
Manchester City Galleries Trust
(A Company Limited by Guarantee)

Trustees' Report and Financial Statements

For the Year Ended 31 March 2023

Manchester City Galleries Trust
(A Company Limited by Guarantee)

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Manchester City Galleries Trust
(A Company Limited by Guarantee)

Reference and Administrative Details of the Charity, its Trustees and Advisers
For the Year Ended 31 March 2023

Trustees

P C Van Den Houten (resigned 11 November 2022)
J M Williams
J J Sandbach (resigned 11 November 2022)
T Hetherington
J R Mycock
R G Pulford
V Barillova (appointed 28 July 2023)
Z C Dunbar (appointed 28 July 2023)
A G Palmer
S P Wood

Company registered number 03053689

Charity registered number 1048581

Registered office

Manchester Art Gallery
Mosley Street
Manchester
M2 3JL

Company secretary J L Beggs

Independent auditors

Hurst Accountants Limited
Chartered Accountants & Statutory Auditors
Lancashire Gate
21 Tiviot Dale
Stockport
Cheshire
SK1 1TD

Bankers

Virgin Money
48-50 Market Street
Manchester
M1 1PW

Manchester City Galleries Trust
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Trustees' Report
For the Year Ended 31 March 2023

The Trustees present their annual report together with the audited financial statements of the Charity for the year 1 April 2022 to 31 March 2023. The Trustees present their Annual Report together with the Consolidated Financial Statements of the Group and the Trust for the year ended 31 March 2023.

The Annual Report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the Annual Report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Since the Trust and the Group qualifies as small under section 383 of the Companies Act 2006, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

The Trustees who served during the year were:

John Williams (Chair)

James Mycock (Vice Chair)

Thom Hetherington

Richard Pulford

Julian Sandbach (resigned 11 November 2022)

Petra Van Den Houten (resigned 11 November 2022)

Stuart Wood

Andrew Palmer

Objectives and activities

a. Policies and objectives

Manchester City Galleries Trust is an independent Trust raising money to support the projects and programmes of Manchester Art Gallery.

The Trustees measure the success of the Trust by its financial performance, along with the Gallery's civic impact. The latter is reported to Manchester City Council Galleries Committee annually and this report, and feedback from the Committee, is shared with Trustees. Positive performance in turn provides additional resources for the Trust to further its objectives.

During the year the Trust had one trading subsidiary: Manchester Art Gallery Trading Company Limited (company number 04465391).

Manchester Art Gallery Trading Company Limited

This company operates the Manchester Art Gallery Café and venue hire business. Profits, when available, are gifted to the Trust. The directors of this company are:

Amanda Wallace

Robert Moss

Thom Hetherington

Paul Hindle

Amy Haigh

Andrew Palmer

Stuart Wood

Diane Charlton (appointed 11 November 2022)

Robin Hawkes (appointed 11 November 2022)

Manchester City Galleries Trust
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Objectives and activities (continued)

b. Activities and achievements

The Trust raises funds to help Manchester Art Gallery:

- Deliver capital projects;
- Mount displays and exhibitions;
- Preserve and conserve works from the collections of Manchester Art Gallery;
- Acquire works for its collections; and
- Deliver an education, outreach and public programme of events and activities.

In 2022/23 a payment of £215,081 was made from the Trust to support specific project activity in the gallery's programme.

The Gallery has recovered well since the lockdown closures in 2020/21, the only lasting change being revised opening hours with the whole building now closed to the public on a Monday. This represents a financial saving and offers a number of practical opportunities for hosting larger commercial events, staff training and development, and for repair/installation work to be undertaken without the public in the building.

Major projects supported by the Trust in 2022/23 included:

Capital Work

The Fashion Gallery. A new permanent space for display of the Gallery's extensive fashion and dress collection.

Major repairs at Queen's Park. Major improvements to stores and conservation studios to improve the environment for the care of the Gallery's collection of fine art, decorative arts and fashion and dress.

Manchester Art Gallery capital work. As part of significant capital repairs and rationalisation of space at Manchester Art Gallery, the creation of a new collection storage space in the lower ground floor, refurbished public toilet facilities and improvements to staff offices.

Exhibitions

Dandy Style: 250 Years of Men's Fashion. An extensive exhibition, predominantly from the Gallery's collection of fashion and portraits. The opening exhibition for the new Fashion Gallery.

Collections Development

Taking Stock. Launched a major 3-5 year project of capital work, exhibitions and engagement programmes that aims to fully re-house, explore and re-think the Gallery's collections and how they are used.

MCAF. A further iteration of the annual fund that brings together local business people to donate towards acquiring works for the Gallery collection from Manchester Contemporary art fair.

Conservation

Conservation of the Bodley Panels. External conservation undertaken on important works from the Gallery furniture collection.

Objectives and activities (continued)

Engagement Programmes

The Derek Jarman Pocket Park. Created as a legacy of the Derek Jarman: Protest! Exhibition (which ended in April 2022). Designed and maintained with a group of older LGBT+ volunteers in partnership with the LGBT+ Foundation, the garden takes inspiration from Jarman's garden in Dungeness and is a permanent installation at the front of the gallery.

Families of the World. A programme of activity sessions aimed at refugee families, many of whom are housed in hotels in the city. This programme of work was launched in response to the Syrian refugee crisis and now welcomes refugees from across the world who find themselves in Manchester.

Platt Hall In-Between. The development of Platt Hall into a community museum, catering to the needs of the hyper-local community. Activities include co-curated exhibitions, collection based engagement sessions, family activities, gardening programmes and health and wellbeing activity.

Dandy Style. The exhibition prompted work with young people looking at male identity.

Trading Station. The exhibition prompted activity with community groups and offered opportunities for volunteer object-sharing sessions.

