<u>793,599</u>	<u>1,774,201</u>
Continuing operations		567,218	226,381	793,599	1,258,895
Discontinued operations		-	-	-	515,306
Resources expended					
Costs of generating funds					
Commercial trading operations	5	46,555	-	46,555	504,819
Subscriber and organisational support	6	68,589	-	68,589	48,429
Charitable activities					
Costs of restricted activity	7 & 19	-	403,703	403,703	395,889
Core programme activity	7 & 8	216,919	-	216,919	211,095
Research	7 & 8	44,424	-	44,424	74,534
Consultancy	7 & 8	36,095	-	36,095	226,902
Professional development	7 & 8	13,604	-	13,604	24,144
Services	7 & 8	107,300	-	107,300	122,868
Exceptional costs	9	-	-	-	24,838
Governance costs	10	<u>23,253</u>	<u>-</u>	<u>23,253</u>	<u>7,515</u>
Total resources expended		<u>556,739</u>	<u>403,703</u>	<u>960,442</u>	<u>1,641,033</u>
Continuing operations		556,739	403,703	960,442	1,139,464
Discontinued operations		-	-	-	476,731
Exceptional costs		-	-	-	24,838
Net incoming/(outgoing) resources being net income/(expenditure) for the year		10,479	(177,322)	(166,843)	133,168
Reconciliation of funds					
Total funds brought forward		<u>28,809</u>	<u>240,356</u>	<u>269,165</u>	<u>135,997</u>
Total funds carried forward	20	<u>39,288</u>	<u>63,034</u>	<u>102,322</u>	<u>269,165</u>

There are no other gains and losses other than those included above and accordingly no separate statement of total recognised gains and losses has been prepared.

AUDIENCES CENTRAL

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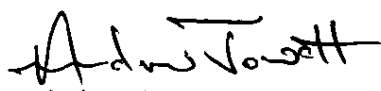
BALANCE SHEETS

at 31 March 2009

	Note	2009 £	Group 2008 £	2009 £	Company 2008 £
Fixed assets					
Tangible assets	15	13,016	23,698	13,016	23,698
Investments	16	-	-	2	2
		13,016	23,698	13,018	23,700
Current assets					
Debtors	17	40,931	75,697	37,574	75,361
Cash at bank and in hand		123,186	274,639	123,186	274,639
		164,117	350,336	160,760	350,000
Creditors: amounts falling due within one year	18	(74,811)	(104,869)	(71,456)	(104,539)
Net current assets		89,306	245,467	89,304	245,461
Total assets less current liabilities		102,322	269,165	102,322	269,161
Funds					
Unrestricted		39,288	28,809	39,288	28,805
Restricted	19	63,034	240,356	63,034	240,356
Total funds		102,322	269,165	102,322	269,161

The financial statements on pages 10 to 22 were approved by the board of directors on 30 June 2009 and signed on its behalf by:


P.J. Rees-Steer


A. Jowett

)
)
) Directors
)

AUDIENCES CENTRAL

Limited by Guarantee

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

31 March 2009

1 Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and under the historical cost accounting rules. The financial statements have been prepared in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005) issued in March 2005, applicable UK Accounting Standards and the Companies Act 1985.

Group financial statements

The Group financial statements consolidate those of the charitable company and its non-charitable trading subsidiaries. The results of the trading subsidiaries have been incorporated on a line by line basis, before transfers to the charitable company. No separate Statement of Financial Activities is presented for the charitable company, as provided by Section 230 of the Companies Act 1985 and paragraph 397 of SORP 2005. The result for the year of the charitable company is set out at Note 21.

Tangible fixed assets and depreciation

Tangible fixed assets costing £500 or more are capitalised and stated at cost less accumulated depreciation.

Depreciation of fixed assets is provided on a straight line basis commencing with the year of acquisition at rates estimated to write off their cost less any residual value over their expected useful lives and charged to the relevant fund as follows:

Computer equipment	3 years
Furniture and fittings	4 years

Voluntary income

Income from donations and grants, including capital grants, is included in incoming resources on a receivable basis, except when:

- (a) donors or grantors specify that donations or grants given to the charitable company must be used in future accounting periods, in which case the income is deferred until those periods;
- (b) donors impose conditions which have to be fulfilled before the charitable company becomes entitled to use such income, in which case the income is deferred and not included in incoming resources until the pre-conditions for use have been met.

When donors specify that donations and grants, including capital grants, are for particular restricted purposes, which do not amount to pre-conditions regarding entitlement, this income is included in incoming resources of restricted funds when receivable.

Capital grants and donations

Grants and donations received for capital purposes are accounted for as restricted funds and the amortisation or depreciation of the underlying fixed assets is charged to the funds.

