

**MIDLANDS ARTS CENTRE TRADING LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 MARCH 2018**

Company No: 03261120



**MIDLANDS ARTS CENTRE TRADING LIMITED**  
**REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 March 2018**

---

<b>Contents</b>	<b>Page</b>
<i>Company information</i>	<i>1</i>
<i>Directors' report</i>	<i>2</i>
<i>Report of the auditor</i>	<i>4</i>
<i>Profit and loss account</i>	<i>8</i>
<i>Balance Sheet</i>	<i>9</i>
<i>Notes to the Financial Statements</i>	<i>10</i>

## **MIDLANDS ARTS CENTRE TRADING LIMITED**

### **COMPANY INFORMATION**

---

Directors	Anthony R Howard Tracy Johnson Guy Owen Mike Williams Mark Reeves
Company Registration Number	03261120
Registered Office	Cannon Hill Park Birmingham B12 9QH
Bankers	HSBC plc 130 New Street Birmingham B2 4JU
Auditors	PKF Cooper Parry Group Limited Statutory Auditors Park View Central Boulevard Blythe Valley Business Park Sollihull B90 8BG

## **MIDLANDS ARTS CENTRE TRADING LIMITED**

### **DIRECTORS' REPORT 2017/18**

---

The Directors present their Annual Report together with the Financial Statements for the year ended 31 March 2018.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the company is the provision of catering services, event sales, venue hires and retail activities, and the company operates from the site of its parent company, Midlands Arts Centre (**mac blm**irmingham).

## **MIDLANDS ARTS CENTRE TRADING LIMITED DIRECTORS' REPORT 2017/18**

---

### **DIVIDENDS AND TRANSFERS TO RESERVES**

The Directors do not recommend the payment of a dividend.

### **DIRECTORS**

The directors who served during the period were:

**Anthony R Howard**  
**Tracy Johnson**  
**Guy Owen**  
**Mike Williams**  
**Mark Reeves (appointed 19 May 2017)**

### **DIRECTORS INTERESTS IN SHARES OF THE COMPANY**

No Director has any interest in the shares of the company.

### **CHARITABLE AND POLITICAL CONTRIBUTIONS**

There were no charitable or political contributions during the period except for a gift aid payment to the parent company as disclosed at Note 4.

### **PROVISION OF INFORMATION TO AUDITORS**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

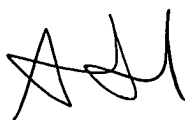
### **Auditors**

PKF Cooper Parry Group Limited has expressed its willingness to continue in office.

This report has been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

### **BY ORDER OF THE BOARD**

**Anthony R Howard**  
**Director**



**26 September 2018**

# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MIDLANDS ARTS CENTRE TRADING LIMITED**

---

## **Opinion**

We have audited the financial statements of Midlands Arts Centre Trading Limited (the 'Company') for the year ended 31 March 2018, which comprise the Profit and loss account, the Balance sheet and the related notes, 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 Financial Reporting Standard 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 Company's affairs as at 31 March 2018 and of its profit 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company'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.

## **Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MIDLANDS ARTS CENTRE TRADING LIMITED (CONTINUED)**

---

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.

### **Opinion 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' 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 accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

### **Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement on page 2, the directors are

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MIDLANDS ARTS CENTRE TRADING LIMITED (CONTINUED)

---

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 directors 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 directors are responsible for assessing the Company'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 directors either intend to liquidate the Company 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 our 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 Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Simon Atkins

FCA (Senior Statutory Auditor)

For and on behalf of

**PKF Cooper Parry Group Limited**

Chartered Accountants Statutory Auditor

Park View

One Central Boulevard

Blythe Valley Business Park

Solihull B90 8BG

Date: 26/09/18

**MIDLANDS ARTS CENTRE TRADING LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**for the year ended 31 March 2018**

	Notes	2018 £	2017 £
Turnover	3	1,743,142	1,826,126
Cost of sales		<u>(429,385)</u>	<u>(438,682)</u>
<b>Gross profit</b>		1,313,757	1,387,444
Administrative costs		<u>(1,133,064)</u>	<u>(1,141,249)</u>
<b>Operating profit before taxation</b>	4	180,693	246,195
Tax on profit on ordinary activities		-	-
<b>Profit for the financial year</b>		<u>180,693</u>	<u>246,195</u>
Retained earnings at the beginning of the year		-	-
Profit for the year		180,693	246,195
Gift aid payment		(180,693)	(246,195)
Retained earnings at the end of the year		<u>-</u>	<u>-</u>

All of the activities of the company are continuing.