Suzanne Lacy. Continued work to develop and celebrate the work undertaken with American artist Suzanne Lacy which explored women and work and developed academic research strands to address related issues.

Art of Resilience. A programme of work with schools to support young people in a trauma-informed way.

Fundraising

a. Overview

2022/23 has been a successful year in building audiences and commercial activity back to pre-pandemic levels.

Onsite Donations

Cash and contactless on-site donations have remained healthy.

Online Donations

Online donations, which saw a significant increase during and shortly after the pandemic, are not a significant area of individual giving. Work on the gallery web-site and posts on social media are being designed to increase online giving.

Friends and Patrons

A new campaign has proved successful in increasing memberships bought in the shop and up-selling gift box donations. The majority of these, though, are one-off annual memberships/gifts rather than payment by Direct Debit and we have seen these decrease during the year. Anecdotal evidence suggests people are generally moving away from using Direct Debits, perhaps a reflection of the current financial crisis or changes in banking habits.

Patron membership increased by a small amount and ongoing work is happening to encourage recruitment and additional gifts added to patron memberships. The Trustees have been specifically tasked with introducing potential new Patrons.

Friends and Patrons enjoyed an extensive programme of in-person and online talks, tours, workshops and events. A small group of volunteers continue to support the delivery of the programme and plans are being made to increase this pool of volunteers to promote Friends membership in the Gallery.

Manchester City Galleries Trust
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Fundraising (continued)

Gifts from Individuals

The Manchester Contemporary Art Fund is a group of individuals who donate annually to enable the Gallery to acquire works for the collection from the Manchester Contemporary Art Fair. The scheme was set up and is managed by Trustee and Director Thom Hetherington. They supported the acquisition of four artworks from the 2022 Manchester Contemporary.

Legacies

Promotion of legacies was not prioritised during the year but this will be in the Development Team work plan for 2023/24.

Business Partners

All existing Business Partners returned in 2022/23. A full re-assessment of the scheme is still required if membership is to grow, although with the current financial uncertainty amongst businesses, this is currently not a priority.

Trusts and Foundations

A new Development Manager was appointed during the year and started in October 2022 following a five-month gap in provision after the previous post-holder left. The Development Manager's time is focused almost entirely on grant-writing to fund planned activity and this has resumed. Trusts & Foundations remain the most lucrative area for fundraising and will continue to take priority over other forms of fundraising.

Staff

The team still has low capacity given the size of the organisation and annual budgets but there is an acceptance that this will not change. In order to address this, the Head of Development and Development Manager continue to have support from members of the Learning and Engagement and Curatorial teams in making additional grant applications. A programme of workshops to support wider gallery staff in grant-writing, budgeting and donor management is being planned.

The Development Manager (full time), Friends Coordinator (full time) and Head of Development (part time) are employed by Manchester City Council. In addition a freelance Accountant works for the Trust on flexible hours.

b. Priorities for fundraising 2023/2024

Given the cost of living crisis and likely financial situation we face in 2023/24, the focus will continue to be on stabilisation of existing priority activities, budget-relieving and unrestricted income. In addition to securing public funding and making Trust and Foundation applications, we will focus on philanthropy, building on the commitment we have seen from our Friends and Patrons schemes and developing our relationships with individual donors. We will use the Gallery's 200th year anniversary as a hook for fundraising in the later part of this financial period.

Priority will be given to securing funding to support:

- Capital work at Queen's Park Conservation Studios, Manchester Art Gallery and Platt Hall with a focus on improving collection storage, visitor facilities and access. This will ensure that we address long-term neglect of our buildings and that we have the resources needed to keep our assets safe and in good repair.
- Core costs and delivery of Strategic and Operational Plans. Continuing to make our charitable and educational activity more visible, promoting civic philanthropy and the need for committed Patrons and unrestricted gifts.
- The ongoing development of a new community museum at Platt Hall. Revenue fundraising to support the hyper-local engagement that has proved so popular through Platt Hall In-Between and meet the high demand for activity through increased staffing and programme development.
- Taking Stock – a long-term project to re-think the use of our collections, informed by the capital work and addressing current social and political issues in our city.
- All aspects of the Learning and Engagement programme.

Financial review

Manchester City Galleries Trust
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During the year ended 31 March 2023 the Group's income amounted to £1,287,132 (2022: £1,394,993).

The Group's expenditure for the year ended 31 March 2023 amounted to £1,293,848 (2022: £958,147).

The net deficit for the year amounted to £6,716 (2022: £436,846 surplus).

As at 31 March 2023 the Group had total funds of £1,480,943 (2022: £1,487,659) of which £388,707 (2022: £511,211) were restricted funds. At the year end the Group held £1,887,038 (2022: £1,593,675) in liquid assets.

As at 31 March 2023 the Trust had total funds of £1,362,930 (2022: £1,298,127) and £1,497,610 (2022: £1,173,967) in liquid assets.

During the year ended 31 March 2023 Manchester Art Gallery Trading Company Limited reported a profit after tax of £31,617 (2022: £361,738) and as at 31 March 2023 the company had net assets of £78,520 (2022: £199,569).

a. Reserves policy

The Trustees regularly review the level of the Trust's reserves to ensure that they are sufficient to meet foreseeable charitable expenditure, fixed costs and working capital requirements. A risk assessment is undertaken using the risk identification approach to determine anticipated:

- Charitable expenditure
- Fixed costs
- Unrestricted income
- Restricted income
- Working capital requirement

The Trustees aim to maintain a sufficient level of reserves to ensure continuing operations for the foreseeable future and that the Trust is able to meet its statutory and legal obligations.

Including restricted reserves, the Trustees have concluded that reserves of £225,000 should be maintained.

b. Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the Trust and the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

c. Investment policy

During the year, the Trust invested £500,000 in a Virgin Money deposit account.

