

MK GALLERY

England & Wales · Charity number 1059678

Details

Other names	M K GALLERY, MILTON KEYNES THEATRE AND GALLERY COMPANY
Status	Registered
Legal form	Charitable company
Company number	02422890
Registered	1996-12-10
Register	View on the Charity Commission register

Contact

Address	MK Gallery 3 Theatre Walk Milton Keynes MK9 3PX
Phone	01908558314
Email	info@mkgallery.org
Website	www.mkgallery.org

Activities

Objects: TO PROMOTE, MAINTAIN, IMPROVE AND ADVANCE THE EDUCATION AND UNDERSTANDING OF THE PUBLIC, PARTICULARLY THROUGH THE PRODUCTION AND PRESENTATION OF AND ENGAGEMENT WITH THE ARTS, VISUAL CULTURE AND RELATED AREAS OF CREATIVE PRACTICE, AND TO FORMULATE, PREPARE AND ESTABLISH PROJECTS AND SCHEMES THEREFORE PROVIDED THAT ALL OBJECTS OF THE COMPANY SHALL BE OF A CHARITABLE NATURE. TO PRESENT, PROMOTE, ORGANISE, PROVIDE, MANAGE AND PRODUCE A BALANCED PROGRAMME OF ARTISTIC ACTIVITY AND ENDEAVOUR, WHETHER ON ANY PREMISES OF THE COMPANY OR ELSEWHERE, AS ARE CONDUCIVE TO THE PROMOTION, MAINTENANCE, IMPROVEMENT AND ADVANCEMENT OF EDUCATION AND UNDERSTANDING OF THE PUBLIC, AND ENCOURAGEMENT OF THE ARTS, VISUAL CULTURE AND RELATED AREAS OF CREATIVE PRACTICE.

Activities: To promote, maintain, improve and advance the education and understanding of the public, particularly through the production and presentation of and engagement with the arts, visual culture and related areas of creative practice, and to formulate, prepare and establish projects and schemes therefore provided that all objects of the Gallery shall be of a charitable nature.

Classification

- **How:** Provides Services, Other Charitable Activities
- **What:** Education/training, Arts/culture/heritage/science
- **Who:** The General Public/mankind

Geography

- **Area of benefit:** NOT DEFINED IN PRACTICE MILTON KEYNES AND REGION
- Buckinghamshire
- Milton Keynes

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£1,791,744	£1,773,110	£11,797,605	34
2024-03-31	£1,772,724	£2,109,740	£11,737,073	34
2023-03-31	£1,569,371	£2,216,574	£12,270,380	41
2022-03-31	£2,118,724	£2,393,019	£12,816,268	42
2021-03-31	£1,667,697	£1,602,675	£12,980,427	41

Trustees

Name	Role	Appointed
Elizabeth Patricia Gifford	Chair	2015-06-15
Anthony John Peter Spira		2023-01-01
Asase Chike Tanoh Amoah		2020-12-15
David Hopkins		2015-09-14
David King		2017-09-26
Graham Philip Webster		2025-10-09
Jane Hope Bonsor		2025-12-09
Jenni Ferrans Cllr		2024-12-09
Mary Frances Miller		2025-12-09
Natalie Ellen Drought		2024-01-31
Precious Zumbika - Lwanga		2025-12-09
Roselyn Mascarenhas		2020-12-15
Sarah Westacott		2022-03-15
Shanika Caitlin Mahendran Cllr		2022-09-20
Sunita Yeomans		2017-09-26
Susan Margaret Carbert		2022-06-07

MK GALLERY

England & Wales - Charity number 1059678

Accounts

COMPANY REGISTRATION NO: 02422890
REGISTERED CHARITY NO: 1059678

REPORT & CONSOLIDATED FINANCIAL STATEMENTS

MK GALLERY

(A COMPANY LIMITED BY GUARANTEE)

FOR THE YEAR ENDED 31 MARCH 2025



MK GALLERY

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TRUSTEES' REPORT

The Trustees, who are also Directors of the charity for the purposes of the Companies Act 2006, are pleased to present their annual report and the audited consolidated financial statements of the charity for the year ending 31 March 2025 which are prepared to meet the requirements for a Directors' report and accounts for Companies Act purposes and to comply with the requirements of the Charity Commission.

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

Objects of the charity and public benefit

In consideration of strategies and policies of the charity, the Trustees have due regard for the public benefit in accordance with the Charities Act 2011.

The Charity's objects as set out in its Articles of Association are:

1. 'to promote, maintain, improve and advance the education and understanding of the public, particularly through the production and presentation of and engagement with the arts, visual culture and related areas of creative practice, and to formulate, prepare and establish projects and schemes therefore provided that all objects of the Company shall be of a charitable nature'

and

2. 'to present, promote, organise, provide, manage, and produce a balanced programme of artistic activity and endeavour, whether on any premises of the Company or elsewhere, as are conducive to the promotion, maintenance, improvement, and advancement of education and understanding of the public, and encouragement of the arts, visual culture, and related areas of creative practice.'

Charitable Purpose

MK Gallery's principal charitable purpose is to promote, maintain, improve, and advance the education and understanding of the public, particularly by the production and presentation of and engagement with the arts, visual culture, and related areas of creative practice.

Its vision is to be one of the UK's leading centres for the arts with a national and international reputation for artistic excellence and innovation and to be a cultural beacon for the city.

Mission

The Gallery's mission is:

To provide access to high quality, innovative and thought-provoking art from around the world and through its programme, stimulate participation and debate, and build relationships between artists and audiences.

MK Gallery has three core values that support its vision and mission:

- Quality – By championing excellence the charity seeks to raise ambition and build confidence;
- Diversity – The charity welcomes and actively supports inclusivity;
- Opportunity – The charity is a platform for the development and exchange of art and ideas.

Objectives

In order to achieve the principal charitable purpose, in line with the vision and mission, the Trustees set out a set of objectives:

1. Build, diversify and increase visitors to the building and create opportunities for artistic/cultural engagement for everyone in the community
 - a. Deliver a broad range of onsite and digital programmes that enable everyone to enjoy, and take part in cultural activity
 - b. Develop an audience strategy that achieves 50,000+ footfall across all programmes from a range of visitors that reflects the demographic of the catchment area
 - c. Develop new programmes and activities for children and young people that build confidence and encourage creativity and critical thinking
 - d. Create opportunities for artists and creatives to develop and share their work and reignite their careers post-Covid
2. Be ambitious and seek partnerships to deliver quality programmes and activities that change lives.
 - a. Work in partnership to develop and strengthen cultural opportunities in Milton Keynes and the South East
 - b. Create opportunities for diverse local communities to develop a sense of ownership and connection with the Gallery and to animate spaces and exchanges with their creative voices, vision, imagination, and curiosity
 - c. Pursue programmes that deliver against the health and wellbeing agenda and impact positively on people's lives
3. Be flexible, dynamic, and creative in the approach to improving financial sustainability and diversity among our workers.
 - a. Build a strong sustainable financial base to enable innovation and risk-taking in the longer term
 - b. Support apprenticeships and paid/unpaid work experience opportunities to incubate and grow the creative talent pool
 - c. Maximise onsite and digital commercial opportunities that appeal to a diverse audience
4. Consider the Gallery's commitment to environmental responsibility and how to embed this in the organisation.
 - a. Understand MK Gallery's environmental impact and develop a strategy to mitigate that impact
 - b. Consider how MK Gallery's programmes can contribute and influence current debate at a local and regional level

The charity's objectives are in the process of being reviewed and updated in line with the newly refreshed Business Plan (2025-2028).

Public Benefit

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

Through the delivery of world class exhibitions, engaging public programmes, and inclusive volunteering activity, the Charity has promoted, maintained, improved, and advanced the education and understanding of the public, connecting audiences and participants to current and relevant local and global social concerns including race, gender, Britishness, and immigration.

The Charity's priorities are aligned with its major public funders, Milton Keynes City Council and Arts Council England.

Activities and achievements during the year

Exhibitions:

MK Gallery attracted 80,744 visitors to the gallery in 2024/25, which is down on the previous year (90,741). This is due in part to a national picture of resistance to taking risks on leisure costs. Visitors came from across the country, with a small number of visitors attending from overseas.

The 2024/25 exhibitions programme included the end of: 'Saul Leiter: an Unfinished World'; 'MK Calling 2024'; 'Vanessa Bell: A World of Form and Colour' and the start of 'Andy Warhol: Portrait of America'. The year presented a broad range of projects ranging from the international to the national to the local, across most artforms, including photography, painting, applied arts and sculpture. The Saul Leiter and Vanessa Bell exhibitions attracted very widespread acclaim and substantial international media coverage, with five-star reviews and high-profile radio programmes, while our regular open call exhibition, MK Calling, provided an unprecedented collaboration with five local communities, including visually impaired, neurodivergent and Middle Eastern groups. The Warhol exhibition, with thanks to the Artist Room team, Tate and Scottish National Galleries, engaged younger and higher proportion of local visitors.

Public programmes:

The Public Programming team and Exhibitions team worked with five communities as part of a co-curating process for the open, MK Calling 2024. The five groups included MK SNAP, a group of visually impaired adults, a group of young adult creatives, the Middle Eastern Cultural Group, and Q:Alliance.

The family programme included exhibition themed art trails; weekly afterschool artist-led workshops for children aged 5-11. Adult creative workshops continued in association with the exhibitions programme and delivered a series of MK Lates, offering informal learning and social engagement opportunities for adults; Drawing club continued to offer life drawing sessions on a monthly basis: as part of the Vanessa Bell programme the Gallery offered a series of applied art themed workshops that have provided data to be able to grow the Adult Creative Workshops regular programme including print making, ceramics and wreath making. A new partnership with Sip and Paint franchise has been extremely popular.

TRUSTEES' REPORT (CONTINUED)

Activities and achievements during the year (continued)

Public programmes (continued):

Despite the loss of the public programming team, the Gallery was still able to participate in ARTiculation in partnership with the National Gallery; and 30 different schools and colleges visited the Gallery (down by 2 schools). The Vanessa Bell exhibition was particularly popular with schools in Milton Keynes.

The Inclusive Practice in the Arts (IPA) programme at MK Gallery continued to deliver a rich and accessible arts programme for children, young people, and adults with additional and complex support needs, offering bespoke 1-2-1 workshops, family sessions, sensory tours, and a supported studio for youth. Partnerships with organizations like MK SNAP, St Paul's Catholic School VI Department, and The Pace Centre enabled collaborative sensory tours and artist-led workshops. The IPA Team also co-curated the MK Calling 2024 exhibition with MK SNAP learners and the local VI community, allowing participants to theme gallery spaces and select artworks. A major highlight was the Explore, Create, Play: IPA Autumn Symposium, which brought together 50 professionals from national cultural institutions, coinciding with the IPA Family Celebration Day marking six years of impactful inclusive arts work. The programme was funded by Milton Keynes Community Foundation, Paul Hamlyn Foundation, Art Fund, and Artist Rooms.

The Vanessa Bell conference was sold out in the Sky Room and attracted another 130 attendees online; 10 different speakers presented a wide variety of angles on Bell's work, including new research and scholarship.

As part of the access programme the Gallery delivered; 4 BSL tours; 3 audio described tours; 4 sensory tours and 2 relaxed tours.

Public programme activities were delivered this year with support from Paul Hamlyn Foundation, the Paul Mellon Centre, Milton Keynes Community Foundation, Children in Need, the Austin and Hope Pilkington, Garfield Weston Foundation, and the Paul Mellon Foundation.

Volunteering:

The Gallery recorded 235 volunteers with 195 volunteers giving 7,491 hours of their time to support the charity's activities in 2024/25. This is down by 500 hours due to the decrease in opportunities available through schools and family programming. On average 80-90 volunteers gave time each month carrying out such activities as invigilating exhibitions, supporting family and adult creative workshops, cinema usher, outreach activity.

Activities and achievements during the year (continued)

Trading:

MK Gallery's sustainable finance strategy includes the success of the trading subsidiary, MK Gallery Enterprises Ltd. The subsidiary runs the Sky Room Cinema, the Café, the Shop and Private Hires. In addition, the Gallery charges admission for all exhibitions and non-educational events.

MK Gallery Enterprises Ltd made a profit of £26,931, the first since its opening in 2019. The success was mainly due to tight spending controls and continuous development of our offer in each area.

Cinema exceeded expectation, delivering popular shows in partnership with NT Live and the Royal Opera House.

The Café continued to offer locally sourced produce and has established a partnership with a local brewer, Milk and Beans, which goes from strength to strength. In line with current catering trends the offer caters predominately to vegetarian and vegan dietary requirements with a seasonal menu change.

The shop generated a larger revenue than in previous years and proved that exhibition related merchandise is a key strategy to raising income. This worked particularly with Vanessa Bell as the secondary spend was high with the audience demographic (older, middle class, day trippers).

Private and event hire underperformed as a result of resourcing issues whereby either the Head of Events and Catering or the Events Co-Ordinator role was vacant.

Future Developments

The Gallery exceeded expectations in 2024/25, ending the year in a profitable position for the first time since 2019. This success was driven by the strong, in-depth relationships we have built with our partners and stakeholders. Our programme proved highly popular, attracting visitors from across the UK, who also engaged significantly with our café and retail offer.

Looking ahead to 2025/26, the Gallery will focus on building the capacity needed to grow beyond our previous restructures. We will strengthen our capacities in fundraising, learning, and engagement. This will expand our ability to develop meaningful relationships with both the corporate and leisure sectors to grow our enterprising activities.

A newly refreshed Business Plan (2025–2028) sets out clear objectives to deliver world-class programming across exhibitions, public programmes, and cinema. These initiatives will align with the Milton Keynes' tourism strategy, aiming to attract visitors from at least a one-hour drive of Milton Keynes, while continuing to deeply engage our local community.

The Business Plan also outlines significant growth in our entrepreneurial activities. We will broaden our partnerships with the corporate sector to develop a compelling offer for event hire and corporate hospitality. This will open new avenues for corporate investment in our creative programming.

The Gallery also aims to further extend its reach through a strengthened digital presence. Developing our social media strategy will give us a direct voice to global audiences—raising awareness of a programme rooted in deep global discourse that is also locally relevant.

Finance Review

The financial performance for 2024/25 and the financial position on the balance sheet are set out in this report. In particular the Statement of Financial Activity (SOFA), which includes both unrestricted and restricted funds, shows the performance of the group during 2024/25.

The principal Charity income for the year is made up of unrestricted annual subsidies from Milton Keynes City Council totalling £317,227 (2024: £304,675), and unrestricted funding from Arts Council England of £390,360 (2024: £390,360).

Further funds were raised through income generation from exhibition admissions; exhibition hire fees; sales of limited-edition artworks; and exhibition catalogues.

Total expenditure for the group was £1,773,110 (2024: £2,109,740) of which £1,616,727 (2024: £1,972,688) was spent on the charitable activities i.e. operation of the art gallery. This included £784,578 (2024: £841,165) of staff costs; £296,052 (2024: £437,047) of exhibition and public programming costs; £262,506 (2024: £277,820) of premises costs; and £161,799 of depreciation (2024: £278,699).

MK GALLERY

TRUSTEES' REPORT (CONTINUED)

Finance Review (continued)

The cost of governance activities was £19,027 (2024: £19,046). Direct governance costs have been included in accordance with the SORP 2019 and include audit fees, legal fees, and Trustee expenses.

MK Gallery Enterprises Limited, reported a profit of £26,931 (2024: loss of £8,088) which is better than the budget forecast. MK Gallery Enterprises Limited operates all commercial trading operations carried out on the Gallery premises. The budget had been set with ambitious targets and there were high expectations for visitor footfall (down by 9,997 visitors when compared to 2023/24). Further plans to increase the footfall to the Gallery will increase the potential for revenue opportunities.

The Trustees are fully aware of the need to protect the Charity's funds beyond the period of committed support from Milton Keynes City Council whilst ensuring that the charity can fulfil the key charitable objectives in the short and medium term.

The Charity's financial forecasts and strategies were examined while preparing the Forward Plan 2025 - 2028; those continue to be monitored and tested through its financial controls and reporting systems.

Financial Summary

The year-end financial position for the charitable group (to the nearest thousand) was as follows:

	£
Unrestricted funds carried forward	
General surplus	311,000
Capital fund	10,613,000
Designated funds carried forward	
Capital construction fund	(3,000)
Capital renewal fund	600,000
Restricted funds	277,000
Net assets	£11,798,000

Going concern

The financial statements have been prepared on a going concern basis. Trustees consider that there is reasonable expectation that the charitable company and group have sufficient resources to continue in operational existence for the foreseeable future and for this reason they have adopted the going concern basis in preparing the financial statements.

Reserves policy

The trustees have considered the level of reserves required to maintain sufficient working capital to operate the Gallery in the most efficient manner and to meet unforeseen liabilities that may arise. The Trustees have therefore established a reserves policy that aims to protect the charity's activities from risk of disruption at short notice due to lack of funds.

They take the view that the nature of MK Gallery's consolidated cash flows is such that they have set as a medium-term objective to maintain an unrestricted reserve, at a level of 3 months operation or £350,000.

At 31 March 2025, restricted funds in the company stand at £277,093, and unrestricted funds as £401,443 and designated funds at £597,255. Free reserves of the group as of 31 March 2025 were £311,006.

At 31 March 2025 the building contract retention has been resolved with a reserve of £25,000 to resolve fire curtain failures.

To regain the level of reserves necessary the Gallery will undergo a review of income, expenditure, and investment in 2025/2026.

In the view of the Trustees the free reserves are sufficient at the current time as the decision can be taken to reverse any designations in the event the funds are needed for general purposes (see note 1).

Investment Policy

Trustees have the power to invest funds not immediately required from operational purposes such as securities or properties as they see fit. The underlying investment policy is to accept only a low-level risk, therefore available funds are invested through a charitable investment portfolio with Ruffer LLP.

MK Gallery operates a policy of investing a minimum sum of £1,000,000 (plus accumulated value) relating to the current Development Fund long-term with an investment manager.

MK Gallery assets are invested in line with its aims, in such a way that enables the trust to achieve its goals in both the short and long term. The Trustees do not wish to adopt an exclusionary policy, but individual investments may be excluded if perceived to conflict with the Trust's purpose. Such instructions may be issued to the Investment Manager on behalf of the Trust by the Finance and Operations Committee.

Investment in 2025 represented profit of £41,898. The Board made the decision to release £85,000 of funds during the year to invest in high interest accounts to ensure a level of interest in the short term and to support cashflow. The team continue to research the best investment approach.

MK GALLERY

TRUSTEES' REPORT (CONTINUED)

Assets

In the opinion of the Trustees, the charitable company's assets are sufficient to fulfil the obligations of the Charity.

Trustee Liability Insurance

Liability Insurance exists for the benefit of all Trustee Directors.

Legal and Administrative Details

The Charity is MK Gallery (registered number 1059678) and is constituted as a private company limited by guarantee (registered number 02422890) incorporated in the UK on 14th September 1989 and is governed by its Memorandum and Articles of Associations. The principal and registered address is MK Gallery, 3 Theatre Walk, Central Milton Keynes, MK9 3PX. All current Trustees stand as guarantors to the company in the sum of £1 each.

Trustees

The directors of the company are its Trustees for the purposes of charity law. The Trustees and Officers serving during the year were as follows:

Chair	Elizabeth Gifford Asase Amoah Cllr Robin Bradburn (passed away 14 September 2024) Susan Carbert Natalie Drought Cllr Jenni Ferrans (appointed 9 December 2024) Cllr David Hopkins David King Cllr Shanika Mahendran Roselyn Mascarenhas Fidele Mutwarasibo (resigned 19 December 2024) Ranjit Singh (appointed 11 June 2024, passed away 26 May 2025) Neil Smith Anthony Spira Sarah Westacott Sunita Yeomans
Company Secretary	Natalie Drought (appointed 17 December 2024)
Gallery Director	Anthony Spira
Deputy Director	Francis Ranford

MK GALLERY

TRUSTEES' REPORT (CONTINUED)

The trading subsidiary of MK Gallery is MK Gallery Enterprises Ltd. The Directors of the subsidiary company (who are also Trustees of MK Gallery) who served during this year and up to the date of this report were:

Chair	David King Susan Carbert Anthony Spira
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Advisers

The following acted as advisers to the charity during the year:

Bankers METRO Bank One Southampton Row London WC1B 5HA	Auditors HW Bedford Ltd Woburn Court 2 Railton Road Kempston Bedford MK42 7PN
Solicitors HCR Law 50-60 Station Road Cambridge CB1 2JH	Accountants Monico Tunley Ltd 19 Goldington Road Bedford MK40 3JY

Structure, Governance and Management

The Board of Trustees has responsibility for the ongoing strategic direction of MK Gallery and its subsidiary MK Gallery Enterprises Ltd, overseeing finances and approving the budget, working with the Gallery Director and Deputy Director in the development and implementation of policy to meet the Gallery's objects and to ensure it meets its statutory duties. The Board meet at least four times a year and a Finance and Operations Committee meets on a quarterly basis.

Day to day management is delegated to the Gallery Director, the Deputy Director, and the Senior Leadership Team: Head of Exhibitions, Head of Marketing and Audience Development and Head of Catering and Events.

TRUSTEES' REPORT (CONTINUED)

Trustee (Director) recruitment

The Articles provide that two directors may be appointed by Milton Keynes City Council. Other directors may be appointed after recommendation of the Directors after they have considered:

- Making such a recommendation after the advertisement of the vacancy and the response to an advertisement.
- Aiming for a board of Directors with a range of skills, experience, and abilities relevant to the objectives and activities; and
- Aiming for a board of Directors that is representative of Milton Keynes.

Each Director serves for a three-year term from the date of their appointment. The Directors may resolve to re-appoint a Director for a further term. The exceptions to this rule are Directors nominated by Milton Keynes City Council, who are appointed on an annual basis and the Gallery Director, who has been appointed as company Director following the amendments to the Articles in 2022.

New Trustees receive induction and training through meetings with the Chair, Director, and staff of the Charity and through receipt of the Charity Commission's The Essential Trustee, a copy of the charity's Articles of Association and other key internal documents including the most recent Business Plan and Board papers.

As the company is limited by guarantee, not having any share capital, none of the Trustees hold any interest in the company or hold any right to subscribe to shares.

Remuneration of Key Management Personnel

Remuneration of management personnel is set by comparison internally with similar posts and, when possible, benchmarking with similar organisations through peer networks such as Plus Tate.

Inclusive employer

MK Gallery is committed to being an inclusive employer, ensuring barriers to employment are removed and that the working environment is an open, safe place to work. The Gallery achieved Disability Confident Employer status in 2023.

