

Midlands Arts Centre

A Company Limited by Guarantee

Trading as MAC

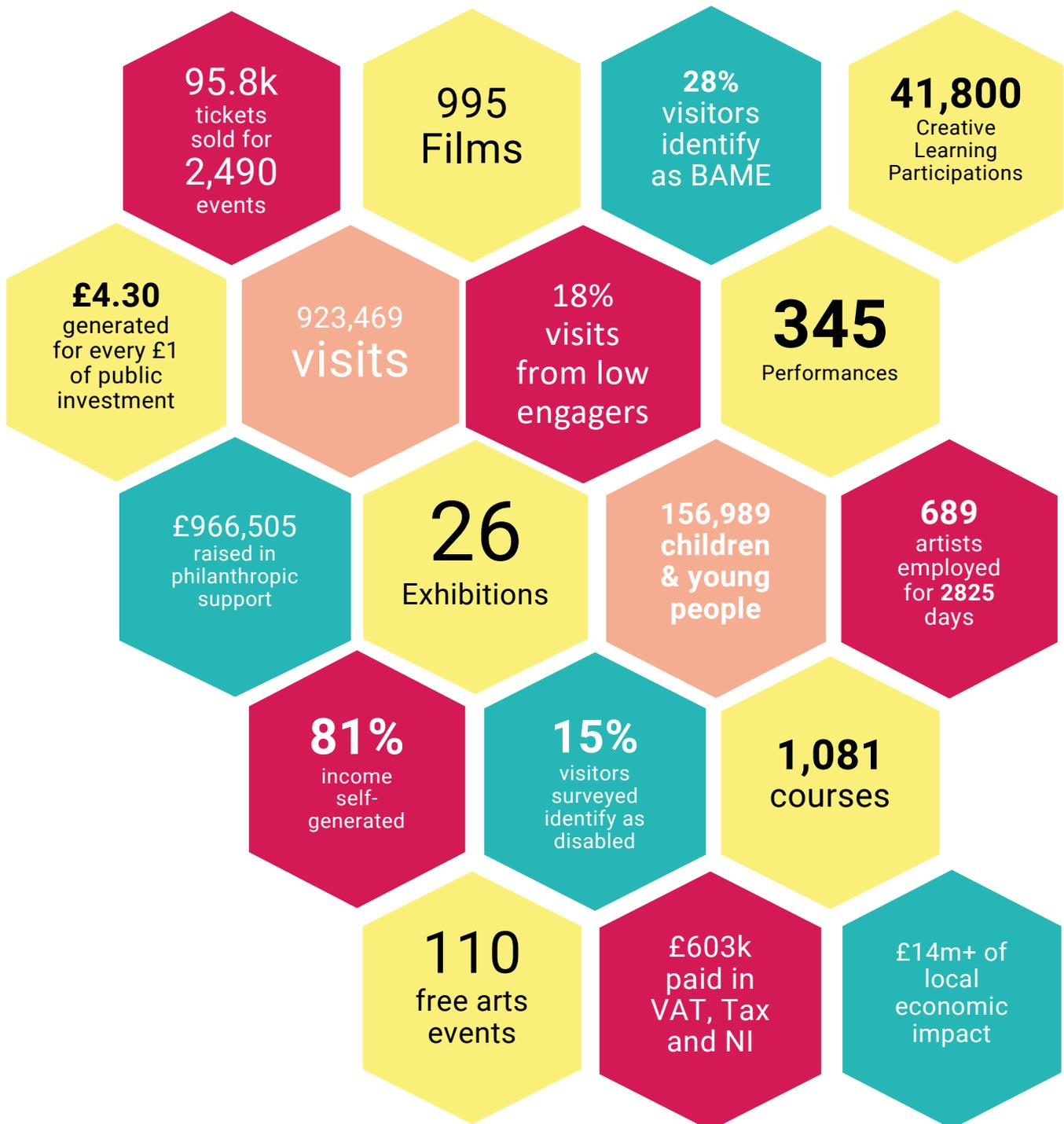
Annual Report & Financial Statements For The Year Ended 31 March 2020

Company No: 00718349
Charity No: 528979

Report and Financial Statements for the Year Ended 31 March 2020

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A Snapshot of MAC 2019/20



Report of The Trustees 2019/20

The Trustees are pleased to present their annual directors' report together with the consolidated financial statements of the charity and its subsidiary for the year ending 31 March 2020 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

Chair's Report

At the time of writing, when the UK's cultural sector faces the many challenges of reopening and welcoming visitors back safely, it is clear MAC's relevance to our broad Birmingham community is more essential than ever.

During these unprecedented times things have changed for all of us, but the one thing that remains constant is the power of creative connections between people. Alongside our brilliantly loyal audiences and hard-working staff we are here to support our talented artists who remain vulnerable to the economic effects of the current situation. More than ever we recognise the importance of artists to help us navigate these strange times as we endeavour to make sense of the world around us, their interpretations are invaluable in bringing us together now and into the future.

The world pre-COVID-19 feels a long time ago, but we must be assured that 2019/20 was a very successful year for MAC across all our artistic programmes, commercial and community activities, when we closed to the public on 20 March 2020, we were in a strong position. Year on year we have adapted our business model to flex with new opportunities and customer demand, and 2019/20 again demonstrated our resilient attitude to change. Our commercial and fundraising teams were able to maximise the benefit of increased footfall, once again as we welcomed nearly million visitors to our busy site. MAC's cafe, conferencing and retail business traded profitably, on its turnover of £1.6m. In March 2020 our fundraising team led by a new post of Head of Development established MAC's first new Membership scheme, which has led to a significant increase in public donations during the closure period – Thank You. We began capital work on developing further adaptations to the building increasing the visitor experience through additional studio spaces and café refurbishment ensuring that we maximise areas of growth. Looking forward to reopening in a post COVID-19 environment this strategic plan to invest in our most popular services has put us in a much stronger position.

This is true of the commitment to our inclusive programming and in 2019/20 we were once again awarded a rating of Outstanding for our contribution to the Creative Case for Diversity by Arts Council England. Very few organisations nationally are awarded this highest recognition and we are proud that our dedicated work with disabled and BAME artists and communities has been commended.

We continued our four-year successful partnership with Youth Music, with our award-winning MAC Makes Music programme that offers high quality, innovative experiences to young people

across the region. This ties into our access work with MAC's extensive, Hidden Voices, funded generously by 'Spirit of 2012', which supports female carers of all ages to actively contribute to music activities, and we continue with the glorious Celebrating Age, a community driven programme that reaches out to isolated elders – this work today is more vital than ever.

Since March 2020 we have had to act quickly to adapt our work as we rethink face-to-face delivery, taking our art programmes online as result of the building closure. Our survival relies now on our ability to remodel our operation in a restrictive trading environment and in turn restructure the teams to support this. We must do this in close partnership with our most valued stakeholders. To this end we are eternally grateful to Arts Council England, DCMS, Greater Birmingham & Solihull Local Enterprise Partnership, Birmingham City Council, Players of the Postcode Lottery, Roughley Trust, Feeney Foundation, Esme Fairbairn and BFI for their significant investments. Their contribution has been a lifeline to supporting MAC's survival and crucially our restoration into 2021 and beyond, which will undoubtedly bring new challenges as we rebuild the charity.

We anticipate lower levels of income and a reduction in reserves, however, it is the first of many steps we are taking to ensure MAC returns in a strong and viable position, which will invariably lead to a longer road to recovery over the next few years. In doing so I am confident that we can support and contribute to the renaissance of cultural life in Birmingham with fantastic new artistic commissions and continue MAC's award-winning community led programmes as we look forward to MAC's 60th anniversary in 2022, when we will all meet to celebrate and enjoy creativity together.

Undoubtedly our success in 2019/20 stemmed from our incredibly passionate and hardworking workforce, without whom our exemplary engagement programmes and impressive venue could not deliver such a compelling experience to our visitors. It was with immense sadness that we saw many staff leave MAC in summer 2020 as the result of the redundancy programme forced on us by the continued closure of the building and the impact of the pandemic. I very much hope to be able to welcome many of them back once we re-open. I would lastly like to recognise the ongoing efforts of my colleague Board members whose outstanding commitment continues to ensure that MAC delivers through this critical time.

Finally as we look forward, I would like to reiterate that as we plan for a new MAC and approach a rather different future, our core commitment – to bringing art to everyone – remains central and we look forward to doing this in new ways, meeting new challenges with you.



Jonnie Turpie MBE
Chair of The Trustees
26 January 2021

Our Purposes and Activities

MAC's principal objectives are to encourage as many people as possible to:

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

Mission

To promote innovative, creative arts activities in ways which help to establish them as an important part of people's lives.

Vision

Artists and their relationship with audiences are at our heart. Our programmes focus on work exploring new grounds and adopting inter-cultural and inter-disciplinary approaches across a range of art forms and the meeting points in between.

Values

MAC's ethos is based on a set of values which inform the whole of its activities and helps to shape the organisation's work. MAC values the following:

- excellence in artistic practice, that is experimental and strives to engage with audiences;
- helping artists to find their own, unique voice and to forge productive partnerships with other artists and the general public;
- celebrating diversity and strengthening social cohesion;
- offering equal opportunities to everyone whilst recognising the uniqueness of artistic talent;
- increasing the accessibility of the arts and respecting their complexity;
- giving participants and audiences more involvement in activities and introducing them to new challenges and innovations; and
- making the most of the social benefits of the arts and valuing the pleasure people gain from their own individual artistic expression through wellbeing.

Public Benefit

In reviewing its objectives and planning its activities, the Trustees have considered the Charity Commission's guidance on public benefit, including guidance on public benefit and fee charging.

The Board of MAC and its staff have continued to hold its business plan under review honing future plans in the light of operational experience, future public investment prospects and the strategic context for its future activities.

MAC 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 and those with particular needs.

MAC's venue continues to enable an increasingly wide range of arts, learning and participation activities and provides a base for substantial outreach activities through touring and community engagement, especially in communities with little access to arts participation. These activities are designed to meet the interests of all, and embrace specific strands for children, young people, families and people with disabilities. MAC places a firm emphasis on equality of access and the celebration of intercultural activities in a youthful and diverse city.

Achievements and Performance

Artistic Highlights from 2019/20 - A Flavour of the Year at MAC

MAC's artistic programme is extremely diverse and wide-ranging. Below are a few examples of work that encapsulates our ethos and direction.