Structure, governance and management

Manchester City Galleries Trust
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Structure, governance and management (continued)

a. Constitution

Manchester City Galleries Trust is registered as a charitable company limited by guarantee and was established and is governed under a Memorandum and Articles of Association. The Articles for Association are in the process of being updated in line with the Charity Commission guidelines and to address issues around Member recruitment.

The Trust is a registered charity, charity number 1048581, with a registered office of Manchester Art Gallery, Mosley Street, Manchester, M2 3JL.

b. Methods of appointment or election of Trustees

The management of the Trust is the responsibility of the Trustees who are elected and co opted under the terms of the Articles of Association.

The directors/trustees who served during the year are listed on page 1 of the annual report. The directors/trustees are elected annually by members in a general meeting.

c. Policies adopted for the induction and training of Trustees

New Trustees are introduced to the Group, usually by existing Trustees and Manchester City Galleries staff, and are given a full background to the Group's history and current activities to ensure they have a good knowledge of the Group and the activities of Manchester City Galleries. A role description is issued to all new Trustees so that they are fully aware of their duties and responsibilities. Regular updates on gallery business are sent to Trustees and opportunities for training are offered. Trustees are expected to take part in gallery activities – attending exhibition previews, all-gallery training etc. and engage in the wider cultural life of the city.

d. Organisational structure and decision making

The Trust is managed by the trustees/directors and by employees of Manchester City Council. There are no staff directly employed by the Trust, although staff working in the Manchester Art Gallery Café and some members of the Events Team are employed by Manchester Art Gallery Trading Company Limited and all trading business is recorded through this company.

The Trustees meet quarterly to review the financial position of the Trust and to guide progress against the Trust's objectives.

The Directors of Manchester Art Gallery Trading Company Limited meet monthly to review the trading results and monitor and determine the company's future commercial objectives. The operational management of Manchester Art Gallery Trading Company rests with three key managers; the General Manager, the Trading Company Accountant and the Head of Commercial. These key managers attend and contribute to the Directors' meetings. The remuneration of the operational management is set by the Board of Directors having regard to performance and the market rate for comparable roles.

e. Related party relationships

The Trust holds the entire issued share capital of Manchester Art Gallery Trading Company Limited and co operates with Manchester City Council in pursuit of its charitable objectives.

Transactions between the Trust and Trading Company are shown in the accounts. Trading profits (when available and net of earlier deficits) of the Manchester Art Gallery Trading Company Limited have been gifted to the Trust.

Manchester City Galleries Trust
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Structure, governance and management (continued)

f. Risk management

The Trustees have assessed the major risks to which the Trust and the Group are exposed, in particular those related to the operations and finances of the Trust and the Group, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

The principal risks affecting the Trust and the Group are the dependence on fundraising (grants, donations, memberships and sponsorship) and the popularity of the programme which in turn generates donation box income and retail income for the Manchester Art Gallery Café. The Trustees manage these risks for the Trust and the Group by regularly reviewing past financial performance, future financial projections and the potential opportunities that arise from the programme. In undertaking this review, the Trustees are assisted by professional staff employed by Manchester City Council.

The principal risks facing Manchester Art Gallery Trading Company Limited, which operates the Manchester Art Gallery Café and events business are:

- Consumer spending. The company's revenue is dependent on consumer spending which can reduce for a variety of reasons such as uncertainty, the general economic environment, competition and the weather. The company seeks to mitigate this risk by providing exceptional value for money, top quality food and drink and attentive service combined with an excellent location in the heart of Manchester.
- Food safety. Maintaining high food hygiene standards is critical to the company's business. The directors and senior management take food hygiene very seriously and have implemented best practice operational procedures to ensure this risk is reduced.
- Reputational risk. The directors and senior managers are conscious that, with the ever increasing use of social media, the reputation of the business can easily be damaged. The company seeks to provide a comprehensive customer experience which exceeds expectations. The directors monitor social media and respond where appropriate.

Other than continued fiscal pressures, the Trustees are not aware of any other factors that will impact the future performance of the Trust and the Group.

g. Public benefit

The Trust is established for the advancement of the education of the citizens and other residents of the City of Manchester in particular, and of other citizens and residents of the United Kingdom in general, in British and foreign history of the Arts, and for the benefit of scholars in the Universities and local, national and foreign researchers in history of the Arts.

The Trustees confirm that they have referred to the Charity Commission's guidance on public benefit when reviewing the Trust's aims and objectives and in planning future activities and services.

The Trust currently achieves its objectives by raising funds to support the Galleries' programme of exhibitions and educational activities, capital projects, and to fund acquisition of artworks for the collection.

In its support of Manchester City Galleries' activities, the Trust contributes to the free access of the general public to Manchester Art Gallery regardless of their background. The Trust is of the view that any private benefit gained by the Trustees is incidental.

Manchester City Galleries Trust
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Structure, governance and management (continued)

h. Funds

The funds held by the Trust are detailed in the notes to the financial statements.

Information on fundraising practices

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. The Trustees confirm that all fundraising is managed internally without the involvement of commission driven external fundraisers or third parties. The routine management of income generation rests with the gallery's Head of Development.

In general, fundraising activities are directed towards individuals and organisation that are already involved in the work of the gallery or who have expressed an interest in becoming involved.

Statement of Trustees' responsibilities

The Trustees (who are also the directors of the Charity for the purposes of company law) are responsible for preparing the Trustees' 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 Trustees to prepare financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Charity and of their incoming resources and application of resources, including their income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Charity 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 Group and the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditors are aware of that information.