Related parties

Save for the Executive Director, none of the Trustees receive remuneration or other benefit from their work with the charity. Any connection between a Trustee or senior manager of the charity with an artist, contractor, performer or other supplier must be disclosed to the full Board in the same way as any other contractual relationship with a related party.

The charity's wholly owned subsidiary, MK Gallery Enterprises Limited, was established in 2018 to undertake the Gallery's trading activities.

Risk Management

The Trustees actively and regularly review the major risks to which MK Gallery is exposed and have implemented procedures to manage and minimise any impact should any of the identified risks materialise. A Risk Management policy, supported by an organisational risk register, is maintained setting out an assessment of the likelihood and impact of risk with required actions identified to manage risk, which is monitored no less than quarterly.

The Trustees are satisfied that there are clear lines of delegation and authority to teams regarding risk management and that the team are aware of the need to address risk in their area.

Key risks:

- Threat to financial stability with stand still core funding, a more competitive fundraising landscape, an unstable financial market, rising costs of goods and services and the impact to cost of living on our customers and teams.
- A reduced capacity team leading to more mental health risks as individuals take on more work to maintain a quality cultural service.
- A need to refurbish and refresh IT services, and integral capital items such as Air Handling Units, boilers, etc.
- The level of restricted funds liability in the accounts, dating back to 2019.

Fundraising activities

MK Gallery actively pursues funding from grant makers (trusts, foundations, and public funders), corporate sponsorships and individuals to fund charitable activities. MK Gallery works with others to increase the fundraising opportunities including academic partners, specialist sector organisations, charities that align with the purpose and community partners.

The Gallery offers the option to gift aid admission charges, and to make donations online or onsite at one of the donation stations.

MK Gallery does not employ the services of professional or commercial fundraisers. MK Gallery does not take street collections or telephone campaigns. Where MK Gallery collects personal information, this is managed in line with current legislation.

TRUSTEES' REPORT (CONTINUED)

Statement of Trustees' Responsibilities

The Trustees (who are also the directors of MK Gallery 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, which give a true and fair view of the state of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and the group 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 in the Charities SORP 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of Disclosure of Information to Auditor

In so far as the Trustees are aware:

- (a) there is no relevant information of which the group's auditor is unaware, and
- (b) the Trustees have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

A resolution to reappoint HW Bedford Ltd as auditor to the Charity and to authorise the Trustees to fix their remuneration will be proposed at the next General Meeting.

This report has been prepared under the special provisions of Part 15 of the Companies Act 2006 relating to small entities.

Approved by the Board and signed on its behalf by



**E Gifford
Chairman**

Date: 9 December 2025

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MK GALLERY

Opinion

We have audited the financial statements of MK Gallery (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2025 which comprise of the Consolidated Statement of Financial Activities, the Consolidated and Charitable Company Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, 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 2025 and of the group's 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the Trustees Report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MK GALLERY

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Trustees' Report.

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

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charity financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specific by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 13, the Trustees (who are also the directors of the parent charity 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and report in accordance with this Act.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MK GALLERY

Auditor responsibilities for the audit of the financial statements (continued)

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

- We obtained an understanding of the nature of the sector in which the charitable company group operates, including the legal and regulatory framework applicable to the charitable company group. We consider that the most significant are the Charities Statement of Recommended Practice, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and the parent charitable company's Memorandum and Articles of Association.
- We obtained an understanding of how the charitable company group complies with these requirements by discussions with those charged with governance and reviewing the minutes of Trustee meetings.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with those charged with governance.
- We inquired of those charged with governance about their own identification and assessment of the risk of irregularities, including any known actual, suspected or alleged instances of fraud.
- We discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to irregularities or fraud.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

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

A further description of our responsibilities is available on the FRC's website at:

<https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>. This description forms part of our auditor's report.

MK GALLERY

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MK GALLERY

Use of the audit 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 company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the group and the group's members as a body for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'HW Bedford', is positioned above the printed name of the auditor.

Alberto Di Lorenzo (Senior Statutory Auditor)

for and on behalf of HW Bedford Ltd

Accountants and Statutory Auditor
Woburn Court
2 Railton Court
Kempston
Bedford
MK42 7PN

Date: 9 December 2025

HW Bedford Ltd is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

MK GALLERY

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2025

		Unrestricted funds £	Restricted funds £	Total 2025 £	As restated Total 2024 £
	Notes				
Income:					
<i>Income from charitable activities:</i>					
Grants and donations	5	975,193	264,225	1,239,418	1,219,899
Other income		184,049	-	184,049	210,089
<i>Income from other trading activities:</i>					
Commercial trading operations		364,722	-	364,722	342,069
Investment income	6	3,555	-	3,555	667
Total income		1,527,519	264,225	1,791,744	1,772,724
Expenditure:					
Raising funds	7	156,383	-	156,383	137,052
<i>Expenditure on charitable activities:</i>					
Operation of art gallery	8	1,363,610	253,117	1,616,727	1,972,688
Total expenditure		1,519,993	253,117	1,773,110	2,109,740
Unrealised gain/(loss) on investments	6	41,898	-	41,898	(95,255)
Net income/(expenditure)		49,424	11,108	60,532	(432,271)
Transfers between funds		21,702	(21,702)	-	-
Net movement in funds for the year		71,126	(10,594)	60,532	(432,271)
Reconciliation of funds:					
Total funds brought forward		11,449,386	287,687	11,737,073	12,169,344
Total funds carried forward	21, 22	11,520,512	277,093	11,797,605	11,737,073

The notes on pages 22 to 44 also form part of these financial statements.

MK GALLERY

CONSOLIDATED AND CHARITABLE COMPANY BALANCE SHEETS (COMPANY NUMBER 02422890) AS AT 31 MARCH 2025

		Group		Charitable company	
	Notes	2025	As restated 2024	2025	As restated 2024
		£	£	£	£
Fixed assets:					
Tangible assets	16	10,305,753	10,456,416	10,305,753	10,456,416
Investments	17	1,032,727	1,075,829	1,032,827	1,076,029
Total fixed assets		11,338,480	11,532,245	11,338,580	11,532,445
Current assets:					
Stock		33,340	25,884	23,306	13,358
Debtors	18	304,806	268,517	415,336	385,493
Cash at bank and in hand		365,310	136,081	341,001	128,426
Total current assets		703,456	430,482	779,643	527,277
Liabilities:					
Creditors falling due within one year	19	(244,331)	(225,654)	(230,181)	(205,281)
Net current assets / (liabilities)		459,125	204,828	549,462	321,996
Total assets less current liabilities		11,797,605	11,737,073	11,888,042	11,854,441
Net assets		11,797,605	11,737,073	11,888,042	11,854,441
The funds of the charity:					
Unrestricted funds					
General income fund	21	311,006	100,145	401,443	217,513
General capital fund	21	10,612,251	10,751,986	10,612,251	10,751,986
Designated funds	21	597,255	597,255	597,255	597,255
Total unrestricted funds		11,520,512	11,449,386	11,610,949	11,566,754
Restricted funds					
Restricted income funds	21	277,093	287,687	277,093	287,687
Total restricted funds		277,093	287,687	277,093	287,687
Total charity funds	22	11,797,605	11,737,073	11,888,042	11,854,441

The notes on pages 22 to 44 also form part of these financial statements.

MK GALLERY

**CONSOLIDATED AND CHARITABLE COMPANY BALANCE SHEETS
(COMPANY NUMBER 02422890)
AS AT 31 MARCH 2025 (CONTINUED)**

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by the board, authorised for issue and signed on its behalf by

A handwritten signature in black ink, appearing to read 'E Gifford', is written over a faint, light blue circular stamp.

**E Gifford
Chairman**

Date: 9 December 2025

MK GALLERY

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2025

	Group		Charitable company	
	2025	As restated 2024	2025	As restated 2024
	£	£	£	£
Cash flows from operating activities:				
Net movement in funds	60,532	(432,271)	33,601	(415,939)
Less interest income shown in investing activities	(3,555)	(667)	(3,555)	(667)
Add depreciation	161,799	278,699	161,799	278,699
Less unrealised gain/add unrealised loss	(41,898)	95,255	(41,898)	95,255
(Increase)/Decrease in stock	(7,456)	2,032	(9,948)	(2,830)
Decrease in debtors	(36,289)	(55,966)	(29,843)	(52,238)
Increase/(Decrease) in creditors	18,677	(98,965)	24,900	(109,345)
Add investment management fees paid from fixed asset portfolio	-	3,841	-	3,841
Net cash used in operating activities	151,810	(208,042)	135,056	(203,224)
Cash flows from investing activities:				
Interest received	3,555	667	3,555	667
Net disposals of listed investments	85,000	270,000	85,000	270,000
Adjustment to previous fixed asset additions	-	12,891	-	12,891
Add loss on disposal of investments	-	-	100	-
Purchase of tangible fixed assets	(11,136)	(806)	(11,136)	(806)
Net cash provided by/(used in) investing activities:	77,419	282,752	77,519	282,752
Change in cash and cash equivalents in the year	229,229	74,710	212,575	79,528
Cash and cash equivalents at the beginning of the year	136,081	61,371	128,426	48,898
Total cash and cash equivalents at the end of the year	365,310	136,081	341,001	128,426

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

1 Accounting policies

a) Basis of preparation

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

MK Gallery constitutes a public benefit entity as defined by FRS 102.

Going concern

The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

The Trustees consider the going concern basis to be appropriate due to the current level of reserves.

b) Group financial statements and basis of consolidation

These financial statements consolidate the results of the charity and its wholly owned subsidiary, MK Gallery Enterprises Limited, on a line-by-line basis. A separate statement of financial activities and income and expenditure account for the charity itself has not been presented itself because the charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

c) Volunteers and donated services and facilities

The value of services provided by volunteers is not incorporated into these financial statements. Further details of the contribution made by volunteers can be found in the Trustees' annual report.

d) Short term employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service. The charity operates a defined contribution pension scheme. Contributions payable to the charity's pension scheme are charged to the statement of financial activities in the period to which they relate.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

e) Income

Voluntary income including donations, gifts and legacies and grants that provide core funding or are of general nature are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Such income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the charity has unconditional entitlement.

Grants and donations for capital purposes are recognised on a receivable basis.

Income from commercial trading activities is recognised as earned as the related goods and services are provided.

Investment income is recognised on a receivable basis.

Income from charitable activities includes income received under contract or where entitlement to grant funding is subject to specific performance conditions and is recognised as earned as the related services are provided. Grant income included in this category provides funding to support performance activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Income is deferred when performance related grants are received in advance of the exhibitions or education programmes to which they relate.

f) Expenditure

Expenditure is recognised when a liability is incurred. Contractual arrangements and performance related grants are recognised as goods or services are supplied. Other grant payments are recognised when a constructive obligation arises that results in the payment being unavoidable.

Costs of generating funds are those costs incurred in attracting voluntary income and those incurred in trading activities that raise funds.

Expenditure on capital items is capitalised and included within fixed assets when it becomes payable.

Charitable activities include expenditure related to the overall administration and development of the art gallery complex in Milton Keynes. It includes both the direct costs and support costs relating to these activities.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

1 Accounting policies (continued)

f) Expenditure (continued)

Expenditure is classified under activity headings relating to the exhibition programme, the education programme and the events programme of the charity. Expenditure that is not directly attributable to each activity is apportioned between the activities of the charity according to criteria appropriate to the nature of the expenditure. Expenditure is allocated to support costs using the bases stated in note 9.

g) Irrecoverable VAT

All expenditure is classified under activity headings that aggregate all costs related to the category. Irrecoverable VAT on revenue expenditure is included within support costs and irrecoverable VAT on capital costs is capitalised as part of the cost of the fixed asset.

h) Fixed assets and depreciation

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write off the cost of tangible fixed assets over their estimated useful economic lives as follows:

Property Improvements under the course of construction	Not depreciated
Capital constructions	1.25% on cost per annum
Furniture, fittings and equipment	20% on cost per annum
Computer equipment	33% on cost per annum

i) Fixed asset investments

Investment income is accounted for when due.

Realised gains and losses are accounted for by reference to the sale proceeds and either the last balance sheet valuation, or the cost of the purchase if later. Unrealised gains and losses are calculated by comparing the previous balance sheet valuation, or cost of purchase if later, to the valuation at the year end.

j) Financial instruments

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of financial activities in support costs.

Cash at bank and in hand consists of cash and amounts held in bank accounts.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

1 Accounting policies (continued)

k) Funds

The company has the following funds:

Unrestricted funds: These represent funds which can be expended as the Trustees see fit, in accordance with the charitable objects of the company.

Designated funds: These are funds set aside by the Trustees out of unrestricted general funds for specific future purposes or projects.

Restricted income funds: These represent income received, which can only be expended for the purpose specified by the donor.

Unrestricted capital funds: The charity's restricted capital funds are those raised for the capital project. Annual depreciation is charged against the fund. The closing balance represents funds held in the restricted capital project fixed asset and equates to the net book value of the associated restricted fixed asset.

2 Key areas of judgement and estimate

In applying the accounting policies, the Trustees have made critical accounting judgments, estimates and assumptions. These estimates and assumptions are based on historical experience and are reviewed on a continual basis. Actual results may differ from the 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.

The total cost of the capital project has been broken down using component accounting to include the shorter life assets within the category of furniture, fittings and equipment rather than capital constructions. The assets have been categorised according to their useful lives which have been chosen to reflect the expected life of the asset and are then depreciated accordingly. There are no indications of impairment of the capital constructions.

3 Limited liability

The company is limited by guarantee and therefore has no share capital. The liability of the members is limited by guarantee to £1 each.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

4 Comparative Statement of Financial Activities

The Consolidated Statement of Financial Activities for the year ended 31 March 2024 is presented for illustrative purposes.

	Notes	Unrestricted funds £	Restricted funds £	As Restated Total £
Income:				
<i>Income from charitable activities:</i>				
Grants and donations		865,690	354,209	1,219,899
Other income		210,089	-	210,089
<i>Income from other trading activities:</i>				
Commercial trading operations		342,069	-	342,069
Investment income		667	-	667
Total income		1,418,515	354,209	1,772,724
Expenditure:				
Raising funds		137,052	-	137,052
<i>Expenditure on charitable activities:</i>				
Operation of art gallery		1,623,173	349,515	1,972,688
Total expenditure		1,760,225	349,515	2,109,740
Unrealised (loss)/gain on investments		(95,255)	-	(95,255)
Net income/(expenditure)		(436,965)	4,694	(432,271)
Transfers between funds		-	-	-
Net movement in funds for the year		(436,965)	4,694	(432,271)
Reconciliation of funds:				
Total funds brought forward		11,886,351	282,993	12,169,344
Total funds carried forward		11,449,386	287,687	11,737,073

The unrestricted funds balance of £11,449,386 is made up of £10,852,131 income and capital funds and £597,255 designated funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**
5 Voluntary income
2025 (Group)

	Unrestricted	Restricted	Restricted	
Grants receivable:	2025	2025	Capital	Total
	£	£	2025	2025
			£	£
Milton Keynes City Council:				
Deed of Variation	242,227	-	-	242,227
Gallery subsidy	75,000	-	-	75,000
Other grants	-	20,000	-	20,000
Trusts and foundations	-	181,074	-	181,074
Public grants	-	25,351	-	25,351
Arts Council England	390,360	-	-	390,360
Total grants receivable	707,587	226,425	-	934,012
Donations	267,606	37,800	-	305,406
	975,193	264,225	-	1,239,418

2024 (Group)

	Unrestricted	Restricted	Restricted	
Grants receivable:	2024	2024	Capital	Total
	£	£	2024	2024
			£	£
Milton Keynes City Council:				
Deed of Variation	229,675	-	-	229,675
Gallery subsidy	75,000	-	-	75,000
Other grants	-	-	-	-
Trusts and foundations	1,000	160,844	-	161,844
Public grants	-	56,293	-	56,293
Arts Council England	390,360	-	-	390,360
Total grants receivable	696,035	217,137	-	913,172
Donations	169,655	137,072	-	306,727
	865,690	354,209	-	1,219,899

Under a historic agreement with Milton Keynes City Council, the Council undertook to provide the company with an annual subsidy of £100,000 towards the gallery's operational costs. As at 31 March 2025, a total of £2,599,998 (2024: £2,524,998) has been received since 1998. Of this, £75,000 (2024: £75,000) is included in this year's financial statements which is lower than previous years due to a reduction in funding. A further agreement with Milton Keynes City Council commenced in November 2011 to provide an index-linked grant of £150,000 per annum under a Deed of Variation. £242,227 has been included as income in the year ended 31 March 2025 (2024: £229,675).

Under its NPO scheme Arts Council England ("ACE") provided the company with a grant of £390,360 towards gallery operational costs for the year ended 31 March 2025 (2024: £390,360). There were several public grants received during the year toward the costs of charitable activities.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

6 Investment income from current assets

	Group	
	2025	2024
	£	£
Bank interest receivable	3,555	667
	<u>3,555</u>	<u>667</u>

Investment income from fixed asset investments

	Group	
	2025	2024
	£	£
Unrealised gains/(losses) on listed investments portfolio	41,898	(95,255)
	<u>41,898</u>	<u>(95,255)</u>

7 Costs of generating funds

	Unrestricted	Restricted	Group	Group
	2025	2025	2025	2024
	£	£	£	£
Commercial trading operations	156,383	-	156,383	137,052
Total expenditure on costs of generating funds	<u>156,383</u>	<u>-</u>	<u>156,383</u>	<u>137,052</u>

All figures for 2024 relate to unrestricted funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**
8 Analysis of expenditure on charitable activities

2025	Exhibitions and running the Gallery £	Public programme £	Total 2025 £
Exhibition costs	192,086	-	192,086
Public programming costs	-	103,966	103,966
Premises costs	105,002	78,752	183,754
Marketing and development costs	42,611	31,958	74,569
Travel costs	660	495	1,155
Depreciation	80,899	64,720	145,619
Staff costs	354,097	88,088	442,185
Support costs (see note 9)	272,620	181,746	454,366
Governance costs (see note 9)	11,416	7,611	19,027
	<u>1,059,391</u>	<u>557,336</u>	<u>1,616,727</u>
Total expenditure on charitable activities			
	<u>1,059,391</u>	<u>557,336</u>	<u>1,616,727</u>
2024	Exhibitions and running the Gallery £	Public programme £	Total 2024 £
Exhibition costs	317,919	-	317,919
Public programming costs	-	119,128	119,128
Premises costs	111,128	83,346	194,474
Marketing and development costs	50,433	37,825	88,258
Travel costs	139	104	243
Depreciation	139,349	111,480	250,829
Staff costs	382,567	137,162	519,729
Support costs (see note 9)	277,837	185,225	463,062
Governance costs (see note 9)	11,428	7,618	19,046
	<u>1,290,800</u>	<u>681,888</u>	<u>1,972,688</u>
Total expenditure on charitable activities			
	<u>1,290,800</u>	<u>681,888</u>	<u>1,972,688</u>

Expenditure on charitable activities was £1,616,727 (2024: £1,972,688) of which £57,878 (2024: £173,843) was restricted in respect of exhibition costs, £178,116 was restricted in respect of public programming costs (2024: £165,824), £10,627 was restricted in respect of development costs (2024: £9,065), and £6,496 was restricted in respect of support costs (2024: £783). The remaining amount of £1,363,610 (2024: £1,623,173) was unrestricted. 100% of support costs are allocated to expenditure on charitable activities.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

9 Analysis of support and governance costs

2025	Support costs £	Governance costs £	Total 2025 £	Basis of apportionment
Salary costs	204,833	5,000	209,833	Time spent
Other staff costs	3,206	-	3,206	Invoiced cost
Travel costs	496	-	496	Invoiced cost
Marketing and development costs	31,959	-	31,959	Invoiced cost
Premises costs	78,752	-	78,752	Office space
Accountancy – accounts preparation services	-	3,500	3,500	Governance
Accountancy – general support services	3,271	-	3,271	Invoiced cost
Audit fees	-	9,750	9,750	Governance
Professional fees	7,990	-	7,990	Invoiced cost
Memberships/subscriptions	2,525	-	2,525	Invoiced cost
Trustee insurance	-	777	777	Governance
Bank charges	12,864	-	12,864	Total cost
Depreciation	16,180	-	16,180	Office space
Irrecoverable VAT	2,483	-	2,483	Total cost
Sundry costs	7,234	-	7,234	Invoiced cost
IT and telephone costs	80,005	-	80,005	Invoiced cost
Printing and postage costs	2,568	-	2,568	Invoiced cost
Total	454,366	19,027	473,393	

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**
9 Analysis of support and governance costs (continued)

2024	Support costs £	Governance costs £	Total 2024 £	Basis of apportionment
Salary costs	204,531	5,000	209,531	Time spent
Other staff costs	2,402	-	2,402	Invoiced cost
Travel costs	104	-	104	Invoiced cost
Marketing and development costs	37,824	-	37,824	Invoiced cost
Premises costs	83,346	-	83,346	Office space
Accountancy – accounts preparation services	-	3,500	3,500	Governance
Accountancy – general support services	4,773	-	4,773	Invoiced cost
Audit fees	-	9,500	9,500	Governance
Professional fees	12,551	-	12,551	Invoiced cost
Memberships/subscriptions	1,860	-	1,860	Invoiced cost
Trustee insurance	-	1,046	1,046	Governance
Bank charges	9,585	-	9,585	Total cost
Depreciation	27,870	-	27,870	Office space
Irrecoverable VAT	6,938	-	6,938	Total cost
Sundry costs	(16,549)	-	(16,549)	Invoiced cost
IT and telephone costs	84,882	-	84,882	Invoiced cost
Printing and postage costs	2,945	-	2,945	Invoiced cost
Total	463,062	19,046	482,108	

10 Net income/(expenditure) for the year

This is stated after charging:

	Group	
	2025 £	2024 £
Auditors' remuneration for audit services	9,750	9,500
Depreciation	161,799	278,699

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

11 Staff costs

	Group	
	2025	2024
	£	£
Wages and salaries	685,336	722,661
Social security costs	51,071	58,022
Other pension costs	48,171	60,482
	<u>784,578</u>	<u>841,165</u>

One employee received remuneration in the band £85,000 to £90,000 during the year (2024: one in the band £85,000 to £90,000). Pension costs in the year for the provision of a defined contribution scheme in respect of this employee amounted to £7,576 (2024: £7,501).

The charity trustees were not paid any remuneration in the year (2024: £nil), neither were they reimbursed expenses during the year (2024: £nil).

The key management personnel of the parent charity and the group comprise the Trustees, the Gallery Director, the Deputy Director, and the Head of Development and Communications. The total employee benefits of the key management personnel of the charity were £133,372 (2024: £132,051).

The average number of persons employed by the group during the year was 34 (2024: 34).

