

MIDLANDS ARTS CENTRE
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2011

Company No: 00718349
Charity No: 528979



**MIDLANDS ARTS CENTRE
REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 March 2011**

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MIDLANDS ARTS CENTRE CHAIR'S REPORT 2010/2011

1st May 2010 marked the reopening of the splendid new arts centre which we are proud to call the home base of **mac birmingham**. The backing of a wide range of supporters and partners and the work of Thomas Vale Contractors and all their partners have created a hugely exciting, efficient and integrated building which has proved again and again since reopening that **mac** can indeed truly serve the needs and aspirations of an ambitious 21st century arts organisation.

Over the opening weekend over 30,000 visitors made their way to **mac**. In our first year of reopening we welcomed 850,000 visitors to our wonderful new home in Cannon Hill Park, and saw 140,000 participations in learning experiences.

Creative opportunities were provided for 900 artists, providing support in kind at a value of £125,000. **mac birmingham's** business contributed over £1.2m of beneficial impact in the local and regional economy and the centre and its activities provided work for 200 people directly.

The Building Project has made the whole of the **mac** building accessible for the first time, with a simplified layout, new lifts and up to date equipment, making the building sustainable and safe, and providing facilities our visitors, artists and staff are now enjoying fully. As we have listened to responses to the building and, more especially, the opportunities we have been able to create in it, from our customers, artists, partners and collaborators more than ever my colleague Board members and I firmly believe that our project has surpassed even our farthest-reaching ambitions for "new" **mac**.

We were delighted that our wonderful new building and its community benefit was nominated for a number of Regional and National Awards:

- National Lottery Awards 2011 Finalist
- National BIFFA Awards 2011 Community Benefit Finalist
- Royal Institute of Chartered Surveyors (RICS) Regional Community Building of the Year and overall regional winner
- National RICS Award 2011 Finalist
- Excellence in the West Midlands Construction Awards 2011 winner
- West Midlands Institute of Chartered Engineers (ICE) 2011 Awards finalist

The building project is the realisation of the ambition and many years of hard work by **mac** staff, past and present, together with our project partners **sampad** South Asian Arts. The determination and focused purpose of colleagues here at **mac**, at Birmingham City Council and Arts Council England, and the encouragement of our many partners and supporters throughout the region has made this happen. On behalf of **mac's** board I'd like to express our heartfelt thanks to everyone who has played a part in making "new" **mac** a reality and in making 2010/11 truly a remarkable year of artistic achievement and celebration.

MIDLANDS ARTS CENTRE CHAIR'S REPORT 2010/2011

2010-11 and mac's Financial Position

Throughout the year our focus has been on delivering exceptional new projects and programmes, of connecting and re-connecting to audiences and participants, of introducing artists to our new and enhanced facilities, and of nurturing artistic endeavour both here at **mac** and in the communities of Birmingham, the West Midlands as well as farther afield. Delivering an effective and focused staff team and a range of customer services and facilities was too a major part of our work

With 12 months staffing and building costs and only 11 months income, combined with the uncertainties of reopening after a two year closure period, our business plan for 2010/11 anticipated that a deficit would be incurred, to be supported by reserves built up during the closure period. The Consolidated Statement of Financial Activities (SOFA) shows a year on year increase in incoming resources from £3.9m to £4.2m. Fundraising for the building project shows significant income during the year and we were delighted to reach our full target for donated income just after the year-end meaning that the Building Project not only opened on time but was also fully funded. Our accounts continue to recognise the activities of Sound Futures and Music Leader West Midlands as restricted projects of **mac**

Birmingham City Council holds Cannon Hill Park on trust and granted a lease within the park to **mac** in 1962, originally expiring in 2037. In order for the City Council to carry out the planned building works **mac** agreed to surrender its current 75 year lease following completion of the building works. This enabled the City Council to occupy the site and use its partnership contractors to carry out the Building project works at cost-effective rates. The agreement for the grant of a new 60 year lease to **mac** will take effect at the same time as the surrender of the existing lease and the lease premium in relation to this will be capitalised when this occurs to reflect future economic benefit.

The general fund balance at the end of 2009-10 was a surplus of £943,825. At the end of 2010-11 this now stands at £659,408. Birmingham City Council and Arts Council England have continued to work very closely with us to secure a long-range business plan (to 2015). This year we have once again received significant financial investment from Birmingham City Council and Arts Council England. Through the commitment of both investors to this and future years' revenue support, a forward business plan is in place. Arts Council England reduced their funding by 0.5% in year, a reduction passed on to all supported organisations as a result of the Government's in year cuts to the Arts Council's own funding.

We remain enormously grateful to Arts Council England and Birmingham City Council for their practical support and for their capital investment of £6.7m and £6.2m respectively in the **mac/sampad** Building project. Arts Council's agreement to novate their funding agreement to Birmingham City Council to enable the City Council to deliver the Building project through their partnering framework was critical to the successful practical realisation of the project.

As previously noted our financial plan for 2010-2011 anticipated making a loss for the year and we were delighted to deliver more or less on budget. At the year-end we report a deficit for the year of £284,417 after transfers, on the general unrestricted fund.

MIDLANDS ARTS CENTRE CHAIR'S REPORT 2010/2011

Our supporters

Our supporters include charitable trusts with long-standing relationships with **mac**, including the Bryant Trust, Roughley Trust, Saintbury Trust and the Charles Henry Foyle Trust, and they have made crucial contributions to our Building Project. We are very grateful to them. We have been hugely encouraged by support from many Trusts and Foundations, numerous individuals and by corporate donors from the city **mac** has also benefited from a unique and extremely generous donation of in-kind support from international law firm **Pinsent Masons** which donates legal services to **mac** as part of the firm's Corporate Responsibility (CR) programme "Starfish" We very much appreciate the support of Thomas Vale Construction who made possible the landscaping of Queen's Ride adjacent to **mac** and contributed to an art commission to be realised with children and young people from the local community for the grounds of the new centre

mac is truly fortunate to be able to call on the experience, expertise and energy brought to the organisation by our staff team and the Board and staff of our partners **sampad** I also pay an enormous tribute to my colleague Board members and our advisers who bring vision, passion and unswerving commitment to **mac** and its future I thank them all most sincerely



Anita Bhalla
14 December 2011

MIDLANDS ARTS CENTRE REPORT OF THE ARTISTIC DIRECTOR AND CHIEF EXECUTIVE 2010/2011

2010-2011 has been a remarkable year of achievements for "new" **mac**. A complete staff team was in place only a couple of weeks before reopening, ready to deliver the programmes, structures and systems for the new arts centre as we opened the doors for the first time and awaited public response. That response has been fulsome and hugely encouraging.

Having spent the closure period developing our Artistic policy and connecting and reconnecting with our artistic collaborators in planning future programmes the testing of the building by our artistic partners was essential in being ready for the public showcase we have become in our first year. We invited artists and companies, producers and curators to become **mac** Associates, developing our programme plans for reopening and beyond and working with Simon Poulter, a guest curator, on the development of our opening exhibitions.