Auditors

The auditors, Hurst Accountants Limited, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

Approved by order of the members of the board of Trustees and signed on their behalf by:

Manchester City Galleries Trust
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J L Beggs

Head of Development and Trust Secretary

Date: 28 November 2023

Manchester City Galleries Trust
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Independent Auditors' Report to the Members of Manchester City Galleries Trust

Opinion

We have audited the financial statements of Manchester City Galleries Trust (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Charity Balance Sheet, 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 of the parent charitable company's affairs as at 31 March 2023 and of the Group's 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.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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's or the parent charitable company's ability to continue as a going concern for a period of at least twelve 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.

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Independent Auditors' Report to the Members of Manchester City Galleries Trust (continued)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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.

Opinion 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' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 the 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 Group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Manchester City Galleries Trust
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Independent Auditors' Report to the Members of Manchester City Galleries Trust (continued)

Auditors' responsibilities for the audit of the financial statements

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 Auditors' 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 extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Identifying and assessing potential risks related to irregularities

In identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- The nature of the industry and sector in which the group operates; the control environment and business performance including key drivers for directors' remuneration, bonus levels and performance targets.
- The outcome of enquiries of local management and parent company management, including whether management was aware of any instances of non-compliance with laws and regulations, and whether management had knowledge of any actual, suspected, or alleged fraud.
- Supporting documentation relating to the Group's policies and procedures for:
 - Identifying, evaluating, and complying with laws and regulations
 - Detecting and responding to the risks of fraud
- The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- The outcome of discussions amongst the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.
- The legal and regulatory framework in which the Group operates, particularly those laws and regulations which have a direct effect on the financial statements, such as the Companies Act 2006, Charities SORP, Charities Act 2011, Charity Commission, pensions and tax legislation, or which had a fundamental effect on the operations of the Company, including General Data Protection requirements, and Anti-bribery and Corruption.

Audit response to risks identified

Our procedures to respond to the risks identified included the following:

- Reviewing the financial statements disclosures and testing to supporting documentation to assess compliance with the provisions of those relevant laws and regulations which have a direct effect on the financial statements.
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud.
- Evaluation and testing of the operating effectiveness of management's controls designed to prevent and detect irregularities.
- Enquiring of management about any actual and potential litigation and claims.
- Performing analytical procedures to identify any unusual or unexpected relationships which may indicate risks of material misstatement due to fraud.

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Independent Auditors' Report to the Members of Manchester City Galleries Trust (continued)

We have also considered the risk of fraud through management override of controls by:

- Testing the appropriateness of journal entries and other adjustments.
- Challenging assumptions made by management in their significant accounting estimates, and assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
- Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

There are inherent limitations in the audit procedures described above, and the further removed non-compliance with laws and regulations are from the events and transactions reflected in the financial statements, the less likely we would become aware of them. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of our report

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

Helen Besant-Roberts (Senior Statutory Auditor)

for and on behalf of

Hurst Accountants Limited

Chartered Accountants & Statutory Auditors

Lancashire Gate

21 Tiviot Dale

Stockport

Cheshire

SK1 1TD

28 November 2023

Manchester City Galleries Trust
(A Company Limited by Guarantee)

Consolidated Statement of financial activities (incorporating income and expenditure account)
For the Year Ended 31 March 2023

		Unrestricted funds 2023	Restricted funds 2023	Total funds 2023	Total funds 2022
	Note	£	£	£	£
Income from:					
Donations and legacies	4	54,521	27,210	81,731	429,503
Charitable activities	5	48,016	105,765	153,781	212,225
Other trading activities	6	1,023,375	-	1,023,375	753,089
Investments	7	27,645	-	27,645	176
Total income		1,153,557	132,975	1,286,532	1,394,993
Expenditure on:					
Raising funds	8	966,943	40,398	1,007,341	700,415
Charitable activities	9	71,426	215,081	286,507	257,732
Total expenditure		1,038,369	255,479	1,293,848	958,147
Net movement in funds		115,188	(122,504)	(7,316)	436,846
Reconciliation of funds:					
Total funds brought forward		976,448	511,211	1,487,659	1,050,813
Net movement in funds		115,188	(122,504)	(7,316)	436,846
Total funds carried forward		1,091,636	388,707	1,480,343	1,487,659

The Consolidated Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 19 to 39 form part of these financial statements.

Manchester City Galleries Trust
(A Company Limited by Guarantee)
Registered number: 03053689

Consolidated Balance Sheet
As at 31 March 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	14	87,677	122,233
Current assets			
Stocks	16	10,922	3,996
Debtors	17	52,461	178,187
Cash at bank and in hand		1,887,038	1,593,675
		<u>1,950,421</u>	<u>1,775,858</u>
Creditors: amounts falling due within one year	18	(557,755)	(410,432)
Net current assets		<u>1,392,666</u>	<u>1,365,426</u>
Total net assets		<u><u>1,480,343</u></u>	<u><u>1,487,659</u></u>
Charity funds			
Restricted funds	19	388,707	511,211
Unrestricted funds	19	1,091,636	976,448
Total funds		<u><u>1,480,343</u></u>	<u><u>1,487,659</u></u>

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:

J M Williams
Trustee

Date: 28 November 2023

The notes on pages 19 to 39 form part of these financial statements.

Manchester City Galleries Trust
(A Company Limited by Guarantee)
Registered number: 03053689

Charity Balance Sheet
As at 31 March 2023

	Note	2023 £	2022 £
Fixed assets			
Investments	15	1	2
Current assets			
Debtors	17	68,389	340,376
Cash at bank and in hand		1,497,610	1,173,967
		<u>1,565,999</u>	<u>1,514,343</u>
Creditors: amounts falling due within one year	18	(203,671)	(216,218)
Net current assets		<u>1,362,328</u>	<u>1,298,125</u>
Total net assets		<u><u>1,362,329</u></u>	<u><u>1,298,127</u></u>
Charity funds			
Restricted funds	19	322,371	431,106
Unrestricted funds:			
General funds	19	1,039,958	867,021
Total unrestricted funds	19	<u>1,039,958</u>	<u>867,021</u>
Total funds		<u><u>1,362,329</u></u>	<u><u>1,298,127</u></u>

The Charity's net movement in funds for the year was £64,131 (2022 - £504,290).