The notes on pages 10 to 17 form part of these financial statements.

# MIDLANDS ARTS CENTRE TRADING LIMITED

Company number 03261120

## BALANCE SHEET

as at 31 March 2018

	Notes	2018 £	2017 £
<b>Current Assets</b>			
Stock	8	29,314	29,858
Debtors due within one year	9	82,657	68,029
Cash at bank and in hand		<u>183,182</u>	<u>321,878</u>
		295,153	419,765
 Creditors: amounts falling due within one year	10	 (295,053)	 (419,665)
 Total assets less current liabilities		 <u>100</u>	 <u>100</u>
 <b>Capital and reserves</b>			
Called up share capital	11	100	100
Profit and loss		<u>-</u>	<u>-</u>
Equity shareholder's funds		<u>100</u>	<u>100</u>

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006.

The financial statements were approved by the Board of Directors on 26 September 2018 and were signed on its behalf by:



**Anthony R Howard**  
Director

The notes on pages 10 to 17 form part of these financial statements.

# **MIDLANDS ARTS CENTRE TRADING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **for the year ended 31 March 2018**

---

#### **1. Accounting policies**

Midlands Arts Centre Trading Limited (the company) is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office is shown on the company information page.

The financial statements are prepared in Sterling (£).

##### **1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the UK and the Republic of Ireland, including Section 1A of FRS 102 and the Companies Act 2006.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The financial statements do not include a Cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under FRS 102.

##### **1.2 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### **Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

# **MIDLANDS ARTS CENTRE TRADING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **for the year ended 31 March 2018**

---

#### **Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

#### **1.3 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method at a rate of 33%-50%.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of comprehensive income.

#### **1.4 Operating leases: Lessee**

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

## **MIDLANDS ARTS CENTRE TRADING LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **for the year ended 31 March 2018**

---

#### **1.5 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### **1.6 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### **1.7 Financial Instruments**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares. All financial assets and liabilities are initially measured at transaction price and subsequently measured at amortised cost.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

#### **1.8 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### **1.9 Taxation**

Tax is recognised in the Profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

**MIDLANDS ARTS CENTRE TRADING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 March 2018**

---

**2. Judgments in applying accounting policies and key sources of estimation uncertainty**

The company makes estimates and assumptions concerning the future. Management are also required to exercise judgement in the process of applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

In preparing these financial statements, the directors have made the following judgements:

**Leases**

Determine whether leases entered into by the company either as a lessor or a lessee are operating or lease or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis based on an evaluation of the terms and conditions of the arrangements, and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

**Impairment of other assets**

The company reviews the carrying value of all other assets for indications of impairment at each period end. If indicators of impairment exist, the carrying value of the asset is subject to further testing to determine whether its carrying value exceeds its recoverable amount. This process will usually involve the estimation of future cash flows which are likely to be generated by the asset.

The following are the Company's key sources of estimation uncertainty:

**Recoverability of trade debtors**

Trade and other receivables are recognised to the extent that they are judged recoverable. Management reviews are performed to estimate the level of reserves required for irrecoverable debt. Provisions are made specifically against invoices where recoverability is uncertain.

Management makes allowance for doubtful debts based on an assessment of the recoverability of debtors. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyse historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of debtors and the charge in the profit and loss account.

**MIDLANDS ARTS CENTRE TRADING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 March 2018**

---

**Provisions**

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flow at a rate that reflects the time value of money and the risks specific to the liability.