12 Pension costs

The company and its subsidiary make contributions into a group of personal pensions on behalf of their employees. The assets of the scheme are held separately from those of the company. The pension cost charge for the period represented contributions payable by the company and its subsidiary and amounted to £48,171 (2024: £60,482). At the year end there were contributions outstanding of £5,052 which are included in other creditors (2024: £6,302). Pension costs are allocated to restricted funds when such costs are covered by restricted funding.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

13 Taxation

As a registered charity, the company is not in normal circumstances subject to corporation tax. As a result, the Trustees are of the opinion that no material corporation tax liability will arise on the activities undertaken during this year.

The following relates to the trading subsidiary's corporation tax charge:

	Group	
	2025	2024
	£	£
Domestic current year tax		
UK corporation tax	-	-
Current tax charge	-	-
	2025	2024
	£	£
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	26,931	-
Profit on ordinary activities before taxation multiplied by the standard rate of U.K. corporation tax of 19.00% (2024: 19.00%)	5,117	-
Effects of:		
Gift Aid donations	-	-
Losses brought forward	(5,117)	-
Capital allowances in excess of depreciation	-	-
Depreciation in excess of capital allowances	-	-
Current tax charge	-	-

The subsidiary MK Gallery Enterprises Limited's result for the year gives rise to a current tax charge of £nil for the year ended 31 March 2025 (2024: £nil).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

14 Financial activities of the charity

The financial activities shown in the consolidated statement includes those of the charity's wholly owned subsidiary, MK Gallery Enterprises Limited.

A summary of the financial activities by the charity is set out below:

	2025	As restated 2024
	£	£
Gross income	1,468,920	1,438,898
Total expenditure	(1,435,319)	(1,854,837)
Net income	33,601	(415,939)
Total funds brought forward	11,854,441	12,270,380
Total funds carried forward	11,888,042	11,854,441
Represented by:		
Restricted income funds	277,093	287,687
Designated funds	597,255	597,255
Unrestricted income funds	401,443	217,513
Unrestricted capital funds	10,612,251	10,751,986
	11,888,042	11,854,441

15 Financial activities of the trading company

The wholly owned trading subsidiary, MK Gallery Enterprises Limited (MKGE), which is incorporated in the United Kingdom, usually pays all taxable profits to the charity by gift aid. No Gift Aid payment was made in the year so that funds were retained in the subsidiary for use in the following year. The trading subsidiary operates the art gallery and all commercial trading operations carried on at the art gallery premises. The charity owns the entire share capital of 100 ordinary shares of £1 each in the subsidiary company. A summary of the trading results is shown below.

	MKGE 2025	MKGE 2024
	£	£
Turnover	364,722	342,069
Cost of sales & administration costs	(337,791)	(350,157)
Net loss	26,931	(8,088)
Amount gift aided to the charity	-	-
Taken to reserves in subsidiary	26,931	(8,088)
The assets and liabilities of the subsidiary were:		
Current assets	40,963	29,814
Current liabilities	(131,300)	(147,082)
Total net (liabilities)/assets	(90,337)	(117,268)
Aggregate share capital and reserves	(90,337)	(117,268)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

16 Tangible fixed assets

	Group	Group	Group	Group
	Capital construc- tions £	Furniture, fittings and equipment £	Computer equipment £	Total £
Cost				
As at 1 April 2024 – as restated	11,037,362	811,280	42,816	11,891,458
Additions	-	7,922	3,214	11,136
At 31 March 2025	11,037,362	819,202	46,030	11,902,594
Depreciation				
At 1 April 2024 – as restated	690,920	704,898	39,224	1,435,042
Charge for the year	137,967	19,998	3,834	161,799
At 31 March 2025	828,887	724,896	43,058	1,596,841
Net book value				
At 31 March 2025	10,208,475	94,306	2,972	10,305,753
At 31 March 2024 – as restated	10,346,442	106,382	3,592	10,456,416
	Company	Company	Company	Company
	Capital construc- tions £	Furniture, fittings and equipment £	Computer equipment £	Total £
Cost				
As at 1 April 2024 – as restated	11,037,362	811,280	42,816	11,891,458
Additions	-	7,922	3,214	11,136
At 31 March 2025	11,037,362	819,202	46,030	11,902,594
Depreciation				
At 1 April 2024 – as restated	690,920	704,898	39,224	1,435,042
Charge for the year	137,967	19,998	3,834	161,799
At 31 March 2025	828,887	724,896	43,058	1,596,841
Net book value				
At 31 March 2025	10,208,475	94,306	2,972	10,305,753
At 31 March 2024 – as restated	10,346,442	106,382	3,592	10,456,416

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

16 Tangible fixed assets (continued)

All assets are held for direct charitable purposes.

17 Investments

Listed investments are held at market value and were valued by Ruffer LLP on the basis of their open market value as at 31 March 2025. The historical cost of the investments as at 31 March 2025 is £201,000 (2024: £286,000). All investments are held for charitable activities.

Group	Shares in subsidiary £	Listed investments £	Total £
At 1 April 2024	-	1,075,829	1,075,829
Change in market value	-	41,898	41,898
Sold in the year	-	(85,000)	(85,000)
At 31 March 2025	-	1,032,727	1,032,727

Company	Shares in subsidiary (cost) £	Listed investments (market value) £	Total £
At 1 April 2024	200	1,075,829	1,076,029
Change in market value	-	41,898	41,898
Sold in the year	(100)	(85,000)	(85,100)
At 31 March 2025	100	1,032,727	1,032,827

MK Gallery owns all the shares of MK Gallery Enterprises Limited, a company registered in England under company number 11597873. Unaudited accounts have been signed and have been filed with the Registrar of Companies. A summary of trading results is shown in note 15.

MK Gallery disposed of its shares in MK Gallery Trading Limited, a company registered in England under company number 04469234 which was wound up on 22 October 2024 after ceasing to trade on 31 March 2021.

The change in market value represents the net gains and losses arising within the portfolio managed by Ruffer LLP.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**
18 Debtors

	Group		Company	
	2025	2024	2025	2024
	£	£	£	£
Trade debtors	8,320	11,457	4,191	2,913
Prepayments	51,429	44,073	50,339	42,983
Accrued income	101,078	99,573	99,678	99,573
Amounts owed by group undertakings	-	-	117,249	126,711
Other debtors	143,979	113,414	143,879	113,313
	<u>304,806</u>	<u>268,517</u>	<u>415,336</u>	<u>385,493</u>

19 Creditors: amounts falling due within one year

	Group		Company	
	2025	As restated 2024	2025	As restated 2024
	£	£	£	£
Trade creditors	71,504	59,361	60,827	50,885
Deferred income (note 20)	11,710	8,712	10,902	385
Taxation and social security	20,517	16,546	20,506	16,546
Accruals	135,548	134,733	132,894	131,063
Amounts owed to group undertakings	-	-	-	100
Other creditors	5,052	6,302	5,052	6,302
	<u>244,331</u>	<u>225,654</u>	<u>230,181</u>	<u>205,281</u>

Amounts owed by and to group undertakings are unsecured, interest free and repayable on demand.

20 Deferred income

	Group		Company	
	2025	2024	2025	2024
	£	£	£	£
Balance at 1 April 2024	8,712	75,237	385	67,138
Amount received in the year	11,710	8,712	10,902	385
Amount released in the year	(8,712)	(75,237)	(385)	(67,138)
Balance at 31 March 2025	<u>11,710</u>	<u>8,712</u>	<u>10,902</u>	<u>385</u>

Income is deferred where it relates to a future accounting period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

21 Analysis of charitable funds

	As restated At 1 April 2024 £	Income £	Expenditure £	Transfers £	At 31 March 2025 £
Group					
Unrestricted fund movements:					
Designated funds:					
Capital construction fund	(2,745)	-	-	-	(2,745)
Capital renewal fund	600,000	-	-	-	600,000
Programme fund	-	-	-	-	-
General income fund	217,513	1,204,695	(1,042,467)	21,702	401,443
General capital fund	10,751,986	-	(139,735)	-	10,612,251
Trading Subsidiaries:					
MKGE	(117,368)	364,722	(337,791)	-	(90,437)
Total unrestricted funds	11,449,386	1,569,417	(1,519,993)	21,702	11,520,512
Restricted funds (see below)	287,687	264,225	(253,117)	(21,702)	277,093
Total funds	11,737,073	1,833,642	(1,773,110)	-	11,797,605
Company					
Designated funds:					
Capital construction fund	(2,745)	-	-	-	(2,745)
Capital renewal fund	600,000	-	-	-	600,000
Programme fund	-	-	-	-	-
General income fund	217,513	1,204,695	(1,042,467)	21,702	401,443
General capital fund	10,751,986	-	(139,735)	-	10,612,251
Total unrestricted funds	11,566,754	1,204,695	(1,182,202)	21,702	11,610,949
Restricted funds (see below)	287,687	264,225	(253,117)	(21,702)	277,093
Total funds	11,854,441	1,468,920	(1,435,319)	-	11,888,042

MK GALLERY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

21 Analysis of charitable funds (continued)

	As restated At 1 April 2024 £	Income £	Expenditure £	Transfers £	At 31 March 2025 £
Restricted funds					
Group and Company					
Paul Hamlyn Foundation	104,421	106,240	(147,989)	-	62,672
Paul Mellon	194	-	(67)	(127)	-
Garfield Weston	15,140	20,000	(9,021)	-	26,119
Kirkland Foundation	125,000	-	-	-	125,000
MK Calling	-	5,000	(4,964)	(36)	-
Austin Hope Pilkington	743	-	-	(743)	-
MKCF Seeing Differently	7,604	40	(7,653)	9	-
Children in Need	9,803	-	(7,887)	(1,916)	-
MK Gallery 25 th Anniversary Gala	30	-	-	(30)	-
MK Council Apprenticeship	(397)	5,351	(9,483)	-	(4,529)
MK Council Street Art	11,272	-	-	(9,109)	2,163
Capital Construction	1	-	-	-	1
Boyd & Evans Catalogue	4,800	-	-	(4,800)	-
MK Council Shutter Project	5,602	-	-	-	5,602
Beyond the Page Conference	3,323	-	-	-	3,323
PAW Supported Studio	(578)	2,516	(1,950)	12	-
Bagri Foundation Grant	(1,002)	5,000	-	(3,998)	-
South Asian Miniatures	(4,934)	-	-	4,934	-
Trickster Figures	(3,335)	-	-	3,335	-
Jerwood	-	20,000	(20,700)	700	-
Vanessa Bell exhibition	-	17,950	(18,073)	73	(50)
Vanessa Bell conference	-	5,000	(4,562)	-	438
Stony Stratford Arts Group	-	255	(249)	(6)	-
MKCC	-	20,000	(4,961)	-	15,039
Artist Room IPA	-	7,357	(1,214)	-	6,143
Anson Charitable Trust	-	10,000	(10,000)	-	-
Artist Room Exhibitions	-	3,500	(3,500)	-	-
Art Fund - Reimagine	-	36,016	(844)	-	35,172
Henry Moore Foundation	10,000	-	-	(10,000)	-
Total Restricted funds	287,687	264,225	(253,117)	(21,702)	277,093

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

21 Analysis of charitable funds (continued)

Milton Keynes Council has confirmed that for the purposes of managing and reporting on their annual grants, that the Council do not consider or treat those as restricted. The Company must report regularly on the grant released as a result of new management arrangements, and comply with annual Council reporting needs.

Name of fund	Description, nature and purpose of fund
Restricted Funds	
Paul Hamlyn Foundation	To fund a 3 year programme of inclusive arts practice for children with complex needs and their families
Paul Mellon	To support the Beyond the Page exhibition
Garfield Weston	To support sustainable programming for children and young people
Kirkland Foundation	To support the cost of exhibition programmes
MK Calling	Individual donations to support the realisation of MK Calling
Austin Hope Pilkington	To support the costs of exhibition programmes
MKCF Seeing Differently	To support programming for people with visual impairments to facilitate access to exhibitions
Children in Need	To fund a 3 year facilitated artists programme of activity for young people with low level mental health relates issues
MK Gallery 25 th Anniversary Gala	To support the costs of the 25 th Anniversary Gala
MK City Council Apprenticeship	To support the costs of the apprentice
MK City Council Street Art	To support the costs of the street art project
Boyd & Evans Catalogue	To support the costs of the catalogue production
MK Council Shutter Project	To support the costs of the shutter project
Bagri Foundation	To support the cost of exhibition programmes
South Asian Miniatures	To support the cost of exhibition programmes
Vanessa Bell exhibition	To support the exhibition costs
Vanessa Bell conference	To support the conference costs
Beyond the Page Conference	To support the costs of the Beyond the Page conference

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

21 Analysis of charitable funds (continued)

Name of fund	Description, nature and purpose of fund
Restricted Funds	
PAW Supported Studio	To support the costs of the supported studio
Trickster Figures	To support the costs of exhibition and catalogues
Jerwood	To support the costs of creating the Vanessa Bell catalogue
Stony Stratford Arts Group	To support IPA costs
MKCC UK Shared Prosperity Fund	To support the development of corporate memberships
Artist Room IPA	Funded workshops linked to the Andy Warhol show
Anson Charitable Trust	To support the costs of realising the exhibition programme
Artist Room Exhibitions	To support the cost of the Andy Warhol exhibition
Art Fund – Reimagine	To support the development of the access programme
Henry Moore Foundation	To support the costs of exhibition programmes

Designated Funds

The Trustees have assigned £600,000 to a designated capital renewal fund.

Unrestricted Funds

The general income fund represents those funds that are unrestricted and not designated for other purposes.

The general capital fund represents those funds that are unrestricted but represented by capital assets and are therefore not available reserves.

Transfers between funds

Transfers of £9,063 were made from unrestricted funds to restricted funds to cover the deficit on the restricted funds. Transfers of £30,765 were made from restricted funds to unrestricted funds to reimburse the general fund for costs that were allocated to unrestricted funds instead of the restricted fund.

Funds in deficit

The deficits on the MK Council Apprenticeship fund and the Vanessa Bell exhibition fund will be covered by funding received in the following financial year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

22 Analysis of net assets between funds

Group:

	Unrestricted Funds	Restricted Funds	2025 Total	As restated 2024 Total
	£	£	£	£
Fixed assets	10,305,753	-	10,305,753	10,456,416
Investments	1,032,727	-	1,032,727	1,075,829
Current assets	426,363	277,093	703,456	430,482
Current liabilities	(244,331)	-	(244,331)	(225,654)
	<u>11,520,512</u>	<u>277,093</u>	<u>11,797,605</u>	<u>11,737,073</u>

Company:

	Unrestricted Funds	Restricted Funds	2025 Total	As restated 2024 Total
	£	£	£	£
Fixed assets	10,305,753	-	10,305,753	10,456,416
Investments	1,032,827	-	1,032,827	1,076,029
Current assets	502,550	277,093	779,643	527,277
Current liabilities	(230,181)	-	(230,181)	(205,281)
	<u>11,610,949</u>	<u>277,093</u>	<u>11,888,042</u>	<u>11,854,441</u>

23 Commitments

There is a 99 year lease on the Theatre, Art Gallery and Theatre Square. A nominal rent of £1 each per annum is payable. This lease expires in more than 5 years.

Changes to the lease arrangements between Milton Keynes City Council, Ambassador Theatre Group and MK Gallery mean the three parties are all now signatory to management arrangements that are enshrined in a long lease of 99 years from 18 December 2001.

Capital commitments

The charity has undertaken a capital development project which is complete apart from the final balance due to the contractor. At the year end the final balance due for the project was £75,325 but the charity is holding sufficient reserves to cover the balance due.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

24 Related party transactions

During the year donations of £300 were received from Trustees (2024: £200). There are no other related party transactions during the period that require disclosure. The charitable company has taken advantage of the exemption available in accordance with Section 33 of FRS 102 'Related Party Disclosures' not to disclose transactions entered into between two or more members of the group that are wholly owned.

25 Prior year adjustment

An adjustment was made to the figures for the year ended 31 March 2020 in relation to the following accounting issues in the years ended 31 March 2018, 31 March 2019 and 31 March 2020:

- VAT return errors arose which resulted in £134,205 being payable to HMRC. This meant creditors were understated by this amount in the figures originally reported.
- Fixed asset cost was overstated by £68,700 as a result of irrecoverable VAT being capitalised in error (relating to the VAT return errors).
- Accruals and fixed asset costs were both overstated by £197,560 in relation to an accrual for fixed asset additions that was not necessary.

The relevant values in the comparative figures have now been adjusted. The effect of this adjustment is:

	Group £	Company £
Opening reserves at 1 April 2020 (as previously stated)	12,806,667	12,858,710
Prior year adjustment	(190,843)	(190,843)
Opening reserves at 1 April 2020 (as restated)	12,615,824	12,667,867

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

26 Notes to the Statement of Cash Flows

Cash and cash equivalents

Year ended 31 March 2025

	Group		Company	
	2025	2024	2025	2024
	£	£	£	£
Cash and cash equivalents	365,310	136,081	341,001	128,426

Year ended 31 March 2024

	Group		Company	
	2024	2023	2024	2023
	£	£	£	£
Cash and cash equivalents	136,081	61,371	128,426	48,898

Analysis of changes in net funds - Group

	2024	Cash flow	2025
	£	£	£
Cash at bank and in hand	136,081	229,229	365,310
	136,081	229,229	365,310
	136,081	229,229	365,610

Analysis of changes in net funds - Company

	2024	Cash flow	2025
	£	£	£
Cash at bank and in hand	128,426	212,575	341,001
	128,426	212,575	341,001
	128,426	212,575	341,001

MK GALLERY

England & Wales - Charity number 1059678

Accounts

COMPANY REGISTRATION NO: 02422890
REGISTERED CHARITY NO: 1059678

REPORT & CONSOLIDATED FINANCIAL STATEMENTS

MK GALLERY

(A COMPANY LIMITED BY GUARANTEE)

FOR THE YEAR ENDED 31 MARCH 2024



MK GALLERY

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TRUSTEES' REPORT

The Trustees, who are also Directors of the charity for the purposes of the Companies Act 2006, are pleased to present their annual report and the audited consolidated financial statements of the charity for the year ending 31 March 2024 which are prepared to meet the requirements for a Directors' report and accounts for Companies Act purposes and to comply with the requirements of the Charity Commission.

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

Objects of the charity and public benefit

In consideration of strategies and policies of the charity, the Trustees have due regard for the public benefit in accordance with the Charities Act 2011.

The Charity's objects as set out in its Articles of Association are:

1. 'to promote, maintain, improve and advance the education and understanding of the public, particularly through the production and presentation of and engagement with the arts, visual culture and related areas of creative practice, and to formulate, prepare and establish projects and schemes therefore provided that all objects of the Company shall be of a charitable nature'
- and
2. 'to present, promote, organise, provide, manage, and produce a balanced programme of artistic activity and endeavour, whether on any premises of the Company or elsewhere, as are conducive to the promotion, maintenance, improvement, and advancement of education and understanding of the public, and encouragement of the arts, visual culture, and related areas of creative practice.'

Charitable Purpose

MK Gallery's principal charitable purpose is to promote, maintain, improve, and advance the education and understanding of the public, particularly by the production and presentation of and engagement with the arts, visual culture, and related areas of creative practice.

Its vision is to be one of the UK's leading centres for the arts with a national and international reputation for artistic excellence and innovation and to be a cultural beacon for the city.

Mission

The Gallery's mission is:

To provide access to high quality, innovative and thought-provoking art from around the world and through its programme, stimulate participation and debate, and build relationships between artists and audiences.

Objectives

In order to achieve the principal charitable purpose, in line with the vision and mission, the Trustees set out a set of objectives:

1. Build, diversify and increase visitors to the building and create opportunities for artistic/cultural engagement for everyone in the community
 - a. Deliver a broad range of onsite and digital programmes that enable everyone to enjoy, and take part in cultural activity
 - b. Develop an audience strategy that achieves 50,000+ footfall across all programmes from a range of visitors that reflects the demographic of the catchment area
 - c. Develop new programmes and activities for children and young people that build confidence and encourage creativity and critical thinking
 - d. Create opportunities for artists and creatives to develop and share their work and reignite their careers post-Covid
2. Be ambitious and seek partnerships to deliver quality programmes and activities that change lives.
 - a. Work in partnership to develop and strengthen cultural opportunities in Milton Keynes and the South East
 - b. Create opportunities for diverse local communities to develop a sense of ownership and connection with the Gallery and to animate spaces and exchanges with their creative voices, vision, imagination, and curiosity
 - c. Pursue programmes that deliver against the health and wellbeing agenda and impact positively on people's lives
3. Be flexible, dynamic, and creative in the approach to improving financial sustainability and diversity among our workers.
 - a. Build a strong sustainable financial base to enable innovation and risk-taking in the longer term
 - b. Support apprenticeships and paid/unpaid work experience opportunities to incubate and grow the creative talent pool
 - c. Maximise onsite and digital commercial opportunities that appeal to a diverse audience
4. Consider the Gallery's commitment to environmental responsibility and how to embed this in the organisation.
 - a. Understand MK Gallery's environmental impact and develop a strategy to mitigate that impact
 - b. Consider how MK Gallery's programmes can contribute and influence current debate at a local and regional level

Public Benefit

The Trustees confirm that they have referred to the Charitable Commission guidance on public benefit when reviewing the Charity's aims and objectives as well as future planning of activities.

Through the delivery of world class exhibitions, engaging public programmes, and inclusive volunteering activity, the Charity has promoted, maintained, improved, and advanced the education and understanding of the public, connecting audiences and participants to current and relevant local and global social concerns including race, gender, Britishness, and immigration.

The Charity's priorities are aligned to its major public funders, Milton Keynes City Council and Arts Council England.

Activities and achievements during the year

Exhibitions:

MK Gallery attracted 90,741 visitors to the gallery in 2023/24, which is down on the previous year (114,533). This is due in part to a national picture of resistance to taking risks on leisure costs. Visitors came from across the country, with a small number of visitors attending from overseas.

The 2023/24 exhibitions programme included the end of: 'Trickster Figures: Sculpture and the Body'; the full run of 'Boyd & Evans: High Time' and 'Beyond the Page: South Asian Miniature Painting and Britain, 1600 to Now'; and the beginning of 'Saul Leiter: an Unfinished World'.

The programme overall attracted significant critical acclaim, with extensive and high-profile media coverage, especially for 'Beyond the Page: South Asian Miniature Painting and Britain, 1600 to Now', which attracted a Guardian Editorial and was awarded the Eastern Eye Editors' Special Award at ACTAs 2024 and 'Saul Leiter: an Unfinished World', which attracted many features and reviews. MK Gallery commissioned important new work, managed over 350 artwork loans and worked with one national partner, The Box, Plymouth where 'Beyond the Page' was exhibited.

The exhibitions presented a very diverse programme, supporting artists from minority backgrounds, including from the South Asian diaspora and non-binary, addressing pressing social issues, and engaging with hard-to-reach audiences and partners. A sold-out conference and three major publications were also produced.