Since reopening **mac birmingham** has proved that it's bigger and better than ever before, continuing its long-standing tradition of providing arts for all. In the 12 months following a hugely successful opening weekend in May last year, **mac birmingham** welcomed 850,000 visitors to hundreds of performances, film screenings, courses and free arts activities, as well as 8 free exhibitions. This is a remarkable 69% increase on the pre-closure year.

mac birmingham is continuing to provide a vital platform for the people of Birmingham to access the arts, with 68% of attenders coming from across the city. Over a quarter of visitors are from Black and Minority Ethnic backgrounds and 35% are children or young people. The scope of **mac**'s artistic programme appeals to a wide range of people and our staff team and the many artists, arts and community organisations with whom we work are committed to developing arts appreciation amongst unconventional groups who might not otherwise give the arts a second thought.

Why do we do, what we do?

mac is a gateway connecting people with the arts. More than a passive audience experience, **mac** provides opportunities for the whole community to see themselves as artists by encouraging learning, debate, experience and engagement. Positioned on the boundary of four constituencies with very diverse profiles **mac** aims, simply, to provide arts for all.

Our strengths are in providing space for emerging and evolving artists, and in removing barriers to encourage participation from less typical arts attenders. Our genuine open access ethos means keeping our prices low and our artistic product diverse whilst maintaining high quality. We don't charge transaction or booking fees, we have no minimum credit card fee and no priority membership clubs. **mac** is genuinely for everyone.

It is important to **mac**'s ethos to sustain the level of artistic offer which is free-of-charge to the public despite the increased financial pressure of the economic climate. Our free year-round exhibitions, various creative drop-in sessions and performances throughout the year help build new audiences and connect them to artists and activity which may

MIDLANDS ARTS CENTRE REPORT OF THE ARTISTIC DIRECTOR AND CHIEF EXECUTIVE 2010/2011

otherwise be missed

Whilst our commercial capacity is increased in our refurbished home, our sense of partnership with the global arts community also thrives. With nearly 50 years of incredible impact on this region and far beyond, **mac** continues to move beyond the boundaries of convention, an artistic innovator, a hub of international creativity and perhaps most importantly, a truly accessible connection to culture.

Since reopening we have continued to deliver **Sound Futures**, the Birmingham Youth Music Action Zone, and its activities as a partnership between **mac** and Birmingham City Council working in the Hodge Hill Constituency area of the city. We have also sustained the development of **MusicLeader West Midlands**, a regional service providing access to professional development and training for music leaders at every stage of their career.

In March 2011 **mac** completed a five-year appointment as Arts Champion for Hodge Hill where statistically, most householders aren't likely to engage with the arts. The project allowed people living there to see the benefits of the arts and has led to a rise in people in this area visiting **mac birmingham**. The arts centre is now embarking on a new Arts Champion position in Yardley where we're looking forward to encouraging more communities to experience the arts.

Now approaching its 50th birthday, **mac** is more than just a venue for performances and exhibitions, and has a long history of developing talent. Since the reopening, the centre is now offering more opportunities than ever before to support artists in the region as a result of having more space, with the introduction of two additional performance studios and increased facilities. We continue to develop closer relationships with the artistic community, locally and nationally, in 2010/11 having provided

- 548 performances in dance, drama, music, comedy and spoken word
- 8 free exhibitions
- 754 film screenings
- 831 courses and workshops
- 183 free arts activities
- 800 hours of support in kind for 900 artists making work at **mac**
- 7000 hours of commercial hires

My sincere thanks and congratulations go to the many artists, producers and curators with whom we have worked over the last year and to our many artistic associates who help make all our dreams a reality. Without the members of our staff team, our partners, collaborators and advisers and their enthusiasm and creativity, hard work and commitment, we could not have celebrated such a fantastic year of achievements nor be looking forward as we do to an exciting future for **mac** – thank you to them all.

Dorothy Wilson
14 December 2011



MIDLANDS ARTS CENTRE REPORT OF THE DIRECTORS AND TRUSTEES

The Directors present their Annual Report together with the Financial Statements for the year ended 31 March 2011

REFERENCE AND ADMINISTRATIVE INFORMATION

Charity Name	Midlands Arts Centre
Charity Registration Number	528979
Company Registration Number	00718349
Registered Office	Cannon Hill Park Birmingham B12 9QH
Bankers	HSBC Plc 130 New Street Birmingham B2 4JU
Auditors	Clement Keys Chartered Accountants Statutory Auditors 39/40 Calthorpe Road Birmingham B15 1TS

STRUCTURE, GOVERNANCE AND MANAGEMENT

During the year under review, the following individuals served on the Board of Directors,

Cllr Muhammad Afzal (retired 15 August 2011)	Viv Astling (Vice-Chair)
Anita Bhalla (Chair)	Caz Brader (appointed 26 July 2011)
Claire Cochrane	Chris Cuthbert (appointed 28 September 2011)
Cllr Alistair Dow (appointed 15 August 2011)	Emrys Jones
Greg Lowson	Mary Martin
Bharti Parmar (resigned 14 December 2011)	Roger Shannon (resigned 28 September 2011)
Shaila Sharif (retired 27 September 2010)	Ken Sloan (appointed 26 July 2011)
John Smith	Cllr Martin Straker-Welds (apptd 15 Aug 2011)
Cllr Penny Wagg (retired 27 June 2011)	Mike Williams
Natalie Wint (retired 27 September 2010)	

Claire Cochrane retires at the Annual General Meeting. Anita Bhalla, John Smith and Mary Martin will retire by rotation and, being eligible, offer themselves for re-election. The directors of the company are also the trustees of the charity. Members of the Board are elected at a general meeting. The Board has authority to fill vacancies arising during the year. Up to three members of the Board can be nominated by Birmingham City Council. The company maintains indemnity insurance for its Directors and Officers.

MIDLANDS ARTS CENTRE REPORT OF THE DIRECTORS AND TRUSTEES

STRUCTURE, GOVERNANCE AND MANAGEMENT continued

Governing document

Midlands Arts Centre (trading as **mac**) is a company limited by guarantee and a registered charity. It was established on 19 March 1962 (Certificate of Incorporation on Change of Name, 5 December 1990) and amended to allow for current governance arrangement on 18 November 1992 (11 to 12 Board members) and on 15 November 1995 (2 to 3 Birmingham City Council nominated Board members)

The company's object is the promotion of, education in and appreciation of the arts. This primary charitable object is set out in its governing instrument which is its Memorandum and Articles of Association. The company's Mission is to promote innovative, creative arts activities in ways which help to establish them as an important part of people's lives.

mac's principal objectives are to encourage as many people as possible to

- o explore, examine and enjoy the arts activities of others
- o participate in, and undertake, their own arts activities

The governing body is the Board whose members are non-executive and unpaid. The Board meets regularly, retains full and effective control over the company and monitors the Executive (see below). The Board is involved in major strategic decisions and has ultimate responsibility for the conduct and financial stability of the arts centre. It seeks to support the Executive in a culture of mutual confidence and trust.

