

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

CHINESE ARTS CENTRE LIMITED  
A COMPANY LIMITED BY GUARANTEE  
TRUSTEES' REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2004



**CHINESE ARTS CENTRE LIMITED**  
**A COMPANY LIMITED BY GUARANTEE**  
**INFORMATION**

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<b>Directors and Trustees</b>	Jacqui Fendall	
	Huttson Lo	
	Robert Foster	(appointed 14 May 2003)
	Albert Cheah	(appointed 9 March 2004)
	Kin Cheng	(appointed 3 March 2004)
	Louie Chow	(appointed 11 March 2004)
	Katharine De Lisle	(appointed 11 March 2004)
	Elizabeth Huang	(appointed 11 March 2004)
	Chris Lethbridge	(appointed 11 March 2004)
	Peter McNamara	(appointed 11 March 2004)
<b>Chair</b>	Robert Foster	
<b>Vice Chair</b>	Huttson Lo	
<b>Treasurer</b>	Jacqui Fendall	
<b>Chief Executive Officer</b>	Sarah Champion	
<b>Company Secretary</b>	Sarah Champion	
<b>Charity Number</b>	518992	
<b>Company number</b>	2137427	
<b>Principal address</b>	Market Buildings Thomas Street Manchester M4 1EU	
<b>Registered office</b>	Market Buildings Thomas Street Manchester M4 1EU	
<b>Auditors</b>	Bulcock & Co 10 The Bull Ring Northwich Cheshire CW9 5BS	
<b>Bankers</b>	Royal Bank of Scotland 38 Mosely Street Manchester M60 2BW	

CHINESE ARTS CENTRE LIMITED  
A COMPANY LIMITED BY GUARANTEE

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A COMPANY LIMITED BY GUARANTEE  
INFORMATION

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CHINESE ARTS CENTRE LIMITED  
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TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 MARCH 2004

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The trustees present their report and accounts for the year ended 31<sup>st</sup> March 2004 (and comparative figures for the year ended 31<sup>st</sup> March 2003).

**Objects of the charity**

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

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

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

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

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

**Trustees**

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

Robert Foster (Chair)	(appointed 14 May 2003)
Hutton Lo (Vice Chair)	
Jacqui Fendall (Treasurer)	
Albert Cheah	(appointed 9 March 2004)
Kin Cheng	(appointed 3 March 2004)
Louie Chow	(appointed 11 March 2004)
Katharine de Lisle	(appointed 11 March 2004)
Elizabeth Huang	(appointed 11 March 2004)
Chris Lethbridge	(appointed 11 March 2004)
Peter McNamara	(appointed 11 March 2004)

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

The appointment of trustees and committee members is governed by the Articles of Association.

**CHINESE ARTS CENTRE LIMITED  
A COMPANY LIMITED BY GUARANTEE  
TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2004**

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

The trustees and committee members meet at quarterly board meetings which are well attended and quorate.

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

**Review of financial position**

The financial year 2003/04 has been like no other in Chinese Arts Centre's history. With the opening of our new Lottery funded building on 27<sup>th</sup> November 2003 the profile of the organisation has consistently gained momentum. Our audience projections have been exceeded, as have our income generation targets. We are now working with a full staff team and there is a sense of opportunity and optimism within the organisation.

The Lottery processes afforded us the opportunity to look at every aspect of our work and analyse it for quality and value for money. This reached from the staffing structure to the programming. The organisation as a whole has been restructured. Each staff member has a clear work area, and an associated income and expenditure target, for which they are responsible. The staffing structure has been reviewed and a "flatter" management structure implemented along with new staffing handbook and organisational policies.

All areas of our work were investigated for viability and we are confident that we have created a healthy balance between exhibitions, education and advocacy. We have further developed the information, advice and guidance aspect of our work as we recognise that this support was lacking within the mainstream.