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:

J M Williams

Trustee

Date: 28 November 2023

The notes on pages 19 to 39 form part of these financial statements.

Manchester City Galleries Trust
(A Company Limited by Guarantee)

Consolidated Statement of Cash Flows
For the Year Ended 31 March 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Net cash used in operating activities	21	282,482	643,105
Cash flows from investing activities			
Dividends, interest and rents from investments		28,244	176
Proceeds from the sale of tangible fixed assets		-	5,975
Purchase of tangible fixed assets		(17,379)	(69,653)
Net cash provided by/(used in) investing activities		10,865	(63,502)
Cash flows from financing activities			
Net cash provided by financing activities		-	-
Change in cash and cash equivalents in the year		293,347	579,603
Cash and cash equivalents at the beginning of the year		1,593,675	1,014,072
Cash and cash equivalents at the end of the year	22	1,887,022	1,593,675

The notes on pages 19 to 39 form part of these financial statements

Manchester City Galleries Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2023

1. General information

Manchester City Galleries Trust is a company limited by guarantee, registered number 03053689, incorporated in England. It is also a charity, registered number 1048581. The registered address is Manchester Art Gallery, Mosley Street, Manchester, M2 3JL.

The principal activity of the group is raising money to support the projects and programmes of Manchester City Art Gallery.

The members of the company are the Trustees names on page 1. In the event of the Charity being wound up, the liability in respect of the guarantees is limited to £1 per member of the Charity

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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 Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Manchester City Galleries Trust 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.

The Consolidated Statement of Financial Activities (SOFA) and Consolidated Balance Sheet consolidate the financial statements of the Charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The Charity has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Financial Activities in these financial statements.

The Charity meets the definition of a qualifying entity under FRS102 and therefore taken advantage of the disclosure exemption available to it in respect of its separate financial statements in relation to presentation of a cash flow statement.

2.2 Going concern

In deciding to prepare the financial statements on a going concern basis, the Trustees have considered all available information regarding the future for a period of at least 12 months from the date of approval of these financial statements. The Trustees are satisfied that the going concern basis adopted in the preparation of these financial statements is appropriate and that the Group can continue in operational existence for at least the next 12 months.

Manchester City Galleries Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2023

2. Accounting policies (continued)

2.3 Income

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Donated services or facilities are recognised when the Group has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the Group of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time of the Friends is not recognised. Refer to the Trustees' Report for more information about their contribution.

On receipt, donated professional services and facilities are recognised on the basis of the value of the gift to the Charity which is the amount it would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

Income from grants and government 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.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service. Revenue from the sale of food and beverages is recognised at the point of sale. Revenue from a contract to provide services is recognised in the period in which the services are provided in.

2.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Governance costs are those incurred in connection with administration of the Charity and compliance with constitutional and statutory requirements.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds. The costs of commercial trading includes the cafeteria and its associated support costs.

Manchester City Galleries Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2023

2. Accounting policies (continued)

2.4 Expenditure (continued)

Charitable activities and Governance costs are costs incurred on the Charity's operations, including support costs and costs relating to the governance of the Charity apportioned to charitable activities.

2.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Group; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

2.6 Tangible fixed assets and depreciation

Tangible fixed assets costing £NIL or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, .

Depreciation is provided on the following bases:

Long-term leasehold property	-	20% straight line basis
Plant and machinery	-	25% reducing balance basis
Office equipment	-	25% reducing balance basis
Computer equipment	-	33% straight line basis

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Financial Activities.

2.7 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

2.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the statement of financial activities.

Manchester City Galleries Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2023

2. Accounting policies (continued)

2.9 Debtors

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

2.10 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.11 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Consolidated Statement of Financial Activities as a finance cost.

2.12 Financial instruments

The Group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.13 Operating leases

Rentals paid under operating leases are charged to the Consolidated Statement of Financial Activities on a straight-line basis over the lease term.

2.14 Pensions

The Group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Group to the fund in respect of the year.

2.15 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Group and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Group for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Manchester City Galleries Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2023

2. Accounting policies (continued)

2.16 Value added tax (VAT)

Income is stated net of VAT where applicable. Expenditure is stated net of any recoverable VAT. Any irrecoverable VAT is recognised as a cost against the activity for which the expenditure is incurred.

3. Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical areas of judgement:

Accruals and deferred income

Accruals and deferred income are entered in the financial statements based on management expectations, taking into account various factors relevant to each item. The Group recognised accruals and deferred income at 31 March 2023 of £403,020 (2022: £316,548).

Depreciation

The Group exercises judgement in estimating the useful economic life of plant and machinery, office equipment and computer equipment. The net book value of fixed assets at the year end totalled £87,677 (2022: £122,253).