Transforming Narratives

MAC is strategically committed to working closely with South Asian audiences and artists. We wish to be recognised as a major contributor to promoting and commissioning artwork by artists of Pakistani, Indian and Bangladeshi heritage and to actively ensure we offer inclusive and exciting opportunities to residents of Birmingham from all cultural backgrounds to enjoy work about the South Asian experience.

Inspired by this commitment we are key partners to a three-year programme of South Asian arts in partnership with Arts Council of England and British Council called Transforming Narratives. Our plan is to work towards a dedicated season of South Asian work from Pakistan and Bangladesh, focused on female voice from 2019 through until 2023 in partnership with many international partners based in Dhaka, Karachi and Lahore.

Live performances

In normal times, MAC's theatre, dance, comedy and performances programme is extensive across site as we spill into public spaces - café, outdoor terrace and amphitheatre. There is huge demand for performances and we partner widely with professional artists, community, education and grassroots groups to offer a platform for all interests.

Focus on Diversity

Trojan Horse by Lung Theatre told the story of a local experience that greatly impacted the Pakistani community. The verbatim play proved a hit and we sold out all shows including two school matinees. There was huge demand for the highly contentious themes within the play examining the impact of the Prevent Programme and Islamophobia in the education system. To ensure greater access, MAC invested in audio recordings of the play in Urdu for community visitors and worked closely with school leaders to explore issues raised.

Menologues by Red Earth Collective - This was the first production from Menologues, events that explored the emotional world of Black Men and how they express their feelings through thought provoking drama. Red Earth Collective also produced StereoHype at MAC, a mental health arts festival featuring fresh, new work from African and Caribbean artists.

National Windrush Day (22nd June) was a major day of celebration at MAC with our terrace heaving with the public enjoying a free afternoon of music, led by the Services for Education Steel Band playing contemporary music in a totally Caribbean groove by young performers.

This led to a powerful concert by L'Orchestre Afrisa co-presented with Celebrating Sanctuary in

the evening. The legendary French Congolese collective appealed to our World Music with sell-out with audiences. This event occurred on the incredibly busy and long awaited "Super Saturday" at MAC with US textile artist, Ben Venom and the Home of Metal major exhibitions opening alongside Andrew O'Neill's independent film screening of A History of Heavy Metal.

Getting The Third Degree - This show was a total sell out attracting more non-theatre attendees because of the subject matter of football and diversity telling the powerful story of West Bromwich FC and the three young black footballers who led them to glory despite racist attacks from the terraces in the 1970's, - it also attracted a visit from Oscar Winning director Steve McQueen who was in attendance.

Black Men Walking - Eclipse Theatre - based on the real life of a group of men sharing physical and emotional experiences and retelling this through authentic new Black British stories.

Issue-based

Bedlam Festival, October 2019 – MAC was delighted to be a key partner championing a diverse mix of events that promote honest, positive dialogues around mental health and wellbeing through drawing, drama workshops and spoken word including White by Koko Brown, a solo performance show that explored identity of a mixed-race Black woman and what it means to grow up in contemporary Britain.

Fierce Festival, November 2019 – we presented a series of incredible performance works including Yann Marissich's Bain Brise. A naked man emerges from a bath filled with shards of broken glass - audiences were spell-bound. Also co-programmed the incredible Everybody Electric, a pulsating contemporary and unapologetic dance work performed by four disabled artists to another sold out house.

Louder is not always clearer by Johnny Costen - an astonishing one man show which shocking and ultimately feel-good performance by and about a deaf artist whose family denied his deafness as he was growing up. Sell out performance tied into a conference focused on Disability.

Family

The Hungry Caterpillar, Going on a Bear Hunt, Pirate Cruncher – hugely popular theatre for families was rolled out through every half-term and holiday period with strong ticket sales.

Kipper's Snowy Day Our Christmas show by Slot Machine Theatre - beautifully made adaptation of Mick Inkpen's much loved Kipper books. We welcomed a significant uptake from early years settings and school bookings.

Eye Music Trust returned with COLOURSCAPE. Located in the park this multi-sensory labyrinth engages with and attracts audiences of all ages, abilities, and additional/special needs. We worked in partnership with MAC Makes Music to attract SEND schools for specialist workshops, with over 1,000 visitors taking part over a single weekend.

MoonFest opened in July to celebrate the 50th anniversary of the Apollo 11 Moon landings. MAC partnered with Little Earthquake in presenting an incredible range of events, shows, courses, films, exhibitions and experiences for the public.

Comedy

Comedy continues to be a key ingredient at MAC. Edinbrum continues to be popular with audiences ahead of Edinburgh's Fringe festival and previews double bills with sell-out performances introducing a range of emerging and established comedians to the circuit.

Associate Artists

MAC is very proud of our Associate programme that invites artists to have a longer-term relationship with us, with a chance to experiment with new R&D activity as individuals or with community groups and audiences, this alongside career advice and business planning. Current Associates include:

Manmade DanceYouth Company led by Johnny Autin, this dance club was launched at MAC in April having attracted an incredibly talented and enthusiastic young cohort of teen boys, whose purpose is to pursue dance opportunities that might not be readily available in school.

Little Earthquakes Theatre Company curated Moonfest and launched their July programme with events celebrating the 50th Anniversary of the Apollo 11 moon landings. The headline event was Rocketfuel an immersive dining event fuelled by gastronomist food artist Kaye Winwood, that saw the MAC's theatre adapted as the NASA space centre with public interactions.

Jaivant Patel, dance artist and producer, created a hugely popular celebratory event for Diwali with 'Deepavali' an evening of Indian dance and music building on the audience who booked for the previous year's show.

MAC's Norma Abbott Dance Bursary

The bursary was set up in 2015 by Norma's husband, Peter Abbott, in her memory. Norma Abbott worked as a Customer Service Assistant at MAC for many years, and was a keen dancer and a tireless advocate for participation in dance. Benefitting from the 2019 bursary, Sonia Chandaria Tillu worked with legendary South African percussionist, composer and poet Eugene Skeef, to receive formal training in the intricacies and possibilities of African rhythms, exploring rhythmic connections and synergies with South Asian dance and opening up new dance possibilities.

Cinema and Screen Based Media

With inclusivity at our heart we curated a new season of controversial film and TV works such as Queer As Folk anniversary screening with Russell T Davies in attendance, whilst the Birmingham Indian Film Festival returned with a number of Q&A screenings and Flatpack took over a number of spaces in the venue for screenings and workshops aimed at young audiences.

MAC increased the number of relaxed family film screenings as part of World Autism Awareness Month. Our Celebrating Age screenings were established and built a regular audience of over 65s, with the focus having moved from classic films to new releases.

CineQ (March 22 to 24) – three screenings featuring LGBTQ+ stories, with a particular focus on the perspectives of queer, trans and intersex people of colour.

Salaam Pakistan Film Festival (Mar 24 to 30) – three Pakistani and British-Pakistani screenings from the team behind the annual Birmingham Indian Film Festival.

Birmingham Indian Film Festival (June 22 to 29) – annual celebration of Indian and South Asian cinema. Numbers were strong for this year's Birmingham Indian Film Festival, culminating in a sell-out screening of Ritesh Batra's Photograph.

Moonfest (July) – a selection of screenings themed to the 50th anniversary of the moon landings as part of a venue-wide event in association with Little Earthquake theatre company.

Exhibition on Screen 2019/2020 season became a popular inclusion which featured documentaries and early gallery viewings of major exhibitions centred around the likes of Frida Kahlo, Lucian Freud and Leonardo Da Vinci.

Colour Box screenings, a monthly family screening taking place on the first Saturday of every month in association with Flatpack Festival, including a wraparound activity for each screening.

Visual Arts

We programme about 12 exhibitions annually at MAC.

The summer started with a very popular Photographic Season about identity with a seminal exhibition, Handsworth Self-Portraits – 40 Years On.

In 1979 a photography studio set up on the street in Handsworth to document the residents. Forty years on MAC presented these glorious black and white photographs. These striking prints, many never seen by the public before, presented a unique snapshot of a vibrant multicultural community. Many residents who featured in the photographs took part in a lively talks programme. We complemented this with a range of cinema from the 1970's that sought to showcase the era and its controversial politics.

Home of Metal exhibition – summer

In June we opened all our Home of Metal (HoM) Festival exhibitions in collaboration with Capsule to celebrate heavy metal musi: All This Mayhem by US artist Ben Venom, Hand of Doom and Show your Metal. Ben Venom was in residence in the gallery for the first week of the exhibition working on his newly commissioned quilt for HoM, interacting with visitors and signing copies of the catalogue for them.

The Hills are Shadows by Jim Holyoak and Matt Shane - autumn

A successful exhibition attracting an excellent number of attendees with artists on site to talk directly to visitors – a great strategic tie-in with The Big Draw Festival. The gallery was used as an inspiring backdrop to support autumn performances and talks, with festivals such as Bedlam and Fierce with a good uptake from schools and gave confidence to the wider MAC team that we can comfortably have artists in residence.

The Disability Arts Movement by Artist Anna Berry – winter

Disabled artist Anna Berry undertook a year-long placement at MAC, learning curation. This exhibition curated by Anna, was the culmination of her placement, showcasing her new skills while linking to the wider programme here at MAC. The exhibition was about the civil rights group of artists and activists

who fought the marginalisation of disabled people. Their work supported the struggle of Disability Rights activists, which led to the passing of the Disability Discrimination Act in 1995. This exhibition presented some of the artwork and objects used by activists that raised awareness and effected political change for disabled people.

The long-term aim of the programme is to support the development of Deaf and Disabled curators, so they can become the cultural leaders of the future, addressing the cultural changes that must be made within the visual arts sector for it to become a more inclusive and accessible art form.

Crafting for a Better Future, Community Gallery with SIFA Fireside and St. Basils.

We launched this community exhibition, with a group of crafters who have been working with homeless charities, SIFA Fireside and St Basils, to engage its users in craft activities that have a positive impact on mental health and well-being.

Learning and Participation

With over 1,500 sessions annually MAC is a 'making' and 'doing' place, where visitors can learn practical arts skills in our well-equipped studios led by a team of professional Artist Tutors. Learning and Participation projects are developed in a range of formats, as well as off-site.

In 2019/20 the overall programme became enriched, much stronger, more vibrant, more relevant and consolidated. Where possible the capacity on popular courses was increased (painting and drawing and ceramics), and their length extended from 6 weeks to 12 weeks.

We launched many new courses including Play Dhol Drum and Steel Pan Drums working in partnership with Music for Education alongside Introduction to Mosaics, Introduction to Sewing and Dress Making and Indie Comic Creation.