Visitor numbers overall were lower than in recent years, despite critical acclaim, although the Boyd & Evans exhibition, especially, resonated strongly with local residents and communities. Anecdotal feedback suggests that changes in audience behaviour post-covid are continuing with the rise in the cost of living and train strikes as contributing factors. At the same time, revenue fundraising exceeded previous records and social media and wider engagement with the cultural sector and arts industry continued to grow significantly.

Activities and achievements during the year (continued)

Public programmes:

The Gallery worked with a range of Milton Keynes communities to deliver outcomes which were shared with wider audiences, including; a co-designed project with the Sierra Leone community exploring family history, heritage and migration; a partnership with an South Asian radio station during 'Beyond the Page' resulting in co-created activity such as: a 'Festival of Lights' performance; a Project Space exhibition; a Diwali influenced Family Fun Day; and an MK Gallery Late. From autumn 2023 the Public Programming team worked with five communities as part of a co-curating process for the open, MK Calling 2024. The five groups included MK SNAP, a group of visually impaired adults, a group of young adult creatives, the Middle Eastern Cultural Group, and Q:Alliance.

The family programme included: 4 family days; explore guides; exhibition themed art trails; and the Young Sculptor competition, which received 60 entries with 73 children taking part in artist-led sculpture workshops. Afterschool artist-led workshops for children aged 5-11 continued with success and the team introduced artist master classes during school holidays for 11-14 year olds. Adult creative workshops continued in association with the exhibitions programme and delivered a series of MK Lates, offering informal learning and social engagement opportunities for adults.

The youth offer included: projects for young people facing social and emotional challenges; ARTiculation in partnership with the National Gallery; and 32 different schools and colleges visiting the Gallery (nearly a threefold increase on the previous year). The Boyd & Evans exhibition was particularly popular with schools in Milton Keynes.

The team delivered projects with film, fashion, and music students from MK College and partnered with the University of Nottingham, the University of Loughborough, the Royal Institute of Philosophy, the Art Historian's Society and the Buckinghamshire Society of Architects on a series of Project Space exhibitions, workshops, talks and lectures.

The Inclusive Practice in the Arts programme included: weekly family 'Art & Us' workshops for families with children with complex and additional needs; half-term artist-led 'Art Together' family workshops; Artist-led Sensory Tours; and Our Studio, a monthly supported studio programme which also incorporated a summer take-over of the Project Space. The partnership with MK SNAP delivered co-designed tours with learning disabled adults. Workshops and activities were delivered with national and local partners including: Art Riot, Coventry; Venture Arts, Manchester; Extra Special Families; Little Miracles; VICTOR; and a two-year partnership project with the Pace School in Aylesbury was launched. The inclusion team were invited to share information about the programme at national conferences on creative play and inclusive practice held at: the Attenborough Arts Centre, Leicester; Greenwich Museums, London; and the Baltic, Gateshead.

Audio description, guiding and site loss awareness training were delivered to artists, volunteers and staff to support work with visually impaired audiences. A continued partnership with tmr provided networking opportunities for young diverse creatives and offered commissioning and exhibition opportunities to locally based artists.

Public programme activities were delivered this year with support from Paul Hamlyn Foundation, the Paul Mellon Centre, Milton Keynes Community Foundation, Children in Need, the Austin and Hope Pilkington Trust, Garfield Weston Foundation, the Paul Mellon Foundation, the Royal Institute of Philosophy, and the Art Historians Society.

TRUSTEES' REPORT (CONTINUED)

Activities and achievements during the year (continued)

Volunteering:

Despite the national picture of a declining volunteer force, the Gallery recorded 235 volunteers with 199 volunteers giving 8,214 hours of their time to support the charity's activities in 2023/24. This is up by £1,114 hours. On average 80-90 volunteers gave time each month carrying out such activities as invigilating exhibitions, supporting family and adult creative workshops, cinema usher, outreach activity.

Trading:

MK Gallery's sustainable finance strategy includes the success of the trading subsidiary, MK Gallery Enterprises Ltd. The subsidiary runs the Sky Room Cinema, the Café, the Shop and Private Hires. In addition, the Gallery made the decision to increase revenue potential by charging admission for all exhibitions and non-educational events.

Overall secondary spend was lower than expected, however the previous year's (2023) efforts to make the subsidiary profitable did see a significant decrease to the company's overall deficit, demonstrating a move towards a more profitable model.

Cinema exceeded expectation, delivering popular shows in partnership with NT Live and collaborating with MK Centre to give more local visibility to the summer programme, Summer Replay.

The Café continued to offer locally sourced produce and has established a partnership with a local brewer, Milk and Beans, which goes from strength to strength. In line with current catering trends the offer caters predominately to vegetarian and vegan dietary requirements with a seasonal menu change.

The shop generated a larger revenue than in previous years and proved that exhibition related merchandise is a key strategy to raising income. This worked particularly well when working with local artists Boyd and Evans.

Private and event hire came close to the budget forecast, with exceptional levels of hire in the autumn. The Gallery struggles to compete locally during the Christmas party season; however, this year (2024) saw an enriched partnership with John Lewis and their communities team, offering Christmas screenings to their community partners.

Future Developments

The Gallery's first year of operation was a period of significant programme and audience development with footfall figures exceeding all expectations. The impact of Covid-19 and the closure of the building in March 2020 presented numerous challenges for the Board and executive across all areas of the business including cash-flow, long-term revenue fundraising and public exhibitions and education programmes.

The Gallery has used the period since 2021 to build back programmes, audiences and create more suitable resilience within its trading subsidiary and while visitor numbers are not at pre-covid levels (phenomena experienced across the sector), great inroads have been made to re-establish MK Gallery as an outstanding venue for visual art programming that is socially engaged, locally relevant and an asset to MK Council.

In 2024/25, The Gallery will continue to build its business model based on the feedback received from our visitors, our work with our Partners (Arts Council England, MK Council) to ensure we are financially resilient while delivering the charitable Mission to a high standard synonymous with the MK Gallery Brand.

Finance Review

The financial performance for 2023/24 and the financial position on the balance sheet are set out in this report. In particular the Statement of Financial Activity (SOFA), which includes both unrestricted and restricted, shows the performance of the group during 2023/24.

The principal Charity income for the year is made up of unrestricted annual subsidies from Milton Keynes Council totalling £304,675 (2023: £286,936), and unrestricted funding from Arts Council England of £390,360 (2023: £390,360).

Further funds were raised through income generation from exhibition admissions; exhibition hire fees; sales of limited-edition artworks; and exhibition catalogues. During the previous year the Gallery moved to charging admission to all exhibitions to increase revenue with additional access day such as £1 residential Tuesdays and pay what you can Sundays.

Total expenditure for the group was £2,109,740 (2023: £2,216,574) of which £1,972,688 (2023: £2,032,245) was spent on the charitable activities i.e., operation of the art gallery. This included; £841,165 (2023: £927,690) of staff costs; £437,047 (2023: £376,637) of exhibition and public programming costs; £277,820 (2023: £230,464) of premises costs; and £278,699 of depreciation (2023: £279,245).

The cost of governance activities was £19,046 (2023: £19,436). Direct governance costs have been included in accordance with the SORP 2019 and include audit fees, legal fees, and Trustee expenses.

MK Gallery Enterprises Limited, reported a loss of £8,088 (2023: loss of £17,809) which is a better than the budget forecast position. MK Gallery Enterprises Limited operates all commercial trading operations carried out on the Gallery premises. The operations in the subsidiary continued to be reorganised during the year ending in a better than budgeted position. Further plans to increase yield in each area will support the continued growth of the subsidiary.

The Trustees are fully aware of the need to protect the Charity's funds beyond the period of committed support from Milton Keynes Council whilst ensuring that the charity can fulfil the key charitable objectives in the short and medium term.

MK GALLERY

TRUSTEES' REPORT (CONTINUED)

The Charity's financial forecasts and strategies were examined while preparing the Forward Plan 2023 - 2026; those continue to be monitored and tested through its financial controls and reporting systems.

Financial Summary

The year-end financial position for the charitable group (to the nearest thousand) was as follows:

	£
Unrestricted funds carried forward	
General surplus	100,000
Capital fund	10,752,000
Designated funds carried forward	
Capital construction fund	(3,000)
Capital renewal fund	600,000
Restricted funds	288,000
Net assets	£11,737,000

Going concern

The financial statements have been prepared on an on-going concern basis. Trustees consider that there is reasonable expectation that the charitable company and group have sufficient resources to continue in operational existence for the foreseeable future and for this reason they have adopted the going concern basis in preparing the financial statements.

Reserves policy

The trustees have considered the level of reserves required to maintain sufficient working capacity to operate the Gallery in the most efficient manner and to meet unforeseen liabilities that may arise. The Trustees have therefore established a reserves policy that aims to protect the charity's activities from risk of disruption at short notice due to lack of funds.

They take the view that the nature of MK Gallery's consolidated cash flows is such that they have set as a medium-term objective to maintain an unrestricted reserve, excluding benefit pension liabilities, at a level of 3 months operation or £350,000.

At March 2024, restricted funds in the company stand at £287,687, and unrestricted funds as £217,513 and designated funds at £597,255. Free reserves of the group as of 31st March 2024 were £100,145.

Reserves policy (continued)

At 31 March 2024 the building contract retention remains outstanding. The final contract sum has been agreed between Bowmer & Kirkland and MK Gallery but due to Covid-19 and closure the rectification period has been extended.

To regain the level of reserves necessary the Gallery will undergo a review of income, expenditure, and investment in 2024/2025.

In the view of the Trustees the free reserves are sufficient at the current time as the decision can be taken to reverse any designations in the event the funds are needed for general purposes.

Investment Policy

Trustees have the power to invest funds not immediately required from operational purposes such as securities or properties as they see fit. The underlying investment policy is to accept only a low-level risk, therefore available funds are invested through a charitable investment portfolio with Ruffer LLP.

MK Gallery operates a policy of investing a minimum sum of £1,000,000 (plus accumulated value) relating to the current Development Fund long-term with an investment manager.

MK Gallery assets are invested in line with its aims, in such a way that enables the trust to achieve its goals in both the short and long term. The Trustees do not wish to adopt an exclusionary policy, but individual investments may be excluded if perceived to conflict with the trust's purpose. Such instructions may be issued to the Investment Manager on behalf of the trust by the Finance and Operations Committee.

Investment in 2024 represented losses of £95,255 due to the realisation of assets for cashflow purposes and poor performance in the financial markets. The Board made the decision to release a further £170,000 of funds to invest in high interest accounts to ensure a level of interest in the short term and to support the cashflow. Following this, a small working group met with Ruffer to gain assurance of the investment policy and strategy going forward. It was agreed to continue to invest the remaining capital with Ruffer.

MK GALLERY

TRUSTEES' REPORT (CONTINUED)

Assets

In the opinion of the Trustees, the charitable company's assets are sufficient to fulfil the obligations of the Charity.

Trustee Liability Insurance

Liability Insurance exists for the benefit of all Trustee Directors.

Legal and Administrative Details

The Charity is MK Gallery (registered number 1059678) and is constituted as a private limited company limited by guarantee (registered number 02422890). The principal and registered address is MK Gallery, 3 Theatre Walk, Central Milton Keynes, MK9 3PX. All current Trustees stand as guarantors to the company in the sum of £1 each.

Trustees

The directors of the charitable company are its Trustees for the purposes of charity law. The Trustees and Officers serving during the year were as follows:

Chair	Elizabeth Gifford Asase Amoah Cllr Robin Bradburn (passed away 14 September 2024) Susan Carbert David Danskin (resigned 7 November 2023) Natalie Drought (appointed 31 January 2024) Cllr David Hopkins David King Cllr Shanika Mahendran (appointed 17 November 2023) Cllr Pete Marland (resigned 7 November 2023) Roselyn Mascarenhas Fidele Mutwarasibo Ranjit Singh (appointed 11 June 2024) Neil Smith Anthony Spira Sarah Westacott Sunita Yeomans
Company Secretary	David Danskin (resigned 7 November 2023)
Gallery Director	Anthony Spira
Deputy Director	Francis Ranford

All current Trustees stand as guarantors to the company in the sum of £1 each.

MK GALLERY

TRUSTEES' REPORT (CONTINUED)

The trading subsidiary of MK Gallery is MK Gallery Enterprises Ltd. The Directors of the subsidiary company who served during this year and up to the date of this report were:

Chair	David King David Danskin (resigned 17 November 2023) Susan Carbert Anthony Spira
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Advisers

The following acted as advisers to the charity during the year:

Bankers METRO Bank One Southampton Row London WC1B 5HA	Auditors HW Bedford Ltd Woburn Court 2 Railton Road Kempston Bedford MK42 7PN	
HR Consultants ARC HR Solutions 44 Blanchland Circle Monkston Milton Keynes MK10 9GP	Solicitors HCR Hewitsons 50-60 Station Road Cambridge CB1 2JH	Accountants Monico Tunley Ltd 19 Goldington Road Bedford MK40 3JY

Structure, Governance and Management

MK Gallery, established in 1999 as Milton Keynes Theatre and Gallery Company, is a company limited by guarantee and a registered charity governed by its Memorandum and Articles of Association which were formally adopted on 20 February 2014.

The Board of Trustees has responsibility for the ongoing strategic direction of MK Gallery and its subsidiary MK Gallery Enterprises Ltd, overseeing finances and approving the budget, working with the Gallery Director and Deputy Director in the development and implementation of policy to meet the Gallery's objects and to ensure it meets its statutory duties. The Board meet at least four times a year and a Finance and Operations Committee meets on a quarterly basis.

Day to day management is delegated to the Gallery Director, Anthony Spira, the Deputy Director Francis Ranford, and the Senior Leadership Team: Niki Braithwaite, Head of Public Programmes, Fay Blanchard, Head of Exhibitions, Cherelle Cunningham, Head of Marketing and Audience Development and Andrew Papworth, Head of Catering and Events.

TRUSTEES' REPORT (CONTINUED)

Trustee (Director) recruitment

The Articles provide that two directors shall be appointed who are members of Milton Keynes City Council in accordance with the nomination of the city council. Other directors may not be members or officers of the City Council and may be appointed after recommendation of the Directors after they have considered:

- Making such a recommendation after the advertisement of the vacancy and the response to an advertisement.
- Aiming for a board of Directors with a range of skills, experience, and abilities relevant to the objectives and activities; and
- Aiming for a board of Directors that is representative of Milton Keynes.

Each Trustee serves for a three-year term from the date of his or her appointment. The Trustees may resolve to re-appoint a Trustee for a further term. The exceptions to this rule are Trustees nominated by Milton Keynes Council, who are appointed on an annual basis and the Gallery Director, who has been appointed as company Director as per the amendments to the Articles in 2022.

New Trustees receive induction and training through meetings with the Chair, Director, and staff of the Charity and through receipt of the Charity Commission's *The Essential Trustee*, a copy of the charity's Articles of Association and other key internal documents including the most recent Business Plan and Board papers.

As the charitable company is limited by guarantee, not having any share capital, none of the Trustees hold any interest in the charitable company or hold any right to subscribe to shares.

Remuneration of Key Management Personnel

Remuneration of management personnel is set by comparison internally with similar posts and, when possible, benchmarking with similar organisations through peer networks such as Plus Tate.

Inclusive employer

MK Gallery is committed to being an inclusive employer, ensuring barriers to employment are removed and that the working environment is an open, safe place to work. The Gallery achieved Disability Confident Employer status in 2023.

Related parties

None of the Trustees receive remuneration or other benefit from their work with the charity. Any connection between a Trustee or senior manager of the charity with an artist, contractor, performer or other supplier must be disclosed to the full Board in the same way as any other contractual relationship with a related party.

The charity's wholly owned subsidiary, MK Gallery Trading Limited, was established in 2002 to undertake some or all of the commercial activities of MK Gallery. This subsidiary ceased trading in 2021 and is in the process of being wound up.

The Board authorised the set-up of a new trading company, MK Gallery Enterprises Limited, in October 2018 for all the Gallery's trading activities. The Board started meeting regularly from 2019 to review the Gallery's commercial activities.

Risk Management

The Trustees actively and regularly review the major risks to which MK Gallery is exposed and have implemented procedures to manage and minimise any impact should any of the identified risks materialise. A Risk Management policy, supported by an organisational risk register, is maintained setting out an assessment of the likelihood and impact of risk with required actions identified to manage risk, which is monitored no less than quarterly.

The Trustees are satisfied that there are clear lines of delegation and authority to teams regarding risk management and that the team are aware of the need to address risk in their area.

Key risks are:

- Threat to financial stability with stand still core funding, a more competitive fundraising landscape, an unstable financial market, rising costs of goods and services and the impact to cost of living on our customers and teams.
- A reduced capacity team leading to more mental health risks as individuals take on more work in order to maintain a quality cultural service.
- A need to refurbish and refresh IT services, and integral capital items such as Air Handling Units, boilers, etc.
- The level of restricted funds liability in the accounts, dating back to 2019.

Fundraising activities

MK Gallery actively pursues funding from grant makers (trusts, foundations, and public funders), corporate sponsorships and individuals to fund charitable activities. MK Gallery works with others to increase the fundraising opportunities including academic partners, specialist sector organisations, charities that align with the purpose and community partners.

The Gallery offers the option to gift aid admission charges, and to make donations online or onsite at one of the donation stations.

MK Gallery does not employ the services of professional or commercial fundraisers. MK Gallery does not take street collections or telephone campaigns. Where Mk Gallery collects personal information, this is managed in line with our Data Protect Policy.

TRUSTEES' REPORT (CONTINUED)

Statement of Disclosure of Information to Auditor

In so far as the Trustees are aware:

- (a) there is no relevant information of which the group's auditor is unaware, and
- (b) the Trustees have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

A resolution to reappoint HW Bedford Ltd as auditor to the Charity and to authorise the Trustees to fix their remuneration will be proposed at the next General Meeting.

This report has been prepared under the special provisions of Part 15 of the Companies Act 2006 relating to small entities.

Approved by the Board and signed on its behalf by



**E Gifford
Chairman**

Date: 20/12/2024

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also the directors of MK Gallery 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, which give a true and fair view of the state of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and the group 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 in the Charities SORP 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MK GALLERY

Opinion

We have audited the financial statements of MK Gallery (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2024 which comprise of the Consolidated Statement of Financial Activities, the Consolidated and Charitable Company Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, 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 2024 and of the group's 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the Trustees Report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MK GALLERY

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Trustees' Report.

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

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charity financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specific by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 15, the Trustees (who are also the directors of the parent charity 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and report in accordance with this Act.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MK GALLERY

Auditor responsibilities for the audit of the financial statements (continued)

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

- We obtained an understanding of the nature of the sector in which the charitable company group operates, including the legal and regulatory framework applicable to the charitable company group. We consider that the most significant are the Charities Statement of Recommended Practice, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and the parent charitable company's Memorandum and Articles of Association.
- We obtained an understanding of how the charitable company group complies with these requirements by discussions with those charged with governance and reviewing the minutes of Trustee meetings.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with those charged with governance.
- We inquired of those charged with governance about their own identification and assessment of the risk of irregularities, including any known actual, suspected or alleged instances of fraud.
- We discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to irregularities or fraud.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

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

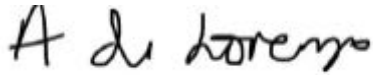
A further description of our responsibilities is available on the FRC's website at:

<https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>. This description forms part of our auditor's report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MK GALLERY

Use of the audit 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 company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the group and the group's members as a body for our audit work, for this report, or for the opinions we have formed.



Alberto Di Lorenzo (Senior Statutory Auditor)

for and on behalf of HW Bedford Ltd

Accountants and Statutory Auditor
Woburn Court
2 Railton Court
Kempston
Bedford
MK42 7PN

Date: 23/12/2024

HW Bedford Ltd is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

MK GALLERY

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2024

		Unrestricted funds £	Restricted funds £	Total 2024 £	As restated Total 2023 £
	Notes				
Income:					
<i>Income from charitable activities:</i>					
Grants and donations	5	865,690	354,209	1,219,899	1,091,268
Other income		210,089	-	210,089	58,543
<i>Income from other trading activities:</i>					
Commercial trading operations		342,069	-	342,069	419,502
Investment income	6	667	-	667	58
Total income		1,418,515	354,209	1,772,724	1,569,371
Expenditure:					
Raising funds	7	137,052	-	137,052	184,329
<i>Expenditure on charitable activities:</i>					
Operation of art gallery	8	1,623,173	349,515	1,972,688	2,032,245
Total expenditure		1,760,225	349,515	2,109,740	2,216,574
Unrealised gain/(loss) on investments	6	(95,255)	-	(95,255)	279
Net income/(expenditure)		(436,965)	4,694	(432,271)	(646,924)
Transfers between funds		-	-	-	-
Net movement in funds for the year		(436,965)	4,694	(432,271)	(646,924)
Reconciliation of funds:					
Total funds brought forward		11,886,351	282,993	12,169,344	12,816,268
Total funds carried forward	21, 22	11,449,386	287,687	11,737,073	12,169,344

The notes on pages 23 to 45 also form part of these financial statements.

MK GALLERY

CONSOLIDATED AND CHARITABLE COMPANY BALANCE SHEETS (COMPANY NUMBER 02422890) AS AT 31 MARCH 2024

		Group		Charitable company	
	Notes	2024	As restated 2023	2024	As restated 2023
		£	£	£	£
Fixed assets:					
Tangible assets	16	10,456,416	10,747,200	10,456,416	10,747,200
Investments	17	1,075,829	1,444,925	1,076,029	1,445,125
Total fixed assets		11,532,245	12,192,125	11,532,445	12,192,325
Current assets:					
Stock		25,884	27,916	13,358	10,528
Debtors	18	268,517	212,551	385,493	333,255
Cash at bank and in hand		136,081	61,371	128,426	48,898
Total current assets		430,482	301,838	527,277	392,681
Liabilities:					
Creditors falling due within one year	19	(225,654)	(324,619)	(205,281)	(314,626)
Net current assets / (liabilities)		204,828	(22,781)	321,996	78,055
Total assets less current liabilities		11,737,073	12,169,344	11,854,441	12,270,380
Net assets		11,737,073	12,169,344	11,854,441	12,270,380
The funds of the charity:					
Unrestricted funds					
General income fund	21	100,145	195,328	217,513	296,364
General capital fund	21	10,751,986	10,973,775	10,751,986	10,973,775
Designated funds	21	597,255	717,248	597,255	717,248
Total unrestricted funds		11,449,386	11,886,351	11,566,754	11,987,387
Restricted funds					
Restricted income funds	21	287,687	282,993	287,687	282,993
Total restricted funds		287,687	282,993	287,687	282,993
Total charity funds	22	11,737,073	12,169,344	11,854,441	12,270,380

The notes on pages 23 to 45 also form part of these financial statements.