Two of our positions are part time due to lack of sustainable funding; Marketing Manager and Artist Development Co-ordinator. There is definitely the demand to make these posts full time and that is something we will be working towards in the future.

Artistically, the organisation has never been stronger. Having a dedicated Curator has greatly enhanced the organisation and its reputation. Sally Lai has created a balanced programme of national and international artists of Chinese descent which admirably show the range and breadth of the work available. The combination of the exhibition programme and the new Centre has both given us consistent media coverage which has considerably helped to raise our profile both nationally and internationally.

We can only build on this year's successes, leaving the Chinese Arts Centre in a very strong long term position.

**Financial report**

2003/4 has been a complicated and unusual financial year. We were carrying out a major building project to create the new Centre, employing new staff and, as a result, had reduced the artistic programme.

CHINESE ARTS CENTRE LIMITED  
A COMPANY LIMITED BY GUARANTEE  
TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2004

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We have been very fortunate with the continued support of North West Arts Board, now known as ACE: NW. For 2003/4 they have increased our revenue grant by 40% to £128,649 in recognition of the extensive programme of work we carry out and the increased costs associated with the new Centre.

Staff costs have increased from £64,675 to £101,348 as the organisation developed from four staff members to ten during the last six months of 2003/4. For the first time Chinese Arts Centre is providing a pension scheme of 5% of salary for staff. We feel this is the right and proper thing for a responsible organisation to do and is part of the package of support and incentives we offer to staff.

As mentioned, the artistic programme was considerably reduced during the building period. It is interesting to note that the work for the education programme was up on the previous year by a third, yet the profit remained almost the same. For 2004/5 we have amended this so that we will be working on a 20 - 30% profit for all education work. In contrast, we carried out considerably less agency work than in 2002/3 but the profits were slightly up.

A new financial heading for 2003/4 is income from sales in the shop and hire of the venue. This has been possible since we moved to the new site on 27<sup>th</sup> November 2003 where these facilities are available. These areas have huge growth potential and we are keen to develop them in future years.

The building process has been run very successfully. We are one of the few projects receiving Lottery funding to deliver a project on time and on budget. We are very proud of this fact and believe it shows that with careful management one can be prudent and create something of national significance.

Since opening the new Centre we have received considerable attention both nationally and international and this is leading to income generation. We firmly believe that Chinese Arts Centre is in a strong financial position with good long term prospects.

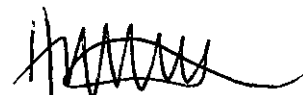
**Asset cover for funds**

Note 12 sets out an analysis of the assets attributable to the various funds and a description of the trusts. These assets are sufficient to meet the charity's obligations on a fund by fund basis.

**Auditors**

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

On behalf of the board of trustees



Hyttson Lo

Trustee

Date: 4 November 2004



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

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

In preparing those accounts, the trustees are required to:

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

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

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

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We have audited the accounts of Chinese Arts Centre Limited for the year ended 31 March 2004 which comprise the Statement of Financial Activities, the balance sheet and the related notes. These accounts have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the charity's trustees, as a body, in accordance with Section 43 and 44 of the Charities Act 1993. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of trustees and auditors**

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

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

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

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

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

**Basis of opinion**

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

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

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

**Opinion**

In our opinion the accounts give a true and fair view of the charitable company's affairs as at 31 March 2004 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Bulcock & Co

Date: 4 November 2004

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

CHINESE ARTS CENTRE LIMITED  
A COMPANY LIMITED BY GUARANTEE  
STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 MARCH 2004

