

Midlands Arts Centre

A Company Limited by Guarantee

Trading as MAC

**Annual Report & Financial Statements
For The Year Ended 31 March 2021**

Company No: 00718349
Charity No: 528979

Report and Financial Statements for the Year Ended 31 March 2021

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A Snapshot of MAC 2020/21

110
online events
created in partnership with, supported, commissioned or delivered by MAC

42
live-streamed online events and online workshops

500+
views from 4 virtual film screenings

10k+
audience reach across all online events

10k monthly website visitors

1000+
social media posts, features, shares and stories

600+
sales for ticketed online events

£1.1 million
PR value from media coverage

53%
of bookers
chose to donate or recredit the cost of their ticket to MAC

2,300+
worksheets and
650+
music activity packs delivered by MAC Makes Music to local families

Social Media
82k Twitter
20k Facebook
10k Instagram

150+
free online resources published for children & young people by MAC Makes Music

150+
Hidden Voices activity packs
delivered to female carers and participants

127
carers engaged inc. 82 new female carers
by Hidden Voices

122
music sessions delivered for female carers
by Hidden Voices

213
interactions by refugee women and girls

Report of The Trustees 2020/21

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 2021 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

The impact of COVID-19 has presented the greatest threat to the future of Midlands Arts Centre (MAC) since we first opened in 1962 and its immediate impact has been financially devastating. All the current indications are that we will have to find ways to live with the impact of COVID-19 going forward as we transition into a new future.

Despite the extraordinary challenges we have faced, we remain committed to our mission – 'to promote innovative, creative arts activities in ways that help to establish them in people's everyday lives'. The pandemic has raised profound societal and cultural changes leading to pertinent issues about the environment, community activism, involvement, inclusivity, wellbeing and creativity – to name but a few. We are not the same people, or organisation we were a year ago.

Since our closure on 20 March 2020 until MAC re-opened on 21 May 2021, the priority has been to adapt quickly and reallocate budgets through radical cost-cutting, furloughing and financial forecasting. We kept our site safe and secure, oversaw a rapid and smooth transition to home working at the start of lockdown and transferred our popular community activities online with great success.

Through enormous hard work and a highly committed workforce we have weathered the crisis and developed a newly revised business model operating on sources of income that depend upon us being open to the public - catering, ticketing and events hire. This is a model that has, in the past, enabled our financial independence, but now sees us critically vulnerable in the short-term and, in common with most of the cultural sector, we have made revisions and are testing our services within a new operating environment.

Whilst we begin to build up trading income, setting prudent budget targets, we are extremely grateful for the Government emergency cultural funding received. The grants have allowed us to cover critical expenditure during this crucial period, and we would like to thank colleagues at DCMS, Arts Council England, Garfield Weston Foundation, and Players of the Postcode Lottery for providing lifelines to our organisation. The Coronavirus Job Retention Scheme along with the tough decisions and actions we have taken to reduce fixed costs, meant we were able to mitigate the catastrophic reduction in revenue during the past year. Alongside formal partners we have been hugely grateful for the continued commitment of many valued individuals who signed up to MAC's new

membership scheme and those who deferred ticket reimbursements or offered donations.

This has been a big vote of confidence in MAC's reputation and underpins our long-term future. We now have the means and confidence to continue to plan sensibly through this transition period, into a more positive year in 2022 as we celebrate MAC's 60-year anniversary and welcome the terrific opportunities of the Commonwealth Games staged in Birmingham.

During the closure period, we focused on supporting priority communities, and in particular, female carers, disabled families and elders living in isolation. We reached 1000s of people in a variety of new ways, aware that many live in digital poverty, hence our need to use innovative methods to contact people other than online. We delivered ukuleles to people's homes, invited musicians to do pop-up garden gigs and sent out art materials in food parcels – we tried to be as imaginative as possible under very challenging situations.

Where digital engagement was possible, we supplied equipment and training in order to organise workshops such as inclusive online choirs and open mic nights led by our brilliant team of music tutors. We expect to see further investments in MAC's digital and technology plans in the forthcoming year to offer a hybrid model to diverse audiences who wish to continue accessing our online services.

Despite the pandemic, 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. Hidden Voices, funded generously by Spirit of 2012, which supports female carers of all ages to actively contribute to music activities came to an end in April 2021 as did the glorious Celebrating Age - we are determined that the participants from these popular programmes remain connected to MAC's new creative programmes.

Crucially our broad and diverse community programme supported, wherever possible, our important freelance community of artists, musicians and production staff who normally work with us on site. We were able to offer research grants, community online work and training opportunities.

Alongside the day-to-day management of the venue, we undertook, as planned prior to lockdown, an ambitious capital programme to improve visitors' facilities and upgrade digital resources. Despite delays with Government restrictions, we completed the building and refurbishments on time and to budget. The new facilities – pocket garden, studios, café refurbishment, upgraded outdoor theatre and digital infrastructure – put us in a much stronger financial position with services that specialise in inclusive work and wellness. We could not have achieved this successful outcome without the financial support of partners the Arts Council England, GBSLEP and Edward Cadbury Charitable Trust.

We remain confident in our future, and pursue a strong, clear strategy in line with MAC's charitable objectives, important for us in the coming year. Undoubtedly, our resolve and stability in 2020/21 stemmed from our incredibly passionate and dedicated workforce. It was with immense sadness that we saw many staff leave MAC in the summer of 2020 as the result of the redundancy programme forced on us by the continued closure of the building and the impact of the pandemic. Since we have reopened in May 2021, many

colleagues have returned to MAC, which is wonderful, alongside new talented staff to infuse energy and expertise across teams.

Our focus now is to ensure successful induction and training programmes for everyone. The CEO and her senior managers who have kept their eyes on the ball throughout and ensured the team is ready for the future have driven the continued successful management of MAC.

Finally, I would like to take the opportunity to thank MAC's dedicated Board of Trustees for their expertise and insight. Their oversight and strength have been critical to supporting MAC in achieving its survival in these uncertain times. In particular, the Finance and Governance team has been diligent in its regular review and oversight of MAC's finances during these turbulent times. We look forward to welcoming visitors back to MAC and the wealth of artistic and cultural offerings available to all.

A handwritten signature in black ink, reading "Jonnie Turpie". The signature is written in a cursive style with a long horizontal line extending from the end of the name.

Jonnie Turpie MBE
Chair of The Trustees
28 September 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 2020/21

Despite the tumultuous year, MAC continued successfully to provide a range of vital services - albeit significantly reduced - to our communities across Birmingham and the West Midlands. Our priorities in the first few months of lockdown were to continue communicating to individuals, artists, organisations and agencies to assess and support as best we could. Through the year, we gained more knowledge, training and confidence to extend our work beyond the usual walls of the venue to take art directly into people's homes.

Artistic Programme

We ceased all onsite artistic content and moved as much of our community programming online. The community producer remained in post whilst other arts colleagues were furloughed temporarily. We prioritised delivering projects to vulnerable communities and all resources and budgets remained in place. We worked closely with key stakeholders - Youth Music, Arts Council England and Spirit of 2012.

MAC Makes Music

This inclusive music programme continued to produce some outstanding, high quality, innovative experiences to young people across the region through various online platforms. These included:

- We made over 80 inclusive music videos on our YouTube platform free of charge for families to use;
- Online resource bank produced for families with musical activities. Highlights include the summer holiday 'Around the World' series which transported viewers to a different continent each week;
- Artist produced musical activity postcards and activity sheets for children and young people without access to internet. 2,000 copies of all 10 activities printed by Worcestershire Children First, delivered 100 copies of each to national charity KIDS who also printed more copies at their London base, copies have also been delivered to primary Pupil Referral Units;
- Live zoom sessions with young people have included, monthly 'Open Mic' events, SWITCH band sessions;
- Strategic work has continued with monthly online meetings of MAC Music Education Hub Strategy Group. Additional work has been made up with YM grant for Herefordshire MEH;
- Provided 70 online events and 47 safe in-person sessions;
- Delivered 650+ musical activity packs and over 2,300 worksheets to local families (working with Worcestershire Children First to print 2,000 copies of these resources to share with vulnerable families);
- Created 150+ free online resources for children and young people.

Celebrating Age/Ageing Better Programme

Our projects were adapted to connect with elders through more traditional means such as letters, art packs and art materials sent to participants. Regular phone conversations and touch points were introduced, and art projects devised to reflect the experience of the pandemic. Little Earthquake Theatre Company planned activity that engaged elders

and led to a new commission for 2021, The Stolen Year. All of which will combine with the Curator's Club exhibition season in 2021. As a result of additional funding from DCMS for the "Loneliness Project" (designed to combat loneliness and isolation during COVID-19 times) a series of free creative workshops for residents prior to the public reopen was planned and fully attended.

My Favourite Things

A new theatre performance by Jake Oldershaw was commissioned designed to be COVID-19 safe for older people to see from the doorways or windows of their homes. "My Favourite Things" was offered to over 65's to watch from their own home or residential setting. After the performances, audience members were invited to MAC when we reopened to a socially distanced get-together to share their experiences/stories with each other, refreshments and an opportunity to see a film or live show in MAC's programme will follow this in autumn.