Recruitment and appointment to the Board of Directors

As set out in the Articles of Association the maximum number of members of the Board (other than those nominated by Birmingham City Council) as specified in article 29 of the articles of association is 12. Birmingham City Council may appoint up to three members of the Board. The Chair and Vice-Chair are elected by the Board from amongst their number. Nominees appointed by Birmingham City Council are subject to the appointment processes of those bodies and the guidelines on appointment to public office as they apply to Local Government nominees. Board members at the date of this Report are listed above as are all Board members who served during the year under review.

Risk management

A detailed review of **mac's** finances, protocols and procedures has been conducted. As part of **mac's** ongoing development work, a comprehensive risk analysis has been undertaken, with appropriate actions identified. The Finance & Governance Sub-Committee of the Board regularly reviews the risk register and risk management strategy. The Company insures against risks to the public, employees and third parties and property held by the Company.

Organisational structure

The Board of Directors (the Trustees) meets on a regular basis. The Directors delegate the day to day running of the company to the Artistic Director/Chief Executive (CEO) who is assisted by a Senior Management Team.

MIDLANDS ARTS CENTRE REPORT OF THE DIRECTORS AND TRUSTEES

Organisational structure continued

During the year they were

Dorothy Wilson Artistic Director and Chief Executive
Michelle Smith Projects Director
Amanda Roberts Artistic Development Director
Sanja Kalik Head of Finance
Martin Webb Head of Finance
Angela Taylor Head of Finance
Sue Longfils Company Secretary and Administrator

The Board delegates to the CEO full control over the selection and production of all programmes and events presented at, and under the auspices of, **mac**. The CEO and the other members of the Senior Management Team generally attend meetings of the Board. The Board appoints members of the Senior Management Team and determines their contracts of employment. The HR Sub-Committee of the Board reviews the remuneration of the staff annually. The Board monitors the performance of the Senior Management Team and reviews the quality, effectiveness and timeliness of information provided to the Board by the Executive.

The Board has established a Finance and Governance Sub-Committee which reviews the financial performance of the company and plays a full part in strategic business planning. Financial Regulations have been established and approved by the Board of **mac**. They are intended to set out the working arrangements by which the Board gives effect to its statutory financial responsibilities, and to its management powers as defined in paragraphs 39 to 41 of the Articles of Association adopted by Special Resolution on 7 November 1990. Further, they provide details of powers delegated to the CEO and Managers of the Company by the Board in accordance with paragraphs 52 to 53 of these Articles of Association, and to its responsibilities under paragraphs 56 to 59 of these Articles of Association relating to Accounts and Audit.

The CEO is responsible to the Board for the proper administration of the Company's financial affairs. The CEO may delegate to the Head of Finance responsibility for systems, day-to-day accounting and preparation of regular management accounts and budgets.

Related parties

mac is formally a member of the following organisations, with which it co-operates in the pursuit of its charitable objectives:

- o Action for Children's Arts
- o Arts and Business
- o Arts Marketing Association
- o Birmingham Chamber of Commerce and Industry
- o Cinema Exhibitors Association
- o ENGAGE
- o Independent Theatre Council
- o National Campaign for the Arts
- o Theatrical Management Association
- o The National Institute of Adult Continuing Education

MIDLANDS ARTS CENTRE REPORT OF THE DIRECTORS AND TRUSTEES

Related parties continued

The charity's wholly owned subsidiary, **mac** Trading Limited, was established to operate the commercial bar and catering facilities and facilities hire activities at **mac**

In its work **mac** collaborates with a wide range of artistic and community partners

OBJECTIVES AND ACTIVITIES

mac's principal objectives are to encourage as many people as possible to

- o explore, examine and enjoy the arts activities of others
- o participate in, and undertake, their own arts activities

Throughout the last year the Board of **mac** and its staff have been reviewing the effectiveness of its Business planning in the light of operational experience in the new **mac** building and the strategic context for its future activities. In shaping and reviewing our objectives and planning our activities, the trustees have considered the Charity Commission's guidance on public benefit, including the guidance on public benefit and fee charging

mac has undertaken a major capital project to secure its future, replace and refurbish its facilities and deliver the management of a substantially increased building facility. The new, expanded **mac** enables a wide range of arts, learning and participation activities and provides a base for substantial outreach activities through touring and through community engagement, especially in communities with little local access to arts participation. **mac**'s commitment is to continue providing the people of Birmingham, and the wider sub-region, with a year round programme of arts events and learning activities. As set out in the Chief Executive's report above these activities are designed to meet the interest of all, and embrace specific strands for children, young people, those of retirement age and people with disabilities. **mac** places emphasis on equality of access and the celebration of intercultural activities

During its reopening year **mac** has communicated comprehensively to the general public through a dedicated interactive website and through a wide range of media, electronic and paper-based campaigns. The use of social media has been actively developed as a means for encouraging user interaction and communication

The arts centre relies on grants and the income from fees and charges to cover its operating costs. In setting the level of fees, charges and concessions, the Board gives very careful consideration to the accessibility of the centre for those on low incomes

Regards its programmes and service delivery, the Board has agreed the following

MIDLANDS ARTS CENTRE REPORT OF THE DIRECTORS AND TRUSTEES

Ethos

mac's ethos is based on a set of values which inform the whole of its activities. The tensions within the values help to shape the organisation's work and add an extra, creative spark to its activities. **mac** values the following:

- o artistically experimental activities – and ones striving to engage with their audiences
- o celebrating diversity - and strengthening social cohesion
- o offering equal opportunities to everyone – and recognising the uniqueness of artistic talent
- o increasing the accessibility of the arts – and respecting their complexity
- o giving users and audiences more involvement in, and control over, programming – and introducing them to new challenges and innovations
- o helping artists to find their own, unique voice – and to forge productive partnerships with other artists and the general public
- o making the most of the social benefits of the arts – and valuing the pleasure people gain from their own individual artistic expression

Key Strategies

mac seeks to achieve these objectives by:

- o using its ethos to promote an adventurous, expressive, and approachable programme of arts events and activities
- o developing intercultural projects which increase people's enjoyment and understanding of their own and different cultures
- o encouraging and facilitating the development of people's own creativity, knowledge and skills
- o providing creative projects and activities for children and young people
- o increasing the numbers and range of **mac**'s existing users
- o deepening the impact of **mac**'s work through community outreach, and regional and national touring
- o offering support, opportunities and practical help to artists to develop their work and careers
- o building on established partnerships with other arts organisations, community groups and agencies, and developing new ones
- o working in partnership with schools, cultural organisations, agencies, public bodies and the non-arts sector to develop programmes for particular target groups
- o becoming the natural hub for artists making new and contemporary work in the city, and create opportunities for artist development
- o providing access to arts projects and programmes to as many people as possible including those with fewer resources and opportunities
- o ensuring the highest possible quality of work

MIDLANDS ARTS CENTRE REPORT OF THE DIRECTORS AND TRUSTEES

FINANCIAL REVIEW

mac's key financial objective is to ensure financial stability and continued solvency year on year so that it can pursue its artistic aims and objectives. For the financial period ended 31 March 2011 **mac** recorded a deficit of £284,417 on unrestricted operations, and the new financial year begins with a surplus of £659,408 on unrestricted general reserve. **mac** has followed SORP 2005 in preparing these financial statements and the statement of financial affairs (SOFA), balance sheet and notes are set out from page 17 onwards.