AUDIENCES CENTRAL

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NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

31 March 2009

1 Principal accounting policies – continued

Resources expended

Resources expended are included in the Statement of Financial Activities on an accruals basis, inclusive of any VAT which cannot be recovered.

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.
- Charitable activities include expenditure associated with the core programme activity, research, consultancy, professional development and services and include both the direct costs and support costs relating to these activities.
- Governance costs comprise those incurred in the governance of the charitable company and its assets and are primarily associated with constitutional and statutory requirements.
- Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, eg allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.

Irrecoverable VAT

All resources expended are classified under activity headings that aggregate all costs related to the category. Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

Investment income

Investment income is included in the financial statements as and when receivable.

Operating leases

Rentals payable under operating leases are charged the statement of financial activities on a straight line basis over the period of the lease

Cash flow statement

The charitable company has taken advantage of the exemption from preparing a cash flow statement in accordance with Financial Reporting Standard No.1 on the basis that it is a small company as defined in the Companies Act 1985.

Pension Costs

The charitable company pays pension contributions to a stakeholder pension scheme for certain employees and also pays into personal pension plans for certain employees. The amounts charged to the statement of financial activities represents the contributions payable in respect of the accounting period.

2 Incoming resources

Incoming resources represents the amount derived from membership subscriptions and the provision of services which fall within the charitable company's objects, stated net of value added tax.

AUDIENCES CENTRAL

Limited by Guarantee

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

31 March 2009

3	Voluntary income – unrestricted	2009 £	2008 £
	Revenue grants		
	Arts Council England	216,852	211,151
	Birmingham City Council	17,952	17,600
	Other local authorities	-	1,130
	Charities Aid Foundation	<u>73,514</u>	<u>-</u>
		<u>308,318</u>	<u>229,881</u>
4	Investment income		

All of the group's investment income arises from an interest bearing current account.

5 Net income from trading activities of subsidiary undertaking

A summary of Audiences Central Enterprises Limited's trading results and balance sheet for the year ended 31 March 2009 is shown below.

	Audiences Central Enterprises Limited £
Profit and loss account	
Turnover	48,497
Cost of sales	<u>(11,081)</u>
Gross profit	37,416
Administration expenses	<u>(35,474)</u>
Operating profit	1,942
Amount gift-aided to Audiences Central	<u>(1,942)</u>
Retained in subsidiary	<u>-</u>

Included within cost of sales and administration expenses of Audiences Central Enterprises Limited is £35,474(2008: £17,193) in respect of overhead allocation from the parent charitable company.

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Limited by Guarantee

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

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5 Net income from trading activities of subsidiary undertaking – continued

	Audiences Central Enterprises Limited £
Balance sheet	
Debtors	12,329
Creditors	(12,327)
	<hr/>
Net assets	2
	<hr/>
Represented by	£
Share capital	2
Profit and loss account	<hr/>
Net assets	2
	<hr/>

6 Analysis of costs of generating funds

Activity	Direct costs £	Support costs £	2009 Total £	2008 Total £
Subscriber and organisational support	852	67,737	68,589	48,429
	<hr/>	<hr/>	<hr/>	<hr/>

7 Analysis of costs of charitable activities

Activity	Direct costs £	Support costs £	2009 Total £	2008 Total £
Costs of restricted activity	281,468	122,235	403,703	395,888
Core programme activity	-	216,919	216,919	211,095
Research	6,059	38,365	44,424	74,534
Consultancy	1,213	34,882	36,095	226,902
Professional development	2,474	11,130	13,604	24,144
Services	<u>55,866</u>	<u>51,434</u>	<u>107,300</u>	<u>122,868</u>
	<hr/>	<hr/>	<hr/>	<hr/>
	347,080	474,965	822,045	1,055,431
	<hr/>	<hr/>	<hr/>	<hr/>

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8 Analysis of support costs

	Charitable activities							2009 Total £	2008 Total £
	Generating funds Subscriber and organisational support £	Costs of restricted activity £	Core programme activity £	Research £	Consultancy £	Professional development £	Services £		
Staff costs	56,113	102,775	179,716	31,786	28,902	9,217	42,608	451,117	409,159
Premises costs	3,956	6,758	12,662	2,239	2,036	651	3,003	31,305	30,246
Information technology	3,787	6,470	12,122	2,144	1,949	623	2,875	29,970	27,215
Ticketing system costs	(77)	(132)	(248)	(44)	(40)	(13)	(59)	(613)	16,642
Administration	6,131	10,475	19,625	3,471	3,155	1,009	4,655	48,521	67,504
Promotion and PR	788	1,346	2,521	446	405	130	598	6,234	1,241
Bank charges and interest	48	82	154	27	25	8	37	381	825
Depreciation	1,423	2,431	4,555	806	732	234	1,081	11,262	11,314
	72,169	130,205	231,107	40,875	37,164	11,859	54,798	578,177	563,966
Less: allocated to Audiences Central Enterprises Limited	(4,431)	(7,969)	(14,189)	(2,510)	(2,282)	(728)	(3,365)	(35,474)	(17,193)
	67,738	122,236	216,918	38,365	34,882	11,131	51,433	542,703	546,773

Support costs have been allocated on the basis of staff time spent on each of the charitable company's main areas of activity.