Manchester City Galleries Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2023

4. Income from donations and legacies

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Donations	54,521	27,210	81,731	224,337
Government grants	-	-	-	205,166
Total 2023	<u>54,521</u>	<u>27,210</u>	<u>81,731</u>	<u>429,503</u>
<i>Total 2022</i>	<u>227,022</u>	<u>202,481</u>	<u>429,503</u>	

5. Income from charitable activities

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Grants receivable	-	105,765	105,765	157,196
Friends income	48,016	-	48,016	55,029
Total 2023	<u>48,016</u>	<u>105,765</u>	<u>153,781</u>	<u>212,225</u>
<i>Total 2022</i>	<u>55,029</u>	<u>157,196</u>	<u>212,225</u>	

Manchester City Galleries Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2023

6. Income from trading activities

Income from non charitable trading activities

	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Catering, events and venue hire	1,023,375	1,023,375	753,089
Total 2023	<u>1,023,375</u>	<u>1,023,375</u>	<u>753,089</u>
<i>Total 2022</i>	<u>753,089</u>	<u>753,089</u>	

7. Investment income

	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Investment income - other local unlisted	(600)	(600)	-
Income from bank deposits	28,245	28,245	176
Total 2023	<u>27,645</u>	<u>27,645</u>	<u>176</u>
<i>Total 2022</i>	<u>176</u>	<u>176</u>	

Manchester City Galleries Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2023

8. Expenditure on raising funds

Fundraising trading expenses

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Cost of sales and administrative expenses	413,899	40,398	454,297	183,387
Wages and salaries	478,313	-	478,313	445,240
National insurance contributions	28,563	-	28,563	26,252
Pension costs	7,561	-	7,561	7,005
Depreciation of tangible fixed assets	38,607	-	38,607	38,531
Total 2023	<u>966,943</u>	<u>40,398</u>	<u>1,007,341</u>	<u>700,415</u>
<i>Total 2022</i>	<u>617,245</u>	<u>83,170</u>	<u>700,415</u>	

9. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £	Total 2022 £
Gallery	26,700	-	26,700	130,918
Exhibitions	-	186,885	186,885	69,825
Friends scheme	26	-	26	457
Other fundraising	3,485	-	3,485	3,403
Acquisitions	-	28,196	28,196	33,170
Governance	41,215	-	41,215	19,959
Total 2023	<u>71,426</u>	<u>215,081</u>	<u>286,507</u>	<u>257,732</u>
<i>Total 2022</i>	<u>154,737</u>	<u>102,995</u>	<u>257,732</u>	

Manchester City Galleries Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2023

10. Analysis of expenditure by activities

	Activities undertaken directly 2023 £	Support costs 2023 £	Total funds 2023 £	Total funds 2022 £
Gallery	26,700	-	26,700	130,918
Exhibitions	186,885	-	186,885	69,825
Friends scheme	26	-	26	457
Other fundraising	3,485	-	3,485	3,403
Acquisitions	28,196	-	28,196	33,170
Governance	-	41,215	41,215	19,959
Total 2023	<u>245,292</u>	<u>41,215</u>	<u>286,507</u>	<u>257,732</u>
<i>Total 2022</i>	<u>237,773</u>	<u>19,959</u>	<u>257,732</u>	

Analysis of support costs

	Governance costs 2023 £	Total funds 2023 £	Total funds 2022 £
Audit fees	12,090	12,090	11,350
Accountancy fees	29,087	29,087	8,287
Bank charges	38	38	322
Total 2023	<u>41,215</u>	<u>41,215</u>	<u>19,959</u>
<i>Total 2022</i>	<u>19,959</u>	<u>19,959</u>	

Support costs have been allocated on an actual basis.

Manchester City Galleries Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2023

11. Auditors' remuneration

	2023	2022
	£	£
Fees payable to the Charity's auditor for the audit of the Charity's annual accounts	12,090	11,350
Fees payable to the Charity's auditor in respect of:		
Taxation services not included above	<u>710</u>	<u>550</u>

12. Staff costs

	Group 2023	Group 2022
	£	£
Wages and salaries	478,313	445,240
Social security costs	28,563	26,252
Contribution to defined contribution pension schemes	7,561	7,005
	<u>514,437</u>	<u>478,497</u>

The average number of persons employed by the Charity during the year was as follows:

	Group 2023	Group 2022
	No.	No.
Employees	<u>40</u>	<u>35</u>

No employee received remuneration amounting to more than £60,000 in either year.

13. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2022 - £NIL).

During the year ended 31 March 2023, no Trustee expenses have been incurred (2022 - £NIL).

Manchester City Galleries Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2023

14. Tangible fixed assets

Group

	Long-term leasehold property £	Plant and machinery £	Office equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 April 2022	21,310	84,200	37,840	54,443	197,793
Additions	-	4,812	12,567	-	17,379
Disposals	(10,850)	(5,489)	(1,130)	(7,451)	(24,920)
At 31 March 2023	10,460	83,523	49,277	46,992	190,252
Depreciation					
At 1 April 2022	3,460	42,955	9,689	19,456	75,560
Charge for the year	3,117	10,244	8,801	16,445	38,607
On disposals	(3,798)	(3,422)	(105)	(4,267)	(11,592)
At 31 March 2023	2,779	49,777	18,385	31,634	102,575
Net book value					
At 31 March 2023	<u>7,681</u>	<u>33,746</u>	<u>30,892</u>	<u>15,358</u>	<u>87,677</u>
<i>At 31 March 2022</i>	<u>17,850</u>	<u>41,245</u>	<u>28,151</u>	<u>34,987</u>	<u>122,233</u>

The Company had no fixed assets.

Manchester City Galleries Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2023

15. Fixed asset investments

	Investments in subsidiary companies
	£
Charity	
Cost or valuation	
At 1 April 2022	4,002
Amounts written off	(1)
At 31 March 2023	<u>4,001</u>
Impairment	
At 1 April 2022	4,000
At 31 March 2023	<u>4,000</u>
Net book value	
At 31 March 2023	<u>1</u>
<i>At 31 March 2022</i>	<u><u>2</u></u>

Details of the Charity's principal subsidiaries are presented in note 27.