MK GALLERY

**CONSOLIDATED AND CHARITABLE COMPANY BALANCE SHEETS
(COMPANY NUMBER 02422890)
AS AT 31 MARCH 2024 (CONTINUED)**

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by the board, authorised for issue and signed on its behalf by



**E Gifford
Chairman**

Date: 20/12/2024

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024**

	Group		Charitable company	
	2024	As restated 2023	2024	As restated 2023
	£	£	£	£
Cash flows from operating activities:				
Net movement in funds	(432,271)	(646,924)	(415,939)	(629,115)
Less interest income shown in investing activities	(667)	(58)	(667)	(58)
Add depreciation	278,699	279,245	278,699	279,245
Less unrealised gain/add unrealised loss	95,255	(279)	95,255	(279)
(Increase)/Decrease in stock	2,032	7,653	(2,830)	(289)
Decrease in debtors	(55,966)	(68,673)	(52,238)	(19,641)
Increase/(Decrease) in creditors	(98,965)	(14,463)	(109,345)	(2,645)
Add investment management fees paid from fixed asset portfolio	3,841	17,767	3,841	17,767
Net cash used in operating activities	(208,042)	(425,732)	(203,224)	(355,015)
Cash flows from investing activities:				
Interest received	667	58	667	58
Net disposals of listed investments	270,000	294,000	270,000	294,000
Adjustment to previous fixed asset additions	12,891	42,954	12,891	42,954
Purchase of tangible fixed assets	(806)	(1,115)	(806)	(1,115)
Net cash provided by/(used in) investing activities:	282,752	335,897	282,752	335,897
Change in cash and cash equivalents in the year	74,710	(89,835)	79,528	(19,118)
Cash and cash equivalents at the beginning of the year	61,371	151,206	48,898	68,016
Total cash and cash equivalents at the end of the year	136,081	61,371	128,426	48,898

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

1 Accounting policies

a) Basis of preparation

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

MK Gallery constitutes a public benefit entity as defined by FRS 102.

Going concern

The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

The Trustees consider the going concern basis to be appropriate due to the current level of reserves and the fact the charity raised all necessary funds needed for the capital project which, at the end of the year, was complete.

b) Group financial statements and basis of consolidation

These financial statements consolidate the results of the charity and its wholly owned subsidiaries, MK Gallery Enterprises Limited and MK Gallery Trading Limited, on a line-by-line basis. A separate statement of financial activities and income and expenditure account for the charity itself has not been presented itself because the charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

c) Volunteers and donated services and facilities

The value of services provided by volunteers is not incorporated into these financial statements. Further details of the contribution made by volunteers can be found in the trustees' annual report.

d) Short term employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service. The charity operates a defined contribution pension scheme. Contributions payable to the charity's pension scheme are charged to the statement of financial activities in the period to which they relate.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

e) Income

Voluntary income including donations, gifts and legacies and grants that provide core funding or are of general nature are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Such income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the charity has unconditional entitlement.

Grants and donations for capital purposes are recognised on a receivable basis.

Income from commercial trading activities is recognised as earned as the related goods and services are provided.

Investment income is recognised on a receivable basis.

Income from charitable activities includes income received under contract or where entitlement to grant funding is subject to specific performance conditions and is recognised as earned as the related services are provided. Grant income included in this category provides funding to support performance activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Income is deferred when performance related grants are received in advance of the exhibitions or education programmes to which they relate.

f) Expenditure

Expenditure is recognised when a liability is incurred. Contractual arrangements and performance related grants are recognised as goods or services are supplied. Other grant payments are recognised when a constructive obligation arises that results in the payment being unavoidable.

Costs of generating funds are those costs incurred in attracting voluntary income and those incurred in trading activities that raise funds.

Expenditure on capital items is capitalised and included within fixed assets when it becomes payable.

Charitable activities include expenditure related to the overall administration and development of the art gallery complex in Milton Keynes. It includes both the direct costs and support costs relating to these activities.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies (continued)

f) Expenditure (continued)

Expenditure is classified under activity headings relating to the exhibition programme, the education programme and the events programme of the charity. Expenditure that is not directly attributable to each activity is apportioned between the activities of the charity according to criteria appropriate to the nature of the expenditure. Expenditure is allocated to support costs using the bases stated in note 9.

g) Irrecoverable VAT

All expenditure is classified under activity headings that aggregate all costs related to the category. Irrecoverable VAT on revenue expenditure is included within support costs and irrecoverable VAT on capital costs is capitalised as part of the cost of the fixed asset.

h) Fixed assets and depreciation

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write off the cost of tangible fixed assets over their estimated useful economic lives as follows:

Property Improvements under the course of construction	Not depreciated
Capital constructions	1.25% on cost per annum
Furniture, fittings and equipment	20% on cost per annum
Computer equipment	33% on cost per annum

i) Fixed asset investments

Investment income is accounted for when due.

Realised gains and losses are accounted for by reference to the sale proceeds and either the last balance sheet valuation, or the cost of the purchase if later. Unrealised gains and losses are calculated by comparing the previous balance sheet valuation, or cost of purchase if later, to the valuation at the year end.

j) Financial instruments

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of financial activities in support costs.

Cash at bank and in hand consists of cash and amounts held in bank accounts.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

1 Accounting policies (continued)

k) Funds

The company has the following funds:

Unrestricted funds: These represent funds which can be expended as the Trustees see fit, in accordance with the charitable objects of the company.

Designated funds: These are funds set aside by the Trustees out of unrestricted general funds for specific future purposes or projects.

Restricted income funds: These represent income received, which can only be expended for the purpose specified by the donor.

Unrestricted capital funds: The charity's restricted capital funds are those raised for the capital project. Annual depreciation is charged against the fund. The closing balance represents funds held in the restricted capital project fixed asset and equates to the net book value of the associated restricted fixed asset.

2 Key areas of judgement and estimate

In applying the accounting policies, the Trustees have made critical accounting judgments, estimates and assumptions. These estimates and assumptions are based on historical experience and are reviewed on a continual basis. Actual results may differ from the 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.

The total cost of the capital project has been broken down using component accounting to include the shorter life assets within the category of furniture, fittings and equipment rather than capital constructions. The assets have been categorised according to their useful lives which have been chosen to reflect the expected life of the asset and are then depreciated accordingly. There are no indications of impairment of the capital constructions.

3 Limited liability

The company is limited by guarantee and therefore has no share capital. The liability of the members is limited by guarantee to £1 each.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

4 Comparative Statement of Financial Activities

The Consolidated Statement of Financial Activities for the year ended 31 March 2023 is presented for illustrative purposes.

	Notes	Unrestricted funds £	Restricted funds £	As Restated Total £
Income:				
<i>Income from charitable activities:</i>				
Grants and donations		866,761	224,507	1,091,268
Other income		58,543	-	58,543
<i>Income from other trading activities:</i>				
Commercial trading operations		419,502	-	419,502
Investment income		58	-	58
Total income		1,344,864	224,507	1,569,371
Expenditure:				
Raising funds		184,329	-	184,329
<i>Expenditure on charitable activities:</i>				
Operation of art gallery		1,760,308	271,937	2,032,245
Total expenditure		1,944,637	271,937	2,216,574
Unrealised (loss)/gain on investments		279	-	279
Net income/(expenditure)		(599,494)	(47,430)	(646,924)
Transfers between funds		69,523	(69,523)	-
Net movement in funds for the year		(529,971)	(116,953)	(646,924)
Reconciliation of funds:				
Total funds brought forward		12,416,322	399,946	12,816,268
Total funds carried forward		11,886,351	282,993	12,169,344

The unrestricted funds balance of £11,886,351 is made up of £11,169,103 income and capital funds and £717,248 designated funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

5 Voluntary income

2024 (Group)

	Unrestricted 2024 £	Restricted 2024 £	Restricted Capital 2024 £	Total 2024 £
Grants receivable:				
Milton Keynes Council:				
Deed of Variation	229,675	-	-	229,675
Gallery subsidy	75,000	-	-	75,000
Other grants	-	-	-	-
Trusts and foundations	1,000	160,844	-	161,844
Public grants	-	56,293	-	56,293
Arts Council England	390,360	-	-	390,360
Total grants receivable	696,035	217,137	-	913,172
Donations	169,655	137,072	-	306,727
	865,690	354,209	-	1,219,899

2023 (Group)

	Unrestricted 2023 £	Restricted 2023 £	Restricted Capital 2023 £	Total 2023 £
Grants receivable:				
Milton Keynes Council:				
Deed of Variation	206,936	-	-	206,936
Gallery subsidy	80,000	-	-	80,000
Other grants	-	-	-	-
Trusts and foundations	-	142,922	-	142,922
Public grants	-	33,500	-	33,500
Arts Council England	390,360	7,053	-	397,413
Total grants receivable	677,296	183,475	-	860,771
Donations	189,465	41,032	-	230,497
	866,761	224,507	-	1,091,268

Under a historic agreement with Milton Keynes Council, the Council undertook to provide the company with an annual subsidy of £100,000 towards the gallery's operational costs. As at 31 March 2024, a total of £2,524,998 (2023: £2,449,998) has been received since 1998. Of this, £75,000 (2023: £80,000) is included in this year's financial statements which is lower than previous years due to a reduction in funding. A further agreement with Milton Keynes Council commenced in November 2011 to provide an index-linked grant of £150,000 per annum under a Deed of Variation. £229,675 has been included as income in the year ended 31 March 2024 (2023: £206,936).

Under its NPO scheme ACE provided the company with a grant of £390,360 towards gallery operational costs for the year ended 31 March 2024 (2023: £390,360). There were several public grants received during the year toward the costs of charitable activities including grants for the capital project from ACE and Milton Keynes Council.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

6 Investment income from current assets

	Group 2024 £	2023 £
Deposit interest receivable	-	-
Bank interest receivable	667	58
	<u>667</u>	<u>58</u>

Investment income from fixed asset investments

	Group 2024 £	2023 £
Unrealised gains/(losses) on listed investments portfolio	(95,255)	279
	<u>(95,255)</u>	<u>279</u>

7 Costs of generating funds

	Unrestricted 2024 £	Restricted 2024 £	Group 2024 £	Group 2023 £
Commercial trading operations	137,052	-	137,052	167,289
Investment management fees	-	-	-	17,040
	<u>137,052</u>	<u>-</u>	<u>137,052</u>	<u>184,329</u>

All figures for 2023 relate to unrestricted funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

8 Analysis of expenditure on charitable activities

	Exhibitions and running the Gallery £	Public programme £	Total 2024 £
Exhibition costs	317,919	-	317,919
Public programming costs	-	119,128	119,128
Premises costs	111,128	83,346	194,474
Marketing and development costs	50,433	37,825	88,258
Travel costs	139	104	243
Depreciation	139,349	111,480	250,829
Staff costs	382,567	137,162	519,729
Support costs (see note 9)	277,837	185,225	463,062
Governance costs (see note 9)	11,428	7,618	19,046
	<u>1,290,800</u>	<u>681,888</u>	<u>1,972,688</u>
Total expenditure on charitable activities	<u>1,290,800</u>	<u>681,888</u>	<u>1,972,688</u>

Expenditure on charitable activities was £1,972,688 (2023: £2,032,245) of which £173,843 (2023: £184,077) was restricted in respect of exhibition costs, £165,824 was restricted in respect of public programming costs (2023: £68,032), £9,065 was restricted in respect of development costs (2023: £11,980), £nil was restricted in respect of premises costs (2023: £4,800) and £783 was restricted in respect of support costs (2023: £5,196). The remaining amount of £1,623,173 (2023: £1,760,308) was unrestricted. 100% of support costs are allocated to expenditure on charitable activities.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

9 Analysis of support and governance costs

2024	Support costs £	Governance costs £	Total 2024 £	Basis of apportionment
Salary costs	204,531	5,000	209,531	Time spent
Other staff costs	2,402	-	2,402	Invoiced cost
Travel costs	104	-	104	Invoiced cost
Marketing and development costs	37,824	-	37,824	Invoiced cost
Premises costs	83,346	-	83,346	Office space
Accountancy – accounts preparation services	-	3,500	3,500	Governance
Accountancy – general support services	4,773	-	4,773	Invoiced cost
Audit fees	-	9,500	9,500	Governance
Professional fees	12,551	-	12,551	Invoiced cost
Memberships/subscriptions	1,860	-	1,860	Invoiced cost
Trustee insurance	-	1,046	1,046	Governance
Bank charges	9,585	-	9,585	Total cost
Depreciation	27,870	-	27,870	Office space
Irrecoverable VAT	6,938	-	6,938	Total cost
Sundry costs	(16,549)	-	(16,549)	Invoiced cost
IT and telephone costs	84,882	-	84,882	Invoiced cost
Printing and postage costs	2,945	-	2,945	Invoiced cost
Total	463,062	19,046	482,108	

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

9 Analysis of support and governance costs (continued)

2023	Support costs £	Governance costs £	Total 2023 £	Basis of apportionment
Salary costs	101,159	5,000	106,159	Time spent
Other staff costs	16,518	-	16,518	Invoiced cost
Travel costs	470	-	470	Invoiced cost
Marketing and development costs	38,714	-	38,714	Invoiced cost
Premises costs	69,139	-	69,139	Office space
Accountancy – accounts preparation services	-	3,500	3,500	Governance
Accountancy – general support services	11,918	-	11,918	Invoiced cost
Audit fees	-	9,500	9,500	Governance
Professional fees	21,712	-	21,712	Invoiced cost
Memberships/subscriptions	8,141	-	8,141	Invoiced cost
Trustee insurance	-	1,436	1,436	Governance
Bank charges	9,654	-	9,654	Total cost
Depreciation	27,925	-	27,925	Office space
Irrecoverable VAT	33,087	-	33,087	Total cost
Sundry costs	323	-	323	Invoiced cost
IT and telephone costs	81,909	-	81,909	Invoiced cost
Printing and postage costs	6,228	-	6,228	Invoiced cost
Total	426,897	19,436	446,333	

10 Net income/(expenditure) for the year

This is stated after charging:

	Group 2024 £	2023 £
Auditors' remuneration for audit services	9,500	9,500
Depreciation	278,699	279,245

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

11 Staff costs

	Group	
	2024	2023
	£	£
Wages and salaries	722,661	802,399
Social security costs	58,022	63,537
Other pension costs	60,482	61,754
	<u>841,165</u>	<u>927,690</u>

One employee received remuneration in the band £75,000 to £85,000 during the year (2023: one in the band £75,000 to £85,000). Pension costs in the year for the provision of a defined contribution scheme in respect of this employee amounted to £7,501 (2023: £7,282).

The charity trustees were not paid any remuneration in the year (2023: £nil), neither were they reimbursed expenses during the year (2023: £nil).

The key management personnel of the parent charity and the group comprise the Trustees, the Gallery Director, the Deputy Director, and the Head of Development and Communications. For the previous year, the key management personnel were the Trustees, the Gallery Director, the Deputy Director and the Head of Development and Communications. The total employee benefits of the key management personnel of the charity were £132,051 (2023: £122,080).

The average number of persons employed by the group during the year was 34 (2023: 43).

12 Pension costs

The company and its subsidiary make contributions into a group of personal pensions on behalf of their employees. The assets of the scheme are held separately from those of the company. The pension cost charge for the period represented contributions payable by the company and its subsidiary and amounted to £60,482 (2023: £61,754). At the year end there were contributions outstanding of £6,302 which are included in other creditors (2023: £6,332). Pension costs are allocated to restricted funds when such costs are covered by restricted funding.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

13 Taxation

As a registered charity, the company is not in normal circumstances subject to corporation tax. As a result, the Trustees are of the opinion that no material corporation tax liability will arise on the activities undertaken during this year.

The following relates to the trading subsidiary's corporation tax charge:

	Group	
	2024	2023
	£	£
Domestic current year tax		
UK corporation tax	-	-
Current tax charge	-	-
	2024	2023
	£	£
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation		
Profit on ordinary activities before taxation multiplied by the standard rate of U.K. corporation tax of 19.00% (2023: 19.00%)	-	-
Effects of:		
Gift Aid donations	-	-
Capital allowances in excess of depreciation	-	-
Depreciation in excess of capital allowances	-	-
Current tax charge	-	-

The subsidiary MK Gallery Trading Limited's result for the year gives rise to a current tax charge of £nil for the year ended 31 March 2024 (2023: £nil).

The subsidiary MK Gallery Enterprises Limited's result for the year gives rise to a current tax charge of £nil for the year ended 31 March 2024 (2023: £nil).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

14 Financial activities of the charity

The financial activities shown in the consolidated statement includes those of the charity's wholly owned subsidiaries, MK Gallery Enterprises Limited and MK Gallery Trading Limited.

A summary of the financial activities by the charity is set out below:

	2024	As restated 2023
	£	£
Gross income	1,438,898	1,150,148
Total expenditure	(1,854,837)	(1,779,263)
Net income	(415,939)	(629,115)
Total funds brought forward	12,270,380	12,899,495
Total funds carried forward	11,854,441	12,270,380
Represented by:		
Restricted income funds	287,687	282,993
Designated funds	597,255	717,248
Unrestricted income funds	217,513	296,364
Unrestricted capital funds	10,751,986	10,973,775
	11,854,441	12,270,380

15 Financial activities of the trading companies

The wholly owned trading subsidiaries MK Gallery Trading Limited (MKGT) and MK Gallery Enterprises Limited (MKGE), which are incorporated in the United Kingdom, usually pay all taxable profits to the charity by gift aid. No Gift Aid payment was made in the year so that funds were retained in the subsidiary for use in the following year. The trading subsidiaries operate the art gallery and all commercial trading operations carried on at the art gallery premises. The charity owns the entire share capital of 100 ordinary shares of £1 each in each company. A summary of the trading results is shown below.

	MKGE 2024	MKGE 2023	MKGT 2024	MKGT 2023
	£	£	£	£
Turnover	342,069	419,502	-	-
Cost of sales & administration costs	(350,157)	(437,311)	-	-
Net loss	(8,088)	(17,809)	-	-
Amount gift aided to the charity	-	-	-	-
Taken to reserves in subsidiary	(8,088)	(17,809)	-	-
The assets and liabilities of the subsidiary were:				
Current assets	29,814	44,566	-	9,384
Current liabilities	(147,082)	(153,746)	-	(1,140)
Total net (liabilities)/assets	(117,268)	(109,180)	-	8,244
Aggregate share capital and reserves	(117,268)	(109,180)	-	8,244

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**
16 Tangible fixed assets

	Group	Group	Group	Group
	Capital construc- tions £	Furniture, fittings and equipment £	Computer equipment £	Total £
Cost				
As at 1 April 2023 – as restated	11,051,112	820,691	42,010	11,913,813
Additions	-	-	806	806
Adjustment	(13,750)	(9,411)	-	(23,161)
At 31 March 2024	11,037,362	811,280	42,816	11,891,458
Depreciation				
At 1 April 2023 – as restated	553,103	578,540	34,970	1,166,613
Charge for the year	138,676	135,769	4,254	278,699
Adjustment	(859)	(9,411)	-	(10,270)
At 31 March 2024	690,920	704,898	39,224	1,435,042
Net book value				
At 31 March 2024	10,346,442	106,382	3,592	10,456,416
At 31 March 2023 – as restated	10,498,009	242,151	7,040	10,747,200
	Company	Company	Company	Company
	Capital construc- tions £	Furniture, fittings and equipment £	Computer equipment £	Total £
Cost				
As at 1 April 2023 – as restated	11,051,112	811,280	42,010	11,904,402
Additions	-	-	806	806
Adjustment	(13,750)	-	-	(13,750)
At 31 March 2024	11,037,362	811,280	42,816	11,891,458
Depreciation				
At 1 April 2023 – as restated	553,103	569,129	34,970	1,157,202
Charge for the year	138,676	135,769	4,254	278,699
Adjustment	(859)	-	-	(859)
At 31 March 2024	690,920	704,898	39,224	1,435,042
Net book value				
At 31 March 2024	10,346,442	106,382	3,592	10,456,416
At 31 March 2023 – as restated	10,498,009	242,151	7,040	10,747,200

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**
16 Tangible fixed assets (continued)

The fixed assets figure has been adjusted to reflect a reduction in the cost of the capital project which was included as fixed asset additions in a previous year.

All assets are held for direct charitable purposes.

17 Investments

Listed investments are held at market value and were valued by Ruffer LLP on the basis of their open market value as at 31 March 2024. The historical cost of the investments as at 31 March 2024 is £286,000 (2023: £556,000). All investments are held for charitable activities.

Group	Shares in subsidiary £	Listed investments £	Total £
At 1 April 2023	-	1,444,925	1,444,925
Change in market value	-	(95,255)	(95,255)
Sold in the year	-	(270,000)	(270,000)
Gross investment management fees paid	-	(3,841)	(3,841)
At 31 March 2024	-	1,075,829	1,075,829

Company	Shares in subsidiary (cost) £	Listed investments (market value) £	Total £
At 1 April 2023	200	1,444,925	1,445,125
Change in market value	-	(95,255)	(95,255)
Sold in the year	-	(270,000)	(270,000)
Gross investment management fees paid	-	(3,841)	(3,841)
At 31 March 2024	200	1,075,829	1,076,029

MK Gallery owns all the shares of MK Gallery Trading Limited, a company registered in England under company number 04469234. Unaudited accounts have been signed and have been filed with the Registrar of Companies. A summary of trading results is shown in note 15.

MK Gallery also owns all the shares of MK Gallery Enterprises Limited, a company registered in England under company number 11597873. Unaudited accounts have been signed and have been filed with the Registrar of Companies. A summary of trading results is shown in note 15.

The change in market value represents the net gains and losses arising within the portfolio managed by Ruffer LLP.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**
18 Debtors

	Group		Company	
	2024	2023	2024	2023
	£	£	£	£
Trade debtors	11,457	15,122	2,913	1,780
Prepayments	44,073	82,480	42,983	82,480
Accrued income	99,573	536	99,573	536
Amounts owed by group undertakings	-	-	126,711	135,220
Other debtors	113,414	114,413	113,313	113,239
	<u>268,517</u>	<u>212,551</u>	<u>385,493</u>	<u>333,255</u>

19 Creditors: amounts falling due within one year

	Group		Company	
	2024	As restated 2023	2024	As restated 2023
	£	£	£	£
Trade creditors	59,361	59,502	50,885	53,635
Deferred income (note 20)	8,712	75,237	385	67,138
Taxation and social security	16,546	18,888	16,546	18,888
Accruals	134,733	164,660	131,063	159,250
Amounts owed to group undertakings	-	-	100	9,384
Other creditors	6,302	6,332	6,302	6,332
	<u>225,654</u>	<u>324,619</u>	<u>205,281</u>	<u>314,626</u>

Amounts owed by and to group undertakings are unsecured, interest free and repayable on demand.