In Autumn 2010 the Board updated its strategic plan in the light of experience of working within the "new" centre and of funding prospects relating to public sector investment. Progress is being monitored against this plan.

Principal funding sources

mac birmingham generates income from its own sources - box office, fundraising, trading income and other sundry sources including the revenue from touring its productions and exhibitions – fees for outreach projects and activities.

Arts Council Funding

mac is a regularly funded client of Arts Council England through their West Midlands regional office. As a result of reduced grant aid from Government, ACE has confirmed that **mac** will receive a 7.5% reduction in revenue grant for the year commencing April 2011.

Birmingham City Council Funding

mac has an annually reviewed Service Level Agreement (SLA) with Birmingham City Council. BCC's budgets have also been cut and the Council has confirmed that **mac**'s fee for services will reduce by 14% for the year commencing April 2011.

Fundraising for Capital works

Fundraising towards the costs of the **mac/sampad** Building project continued during the year with income of £629,251 received.

Investment Policy

In formulating an investment policy, **mac** has recognised that whilst it may have surplus funds to invest, these are likely to be called upon in the short to medium term. The policy therefore is to hold investments in liquid funds so they are available to meet predicted cash-flow needs. In selecting suitable cash deposits the policy is to maximise the return and maintain low transaction costs whilst ensuring high levels of capital security by minimising credit risk, and minimising interest rate risk. Deposits and interest rates are reviewed regularly by the Finance and Governance Sub-Committee. The policy is reviewed on an annual basis.

MIDLANDS ARTS CENTRE REPORT OF THE DIRECTORS AND TRUSTEES

Reserves policy

The reserves of the charity have been divided into Restricted funds and General funds in accordance with charity legislation

The Restricted fund represents money given to **mac** for specific capital and project work within the overall aims of the organisation. The funds are analysed between capital and project, as set out in notes 14 and 15 to the accounts. Grants and donations received for capital purposes are accounted for as restricted funds and depreciation of the underlying fixed assets is charged to these funds over their lifetime. Project funds will usually be spent in full in the next 3 years. The balance on the long-term capital funds represents funds received from donors towards the **mac/sampad** Building Project and for the purchase of fixed assets, less the depreciation charged on an annual basis. Over time these reserves will reduce to zero as the assets are fully depreciated.

The balance on restricted funds as at 31 March 2011 of £2,536,885 includes a balance of £2,115,415 in respect of the capital redevelopment project and £421,470 grants and donations received in respect of specific arts projects.

The General unrestricted reserves figure of £659,408 including £114,240 of designated funds, has been reviewed by the Trustees and they have determined, on the basis of detailed business and financial planning and cashflow projections through to 2015, that this is an appropriate level required to maintain financial stability on an on-going basis, especially in light of the anticipated call on reserves to balance annual budgets and facilitate cashflow in the "new" **mac** whilst its business is re-established and stable trading is achieved. More especially now, in the light of known and potential reductions in public investments over the next few years, it is felt that this is a minimum level of reserves required. The Trustees also judge that modest provision should be allowed for unforeseen legal or redundancy costs. It is also recognised that there is particular uncertainty around ticket and other sales receipts and operating costs in the new building. Further, Trustees recognise that the changing economic environment carries risks to its catering and other trading profits.

Designated Funds

Following discussion by the Board it was agreed to retain a designated fund of £114,240 (2010 £200,000) towards the payment of the lease premium payable to Birmingham City Council on completion of the new lease.

MIDLANDS ARTS CENTRE REPORT OF THE DIRECTORS AND TRUSTEES

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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 those 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and the group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the directors is aware at the time the report is approved

- 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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

MIDLANDS ARTS CENTRE REPORT OF THE DIRECTORS AND TRUSTEES

Reappointment of auditors

The auditors, Clement Keys, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

BY ORDER OF THE BOARD



A Bhalla
CHAIR
14 December 2011



S Longfils
SECRETARY

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MIDLANDS ARTS CENTRE

We have audited the financial statements of Midlands Arts Centre for the year ended 31 March 2011 which comprise the Consolidated Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable 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 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 explained more fully in the Statement of Directors' Responsibilities the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and section 43 of the Charities Act 1993 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatement or inconsistencies we consider the implications for our report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MIDLANDS ARTS CENTRE

Opinion on the financial statements

In our opinion the financial statements.

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2011 and of its incoming resources and application of resources, including its income and expenditure for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been properly prepared in accordance with the Companies Act 2006 and the Charities Act 1993

Opinion on other matter prescribed by Companies Act 2006

In our opinion the information given in the Chair's Report, the Chief Executive's Report and the Report of the Directors and Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 1993 requires us to report to you if, in our opinion

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent charitable company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit



Simon Atkins FCA

Senior Statutory Auditor
for and on behalf of

**Clement Keys
Chartered Accountants
Statutory Auditors**

**39/40 Calthorpe Road
Birmingham
B15 1TS**

14 December 2011

MIDLANDS ARTS CENTRE
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(including an Income and Expenditure Account)
for the year ended 31 March 2011

	Notes	Unrestricted funds £	Restricted building project £	Other restricted projects £	2011 Total £	2010 Total £
INCOMING RESOURCES						
Incoming resources from generated funds						
<i>Voluntary income</i>						
Grants and donations	2	806,649	621,778	-	1,428,427	2,652,014
<i>Activities for generating funds</i>						
Commercial trading operations	5	977,088	-	-	977,088	-
Office lettings, hire and recharges		41,506	2,973	-	44,479	-
Investment income		3,464	4,500	-	7,964	16,424
Incoming resources from charitable activities						
Grants, donations and other income	3	756,579	-	433,692	1,190,271	1,244,868
Arts activities	4	569,912	-	-	569,912	-
Total incoming resources		3,155,198	629,251	433,692	4,218,141	3,913,306
RESOURCES EXPENDED						
Costs of generating funds						
Commercial trading operations	5	875,311	-	-	875,311	2,870
Charitable activities						
Building project costs	14	-	485,460	-	485,460	1,113,397
Arts activities	6 & 14	2,525,756	-	471,283	2,997,039	1,464,837
Governance costs		38,548	-	20	38,568	6,000
Total resources expended	6	3,439,615	485,460	471,303	4,396,378	2,587,104
Net (outgoing)/ incoming resources being net (expenditure)/ income for the year		(284,417)	143,791	(37,611)	(178,237)	1,326,202
Reconciliation of funds						
Fund balances brought forward		<u>943,825</u>	<u>1,971,624</u>	<u>459,081</u>	<u>3,374,530</u>	<u>2,048,328</u>
Fund balances carried forward		<u>659,408</u>	<u>2,115,415</u>	<u>421,470</u>	<u>3,196,293</u>	<u>3,374,530</u>

All activities of the Group are continuing and there is no difference between the reported result for the year stated above and that on a historical cost basis

The Group has no recognised gains and losses other than those included in the Consolidated Statement of Financial Activities