16. Stocks

	Group 2023 £	<i>Group 2022 £</i>
Finished goods and goods for resale	<u><u>10,922</u></u>	<u><u>3,996</u></u>

Manchester City Galleries Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2023

17. Debtors

	Group 2023 £	<i>Group</i> <i>2022</i> <i>£</i>	Company 2023 £	<i>Company</i> <i>2022</i> <i>£</i>
Due within one year				
Trade debtors	44,980	84,980	5,478	6,875
Amounts owed by group undertakings	-	-	61,133	331,738
Other debtors	3,128	88,482	1,778	1,763
Prepayments and accrued income	4,353	4,725	-	-
	<u>52,461</u>	<u>178,187</u>	<u>68,389</u>	<u>340,376</u>

An impairment loss of £nil (2022: £nil) was recognised in the year against trade debtors.

18. Creditors: Amounts falling due within one year

	Group 2023 £	<i>Group</i> <i>2022</i> <i>£</i>	Company 2023 £	<i>Company</i> <i>2022</i> <i>£</i>
Bank overdrafts	16	-	-	-
Trade creditors	17,075	18,253	37	2,447
Other taxation and social security	43,678	47,804	-	-
Other creditors	133,592	27,827	9,974	7,802
Accruals and deferred income	363,394	316,548	193,660	205,969
	<u>557,755</u>	<u>410,432</u>	<u>203,671</u>	<u>216,218</u>

Manchester City Galleries Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2023

	Group 2023 £	<i>Group 2022 £</i>	Company 2023 £	<i>Company 2022 £</i>
Deferred income at 1 April 2022	315,948	127,868	205,969	53,974
Resources deferred during the year	405,166	315,948	195,378	205,969
Amounts released from previous periods	(315,948)	(127,868)	(205,969)	(53,974)
	<u>405,166</u>	<u>315,948</u>	<u>195,378</u>	<u>205,969</u>

19. Statement of funds

Statement of funds - current year

	Balance at 1 April 2022 £	Income £	Expenditure £	Balance at 31 March 2023 £
Unrestricted funds				
General funds	976,448	1,153,556	(1,038,369)	1,091,635
Unallocated amounts	-	1	-	1
	Balance at 1 April 2022 £	Income £	Expenditure £	Balance at 31 March 2023 £
Restricted funds				
Zochonis Trust	53,576	20,000	-	73,576
Clore Duffield Foundation (Learning & Engagement)	16,000	-	-	16,000
Assheton Bennett	15,173	-	-	15,173
National Archives	-	15,000	-	15,000
Oglesby Charitable Trust	-	61,265	(39,536)	21,729
Paul Mellon - Speech Acts	2,377	-	-	2,377
University of Manchester (Suzanne Lacy)	-	5,500	-	5,500
GMCA (AoR Project)	14,000	14,000	-	28,000
Heritage Lottery Funding - Collecting Cultures	70	-	-	70
Derek Jarman	54,741	-	(49,741)	5,000
Culture Recovery Fund	80,034	-	(40,398)	39,636
Headley Trust	20,000	10,000	(27,797)	2,203
Francis Winham (Making Conversations)	2,000	-	(2,000)	-
Paul Hamlyn Foundation	55	-	-	55
National Heritage Fund (Trading Stations)	568	-	(568)	-
Platt Hall Project	9,491	-	(10,601)	(1,110)
Fashion Gallery	193,265	-	(35,653)	157,612
Other immaterial restricted project funds	49,861	7,210	(49,185)	7,886

Manchester City Galleries Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2023

19. Statement of funds (continued)

Statement of funds - current year (continued)

	Balance at 1 April 2022 £	Income £	Expenditure £	Balance at 31 March 2023 £
	511,211	132,975	(255,479)	388,707
Total of funds	<u>1,487,659</u>	<u>1,286,532</u>	<u>(1,293,848)</u>	<u>1,480,343</u>

Statement of funds - prior year

	<i>Balance at 1 April 2021 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Balance at 31 March 2022 £</i>
Unrestricted funds					
General Funds	410,847	1,035,316	(771,982)	302,267	976,448
Restricted funds					
Zochonis Trust	90,000	-	-	(36,424)	53,576
Clore Duffield Foundation (Learning & Engagement)	10,000	6,000	-	-	16,000
Assheton Bennett	15,173	-	-	-	15,173
National Archives	14,263	-	-	(14,263)	-
Oglesby Charitable Trust	40,000	-	-	(40,000)	-
Paul Mellon - Speech Acts	3,377	-	(1,000)	-	2,377
Graysons Art Club	16,357	-	-	(16,357)	-
University of Manchester (Suzanne Lacy)	9,400	-	-	(9,400)	-
GMCA (AoR Project)	-	14,000	-	-	14,000
Heritage Lottery Funding - Collecting Cultures	(1,957)	-	-	2,027	70
Derek Jarman	57,250	10,000	(12,509)	-	54,741
Culture Recovery Fund	190,459	144,095	(83,170)	(171,350)	80,034
Headley Trust	-	20,000	-	-	20,000
Francis Winham (Making Conversations)	2,000	-	-	-	2,000
Paul Hamlyn Foundation	27,706	-	(22,615)	(5,036)	55

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Notes to the Financial Statements
For the Year Ended 31 March 2023

19. Statement of funds (continued)

Statement of funds - prior year (continued)

	<i>Balance at 1 April 2021</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Balance at 31 March 2022</i>
	£	£	£	£	£
National Heritage Fund (Trading Stations)	9,800	-	(9,232)	-	568
Sylvia Adams (Healthy Baby Stay & Play)	14,500	-	-	(14,500)	-
Platt Hall Project	(1,863)	36,437	(30,119)	5,036	9,491
Fashion Gallery	120,000	90,000	(16,735)	-	193,265
Other immaterial restricted project funds	23,501	39,145	(10,785)	(2,000)	49,861
	<u>639,966</u>	<u>359,677</u>	<u>(186,165)</u>	<u>(302,267)</u>	<u>511,211</u>
Total of funds	<u><u>1,050,813</u></u>	<u><u>1,394,993</u></u>	<u><u>(958,147)</u></u>	<u><u>-</u></u>	<u><u>1,487,659</u></u>

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Notes to the Financial Statements
For the Year Ended 31 March 2023

19. Statement of funds (continued)

Restricted funds are funds that have been provided in support of specific projects. The Trust holds sufficient resources to enable each fund to be applied in accordance with the restriction and can be itemised as follows:

Zochonis Trust: charitable donation specifically to support the gallery's Learning and Engagement Programme.

