

ARTS GATEWAY MK LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

Draft Financial Statements
ARTS GATEWAY MK LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees J V M Best
D S Millis
J M Stewart
S Bradford
C Bradley-Goodship

Charity number 1126872

Company number 06602989

Principal address 18-20 Burners Lane
Kiln Farm
Milton Keynes
Buckinghamshire
MK11 3HB

Registered office 18-20 Burners Lane
Kiln Farm
Milton Keynes
Buckinghamshire
MK11 3HB

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TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)
FOR THE YEAR ENDED 31 MARCH 2020

The trustees present their report and financial statements for the year ended 31 March 2020.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's Memorandum and Articles, the Companies Act 2006 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)" (as amended for accounting periods commencing from 1 January 2016).

Objectives and activities

The charity's objects are to foster and develop the arts in the unitary council area of Milton Keynes and adjoining areas.

To achieve this we carry out a range of activities including providing creative hubs for subscribing members, providing information and regular networking events in Milton Keynes and promoting and delivering creative programmes including MK Litfest, MK Arts Week, and Festival of Nations.

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

Achievements and performance

During the year we continued to develop our creative hub at 20, Burners Lane Kiln Farm, now our sole premises, which we hold on a 12-year lease. We invested significantly in additional capital works to meet Building Control requirements for our studios. Over the year we accommodated around 80 creatives in workspaces, with up to 50 at any time. In October we successfully delivered our flagship third MK Litfest with funding from Arts Council England, MK Community Foundation and MK Council, moving the venue from Holiday Inn used in previous years, to the new space at MK Gallery.

Culture Challenge, our partnership with Bedford Creative Arts, came to the end of its funding, but we remain active participants in MAKE, MKs Cultural Education Partnership, in AHA MK, the umbrella for MKs Arts and Heritage sector, and in the SEMLEP Creative and Cultural advisory group. We also formally concluded the ACE-funded Creative Workspace Network project to identify common interests across the sub-region.

Financial review

During the year incoming resources were £86,474 predominantly from our Arts Central creative hub, compared to £128,724 the year before, when we had generated significant resources for turning Burners Lane into a creative hub, and started to invest in the project. After capitalising the first two years of our building project for depreciation over the remaining ten years of the lease, our spending during the 2019/20 year was £80,144 compared to £147,176 the year before.

We ended the year with balances of £45,415 up £6,330 on the previous year.

Reserves Policy

It is the policy of the charity that unrestricted funds which have not been designated for a specific use should be maintained at a level that will meet aggregate expectations of liability, assessed by Trustees in 2018 as around £25k, and to be kept under review. This has been fully achieved during 2019/2020 financial period due to capitalisation of leasehold development costs.

The charity has restricted reserves from grants previously received to deliver specific projects. At this point these funds relate specifically to the MK Literary Festival. The Charity has no endowments or legacies.

Risk management

The trustees have assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)
FOR THE YEAR ENDED 31 MARCH 2020

Plans for the future

Our plans for the future continue to revolve around three key issues:

- Development of financially sustainable premises for Arts Central operations, based initially on secure tenure at Burners Lane, and aiming in due course to enable access by the general public
- Continued support of creative programmes across multiple arts platforms including art, dance and literature, where MK Litfest is our flagship
- Maintain a higher profile with Milton Keynes investors and corporate businesses, as potential sponsors and supporters.

Structure, governance and management

The charity is a company limited by guarantee, incorporated on 27 May 2008 in England and Wales, company number 06602989 and is governed by its Memorandum and Articles of Association, as amended on 11 November 2008. The charity registered with the Charity Commission on 24 November 2008.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

J V M Best

D S Millis

J M Stewart

S Bradford

C Bradley-Goodship

Potential trustees with an interest in the arts and with skills to contribute to the charity's strategy and development are recruited from the local Milton Keynes community.

The Memorandum and Articles of Association provide for trustees to be appointed by the Board, currently with no time limit on period served. The Board from time to time identifies skill gaps we would like filled. Where suitable candidates are identified they are invited to for an informal conversation and to observe at a board meeting. Incoming Trustees are required to accept the charity's policies and Trustee Duties, Responsibilities and Code of Conduct. The Board intends to review our governance, management and recruitment arrangements in the coming year, with a view to increasing the number of Trustees and ensure we are fit for purpose going forward.

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

The company is managed by a board of unpaid trustees of up to 12 members who meet quarterly. Day to day management of operations is delegated to an office manager.

The trustees' report has been approved by the Board of Trustees.

The trustees' report was approved by the Board of Trustees.

.....
J V M Best

Trustee

Dated:

Draft Financial Statements
ARTS GATEWAY MK LIMITED

INDEPENDENT EXAMINER'S REPORT
TO THE TRUSTEES OF ARTS GATEWAY MK LIMITED

I report to the trustees on my examination of the financial statements of Arts Gateway MK Limited (the charity) for the year ended 31 March 2020.