The notes on pages 21 to 36 form part of these financial statements

MIDLANDS ARTS CENTRE

Company number 00718349

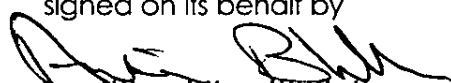
BALANCE SHEETS

as at 31 March 2011

	Notes	Consolidated		Company	
		2011 £	2010 £	2011 £	2010 £
FIXED ASSETS					
Tangible fixed assets	9	97,391	70,450	97,391	70,450
Investment in subsidiary undertaking	10	<u>-</u>	<u>-</u>	<u>100</u>	<u>100</u>
		<u>97,391</u>	<u>70,450</u>	<u>97,491</u>	<u>70,550</u>
CURRENT ASSETS					
Stocks	11	13,894	-	-	-
Debtors	12	497,391	1,329,326	1,137,360	1,333,045
Cash at bank and in hand					
- unrestricted		726,941	625,782	42,798	618,963
- restricted – projects		421,470	459,081	421,470	459,081
- restricted – capital		<u>2,115,415</u>	<u>1,971,624</u>	<u>2,115,415</u>	<u>1,971,624</u>
		<u>3,775,111</u>	<u>4,385,813</u>	<u>3,717,043</u>	<u>4,382,713</u>
CREDITORS amounts falling due within one year	13	<u>(676,209)</u>	<u>(1,081,733)</u>	<u>(618,241)</u>	<u>(1,078,733)</u>
NET CURRENT ASSETS		<u>3,098,902</u>	<u>3,304,080</u>	<u>3,098,802</u>	<u>3,303,980</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,196,293</u>	<u>3,374,530</u>	<u>3,196,293</u>	<u>3,374,530</u>
Represented by:					
RESTRICTED FUNDS	14 & 15	2,536,885	2,430,705	2,536,885	2,430,705
UNRESTRICTED FUNDS					
General Funds	16	545,168	743,825	545,168	743,825
Designated Funds	16	<u>114,240</u>	<u>200,000</u>	<u>114,240</u>	<u>200,000</u>
		<u>3,196,293</u>	<u>3,374,530</u>	<u>3,196,293</u>	<u>3,374,530</u>

The notes on page 21 to 36 form part of these financial statements

The financial statements were approved by the Board of Directors on 14 December 2011 and signed on its behalf by



A BHALLA - Chair

MIDLANDS ARTS CENTRE
CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2011

	Notes	2011 £	2010 £
Reconciliation of net incoming resources to net cash flow from operating activities			
Net incoming resources		(178,237)	1,326,202
Depreciation charges		23,607	23,648
Loss on disposal of fixed assets		-	8,660
Net interest		(7,964)	(16,424)
Increase in stocks		(13,894)	-
Decrease / (increase) in debtors		831,935	(753,230)
(Decrease) / increase in creditors		<u>(405,524)</u>	<u>771,334</u>
Net cash inflow from operating activities		<u>249,923</u>	<u>1,360,190</u>
CASH FLOW STATEMENT			
Net cash inflow from operating activities		249,923	1,360,190
Returns on investments and servicing of finance	(a)	7,964	16,424
Capital expenditure	9	<u>(50,548)</u>	<u>(18,114)</u>
Increase in cash	(b)	<u>207,339</u>	<u>1,358,500</u>

The notes on pages 21 to 36 form part of these financial statements

MIDLANDS ARTS CENTRE
NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2011

(a) Returns on investment and servicing of finance	2011	2010
	£	£
Interest received	7,964	16,294
Interest paid	<u>-</u>	<u>-</u>
Interest net	<u>7,964</u>	<u>16,294</u>

(b) Increase in cash	2011	2010
	£	£
Balance at beginning of period	3,056,487	1,697,987
Net cash inflow (note c)	<u>207,339</u>	<u>1,358,500</u>
Balance at end of period	<u>3,263,826</u>	<u>3,056,487</u>

(c) Reconciliation of net cash flow to movements in net funds	£
Increase in cash during year being change in net funds	207,339
Net funds at 1 April 2010	<u>3,056,487</u>
Net funds at 31 March 2011	<u>3,263,826</u>

(d) Analysis of changes in net funds	At 1 April	Cash	At 31 March
	2010	flows	2011
	£	£	£
Cash at bank	3,056,487	207,339	3,263,826
	<u>3,056,487</u>	<u>207,339</u>	<u>3,263,826</u>

MIDLANDS ARTS CENTRE
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2011

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important policies is set out below.

a Basis of accounting

The financial statements have been prepared under the historical cost convention and include the results of the charitable company's operations which are described in the Directors' and Trustees' Report.

The financial statements have been prepared in accordance with the provisions of the Companies Act 2006 and in compliance with the revised Statement of Recommended Practice - 'Accounting and Reporting by Charities' issued in March 2005 and applicable accounting standards.

b Basis of Consolidation

The consolidated financial statements consolidate the results of the parent company and of the subsidiary on a line by line basis. A separate Statement of Financial Activities and income and expenditure account for the charitable company itself are not presented because advantage has been taken of the exemptions afforded by section 408 of the Companies Act 2006 and paragraph 397 of SORP 2005.

c Incoming resources

Income from arts activities is included in incoming resources in the period in which the relevant activity takes place. Income is deferred when admission fees are received in advance of the performances or events to which they relate.

Income from donations and grants, including capital grants, is included in incoming resources when these are receivable, except as follows:

- When donors specify that donations and grants given to the charity must be used in future accounting periods, the income is deferred until those periods.
- When donors impose conditions which have to be fulfilled before the charity becomes entitled to use such income, 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.

Income from commercial trading operations is recognised as earned.

MIDLANDS ARTS CENTRE
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2011

Investment income is included in the financial statements as and when receivable and the amounts shown include taxation recoverable thereon, where applicable

d Donated services

Where services are provided to the charity as a donation that would normally be purchased from our suppliers, this contribution is included as an estimate based on the value of the contribution to the charity

e Resources expended

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

Charitable expenditure comprises those costs incurred by the charitable company in the delivery of its activities for its beneficiaries and comprises both the direct costs and support costs relating to those activities

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charitable company and include audit fees and costs linked to the strategic management of the charitable company

All costs are allocated between the expenditure categories of the Consolidated Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity comprise both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them

f Depreciation and impairment

Buildings

Historically, amortisation has been provided on leasehold buildings with effect from 2 April 1984 to write off the expenditure over the remaining period of the lease. However, as the lease is due to be surrendered on practical completion of the new building project it has been fully impaired

Short-term leasehold improvements and fixtures, fittings and equipment

Depreciation is being provided on short-term leasehold improvements and fixtures, fittings and equipment other than computers in equal annual instalments over their estimated working life of between 5 and 15 years

Computers

Depreciation on computers is being provided in equal instalments over an estimated working life of 3 years

MIDLANDS ARTS CENTRE
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2011

Impairment

All long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. In such circumstances the charitable group estimates the future cash flows expected to result from the use of the asset and its disposal and where those are less than the carrying amount an impairment loss is recognised.

g Capital grants

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

h Stocks

Stocks are valued at the lower of cost and estimated realisable value.

i Lease rentals

Rentals on operating leases are charged in the revenue account as incurred.

j Pre-production costs

These are written-off on the opening of a production, exhibition or other such project and are not carried forward to match against production income.

k Pension costs

The company is a member of the Pension Scheme for Administration and Technical Staff in the Arts, a defined benefit scheme. Contributions are charged to the Statement of Financial Activities in accordance with the rates advised by the Scheme Actuary.