Hidden Voices/ Carers Music Fund

The female carers music programme continued with weekly groups successfully attended through zoom sessions led by Music Leaders including women from Home Group (assisted living); Mental Health; Balsall Heath Children Action team; and Resources For Autism Carers. The community programme with adult female carers used music to support well-being, self-esteem and reduce isolation/loneliness. Other sessions included:

- Multiple groups up and running again from diverse backgrounds e.g. Chinese Community Centre, mental health carers, South Asian parent carers;
- Online video sessions using Zoom or WhatsApp, groups have been doing lots from song writing to guided relaxation with live musical accompaniment;
- Online resources bank produced for all carers involved in programme;
- 100 Ukuleles dropped to individual carers, accompanied by instructions and videos from the Music Leaders;
- Over 150 sets of musical activity packs, including materials to make instruments, have been delivered to families who have children with disabilities;
- Moved the whole programme online to enable weekly workshops to continue;
- Provided support via training, access to digital devices & data, mentoring and phone calls for our participants;
- Developed 10 new partnerships with charities and organisations;
- Reached 82 new regular participants;
- Delivered over 150 bespoke activity packs to the doorsteps of our participants and their families which included musical instruments, arts & crafts resources, well-being items and motivational messages;
- For audience members, we've had 127 carers come to at least one session, and the Music Leaders have facilitated 122 music sessions across the program.

ART Connects

We financially supported artist and activist Salma Zulfiqar, director of ART Connects to manage a series of workshops through the year and a special event to mark World Refugee Day 2020. The project supported eight workshops for migrant and refugee women and girls with 213 attendances.

MAC Online

We have gained much experience of digital platforms and our audiences have enjoyed the opportunity to invite MAC's artists and tutors into their homes. Each art producer developed a digital strategy for their programmes that will support access and innovation going forward. If we are truly, a participatory, inclusive organisation we need to explore and invest in digital innovation especially relevant to our MAC Makes Music younger disabled audiences, those geographically based outside of Birmingham wishing to connect with cinema and L&P and those with general access issues.

We are creating two new posts - a Digital Producer in 2021 as well as an Access Producer – both important roles will continue to support inclusive practice (on site and online) and work closely across artistic programmes and audience development.

Associate Artists

During closure we kept in close contact with our Associate Artists supporting them where we could, regarding training and commissioning. 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. Associates include:

Manmade DanceYouth Company led by Johnny Autin, this dance club attracts an enthusiastic cohort of teen boys, whose purpose is to pursue dance opportunities that might not be readily available in school. Johnny has stayed in touch online with the participants during lockdown through online dance activities.

Little Earthquake Theatre Company, Birmingham based company founded in 2005 by Co-Directors Gareth Nicholls and Philip Holyman.

Jaivant Patel Dance is an award-winning international dancer/choreographer, cultural producer and creative consultant whose work spans queer representation of Indian dance.

Visual Arts

We spent much of 2020/21 rescheduling exhibitions and commissioning new work by artists and partners. All of our international projects needed to be pushed into 2022/23 including Aboubakar Fofana (Mali); Yaya Coulibaly (Mali); Fototala King Massassy (Mali); Adeela Suleman (Pakistan); Dipa Yasmin, Epiphania Visuals (Bangladesh); and UK based/ local artists Caroline Walker; Maxine Walker; Nilupa Yasmin; Maryam Wahid; UKBFTOG (UK Black Female Photographers); Aidan Moesby.

Transforming Narratives

Partners British Council confirmed that based on the current circumstances surrounding the pandemic, their travel advice is that international travel for work engagements remains closed until further notice. In respect to Transforming Narratives programme this is tricky but not unexpected we have rescheduled our planned exhibition with the LGBTQ+ artist collective - Epiphania Visuals based in Dhaka from 2020 into 2022 and will now reframe this as a Commonwealth contribution to the festival in 2022.

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.

Cinema and Screen Based Media

This year saw a seismic change within the cinema industry during which we witnessed an accelerated push towards home streaming. Our cinema producer was furloughed until December and we shut down all screening content until early 2021. We arranged four virtual screenings online. We received a grant of £10k from the British Film Institute to help bolster our reopening, which will help tremendously towards the spring programme. Film distributors have confirmed that most titles will be released later in 2021.

Performance

Like the visual arts we spent most of the year in a constant state of flux, re-scheduling and re-negotiating existing events and deals with artists and promoters based on Government restrictions, and anticipated reduction of capacity to allow for socially distanced seating plans. We endeavoured to transfer or create new content for online audiences though this was not our priority.

In Our Skin by Greg Homann

New commissioned theatre-based project continued during the pandemic. The artist was able to gather interviews with gay men living in Birmingham and Johannesburg. It is supported by The Market Theatre Lab in Johannesburg and will be part of MAC's celebration of Commonwealth in 2022. The project invites gay men in Birmingham to participate in a voluntary confidential 90-minute interview. Transcripts of the interviews will be the basis for a new verbatim play. The aim is to create a conversation between Birmingham and Johannesburg that highlights what it is like to live as a gay man in cities today. It is led by celebrated South African-born theatre director, playwright, and academic, Greg Homann.

Ticketing

On immediate closure in March 2020 we contacted customers by telephone who had booked for live events and courses, 53% of bookers chose to donate or recredit the cost of their ticket to MAC.

Scheduling performances remains tricky with touring companies. A key concern is not competing with ourselves, almost all performers want to reschedule in autumn and winter 2021. There is a backlog of contracted artists who we are committed to and who are dependent on us. We anticipate customers may not wish to see multiple performances in one month of comedy, dance and theatre. We continue to negotiate with companies and review the programme sensibly to balance the programme as effectively for the public as we can and to ensure financial viability. We do not know at this stage how enthusiastic or confident audiences will return to venues particularly when social distancing is fully relaxed indoors.

Spektrix

Ahead of reopening MAC has improved channels across the teams to communicate changes more effectively. The CRM system, Spektrix, has been developed to support household bookings, bubbles and pre-booking for free and digital events. We will continue to offer 'Book with Confidence Guarantee' – a flexible way to purchase future ticketing with refund options. Given the level of detailed audience surveying since closure, customers inform us that they are enthusiastic to return to MAC and book tickets for L&P and family shows during the summer months. We have ensured that communication between MAC and customers remains positive and informative, as we may see an over-demand in some areas of ticketing where capacity is tightly capped e.g. ceramics courses.

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.

Overall, full ticket prices to our live performances and cinema/live event screenings range from between £5 and £22 (or up to £29 for high-profile events). To open access and to reward MAC's loyal/early bookers, we have made a commitment that at least 10% of all our tickets are available for £10 or less, with additional concessions for under 16s and complimentary seats for companions/carers.

Tickets for MAC's learning programme span a broad range of options, from £30-£200, according to the length and nature of the course. We offer a 'saver's scheme' that allows customers to pay for their tickets in instalments to make it more convenient if budgeting. We also regularly offer free, high-quality learning activities for children, young people and families in our public and learning spaces. We fundraise to help make our activities affordable and within the reach of those most in need.

Communications & Digital Engagement

Stay Connected and Keep Creating campaign

During the COVID-19 pandemic, we adapted our Marketing and Communications strategy and found alternative ways to reach our audiences during the physical closure of our venue. We ensured MAC stayed relevant and remained a hub of artistic exploration and learning for our loyal audience base by moving events online, creating bespoke e-comms, commissioning new work and sharing regular organisational updates.

Overview

- Immediately on closure we launched a community campaign called Connected and Keep Creating, encouraging audiences, artists and staff to enjoy art at home;
- Artistic activity took the form of video tutorials, live-streamed events, online film screenings, free art packs, workshops, podcasts, and virtual gallery tours, changing with the demands and needs of those closest to us;
- For those we couldn't reach digitally, we connected through phone calls, an artist-designed postcard and safe in-person music sessions (when possible).

E-newsletters, Website and Social Media

- 20 e-newsletters featuring highlights and upcoming events to 16k subscribers;
- 1000+ social media posts, features, shares and stories;
- 15 surveys (national and in-house) sent to over 10k audiences;
- 64 news articles/blogs published, 3 major updates from CEO & Chair of Board;
- 110,280 website traffic hits (109,359 new users, 386,412 page views);
- 10k Instagram followers, 20k Facebook followers and 82k Twitter followers.

Online Activity and Engagement

- Offered 110 online events (including Hidden Voices and MAC Makes Music activity);
- 32 online events (excluding MAC Makes Music/Hidden Voices) were created either in partnership with, supported, or commissioned by MAC;
- Estimated 10,000+ total audience reach across all online events (including community outreach work);
- Over 600+ sales for ticketed online events;
- 4 virtual screenings with 500+ views;
- 26 free online workshops and tutorials (excluding MAC Makes Music and Hidden Voices);
- 16 online performances and live-streamed events;
- Continued to work with and support local artists by forming partnerships, assisting with marketing, comms and commissioning new work.

Key Updates

- Signed up to the More than a Moment Pledge to work for and with Black artists and creatives in the Midlands and became a key member of the West Midlands Culture Response Unit (WMCRU);
- Redesigned our website to prioritise our MAC at Home campaign;
- Created and regularly reviewed our Event Information FAQs pages to clearly communicate health and safety measures, current plans, funding and awards status/news and future rules of engagement. Alongside refund/credit ticket policies;

- Took part in 5+ national and 3 in-house surveys to track the booking habits and feelings of our audiences.

