

Charity Registration No. 1126872

Company Registration No. 06602989 (England and Wales)

ARTS GATEWAY MK LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

ARTS GATEWAY MK LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	J V M Best M Christensen A Mallyon D S Millis H Parlor J M Stewart J W Luff D R A Newbould C Tilt C J Tilt
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

ARTS GATEWAY MK LIMITED

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ARTS GATEWAY MK LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2018

The trustees present their report and financial statements for the year ended 31 March 2018.

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 [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)" (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 Mótus, 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 operated as Arts Central creative hub in just one premises: Norfolk House, held on a precarious lease. We also occupied Horncastle Barn, for storage and 3 Hollin Lane, for Community Arts Resources Centre, Milton Keynes. We focused on consolidating our spaces and achieving more premises security (both achieved shortly after the year end).

Over the year we accommodated around 80 creatives in workspaces, with up to 50 at any time.

We initiated with Arts Council and MKCouncil funding the first MK Literary Festival, delivered to great effect in September 2017. We also achieved the independence of Mótus, floated off as a separate dance organisation after five years' gestation. Culture Challenge continued as a platform to support artists working with schools. MKAW was delivered across MK for a second year.

Financial review

During the year incoming resources were £107,593 compared to £91,875 the year before, reflecting the additional (restricted) income for MKLitfest and early contributions towards the premises consolidation. The reduction in unrestricted revenue from less Arts Central floorspace was matched by a corresponding reduction in costs, leading to a healthy financial out-turn.

We ended the year with balances of £57,537, of which £40,441 was unrestricted compared to £25,575 for 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.

The trustees considers that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the charity's current activities while consideration is given to ways in which additional funds may be raised.

The charity has restricted reserves from grants previously received to deliver specific projects. These relate primarily to Milton Keynes Community Foundation, Arts Council England and some smaller sources such as sponsors for MK Arts Week where planned spend spans several years, or balances are carried forward to later phases. The Charity has no endowments or legacies.

ARTS GATEWAY MK LIMITED

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2018

Risk management

The trustees has 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.

Plans for the future

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

Development of financially sustainable, secure (rather than precarious) premises for Arts Central operations;

Continued support of creative programmes across multiple arts platforms including art, dance and literature;

Building 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 were:

J V M Best

M Christensen

A Mallyon

D S Millis

H Parlor

J M Stewart

J W Luff

D R A Newbould

C Tilt

C J Tilt

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.

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 was approved by the Board of Trustees.

.....
J V M Best

Trustee

Dated:

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 2018.

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.

Dated:

ARTS GATEWAY MK LIMITED

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
<u>Income from:</u>					
Donations and legacies	3	187	2,080	2,267	1,820
Charitable activities	4	67,476	37,850	105,326	90,025
Investments	5	-	-	-	30
Total income		67,663	39,930	107,593	91,875
<u>Expenditure on:</u>					
Raising funds	6	1,607	-	1,607	1,531
Charitable activities	7	48,654	40,418	89,072	100,828
Other	11	185	-	185	117
Total resources expended		50,446	40,418	90,864	102,476
Net incoming/(outgoing) resources before transfers		17,217	(488)	16,729	(10,601)
Gross transfers between funds		(2,351)	2,351	-	-
Net income/(expenditure) for the year/ Net movement in funds		14,866	1,863	16,729	(10,601)
Fund balances at 1 April 2017		25,575	15,233	40,808	51,409
Fund balances at 31 March 2018		40,441	17,096	57,537	40,808

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.

ARTS GATEWAY MK LIMITED

BALANCE SHEET

AS AT 31 MARCH 2018

	Notes	2018 £	£	2017 £	£
Current assets					
Debtors	12	10,736		4,923	
Cash at bank and in hand		83,038		85,693	
		<u>93,774</u>		<u>90,616</u>	
Creditors: amounts falling due within one year	13	(36,237)		(49,808)	
Net current assets			57,537		40,808
Income funds					
Restricted funds	14		17,096		15,233
Unrestricted funds			40,441		25,575
			<u>57,537</u>		<u>40,808</u>

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 2018. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these financial statements.

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.

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

ARTS GATEWAY MK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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)" (as amended for accounting periods commencing from 1 January 2016). 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 unless the funds have been designated for other purposes.

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.

ARTS GATEWAY MK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

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

1.6 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.

1.7 Retirement benefits

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

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.