Responsibilities and basis of report

As the trustees of the charity (and also its directors for the purposes of company law) you are responsible for the preparation of the financial statements in accordance with the requirements of the Companies Act 2006 (the 2006 Act).

Having satisfied myself that the financial statements of the charity are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the charity's financial statements carried out under section 145 of the Charities Act 2011 (the 2011 Act). In carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

- 1 accounting records were not kept in respect of the charity as required by section 386 of the 2006 Act; or
- 2 the financial statements do not accord with those records; or
- 3 the financial statements do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a true and fair view which is not a matter considered as part of an independent examination; or
- 4 the financial statements have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the financial statements to be reached.

.....
Tom Foot ACA
Honorary Reporting Accountant

Dated:

Draft Financial Statements
ARTS GATEWAY MK LIMITED

**STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT**

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
<u>Income from:</u>					
Donations and legacies	3	7,228	-	7,228	26,589
Charitable activities	4	60,923	18,323	79,246	102,135
Total income		<u>68,151</u>	<u>18,323</u>	<u>86,474</u>	<u>128,724</u>
<u>Expenditure on:</u>					
Raising funds	5	96	-	96	19,130
Charitable activities	6	44,161	34,715	78,876	127,036
Other	10	1,172	-	1,172	1,010
Total resources expended		<u>45,429</u>	<u>34,715</u>	<u>80,144</u>	<u>147,176</u>
Net income/(expenditure) for the year/ Net movement in funds		22,722	(16,392)	6,330	(18,452)
Fund balances at 1 April 2019		18,190	20,895	39,085	57,537
Fund balances at 31 March 2020		<u><u>40,912</u></u>	<u><u>4,503</u></u>	<u><u>45,415</u></u>	<u><u>39,085</u></u>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

Draft Financial Statements
ARTS GATEWAY MK LIMITED

BALANCE SHEET

AS AT 31 MARCH 2020

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Tangible assets	11		55,082		6,988
Current assets					
Debtors	12	14,798		11,383	
Cash at bank and in hand		38,890		87,824	
		<u>53,688</u>		<u>99,207</u>	
Creditors: amounts falling due within one year	14	<u>(11,855)</u>		<u>(16,693)</u>	
Net current assets			41,833		82,514
Total assets less current liabilities			<u>96,915</u>		<u>89,502</u>
Creditors: amounts falling due after more than one year	15		<u>(51,500)</u>		<u>(50,417)</u>
Net assets			<u><u>45,415</u></u>		<u><u>39,085</u></u>
Income funds					
Restricted funds			4,503		20,895
Unrestricted funds			40,912		18,190
			<u><u>45,415</u></u>		<u><u>39,085</u></u>

Draft Financial Statements
ARTS GATEWAY MK LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 MARCH 2020

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 March 2020.

The trustees acknowledge their responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Trustees on

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J V M Best

Trustee

Company Registration No. 06602989

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Charity information

Arts Gateway MK Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is 18-20 Burners Lane, Kiln Farm, Milton Keynes, Buckinghamshire, MK11 3HB.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's [governing document], the Companies Act 2006 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)". The charity is a Public Benefit Entity as defined by FRS 102.

The charity has taken advantage of the provisions in the SORP for charities applying FRS 102 Update Bulletin 1 not to prepare a Statement of Cash Flows.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The accounts have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

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

1.4 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

1.5 Resources expended

The costs of generating funds relate to the costs incurred by the charity in raising funds for charitable work.

Resources expended are recognised in the period in which they are incurred and include attributable VAT. Resources expended are allocated to the particular project where the cost relates directly to the activity of that project.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies **(Continued)**

Governance costs include the management of the charity's assets, organisational management and compliance with constitutional statutory requirements.

1.6 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.7 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.8 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Donations and legacies

	Unrestricted funds	Restricted funds	Total 2020	Total 2019
	£	£	£	£
Donations and gifts	7,228	-	7,228	26,589
	<u>7,228</u>	<u>-</u>	<u>7,228</u>	<u>26,589</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

4 Charitable activities

	Arts Centre	Events	Total 2020	Total 2019
	£	£	£	£
Venue hire fees	52,030	-	52,030	57,205
Membership fees	1,784	-	1,784	1,987
Income from events	-	-	-	2,673
Grant income	-	18,323	18,323	33,000
Other income	7,109	-	7,109	7,270
	<u>60,923</u>	<u>18,323</u>	<u>79,246</u>	<u>102,135</u>
Analysis by fund				
Unrestricted funds	60,923	-	60,923	
Restricted funds	-	18,323	18,323	
	<u>60,923</u>	<u>18,323</u>	<u>79,246</u>	
Grant income				
Milton Keynes Council	-	4,000	15,000	15,000
Arts Council	-	11,000	11,000	16,500
Milton Keynes Community Foundation	-	3,323	3,323	1,500
	<u>-</u>	<u>18,323</u>	<u>18,323</u>	<u>33,000</u>