MAC Ticketed Online Events (Spektrix)

- No of MAC ticketed events on Spektrix - 4 events / 6 instances (not including MAC Makes Music);
- Total Bookers – 543;
- Total Tickets – 629;
- Average Party Size - 1.06 (tickets per household so this is likely to be much more);
- Total Income from Ticket Sales - £2,711.96 (not including online cinema);
- Average Ticket Yield - £5.64.

Audience Demographics

- 11% of online events booked in locked down were for children and young people (not including MAC Makes Music);
- 77% of transactions online – much higher than previous year and should probably be worth mentioning.

Press, Digital and Individual Fundraising

- PR Value of Press and Media coverage - £1.1m;
- Average monthly unique visitors to website 9,190.

Capital Programme

MAC'S ambitious capital programme - planned prior to COVID-19 was completed on time by March 2021. There are some small-scale elements that remain outstanding however due to capacity issues and supplier delays there are rescheduled to be completed later in 2021/22. Major works covered three key areas of capital improvements with a view to an enhanced visitor experience:

1. Creation of a new purpose-built studio and repurposing of existing meeting space into new ceramics studios including a pocket garden - providing lifelong learning, wellbeing and life skills for Birmingham residents through structured informal education.
2. Refurbishment of MAC Café strengthening catering offer, capitalising on opportunities for greater financial return and giving opportunity to local artisan food suppliers in showcasing their work.
3. Digital infrastructure development that demonstrates MAC's ambition by providing cutting-edge new experiences for visitors and participants and enabling MAC's internal and external workforce (staff and artists) to push Birmingham's reputation for innovation.

In November 2020, MAC was awarded £150,500 towards MAC capital through Arts Council England's Kickstart grant programme. The grant addressed the fundraising shortfall due to COVID-19 (cancellation of public campaign), cover the costs of an outdoor digital screen and extend the garden/outdoor amphitheatre project with additional fully accessible toilets. Greater Birmingham and Solihull Local Enterprise Partnership's (GBSLEP) Pivot and Prosper Fund also supported the outdoor amphitheatre rejuvenation project by £35,000.

Workforce & People

Following the decision by the Senior Management Team (SMT) along with the Finance and Governance Committee, that it was not financially viable for MAC to re-open until 2021, the need for reduction in staff costs through redundancies became necessary.

In early June 2020 core staff were offered voluntary redundancy with no obligation on either side to accept the agreement. Roles were subsequently identified at risk of redundancy, while retaining some of the skill base within the organisation. These were shared with the Finance and Governance Committee and in turn the HR Sub Committee were asked by the Finance and Governance Committee to review job roles put at risk and identify all those at risk if there was no work available while the building remained closed to the public and no income generated. The Chair met with the Consultation Forum Representatives and staff representatives in a Collective Consultation. The Collective Consultation process lasted 42 days. Variable (zero) hours staff were not at risk of redundancy and have remained as employees if they so wished. Those who had worked regularly (no breaks in service) and had more than 2 years' length of service were offered the opportunity for voluntary redundancy.

In January 2021 the first stage of new staff structures were agreed - this is the beginning of an on-going recruitment programme that will continue into 2022. Due to the uncertainty of earned income, we anticipate that most teams will remain affected, and are operating at a reduced capacity. SMT and Team Managers review staffing regularly against the new business model. Our strength will be to operate a flexible and common sense approach through this transition period.

Diversity Statement

Beyond expressing solidarity for the Black Lives Matter campaign, we want to use this time to review our organisation's processes from recruitment to contracting and communications to programming and audiences. We want to do better. We will start by participating in More Than A Moment pledge, the West Midlands Arts sector's promise to take radical, bold and immediate action.

We understand that if MAC is to play a relevant and important role in Birmingham, our staff and our programmes need to be reflective and representative of the diversity within the city that we serve, responding to the interests and cultures of those who live and work here. MAC is proactive in its approach to diversity and inclusion and our Equality and Diversity Action Plan is an active tool that enables effective strategic approach and monitoring by staff and Board. At the heart of our approach is a commitment to valuing diversity, treating people with dignity and respect, eliminating discrimination and promoting social cohesion through our organisation and artistic programme.

Throughout the organisation from Board level to all staff teams we will commit financially to resources, training and opportunities to assess and meet measurable targets to ensure progress. We aim for a future where there are no barriers – perceived or real – for individuals to engage with and be a part of MAC, as a member of the workforce, board, volunteer, audience member, participant or artist.

Financial Review

When all commercial trading ceased and MAC closed to the public on 21 March 2020, the Board of Trustees moved quickly to establish revised agile governance arrangements to respond to what was to become unpredictable, fast moving and extremely challenging circumstances, the most significant of which was to be how long the building would have to remain closed.

Responsibility for managing cash flow, risk analysis and management, and continuous assessment of the financial implications of closure and the potential impact on reserves, was delegated to the Finance and Governance Committee by the Trustees, who of course continued to discharge their statutory responsibilities as ultimate decision makers.

The immediate priority was to take action to reduce costs and to access Government and other financial support, primarily from the Coronavirus Job Retention Scheme where 193 members of staff from the total workforce of 206 were “furloughed”, but also from Statutory Sick Pay Relief, the deferral of VAT payments and reductions in business rates. Arts Council England also provided Emergency COVID-19 grant. Without this action Unrestricted Reserves, which at 1 April 2020 stood at £422,291, would quickly be extinguished and the charity would be at risk of closure.

Although parts of the economy would reopen during the summer/autumn of 2020 but then have to close down again, by June 2020 scenario planning by the Senior Management Team, and endorsed by the Trustees, suggested a soft relaunch in the autumn would be too great a risk financially and operationally given the unpredictability of the pandemic and a spring 2021 reopening would be the most appropriate and sensible approach.

This meant that the equivalent of a year’s income from arts activity, which in 2020 was worth £1.5m, and the contribution to the charity from the trading company (approximately £0.4m in 2020) would be foregone and additional cost savings and income generation opportunities would be required to enable MAC to remain solvent.

In early June 2020, Trustees endorsed advice from the Senior Management Team and the Finance and Governance Committee to introduce a voluntary redundancy scheme for core staff, details of which are set out later in this report.

Also in July 2020, MAC was successful in bidding for funding from Round One of the Cultural Recovery Fund (CRF) (a Department for Culture, Media and Sport fund administered by Arts Council England) which provided financial sustainability until 30 September 2020. Sustainability funding was also received from the Garfield Weston Foundation, the Esmée Fairbairn Fast Response Scheme, People’s Postcode Lottery and the British Film Institute (BFI FAN). During the year £23,470 was received in audience donations, £8,400 from MAC’s newly developed membership scheme and £2,714 income from budget friendly online ticketed events. Arts Council England annual grant of £752,747 (£739,146 in 2020) was also paid.

MAC is extremely grateful for the generous support for all these funding sources.

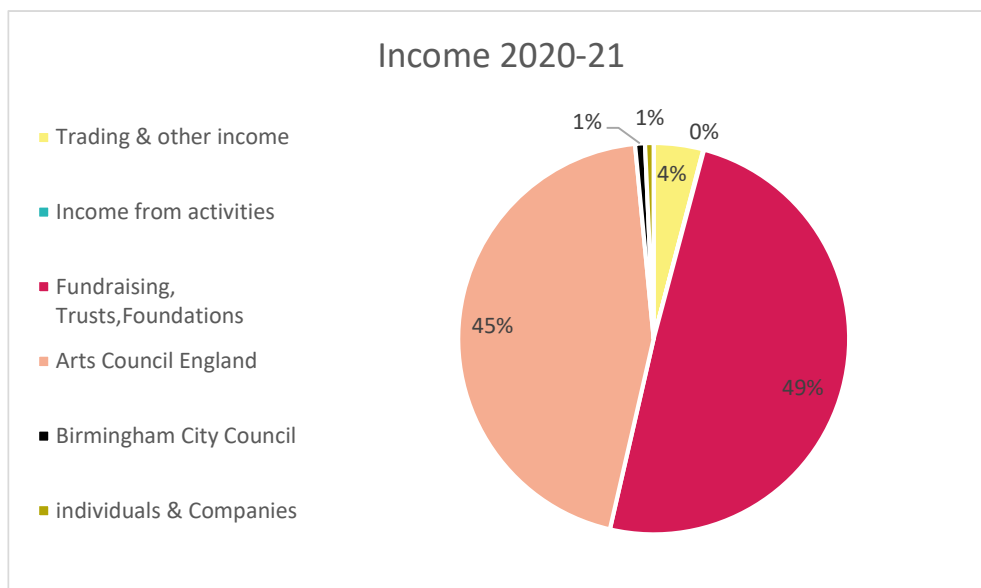
During the financial year MAC received a total of £2,032,300 which can be classified as “COVID-19 support funding” (£293,332 shown in note 3 as unrestricted grants and donations and £1,738,968 shown in note 3 as restricted grants and donations). In round terms this

offset income from arts activities and the contribution from the trading company which had been forgone.