Summer holiday bursaries - Access is at the forefront of our offer and in the year our 'gift a ticket' scheme focused on free course places for children and/or families during summer holiday courses. These fantastic opportunities were offered to Kings Heath Action for Refugees and the Mothership Project. Both are local, charitable organisations who work closely with refugee communities.

Girls that Geek Conference 8 November 2019 built on the previous year and was a sell-out event targeted at young women aged 11-18 years. The day promoted interactive workshops, a Q&A session facilitated by Lara Ratnaraja with inspirational talks and the careers panel. We noted a broad level of diversity within the attendees, which was great to see.

Community Engagement

Celebrating Age

Culture Club celebrated its first anniversary and is MAC's monthly arts club aimed at people aged over 65. It offers opportunities for participants to try out a variety of art forms such as dance, photography and drawing in an informal setting, while making new friends too. We host many exciting and creative sessions free of charge including drop in Tea and T'internet session for over 65s, Tai Chi and, a highlight in November, we welcomed aerial artists Nix Barnaville and Sally Gibson to perform a scratch version of their show Thrills, Spills and Anti-Inflammatory Pills,

inviting older visitors to take part in aerial work - a joyful and important activity considering mobility.

In November we supported Midland Mencap at MAC for Carers' Rights Day. As part of this event we held a Hidden Voices Taster session, which brought together a group of female residents from different backgrounds, but all linked by their caring experiences. In the session they worked with a musician to create a digital track which told a musical version of a typical day in the life of a carer.

Older People's Conference – 5 February 2020

In partnership with the Barings Foundation and Arts Council England we hosted a one-day national conference that focused on cultural programmes and partnerships in relation to older people.

MAC Makes Music

Another exciting year of major music making activities for children and young people across the West Midlands, working alongside our funding partner Youth Music and reaching 1,000s of participants. Our shared goal to create a musically inclusive England, for those who experience physical, learning or social barriers, a significant part of the programme is the development of band and ensemble opportunities for disabled young people, like those hosted at MAC.

SWITCH is MAC's very own in-house band for young people who meet weekly to write and produce their own songs, regularly performing at MAC and beyond. **OUT LOUD!** a choir for disabled young people and their parents/carers has also been established and is proving popular alongside new, **Baby JAM**, **JAM Tots** and **Junior JAM** courses. **JAM** courses support disabled children to explore music through a wide range of musical games, songs and instruments in a relaxed environment.

Strategic

We were delighted to see that two of the Music Education Hubs we worked with found ways to financially support the continuation of our 10-week Mainstream Primary School Social, Emotional and Mental Health pilots. **MAC Makes Music** continued to run monthly Music Education Hub (MEH) Strategy Group meetings with Birmingham, Coventry, Sandwell, Solihull and Worcestershire hubs. **MAC Makes Music** Producer continued to support the MEHs to implement, monitor and review their inclusion strategies. Work to raise the profile of the **MAC Makes Music** programme has continued; filming continued with Sima Gonsai to produce short films which demonstrate what **MAC Makes Music** is and does.

Hidden Voices – Carers programme

MAC was successful in a recent application to Spirit 2012 (post-Olympic funding) for the Carer's Music Fund receiving a grant of £219,000. This is a great extension to the work and ethos of **MAC Makes Music** and **Community Access** programmes working together strategically to connect with women carers particularly focused on Chinese and South Asian communities. This is an 18-month programme.

Two consultation sessions have taken place with Home Group (carers with mental health issues/caring for those with mental health issues) and Chinese Community Centre. Home Group programme began at the end of November, and CCC-B in February 2020. Partnerships with Quench Arts (delivering training for carers and project staff and recruiting Assistant musicians for each group) and Midland Mencap (providing support staff for all groups, helping with finding newly arrived refugee carers and taking baseline data) are now formalised.

Communications & Digital Engagement

With a footfall in the centre of nearly million visits per year, we seek to develop sales via our website and digital communications, bolstered by a highly active social media following on Twitter, Facebook and Instagram and a high pick-up rate for print. In normal times, MAC builds on the healthy profile of its offer with participants, audiences and the creative sector.

Box Office Statistics for 2019/20

- No of Events 2,490
- Total Bookers 22,863
- Total Tickets 95,839 (c3k up from prior year)
- Average Party Size 2.22
- Total Income from Ticket Sales £1,405,312 (c £145k up from prior year)
- Average Ticket Yield £14.66
- Nearly two thirds of all tickets sold were for repeat visits.

Audience Demographics

- 78% of our ticketed audience are from Birmingham, Solihull 6%, Black Country 5%, Sutton Coldfield 4% and Other 7%
- 15% of ticketed audience from a BAME background but including non-ticketed events 28%
- Audiences who identify as disabled (social model) 15%
- 17% attendance from Children & Young People, 20% over 65
- 18% from low engagement backgrounds and 40% from mid-engaged backgrounds
- MAC average ticket yield is £14.66 compared to the West Midlands average of £22.96 making us competitively affordable.

Press, Digital and Individual Fundraising

- PR Value of Press and Media coverage £7.8m
- Average monthly unique visitors to website 50,589
- 61% of transactions online
- 23% of transactions include a donation
- 82.4k followers on Twitter, 20k Facebook, 9.2k Instagram

Audience Development

MAC is passionate about engaging with as many people as possible and connecting with those residents who live in challenging circumstances. Far more than an arts centre – MAC extends creative initiatives beyond the venue to a diverse range of groups and collectives. Over 2019/20 we worked extensively with two important issues – isolation of the elderly and mental health – only by working across agencies and with external charities were we able to produce effective and successful outcomes.

Commercial Trading

Our trading activities saw development in new regular pop-up events, extended catering offers as well as successful events sales, catering and bar services. Our trading arm has delivered significant income to the parent charity over the year. Without this financial return to the parent company our charitable work would be severely restricted.

Equality, Diversity and Workforce

MAC is an organisation committed to driving diversity, with our mission to provide a gateway connecting people with the arts. Both in its provision of services and as an employer, MAC seeks not only to ensure equality of opportunity, but also to sustain a long term strategy to develop a greater understanding of the diversity of people with whom we live and work in order to strengthen our programme, enhance our visitors' experience and enable staff to maximise their potential.

The Consultation Forum and regular staff meetings provide an effective means of consulting employees and their representatives on a regular basis so that the views of employees can be taken into account in making decisions which are likely to affect their interests. It also assists in achieving a common awareness for all employees of the financial and economic factors affecting the performance of the charity.

We are committed to paying our staff fair wages and to observe nationally negotiated pay rates to which our staff salaries are linked. In addition:

- As a committed learning organisation we offer investment and progression routes for our own workforce and others by providing volunteering and placement opportunities;
- We placed students in a variety of roles including in studios with technicians and artist tutors, in Operations, Arts, Marketing, Catering and Administration departments;
- Through our Volunteer programme, and in partnership with a range of community partners supporting young people with their creative development, we develop leadership abilities, risk taking and resilience; and
- We organise specific opportunities across the centre in partnership with a range of disability organisations to promote initiatives such as Disabled Access Day and Dementia Awareness Training.

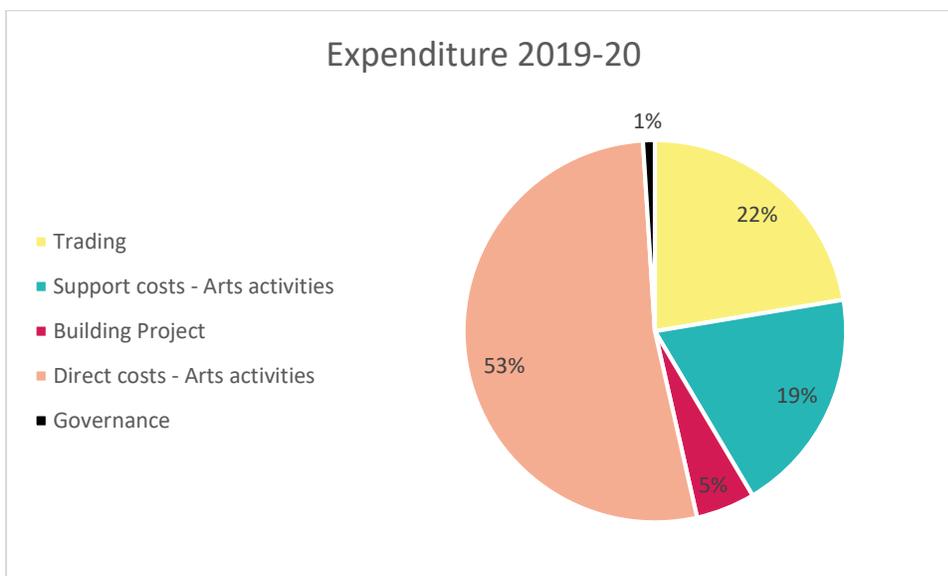
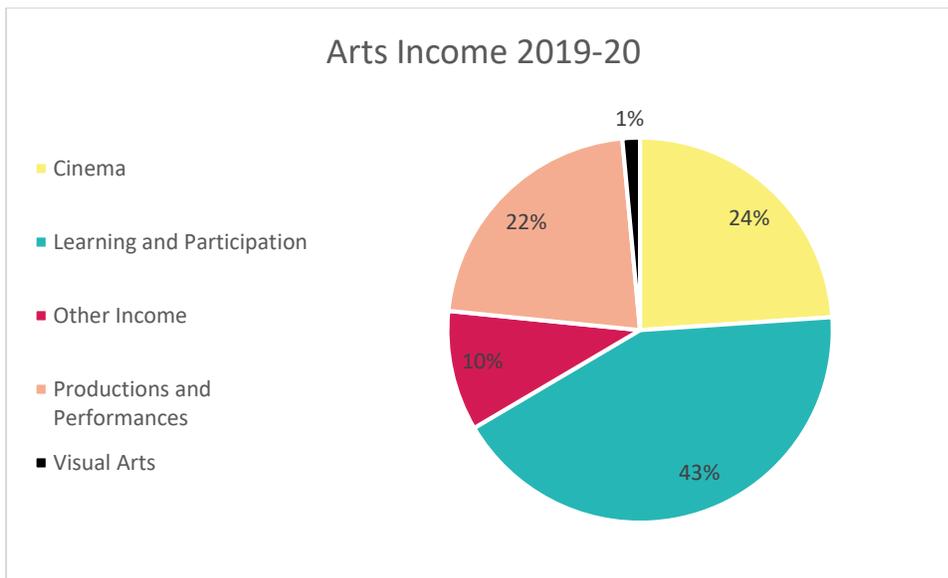
Volunteers

MAC is very involved in communities and benefits greatly from voluntary support in some areas. We were pleased to offer a wide range of volunteering opportunities within the organisation and especially proud that our volunteering and shadowing opportunities were taken up by a significant number of people with personal experience of disability. During the year 69 volunteers assisted with supporting events, projects and performances both at MAC and through our community outreach activities. We wish to thank all our volunteers for their support and service and all the skills and enthusiasm they bring to the organisation.