Clore Duffield Foundation: charitable donation specifically to support post-covid recovery work with the children and young people.

Ashetton Bennett: donation to support the further development of the gallery's silver collection.

Art Fund: donation towards acquisition of artwork by Deborah Roberts.

S McFayden: donation towards acquisition of artwork by Deborah Roberts.

V&A Purchase Fund: donation towards acquisition of artwork by Deborah Roberts.

Contemporary Art Society: donation towards acquisition of Jeremy Deller film.

The Bloxham Charitable Trust: charitable donation towards acquisition of Jeremy Deller film.

V&A Purchase Fund: donation towards acquisition of Jeremy Deller film.

Paul Mellon - Speech Acts: charitable donation to support of the Speech Acts Exhibition.

Manchester Contemporary Acquisition Fund: donation toward the acquisition of artwork for the Manchester Contemporary Collection.

University of Manchester: Payment of part of ACE grant to support partnership Suzanne Lacy exhibition.

The Art Fund: donation to support the Graysons Art Club exhibition.

Heritage Lottery Funding - Collecting Cultures: grant to develop costume collection.

The Ampersand Foundation: charitable donation to support the Derek Jarman: Protest! exhibitions

Culture Recovery Fund: DCMS grant to support the gallery through closure due to Covid-19 pandemic, including re-start costs and covering commercial losses.

Francis Winham (Making Conversations): grant to support transport and refreshment costs for participants in the Making Conversations engagement programme.

Paul Hamlyn Foundation: Explore and Test grant secured to undertake a learning and engagement project focused on Platt Hall, developing activities and models for the hall's re-imagining as a community museum.

National Heritage Fund (Trading Stations): specific donation for the Trading Stations "How Hot Drinks Shape Our Lives" - Engagement project.

Sylvia Adams (Healthy Baby Stay & Play): grant towards running the Healthy Child Drop-In and Baby Stay & Play events.

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Notes to the Financial Statements
For the Year Ended 31 March 2023

19. Statement of funds (continued)

20. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £
Tangible fixed assets	87,677	-	87,677
Current assets	1,561,714	388,707	1,950,421
Creditors due within one year	(557,755)	-	(557,755)
Total	<u>1,091,636</u>	<u>388,707</u>	<u>1,480,343</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Tangible fixed assets	122,233	-	122,233
Current assets	1,264,647	511,211	1,775,858
Creditors due within one year	(410,432)	-	(410,432)
Total	<u>976,448</u>	<u>511,211</u>	<u>1,487,659</u>

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Notes to the Financial Statements
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21. Reconciliation of net movement in funds to net cash flow from operating activities

	Group 2023 £	<i>Group 2022 £</i>
Net income/expenditure for the year (as per Statement of Financial Activities)	(7,316)	436,846
Adjustments for:		
Depreciation charges	38,607	38,531
Dividends, interests and rents from investments	(28,245)	(176)
Loss on the sale of fixed assets	13,328	-
Decrease/(increase) in stocks	(6,926)	-
Decrease/(increase) in debtors	86,101	(77,289)
Increase in creditors	186,933	245,193
Net cash provided by operating activities	282,482	<i>643,105</i>

22. Analysis of cash and cash equivalents

	Group 2023 £	<i>Group 2022 £</i>
Cash in hand	1,887,038	1,593,675
Overdraft facility repayable on demand	(16)	-
Total cash and cash equivalents	1,887,022	<i>1,593,675</i>

23. Analysis of changes in net debt

	At 1 April 2022 £	Cash flows £	At 31 March 2023 £
Cash at bank and in hand	1,593,675	293,363	1,887,038
Bank overdrafts repayable on demand	-	(16)	(16)
	1,593,675	293,347	1,887,022

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Notes to the Financial Statements
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24. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £7,561 (2022: £7,005). Contributions totalling £2,063 (2022: £1,577) were payable to the fund at the balance sheet date and are included in creditors.

25. Operating lease commitments

At 31 March 2023 the Group and the Charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2023 £	<i>Group 2022 £</i>
Not later than 1 year	<u>-</u>	<u>525</u>

The Group had no commitments under non-cancellable operating leases at 31 March 2023.

26. Related party transactions

Key management personnel are considered to be the Trustees of the Manchester City Galleries Trust, the senior management team of Manchester Art Gallery Trading Company Limited and the directors of Manchester Art Gallery Trading Company Limited. None of the directors of Manchester Art Gallery Trading Company Limited received any remuneration from the Company. None of the Trustees received any remuneration. The senior management team of Manchester Art Gallery Trading Company (who are not directors of the Company) received remuneration of £81,986 (2022: £106,848).

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Notes to the Financial Statements
For the Year Ended 31 March 2023

27. Principal subsidiaries

The following was a subsidiary undertaking of the Charity:

Name	Company number	Registered office	Principal activity	Class of shares	Holding	Included in consolidation
Manchester Art Gallery Trading Company Limited	04465391	Manchester Art Gallery, Mosley Street, Manchester M2 3JL	Catering and events	Ordinary	100%	Yes

The financial results of the subsidiary for the year were:

Name	Income £	Expenditure £	Profit/(Loss)/ Surplus/ (Deficit) for the year £	Net assets £
Manchester Art Gallery Trading Company Limited	1,063,785	(1,032,168)	31,617	141,187

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