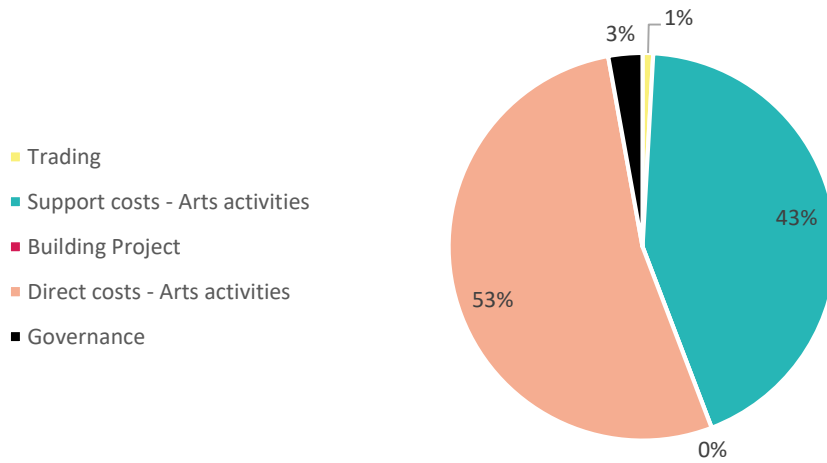
Overall there was a relatively small increase (£40,623) in unrestricted reserves at 31 March 2021. The objective of maintaining unrestricted reserves had been achieved.

From January to March plans were developed for a gradual relaunch and recruitment to revised staffing structures took place in all departments. As well as the arts programme on-line, at the end of March 2021 an outdoor take-away food offer was launched from MAC's terrace until we were able to re-open the building in May in line with Government restrictions. Although activity and footfall into the building has increased modestly from re-opening to September 2021 and further increases in the arts programme are planned for later in the year, it is extremely difficult to forecast the financial outcome. Careful and prudent financial management, including the levels of reserves required to mitigate any downturn in forecasts will, therefore, be required. Details of the revised reserves policy are set out later in this report.

Trustees are nevertheless confident that the mixture of actions taken during the pandemic, the generous financial support received from Trusts, Foundations, Government and other sources, the skill and commitment of all staff and financial prudence for the foreseeable future, will provide the financial stability and continued solvency to allow the charity to pursue its artistic aims and objectives.

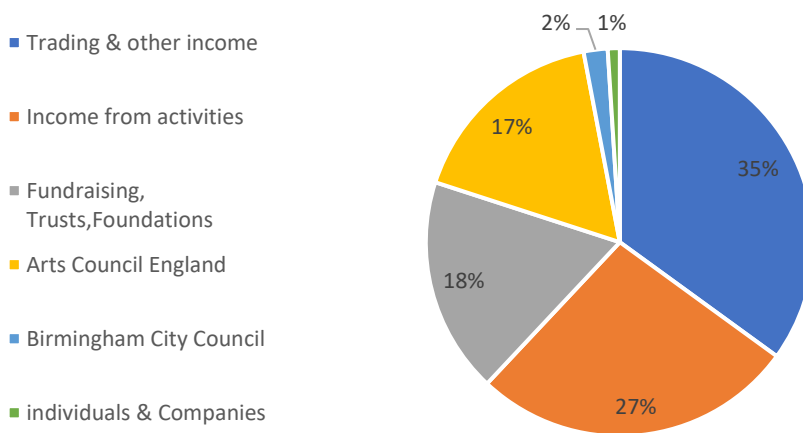


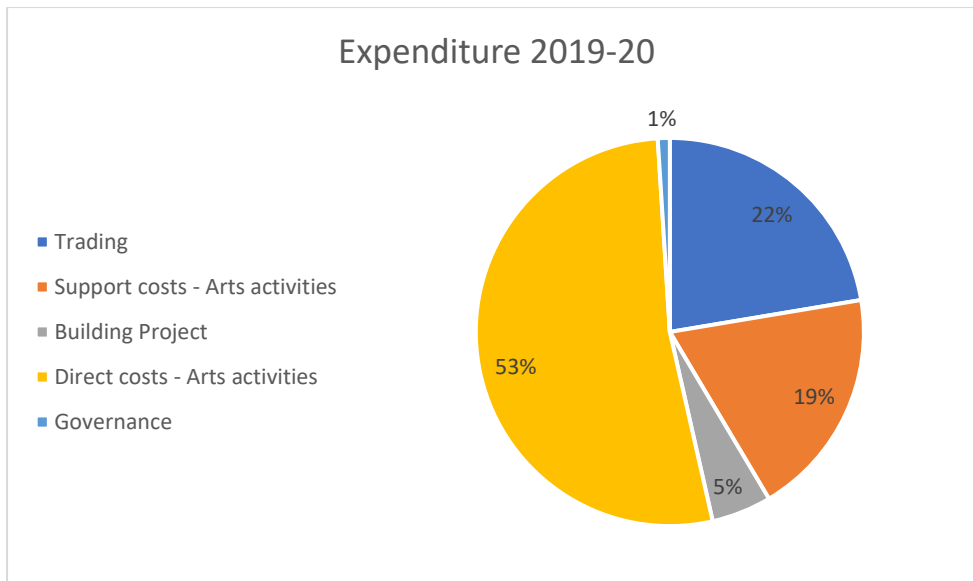
Expenditure 2020-21



Comparison to 2019-20

Income 2019-20





Above pie charts represents income and expenditure for 2020-21 and comparison to 2019-20.

- During the year, and in light of the prolonged closure of the site, our earned income represented 4% of total income;
- Core funding income from Arts Council England amounted to 45% of total income;
- Grant income from trusts, foundations, corporate and individual giving comprised 51% of total income;
- Wages, including employed artists as tutors, were 44% of total expenditure; and
- Payment to freelance and contracted artists represented 6% of total expenditure; whilst costs of running the building were 3% of total costs.

Principal funding sources

The COVID-19 pandemic has had a devastating impact on MAC's organisational finances, staffing and resources. On closure managers immediately sought to reduce expenditure where possible, including the re-negotiation of existing contracts e.g. ticketing, cleaning.

Arts Council England

MAC is a National Portfolio Organisation (NPO) within the funding programmes of Arts Council England (ACE). 2020/21 was the third year of a four-year funding agreement from 1 April 2018 to 31 March 2022.

We have submitted our updated Business Plan for 2021/22 with renewed documents against Diversity, Digital, Risk Register and Financial Budgets. This has proven to be an intensive undertaking in the lead up to reopening, however, it has been an incredibly useful exercise to undertake working across teams.

Arts Council have requested a copy of the 2022/23 Business Plan with support documents by 15 September 2021. New criteria have been introduced - 'Investment Principles' that feed into their 10-year strategy 'Let's Create', both advocate for community co-creation, wellbeing and diversity. MAC is well placed and experienced to deliver to this guidance.

Birmingham City Council

MAC's final service level agreement ended on 31 March 2020. We do not receive any grant or investment from the culture or arts department of the local authority. We have a formal 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 in the 2020 calendar year was £375,000 and the 2021 calendar year is confirmed as £350,000. The support of PPL is invaluable, and their grant agreed with them is confirmed to be allocated to artistic programme that engages social issues and community engagement.

In October 2020, MAC received £40,000 from the People's Postcode Lottery Innovation Fund and in February 2021 it was announced that MAC would benefit from a 'bonus' award of an additional £350,000 towards our community programme, to be split into two instalments in July and December 2021.

Fundraising

In 2020/21 we successfully fundraised £2,231,750. Our diverse fundraising strategy focused on emergency and recovery grants. These grants enabled MAC to continue to reach out and connect with the most vulnerable communities, remain financially viable throughout the closure and invest in reopening (programme/public health and facilities) and changing audience attitudes. MAC is registered with the Fundraising Regulator and no complaints have been received to date.

Highlights Include:

- £267,761 from Weston Culture Fund to support ongoing Charity expenditure;
- BFI FAN Exhibition and Emergency Funds awarded MAC £12,000;
- Esmée Fairbairn Emergency Fund awarded MAC £16,917;
- In March 2021, MAC secured a valuable 3-year partnership with Eversheds Sutherland Charitable Trust (£7,500 p/a);
- GBSLEP Pivot & Prosper Fund awarded £35,000 to support work on the Outdoor Arena;
- MAC successfully received £150,000 from Kickstart Capital to invest in Digital Infrastructure and a Changing Places Toilet.

Despite not being open to the public, audiences and visitors continued to support the charity and we received donations including:

- £16,973 donated to MAC when tickets were refunded/cancelled due to COVID-19 closure;
- A further £2,007 was donated to us online as one-off donations;
- In 2020, MAC launched a Supporter's Circle Scheme raising £6,800. This group of donors will be stewarded to increase their gifts and involvement over the forthcoming years;
- £575 gifted to MAC in Memory of Muriel Welsby, a popular visitor to MAC.

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 2021 of £4,377,565 includes a balance of £3,050,344 in respect of the capital redevelopment project and £1,327,221 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.

Designated Funds

Following discussion by the Board it was agreed to increase a designated fund to £600,000 (2020: £400,000) to cover risk around getting MAC up and running again, support arts project in preparation for 60th year, promoting MAC in the Commonwealth Games and the small scale capital development project.