ARTS GATEWAY MK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

3 Donations and legacies

	Unrestricted funds	Restricted funds	Total 2018	Total 2017
	£	£	£	£
Donations and gifts	187	2,080	2,267	1,820

4 Charitable activities

	Arts Centre	Events	Total 2018	Total 2017
	£	£	£	£
Venue hire fees	45,641	-	45,641	56,637
Membership fees	2,131	-	2,131	1,737
Income from events	-	12,250	12,250	4,684
Grant income	13,000	19,600	32,600	25,200
Other income	6,704	-	6,704	1,767
Deferred income	-	6,000	6,000	-
	67,476	37,850	105,326	90,025

Analysis by fund				
Unrestricted funds	67,476	-	67,476	
Restricted funds	-	37,850	37,850	
	67,476	37,850	105,326	

Grant income

Milton Keynes Council	13,000	3,000	16,000	16,200
Arts Council	-	11,000	11,000	15,000
Milton Keynes Community Foundation	-	5,300	5,300	-
The Really Useful Group	-	300	300	-
	13,000	19,600	32,600	25,200

ARTS GATEWAY MK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

5 Investments

	2018	2017
	£	£
Interest receivable	-	30
	<u> </u>	<u> </u>

6 Raising funds

	2018	2017
	£	£
<u>Fundraising and publicity</u>		
Seeking donations, grants and legacies	-	534
Staging fundraising events	1,607	997
	<u> </u>	<u> </u>
	<u>1,607</u>	<u>1,531</u>

ARTS GATEWAY MK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

7 Charitable activities

	2018	2017
	£	£
Staff costs	11,463	11,317
Artist & venue costs	47,148	31,157
General expenses	162	2,444
Computer costs	2,062	1,335
Insurance	4,621	1,472
Office costs	3,004	2,282
Printing, postage & stationery	310	5,210
Property costs	11,202	28,519
Relocation costs	102	750
Consultancy costs	517	6,133
Rent	6,000	6,000
Repairs & maintenance	176	513
Subscriptions	466	389
Travel & subsistence	1,277	947
Advertising & marketing	-	1,220
	<u>88,510</u>	<u>99,688</u>
Share of governance costs (see note 8)	562	1,140
	<u>89,072</u>	<u>100,828</u>
Analysis by fund		
Unrestricted funds	48,654	
Restricted funds	40,418	
	<u>89,072</u>	

8 Governance costs

	Governance costs	2018	2017	Basis of allocation
	£	£	£	
Legal and professional	-	-	38	Governance
Accountancy	562	562	1,102	Governance
	<u>562</u>	<u>562</u>	<u>1,140</u>	
Charitable activities	562	562	1,140	

ARTS GATEWAY MK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

9 Trustees

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

10 Employees

Number of employees

The average monthly number employees during the year was: 1

	2018 Number	2017 Number
Fundraising	-	1
	<u> </u>	<u> </u>
Employment costs	2018 £	2017 £
Wages and salaries	10,944	10,875
Social security costs	478	400
Other pension costs	41	42
	<u> </u>	<u> </u>
	11,463	11,317
	<u> </u>	<u> </u>

There were no employees whose annual remuneration was £60,000 or more.

11 Other

	2018 £	2017 £
Repairs and maintenance	82	-
Postage and stationary	32	-
Financing costs	71	117
	<u> </u>	<u> </u>
	185	117
	<u> </u>	<u> </u>

12 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	(424)	408
Other debtors	11,160	4,515
	<u> </u>	<u> </u>
	10,736	4,923
	<u> </u>	<u> </u>

ARTS GATEWAY MK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

13 Creditors: amounts falling due within one year

	2018 £	2017 £
Government grants	-	6,358
Trade creditors	16,858	939
Accruals and deferred income	19,379	42,511
	<u>36,237</u>	<u>49,808</u>

14 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 April 2017 £	Movement in funds			Balance at 31 March 2018 £
		Incoming resources £	Resources expended £	Transfers £	
MKC Dance Festival	96	-	-	-	96
MKC Dance Development	886	-	-	-	886
Motus	923	14,930	(6,734)	-	9,119
Arts Week	3,061	6,911	(6,601)	-	3,371
Creative Workspace Network	3,317	300	(1,173)	-	2,445
Culture Challenge	6,950	-	(5,963)	-	987
Literature Festival	-	17,079	(19,429)	2,351	-
MK Urban Solar Park	-	190	-	-	190
Cornerstone Photo Competition	-	520	(517)	-	3
	<u>15,233</u>	<u>39,930</u>	<u>(40,418)</u>	<u>2,351</u>	<u>17,096</u>

ARTS GATEWAY MK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

15 Analysis of net assets between funds

	Unrestricted £	Restricted £	Total £
Fund balances at 31 March 2018 are represented by:			
Current assets/(liabilities)	40,441	17,096	57,537
	<u>40,441</u>	<u>17,096</u>	<u>57,537</u>

16 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 £631 incurred on behalf of the charity for property maintenance, property relocation, event costs and general supplies.

H Parlor, a trustee of the charity, received £1,685 for performance fees in Arts Week and Motus and was reimbursed expenses incurred on behalf of the charity for artist accommodation costs and studio fees.