The company has set up a defined contribution scheme with Standard Life.

l Going concern

These accounts have been prepared on a going concern basis.

Midlands Arts Centre is dependent upon the continuing financial support of Birmingham City Council and Arts Council England.

The Trustees have prepared revenue and cashflow forecasts for the coming year and having considered the results of these forecasts, together with the commitment from Birmingham City Council and Arts Council England, are satisfied that the charitable company remains a going concern.

MIDLANDS ARTS CENTRE
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2011

2. VOLUNTARY INCOME

	2011	2010
	£	£
Grants, donations and other income – unrestricted		
Arts Council England	789,352	772,461
Pinsent Masons pro-bono fees	<u>17,297</u>	<u>-</u>
	<u>806,649</u>	<u>772,461</u>
Grants, donations and other income – restricted	2011	2010
	£	£
Capital development		
Birmingham City Council	474,939	1,084,294
BIFFAward	50,000	-
Saintbury Trust	40,000	40,000
Bryant Trust	15,000	-
Coats Foundation Trust	6,000	-
Roughley Charitable Trust	3,000	-
Arts & Business	2,143	-
Baron Davenports Charity	2,000	-
Gilbert Bayes Charitable Trust	1,500	-
Bruce Wake Trust	1,000	-
Owen Family Trust	1,000	1,000
Weston Beamor Ltd	1,000	-
Charles Henry Foyle Trust	-	300,000
Garfield Weston Foundation	-	200,000
Anonymous donation	-	100,000
Arts Council England	-	33,913
Birmingham Assay Office – sponsorship	-	15,000
Behrens Foundation	-	10,000
John Feeney Charitable Trust	-	7,500
Douglas Trust	-	5,000
Grimmitt Trust	-	5,000
Rowlands Trust	-	5,000
Cook & Wolsteholme Charitable Trust	-	3,000
Birmingham Common Good Trust	-	2,000
The Ratcliffe Foundation	-	2,000
Taylor 1984 Trust	-	2,000
Oakley Charitable Trust	-	1,000
Dickens Foundation	-	500
Pinsent Masons pro-bono fees	-	29,103
Fund raising and gift aid donations	<u>24,196</u>	<u>33,243</u>
	<u>621,778</u>	<u>1,879,553</u>

MIDLANDS ARTS CENTRE
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2011

3. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES	2011	2010
	£	£
Grants, donations and other income – unrestricted		
Birmingham City Council – Service level agreement	756,579	756,579
Release of insurance proceeds	-	31,882
Other	-	36,887
	<u>756,579</u>	<u>825,348</u>
Grants, donations and other income – restricted		
General projects		
Arts Council England	32,359	40,424
Birmingham City Council	16,000	4,500
Bryant Trust	12,000	20,000
Roughley Trust	12,000	13,000
Saintbury Trust	5,000	-
Theatre Sandbox	2,800	-
Grimmit Trust	1,000	-
Other	14,356	15,346
	<u>95,515</u>	<u>93,270</u>
Sound Futures		
Youth Music	134,350	141,618
Octopus	24,518	-
Partner income	21,005	21,852
Birmingham Music Service	18,000	-
Project management fees	14,669	18,625
Music Leader	10,000	-
Pump	6,000	-
Birmingham City Council	-	20,000
Youth Music Mentors	-	18,500
Other	-	10
	<u>228,542</u>	<u>220,605</u>
Music Leader		
Youth Music – core funding	90,000	102,000
Sound Futures	12,000	-
Hereford City Council	2,000	-
Worcester County Council	1,850	-
Music Leader South West	1,326	-
Regional Youth Works Unit	1,000	-
Arts Council England	-	2,000
Other	1,459	1,645
	<u>109,635</u>	<u>105,645</u>
	<u>433,692</u>	<u>419,520</u>

MIDLANDS ARTS CENTRE
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2011

4. INCOME FROM ARTS ACTIVITIES	2011	2010
	£	£
Cinema	140,156	-
Learning and Participation	213,896	-
Visual Arts	13,009	-
Productions and Performances	201,651	-
Other	<u>1,200</u>	<u>-</u>
	<u>569,912</u>	<u>-</u>

5. TRADING OPERATIONS

The charitable company owns 100% of the share capital of Midlands Arts Centre Trading Limited which provides catering services, event sales & hire. During the year, Midlands Arts Centre Trading Limited made sales of £20,852 (2010 £nil) to the parent company.

	2011	2010
	£	£
Turnover	997,940	-
Cost of sales	<u>(309,715)</u>	<u>-</u>
Gross profit	688,225	-
Staff costs	(406,994)	-
Other operating costs	(36,402)	(2,870)
Transactions with parent company		
Facility fee (payable) / receivable	(120,000)	2,870
Technical and customer services support recharged	(41,365)	-
Room rental payable	(77,691)	-
Licence fees payable	(2,200)	-
Covenanted profit transferred under gift aid	<u>(3,573)</u>	<u>-</u>
Operating profit	-	-
Bank interest receivable	-	-
Other income	<u>-</u>	<u>-</u>
Retained in subsidiary	<u>-</u>	<u>-</u>
The assets and liabilities of the subsidiary at 31 March were:		
Net current assets	<u>100</u>	<u>100</u>
Total net assets	<u>100</u>	<u>100</u>
Aggregate share capital and reserves	<u>100</u>	<u>100</u>

**MIDLANDS ARTS CENTRE
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2011**

6. TOTAL RESOURCES EXPENDED

	Cinema	Learning and participation	Visual arts	Productions & performances	Restricted building project	Other restricted projects	Trading operations	2011 Total	2010 Total
	£	£	£	£	£	£	£	£	£
Costs directly allocated to activities									
Staff costs, travel and subsistence	72,816	292,714	161,425	333,080	-	131,463	421,254	1,412,752	-
Payments relating to artists	57,011	138,914	46,103	201,418	-	302,861	-	746,307	-
Materials and consumables	2,315	30,854	37,124	20,786	-	3,407	318,598	413,084	-
Communications	18,658	63,957	38,631	78,236	-	3,776	-	203,258	-
IT systems providing direct arts support	1,185	4,021	2,293	4,823	-	5,440	300	18,062	-
Administration	5,217	17,689	9,538	21,217	-	4,878	13,159	71,698	-
Other	125	422	228	506	-	-	-	1,281	-
Capital purchases	-	-	-	-	485,460	-	-	485,460	-
Total direct costs	157,327	548,571	295,342	660,066	485,460	451,825	753,311	3,351,902	-
Support costs allocated to activities									
Premises and services costs	-	-	-	-	-	19,458	122,000	141,458	-
Building running costs	44,624	151,291	81,578	181,468	-	-	-	458,961	26,759
HR and administration	8,815	29,886	16,115	35,848	-	-	-	90,664	128,011
Finance and IT	22,248	75,430	40,672	90,475	-	-	-	228,825	76,466
Governance	3,748	12,707	6,852	15,241	-	20	-	38,568	8,775
Operations and planning	8,361	28,349	15,286	34,004	-	-	-	86,000	-
Temporary accommodation and overheads	-	-	-	-	-	-	-	-	581,760
Communication and customer services	-	-	-	-	-	-	-	-	257,085
Technical and operational services	-	-	-	-	-	-	-	-	56,057
Direction and programme co-ordination	-	-	-	-	-	-	-	-	1,940
Total support costs	87,796	297,663	160,503	357,036	-	19,478	122,000	1,044,476	1,136,853
Total costs	<u>245,123</u>	<u>846,234</u>	<u>455,845</u>	<u>1,017,012</u>	<u>485,460</u>	<u>471,303</u>	<u>875,311</u>	<u>4,396,378</u>	<u>1,136,853</u>