20 Deferred income

	Group		Company	
	2024	2023	2024	2023
	£	£	£	£
Balance at 1 April 2023	75,237	2,000	67,138	-
Amount received in the year	8,712	75,237	385	67,138
Amount released in the year	(75,237)	(2,000)	(67,138)	-
	<u>8,712</u>	<u>75,237</u>	<u>385</u>	<u>67,138</u>

Income is deferred where it relates to a future accounting period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**
21 Analysis of charitable funds

	As restated At 1 April 2023 £	Income £	Expenditure £	Transfers £	At 31 March 2024 £
Group					
Unrestricted fund movements:					
Designated funds:					
Capital construction fund	(2,745)	-	-	-	(2,745)
Capital renewal fund	600,000	-	-	-	600,000
Programme fund	119,993	-	-	(119,993)	-
General income fund	296,364	1,076,446	(1,283,534)	128,237	217,513
General capital fund	10,973,775	-	(221,789)	-	10,751,986
Trading Subsidiaries:					
MKGT	8,244	-	-	(8,244)	-
MKGE	(109,280)	342,069	(350,157)	-	(117,368)
Total unrestricted funds	11,886,351	1,418,515	(1,855,480)	-	11,449,386
Restricted funds (see below)	282,993	354,209	(349,515)	-	287,687
Total funds	12,169,344	1,772,724	(2,204,995)	-	11,737,073
Company					
Designated funds:					
Capital construction fund	(2,745)	-	-	-	(2,745)
Capital renewal fund	600,000	-	-	-	600,000
Programme fund	119,993	-	-	(119,993)	-
General income fund	296,364	1,084,689	(1,283,533)	119,993	217,513
General capital fund	10,973,775	-	(221,789)	-	10,751,986
Total unrestricted funds	11,987,387	1,084,689	(1,505,322)	-	11,566,754
Restricted funds (see below)	282,993	354,209	(349,515)	-	287,687
Total funds	12,270,380	1,438,898	(1,854,837)	-	11,854,441

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

21 Analysis of charitable funds (continued)

	As restated At 1 April 2023 £	Income £	Expenditure £	Transfers £	At 31 March 2024 £
Restricted funds					
Group and Company					
Paul Hamlyn Foundation	102,978	125,947	(124,504)	-	104,421
Paul Mellon	-	1,500	(1,306)	-	194
Garfield Weston	-	20,000	(4,860)	-	15,140
Kirkland Foundation	125,000	-	-	-	125,000
Saul Leiter	-	10,000	(10,000)	-	-
Austin Hope Pilkington	5,000	-	(4,257)	-	743
MKCF Seeing Differently	-	10,000	(2,396)	-	7,604
Children in Need	7,893	10,000	(8,090)	-	9,803
MK Gallery 25 th Anniversary Gala	-	725	(695)	-	30
MK Council Apprenticeship	-	5,668	(6,065)	-	(397)
MK Council Street Art	10,871	20	381	-	11,272
Capital Construction	1	-	-	-	1
Boyd & Evans Catalogue	(1,350)	43,250	(37,100)	-	4,800
MK Council Shutter Project	5,602	-	-	-	5,602
BTP Conference	-	4,000	(677)	-	3,323
PAW Supported Studio	16,820	1,805	(19,203)	-	(578)
Bagri Foundation Grant	(127)	25,000	(25,875)	-	(1,002)
South Asian Miniatures	(945)	96,094	(100,083)	-	(4,934)
Trickster Figures	1,250	200	(4,785)	-	(3,335)
Henry Moore Foundation	10,000	-	-	-	10,000
Total Restricted funds	282,993	354,209	(349,515)	-	287,687

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

21 Analysis of charitable funds (continued)

Milton Keynes Council has confirmed that for the purposes of managing and reporting on their annual grants, that the Council do not consider or treat those as restricted. The Company must report regularly on the grant released as a result of new management arrangements, and comply with annual Council reporting needs.

Name of fund	Description, nature and purpose of fund
Restricted Funds	
Paul Hamlyn Foundation	To fund a 3 year programme of inclusive arts practice for children with complex needs and their families
Paul Mellon	
Garfield Weston	
Kirkland Foundation	To support the cost of exhibition programmes
Saul Leiter	
Austin Hope Pilkington	To support the costs of exhibition programmes
MKCF Seeing Differently	
Children in Need	To fund a 3 year facilitated artists programme of activity for young people with low level mental health relates issues
MK Gallery 25 th Anniversary Gala	
MK Council Apprenticeship	
MK Council Street Art	To support the costs of the street art project
Boyd & Evans Catalogue	To support the costs of the catalogue production
MK Council Shutter Project	To support the costs of the shutter project

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

21 Analysis of charitable funds (continued)

Name of fund	Description, nature and purpose of fund
Restricted Funds	
BTP Conference	
PAW Supported Studio	To support the costs of the supported studio
Trickster Figures	To support the costs of exhibition and catalogues
Henry Moore Foundation	To support the costs of exhibition programmes

There were further funds for Bagri Foundation and South Asian Miniatures. These funds are in deficit at the end of the year but the deficit balances will be cleared with funding in the following financial year.

Designated Funds

The designated development fund was reallocated to a new £360,000 designated programme fund (£120,000 per annum to be drawn down annually to support programming costs) and a new £600,000 designated capital renewal fund. Any remaining reserves in this fund were allocated to the general income fund.

Unrestricted Funds

The general income fund represents those funds that are unrestricted and not designated for other purposes.

The general capital fund represents those funds that are unrestricted but represented by capital assets and are therefore not available reserves.

Transfers between funds

A transfer of £119,993 was made from the Programme fund designated fund to the general fund to represent to annual drawdown to support programming costs.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**
22 Analysis of net assets between funds
Group:

	Unrestricted Funds	Restricted Funds	2024 Total	As restated 2023 Total
	£	£	£	£
Fixed assets	10,456,416	-	10,456,416	10,747,200
Investments	1,075,829	-	1,075,829	1,444,925
Current assets	142,795	287,687	430,482	301,838
Current liabilities	(225,654)	-	(225,654)	(324,619)
	<u>11,449,386</u>	<u>287,687</u>	<u>11,737,073</u>	<u>12,169,344</u>

Company:

	Unrestricted Funds	Restricted Funds	2024 Total	As restated 2023 Total
	£	£	£	£
Fixed assets	10,456,416	-	10,456,416	10,747,200
Investments	1,076,029	-	1,076,029	1,445,125
Current assets	239,590	287,687	527,277	392,681
Current liabilities	(205,281)	-	(205,281)	(314,626)
	<u>11,566,754</u>	<u>287,687</u>	<u>11,854,441</u>	<u>12,270,380</u>

23 Commitments

There is a 99 year lease on the Theatre, Art Gallery and Theatre Square. A nominal rent of £1 each per annum is payable. This lease expires in more than 5 years.

Changes to the lease arrangements between Milton Keynes Council, Ambassador Theatre Group and MK Gallery mean the three parties are all now signatory to management arrangements that are enshrined in a long lease of 99 years from 18 December 2001.

Capital commitments

The charity has undertaken a capital development project which is complete apart from the final balance due to the contractor. At the year end the final balance due for the project was unknown but the charity is holding sufficient reserves to cover the balance due.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

24 Related party transactions

During the year donations of £nil were received from Trustees (2023: £nil). There are no other related party transactions during the period that require disclosure. The charitable company has taken advantage of the exemption available in accordance with Section 33 of FRS 102 'Related Party Disclosures' not to disclose transactions entered into between two or more members of the group that are wholly owned.

25 Provisions and contingent liabilities

The company has indemnified the purchaser of a lease against any claw back of £800,000 VAT by HMRC. This is only ever likely to arise if the building was not to be used as a commercial theatre within 10 years from November 2011. The Trustees consider the likelihood of this occurring to be remote and consequently no provision for this liability is considered appropriate.

26 Prior year adjustment

An adjustment was made to the figures for the year ended 31 March 2020 in relation to the following accounting issues in the years ended 31 March 2018, 31 March 2019 and 31 March 2020:

- VAT return errors arose which resulted in £134,205 being payable to HMRC. This meant creditors were understated by this amount in the figures originally reported.
- Fixed asset cost was overstated by £68,700 as a result of irrecoverable VAT being capitalised in error (relating to the VAT return errors).
- Accruals and fixed asset costs were both overstated by £197,560 in relation to an accrual for fixed asset additions that was not necessary.

The relevant values in the comparative figures have now been adjusted. The effect of this adjustment is:

	Group £	Company £
Opening reserves at 1 April 2020 (as previously stated)	12,806,667	12,858,710
Prior year adjustment	(190,843)	(190,843)
Opening reserves at 1 April 2020 (as restated)	12,615,824	12,667,867

MK GALLERY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

27 Notes to the Statement of Cash Flows

Cash and cash equivalents

Year ended 31 March 2024

	Group		Company	
	2024	2023	2024	2023
	£	£	£	£
Cash and cash equivalents	136,081	61,371	128,426	48,898

Year ended 31 March 2023

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Cash and cash equivalents	61,371	151,206	48,898	68,016

Analysis of changes in net funds - Group

	2023	Cash flow	2024
	£	£	£
Cash at bank and in hand	61,371	74,710	136,081
	61,371	74,710	136,081
	61,371	74,710	136,081

Analysis of changes in net funds - Company

	2023	Cash flow	2024
	£	£	£
Cash at bank and in hand	48,898	79,528	128,426
	48,898	79,528	128,426
	48,898	79,528	128,426

MK GALLERY

England & Wales - Charity number 1059678

Accounts

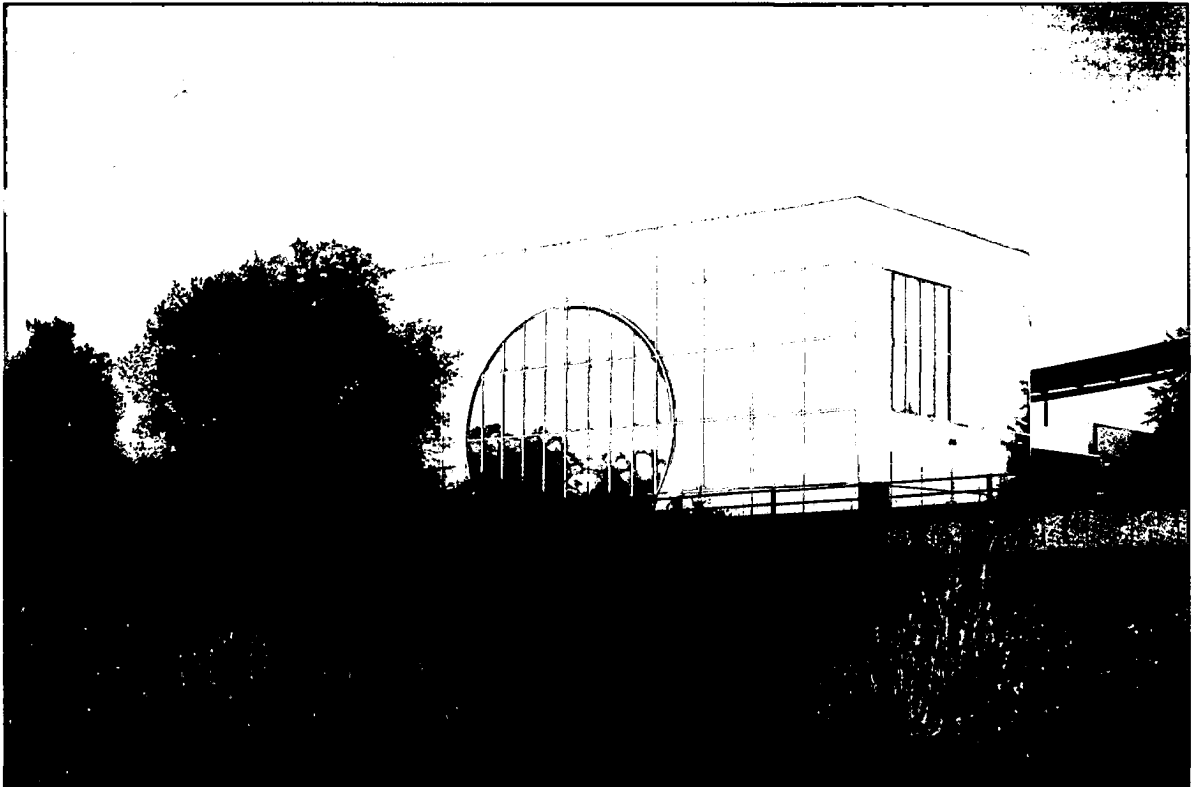
COMPANY REGISTRATION NO: 02422890
REGISTERED CHARITY NO: 1059678

REPORT & CONSOLIDATED FINANCIAL STATEMENTS

MK GALLERY

(A COMPANY LIMITED BY GUARANTEE)

FOR THE YEAR ENDED 31 MARCH 2023



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COMPANIES HOUSE

MK GALLERY

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MK GALLERY

TRUSTEES' REPORT

The Trustees, who are also Directors of the charity for the purposes of the Companies Act 2006, are pleased to present their annual report and the audited consolidated financial statements of the charity for the year ending 31 March 2023 which are prepared to meet the requirements for a Directors' report and accounts for Companies Act purposes.

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

Objects of the charity and public benefit

In consideration of strategies and policies of the charity, the Trustees have due regard for the public benefit in accordance with the Charities Act 2011.

The Charity's objects as set out in its Articles of Association are:

1. 'to promote, maintain, improve and advance the education and understanding of the public, particularly through the production and presentation of and engagement with the arts, visual culture and related areas of creative practice, and to formulate, prepare and establish projects and schemes therefore provided that all objects of the Company shall be of a charitable nature'

and

2. 'to present, promote, organise, provide, manage, and produce a balanced programme of artistic activity and endeavour, whether on any premises of the Company or elsewhere, as are conducive to the promotion, maintenance, improvement, and advancement of education and understanding of the public, and encouragement of the arts, visual culture, and related areas of creative practice.'

Charitable Purpose

MK Gallery's principal charitable purpose is to promote, maintain, improve, and advance the education and understanding of the public, particularly by the production and presentation of and engagement with the arts, visual culture, and related areas of creative practice.

Its vision is to be one of the UK's leading centres for the arts with a national and international reputation for artistic excellence and innovation and to be a cultural beacon for the city.

Mission

The Gallery's mission is:

To provide access to high quality, innovative and thought-provoking art from around the world and through its programme, stimulate participation and debate, and build relationships between artists and audiences.

TRUSTEES' REPORT (CONTINUED)

Objectives

In order to achieve the principal charitable purpose, in line with the vision and mission, the Trustees set out a set of objectives:

1. Build, diversify and increase visitors to the building and create opportunities for artistic/cultural engagement for everyone in the community
 - a. Deliver a broad range of onsite and digital programmes that enable everyone to enjoy, and take part in cultural activity
 - b. Develop an audience strategy that achieves 50,000+ footfall across all programmes from a range of visitors that reflects the demographic of the catchment area
 - c. Develop new programmes and activities for children and young people that build confidence and encourage creativity and critical thinking
 - d. Create opportunities for artists and creatives to develop and share their work and reignite their careers post-Covid
2. Be ambitious and seek partnerships to deliver quality programmes and activities that change lives.
 - a. Work in partnership to develop and strengthen cultural opportunities in Milton Keynes and the South East
 - b. Create opportunities for diverse local communities to develop a sense of ownership and connection with the Gallery and to animate spaces and exchanges with their creative voices, vision, imagination, and curiosity
 - c. Pursue programmes that deliver against the health and wellbeing agenda and impact positively on people's lives
3. Be flexible, dynamic, and creative in the approach to improving financial sustainability and diversity among our workers.
 - a. Build a strong sustainable financial base to enable innovation and risk-taking in the longer term
 - b. Support apprenticeships and paid/unpaid work experience opportunities to incubate and grow the creative talent pool
 - c. Maximise onsite and digital commercial opportunities that appeal to a diverse audience
4. Consider the Gallery's commitment to environmental responsibility and how to embed this in the organisation.
 - a. Understand MK Gallery's environmental impact and develop a strategy to mitigate that impact
 - b. Consider how MK Gallery's programmes can contribute and influence current debate at a local and regional level

Public Benefit

The Trustees confirm that they have referred to the Charitable Commission guidance on public benefit when reviewing the Charity's aims and objectives as well as future planning of activities.

Through the delivery of world class exhibitions, engaging public programmes, and inclusive volunteering activity, the Charity has promoted, maintained, improved, and advanced the education and understanding of the public, connecting audiences and participants to current and relevant local and global social concerns including race, gender, Britishness, and immigration.

The Charity's priorities are aligned to its major public funders, Milton Keynes City Council and Arts Council England.

Activities and achievements during the year

Exhibitions:

MK Gallery attracted 114,533 visitors to the gallery in 2022/23, which is up on the previous year, however in 2021/2022 when the Gallery was still experiencing some lockdown closures (88,697). Visitors came from across the country, with a small number of visitors attending from overseas.

The 2022/23 exhibitions programme included the end of 'Ingrid Pollard, Carbon Slowly Turning'; the full run of 'Vivian Maier: Anthology' and 'Larry Achiampong: Wayfinder'; and the beginning of 'Trickster Figures: Sculpture and the Body'.

The programme overall attracted significant critical acclaim, with extensive and high-profile media coverage, especially for Ingrid Pollard, which was nominated for the Turner Prize and Vivian Maier, which was one of the Guardian's top 5 shows of the year.

MK Gallery commissioned important new work and worked with many national partners, including Turner Contemporary, Margate and the Baltic, Gateshead. The exhibitions also presented a very diverse programme, supporting artists from minority backgrounds, including Black British and non-binary, addressing pressing social issues, and engaging with hard-to-reach audiences and partners.

A high-profile conference and three major publications were also produced.

'Vivian Maier: Anthology' attracted good audience numbers while the more experimental exhibitions proved less popular. Anecdotal feedback suggests that the rise in the cost of living, uncertainty about the value of contemporary art and changes in audience behaviour post-covid were contributory factors. At the same time, these more contemporary programmes did have an important impact through social media and wider engagement with the cultural sector and arts industry.

TRUSTEES' REPORT (CONTINUED)

Activities and achievements during the year (continued)

Public programmes:

Public programmes continued to build and diversify audiences, creating entry points and pathways into the exhibitions; exploring and celebrating the creativity of the community; and providing commissioning, showcasing and development opportunities for artists.

Outcomes of community partnerships included a 'mini festival' exploring Muslimness in the Arts; a project with young people leaving care and unaccompanied young refugees; and Project Space exhibitions with MK Hindu Association, the Middle Eastern Cultural Group, and the YMCA amongst others.

The families programme included 6 themed family activity days; during the holidays the team delivered the national Holiday Activity and Food (HAF) programme; family artist-led activities for May Day and Love Nature Day and participated in Milton Keynes Heritage Open Days; free Explore visitor guides encouraged children to explore the exhibitions; and the Young Artist competition received over 100 entries; theatre activities introduced families to productions aligned to exhibition themes.

The youth offer included projects that supported young people facing a range of social and emotional challenges: The team delivered: ARTiculation in partnership with the National Gallery; 12 different schools visited the Gallery, indicating an improved confidence to learn outside the classroom; music, film, fashion, projects with students from MK College.

The Inclusive Practice in the Arts programme included: weekly family 'Art & Us' workshops for families with children with complex and additional needs: Sensory Boxes a and a monthly Supported Studio programme: half-term artist-led 'Art Together' family workshops; and Artist-led Sensory Tours which won a Fantastic for Families award. The public programme team also worked with a group of learning-disabled adults to co-design and deliver tours for local neurodiverse adult audiences and partnered with Phoenix Rising, MacIntyre, MK Snap, Camphill and Art Unlimited on a Project Space exhibition for Autism Acceptance month.

The Gallery offers networking and development opportunities to support the Associate Artists who deliver the Gallery programmes. Emerging artists were supported through Project Space exhibitions and artist commissions including a new interactive commission for Margaret Powell Square, and a colourful new mural on the Sky Room staircase landing. The team also participated in the nationwide project We Are Visible which supported new work by 30 disabled artists. The music programme ranged from folk to neo soul to opera and featured partnerships with MK Festival Fringe, tmr and Glyndebourne.

MK GALLERY

TRUSTEES' REPORT (CONTINUED)

Activities and achievements during the year (continued)

Volunteering:

Bucking the national trend, that suggests volunteering has decreased as a result of covid, the Gallery recorded 200 volunteers with 191 volunteers giving 7100 hours of their time to support the charity's activities in 2022/23. On average 80-90 volunteers gave time each month carrying out such activities as invigilating exhibitions, supporting family and adult creative workshops, cinema usher, outreach activity. There were 2289 volunteer opportunities offered.

Trading:

MK Gallery's sustainable finance strategy includes the success of the trading subsidiary, MK Gallery Enterprise Ltd. The subsidiary runs the Sky Room Cinema, the Café, the Shop and Private Hires. In addition, the Gallery made the decision to increase revenue potential by charging admission for all exhibitions and non-educational events.

Overall secondary spend was impacted by the lower-than-expected footfall and it became a key focus to build a customer base outside of visitors to the programmed activity.

The Gallery worked with the Chamber of Commerce and Destinations MK to profile the shift to local products. In the shop products were sourced from local artist makers and in the café local producers and suppliers featured in the narrative that was posted through partners' social media. The impact of this work started to be seen in Q3 for the cafe and is gradually building.

Event hire and catering hosted 239 events ranging from company event days, weddings, conference, and networking forums. Utilising the skills sets of an internal chef gave the Gallery a USP in the quality of catering at a reasonable point. September was the most successful month, and the team supported the charitable activity by providing meals for 300 children through the national Holiday Activity and Food (HAF) programme.

The Sky Room Cinema exponentially outperformed expectations. Due to national data regarding indoor leisure uptake the Gallery had pessimistically profiled income for the Cinema. The family film programme and NT Live screenings were the best performing shows. Occupancy remains low.

A student collaboration with the Ba Graphic Branding & Identity Course of the University of the Arts London, created a new Sky Room branding in line with MK Gallery's brand identity. This has raised the profile of the Sky Room Cinema.

In addition, the Gallery further increased income potential by starting to exit from the Culture Exemption scheme, a move that will enable the Gallery to increase the amount of reclaimed VAT.

MK GALLERY

TRUSTEES' REPORT (CONTINUED)

Future Developments

The Gallery's first year of operation was a period of significant programme and audience development with footfall figures exceeding all expectations. The impact of Covid 19 and the closure of the building in March 2020 presented numerous challenges for the Board and executive across all areas of the business including cash-flow, long-term revenue fundraising and public exhibitions and education programmes.