5 Raising funds

	Unrestricted funds	Restricted funds	Total 2020	Total 2019
	£	£	£	£
Fundraising and publicity				
Staging fundraising events	96	-	96	19,130
	<u>96</u>	<u>-</u>	<u>96</u>	<u>19,130</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

6 Charitable activities

	2020	2019
	£	£
Staff costs	11,756	13,983
Depreciation and impairment	7,920	2,330
Artist & venue costs	35,326	15,965
General expenses	2,573	3,685
Computer costs	1,406	1,126
Insurance	7,895	3,694
Office costs	2,062	5,548
Printing, postage & stationery	2,029	1,276
Property costs	(21,521)	40,430
Relocation costs	172	3,347
Rent	25,599	29,617
Repairs & maintenance	325	1,407
Staff Training	702	921
Subscriptions	310	449
Travel & subsistence	1,504	1,668
Advertising & marketing	273	378
	<u>78,331</u>	<u>125,824</u>
Share of governance costs (see note 7)	545	1,212
	<u>78,876</u>	<u>127,036</u>
	<u><u>78,876</u></u>	<u><u>127,036</u></u>
Analysis by fund		
Unrestricted funds	44,161	
Restricted funds	34,715	
	<u>78,876</u>	
	<u><u>78,876</u></u>	

7 Governance costs

	Governance costs	2020	2019	Basis of allocation
	£	£	£	
Accountancy	545	545	1,212	Governance
	<u>545</u>	<u>545</u>	<u>1,212</u>	
	<u><u>545</u></u>	<u><u>545</u></u>	<u><u>1,212</u></u>	
Charitable activities	545	545	1,212	
	<u>545</u>	<u>545</u>	<u>1,212</u>	
	<u><u>545</u></u>	<u><u>545</u></u>	<u><u>1,212</u></u>	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

8 Trustees

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

9 Employees

Number of employees

The average monthly number of employees during the year was:

	2020	2019
	Number	Number
	1	1
	<u>1</u>	<u>1</u>
Employment costs	2020	2019
	£	£
Wages and salaries	12,230	13,364
Social security costs	(614)	466
Other pension costs	140	153
	<u>11,756</u>	<u>13,983</u>
	<u>11,756</u>	<u>13,983</u>

10 Other

	2020	2019
	£	£
Financing costs	1,172	1,010
	<u>1,172</u>	<u>1,010</u>
	<u>1,172</u>	<u>1,010</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

11 Tangible fixed assets

	£	Fixtures, fittings & equipment £	Total £
Cost			
At 1 April 2019	-	10,292	10,292
Additions	55,907	-	55,907
	<u>55,907</u>	<u>10,292</u>	<u>66,199</u>
At 31 March 2020	55,907	10,292	66,199
	<u>55,907</u>	<u>10,292</u>	<u>66,199</u>
Depreciation and impairment			
At 1 April 2019	-	5,526	5,526
Depreciation charged in the year	5,591	-	5,591
	<u>5,591</u>	<u>5,526</u>	<u>11,117</u>
At 31 March 2020	5,591	5,526	11,117
	<u>5,591</u>	<u>5,526</u>	<u>11,117</u>
Carrying amount			
At 31 March 2020	50,316	4,766	55,082
	<u>50,316</u>	<u>4,766</u>	<u>55,082</u>
At 31 March 2019	-	6,988	6,988
	<u>-</u>	<u>6,988</u>	<u>6,988</u>

12 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	7,650	4,235
Other debtors	7,148	7,148
	<u>14,798</u>	<u>11,383</u>

13 Loans and overdrafts

	2020 £	2019 £
Debenture loans	51,500	50,417
	<u>51,500</u>	<u>50,417</u>
Payable after one year	51,500	50,417
	<u>51,500</u>	<u>50,417</u>

Fixed rate 2% unsecured loan notes payable in 5 years.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

14 Creditors: amounts falling due within one year

	2020	2019
	£	£
Other taxation and social security	108	524
Trade creditors	11,324	14,870
Other creditors	36	19
Accruals and deferred income	387	1,280
	<u>11,855</u>	<u>16,693</u>

15 Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Borrowings	<u>51,500</u>	<u>50,417</u>

16 Analysis of net assets between funds

	Unrestricted	Restricted	Total
	£	£	£
Fund balances at 31 March 2020 are represented by:			
Tangible assets	55,082	-	55,082
Current assets/(liabilities)	41,833	-	41,833
Long term liabilities	(51,500)	-	(51,500)
	<u>45,415</u>	<u>-</u>	<u>45,415</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

17 Related party transactions

During the year the charity entered into the following transactions with related parties:

J Best, a trustee of the charity, was reimbursed for expenses totalling £2,363 incurred on behalf of the charity for property maintenance, property relocation, event costs and general supplies.