AUDIENCES CENTRAL**Limited by Guarantee****NOTES ON CONSOLIDATED FINANCIAL STATEMENTS****31 March 2009****9 Exceptional costs – prior year**

Following the conclusion of a major contract, the Boards of Audiences Central and Birmingham Arts Information Technology Limited ("BAIT") decided that BAIT would cease trading with effect from 31 March 2008.

Accordingly, the results of BAIT for the year ended 31 March 2008 were brought into the consolidated financial statements of the charitable group and were classified as discontinued operations.

The assets and liabilities of BAIT as at 31 March 2008 were written off in the charitable group's financial statements as it is intended that BAIT will be wound up. An exceptional charge of £24,838 was therefore made in the financial statements for the year ended 31 March 2008.

BAIT is currently in liquidation and is in the process of being wound up.

10	Analysis of governance costs	2009	2008
		£	£
	Legal and professional charges	17,353	1,550
	Audit and accountancy charges	<u>5,900</u>	<u>5,965</u>
		23,253	7,515
		<hr/>	<hr/>
11	Analysis of administration costs – parent charitable company only	2009	2008
		£	£
	Recruitment	4,322	11,741
	Staff training	5,981	12,367
	Travel expenses	6,649	10,214
	General expenses	6,189	6,403
	Telephone	3,820	4,532
	Insurance	3,975	3,597
	Stationery	2,071	4,041
	Subscriptions and publications	3,729	3,546
	Photocopier costs	4,629	2,301
	Office equipment	1,309	2,767
	Postage and courier costs	1,500	1,770
	Health and safety	907	2,203
	Catering	493	944
	Office sundries	<u>2,948</u>	<u>1,078</u>
		48,522	67,504
		<hr/>	<hr/>

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No employee earns in excess of £60,000.

13	Net outgoing resources	2009	2008
		£	£
	Net outgoing resources are stated after charging:		
	Depreciation of tangible fixed assets	11,262	22,887
	Auditors' remuneration: group audit fee	5,900	5,900
	taxation services	-	550
	Property rent payable	22,500	52,143

The charitable company was granted charitable status during 1996 and as a consequence under the provisions of section 505 of the Income and Corporation Taxes Act 1988 none of its activities are subject to corporation tax. The trading subsidiaries pass profits on which tax would be payable to the charitable company under Gift Aid.

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15	Tangible fixed assets	Computer equipment	Furniture and fittings	Total
	Group and charitable parent company	£	£	£
	Cost			
	1 April 2008	33,725	10,812	44,537
	Additions	582	-	582
		<hr/>	<hr/>	<hr/>
	31 March 2009	34,307	10,812	45,119
		<hr/>	<hr/>	<hr/>
	Depreciation			
	1 April 2008	18,299	2,542	20,841
	Charge for year	8,594	2,668	11,262
		<hr/>	<hr/>	<hr/>
	31 March 2009	26,893	5,210	32,103
		<hr/>	<hr/>	<hr/>
	Net book amount			
	31 March 2009	7,414	5,602	13,016
		<hr/>	<hr/>	<hr/>
	31 March 2008	15,426	8,272	23,698
		<hr/>	<hr/>	<hr/>

All tangible fixed assets are held for the ultimate benefit of Audiences Central.

16 Investment in subsidiary undertakings

The charitable company owns 100% of the issued ordinary share capital of Birmingham Arts Information Technology Limited, a company incorporated in England. The shares were acquired at cost and therefore the investment is included at £2. Birmingham Arts Information Technology Limited ceased activities on 31 March 2008 and is currently in liquidation pending a full wind up.

The charitable company owns 100% of the issued ordinary share capital of Audiences Central Enterprises Limited, a company incorporated in England. The shares were gifted to Audiences Central and therefore the investment is included at £nil cost. Audiences Central Enterprises Limited principal activity is the provision of marketing services and campaign work to major regional commercial arts companies.

Further information regarding the results and assets of is given in Note 5.