Whether a present obligation is probable or not requires judgment. The nature and type of risks for these provisions differ and management's judgement is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not.

**Depreciation and residual values**

The Directors have reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values of fixtures and fittings and have concluded that asset lives and residual values are appropriate.

The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projects disposal values.

**MIDLANDS ARTS CENTRE TRADING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 March 2018**

**3 Turnover**

Turnover includes £20,587 (2016: £18,539) of sales to the parent company.

**4 Profit on ordinary activities before taxation**

The profit before taxation is arrived at after charging/(crediting):

	2018	2017
	£	£
Auditors' remuneration		
- in respect of the audit	3,087	2,473
Depreciation	-	-
Transactions with parent company		
- facility fees charged	199,000	198,000
- technical & customer service support recharged	53,068	65,809
- room rental payable	185,693	196,617
- licence fees payable	2,200	2,200
- covenanted profit transferred under gift aid	<u>180,693</u>	<u>246,195</u>

**5 Staff costs**

The aggregate payroll costs of the employees were as follows:

	2018	2017
	£	£
Wages and salaries	524,579	508,637
Social security costs	30,328	28,998
Pension costs	2,452	2,779
	<u>557,359</u>	<u>540,414</u>

**MIDLANDS ARTS CENTRE TRADING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 March 2018**

**5 Staff costs (continued)**

The staff costs above are recharged from the parent company and therefore the employees are employed by Midlands Arts Centre. The recharged staff costs relate to the following average number of persons during the period:

	2018 Number	2017 Number
Catering, bar and events staff	36	41
	<u>          </u>	<u>          </u>

This equates to a FTE of 28 (2017: 29)

**6 Directors**

None of the Directors received any remuneration from the company or the parent company in respect of their role as directors of the company.

**7 Taxation**

There is no taxation charge for the year ended 31 March 2018 (2017: £nil). The company has no deferred tax liability or asset and there are no factors affecting future tax charges.

**8 Stock**

	2018 £	2017 £
Bar and catering stocks	18,920	17,129
Retail	10,394	12,729
	<u>29,314</u>	<u>29,858</u>

**9 Debtors**

	2018 £	2017 £
Trade debtors	58,401	63,743
Prepayments	1,299	4,138
Accrued income	22,957	148
	<u>82,657</u>	<u>68,029</u>

**MIDLANDS ARTS CENTRE TRADING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 March 2018**

**10 Creditors: amounts falling due within one year**

	2018 £	2017 £
Trade creditors	47,291	49,004
Amounts due to parent company	208,378	338,647
Accruals	5,215	5,009
Deferred income	34,169	27,005
	<u>295,053</u>	<u>419,665</u>

**11 Called up share capital**

	2018 £	2017 £
Authorised		
10,000 ordinary shares of £1 each	10,000	10,000
	<u>          </u>	<u>          </u>
Allotted, called up and fully paid		
100 ordinary shares of £1 each	100	100
	<u>          </u>	<u>          </u>

**12 Financial commitments and contingent liabilities**

The company is a member of a VAT registration group with its parent company which is the representative member. The company is jointly and severally liable for any VAT due from the representative member.

**13 Reconciliation of movement in shareholder's funds**

	2018 £	2017 £
Opening shareholder's funds	100	100
Result for the period	<u>-</u>	<u>-</u>
Closing shareholder's funds	<u>100</u>	<u>100</u>

**MIDLANDS ARTS CENTRE TRADING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 March 2018**

---

**14 Parent company**

The company is a wholly-owned subsidiary of Midlands Arts Centre, a charitable company limited by guarantee and registered in England and Wales. The Directors consider that Midlands Arts Centre is the ultimate controlling party.

Copies of consolidated financial statements can be obtained from:

The Company Secretary  
**MAC Birmingham** (Midlands Arts Centre)  
Cannon Hill Park  
Birmingham  
B12 9QH

**15 Related party transactions**

There were no related party transactions during the year other than those with the ultimate parent company as disclosed in note 4.