Unrestricted Funds

The unrestricted reserves figure of £462,914 including (£550,657) pension liability, £413,571 general funds and £600,00 of designated funds, has been reviewed by the Trustees taking into account of risk around after-effects of COVID-19. 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 Culture Recovery funding received from Arts Council England and Garfield Weston in particular, that this level is adequate to maintain financial stability. It is recognised that significant risks remain around after-effects of the global pandemic and the economic environment. Hence, the Trustees have agreed that the level of reserves (2 months of budgeted costs) is in line with DCMS recommendation and appropriate in the short term.

Going Concern

The Trustees have considered the effect of the ongoing disruption from the pandemic on the going concern position. They believe 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 England and Players of the People's Postcode Lottery, together with grants from a number of major trusts and foundations.

While MAC was closed in 2020/21, the cost base was reduced and MAC was successful in obtaining emergency and other funding, as detailed elsewhere. 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 during the transition to more normal operating patterns.

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

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.

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 remains open with activity levels increasing as the year progresses and restrictions ease. They prudently assume no contribution to the charity from the trading company. They have been considered by the Trustees and, together with the commitment from Arts Council England and People's Postcode Lottery, allow the Trustees to be satisfied that the charitable company remains a going concern.

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 mostly on line in the past year. 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 constantly 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 continued to meet throughout the period 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:

mac : RISK MANAGEMENT 2021		
	NATURE OF RISK	Control Measures
FINANCIAL		
1	Pandemic coronavirus COVID-19 restrictions affect visitor numbers due to reduced capacity. This results in reduced income and inability to pay overheads, staffing, event fees and fixed costs.	Detailed financial modelling of scenarios as they unfold. Monthly financial review. Limit building opening times and staff on shift and stagger re-opening and adjust opening hours to ensure we can meet additional requirements; manage costs against programme and opening the building. Monitor contracts closely to be able to postpone or cancel if necessary.
2	Impact of COVID-19 will reduce income from ticket sales, Trading activities and fundraising. New business model has been developed which is untried and untested.	Flexibility of a new and adapted Business Model to ensure viability of the business. Options include making full use of alternative fundraising streams to support effects of COVID-19 e.g. ACE Emergency Response, Government Job Support Scheme. Scenario financial planning to assess the full costs of opening MAC versus potential income. Reviewing use of the building and outside space for more popular and alternative activities. Promoting individual giving and membership schemes. Continued close working relationships with grant funders and identifying new fundraising opportunities across Charity and Trading.
3	Uncertainty in date of re-opening prior to another wave of COVID-19, delay in the Government roadmap or incidents of infection traced back to the premises resulting in further mandatory closure leading to losses of income when committed to costs.	Cross departmental planning that allows for delay in reopen. Detailed planning of costs. Strategies in place with staffing to lessen the financial impact on the business. Meticulous H & S planning to prevent where at all possible an on-site occurrence and encourage all to maintain 1m social distancing.
4	Once committed to re-opening date, budget agreed and additional staff recruited to manage the building safely, a further delay would increase the baseline costs with no income.	Keep to the timeline through careful planning and remain as flexible as possible with employment contracts and start dates.
5	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. Instability in the UK/Global economy, stock market and employment affecting the overall propensity and ability for trusts, corporates and individuals to support arts charities. Competitive fundraising market.	Remain alert to Govt, ACE 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. Work closely with charity leaders to form productive relationships.

LEADERSHIP AND GOVERNANCE		
6	COVID-19 Pandemic leading to staff shortages in key roles due to sickness, self-isolation or key staff moving on as society opens up; the need for change in staffing levels to undertake additional duties to comply with social distancing in public and office spaces and unable to run full arts programme.	Ensure each role has short-term back-up plan; review job descriptions to enable more crossover between departments; constantly review staff who are furloughed; plan ahead on staff levels required for re-opening; retain variable hours staff for flexibility but offer core hours as soon as possible; adjust opening hours to ensure we can meet additional requirements and manage costs against programme; use agency staff if necessary; lateral flow testing and procedure introduced.
7	H & S: Inadequate Health and Safety procedures for the building leading to a potential outbreak of COVID on site and MAC is no longer a safe place to visit due to COVID-19 when building re-opens.	Ensure appropriate professional advice used wherever necessary; Key staff are trained in H & S and specific training for roles as identified by current guidelines. Risk assess each role, provide PPE where applicable to ensure staff and visitor safety; encourage staff to be tested and vaccinated with a proactive approach; make adjustments for social distancing or if not possible change spaces, programme and/or procedures; staff rotation where working remotely.
ARTISTIC		
8	Lack of Artistic product due to 1. Lack of funding during COVID-19 pandemic for artists to create new art, thus leading to less artistic content to present and display. 2. Requirements of social distancing measures may prevent performers working together in rehearsal and on stage. 3. Lack of new art work or different scale of work, artforms and opportunities thus leading to a reductive and restrictive programme of arts.	Promote 2020 rescheduled programme, which is ready for presentation. Identify and focus on strategic partnerships, and be part of key networks, collaborations and co-commissions. Ensure that we can offer artists flexibility with our venue. Ensure that artists can make work at different scales and over a period of time. To support seed funding to help them develop new ideas.
AUDIENCES		
9	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.	Continue to survey widely across audience base to ascertain concerns about reopen, pricing and interests. Review business model to encourage audiences back to MAC based on reduced capacity; robust audience behaviour research; Control access in all public spaces and queues; Strong messaging regarding MAC as a safe place prior to/and when re-open. External support on PR from specialist agencies and professionals. Targeted staff training to support audiences onsite.
TECHNOLOGY		
10	Cyber-attack and Technology crime on increase in pandemic which endangers security of personal and company information; disruption of 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. Update switches and phone system.
BUILDING, OPERATIONS AND ENVIRONMENT		
11	The ever-changing COVID-19 restrictions impact constantly on the operational running and service delivery adding to the day to day challenge of running a mixed use building.	Have a staged operational plan in place to offer a flexible structure to accommodate changes and ensure MAC follows government regulations at all times.
12	New areas of safeguarding for children, young and vulnerable mean that additional requirements for social distancing in workshops and public spaces will increase responsibility and risk of working with those groups.	Follow Government advice for working with schools and liaise with BCC Safeguarding Department on risk assessments and working practice to ensure compliance. Provide additional equipment PPE and staff support where required.

Future Plans

At the date of signing these accounts, the UK Government's COVID-19 restrictions have eased, and the national vaccination programme has proved successful. The good news is that on the 21 May 2021 we re-opened our doors to the public. Our decision not to reopen earlier was sensible and based on detailed financial forecasting related to charity and trading income and challenges of staff recruitment and training. MAC's venue continues to be a major asset and to remain resilient and profitable our building must work harder for us as we go forward. The recent successful capital programme of new and updated facilities will allow MAC to remain attractive to our growing 1m visitors annually and capitalise on additional income from paid participations, event hire and catering.

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.

The Business Plan has been updated with new commercial opportunities such as enhancing night-time economy through catering, the rejuvenation of the outdoor theatre to allow for more ambitious events, establishing a new flexible food and beverage offer with a table offer in the main cafe Kiln. All these new areas are positive but in the short-term will need to be regularly reviewed and trialled throughout the financial year to ensure that the targets we have set remain on track.

Already we can see evidence that the demand for our work in participation - traditionally very high - is already positive with strong sales in ticketing from our termly courses for September 2021. MAC will be involved in the HAF (Holidays and Food) Scheme, a national initiative funded by DFE that helps to combat holiday hunger combined with health and fitness and cultural experiences for children and young people in order to provide free spaces for children who are eligible for free school meals, on our holiday learning and participation programme. The partnership will extend through 2021 and into 2022.

The creation of new accessible artist studios with a high standard of environmental performance will strengthen MAC's role as a centre of excellence for participation and diversity as we continue through this transition year. Generally, across our other activities audience confidence is returning moderately well over the summer, as demonstrated in our catering, room hires and arts events, however we need to keep a keen eye on autumn and winter sales and recognise that there is hard work to do to ensure the public return in the numbers we need.

Prior to 1 October 2021, events will be pre-set at maximum social distanced capacity with flexibility to release additional seats as restrictions ease. For events taking place after 1 October events can be at full capacity.

Fundraising

Fundraising is an important part of securing a robust future. During the closure period we asserted a persuasive case for emergency funding and audience development grants raising almost £2m towards sustainability. We need to ensure relationships with

long-term partners remain strong and identify new ones as we test and rebuild our services.

In February 2021, People's Postcode Lottery announced that MAC would benefit from a 'bonus' award of an additional £350,000 towards our community programmes. This is an excellent endorsement of the strength of our outstanding work. In June we secured a £35,000 grant from the Esme Fairbairn Foundation relaunch the volunteer scheme, 'Fertile Ground' using gardening skills and building horticulture knowledge lead by MAC's new Gardener-in-Residence to improve wellbeing and creative experiences for volunteers.

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.

MAC at 60

In March 2022 MAC will be celebrating our 60-year anniversary, this is an excellent time to remind the public of the value we play as a Birmingham brand to the city and their lives. Our plan is not to be complacent, we recognise that customers' behaviours may have changed and it will be a competitive environment going forward, therefore we need to tell our 'story' in fresh and exciting ways.