In 2017 MAC established a new volunteering system with financial support from The Esmee Fairbairn Foundation that allowed for a specialist Volunteer Manager to work with greater reach across the City. We created a specialist access strand which worked in the form of a 'buddy' system where a volunteer helped facilitate a visit to the theatre, cinema or workshop. MAC also led on the volunteers involved in Birmingham Commonwealth Games handover event. In addition we held 'drop in sessions' to encourage a range of volunteering opportunities and from that training sessions were delivered in customer service and health and safety as part of an varied programme of learning.

Financial Review

MAC's 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 2020 MAC recorded a deficit of £157,049 on its unrestricted general fund resulting in unrestricted general reserves carried forward of £631,771. In addition it has designated funds of £400,000 and a deficit of £609,480 on its pension fund, resulting in net unrestricted funds at 31 March 2020 of £422,291. MAC has followed FRS 102 in preparing these financial statements and the statement of financial activities (SOFA), balance sheet and notes are set out from page 32 onwards.



- During the year our earned income represented 62% of total income;

- Core funding income from Arts Council England and Birmingham City Council (Service contract) amounted to 16% of total income;
- Grant income from trusts, foundations, corporate and individual giving comprised 22% of total income;
- Wages, including employed artists as tutors, were 46% of total expenditure; and
- Payment to freelance and contracted artists represented 15% of total expenditure; whilst costs of running the building were 12% of total costs.

MAC produced a new four-year Business Plan in November 2017. Progress was monitored against this plan in 2019/20.

Principal funding sources

MAC generates income from box office, fundraising, commercial trading income and other sundry sources including the revenue from touring its productions and exhibitions and fees paid for outreach projects and activities.

Arts Council England

MAC is a National Portfolio Organisation (NPO) within the funding programmes of Arts Council England (ACE). 2019/20 was the second year of a four-year funding agreement from 1 April 2018 to 31 March 2022 based on a cash standstill throughout the funding period.

Birmingham City Council

MAC has an annually reviewed Service Level Agreement (SLA) with Birmingham City Council (BCC). BCC's budgets have been severely reduced. MAC received a funding agreement from 1 April 2019 to 31 March 2020. We have an agreement with BCC to share income derived from Cannon Hill car parking however this is subject to capital costs for the next 24 months.

Players of the People's Postcode Lottery

MAC has been a recipient of an annual award since 2014. The grant (received in calendar year) has seen a generous and welcome increase Jan-Dec 2018 - £350,000; Jan-Dec 2019 - £375,000 and Jan-Dec 2020 - £375,000. The 2021 calendar year is confirmed as £350,000. The support of PPL is invaluable, and their grant is allocated to artistic programme that engages social issues and community engagement.

Fundraising

We continue to focus on fundraising from a variety of sources which is key to help sustain and develop our activities, especially for those with the least ability to pay, whether individuals or groups, and to support the work of emerging and early stage artists.

We exceeded our fundraising target in 2019/20 with a total of £720,315 raised in the year:

- Our fundraising includes sums contributed through donations from individuals, trusts and foundations;
- £28,796 of funding is attributed to support from individuals through interactive collection boxes in the building, donations at the point of sale on web/counter/phone; and
- We are in on-going discussions with a number of trusts in relation to potential new giving.

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.

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 15 and 16 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 within 5 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 2020 of £2,947,256 includes a balance of £2,385,361 in respect of the capital redevelopment project and £561,895 grants and donations received in respect of specific arts projects. These grants and donations include sums from a range of supporters towards future commissions, productions, co-productions, exhibitions and events as part of MAC's longer range artistic programme.

The unrestricted reserves figure of £422,291 including (£609,480) pension liability, £631,771 general funds and £400,000 of designated funds, has been reviewed by the Trustees taking into account the likely impact of the COVID-19 crisis. They have determined, on the basis of detailed budget and financial planning through to the end of the 2021/22 financial year and thanks to emergency funding received from Arts Council England in particular, that this level is adequate to maintain financial stability. It is recognised that significant risks remain around the global pandemic and its impact on re-opening and the economic environment. Hence, the Trustees have agreed that the previous goal of increasing the level of reserves (with the aim of covering 3 months' running costs) is no longer appropriate in the short term.

Designated Funds

Following discussion by the Board it was agreed to retain a designated fund of £400,000 (2019: £685,526) to support committed arts projects and the small scale capital development project.

Considering the likely impact of the COVID-19 crisis they have determined, on the basis of detailed budget and financial planning through to the end of the 2021/22 financial year and, with considerable financial support from the Arts Council England and DCMS through the application of emergency funding received, this level is adequate to maintain financial stability.

It is recognised that significant risks remain around the global pandemic and its impact on re-opening and the economic environment. Hence, the Trustees have agreed that the previous goal of increasing the level of reserves (with the aim of covering 3 months' running costs) is no longer appropriate in the short term.

Going Concern

Due to the serious effects of the COVID-19 crisis, MAC closed on 20 March 2020 and is not expected to re-open before Spring 2021. In the period since the closure, action has been taken to

reduce the cost base. This has included a redundancy programme and the use of the Government's job retention scheme, where it was appropriate to do so. In addition, MAC has received emergency funding from Arts Council England alongside a number of important grants from trusts and foundations such as BFI and Esmée Fairbairn and continues to be supported by Arts Council England, People's Postcode Lottery and Birmingham City Council.

Our consolidated balance sheet remains strong with net current assets of £1,243,019. The Trustees have reviewed the circumstances of MAC and MAC Trading, taking into account the financial impact of the Coronavirus pandemic, and consider that adequate resources continue to be available to fund the activities of the Trust and group for the foreseeable future. The Trustees are of the view that Trust and group are a going concern.

MAC proactively manages cash flow; for much of MAC's income it is paid in advance or on the day; much of our operating cost is spread evenly across the year apart from payment for capital projects.

Principal Risks and Challenges

We are committed to sustaining a confident and skilled organisation and providing the best possible creative environment in which to develop our work at MAC, in communities and increasingly on line. Our planning acknowledges the importance of investing in high-quality artistic delivery, people and infrastructure to bring the best work to the widest audience. We regularly monitor risks to enable the successful delivery of our artistic programme and use a range of self-assessment tools, external evaluation and peer review to help us ensure our work reaches our own high standards, supporting excellence whilst ensuring the widest possible participation and engagement.

The Board has reviewed and assessed the risks to which we may be exposed. A risk register identifies those risks and assigns specific actions and responsibilities for mitigating them. The risk management process is ongoing, and is regularly updated by the Senior Management Team and reviewed by the Board. The Board maintains a watchful eye on financial, reputational and operational risks, efficiency, streamlining operations, processes and practices, to achieve the best and fairest use of our financial and human resources. The business planning activities are enabling the Senior Management team and Board to make informed business decisions while understanding the risks and opportunities for the organisation and how this might affect MAC's future plans.

Following the closure of the building to the public in March 2020, due to the COVID-19 pandemic, the Finance and Governance Committee has been meeting on a more frequent basis to take an overview on the effectiveness of all internal controls, including financial, operational and compliance controls and risk management systems.

The internal systems are designed to meet the Company's particular needs and the risks to which we are exposed, to manage those risks and to provide reasonable assurance that mitigation plans are realistic and likely to be effective going forward. The Committee advises the Board on budgetary controls, recommends steps to ensure financial viability of the organisation, monitoring the receipt of income for both revenue and capital expenditure. The high level risks increased due to the COVID-19 pandemic and are reflected in the table below:

The high level risks and management strategy as at 31 March 2020 were:

RISKS		
	NATURE OF RISK	Control Measures
FINANCIAL		
1	Cash Flow if not maintained and cannot pay bills to keep business viable.	Constant monitoring of cashflow
2	Challenge to the current business model and long term sustainability to deliver social as well as artistic mission if the impact of COVID-19 on the programme, the gap between public funding, income from ticket sales, Trading and fundraising cannot be achieved to sustain the viability of the organisation.	Make full use of alternative fundraising streams to support effects of COVID-19 e.g. ACE Emergency Response, Government Job Retention Scheme. Finalise car park agreement and endowment to procure funds agreed by BCC. Scenario planning to assess the viability of costs of opening MAC and versus potential income.
3	National Stakeholders and existing funding sources subject to pressure to divert funds to other COVID-19 affected areas resulting in low or no funding/investment in MAC.	Remain alert to Govt and BCC briefings, constantly review and implement advocacy strategy and activities within Culture Central. Review business plans and budget forecasts to respond to latest intelligence on funding scenario.
4	Decrease in profitability of MAC Trading due to fall in sales or increase in expenditure and therefore not meeting the budgeted income which may impact on the artistic programme.	Strong procurement strategy using a range of suppliers to get the best deals, good cost control, high level of customer service and a structured price strategy. A variety of approaches to attract and retain staff so that there is less reliance on expensive agency staffing.
5	Pandemic coronavirus COVID-19 affecting visitor numbers to MAC resulting in low income and unable to meet cost of core staff, event fees, while fixed costs remain payable. Limi building closure to public and/or public & staff.	Put in place measures advised by Public Health England; monitor situation and ensure staff are aware of Pandemic Policy and H & S guidelines; best advice from government and PHE and update staff regularly; react quickly and efficiently; initiate Business Continuity Plan in the event of large-scale event cancellation or building closure. Monitor contracts closely, postpone or cancel if necessary. Financial modelling on scenarios as they unfold. Limit building opening times and staff on shift and stagger re-opening.
LEADERSHIP AND GOVERNANCE		
6	Insufficient Safeguarding measures: Operational, financial and reputational risks to business if fail to have appropriate and effective safeguarding policy, procedures and constant monitoring in place.	Ensure appropriate professional advice is used wherever necessary; regularly review policies and check procedures: SMT to receive reports on any issues arising; build in robust challenges to our own systems.
7	H & S: Operational, financial and reputational risks to business if fail to have appropriate and effective Health and Safety policy and procedures for building and all elements of programming. Additional measures to be introduced in line with current social distancing requirements in order to fulfil our legal and safety obligations with regard to COVID-19 pandemic. Meeting Food Hygiene and labelling standards required.	Ensure appropriate professional advice used wherever necessary; regularly review policies and SMT and Board to receive reports on any issues arising; build in robust challenges to our own systems; all risk assessments and appropriate staff consulted at planning stages of programme. Key staff are trained in H & S (IOSH) and specific training for roles is identified and undertaken e.g. working at height, food hygiene, allergens, first aid. Risk assess each role and introduce additional measures (e.g. PPE) where applicable to ensure staff and visitor safety; COVID-19 testing when applicable; make adjustments for social distancing or if not possible change spaces, programme and/or procedures; staff rotation where working remotely possible.
8	COVID-19 Pandemic leading to staff shortages in key roles due to sickness or self-isolation; the need for change in staffing levels to undertake additional duties to comply with social distancing in public and office spaces and potential reduction in programme.	Ensure each role has short-term back-up plan; constantly review staff who are furloughed; plan ahead on staff levels required for re-opening (scenario planning); adjust opening hours to ensure we can meet additional requirements and manage costs against programme and opening the building.
ARTISTIC		
9	Risk of visiting companies undertaking their contractual obligations unsafely without regard for COVID-19 guidelines and internal risk assessments of	Risk assessments required depending on nature of work prior to booking to comply with government COVID-19 regulations. Monitor work to ensure safe for performers and audiences.
COMMS / PR		
10	Adverse / bad PR; leading to lower level of brand reputation	Third party monitoring of print press and close in-house monitoring of social media channels and review sites. Keep brand profile prominent through all available social media platforms throughout closure of the building.
AUDIENCES		
11	Audiences unwilling to return to public buildings following closure due to COVID-19 pandemic and social distancing restrictions resulting in much lower visitor numbers and lower audiences	Review business model to encourage audiences back to MAC based on reduced capacity; Control access in all public spaces and queues; Strong messaging regarding MAC as a safe place prior to/and when re-open.
12	TRG Arts Consultancy: Changes to Pricing Policy and introduction of Membership benefits create resistance within existing audiences leading to a drop in sales.	Efficient communications both internally with customer-facing departments and externally directly with customers, advised by TRG Arts.
TECHNOLOGY		
13	Reliance on "systems" / risk of technological obsolescence leading to incidents and problems impacting on the company's ability to function efficiently and access IT resources/systems.	Maintain current supported systems, ensure back up and restoration procedures and policies are in place. Ensure It is prioritised as part of the 5 year replacement and renewal plan. Avoid technological obsolescence and end of life situations. Proactively ensure systems are in place to monitor risks daily and ensure the IT support company is suitable.
14	Reliance on Internet (now used for telephony, Spektrix, email, social media) - risk to business continuity.	Ensure that the infrastructure is up to date and clearly understood by the HoIT and IT Support Company and that service contracts are in place to remedy failures in a timely manner.
15	Cyber-attack and Technology crime endangers security of company information, disrupts day to day business, leading to financial losses, data breach or reputational damage.	Key policies embedded at induction and training throughout relevant teams. Ensure key data is encrypted. Guidance sought from external bodies e.g. ICO re data protection; working with specialist company to review our current security and ensure we are up to date with the latest technology and best practice. Cyber defence systems, monitoring and spam filtering in place.
BUILDING, OPERATIONS AND ENVIRONMENT		
16	Increased risk of break-in during closure of building due to COVID-19 pandemic leading to damage and increased insurance cost.	Continue to work closely with the police, park management and other local stakeholders. Log all incidents to review on site security and staff support on a regular basis and taking appropriate measures to ensure personal safety. Provide training for key front facing roles. Ensure security procedures are regularly reviewed alongside equipment such as panic buttons. Security as a permanent agenda item at the H&S Working group. Erect Heras fencing across entrances, increase off-site monitoring and regular site visits.
17	Timing of the building re-opening due to COVID-19 pandemic to maintain a safe environment, keep within government guidelines e.g. social distancing and PPE for staff; be financially viable and prevent a second closure.	Stay alert to all government advice; risk assess all areas especially where building lay-out does not lend itself to social distancing e.g. access to lower ground floor toilets, ingress and egress of kitchen; financial planning of scenarios based on potential visitors versus cost of running the building.
18	Increased level of external activity and developments in the surrounding area presenting competition and car parking capacity issues.	Maintain close communication with all relevant stakeholders. mac leads a quarterly meeting for all concerned and look at partnerships and impact of other activities and planned developments. Communicate with customers when large scale events are identified.

Plans for Future Periods

Pricing Policy

Our pricing policy reflects our strategy of enabling all within our community, whatever their means, to take part in our activities - to participate in learning activities and attend our events. Our exhibitions offer an opportunity for the public to view, free of charge, new works created by contemporary artists, works on loan from major collections and to see the work of leading artists of our day and to gain experience of ground-breaking art.

Full ticket prices to our live events and cinema and live event screenings vary between £3.50 and £20. Concessionary rates are available for most things and are always priced with a minimum 10% reduction for those entitled to concessions. Tickets for learning programmes at MAC vary enormously from £4 for individual events to £220 for a full week holiday course. Concessions are available on all courses and a range of free to access learning activities for children, families and young people are presented regularly in our public spaces along with free performances and events. We fundraise to help make our activities affordable and within the reach of those most in need.

As we prepare to re-open in Spring 2021, full details of our programme, ticket prices and terms and conditions will be available as usual online at www.macbirmingham.co.uk. Tickets can be booked online, by email at info@macbirmingham.co.uk or by telephoning our booking office 0121 446 3232.

Future Plans

At the date of signing these accounts, the UK Government's COVID-19 lockdown restrictions remain dynamic. MAC's anticipated phased reopening plans are scheduled for spring 2021, however further national lockdowns are very likely and therefore the exact date of public reopen must be flexible.

MAC's CEO, Senior Managers and Board members liaise regularly with stakeholders - Arts Council England and Birmingham City Council to inform our decision making, alongside industry bodies to ascertain relevant legal and artistic information e.g. cinema, theatre and hospitality.

MAC is operating in a fragile cultural sector. Continued closure of venues would mean sustained cancellation of exhibitions and live performance, together with withdrawal of earned income such as catering and venue hire that risk the organisation's long-term survival. The capacity constraints which come with lower level COVID-19 restrictions would require careful financial consideration for MAC's 2021/22 budget forecast as we expect to operate to an average 30% of normal volume across activities. A major cost-reduction programme, including redundancies, has taken place in 2020/21 and costs will be re-introduced cautiously once reopening is confirmed. The CEO, Head of Finance and Strategic Operations Director, with MAC's Finance and Governance committee, continue to ensure that regular and effective monitoring and reforecasting takes place.

Throughout 2020 we have been successful in securing major grants from Esme Fairbairn, BFI and Arts Council England through DCMS as part of the Government's Culture Recovery Fund. These funds are part of the £1.57 billion Government investment designed to tackle the crisis facing cultural organisations due to COVID-19. We also have pending an application for funding

from Garfield Weston Foundation that would ensure greater financial support, and expect notification by February.

In January 2021 we will submit a third application to Arts Council for funding to help us transition back to a viable and sustainable operating model during 2021. This grant will look to underwrite the increased operating costs e.g. front of house staffing, cleaning etc. and reduced ticket sales due to the decrease of customers on site due to COVID-19 restrictions. Our 2021/22 financial forecast assumes a 1 metre social distancing rule is in operation throughout the year, and this significantly reduces our ability to raise earned income.

As ever, we remain committed to working with audiences, communicating with key partners, agencies, education settings etc. and undertake monthly audience surveys that offer enormous help in formulating our reopen plans.

We have continued to solicit audience feedback, even while closed. It has indicated a continued demand for our work and spaces (art and commercial) when we reopen, albeit we expect the rebuild to be slower, especially for learning and participation activities. We will also develop further MAC's commercial endeavours such as a new catering offer based on a COVID-safe café/ restaurant refurbishment.

To secure the future sustainability of the organisation through 2021/22 and beyond, and to build on significant successes pre-COVID-19 within the business, the Board has developed with the executive a range of measures to ensure viability across trading and charity.

Essential to the resilience and growth of MAC is our continued commitment to capital development. During 2019/20 we secured significant grants from GBSLEP and Arts Council England, to undertake a series of innovative capital changes that will see us generate additional earned income in the areas of catering, events hire and learning and participation activities. This development work has taken place while the building has been closed. Changes include improving artist studios, the café refurbishment and broadening digital capacity to extend beyond current capacity. This positive development will help us enormously to galvanise public support and have the ability to raise additional income through a flexible business model.

MAC fundraising has continued to attract significant success and during closure in 2020/21 we established a new successful membership scheme. Individual giving remains a priority with a detailed development strategy in operation. Going forward MAC continues to work productively in collaboration with major partners such as Youth Music; Spirit of 2012; British Council and importantly the valued financial support offered prior to COVID-19 by local Trusts and Foundations towards arts activities is guaranteed and grants confirmed for 2022 onwards e.g. for commission and exhibitions.

Board Recruitment

Board recruitment remains critical to ensure that we have an effective, diverse, knowledgeable and committed team of Trustees in place to support MAC's sustainability.

Reference & 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	Shawbrook Bank Ltd Lutea House Warley Hill Business Park The Drive, Great Warley Brentwood Essex CM13 3BE
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Auditors

Cooper Parry Group Limited
Statutory Auditors
Park View
One Central Boulevard
Blythe Valley Business Park
Solihull B90 8BG

Structure, Governance & Management

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

Cllr Matt Bennett	Gurdip Bhangoo
Junaid Bhatti (resigned 24/09/2019)	Stephanie Dale
Owen Dutton	Daljinder Johal
Sharon Lea	Haseena Lockhat
Mary Martin (Vice Chair)	Greg Lowson (Vice Chair)
Louise McCathie	Linda Saunders
Sue Scholes	James Spencer
Cllr Martin Straker-Welds	Jonnie Turpie (Chair)
Mike Williams	

Linda Saunders, Mary Martin, Sue Scholes and Louise McCathie will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming AGM.

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 its Articles of Association amended to allow for current governance arrangements on 18 November 1992 (11 to 12 Board members); on 15 November 1995 (2 to 3 Birmingham City Council nominated Board members) and on 25 September 2014 (12 to 15 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:

- explore, examine and enjoy the arts activities of others; and
- 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 number of members of the Board (other than those nominated by Birmingham City Council) as specified in article 31 of the Articles of Association is no less than 4 and not more than 15. Birmingham City Council may appoint up to three members of the Board. The Chair and Vice-Chair/s 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 all Board members who served during the year under review.