The Gallery has used 2021-2022 to build back programme, audiences and create more suitable resilience within its trading subsidiary and while visitor numbers are not at pre-covid levels (phenomena experienced across the sector), great inroads have been made to re-establish MK Gallery as an outstanding venue for visual art programming that is socially engaged, locally relevant and an asset to MK Council.

In 2022/23, The Gallery will redefine its business model based on the feedback received from our visitors, our work with our Partners (Arts Council England, MK Council) to ensure we are financially resilient while delivering the charitable Mission to a high standard synonymous with the MK Gallery Brand.

Finance Review

The financial performance for 2022/23 and the financial position on the balance sheet are set out in this report. In particular the Statement of Financial Activity (SOFA), which includes both unrestricted and restricted, shows the performance of the group during 2022/23.

The principal Charity income for the year is made up of unrestricted annual subsidies from Milton Keynes Council totalling £286,936 (2022: £280,146), and unrestricted funding from Arts Council England of £390,360 (2022: £395,807).

Further funds were raised through income generation of £583,706 from; exhibition admissions; exhibition hire fees; sales of limited-edition artworks; and exhibition catalogues. The Gallery moved to charging admission to all exhibitions to increase revenue with additional access day such as £1 residential Tuesdays and pay what you can Sundays.

Total expenditure for the group was £2,216,574 (2022: £2,393,019) of which £2,032,245 (2022: £2,202,738) was spent on the charitable activities i.e., operation of the art gallery. This included; £927,690 (2022: £888,522) of staff costs; £376,637 (2022: £398,656) of exhibition and education and event programme costs; £230,464 (2022: £234,004) of premises costs; and £279,245 of depreciation (2022: £278,710).

The cost of governance activities was £18,000 (2022: £18,000). Direct governance costs have been included in accordance with the SORP 2019 and include audit fees, legal fees, and Trustee expenses.

MK Gallery Enterprises Limited, reported a loss of £17,809 (2022: loss of £14,857) which is a better than the budget forecast position. MK Gallery Enterprises Limited operates all commercial trading operations carried out on the Gallery premises. The operations in the subsidiary continued to be reorganised during the year ending in a better than budgeted position. Further plans to increase yield in each area will support the continued growth of the subsidiary.

The Trustees are fully aware of the need to protect the Charity's funds beyond the period of committed support from Milton Keynes Council whilst ensuring that the charity can fulfil the key charitable objectives in the short and medium term.

MK GALLERY

TRUSTEES' REPORT (CONTINUED)

The Charity's financial forecasts and strategies were examined while preparing the Forward Plan 2023 - 2026; those continue to be monitored and tested through its financial controls and reporting systems.

Financial Summary

The year-end financial position for the charitable group (to the nearest thousand) was as follows:

	£
Unrestricted funds carried forward	
General surplus	195,000
Capital fund	10,974,000
Designated funds carried forward	
Capital construction fund	(3,000)
Capital renewal fund	600,000
Programme fund	120,000
Restricted funds	283,000
Net assets	£12,169,000

Going concern

The financial statements have been prepared on an on-going concern basis. Trustees consider that there is reasonable expectation that the charitable company and group have sufficient resources to continue in operational existence for the foreseeable future and for this reason they have adopted the going concern basis in preparing the financial statement.

Reserves policy

The trustees have considered the level of reserves required to maintain sufficient working capacity to operate the Gallery in the most efficient manner and to meet unforeseen liabilities that may arise. The Trustees have therefore established a reserves policy that aims to protect the charity's activities from risk of disruption at short notice due to lack of funds.

They take the view that the nature of MK Gallery's consolidated cash flows is such that they have set as a medium-term objective to maintain an unrestricted reserve, excluding benefit pension liabilities, at a level of 6 months operation or £500,000.

At March 2023, restricted funds stand at £282,993, and unrestricted funds as £296,364 and designated funds at £717,248. Free reserves as of 31st March 2023 were £195,328.

MK GALLERY

TRUSTEES' REPORT (CONTINUED)

Reserves policy (continued)

At 31 March 2023 the building contract retention remains outstanding. The final contract sum has been agreed between Bowmer & Kirkland and MK Gallery but due to Covid-19 and closure the rectification period has been extended.

At its meeting on 23 March 2021 the Board agreed changes to the charity's designated funds. The designated capital fund and Patrons/Donations fund was reallocated to the unrestricted capital fund at the amount required to depreciate the capital asset in full. Any remaining reserves in the fund were allocated to the general income fund.

The designated development fund was reallocated to a new £360,000 designated programme fund (£120,000 per annum to be drawn down annually to support programming costs) and a new £600,000 designated capital renewal fund. Any remaining reserves in this fund were allocated to the general income fund.

To regain the level of reserves necessary the Gallery will undergo a review of income, expenditure, and investment in 2023/2024.

In the view of the Trustees the free reserves are sufficient at the current time as the decision can be taken to reverse any designations in the event the funds are needed for general purposes.

Investment Policy

Trustees have the power to invest funds not immediately required from operational purposes such as securities or properties as they see fit. The underlying investment policy is to accept only a low-level risk, therefore available funds are invested through a charitable investment portfolio with Ruffer LLP.

MK Gallery operates a policy of investing a minimum sum of £1,000,000 (plus accumulated value) relating to the current Development Fund long-term with an investment manager.

MK Gallery assets are invested in line with its aims, in such a way that enables the trust to achieve its goals in both the short and long term. The Trustees do not wish to adopt an exclusionary policy, but individual investments may be excluded if perceived to conflict with the trust's purpose. Such instructions may be issued to the Investment Manager on behalf of the trust by the Finance and Operations Committee.

MK GALLERY

TRUSTEES' REPORT (CONTINUED)

Assets

In the opinion of the Trustees, the charitable company's assets are sufficient to fulfil the obligations of the Charity.

Trustee Liability Insurance

Liability Insurance exists for the benefit of all Trustee Directors.

Legal and Administrative Details

The Charity is MK Gallery (registered number 1059678) and is constituted as a private limited company limited by guarantee (registered number 02422890) incorporated in the UK. The principal and registered address is MK Gallery, 3 Theatre Walk, Central Milton Keynes, MK9 3PX. All current Trustees stand as guarantors to the company in the sum of £1 each.

Trustees

The directors of the charitable company are its Trustees for the purposes of charity law. The Trustees and Officers serving during the year were as follows:

Chair	Elizabeth Gifford Asase Amoah Cllr Carole Baume (resigned 11 September 2022) Robin Bradburn (appointed 17 November 2022) Susan Carbert (appointed 11 September 2022) David Danskin (resigned 7 November 2023) Cllr David Hopkins David King Shanika Mahendran (appointed 17 November 2023) Cllr Pete Marland (resigned 7 November 2023) Roselyn Mascarenhas Fidele Mutwarasibo Neil Smith Anthony Spira (appointed 20 September 2022) Sarah Westacott Sunita Yeomans
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Company Secretary	David Danskin (resigned 7 November 2023)
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Gallery Director	Anthony Spira
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Deputy Director	Francis Ranford
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All current Trustees stand as guarantors to the company in the sum of £1 each.

The trading subsidiary of MK Gallery is MK Gallery Enterprises Ltd. The Directors of the subsidiary company who served during this year and up to the date of this report were:

Chair	David Danskin (resigned 17 November 2023) David King Susan Carbert Anthony Spira
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MK GALLERY

TRUSTEES' REPORT (CONTINUED)

Advisers

The following acted as advisers to the charity during the year:

Bankers

Nationwide Building Society
Nationwide House
Pipers Way
Swindon
SN38 1NW

Bankers

METRO Bank
One Southampton Row
London
WC1B 5HA

Auditor

HW East Midlands Audit LLP
Woburn Court
2 Railton Road
Kempston
Bedford MK42 7PN

HR Consultants

ARC HR Solutions
44 Blanchland Circle
Monkston
Milton Keynes
MK10 9GP

Solicitors

HCR Hewitsons
50-60 Station Road
Cambridge
CB1 2JH

Accountants

Monico Tunley Ltd
19 Goldington Road
Bedford
MK40 3JY

Structure, Governance and Management

MK Gallery, established in 1999 as Milton Keynes Theatre and Gallery Company, is a company limited by guarantee and a registered charity governed by its Memorandum and Articles of Association which were formally adopted on 20 February 2014.

The Board of Trustees has responsibility for the ongoing strategic direction of MK Gallery and its subsidiary MK Gallery Enterprise Ltd, overseeing finances and approving the budget, working with the Gallery Director and Deputy Director in the development and implementation of policy to meet the Gallery's objects and to ensure it meets its statutory duties. The Board meet at least four times a year and a Finance and Operations Committee meets on a quarterly basis.

Day to day management is delegated to the Gallery Director, Anthony Spira, the Deputy Director Francis Ranford, and the Senior Leadership Team: Niki Braithwaite, Head of Public Programmes, Fay Blanchard, Head of Exhibitions, Sam Matthews, Head of Marketing and Audience Development and Andrew Papworth, Head of Catering and Events.

Trustee (Director) recruitment

The Articles provide that two directors shall be appointed who are members of Milton Keynes City Council in accordance with the nomination of the city council. Other directors may not be members or officers of the City Council and may be appointed after recommendation of the Directors after they have considered:

- Making such a recommendation after the advertisement of the vacancy and the response to an advertisement.
- Aiming for a board of Directors with a range of skills, experience, and abilities relevant to the objectives and activities; and
- Aiming for a board of Directors that is representative of Milton Keynes.

Each Trustee serves for a three-year term from the date of his or her appointment. The Trustees may resolve to re-appoint a Trustee for a further term. The exceptions to this rule are Trustees nominated by Milton Keynes Council, who are appointed on an annual basis and the Gallery Director, who has been appointed as company Director as per the amendments to the Articles in 2022.

MK GALLERY

TRUSTEES' REPORT (CONTINUED)

New Trustees receive induction and training through meetings with the Chair, Director, and staff of the Charity and through receipt of the Charity Commission's *The Essential Trustee*, a copy of the charity's Articles of Association and other key internal documents including the most recent Business Plan and Board papers.

As the charitable company is limited by guarantee, not having any share capital, none of the Trustees hold any interest in the charitable company or hold any right to subscribe to shares.

Remuneration of Key Management Personnel

Remuneration of management personnel is set by comparison internally with similar posts and, when possible, benchmarking with similar organisations through peer networks such as Plus Tate.

Inclusive employer

MK Gallery is committed to being an inclusive employer, ensuring barriers to employment are removed and that the working environment is an open, safe place to work. This year (2023) the Gallery has achieved Disability Confident Employer status and plan to apply to level 2 next year.

Related parties

None of the Trustees receive remuneration or other benefit from their work with the charity. Any connection between a Trustee or senior manager of the charity with an artist, contractor, performer or other supplier must be disclosed to the full Board in the same way as any other contractual relationship with a related party.

The charity's wholly owned subsidiary, MK Gallery Trading Limited, was established in 2002 to undertake some or all of the commercial activities of MK Gallery.

The Board authorised the set-up of a new trading company, MK Gallery Enterprises Limited, in October 2018 for all the Gallery's trading activities. The Board started meeting regularly from 2019 to review the Gallery's commercial activities.

Risk Management

The Trustees actively and regularly review the major risks to which MK Gallery is exposed and have implemented procedures to manage and minimise any impact should any of the identified risks materialise. A Risk Management policy, supported by an organisational risk register, is maintained setting out an assessment of the likelihood and impact of risk with required actions identified to manage risk, which is monitored no less than quarterly.

The Trustees are satisfied that there are clear lines of delegation and authority to teams regarding risk management and that the team are aware of the need to address risk in their area.

Key risks are:

- Threat to financial stability with stand still core funding, a more competitive fundraising landscape, an unstable financial market, rising costs of goods and services and the impact to cost of living on our customers and teams.
- A reduced capacity team leading to more mental health risks as individuals take on more work in order to maintain a quality cultural service.
- Unstable political climate in which the arts are not prioritised as a leading economic sector in the UK.
- A need to refurbish and refresh IT services, and integral capital items such as Air Handling Units, boilers, etc.

Fundraising activities

MK Gallery actively pursues funding from grant makers (trusts, foundations, and public funders), corporate sponsorships and individuals to fund charitable activities. Mk Gallery works with others to increase the fundraising opportunities including academic partners, specialist sector organisations, charities that align with the purpose and community partners.

The Gallery offers the option to gift aid admission charges, and to make donations online or onsite at one of the donation stations.

MK Gallery does not employ the services of professional or commercial fundraisers. MK Gallery does not take street collections or telephone campaigns. Where Mk Gallery collects personal information, this is managed in line with our Data Protect Policy.

MK GALLERY

TRUSTEES' REPORT (CONTINUED)

Statement of Disclosure of Information to Auditor

In so far as the Trustees are aware:

- (a) there is no relevant information of which the group's auditor is unaware, and
- (b) the Trustees have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

A resolution to reappoint HW East Midlands Audit LLP as auditor to the Charity and to authorise the Trustees to fix their remuneration will be proposed at the next General Meeting.

This report has been prepared under the special provisions of Part 15 of the Companies Act 2006 relating to small entities.

Approved by the Board and signed on its behalf by



E Gifford
Chairman

Date: 21/12/2023

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also the directors of MK Gallery 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, which give a true and fair view of the state of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and the group 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 in the Charities SORP 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MK GALLERY

Opinion

We have audited the financial statements of MK Gallery (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise of the Consolidated Statement of Financial Activities, the Consolidated and Charitable Company Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, 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 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the Trustees Report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MK GALLERY

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Trustees' Report.

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

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charity financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specific by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 15, the Trustees (who are also the directors of the parent charity 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and report in accordance with this Act.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MK GALLERY

Auditor responsibilities for the audit of the financial statements (continued)

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

- We obtained an understanding of the nature of the sector in which the charitable company group operates, including the legal and regulatory framework applicable to the charitable company group. We consider that the most significant are the Charities Statement of Recommended Practice, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and the parent charitable company's Memorandum and Articles of Association.
- We obtained an understanding of how the charitable company group complies with these requirements by discussions with those charged with governance and reviewing the minutes of Trustee meetings.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with those charged with governance.
- We inquired of those charged with governance about their own identification and assessment of the risk of irregularities, including any known actual, suspected or alleged instances of fraud.
- We discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to irregularities or fraud.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

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

A further description of our responsibilities is available on the FRC's website at:

<https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>. This description forms part of our auditor's report.

MK GALLERY

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MK GALLERY

Use of the audit 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 company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the group and the group's members as a body for our audit work, for this report, or for the opinions we have formed.

HW East Midlands Audit LLP

Alberto Di Lorenzo (Senior Statutory Auditor)

for and on behalf of HW East Midlands Audit LLP

Accountants and Statutory Auditor
Woburn Court
2 Railton Court
Kempston
Bedford
MK42 7PN

Date: 21/12/2023

HW East Midlands Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

MK GALLERY

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2023

		Unrestricted funds £	Restricted funds £	Total 2023 £	As restated Total 2022 £
	Notes				
Income:					
<i>Income from charitable activities:</i>					
Grants and donations	5	866,761	224,507	1,091,268	1,695,992
Other income		58,543	-	58,543	43,856
<i>Income from other trading activities:</i>					
Commercial trading operations		419,502	-	419,502	378,868
Investment income	6	58	-	58	8
Total income		1,344,864	224,507	1,569,371	2,118,724
Expenditure:					
Raising funds	7	184,329	-	184,329	190,281
<i>Expenditure on charitable activities:</i>					
Operation of art gallery	8	1,760,308	271,937	2,032,245	2,202,738
Total expenditure		1,944,637	271,937	2,216,574	2,393,019
Unrealised gain/(loss) on investments	6	279	-	279	110,136
Net income/(expenditure)		(599,494)	(47,430)	(646,924)	(164,159)
Transfers between funds		69,523	(69,523)	-	-
Net movement in funds for the year		(529,971)	(116,953)	(646,924)	(164,159)
Reconciliation of funds:					
Total funds brought forward		12,416,322	399,946	12,816,268	12,980,427
Total funds carried forward	21, 22	11,886,351	282,993	12,169,344	12,816,268

The notes on pages 23 to 45 also form part of these financial statements.

MK GALLERY

CONSOLIDATED AND CHARITABLE COMPANY BALANCE SHEETS (COMPANY NUMBER 02422890) AS AT 31 MARCH 2023

	Notes	Group		Charitable company	
		2023	As restated 2022	2023	As restated 2022
		£	£	£	£
Fixed assets:					
Tangible assets	16	10,747,200	11,068,284	10,747,200	11,068,284
Investments	17	1,444,925	1,756,413	1,445,125	1,756,613
Total fixed assets		12,192,125	12,824,697	12,192,325	12,824,897
Current assets:					
Stock		27,916	35,569	10,528	10,239
Debtors	18	212,551	143,878	333,255	313,614
Cash at bank and in hand		61,371	151,206	48,898	68,016
Total current assets		301,838	330,653	392,681	391,869
Liabilities:					
Creditors falling due within one year	19	(324,619)	(339,082)	(314,626)	(317,271)
Net current assets / (liabilities)		(22,781)	(8,429)	78,055	74,598
Total assets less current liabilities		12,169,344	12,816,268	12,270,380	12,899,495
Net assets		12,169,344	12,816,268	12,270,380	12,899,495
The funds of the charity:					
Unrestricted funds					
General income fund	21	195,328	362,406	296,364	445,633
General capital fund	21	10,973,775	11,216,661	10,973,775	11,216,661
Designated funds	21	717,248	837,255	717,248	837,255
Total unrestricted funds		11,886,351	12,416,322	11,987,387	12,499,549
Restricted funds					
Restricted income funds	21	282,993	399,946	282,993	399,946
Total restricted funds		282,993	399,946	282,993	399,946
Total charity funds	22	12,169,344	12,816,268	12,270,380	12,899,495

The notes on pages 23 to 45 also form part of these financial statements.

MK GALLERY

**CONSOLIDATED AND CHARITABLE COMPANY BALANCE SHEETS
(COMPANY NUMBER 02422890)
AS AT 31 MARCH 2023 (CONTINUED)**

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by the board, authorised for issue and signed on its behalf by

A handwritten signature in black ink, appearing to read 'E Gifford', is written over the line.

**E Gifford
Chairman**

Date: 21/12/2023

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023**

	Group		Charitable company	
	2023	As restated 2022	2023	As restated 2022
	£	£	£	£
Cash flows from operating activities:				
Net movement in funds	(646,924)	(164,159)	(629,115)	(149,178)
Less interest income shown in investing activities	(58)	(8)	(58)	(8)
Add depreciation	279,245	278,710	279,245	278,710
Less unrealised gain/add unrealised loss	(279)	(110,136)	(279)	(110,136)
(Increase)/Decrease in stock	7,653	12,048	(289)	13,858
Decrease in debtors	(68,673)	(51,557)	(19,641)	(112,120)
Increase/(Decrease) in creditors	(14,463)	(367,086)	(2,645)	(386,778)
Add investment management fees paid from fixed asset portfolio	17,767	18,336	17,767	18,336
Net cash used in operating activities	(425,732)	(383,852)	(355,015)	(447,316)
Cash flows from investing activities:				
Interest received	58	8	58	8
Net disposals of listed investments	294,000	-	294,000	-
Adjustment to previous fixed asset additions	42,954	-	42,954	-
Purchase of tangible fixed assets	(1,115)	(174,049)	(1,115)	(174,049)
Net cash provided by/(used in) investing activities:	335,897	(174,041)	335,897	(174,041)
Change in cash and cash equivalents in the year	(89,835)	(557,893)	(19,118)	(621,357)
Cash and cash equivalents at the beginning of the year	151,206	709,099	68,016	689,373
Total cash and cash equivalents at the end of the year	61,371	151,206	48,898	68,016

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

1 Accounting policies

a) Basis of preparation

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

MK Gallery constitutes a public benefit entity as defined by FRS 102.

Going concern

The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

The Trustees consider the going concern basis to be appropriate due to the current level of reserves and the fact the charity raised all necessary funds needed for the capital project which, at the end of the year, was complete.

b) Group financial statements and basis of consolidation

These financial statements consolidate the results of the charity and its wholly owned subsidiaries, MK Gallery Enterprises Limited and MK Gallery Trading Limited, on a line-by-line basis. A separate statement of financial activities and income and expenditure account for the charity itself has not been presented itself because the charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

c) Volunteers and donated services and facilities

The value of services provided by volunteers is not incorporated into these financial statements. Further details of the contribution made by volunteers can be found in the trustees' annual report.

d) Short term employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service. The charity operates a defined contribution pension scheme. Contributions payable to the charity's pension scheme are charged to the statement of financial activities in the period to which they relate.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

e) Income

Voluntary income including donations, gifts and legacies and grants that provide core funding or are of general nature are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Such income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the charity has unconditional entitlement.

Grants and donations for capital purposes are recognised on a receivable basis.

Income from commercial trading activities is recognised as earned as the related goods and services are provided.

Investment income is recognised on a receivable basis.

Income from charitable activities includes income received under contract or where entitlement to grant funding is subject to specific performance conditions and is recognised as earned as the related services are provided. Grant income included in this category provides funding to support performance activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Income is deferred when performance related grants are received in advance of the exhibitions or education programmes to which they relate.

f) Expenditure

Expenditure is recognised when a liability is incurred. Contractual arrangements and performance related grants are recognised as goods or services are supplied. Other grant payments are recognised when a constructive obligation arises that results in the payment being unavoidable.

Costs of generating funds are those costs incurred in attracting voluntary income and those incurred in trading activities that raise funds.

Expenditure on capital items is capitalised and included within fixed assets when it becomes payable.

Charitable activities include expenditure related to the overall administration and development of the art gallery complex in Milton Keynes. It includes both the direct costs and support costs relating to these activities.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

1 Accounting policies (continued)

f) Expenditure (continued)

Expenditure is classified under activity headings relating to the exhibition programme, the education programme and the events programme of the charity. Expenditure that is not directly attributable to each activity is apportioned between the activities of the charity according to criteria appropriate to the nature of the expenditure. Expenditure is allocated to support costs using the bases stated in note 9.

g) Irrecoverable VAT

All expenditure is classified under activity headings that aggregate all costs related to the category. Irrecoverable VAT on revenue expenditure is included within support costs and irrecoverable VAT on capital costs is capitalised as part of the cost of the fixed asset.

h) Fixed assets and depreciation

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write off the cost of tangible fixed assets over their estimated useful economic lives as follows:

Property Improvements under the course of construction	Not depreciated
Capital constructions	1.25% on cost per annum
Furniture, fittings and equipment	20% on cost per annum
Computer equipment	33% on cost per annum

i) Fixed asset investments

Investment income is accounted for when due.