In order to glean more attention and reposition MAC as a destination venue for cuisine as well as hands-on arts and entertainment, we have employed two new external press and marketing companies. Big Cat, who specialise in hospitality to lead on the relaunch of MAC's new café and restaurant Kiln, their role is to refresh perspective, support internal capacity and training and asserts the brand to new customers. East Village Communications, will lead us in to our 60 year anniversary with focus on community engagement and our inclusive ethos.

Trading Forecasting

We are aware that our Trading arm has delivered significant income to the parent Charity over the years. The budget for 2021/22 has been challenging to forecast, given there are so many external variables when we reopened on reduced capacity. We have based footfall projections on artistic programme and previous general visitor numbers on site to forecast earned income budgets for Trading.

The Trading Company will work to a budget that sees the Charity assume a prudent nil contribution at this stage, which can be later reviewed. There are risks for catering targets, however the catering model has changed significantly since 2019/20 with new food and beverage concessions across site, a refurbished café and a new, more experienced café staff management. However, recruitment and training and thus embedding catering staff has proven much slower than we anticipated with a national shortage of trained kitchen staff.

EPOS systems have been updated and can now provide a great deal more accuracy in collecting data and reporting to aid future decision making on menus and operations. Managers are confident that with the new systems in place strong income is achievable

under both models. Monthly reviews will monitor figures carefully and budgets now have a spend-per head template against which to measure. Catering numbers will be reviewed regularly in light of any additional performances and capacity e.g. convert increased visitor numbers into revised Trading budget.

Events Hire

MAC has increasingly relied on Events Hire as an important source of earned income, promoting the distinction of our artistic programme and venue as a unique setting. When setting budgets we had anticipated that Events Hire would take longer to recover from the effects of the pandemic. However, since the reopen we have had a positive level of new bookings and are up on target going into the autumn, in particular a local college has booked spaces to the value of £35,000 at MAC for their students as their building is temporarily refurbished. We realise that there is much work to continue securing companies to use us and with the introduction of online software such as Zoom etc, we need to work harder to encourage clients to feel confident again using our onsite facilities.

We will continue to maximise creative, social and income generation opportunities throughout the premises and new café space with greater strategic push. There will be in the future a greater emphasis on pursuing cross department opportunities with ticket sales (post conference shows) and evening catering.

Artistic programme

Much of the arts programme is rescheduled from the previous year with all budgets restricted. We feared that there would be a delay in high quality live performances touring however the sector appears to be fairly buoyant and we have chosen strategically to focus resources on prioritising local talent.

Going forward MAC continues to work productively in collaboration with major partners e.g. Commonwealth Games Festival towards shared costs. All funding has been secured for the visual arts (free programme) for 2022/23 e.g. for commissions and exhibitions.

We are preparing special projects to celebrate MAC's 60-year anniversary in 2022 and Cannon Hill Park's 150-year anniversary in 2023 with greater focus on community participation.

Board Recruitment

Board recruitment was put on hold during the pandemic to ensure we retained the knowledge and skills of the current board members to support the organisation through closure and re-opening. 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
Stephanie Dale	Owen Dutton
Daljinder Johal	Sharon Lea
Haseena Lockhat	Mary Martin (Vice Chair)
Greg Lawson (Vice Chair)	Louise McCathie
Linda Saunders	Sue Scholes
James Spencer	Cllr Martin Straker-Welds
Jonnie Turpie (Chair)	Mike Williams

Daljinder Johal, Haseena Lockhat, Gurdip Bhangoo and James Spencer will retire by rotation and, being eligible, Daljinder Johal, Haseena Lockhat and Gurdip Bhangoo 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.

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 (left Oct. 20)	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

28 September 2021

Independent Auditors' Report to the Members of Midlands Arts Centre

Opinion

We have audited the financial statements of Midlands Arts Centre ("parent charitable company") and its subsidiary ("the group") for the year ended 31 March 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charitable Company Balance Sheets, the Consolidated 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 2021, 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 group and parent charitable 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent charitable company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the Trustees' Annual Report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 Trustees' Annual Report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report (incorporating the directors' report) 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (incorporating the directors' report).

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

- adequate accounting records have not been kept 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, the trustees 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 section 151 of the Charities Act 2011 and under the Companies Act 2006 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below:

Our assessment focussed on key laws and regulations the group and parent charitable company has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, Charities Act 2011, Trustee Act 2000, Charities (Protection and Social Investment) Act 2016, taxation legislation, data protection and employment legislation.

We are not responsible for preventing irregularities. Our approach to detecting irregularities included, but was not limited to, the following:

- obtaining an understanding of the legal and regulatory framework applicable to the group and parent charitable company and how the group and parent charitable company are complying with that framework, including agreement of financial statement disclosures to underlying documentation and other evidence;
- obtaining an understanding of the group and parent charitable company's control environment and how the group and parent charitable company have applied relevant control procedures, through discussions with Trustees and other management and by performing walkthrough testing over key areas;

- obtaining an understanding of the group and parent charitable company's risk assessment process, including the risk of fraud;
- reviewing meeting minutes of those charged with governance throughout the year; and
- performing audit testing to address the risk of management override of controls, including testing journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Whilst considering how our audit work addressed the detection of irregularities, we also considered the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our Report

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



Simon Atkins FCA Senior Statutory Auditor

for and on behalf of:

Cooper Parry Group Limited

Chartered Accountants and Statutory Auditor
 One Central Boulevard
 Park View
 Blythe Valley Park
 Solihull
 West Midlands
 B90 8BG

Date: 12 October 2021

MIDLANDS ARTS CENTRE

Consolidated Statement of Financial Activities

(including consolidated Income and Expenditure Account) for the year ended 31 March 2021

	Notes	Unrestricted funds £	Restricted building project £	Other restricted projects £	2021 Total £	2020 Total £
INCOME						
<i>Donations and legacies</i>	2	34,627	664,983	-	699,610	550,329
<i>Income from charitable activities</i>						
Grants, donations and other income	3	1,064,351	-	2,500,917	3,565,268	1,386,722
Arts activities	4	2,714	-	-	2,714	1,405,312
<i>Income from other trading activities</i>						
Commercial trading operations	5	4,271	-	-	4,271	1,606,585
Office lettings, hire and recharges		156,233	-	-	156,233	174,433
<i>Investment income</i>	2	21,132	-	-	21,132	22,881
Total income		1,283,328	664,983	2,500,917	4,449,228	5,146,262
EXPENDITURE						
<i>Expenditure of raising funds</i>						
Commercial trading operations	6	26,268	-	-	26,268	1,170,729
<i>Expenditure on charitable activities</i>						
Small Scale Building Project Cost	15	-	-	-	-	262,709
Arts activities	6	1,216,438	-	1,735,591	2,952,029	3,793,166
Total expenditure		1,242,706	-	1,735,591	2,978,297	5,226,604
Net income for the year		40,623	664,983	765,326	1,470,932	(80,342)
Transfers between funds		-	-	-	-	-
Net movement in funds for the year		40,623	664,983	765,326	1,470,932	(80,342)
Reconciliation of funds						
Total Fund brought forward		422,291	2,385,361	561,895	3,369,547	3,449,889
Total funds carried forward		462,914	3,050,344	1,327,221	4,840,479	3,369,547

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 40 to 58 form part of these financial statements.

Midlands Arts Centre (Company No. 00718349)

Balance Sheets as at 31 March 2021

	Notes	Consolidated		Company	
		2021 £	2020 £	2021 £	2020 £
FIXED ASSETS					
Tangible fixed assets	9	3,409,632	2,642,624	3,409,632	2,642,624
Investment in subsidiary undertaking	10	-	-	100	100
Total Fixed Assets		<u>3,409,632</u>	<u>2,642,624</u>	<u>3,409,732</u>	<u>2,642,724</u>
CURRENT ASSETS					
Stocks	11	23,876	41,038	-	-
Debtors	12	211,802	505,674	321,678	650,447
Cash at bank and in hand:					
- unrestricted		1,120,061	845,327	980,035	721,457
- restricted – projects		1,327,221	561,895	1,327,221	561,895
- 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>5,096,030</u>	<u>4,339,295</u>	<u>5,042,004</u>	<u>4,319,160</u>
LIABILITIES					
Creditors falling due within one year	13	(3,184,564)	(3,096,276)	(3,108,642)	(3,076,241)
NET CURRENT ASSETS		<u>1,911,466</u>	<u>1,243,019</u>	<u>1,933,362</u>	<u>1,242,919</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,321,098</u>	<u>3,885,643</u>	<u>5,343,094</u>	<u>3,885,643</u>
Pension liability	23	(480,619)	(516,096)	(480,619)	(516,096)
NET ASSETS		<u>4,840,479</u>	<u>3,369,547</u>	<u>4,862,475</u>	<u>3,369,547</u>
Represented by:					
RESTRICTED FUNDS	15 & 16	4,377,565	2,947,256	4,377,565	2,947,256
UNRESTRICTED FUNDS					
General Funds	17	413,571	631,771	435,567	631,771
Designated Funds	17	600,000	400,000	600,000	400,000
Pension reserve	17	(550,657)	(609,480)	(550,657)	(609,480)
		<u>4,840,479</u>	<u>3,369,547</u>	<u>4,862,475</u>	<u>3,369,547</u>

The notes on page 40 to 58 form part of these financial statements.