Board Induction & Training

The Chair or Vice Chair, together with the CEO, meet with newly appointed Board members to brief them on: their role and responsibilities as a trustee as outlined the Terms of Reference; their legal obligations under charity and company law; Charity Commission guidance on public benefit; review the content of the Memorandum and Articles of Association, committee and decision-making processes, current business plans and recent financial performance of the charity. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

Key documentation is provided in Board inductions including, the current Business Plan and budget, the Mission Statement and artistic, educational, equal opportunities policies, the Memorandum and Articles of Association, the latest annual report and audited accounts and previous Board papers, to give Board members a full understanding of the organisation.

The Head of Governance and Strategic HR ensures Board members are aware of policies relevant to them and that they complete relevant paperwork, such as their declaration of interests and personal data for monitoring purposes. Board and staff structures are provided including the membership and role of sub-committees, practical information on communications, procedures and timings of meetings.

The Chair meets with all Board members individually for an annual appraisal. The annual Board Away Day provides development opportunities for the Board and identifies further development needs in order for relevant training to be scheduled.

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.

During the year they were:

Deborah Kermode	Chief Executive and Artistic Director
Michelle Smith	Strategic Operations Director
Hinal Shah	Head of Finance
Lindsey Cook	Head of Sales and Marketing
Sue Longfils	Head of Governance and Strategic HR
Sallyann Pennington	Head of Development

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 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 41 to 43 of the Articles of Association adopted by Special Resolution on 25 September 2014. Further, they provide details of powers delegated to the CEO and managers of the company by the Board in accordance with paragraphs 55 to 56 of these Articles of Association, and to its responsibilities under paragraphs 59 to 62 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 internal control and financial systems, day-to-day accounting and preparation of regular management accounts and budgets.

Related Parties

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

- Arts Marketing Association
- Greater Birmingham Chamber of Commerce
- Culture Central
- Future Arts Centres
- The Stage Media Company
- Touring Exhibitions Group
- UK Theatre
- West Midlands Growth Company

The charity's wholly owned subsidiary, Midlands Arts Centre Trading Limited, was established to manage the commercial bar and catering operation and hiring out space and facilities at MAC.

In its work MAC collaborates with a wide range of artistic and community partners.

Pay Policy for Senior Staff

The directors consider the senior management team, comprising the key management personnel of the charity, to be in charge of directing and controlling, running and operating the charity on a day to day basis.

The recruitment of the Chief Executive is conducted by the Chair and a panel of Board members. The appointment of members of the senior management team is conducted by the CEO and a Board member. All MAC staff pay levels are referenced to points on the scale used by the National Joint Council for Local Government Services, used by many public and third sector organisations.

Pay awards are negotiated nationally by the relevant Unions with Local Authorities employer representatives. MAC implements any salary increases thus negotiated.

Statement of Directors' Responsibilities

The directors (who are also Trustees of Midlands Arts Centre for the purpose of Charity Law) are responsible for preparing the Annual Report, including the Strategic Report, and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS 102);
- 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.

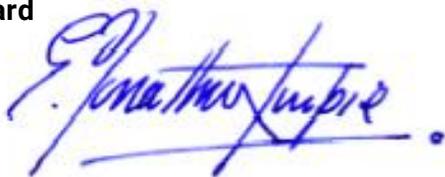
The directors are responsible for keeping adequate and proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for 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.

In so far as the directors are aware:

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

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.

By Order of the Board



E J Turpie - MBE
Chair



S Longfils
Secretary

26 January 2021

Independent Auditors' Report to the Members of Midlands Arts Centre

Opinion

We have audited the financial statements of Midlands Arts Centre (“the parent charitable company”) and its subsidiary (“the group”) for the year ended 31 March 2020 which comprise the Group Statement of Financial Activities, the Group and Parent Company Balance Sheets, the Group Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”(United Kingdom Generally accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group’s and parent charitable company’s affairs as at 31 March 2020, 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 prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Going Concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where

- the Trustees’ use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other Information

The Trustees are responsible for the other information. The other information comprises the information included in the Report of the Trustees, other than the financial statements and our audit report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on Other Matters Prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with legal requirements.

Matters on Which We Are Required to Report by Exception

In the light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and Charities Act 2011 requires us to report to you if, in our opinion:

- adequate and sufficient accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's 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.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities on page 28, the trustees

(who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

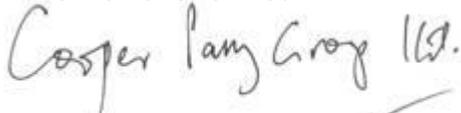
We have been appointed as auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our audit report.

Use of our Report

This report is made solely to the charitable company's members, as a body, and to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) regulations 2008, in accordance with Chapter 3 Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, and the charitable company's trustees as a body for our audit work, for this report, or for the opinions we have formed.



Simon Atkins FCA
Senior Statutory Auditor for and on behalf of Cooper Parry Group Limited
Chartered Accountants and Statutory Auditor
One Central Boulevard
Park View, Blythe Valley Park
Solihull
West Midlands B90 8BG

Date: 26 January 2021

MIDLANDS ARTS CENTRE

Consolidated Statement of Financial Activities

(including consolidated Income and Expenditure Account) for the year ended 31 March 2020

	Notes	Unrestricted funds £	Restricted building project £	Other restricted projects £	2020 Total £	2019 Total £
INCOME						
Donations and legacies	2	315,329	235,000	-	550,329	407,562
Income from charitable activities						
Grants, donations and other income	3	1,053,382	-	333,340	1,386,722	1,256,735
Arts activities	4	1,405,312	-	-	1,405,312	1,260,628
Income from other trading activities						
Commercial trading operations	5	1,606,585	-	-	1,606,585	1,760,436
Office lettings, hire and recharges		174,433	-	-	174,433	179,872
Investment income	2	22,881	-	-	22,881	19,113
Total income		4,577,922	235,000	333,340	5,146,262	4,884,346
EXPENDITURE						
Expenditure of raising funds						
Commercial trading operations	6	1,170,729	-	-	1,170,729	1,209,748
Expenditure on charitable activities						
Small Scale Building Project Cost	15	-	262,709	-	262,709	-
Arts activities	6	3,461,771	-	331,395	3,793,166	3,575,892
Total expenditure		4,632,500	262,709	331,395	5,226,604	4,785,640
Net income for the year		(54,578)	(27,709)	1,945	(80,342)	98,706
Transfers between funds		-	-	-	-	-
Net movement in funds for the year		(54,578)	(27,709)	1,945	(80,342)	98,706
Reconciliation of funds						
Total Fund brought forward		476,869	2,413,070	559,950	3,449,889	3,351,183
Total funds carried forward		422,291	2,385,361	561,895	3,369,547	3,449,889

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 36 to 54 form part of these financial statements.

Midlands Arts Centre (Company No. 00718349)

Balance Sheets as at 31 March 2020

	Notes	Consolidated		Company	
		2020 £	2019 £	2020 £	2019 £
FIXED ASSETS					
Tangible fixed assets	9	2,642,624	2,667,369	2,642,624	2,667,369
Investment in subsidiary undertaking	10	-	-	100	100
Total Fixed Assets		<u>2,642,624</u>	<u>2,667,369</u>	<u>2,642,724</u>	<u>2,667,469</u>
CURRENT ASSETS					
Stocks	11	41,038	34,202	-	-
Debtors	12	505,674	302,461	650,447	474,959
Cash at bank and in hand:					
- unrestricted		845,327	1,323,156	721,457	1,085,760
- restricted – projects		561,895	559,950	561,895	559,950
- restricted – capital (Small Scale)		(27,709)	-	(27,709)	-
- restricted – capital (lease)		2,413,070	2,413,070	2,413,070	2,413,070
Total Current Assets		<u>4,339,295</u>	<u>4,632,839</u>	<u>4,319,160</u>	<u>4,533,739</u>
LIABILITIES					
Creditors falling due within one year	13	(3,096,276)	(3,231,752)	(3,076,242)	(3,132,752)
NET CURRENT ASSETS		<u>1,243,019</u>	<u>1,401,087</u>	<u>1,242,918</u>	<u>1,400,987</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,885,643</u>	<u>4,068,456</u>	<u>3,885,642</u>	<u>4,068,456</u>
Pension liability	23	(516,096)	(618,567)	(516,096)	(618,567)
NET ASSETS		<u>3,369,547</u>	<u>3,449,889</u>	<u>3,369,547</u>	<u>3,449,889</u>
Represented by:					
RESTRICTED FUNDS	15 & 16	2,947,256	2,973,020	2,947,256	2,973,020
UNRESTRICTED FUNDS					
General Funds	17	631,771	503,294	631,771	503,294
Designated Funds	17	400,000	685,526	400,000	685,526
Pension reserve	17	(609,480)	(711,951)	(609,480)	(711,951)
		<u>3,369,547</u>	<u>3,449,889</u>	<u>3,369,547</u>	<u>3,449,889</u>

The notes on page 36 to 54 form part of these financial statements.

The financial statements were approved by the Board of Directors on 26 January 2021 and signed on its behalf by:



 E J Turpie MBE - Chair

MIDLANDS ARTS CENTRE

Consolidated Cash Flow Statement for the Year Ended 31 March 2020

	Notes	2020 £	2019 £
Reconciliation of net (outgoing)/ incoming resources to net cash flow from operating activities			
Net (outgoing)/incoming resources		(80,342)	98,706
Depreciation charges	9	71,817	71,464
Net interest	2	(22,881)	(19,113)
(Increase)/Decrease in stocks	11	(6,836)	(4,888)
(Increase)/Decrease in debtors	12	(203,211)	(2,381)
(Decrease)/Increase in creditors	13	(237,947)	(60,139)
		<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities		<u>(479,400)</u>	<u>83,649</u>
CASH FLOW STATEMENT			
Net cash (outflow)/ inflow from operating activities		(479,400)	83,649
Returns on investments and servicing of finance	(a)	22,881	19,113
Capital expenditure	9	(47,072)	(58,346)
(Decrease)/Increase in cash	(b)	<u>(503,591)</u>	<u>44,416</u>

The notes on pages 36 to 54 form part of these financial statements.