		Unrestricted funds £	Restricted funds £	2004 £	2003 £
	Note				
<b>Incoming resources</b>					
Grants receivable	2	-	2,217,454	2,217,454	155,542
Interest receivable		705	-	705	164
Net income from trading activities	3	11,870	-	11,870	13,371
<b>Total incoming resources</b>		<u>12,575</u>	<u>2,217,454</u>	<u>2,230,029</u>	<u>169,077</u>
<b>Resources expended</b>					
Direct charitable expenditure		-	761,444	761,444	111,147
Other expenditure: Management and administration		1,998	-	1,998	2,165
<b>Total resources expended</b>	4	<u>1,998</u>	<u>761,444</u>	<u>763,442</u>	<u>113,312</u>
<b>Net income for the year</b>		<u>10,577</u>	<u>1,456,010</u>	<u>1,466,587</u>	<u>55,765</u>
<b>Fund balances at 1 April 2003</b>		<u>18,349</u>	<u>44,395</u>	<u>62,744</u>	<u>6,979</u>
<b>Fund balances at 31 March 2004</b>		<u>28,926</u>	<u>1,500,405</u>	<u>1,529,331</u>	<u>62,744</u>

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

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

CHINESE ARTS CENTRE LIMITED  
A COMPANY LIMITED BY GUARANTEE  
BALANCE SHEET  
AS AT 31 MARCH 2004

		2004		2003	
	Notes	£	£	£	£
<b>Fixed Assets</b>					
Tangible assets	8		1,485,889		922,606
<b>Current assets</b>					
Debtors	9	17,568		2,378	
Cash at bank and in hand		44,366		65,560	
		<u>61,934</u>		<u>67,938</u>	
Creditors: amounts falling due within one year	10	(18,492)		(5,780)	
<b>Net current assets</b>			<u>43,442</u>		<u>62,158</u>
<b>Deferred income</b>	11		-		(922,020)
<b>Total assets less current liabilities</b>			<u><u>1,529,331</u></u>		<u><u>62,744</u></u>
<b>Income Funds</b>					
Unrestricted funds:					
Other charitable funds	12		28,926		18,349
Restricted funds:					
Other charitable funds	12		1,500,405		44,395
			<u><u>1,529,331</u></u>		<u><u>62,744</u></u>

The accounts were approved by the Board on 4 November 2004

  
Jacqui Fendall

Trustee and Treasurer

CHINESE ARTS CENTRE LIMITED  
A COMPANY LIMITED BY GUARANTEE  
NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2004

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**1. Accounting policies**

**1.1 Basis of preparation**

The accounts are prepared under the historical cost convention.

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

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

**1.2 Incoming resources**

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

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

Revenue grants are recognised as incoming resources when received.

Capital grants received in respect of the new premises have been recognised as incoming resources.

Bank interest is recognised as investment income when received.

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

**1.3 Resources expended**

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

**1.4 Tangible fixed assets and depreciation**

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

Fixtures, fittings & equipment	25% Straight line
Long leasehold land and buildings	10% Straight line

CHINESE ARTS CENTRE LIMITED  
A COMPANY LIMITED BY GUARANTEE  
NOTES TO THE ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2004

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1.5 Operating leases

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

1.6 Pension costs

The pension costs charged in the financial statements represent the contribution payable by the charity during the year.

2 Grants receivable

Revenue grants

During the year the charity received £165,698 comprising the following:

1. £128,649 from ACE:NW as a contribution to the core costs
2. £2,824 from The British Council in China re Artist's costs re He An visit
3. £3,750 from the Arts Council being a contribution to the costs of cultural diversity work
4. £1,500 from the Arts Council towards the creation of an architecture leaflet on the new premises
5. £24,580 from the Arts Council towards the "Home" touring exhibition
6. £4,395 from Arts & Business towards developing a partnership with Trident Manufacturing

Capital grants

The charity has now received a total of £2,039,148 from the Arts Council of England and £12,608 from ICIAN in respect of costs of the new premises project. As the project was completed in this financial period, the trustees consider that the most appropriate accounting treatment of the monies received in previous years is to include them on the statement of financial activities for this year along with monies actually received in the period. All monies received are subject to a legal charge - see note 8.