The financial statements were approved by the Board of Directors on 28 September 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
2021

	Notes	2021 £	2020 £
Reconciliation of net incoming/(outgoing) resources to net cash flow from operating activities			
Net incoming/(outgoing) resources		1,470,932	(80,342)
Depreciation charges	9	71,343	71,817
Net interest	2	(21,132)	(22,881)
Decrease/(Increase) in stocks	11	17,162	(6,836)
Decrease/(Increase) in debtors	12	293,874	(203,211)
Increase/(Decrease) in creditors	13	52,811	(237,947)
		<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities		<u>1,884,990</u>	<u>(479,400)</u>
CASH FLOW STATEMENT			
Net cash inflow/(outflow) from operating activities		1,884,990	(479,400)
Returns on investments and servicing of finance	(a)	21,132	22,881
Capital expenditure	9	(838,352)	(47,072)
Increase/(Decrease) in cash	(b)	<u>1,067,770</u>	<u>(503,591)</u>

The notes on pages 40 to 58 form part of these financial statements.

MIDLANDS ARTS CENTRE

Notes to the Consolidated Cash Flow Statement for the Year Ended 31 March 2021

(a)	<u>Returns on investment and servicing of finance</u>	2021	2020	
		£	£	
	Interest received	<u>21,132</u>	<u>22,881</u>	
(b)	<u>Increase in cash</u>	2021	2020	
		£	£	
	Balance at beginning of period	3,792,583	4,296,176	
	Net cash flow (note c)	<u>1,067,769</u>	<u>(503,593)</u>	
	Balance at end of period	<u>4,860,352</u>	<u>3,792,583</u>	
(c)	<u>Reconciliation of net cash flow to movements in net funds</u>		£	
	Increase in cash during year being change in net funds		1,067,769	
	Net funds at 1 April 2020		<u>3,792,583</u>	
	Net funds at 31 March 2021		<u>4,860,352</u>	
(d)	<u>Analysis of changes in net funds</u>	At 1 April	Cash	At 31 March
		2020	flows	2021
		£	£	£
	Cash at bank	<u>3,792,583</u>	<u>1,067,769</u>	<u>4,860,352</u>

Notes to the Financial Statements for the Year Ended 31 March 2021

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

The Trustees have considered the effect of the ongoing disruption from the pandemic on the going concern position. They believe 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 England and Players of the People's Postcode Lottery, together with grants from a number of major trusts and foundations.

While MAC was closed in 2020/21, the cost base was reduced and MAC was successful in obtaining emergency and other funding, as detailed elsewhere. 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 during the transition to more normal operating patterns.

As detailed in the Report of the Trustees, Arts Council England has confirmed funding through until 31 March 2022. People's Postcode Lottery funding is confirmed until December 2021 with positive indications of future funding into 2022, and Youth Music funding continues 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 remains open with activity levels increasing as the year progresses and restrictions ease. They prudently assume no contribution to the charity from the trading company. They have been considered by the Trustees and, together with the commitment from Arts Council England and People's Postcode Lottery, allow the Trustees 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

	2021 £	2020 £
Grants, Donations and other income - unrestricted		
People's Postcode Lottery	-	275,000
Pinsent Masons pro-bono fees	3,055	4,408
Eversheds pro-bono fees	-	7,125
Fund raising and gift aid donations	31,572	28,796
	<u>34,627</u>	<u>315,329</u>
Investment Income		
Unrestricted	21,132	22,881
Restricted	-	-
	<u>21,132</u>	<u>22,881</u>
Small Scale Capital Development - restricted		
Arts Council England	269,983	-
Greater Birmingham and Solihull Local Enterprise Partnership	365,000	35,000
Saintbury Trust	30,000	-
Edward and Dorothy Cadbury Trust	-	100,000
People's Postcode Lottery	-	100,000
	<u>664,983</u>	<u>235,000</u>

3. Incoming Resources from Charitable Activities

Grants, Donations and other income - unrestricted	2021	2020
	£	£
Arts Council England	752,746	739,146
Arts Council England - Emergency Grant	293,332	139,000
Birmingham City Council - Service level agreement	-	92,400
Other Income	18,273	82,836
	<u>1,064,351</u>	<u>1,053,382</u>

Grants, Donations and other income - restricted

General Projects - Covid 19 support	2021	2020
	£	£
Arts Council England - Culture Recovery Funds 1	680,668	-
Job Retention Scheme	725,222	-
Birmingham City Council	36,400	-
Garfield Weston	267,761	-
Esmee Fairbairn Foundation	16,917	-
BFI	12,000	-
	<u>1,738,968</u>	<u>-</u>

General Projects - other	2021	2020
	£	£
Arts Council England	-	23,521
Spirit of 2012	110,480	68,192
National Foundation for Youth Music	215,715	160,000
Roughley Trust	5,000	5,000
Saintbury Trust	-	10,000
Feeney Trust	4,000	7,250
Esmee Fairbairn Foundation	-	33,833
People's Postcode Lottery	390,000	-
Greater Birmingham and Solihull Local Enterprise Partnership	21,650	-
Other Projects	15,104	25,544
	<u>761,949</u>	<u>333,340</u>

4. Income from Arts Activities

	2021	2020
	£	£
Cinema	27	336,230
Learning and Participation	102	598,450
Visual Arts	117	20,702
Productions and Performances	2,468	308,205
Other Income	-	141,725
	<u>2,714</u>	<u>1,405,312</u>

Income generated from Arts Activities for 2021 and 2020 all relates to unrestricted funds.

5. Income Earned from Trading Operations

	2021	2020
	£	£
Turnover	4,271	1,632,885
Cost of sales	<u>(11,685)</u>	<u>(381,550)</u>
Gross (loss)/profit	<u>(7,414)</u>	<u>1,251,335</u>
Staff costs	-	(631,194)
Other operating costs	(14,583)	(157,985)
Transactions with parent company:		
Facility fee payable	-	(214,000)
Technical and customer services support recharged	-	(38,014)
Room rental payable	-	(180,056)
Licence fees payable	-	(2,200)
Covenanted profit transferred under gift aid	-	(27,886)
Operating (loss)/profit	<u>(21,997)</u>	<u>-</u>
Tax on profit on ordinary activities	-	-
Retained in subsidiary	<u>(21,997)</u>	<u>-</u>
The assets and liabilities of the subsidiary at 31 March were:		
Net current assets	<u>(21,897)</u>	<u>100</u>
Total net assets	<u>(21,897)</u>	<u>100</u>
Aggregate share capital and reserves	<u>(21,897)</u>	<u>100</u>

6. Total Expenditure

	Cinema	Learning and participation	Visual Arts	Performing Arts	Other Restricted Projects	Restricted Building Projects	Trading operations	2020/21 Total	2019/20 Total
	£	£	£	£	£	£	£	£	£
Costs directly allocated to activities									
Staff costs, travel and subsistence	18,141	134,801	27,891	8,467	810,797	-	732	1,000,829	1,989,873
Payments relating to artists	878	143	28,024	10,373	163,868	-	-	203,286	806,833
Materials and consumables	-	4,452	10,973	371	116,461	-	13,532	145,789	794,738
Communications	-	-	-	-	128,388	-	-	128,388	221,038
IT systems providing direct arts support	59	6,517	-	711	71,322	-	4,100	82,709	49,802
Administration	-	371	-	-	34,176	-	1,569	36,116	59,484
Small Scale Building Project Cost	-	-	-	-	-	-	-	0	262,709
Total direct costs	19,078	146,284	66,888	19,922	1,325,012	-	19,933	1,597,117	4,184,477
Support costs allocated to activities									
Premises and services costs	15,839	47,516	18,275	40,206	269,905	-	-	391,741	12,055
Building running costs	15,789	47,366	18,218	40,079	-	-	-	121,452	595,652
HR and administration	30,252	110,007	41,253	93,506	-	-	-	275,018	84,830
IT & Finance	13,301	36,103	15,201	30,403	-	-	-	95,008	232,157
Governance	8,473	33,892	12,707	29,655	-	-	6,335	91,062	42,332
Operations and planning	26,623	106,490	39,934	93,178	140,674	-	-	406,899	75,102
Total support costs	110,277	381,374	145,588	327,027	410,579	-	6,335	1,381,180	1,042,127
Total costs - 2020-21	129,355	527,658	212,476	346,949	1,735,591	-	26,268	2,978,297	-
Total costs - 2019-20	419,971	1,275,131	680,996	1,085,673	331,395	262,709	1,170,729	-	5,226,604

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

£1,735,591 (2020: £594,104) of the above costs were attributable to restricted funds. £1,242,706 (2020: £4,632,500) of the above costs were attributable to unrestricted funds.

7. Charitable Expenditure

Expenditure includes:	2021	2020
	£	£
Auditors' remuneration		
- in respect of audit	12,005	12,893
- for specialist advice (all holding company)	4,893	-
Depreciation – owned assets	<u>71,343</u>	<u>71,816</u>

8. Staff Costs

	2021	2020
	£	£
Wages and salaries	1,458,754	2,233,272
Social security costs	99,857	138,127
Pension costs	<u>30,707</u>	<u>40,189</u>
	<u>1,589,318</u>	<u>2,411,588</u>

Redundancy amounts of £70,356 (2019 : Nil) were paid to 36 employees during the reporting year. No individual payment was above £7,000. Holiday pay of £4,183(2020: £2,029) 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.