MIDLANDS ARTS CENTRE

Notes to the Consolidated Cash Flow Statement for the Year Ended 31 March 2020

(a)	<u>Returns on investment and servicing of finance</u>	2020	2019
		£	£
	Interest received	22,881	19,113
		<u> </u>	<u> </u>

(b)	<u>Increase in cash</u>	2020	2019
		£	£
	Balance at beginning of period	4,296,176	4,251,760
	Net cash flow (note c)	(503,593)	44,416
	Balance at end of period	<u>3,792,583</u>	<u>4,296,176</u>

(c)	<u>Reconciliation of net cash flow to movements in net funds</u>		£
	Decrease in cash during year being change in net funds		(503,593)
	Net funds at 1 April 2019		4,296,176
	Net funds at 31 March 2020		<u>3,792,583</u>

(d)	<u>Analysis of changes in net funds</u>	At 1 April	Cash	At 31 March
		2019	flows	2020
		£	£	£
	Cash at bank	<u>4,296,176</u>	(503,593)	<u>3,792,583</u>

Notes to the Financial Statements for the Year Ended 31 March 2020

1. Accounting Policies

The principal accounting policies adopted, judgement and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a Basis of preparation

Midlands Arts Centre meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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.

c Income

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.

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

d Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of charity. Designated funds are unrestricted funds of the charity which the Trustees have decided at their discretion to set aside to use for a specific purpose.

Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Trust's work or for specific artistic projects being undertaken by the Trust.

e Donated services

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

f Expenditure and irrecoverable VAT

Expenditure is included in the Consolidated Statement of Financial Activities on an accruals basis, inclusive of any VAT which cannot be recovered.

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the costs of commercial trading including the café, bar, room hires and their associated support costs.
- Expenditure on charitable activities includes the costs of performances, exhibitions and other educational activities undertaken to further the purposes of the charity and their associated support costs.
- Other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

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.

g 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 3 to 25 years.

Computers

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

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.

h 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.

i Stock

Stock is valued at the lower of cost and estimated realisable value.

j Lease rentals

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

k Pre-production costs

Any costs which are not able to be recycled or resold are written off and are not carried forward to match against production income.

l Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

m Creditors

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

n Pension costs

To meet the requirements of auto-enrolment of staff into a pension scheme, the company offers the NEST pension scheme.

Previous pension schemes available to staff are now closed.

o Going concern

At the time of signing the accounts, the Trustees have considered the effect of the Coronavirus on the going concern position and consider that this does indicate that the charity will continue to operate for a period of at least 12 months from the date of signing these accounts due to the strong level of funding already secured with its key partners, Arts Council of England and Players of the People's Postcode Lottery and grants from a number of major trusts and foundations confirmed.

At the balance sheet date, the charity held significant cash balances. The charity also has a significant level of reserves, enough of which are unrestricted and available to absorb short-term deficits if required.

The action taken to reduce the cost base whilst MAC remains closed, including a redundancy programme and the use of the Government's job retention scheme, where it was appropriate to do so.

As detailed in the Report of the Trustees, Arts Council England has confirmed funding through until 31 March 2022, People's Postcode Lottery funding until December 2021 with positive indications of future funding into 2022 and Youth Music funding until 2022.

The Trustees have considered the charitable company's business planning in the context of known resources and have reviewed the operating basis of the group's operations. A formal business plan for the period to March 2022 has been prepared.

These detailed financial forecasts assume that MAC will re-open but that social distancing restrictions will remain in place. They have been considered by the Trustees and, together with the commitment from Arts Council England and People's Postcode Lottery, allow them to be satisfied that the charitable company remains a going concern.

On that basis the Trustees have prepared these financial statements on a going concern basis.

2. Income from Donations and Legacies

	2020	2019
	£	£
Grants, Donations and other income - unrestricted		
People's Postcode Lottery	275,000	375,000
Pinsent Masons pro-bono fees	4,408	1,377
Eversheds pro-bono fees	7,125	-
Fund raising and gift aid donations	28,796	31,185
	<u>315,329</u>	<u>407,562</u>
Investment Income		
Unrestricted	22,881	19,113
Restricted	-	-
	<u>22,881</u>	<u>19,113</u>
Small Scale Capital Development		
Edward and Dorothy Cadbury Trust	100,000	-
People's Postcode Lottery	100,000	-
Greater Birmingham and Solihull Local Enterprise Partnership	35,000	-
	<u>235,000</u>	<u>-</u>

3. Incoming Resources from Charitable Activities

Grants, Donations and other income - unrestricted	2020	2019
	£	£
Arts Council England	739,146	739,146
Arts Council England - Emergency Grant-COVID 19	139,000	-
Birmingham City Council - Service level agreement	92,400	120,000
Other Income	82,836	29,844
	<u>1,053,382</u>	<u>888,990</u>

Grants, Donations and other income - restricted

General Projects	2020	2019
	£	£
Arts Council England	23,521	72,300
Spirit of 2012	68,192	-
National Foundation for Youth Music	160,000	159,723
Roughley Trust	5,000	10,000
Saintbury Trust	10,000	45,000
Feeney Trust	7,250	3,500
Esmee Fairbairn Foundation	33,833	33,833
Other Projects	25,544	43,389
	<u>333,340</u>	<u>367,745</u>

4. Income from Arts Activities

	2020	2019
	£	£
Cinema	336,230	260,610
Learning and Participation	598,450	573,006
Visual Arts	20,702	18,597
Productions and Performances	308,205	338,815
Other Income	141,725	69,600
	<u>1,405,312</u>	<u>1,260,628</u>

Income generated from Arts Activities for 2020 and 2019 all relates to unrestricted funds.

5. Income Earned from Trading Operations

The charitable company owns 100% of the share capital of Midlands Arts Centre Trading Limited which provides catering services, event sales, venue hires and retail activities. During the year, Midlands Arts Centre Trading Limited made sales of £26,300 (2019: £25,344) to the parent company.

	2020	2019
	£	£
Turnover	1,632,885	1,785,780
Cost of sales	<u>(381,550)</u>	<u>(428,524)</u>
Gross profit	1,251,335	1,357,256
Staff costs	(631,194)	(614,989)
Other operating costs	(157,985)	(166,236)
Transactions with parent company:		
Facility fee payable	(214,000)	(209,000)
Technical and customer services support recharged	(38,014)	(47,612)
Room rental payable	(180,056)	(197,201)
Licence fees payable	(2,200)	(2,200)
Covenanted profit transferred under gift aid	<u>(27,886)</u>	<u>(120,018)</u>
Operating profit	-	-
Tax on profit on ordinary activities	-	-
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>

6. Total Expenditure

	Cinema	Learning and participation	Visual Arts	Performing Arts	Other Restricted Projects	Restricted Building Projects	Trading operations	2019/20 Total	2018/19 Total
	£	£	£	£	£	£	£	£	£
Costs directly allocated to activities									
Staff costs, travel and subsistence	125,778	553,425	251,557	327,024	133,644	-	598,445	1,989,873	1,878,453
Payments relating to artists	123,984	179,087	110,208	275,519	118,035	-	-	806,833	758,565
Materials and consumables	14,401	47,316	117,262	26,744	39,999	-	549,016	794,738	819,050
Communications	19,080	74,199	21,200	97,519	9,040	-	-	221,038	240,195
IT systems providing direct arts support	7,872	15,306	5,248	15,306	308	-	5,762	49,802	38,699
Administration	1,420	1,420	20,587	237	18,314	-	17,506	59,484	58,875
Small Scale Building Project Cost	-	-	-	-	-	262,709	-	262,709	-
Total direct costs	292,535	870,753	526,062	742,349	319,340	262,709	1,170,729	4,184,477	3,793,837
Support costs allocated to activities									
Premises and services costs	-	-	-	-	12,055	-	-	12,055	10,698
Building running costs	77,435	232,304	89,348	196,565	-	-	-	595,652	563,692
HR and administration	11,028	33,084	12,724	27,994	-	-	-	84,830	84,282
IT & Finance	25,537	92,863	34,824	78,933	-	-	-	232,157	244,093
Governance	5,927	16,086	6,773	13,546	-	-	-	42,332	23,450
Operations and planning	7,510	30,041	11,265	26,286	-	-	-	75,102	65,589
Total support costs	127,436	404,378	154,934	343,324	12,055	-	-	1,042,127	991,803
Total costs - 2019-20	419,971	1,275,131	680,996	1,085,673	331,395	262,709	1,170,729	5,226,604	-
Total costs - 2018-19	386,195	1,190,071	608,135	1,013,874	377,617	-	1,209,748	-	4,785,640

Support costs have been allocated to activities on a percentage linked to direct costs.

£594,104 (2019: £377,617) of the above costs were attributable to restricted funds. £4,632,500 (2019: £4,408,023) of the above costs were attributable to unrestricted funds.

7. Charitable Expenditure

Expenditure includes:	2020	2019
	£	£
Auditors' remuneration		
- in respect of audit	12,893	12,394
Depreciation – owned assets	<u>71,817</u>	<u>71,464</u>

8. Staff Costs

	2020	2019
	£	£
Wages and salaries	2,233,272	2,164,745
Social security costs	138,127	130,784
Pension costs	40,189	28,812
	<u>2,411,588</u>	<u>2,324,341</u>

No redundancy amounts (2019 : Nil) were paid during the reporting year. Holiday pay of £2,029 (2019: £1,893) is included in provisions.

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 NEST.

	2020	2019
	Number	Number
The number of employees whose remuneration fell within the band £60,000 to £69,999	<u>1</u>	<u>1</u>

Trustees' and key management personnel remuneration and expenses

One trustee received £172 reimbursed expenses during the year. (2019: Nil)

The total amount of employee benefits received by key management personnel is £263,249 (2019: £224,216). Key management personnel are set out on page 26 of this report.

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

	2020	2019
	Number	Number
Business and administration staff – Full time	30	28
Business and administration staff – Part time	58	56
Arts team – Full time	8	7
Arts team – Part time	74	79
Catering, bar and events staff	43	45
	<u>213</u>	<u>215</u>

9. Tangible Fixed Assets

Consolidated and Company	Leasehold land and buildings £	Leasehold Improvements £	Fixtures and fittings £	Computers £	Total £
Cost					
At 1 April 2019	4,781,492	184,376	423,388	125,878	5,515,134
Additions	-	-	16,100	30,972	47,072
At 31 March 2020	4,781,492	184,376	439,488	156,850	5,562,206
Depreciation					
At 1 April 2019	2,368,422	62,793	327,510	89,040	2,847,765
Charge for year	-	18,856	38,073	14,888	71,817
At 31 March 2020	2,368,422	81,649	365,583	103,928	2,919,582
Net book values					
At 31 March 2020	2,413,070	102,727	73,905	52,922	2,642,624
At 31 March 2019	2,413,070	121,583	95,878	36,838	2,667,369

In 2012 and 2014 there were additions of £2,185,000 and £228,070 to leasehold land and buildings representing the amount payable under a development agreement in respect of a lease premium due on the granting of a new lease to MAC upon the final completion of the building project. A corresponding creditor has been recognised to reflect the payment due.