CHINESE ARTS CENTRE LIMITED  
A COMPANY LIMITED BY GUARANTEE  
NOTES TO THE ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2004

3 Net income from trading activities

	2004 £	2003 £
Gross income	53,679	42,404
Expenses	(41,809)	(29,033)
	<u>11,870</u>	<u>13,371</u>

Gross income is made up of the following:

1. £31,124 - Education and workshop activities
2. £1,389 - Arts programmes
3. £13,405 - Agency income
4. £7,761 - various materials / items sold

Expenses of £40,335 relate to costs incurred in respect of the above

4. Total resources expended

	Staff costs £	Depreciation £	Other costs £	2004 Total £	2003 Total £
Direct charitable expenditure	105,759	181,210	474,475	761,444	111,147
Other expenditure					
Management and administration	-	-	1,998	1,998	2,165
	<u>105,759</u>	<u>181,210</u>	<u>476,473</u>	<u>763,442</u>	<u>113,312</u>

Management and administration costs include auditor's fees of £1,998 (2003 - £2,165).

5. Trustees

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

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



CHINESE ARTS CENTRE LIMITED  
A COMPANY LIMITED BY GUARANTEE  
NOTES TO THE ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2004

6 Employees

Number of employees

The average monthly number of employees during the year was:

	2004	2003
	Number	Number
Administration	6 =	4 =
Employment costs	2004 £	2003 £
Wages and salaries	101,348	64,675
Pension costs (see below)	4,411	-
	<u>105,759</u>	<u>64,675</u>

The above figures include employer's national insurance of £10,986 (2003 £ 5,350). There were no employees whose annual emoluments were £50,000 or more.

The charity operates a defined contribution pension scheme in respect of all full time employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the charity and amounted to £4,411 (2003 Nil).

7 Taxation

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

CHINESE ARTS CENTRE LIMITED  
A COMPANY LIMITED BY GUARANTEE  
NOTES TO THE ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2004

8 Tangible fixed assets

	Long Leasehold Premises 2004 £	Fixtures & Fittings 2004 £	Total 2004 £
<b>Cost</b>			
At 1 April 2003	922,020	5,334	927,354
Additions	651,348	93,145	744,493
Disposals	-	(5,334)	(5,334)
At 31 March 2004	<u>1,573,368</u>	<u>93,145</u>	<u>1,666,513</u>
<b>Depreciation</b>			
At 1 April 2003	-	4,748	4,748
Charge for the year	157,337	23,873	181,210
Disposals	-	(5,334)	(5,334)
At 31 March 2004	<u>157,337</u>	<u>23,287</u>	<u>180,624</u>
<b>Net book value</b>			
At 31 March 2004	<u>1,416,031</u>	<u>69,858</u>	<u>1,485,889</u>
At 31 March 2003	<u>922,020</u>	<u>586</u>	<u>922,606</u>

Long leasehold additions - see note 2.

On 21 January 2003 the Arts Council of England took out a legal charge over the new premises at Unit 2, Market Buildings, Thames Street, Smithfield, Manchester to a maximum sum of £2,185,160. Under the terms of the agreement, the charge is to be left in place for 21 years.

Under the terms of the long lease, there are no clawback provisions for any of the capital grants received.

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

9. Debtors

	2004 £	2003 £
Trade debtors	17,568	2,378
	<u>17,568</u>	<u>2,378</u>

**CHINESE ARTS CENTRE LIMITED**  
**A COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2004**

10. Creditors: amounts falling due within one year	2004 £	2003 £
Accruals	18,492	5,780

**11. Deferred income**

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

**12. Analysis of net assets between funds**

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 March 2004 are represented by:			
Tangible fixed assets	-	1,485,889	1,485,889
Current assets	47,418	14,516	61,934
Creditors: amounts falling due within one year	(18,492)	-	(18,492)
	<u>28,926</u>	<u>1,500,405</u>	<u>1,529,331</u>

**13. Commitments under operating leases**

At 31 March 2004 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2004 £	2003 £
Expiry date:		
Less than one year	-	8,813