17	Debtors – due after more than one year	Group		Company	
		2009	2008	2009	2008
		£	£	£	£
	Other debtors	2,500	2,500	2,500	2,500
	Debtors - due within one year				
	Trade arrears	34,087	51,863	30,730	47,407
	Other debtors	-	1,500	-	5,620
	Prepayments	4,344	10,365	4,344	10,365
	Accrued income	-	9,469	-	9,469
		<hr/>	<hr/>	<hr/>	<hr/>
		40,931	75,697	37,574	75,361
		<hr/>	<hr/>	<hr/>	<hr/>

AUDIENCES CENTRAL

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NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

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18	Creditors: amounts falling due within one year	Group		Company	
		2009 £	2008 £	2009 £	2008 £
	Trade creditors	26,357	65,613	26,357	65,613
	Amount owed to subsidiary undertakings	-	-	8,973	2,291
	Other taxation and social security	12,144	4,780	199	-
	Accruals	26,957	23,629	26,957	27,873
	Deferred income	<u>9,353</u>	<u>10,847</u>	<u>8,970</u>	<u>8,762</u>
		<u>74,811</u>	<u>104,869</u>	<u>71,456</u>	<u>104,539</u>

Included within accruals is an amount of £1,533 (2008: £2,187) in respect of payments due to the pension scheme.

19	Restricted funds	Balances as at			Transfer £	Balances as at	
		01.04.2008 £	Incoming £	Outgoing £		31.03.2009 £	
	Not for the Likes of You	(1,500)	-	-	-	(1,500)	
	Maximise 2	7,170	-	(10,297)	-	(3,127)	
	Customer Retention	(1,938)	4,500	(2,562)	-	-	
	Decibel Merchandising	55	-	(55)	-	-	
	Birmingham Means Everyone	10,685	-	(3,495)	-	7,190	
	Captivate	125,546	102,734	(149,469)	-	78,811	
	Not for the Likes of you Seminars	(2,185)	-	-	-	(2,185)	
	Cutltural Tourism Development	13,500	-	(900)	-	12,600	
	The Big Picture	88,164	101,250	(216,058)	-	(26,644)	
	The Big Picture Legacy	-	17,897	(8,153)	-	9,744	
	Grants for the Arts	<u>859</u>	<u>-</u>	<u>(12,714)</u>	<u>-</u>	<u>(11,855)</u>	
		<u>240,356</u>	<u>226,381</u>	<u>403,703</u>	<u>-</u>	<u>63,034</u>	

AUDIENCES CENTRAL

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NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

31 March 2009

20 Analysis of net assets between funds

	Fixed assets £	Net current assets £	Total £
Restricted funds			
Maximise 2	-	(3,127)	(3,127)
Not for the Likes of You	-	(1,500)	(1,500)
Captivate	-	78,811	78,811
Birmingham Means Everyone	-	7,190	7,190
Not for the Likes of You Seminars	-	(2,185)	(2,185)
Cultural Tourism Development	-	12,600	12,600
The Big Picture	-	(26,644)	(26,644)
The Big Picture Legacy	-	9,744	9,744
Grants for the Arts	-	(11,855)	(11,855)
	-	63,034	63,034
	-	-	-
Unrestricted funds	<u>13,016</u>	<u>26,272</u>	<u>39,288</u>
	<u>13,016</u>	<u>89,306</u>	<u>102,322</u>

21 Financial activities of the charitable company

The financial activities shown in the consolidated statement of financial activities includes those of the charitable company's wholly owned subsidiaries.

A summary of the financial activities undertaken by the charitable company is set out below:

	2009 £	2008 £
Gross incoming resources	745,102	1,244,554
Gift aid from subsidiary companies	<u>1,942</u>	<u>1,467</u>
	747,044	1,246,021
Cost of generating funds	(68,589)	(48,429)
Total expenditure on charitable activities	(822,045)	(1,055,432)
Governance costs	<u>(23,253)</u>	<u>(7,515)</u>
Net incoming resources for the year	<u>(166,843)</u>	<u>134,516</u>
Total funds brought forward	<u>269,165</u>	<u>134,516</u>
Total funds carried forward	<u>102,322</u>	<u>269,165</u>
Represented by:		
Unrestricted funds	39,288	28,805
Restricted funds	<u>63,034</u>	<u>240,356</u>
	<u>102,322</u>	<u>269,165</u>

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22 Financial commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31 March 2010:

	Group		Company	
	Land and buildings £	Other £	Land and buildings £	Other £
Contracts expiring				
Within one to two years	24,208	-	24,208	-
Within two to five years	-	3,875	-	3,875
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

23 Related party transactions

Advantage has been taken of the exemption in FRS8 paragraph 3(c) not to disclose transactions with group companies, as consolidated financial statements are prepared.