As the lease has not yet been signed, no depreciation has been charged on the capitalised amount.

For further details see note 21.

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 (Consolidated Only)

	2020 £	2019 £
Catering and bar stocks	14,301	14,424
Retail Stock	<u>26,737</u>	<u>19,778</u>
	<u>41,038</u>	<u>34,202</u>

12. Debtors

	2020 £	Consolidated 2019 £	2020 £	Company 2019 £
Amounts falling due within one year				
Due from subsidiary undertaking	-	-	173,572	276,671
Other debtors	135,094	104,602	109,930	5,841
Prepayments	103,182	107,064	100,182	103,315
Accrued income	<u>267,398</u>	<u>90,797</u>	<u>266,762</u>	<u>89,132</u>
	<u>505,674</u>	<u>302,463</u>	<u>650,446</u>	<u>474,959</u>

13. Creditors

	2020 £	Consolidated 2019 £	2020 £	Company 2019 £
Amounts falling due within one year				
Trade creditors	181,473	199,862	167,139	127,490
Taxation and social security	55,673	106,263	62,900	113,258
Other creditors	2,448,063	2,449,575	2,448,063	2,449,575
Accruals	132,148	183,395	125,582	167,174
Deferred income	185,535	199,274	179,174	181,873
Pension liability	<u>93,384</u>	<u>93,384</u>	<u>93,384</u>	<u>93,384</u>
	<u>3,096,276</u>	<u>3,231,753</u>	<u>3,076,242</u>	<u>3,132,753</u>

14. Operating Leases

The total minimum lease payments due by the charitable company at 31 March 2020 in respect of non-cancellable operating leases are as follows:

	Consolidated		Company	
	Other operating leases		Other operating leases	
	2020	2019	2020	2019
Within one year	9,311	1,379	9,311	1,379
Within one and two years	7,361	2,130	7,361	2,130
Within two to five years	438	438	438	438
	<u>17,110</u>	<u>3,947</u>	<u>17,110</u>	<u>3,947</u>

15. Restricted Funds (Charity And Group)

	Capital Development £	Small Scale Capital Development Project £	Projects (note 16) £	Total £
At 1 April 2019	<u>2,413,070</u>	<u>-</u>	<u>559,950</u>	<u>2,973,020</u>
Incoming resources				
Incoming resources (note 3)	<u>-</u>	<u>235,000</u>	<u>333,340</u>	<u>568,340</u>
Total incoming resources	<u>-</u>	<u>235,000</u>	<u>333,340</u>	<u>568,340</u>
Resources expended				
Building Project costs	<u>-</u>	<u>(262,709)</u>	<u>-</u>	<u>(262,709)</u>
Arts activities	<u>-</u>	<u>(262,709)</u>	<u>(331,395)</u>	<u>(331,395)</u>
	<u>-</u>	<u>(262,709)</u>	<u>(331,395)</u>	<u>(594,104)</u>
At 31 March 2020	<u>2,413,070</u>	<u>(27,709)</u>	<u>561,895</u>	<u>2,947,256</u>

16. Analysis of Restricted Project Funds (Charity and Group)

	1 April 2019 £	Incoming resources £	Resources expended £	31 March 2020 £
National Foundation for Youth Music Youth music inclusion programme working with children and young people in challenging circumstances	-	160,000	(160,000)	-
Other Projects*	559,950	173,340	(171,395)	561,895
Total	559,950	333,340	(331,395)	561,895

* Includes sums from a range of supporters including Bryant, Roughley, Saintbury, Feeney, Cole, Rowlands, Esmee Fairbairn, Spirit of 2012 and William Cadbury towards commissions, productions, co-productions, exhibitions and events as part of MACs' longer range artistic programme.

Comparison to financial year ended 31 March 2019

	1 April 2018 £	Incoming resources £	Resources expended £	31 March 2019 £
National Foundation for Youth Music Youth music inclusion programme working with children and young people in challenging circumstances	-	159,723	(159,723)	-
Other Projects*	569,822	208,022	(217,894)	559,950
Total	569,822	367,745	(377,617)	559,950

* Includes sums from a range of supporters including Bryant, Roughley, Saintbury, Feeney, Garfield Western and William Cadbury towards commissions, productions, co-productions, exhibitions and events as part of MACs' longer range artistic programme.

17. Unrestricted Funds (Charity and Group)

	General Funds £	Designated Funds £	Pension Funds £	Total £
At 1 April 2019	503,294	685,526	(711,951)	476,869
Net incoming resources before transfers	(157,049)	-	102,471	(54,578)
Transfer of funds	285,526	(285,526)	-	-
At 31 March 2020	631,771	400,000	(609,480)	422,291

At the year end, the designated funds are allocated £400,000 (2019: £685,526).

- £200,000 towards committed arts projects;
- £200,000 towards small scale capital development project.

In accordance with the requirements of FRS 102 MAC has recognised a pension liability of £609,480.

Comparison to financial year ended 31 March 2019

	General Funds £	Designated Funds £	Pension Funds £	Total £
At 1 April 2018	469,163	685,526	(786,398)	368,291
Net incoming resources before transfers	34,131	-	74,447	108,578
Transfer of funds	-	-	-	-
At 31 March 2019	503,294	685,526	(711,951)	476,869

At the year end, the designated funds are allocated £685,526 (2018: £685,526).

- £300,000 (2018: £300,000) towards strategic development and sustainability;
- £135,526 (2018: £135,526) towards the support of new community and learning programmes;
- £250,000 (2018: £250,000) towards repairs, renewals and maintenance of the building.

In accordance with the requirements of FRS 102 MAC has recognised a pension liability of £711,951.

18. Analysis of Group Net Assets Between Funds

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Fund balances at 31 March 2020 are represented by:			
Fixed assets	229,554	2,413,070	2,642,624
Stock	41,038	-	41,038
Debtors	505,674	-	505,674
Cash at bank and in hand	845,327	2,947,256	3,792,583
Creditors	(683,206)	(2,413,070)	(3,096,276)
Provisions / Pensions	(516,096)	-	(516,096)
	<u>422,291</u>	<u>2,947,256</u>	<u>3,369,547</u>

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

Comparison to financial year ended 31 March 2019

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Fund balances at 31 March 2019 are represented by:			
Fixed assets	254,299	2,413,070	2,667,369
Stock	34,202	-	34,202
Debtors	302,461	-	302,461
Cash at bank and in hand	1,323,156	2,973,020	4,296,176
Creditors	(818,682)	(2,413,070)	(3,231,752)
Provisions / Pensions	(618,567)	-	(618,567)
	<u>476,869</u>	<u>2,973,020</u>	<u>3,449,889</u>

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

19. 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:

	2020 £	2019 £
Gross incoming resources	4,001,833	3,695,184
Total expenditure on charitable activities	(4,039,843)	(3,573,028)
Governance costs	<u>(42,332)</u>	<u>(23,450)</u>
Net (outgoing)/incoming resources for the year	(80,342)	98,706
Total funds brought forward	<u>3,449,889</u>	<u>3,351,183</u>
Total funds carried forward	<u><u>3,369,547</u></u>	<u><u>3,449,889</u></u>
Represented by:		
Unrestricted funds	631,771	503,294
Designated funds	400,000	685,526
Restricted funds	2,947,256	2,973,020
Pension funds	<u>(609,480)</u>	<u>(711,951)</u>
	<u><u>3,369,547</u></u>	<u><u>3,449,889</u></u>

20. 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.

21. Capital Commitments and Contingent Liabilities

MAC is committed to make a contribution towards the capital development projects.

Small Scale Capital Development Project

MAC started an extensive refurbishment project in January 2020 which is due to finish in March 2021. Project funding has been secured through Arts Council England, Greater Birmingham and Solihull Local Enterprise Partnership and other trusts and foundations. Due to the current Coronavirus pandemic there will be an overspend. The Trustees have therefore designated £200,000 towards the project to cover these costs.

Capital Project 2010

At the date of signing the accounts, an amount of £2,413,070 has been recognised in fixed assets as a capitalised lease premium with a corresponding creditor recorded in accruals.

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.

22. Tax Status

As a charitable company, Midlands Arts Centre, is exempt from tax on income and gains

falling within Sections 481-489 of the Corporation Taxes Act 2010 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 2010.

23. Pensions

a) NEST Pension

The Company offers the NEST pension scheme to meet the requirements of auto-enrolment of staff into a pension scheme.

b) The Pension Scheme for Administration and Technical Staff in the Arts (PSATSA)

The company participates in the scheme, a multi-employer scheme which provides benefits to 7 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 31 March 2019. This valuation showed assets of £21m, liabilities of £23.2m and a deficit of £2.3m. To eliminate this funding shortfall, the participating employers have agreed to continue to pay contributions to the scheme based on their calculated share of the shortfall. The contributions of MAC are as follows:

Deficit contributions

From 1 June 2017 to 31 August 2027: £93,384 per annum

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

PRESENT VALUES OF PROVISION

	2020	2019
	£	£
Present value of provision		
Pension liability due in a year	93,384	93,384
Pension liability due after a year	516,095	618,567
Present value of provision	<u>609,479</u>	<u>711,951</u>

Reconciliation of opening and closing provisions

	Period Ending
	31 March 2020
	£
Provision at start of period	711,951
Unwinding of the discount factor (interest expense)	(9,087)
Deficit contribution paid	(93,384)
Remeasurements - impact of any change in assumptions	-
Remeasurements - amendments to the contribution schedule	-
Provision at end of period	<u><u>609,480</u></u>

Statement of Financial Activities impact

	Period Ending
	31 March 2020
	£
Interest expense	(9,087)
Remeasurements - impact of any change in assumptions	-
Remeasurements - amendments to the contribution schedule	-
Contributions paid in respect of future service	-
Costs recognised in income and expenditure account	-

Assumptions

	31 March 2020	31 March 2019
	% per annum	% per annum
Rate of interest	2.4%	1.4%

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

24. 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 2020 was 16 (2019:17).

25. 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 (FRS 102) and of Financial Reporting Standard 102, and consider that the transactions requiring disclosure are as follows:

Greg 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.

Owen Dutton, Trustee, is a Senior Associate of Eversheds Sutherland, a firm the charity used in the year ending 31 March 2020 for the provision of specialist advice in relation to the Small Scale Capital Development Project. Pro-bono fees donated by Eversheds Sutherland are disclosed in note 2 to the accounts.

Transactions with the charity's totally owned subsidiary, Midlands Arts Centre Trading Limited, are described in note 5 to the accounts and year-end balances are in note 12.

26. Ultimate Controlling Party

MAC is controlled by its Board of Trustees.