

Baltic Contemporary Visual Arts Trading Limited

Registered No: 4345367

Directors

R G Bell
A J Smith

Secretary

R M Kelly

Auditors

Ernst & Young LLP
Citygate
St James' Boulevard
Newcastle Upon Tyne
NE1 4JD

Bankers

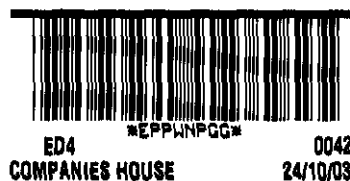
Yorkshire Bank plc
12 The Interchange Centre
West Street
Gateshead
Tyne & Wear
NE8 1BH

Solicitors

Director of Legal and Corporate Services
Gateshead Council
Civic Centre
Regent Street
Gateshead
NE8 1HH

Registered office

Gateshead Civic Centre
Regent Street
Gateshead
Tyne & Wear
NE8 1HH



Directors' report

The directors present their report and financial statements for the period from 24 December 2001 to 31 March 2003.

Results and dividends

The profit for the year amounted to £nil. The directors do not recommend the payment of any dividends.

Principal activities and review of the business

The principal activity of the company during the period was the provision of catering, retail and room hire services. The company was incorporated on 24 December 2001 and commenced trading in July 2002.

The directors are delighted that the commercial activities of the Baltic have performed strongly, in order to support the core activities of the centre, in parallel with the other principal funding streams. In this context we greatly acknowledge the significant support of the Arts Council England and Gateshead Council.

Directors

The directors who served the company during the period were as follows:

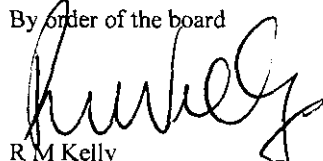
R G Bell	(Appointed 24 December 2001)
A J Smith	(Appointed 24 December 2001)

There are no directors' interests requiring disclosure under the Companies Act 1985.

Auditors

Ernst & Young LLP were appointed auditors during the period. A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board



R M Kelly
Secretary

22 October 2003

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial period which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of Baltic Contemporary Visual Arts Trading Limited

We have audited the company's financial statements for the period ended 31 March 2003 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 11. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the 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 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the 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 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 of the state of affairs of the company as at 31 March 2003 and of its result for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Newcastle upon Tyne

22 October 2003

Profit and loss account

for the period from 24 December 2001 to 31 March 2003

	Notes	Period from 24 Dec 01 to 31 Mar 03 £
Turnover	2	713,576
Cost of sales		338,113
Gross profit		375,463
Administrative expenses		672,954
Other operating income		(297,491)
Profit on ordinary activities before taxation	3	—
Tax on profit on ordinary activities		—
Profit retained for the financial period		—

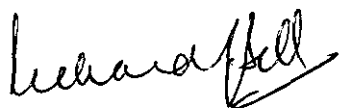
Statement of total recognised gains and losses

There are no recognised gains or losses other than the profit of £nil attributable to the shareholders for the period ended 31 March 2003.

Balance sheet

at 31 March 2003

	Notes	31 Mar 03 £
Current assets		
Stocks	5	162,132
Debtors	6	337,610
Cash at bank		69,752
		<u>569,494</u>
Creditors: amounts falling due within one year	7	569,492
Net current assets		<u>2</u>
Total assets less current liabilities		<u>2</u>
Capital and reserves		
Called up share capital	9	2
Equity shareholders' funds	10	<u>2</u>



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R G Bell
Director

22 October 2003

Notes to the financial statements

at 31 March 2003

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less any further costs expected to be incurred in disposal.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the exception of deferred tax assets, which are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. Turnover

Turnover which is stated net of value added tax represents amounts invoiced for goods and services provided in the period.

The turnover and pre-tax profit are attributable to one continuing activity, solely within the United Kingdom.

3. Operating profit

This is stated after charging/(crediting):

	<i>Period from 24 Dec 01 to 31 Mar 03 £</i>
Auditors' remuneration - audit services*	—
Directors' emoluments	—
Gift aid payment to parent charity	587,479
Sponsorship income	(170,000)
Donated stock	(127,491)

* borne by the parent charity.

Notes to the financial statements

at 31 March 2003

4. Staff costs

No salaries or wages have been paid to employees, including the directors, during the period.

5. Stocks

	<i>31 Mar 03</i>
	£
Finished goods	<u>162,132</u>

6. Debtors

	<i>31 Mar 03</i>
	£
Trade debtors	324,770
Prepayments and accrued income	<u>12,840</u>
	<u>337,610</u>

7. Creditors: amounts falling due within one year

	<i>31 Mar 03</i>
	£
Trade creditors	31,645
Amounts owed to group undertakings	441,602
Other taxation	38,412
Accruals and deferred income	<u>57,833</u>
	<u>569,492</u>

8. Related party transactions

The company has taken advantage of the exemption within Financial Reporting Standard 8 (FRS 8) from disclosing transactions with other group companies. There are no other transactions that require disclosure under FRS 8.

9. Share capital

	<i>Authorised</i>
	<i>31 Mar 03</i>
	£
Ordinary shares of £1 each	<u>2</u>
	<i>Allotted, called up and fully paid</i>
	<i>No. £</i>
Ordinary shares of £1 each	<u>2 2</u>

On incorporation the company issued 2 ordinary shares with an aggregate nominal value of £2 for consideration of £2 cash.

Notes to the financial statements

at 31 March 2003

10. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital</i>	<i>Profit and loss</i>	<i>Total share-</i>
	<i>£</i>	<i>account</i>	<i>holders' funds</i>
	<i>£</i>	<i>£</i>	<i>£</i>
New equity share capital subscribed on incorporation	2	—	2
Result for the period	—	—	—
At 31 March 2003	<u>2</u>	<u>—</u>	<u>2</u>

11. Ultimate parent company

The company's immediate and ultimate parent undertaking and controlling party is Baltic Flour Mills Visual Arts Trust, a registered charity. The Trust has included the company in its consolidated financial statements, copies of which can be obtained from Gateshead Civic Centre, Regent Street, Gateshead, Tyne and Wear, NE8 1HH.