During the period to 31 March 2010, due to the temporary closure of mac, all support costs were attributable to future planning and organisational development. During the period to 31 March 2011, all support costs have been allocated to activities on a percentage linked to direct costs

MIDLANDS ARTS CENTRE
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2011

7. CHARITABLE EXPENDITURE	2011	2010
	£	£
Expenditure includes		
Auditors' remuneration		
- in respect of audit (Parent company £10,000 (2010 £6,000))	12,500	6,000
- over accrual in respect of prior year audit	(1,725)	-
- for other services (Parent company £1,500 (2010 £2,775))	1,500	2,775
- for specialist VAT advice (all holding company)	5,390	-
Operating leases – land and buildings	-	7,397
Depreciation – owned assets	23,607	23,648
Loss on disposal of fixed assets	-	8,660
	<u> </u>	<u> </u>

8. STAFF COSTS	2011	2010
	£	£
Wages and salaries	1,669,151	472,490
Social security	126,688	40,117
Pension	<u>36,909</u>	<u>32,080</u>
	<u>1,832,748</u>	<u>544,687</u>

The company contributes to the Pension Scheme for Administrative and Technical Staff in the Arts, which is a national scheme of the defined benefit type. The scheme is closed to new members. The company has also established a defined contribution scheme with Standard Life.

No trustee received any remuneration or reimbursed expenses during the year.

The average number of employees in the year was as follows:

	2011	2010
	Number	Number
Business and administration staff – Full time	31	6
Business and administration staff – Part time	43	-
Arts team – Full time	16	12
Arts team – Part time	79	-
Catering, bar and events staff	<u>37</u>	<u>-</u>
	<u>206</u>	<u>18</u>

MIDLANDS ARTS CENTRE
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2011

9. TANGIBLE FIXED ASSETS

Consolidated and company	Leasehold land and buildings £	Short Leasehold Improvements £	Fixtures and fittings £	Computers £	Total £
Cost					
At 1 April 2010	2,368,422	-	106,519	36,043	2,510,984
Additions	-	14,669	29,960	5,919	50,548
Disposals	_____	_____	_____	_____	_____
At 31 March 2011	2,368,422	14,669	136,479	41,962	2,561,532
	_____	_____	_____	_____	_____
Depreciation					
At 1 April 2010	2,368,422	-	55,450	16,662	2,440,534
Charge for year	-	90	13,415	10,102	23,607
Disposals	_____	_____	_____	_____	_____
At 31 March 2011	2,368,422	90	68,865	26,764	2,464,141
	_____	_____	_____	_____	_____
Net book values					
At 31 March 2011	_____ -	_____ 14,579	_____ 67,614	_____ 15,198	_____ 97,391
At 31 March 2010	_____ -	_____ -	_____ 51,069	_____ 19,381	_____ 70,450

10. INVESTMENT IN SUBSIDIARY UNDERTAKING

The company owns 100% of the issued share capital of Midlands Arts Centre Trading Limited, a company registered in England and Wales, and whose principal activity is the provision of catering services, event sales and hire. The results of the subsidiary undertaking are set out in note 5

11. STOCK

	2011 £	2010 £
Catering and bar stocks	_____ 13,894	_____ -

MIDLANDS ARTS CENTRE
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2011

12. DEBTORS	Consolidated		Company	
	2011	2010	2011	2010
	£	£	£	£
Amounts falling due within one year				
Due from subsidiary undertaking	-	-	699,491	3,719
Other debtors	307,623	627,117	269,516	627,117
Prepayments	113,901	89,198	113,901	89,198
Accrued income	<u>75,867</u>	<u>613,011</u>	<u>54,452</u>	<u>613,011</u>
	<u>497,391</u>	<u>1,329,326</u>	<u>1,137,360</u>	<u>1,333,045</u>

13. CREDITORS	Consolidated		Company	
	2011	2010	2011	2010
	£	£	£	£
Amounts falling due within one year				
Bank overdraft	-	8,317	-	8,317
Trade creditors	199,773	292,256	174,523	292,256
Taxation and social security	51,186	22,557	49,118	22,557
Other creditors	47,071	52,748	47,071	52,748
Accruals	154,625	298,477	134,934	295,477
Deferred income	<u>223,554</u>	<u>407,378</u>	<u>212,595</u>	<u>407,378</u>
	<u>676,209</u>	<u>1,081,733</u>	<u>618,241</u>	<u>1,078,733</u>

MIDLANDS ARTS CENTRE
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2011

14. RESTRICTED FUNDS (Charity and group)

	Capital Development £	Projects (note 15) £	Total £
At 1 April 2010	1,971,624	459,081	2,430,705
Incoming resources			
Incoming resources (notes 2/3)	621,778	433,692	1,055,470
Other commercial operations	2,973	-	2,973
Investment income	<u>4,500</u>	<u>-</u>	<u>4,500</u>
Total incoming resources	629,251	433,692	1,062,943
Resources expended			
Building project costs	(485,460)	-	(485,460)
Arts activities	<u>-</u>	<u>(471,303)</u>	<u>(471,303)</u>
Total resources expended	(485,460)	(471,303)	(956,763)
At 31 March 2011	<u>2,115,415</u>	<u>421,470</u>	<u>2,536,885</u>

Arts Council England has novated their funding agreement for the **mac/sampad** building project to Birmingham City Council to enable the City Council to deliver the Building project through their partnering framework. This, with the City Council's funding commitment has cemented the practical realisation of the project.

The accounting policy in respect of expenditure on the building project is that it has not been capitalised, but is recorded as charitable expenditure. This policy is currently deemed acceptable due to the nature of the costs incurred and given that the existing lease on the building will be surrendered. The capital value of the building project will be reflected in the lease premium payable on the new lease.