	2021	2020
	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

No trustee received reimbursed expenses during the year. (2020: £172)

The total amount of employee benefits received by key management personnel is £252,363 (2020: £263,249)

Key management personnel are set out on page 26 of this report.

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

	2021	2020
	Number	Number
Business and administration staff – Full time	21	30
Business and administration staff – Part time	40	58
Arts team – Full time	6	8
Arts team – Part time	73	74
Catering, bar and events staff	<u>14</u>	<u>43</u>
	<u>154</u>	<u>213</u>

9. Tangible Fixed Assets

Consolidated and Company	Leasehold land and buildings £	Leasehold Improvements £	Fixtures and fittings £	Computers £	Total £
Cost					
At 1 April 2020	4,781,492	184,376	439,487	156,850	5,562,205
Additions	-	800,485	31,985	5,882	838,352
At 31 March 2021	4,781,492	984,861	471,472	162,732	6,400,557
Depreciation					
At 1 April 2020	2,368,422	81,649	365,583	103,928	2,919,582
Charge for year	-	18,760	32,219	20,364	71,343
At 31 March 2021	2,368,422	100,409	397,802	124,292	2,990,925
Net book values					
At 31 March 2021	2,413,070	884,452	73,670	38,440	3,409,632
At 31 March 2020	2,413,070	102,727	73,905	52,922	2,642,624

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)

	2021 £	2020 £
Catering and bar stocks	6,536	14,301
Retail Stock	17,340	26,737
	<u>23,876</u>	<u>41,038</u>

12. Debtors

	2021	Consolidated	2021	Company
	£	2020	£	2020
		£		£
Amounts falling due within one year				
Due from subsidiary undertaking	-	-	126,753	173,572
Other debtors	25,364	135,094	12,195	109,930
Prepayments	65,564	103,182	62,564	100,182
Accrued income	120,874	267,398	120,166	266,762
	<u>211,802</u>	<u>505,674</u>	<u>321,678</u>	<u>650,446</u>

13. Creditors

	2021	Consolidated	2021	Company
	£	2020	£	2020
		£		£
Amounts falling due within one year				
Trade creditors	350,312	181,473	295,972	167,139
Taxation and social security	(61,010)	55,673	(61,007)	62,900
Other creditors	2,443,471	2,448,063	2,443,471	2,448,063
Accruals	283,230	132,148	269,271	125,582
Deferred income	75,177	185,535	67,551	179,174
Pension liability	93,384	93,384	93,384	93,384
	<u>3,184,564</u>	<u>3,096,276</u>	<u>3,108,642</u>	<u>3,076,242</u>

14. Operating Leases

The total minimum lease payments due by the charitable company at 31 March 2021 in respect of non-cancellable operating leases are as follows:

	Consolidated		Company	
	Other operating leases		Other operating leases	
	2021	2020	2021	2020
Within one year	1,009	9,311	1,009	9,311
Within one and two years	2,901	7,361	2,901	7,361
Within two to five years	4,720	438	4,720	438
	<u>8,630</u>	<u>17,110</u>	<u>8,630</u>	<u>17,110</u>

15. Restricted Funds (Charity And Group)

	Capital Development £	Small Scale Capital Development Project £	Projects (note 16) £	Total £
At 1 April 2020	<u>2,413,070</u>	<u>(27,709)</u>	<u>561,895</u>	<u>2,947,256</u>
Incoming resources				
Incoming resources (note 3)	-	664,983	2,500,917	3,165,900
Total incoming resources	<u>-</u>	<u>664,983</u>	<u>2,500,917</u>	<u>3,165,900</u>
Resources expended				
Building Project costs	-	-	-	-
Arts activities	-	-	(1,735,591)	(1,735,591)
	<u>-</u>	<u>-</u>	<u>(1,735,591)</u>	<u>(1,735,591)</u>
At 31 March 2021	<u><u>2,413,070</u></u>	<u><u>637,274</u></u>	<u><u>1,327,221</u></u>	<u><u>4,377,565</u></u>

Small Scale Capital Development Project is ongoing.

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

	1 April 2020 £	Incoming resources £	Resources expended £	31 March 2021 £
National Foundation for Youth Music Youth music inclusion programme working with children and young people in challenging circumstances	-	215,715	(137,161)	78,554
Covid - 19 Support funds*	-	1,738,968	(1,417,890)	321,078
Other Projects*	561,895	546,234	(180,540)	927,589
Total	<u>561,895</u>	<u>2,500,917</u>	<u>(1,735,591)</u>	<u>1,327,221</u>

* Refer to note 3 for list of supporters

Comparison to financial year ended 31 March 2020

	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, Garfield Western and William Cadbury towards commissions, productions, co-productions, exhibitions and events as part of MACs' longer range artistic programme.

17. Unrestricted Funds (Group)

	General Funds £	Designated Funds £	Pension Funds £	Total £
At 1 April 2020	631,771	400,000	(609,480)	422,291
Net incoming resources before transfers	(13,260)	(4,940)	58,823	40,623
Transfer of funds	(204,940)	204,940	-	-
At 31 March 2021	413,571	600,000	(550,657)	462,914

UNRESTRICTED FUNDS (Charity)

	General Funds £	Designated Funds £	Pension Funds £	Total £
At 1 April 2020	631,771	400,000	(609,480)	422,291
Net incoming resources before transfers	8,736	(4,940)	58,823	62,619
Transfer of funds	(204,940)	204,940	-	-
At 31 March 2021	435,567	600,000	(550,657)	484,910

At the year end, the designated funds are allocated £600,000 (2020: £400,000).

- £300,000 towards transition cost – risk around getting MAC up and running again
- £200,000 towards 60th year art projects and promoting MAC in the Commonwealth Games
- £100,000 towards small scale capital development project.

In accordance with the requirements of FRS 102 MAC has recognised a pension liability of £550,657.

Comparison to financial year ended 31 March 2020

	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	<u>631,771</u>	<u>400,000</u>	<u>(609,480)</u>	<u>422,291</u>

At the year end, the designated funds are allocated £400,000 (2020: £400,000).

- £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.

18. Analysis of Group Net Assets Between Funds

	Unrestricted Funds Consolidated £	Restricted Funds Consolidated £	Total Funds £	Unrestricted Funds Company £
Fund balances at 31 March 2021 are represented by:				
Fixed assets	359,288	3,050,344	3,409,632	359,388
Stock	23,876	-	23,876	-
Debtors	211,802	-	211,802	321,678
Cash at bank and in hand	1,120,061	3,740,291	4,860,352	980,035
Creditors	(771,493)	(2,413,070)	(3,184,563)	(695,572)
Provisions / Pensions	(480,619)	-	(480,619)	(480,619)
	<u>462,914</u>	<u>4,377,565</u>	<u>4,840,479</u>	<u>484,910</u>

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

Comparison to financial year ended 31 March 2020

	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.

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:

	2021 £	2020 £
Gross incoming resources	4,418,689	3,996,119
Total expenditure on charitable activities	(2,834,699)	(3,771,421)
Governance costs	(91,062)	(42,332)
Net (outgoing)/incoming resources for the year	<u>1,492,928</u>	<u>182,366</u>
Total funds brought forward	<u>3,369,547</u>	<u>3,449,889</u>
Total funds carried forward	<u>4,862,475</u>	<u>3,632,255</u>
Represented by:		
Unrestricted funds	435,567	631,771
Designated funds	600,000	400,000
Restricted funds	4,377,565	2,947,256
Pension funds	(550,657)	(609,480)
	<u>4,862,475</u>	<u>3,369,547</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 was successfully completed in March 2021. There are some small-scale projects that are on-going such as the new terrace fence and changing room toilets. Project funding was secured through Arts Council England, Greater Birmingham and Solihull Local Enterprise Partnership and other trusts and foundations. Due to the after effects of the COVID-19 pandemic, project budget anticipated to be overspend. The Trustees have therefore designated £100,000 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

- NEST Pension

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

- 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
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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

	2021	2020
	£	£
Present value of provision		
Pension liability due in a year	93,384	93,384
Pension liability due after a year	457,273	516,096
Present value of provision	<u>550,657</u>	<u>609,480</u>

Reconciliation of opening and closing provisions

	Period Ending
	31 March 2021
	£
Provision at start of period	609,480
Unwinding of the discount factor (interest expense)	34,561
Deficit contribution paid	(70,038)
Remeasurements - impact of any change in assumptions	-
Remeasurements - amendments to the contribution schedule	(23,346)
Provision at end of period	<u>550,657</u>

Statement of Financial Activities impact

	Period Ending
	31 March 2021
	£
Interest expense	34,561
Remeasurements - impact of any change in assumptions	-
Remeasurements - amendments to the contribution schedule	-
Contributions paid in respect of future service	23,346
Costs recognised in income and expenditure account	-
	<u>57,907</u>

Assumptions

	31 March 2021	31 March 2020
	% per annum	% per annum
Rate of interest	0.7%	2.4%

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 2021 was 16 (2020:16).

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.