MIDLANDS ARTS CENTRE
NOTES TO THE FINANCIAL STATEMENTS
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15. ANALYSIS OF RESTRICTED PROJECT FUNDS (Charity and group)

	1 April 2010 £	Incoming resources £	Resources expended £	31 March 2011 £
Sound Futures				
Youth Music Action Zone for Birmingham	99,303	228,542	(243,935)	83,911
Music Leader West Midlands				
support service for professional development of regional music leaders	35,696	109,635	(123,780)	21,551
Birmingham City Council (BCC)				
Arts Champion Scheme				
mac is Arts Champion For Hodge Hill Constituency	3,600	4,000	(7,600)	-
City Sings	-	2,000	(2,000)	-
Say Hello	-	10,000	(7,771)	2,229
Arts Council England West Midlands (ACEWM)				
Arts Council England Lottery, Momentum Return & STATE21	1,974	17,580	(39,554)	-
British Summer Time	-	14,779	(6,500)	8,279
Producer development project	19,000	-	-	19,000
Managed funds/Playground	18,450	-	(12,350)	6,100
r evolve	7,036	-	(4,540)	2,496
culturally diverse theatre development initiative in partnership with Black Country Touring and Arena Theatre, Wolverhampton				
Bryant Trust (1)	88,000	12,000	(350)	99,650
Bryant Trust (2)	96,000	-	-	96,000
Roughley Trust	40,500	12,000	-	52,500
Saintbury Trust	15,000	5,000	-	20,000
Feeney Trust	7,500	-	(1,167)	6,333
Grimmit Trust	-	1,000	-	1,000
Other sundry projects	7,022	17,156	(21,756)	2,422
Total	459,081	433,692	(471,303)	421,470

Name of project	Description, nature and purpose of project
Bryant Trust (1)	Support for commissions
Bryant Trust (2)	Support for learning and participation programmes
Roughley Trust	Support for commissions & exhibition curation
Saintbury Trust	Support for commissions
Feeney Trust	Artists commissions

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16. UNRESTRICTED FUNDS (Charity and group)

	General Funds £	Designated Funds £	Total £
At 1 April 2010	743,825	200,000	943,825
Net outgoing resources before transfers	(284,417)	-	(284,417)
Transfer from designated funds	85,760	(85,760)	-
	<hr/>	<hr/>	<hr/>
At 31 March 2011	545,168	114,240	659,408
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The designated funds are to be used towards the payment of the lease premium payable to Birmingham City Council on completion of the new lease

17. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Fund balances at 31 March 2011 are represented by			
Fixed assets	97,391	-	97,391
Stock	13,894	-	13,894
Debtors	497,391	-	497,391
Cash at bank and in hand	726,941	2,536,885	3,263,826
Creditors	(676,209)	-	(676,209)
	<hr/>	<hr/>	<hr/>
	659,408	2,536,885	3,196,293
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The designated funds within unrestricted funds are represented by cash at bank

MIDLANDS ARTS CENTRE
NOTES TO THE FINANCIAL STATEMENTS
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18. FINANCIAL ACTIVITIES OF THE CHARITABLE COMPANY

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

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

	2011	2010
	£	£
Gross incoming resources	3,505,042	3,922,702
Total expenditure on charitable activities	(3,644,711)	(2,590,500)
Governance costs	<u>(38,568)</u>	<u>(6,000)</u>
Net incoming resources for the year	(178,237)	1,326,202
Total funds brought forward	<u>3,374,530</u>	<u>2,048,328</u>
Total funds carried forward	3,196,293	3,374,530
Represented by:		
Unrestricted funds	545,168	743,825
Designated funds	114,240	200,000
Restricted funds	<u>2,536,885</u>	<u>2,430,705</u>
	<u>3,196,293</u>	<u>3,374,530</u>

19. LEASE COMMITMENTS

The charitable company has a commitment to pay a peppercorn rent expiring after more than five years on the leasehold land and buildings at Cannon Hill Park

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20. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

mac is committed to make a contribution towards the capital development project. The current anticipated amount payable is £2.385 million.

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

21. TAX STATUS

As a charitable company, Midlands Arts Centre, is exempt from tax on income and gains falling within Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen within the charitable company. The trading subsidiary has no profits which are subject to taxation under the provisions of the Income and Corporation Taxes Act 2000.

22. PENSIONS

Contributions to the Pension Scheme for Administration and Technical Staff in the Arts, a defined benefit scheme, are charged to the Statement of Financial Activities so as to spread the cost of pensions over employees' working lives with the charity. As at 31 March 2011 there were 4 (2010: 4) active members of **mac** in the Scheme. In March 2009, it was agreed to close this scheme to new members.

The scheme is an unsegregated multi-employer scheme and the charity is unable to identify its share of the underlying assets and liabilities on a consistent and reasonable basis. Accordingly in compliance with FRS17 – Retirement Benefits, it has been accounted for as a defined contribution scheme and therefore the total pension cost is equal to the cost of the contributions payable to the scheme for the accounting period. For the year to 31 March 2011, total contributions payable were £28,341 (2010: £28,273) and the liability to the scheme at the balance sheet date was £2,369 (2010: £2,355). Service contributions were calculated during the year at a rate of 19.4% of pensionable salaries.

At the last valuation date of 31 March 2010, using the projected unit method, the actuarial value of investments and future contributions was £11.5 million and the actuarial valuation of benefits earned to 31 March 2010 was £12.7 million. The scheme deficit as at the last valuation was therefore £1.2 million.

As a result of this valuation and based on the recommendations of the Actuary, future service contributions are 22.0% of pensionable salaries. In order to contribute towards reducing the above deficit based upon the valuation of the Scheme as at 31 March 2010, **mac** is required to pay deficit reduction contributions of £4,353 per month from 1 July 2011 until 30 June 2017.

MIDLANDS ARTS CENTRE
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23. MEMBERS

The charity is incorporated as a company limited by guarantee and, in accordance with the Memorandum of Association of the company Every member of the company undertakes to contribute to the assets of the company in the event of its being wound up while he is a member, or within one year after he ceases to be a member, for payment of the debts and liabilities of the company contracted before he ceases to be a member and the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves such amount as may be required, not exceeding one pound The number of members at 31 March 2011 was 14 (2010 14)

24. RELATED PARTY TRANSACTIONS

A number of the trustees of Midlands Arts Centre have interests in organisations which have provided support and funding to the charity in the year The Trustees have considered the disclosure requirements of Accounting and Reporting by Charities Statement of Recommended Practice (revised 2005) and of Financial Reporting Standard number 8 Related Party Disclosures, and consider that the transactions requiring disclosure are as follows

G Lowson, Trustee, is Managing Partner of Pinsent Masons, a firm the charity uses for the provision of legal services Pro-bono fees donated by Pinsent Masons are disclosed in note 2 to the accounts Invoiced fees during the year totalled £nil (2010 £7,514)

R Shannon, Trustee, is a director of Swish Limited, a company that uses Midland Arts Centre for events Total charges by Midlands Arts Centre during the year were £750 (2010 £nil)

A number of the Senior Management team also have interests in organisations which have provided services to the charity in the year

Dorothy Wilson, Chief Executive, is Chair of the Board of Motionhouse Dance Company which was performed at the centre during the year A fee of £18,800 (2010: £1,800) towards the commissioning of a new work from the company was also paid

Amanda Roberts, Arts Development Director, is Chair of the Board of Red Earth Theatre, which company co-produced The Lost Happy Endings which was performed at the centre at Christmas 2010 Red Earth Theatre's fee for the production was £43,259 (2010 £nil)

25. ULTIMATE CONTROLLING PARTY

mac is controlled by its Board of Trustees