Realised gains and losses are accounted for by reference to the sale proceeds and either the last balance sheet valuation, or the cost of the purchase if later. Unrealised gains and losses are calculated by comparing the previous balance sheet valuation, or cost of purchase if later, to the valuation at the year end.

j) Financial instruments

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of financial activities in support costs.

Cash at bank and in hand consists of cash and amounts held in bank accounts.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

1 Accounting policies (continued)

k) Funds

The company has the following funds:

Unrestricted funds: These represent funds which can be expended as the Trustees see fit, in accordance with the charitable objects of the company.

Designated funds: These are funds set aside by the Trustees out of unrestricted general funds for specific future purposes or projects.

Restricted income funds: These represent income received, which can only be expended for the purpose specified by the donor.

Unrestricted capital funds: The charity's restricted capital funds are those raised for the capital project. Annual depreciation is charged against the fund. The closing balance represents funds held in the restricted capital project fixed asset and equates to the net book value of the associated restricted fixed asset.

2 Key areas of judgement and estimate

In applying the accounting policies, the Trustees have made critical accounting judgments, estimates and assumptions. These estimates and assumptions are based on historical experience and are reviewed on a continual basis. Actual results may differ from the 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.

The total cost of the capital project has been broken down using component accounting to include the shorter life assets within the category of furniture, fittings and equipment rather than capital constructions. The assets have been categorised according to their useful lives which have been chosen to reflect the expected life of the asset and are then depreciated accordingly. There are no indications of impairment of the capital constructions.

3 Limited liability

The company is limited by guarantee and therefore has no share capital. The liability of the members is limited by guarantee to £1 each.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

4 Comparative Statement of Financial Activities

The Consolidated Statement of Financial Activities for the year ended 31 March 2022 is presented for illustrative purposes.

	Notes	Unrestricted funds £	Restricted funds £	As Restated Total £
Income:				
<i>Income from charitable activities:</i>				
Grants and donations		1,086,552	609,440	1,695,992
Other income		43,856	-	43,856
<i>Income from other trading activities:</i>				
Commercial trading operations		378,868	-	378,868
Investment income		8	-	8
Total income		1,509,284	609,440	2,118,724
Expenditure:				
Raising funds		190,281	-	190,281
<i>Expenditure on charitable activities:</i>				
Operation of art gallery		1,869,382	333,356	2,202,738
Total expenditure		2,059,663	333,356	2,393,019
Unrealised (loss)/gain on investments		110,136	-	110,136
Net income/(expenditure)		(440,243)	276,084	(164,159)
Transfers between funds		100,774	(100,774)	-
Net movement in funds for the year		(339,469)	175,310	(164,159)
Reconciliation of funds:				
Total funds brought forward		12,755,791	224,636	12,980,427
Total funds carried forward		12,416,322	399,946	12,816,268

The unrestricted funds balance of £12,416,322 is made up of £11,579,067 income and capital funds and £837,255 designated funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**
5 Voluntary income
2023 (Group)

	Unrestricted 2023 £	Restricted 2023 £	Restricted Capital 2023 £	Total 2023 £
Grants receivable:				
Milton Keynes Council:				
Deed of Variation	206,936	-	-	206,936
Gallery subsidy	80,000	-	-	80,000
Other grants	-	-	-	-
Trusts and foundations	-	142,922	-	142,922
Public grants	-	33,500	-	33,500
Arts Council England	390,360	7,053	-	397,413
Total grants receivable	677,296	183,475	-	860,771
Donations	189,465	41,032	-	230,497
	<u>866,761</u>	<u>224,507</u>	<u>-</u>	<u>1,091,268</u>

2022 (Group)

	Unrestricted 2022 £	Restricted 2022 £	Restricted Capital 2022 £	Total 2022 £
Grants receivable:				
Milton Keynes Council:				
Deed of Variation	195,146	-	-	195,146
Gallery subsidy	85,000	-	-	85,000
Other grants	-	-	-	-
Trusts and foundations	20,000	383,500	-	403,500
Public grants	120,437	139,130	-	259,567
Arts Council England	395,807	74,500	-	470,307
Total grants receivable	816,390	597,130	-	1,413,520
Donations	270,162	12,310	-	282,472
	<u>1,086,552</u>	<u>609,440</u>	<u>-</u>	<u>1,695,992</u>

Under a historic agreement with Milton Keynes Council, the Council undertook to provide the company with an annual subsidy of £100,000 towards the gallery's operational costs. As at 31 March 2023, a total of £2,369,998 (2022: £2,369,998) has been received since 1998. Of this, £80,000 is included in this year's financial statements which is lower than the previous year (2022: £85,000) due to a reduction in funding. A further agreement with Milton Keynes Council commenced in November 2011 to provide an index-linked grant of £150,000 per annum under a Deed of Variation. £206,936 has been included as income in the year ended 31 March 2023 (2022: £195,146).

Under its NPO scheme ACE provided the company with a grant of £390,360 towards gallery operational costs for the year ended 31 March 2023 (2022: £395,807). There were several public grants received during the year toward the costs of charitable activities including grants for the capital project from ACE and Milton Keynes Council.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

6 Investment income from current assets

	Group	
	2023	2022
	£	£
Deposit interest receivable	-	-
Bank interest receivable	58	8
	<u>58</u>	<u>8</u>

Investment income from fixed asset investments

	Group	
	2023	2022
	£	£
Unrealised gains/(losses) on listed investments portfolio	279	110,136
	<u>279</u>	<u>110,136</u>

7 Costs of generating funds

	Unrestricted	Restricted	Group	Group
	2023	2023	2023	2022
	£	£	£	£
Commercial trading operations	167,289	-	167,289	171,945
Investment management fees	17,040	-	17,040	18,336
	<u>184,329</u>	<u>-</u>	<u>184,329</u>	<u>190,281</u>

All figures for 2022 relate to unrestricted funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

8 Analysis of expenditure on charitable activities

	Exhibitions and running the Gallery £	Education and events programme £	Total 2023 £
Exhibition costs	376,464	-	376,464
Event costs	-	173	173
Education delivery costs	-	-	-
Premises costs	92,186	69,139	161,325
Marketing and development costs	51,620	38,714	90,334
Travel costs	628	470	1,098
Depreciation	139,622	111,698	251,320
Staff costs	565,788	139,409	705,197
Other staff costs	-	-	-
Support costs (see note 9)	153,026	275,307	428,333
Governance costs (see note 9)	10,800	7,200	18,000
Total expenditure on charitable activities	1,390,134	642,110	2,032,244

Expenditure on charitable activities was £2,032,244 (2022: £2,202,738) of which £184,077 (2022: £180,473) was restricted in respect of exhibition costs, £68,032 was restricted in respect of education and event costs (2022: £70,061), £11,980 was restricted in respect of development costs (2022: £60,412), £4,800 was restricted in respect of premises costs (2022: £3,690) and £5,196 was restricted in respect of support costs (2022: £18,720). The remaining amount of £1,760,308 (2022: £1,869,382) was unrestricted. 100% of support costs are allocated to expenditure on charitable activities.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

9 Analysis of support and governance costs

2023	Support costs £	Governance costs £	Total 2023 £	Basis of apportionment
Salary costs	101,159	5,000	106,159	Time spent
Other staff costs	16,518	-	16,518	Invoiced cost
Travel costs	470	-	470	Invoiced cost
Marketing and development costs	38,714	-	38,714	Invoiced cost
Premises costs	69,139	-	69,139	Office space
Accountancy – accounts preparation services	-	3,500	3,500	Governance
Accountancy – general support services	11,918	-	11,918	Invoiced cost
Audit fees	-	9,500	9,500	Governance
Professional fees	21,712	-	21,712	Invoiced cost
Memberships/subscriptions	8,141	-	8,141	Invoiced cost
Trustee insurance	1,436	-	1,436	Governance
Bank charges	9,654	-	9,654	Total cost
Depreciation	27,925	-	27,925	Office space
Irrecoverable VAT	33,087	-	33,087	Total cost
Sundry costs	323	-	323	Invoiced cost
IT and telephone costs	81,909	-	81,909	Invoiced cost
Printing and postage costs	6,228	-	6,228	Invoiced cost
Total	428,333	18,000	446,333	

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

9 Analysis of support and governance costs (continued)

2022	Support costs £	Governance costs £	Total 2022 £	Basis of apportionment
Salary costs	97,852	5,000	102,852	Time spent
Other staff costs	7,764	-	7,764	Invoiced cost
Travel costs	189	-	189	Invoiced cost
Marketing and development costs	55,969	-	55,969	Invoiced cost
Premises costs	70,201	-	70,201	Office space
Accountancy – accounts preparation services	-	3,500	3,500	Governance
Accountancy – general support services	10,530	-	10,530	Invoiced cost
Audit fees	-	9,500	9,500	Governance
Professional fees	44,053	-	44,053	Invoiced cost
Memberships/subscriptions	5,542	-	5,542	Invoiced cost
Trustee insurance	1,036	-	1,036	Governance
Bank charges	11,028	-	11,028	Total cost
Depreciation	27,871	-	27,871	Office space
Irrecoverable VAT	98,590	-	98,590	Total cost
Sundry costs	9,030	-	9,030	Invoiced cost
IT and telephone costs	81,326	-	81,326	Invoiced cost
Printing and postage costs	6,515	-	6,515	Invoiced cost
Total	527,496	18,000	545,496	

10 Net income/(expenditure) for the year

This is stated after charging:

	Group 2023 £	2022 £
Auditors' remuneration for audit services	9,500	9,500
Auditors' remuneration for non-audit services	-	-
Depreciation	279,245	278,710

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023****11 Staff costs**

	Group	
	2023	2022
	£	£
Wages and salaries	802,399	768,348
Social security costs	63,537	58,788
Other pension costs	61,754	61,386
	927,690	888,522

One employee received remuneration in the band £75,000 to £85,000 during the year (2022: one in the band £70,000 to £80,000). Pension costs in the year for the provision of a defined contribution scheme in respect of this employee amounted to £7,282 (2022: £6,976).

The charity trustees were not paid any remuneration in the year (2022: £nil), neither were they reimbursed expenses during the year (2022: £nil).

The key management personnel of the parent charity and the group comprise the Trustees, the Gallery Director, the Deputy Director, and the Head of Development and Communications. For the previous year, the key management personnel were the Trustees, the Gallery Director, the Deputy Director and the Head of Development and Communications. The total employee benefits of the key management personnel of the charity were £122,080 (2022: £115,021).

The average number of persons employed by the group during the year was 43 (2022: 42).

12 Pension costs

The company and its subsidiary make contributions into a group of personal pensions on behalf of their employees. The assets of the scheme are held separately from those of the company. The pension cost charge for the period represented contributions payable by the company and its subsidiary and amounted to £61,754 (2022: £61,386). At the year end there were contributions outstanding of £6,332 which are included in other creditors (2022: £6,300). Pension costs are allocated to restricted funds when such costs are covered by restricted funding.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

13 Taxation

As a registered charity, the company is not in normal circumstances subject to corporation tax. As a result, the Trustees are of the opinion that no material corporation tax liability will arise on the activities undertaken during this year.

The following relates to the trading subsidiary's corporation tax charge:

	Group	
	2023	2022
	£	£
Domestic current year tax		
UK corporation tax	-	-
Current tax charge	-	-
	2023	2022
	£	£
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	-	-
Profit on ordinary activities before taxation multiplied by the standard rate of U.K. corporation tax of 19.00% (2022: 19.00%)	-	-
Effects of:		
Gift Aid donations	-	-
Capital allowances in excess of depreciation	-	-
Depreciation in excess of capital allowances	-	-
Current tax charge	-	-

The subsidiary MK Gallery Trading Limited's result for the year gives rise to a current tax charge of £nil for the year ended 31 March 2023 (2022: £nil).

The subsidiary MK Gallery Enterprises Limited's result for the year gives rise to a current tax charge of £nil for the year ended 31 March 2023 (2022: £nil).

MK GALLERY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

14 Financial activities of the charity

The financial activities shown in the consolidated statement includes those of the charity's wholly owned subsidiaries, Mk Gallery Enterprises Limited and MK Gallery Trading Limited.

A summary of the financial activities by the charity is set out below:

	2023	As restated 2022
	£	£
Gross income	1,150,148	1,849,992
Total expenditure	(1,779,263)	(1,999,170)
Net income	(629,115)	(149,178)
Total funds brought forward	12,899,495	13,048,673
Total funds carried forward	12,270,380	12,899,495
Represented by:		
Restricted income funds	282,993	399,946
Designated funds	717,248	837,255
Unrestricted income funds	296,364	445,633
Unrestricted capital funds	10,973,775	11,216,661
	12,270,380	12,899,495

15 Financial activities of the trading companies

The wholly owned trading subsidiaries MK Gallery Trading Limited (MKGT) and MK Gallery Enterprises Limited (MKGE), which are incorporated in the United Kingdom, usually pay all taxable profits to the charity by gift aid. No Gift Aid payment was made in the year so that funds were retained in the subsidiary for use in the following year. The trading subsidiaries operate the art gallery and all commercial trading operations carried on at the art gallery premises. The charity owns the entire share capital of 100 ordinary shares of £1 each in each company. A summary of the trading results is shown below.

	MKGE 2023 £	MKGE 2022 £	MKGT 2023 £	MKGT 2022 £
Turnover	419,502	378,868	-	-
Cost of sales & administration costs	(437,311)	(393,725)	-	(124)
Net loss	(17,809)	(14,857)	-	(124)
Amount gift aided to the charity	-	-	-	-
Taken to reserves in subsidiary	(17,809)	(14,857)	-	(124)
The assets and liabilities of the subsidiary were:				
Current assets	44,566	120,548	9,384	9,384
Current liabilities	(153,746)	(211,919)	(1,140)	(1,140)
Total net (liabilities)/assets	(109,180)	(91,371)	8,244	8,244
Aggregate share capital and reserves	(109,180)	(91,371)	8,244	8,244

MK GALLERY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

16 Tangible fixed assets

	Group	Group	Group	Group
	Capital construc- tions £	Furniture, fittings and equipment £	Computer equipment £	Total £
Cost				
As at 1 April 2022 – as restated	11,094,066	819,576	42,010	11,955,652
Additions	-	1,115	-	1,115
Adjustment	(42,954)	-	-	(42,954)
At 31 March 2023	11,051,112	820,691	42,010	11,913,813
Depreciation				
At 1 April 2022 – as restated	419,302	443,340	24,726	887,368
Charge for the year	135,412	135,200	10,244	280,856
Adjustment	(1,611)	-	-	(1,611)
At 31 March 2023	553,103	578,540	34,970	1,166,613
Net book value				
At 31 March 2023	10,498,009	242,151	7,040	10,747,200
At 31 March 2022 – as restated	10,674,764	376,236	17,284	11,068,284
	Company	Company	Company	Company
	Capital construc- tions £	Furniture, fittings and equipment £	Computer equipment £	Total £
Cost				
As at 1 April 2022 – as restated	11,094,066	810,165	42,010	11,946,241
Additions	-	1,115	-	1,115
Adjustment	(42,954)	-	-	(42,954)
At 31 March 2023	11,051,112	811,280	42,010	11,904,402
Depreciation				
At 1 April 2022 – as restated	419,302	433,929	24,726	877,957
Charge for the year	135,412	135,200	10,244	280,856
Adjustment	(1,611)	-	-	(1,611)
At 31 March 2023	553,103	569,129	34,970	1,157,202
Net book value				
At 31 March 2023	10,498,009	242,151	7,040	10,747,200
At 31 March 2022 – as restated	10,674,764	376,236	17,284	11,068,284

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

16 Tangible fixed assets (continued)

The fixed assets figure has been adjusted to reflect a reduction in the cost of the capital project which was included as fixed asset additions in a previous year.

All assets are held for direct charitable purposes.

17 Investments

Listed investments are held at market value and were valued by Ruffer LLP on the basis of their open market value as at 31 March 2023. The historical cost of the investments as at 31 March 2023 is £556,000 (2022: £850,000). All investments are held for charitable activities.

Group	Shares in subsidiary £	Listed investments £	Total £
At 1 April 2022	-	1,756,413	1,756,413
Change in market value	-	279	279
Sold in the year	-	(294,000)	(294,000)
Gross investment management fees paid	-	(17,767)	(17,767)
At 31 March 2023	-	1,444,925	1,444,925

Company	Shares in subsidiary (cost) £	Listed investments (market value) £	Total £
At 1 April 2022	200	1,756,413	1,756,613
Change in market value	-	279	279
Sold in the year	-	(294,000)	(294,000)
Gross investment management fees paid	-	(17,767)	(17,767)
At 31 March 2023	200	1,444,925	1,445,125

MK Gallery owns all the shares of MK Gallery Trading Limited, a company registered in England under company number 04469234. Unaudited accounts have been signed and have been filed with the Registrar of Companies. A summary of trading results is shown in note 15.

MK Gallery also owns all the shares of MK Gallery Enterprises Limited, a company registered in England under company number 11597873. Unaudited accounts have been signed and have been filed with the Registrar of Companies. A summary of trading results is shown in note 15.

The change in market value represents the net gains and losses arising within the portfolio managed by Ruffer LLP.

MK GALLERY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

18 Debtors

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Trade debtors	15,122	27,258	1,780	17,233
Prepayments	82,480	61,825	82,480	61,825
Accrued income	536	216	536	-
Amounts owed by group undertakings	-	-	135,220	181,476
Other debtors	114,413	54,579	113,239	53,080
	<u>212,551</u>	<u>143,878</u>	<u>333,255</u>	<u>313,614</u>

19 Creditors: amounts falling due within one year

	Group		Company	
	2023	As restated 2022	2023	As restated 2022
	£	£	£	£
Trade creditors	59,502	84,358	53,635	72,767
Deferred income (note 20)	75,237	2,000	67,138	-
Taxation and social security	18,888	28,875	18,888	18,628
Accruals	164,660	217,549	159,250	210,192
Amounts owed to group undertakings	-	-	9,384	9,384
Other creditors	6,332	6,300	6,332	6,300
	<u>324,619</u>	<u>339,082</u>	<u>314,626</u>	<u>317,271</u>

Amounts owed by and to group undertakings are unsecured, interest free and repayable on demand.

20 Deferred income

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Balance at 1 April 2022	2,000	279,500	-	279,500
Amount received in the year	75,237	2,000	67,138	-
Amount released in the year	(2,000)	(279,500)	-	(279,500)
	<u>75,237</u>	<u>2,000</u>	<u>67,138</u>	<u>-</u>
Balance at 31 March 2023	75,237	2,000	67,138	-

Income is deferred where it relates to a future accounting period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

21 Analysis of charitable funds

	As restated At 1 April 2022 £	Income £	Expenditure £	Transfers £	At 31 March 2023 £
Group					
Unrestricted fund movements:					
Designated funds:					
Capital construction fund	(2,745)	-	-	-	(2,745)
Capital renewal fund	600,000	-	-	-	600,000
Programme fund	240,000	-	(7)	(120,000)	119,993
General income fund	445,633	925,641	(1,264,433)	189,523	296,364
General capital fund	11,216,661	-	(242,886)	-	10,973,775
Trading Subsidiaries:					
MKGT	8,244	-	-	-	8,244
MKGE	(91,471)	419,502	(437,311)	-	(109,280)
Total unrestricted funds	12,416,322	1,345,143	(1,944,637)	69,523	11,886,351
Restricted funds (see below)	399,946	224,507	(271,937)	(69,523)	282,993
Total funds	12,816,268	1,569,650	(2,216,574)	-	12,169,344
Company					
Designated funds:					
Capital construction fund	(2,745)	-	-	-	(2,745)
Capital renewal fund	600,000	-	-	-	600,000
Programme fund	240,000	-	(7)	(120,000)	119,993
General income fund	445,633	925,641	(1,264,433)	189,523	296,364
General capital fund	11,216,661	-	(242,886)	-	10,973,775
Total unrestricted funds	12,499,549	925,641	(1,507,326)	69,523	11,987,387
Restricted funds (see below)	399,946	224,507	(271,937)	(69,523)	282,993
Total funds	12,899,495	1,150,148	(1,779,263)	-	12,270,380

MK GALLERY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

21 Analysis of charitable funds (continued)

	As restated At 1 April 2022 £	Income £	Expenditure £	Transfers £	At 31 March 2023 £
Restricted funds					
Group and Company					
Paul Hamlyn Foundation	75,871	135,734	(108,627)	-	102,978
MK Council Porte Cocheres	4,818	-	-	(4,818)	-
HAF	-	8,000	(8,000)	-	-
Kirkland Foundation	125,000	-	-	-	125,000
Artwork SE Bridge Support	1,581	-	-	(1,581)	-
Austin Hope Pilkington	-	5,000	-	-	5,000
AAH	-	500	(500)	-	-
Children in Need	6,541	10,500	(9,148)	-	7,893
Freelands – Ingrid Pollard	3,763	-	(3,763)	-	-
Artwork MKCEP	2,490	-	-	(2,490)	-
Garfield Weston 2021	132,444	-	(96,255)	(36,189)	-
AHA	1,553	-	-	(1,553)	-
Arts Council England CRF	10,629	7,053	-	(17,682)	-
MK Council Street Art	17,375	-	(6,504)	-	10,871
Capital Construction	1	-	-	-	1
Boyd & Evans Catalogue	-	-	(1,350)	-	(1,350)
MK Council Shutter Project	6,675	23,325	(19,188)	(5,210)	5,602
PHF Emergency Fund 2	11,796	185	(11,981)	-	-
PAW Supported Studio	(591)	22,960	(5,549)	-	16,820
Bagri Foundation Grant	-	-	(127)	-	(127)
South Asian Miniatures	-	-	(945)	-	(945)
Trickster Figures	-	1,250	-	-	1,250
Henry Moore Foundation	-	10,000	-	-	10,000
Total Restricted funds	399,946	224,507	(271,937)	(69,523)	282,993

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

21 Analysis of charitable funds (continued)

Milton Keynes Council has confirmed that for the purposes of managing and reporting on their annual grants, that the Council do not consider or treat those as restricted. The Company must report regularly on the grant released as a result of new management arrangements, and comply with annual Council reporting needs.

Name of fund	Description, nature and purpose of fund
Restricted Funds	
Paul Hamlyn Foundation	To fund a 3 year programme of inclusive arts practice for children with complex needs and their families
MK Council Porte Cochères	To support the Porte Cochères project
HAF	To support the costs of the Holiday Activities and Food programme
Kirkland Foundation	To support the cost of exhibition programmes
Artwork SE Bridge Support	To support educational workshops
Austin Hope Pilkington	To support the costs of exhibition programmes
AAH	To support the costs of exhibitions
Children in Need	To fund a 3 year facilitated artists programme of activity for young people with low level mental health relates issues
Freelands	To support the costs of the Ingrid Pollard exhibition
Artwork MKCEP	To project manage an education and arts sector partnership programme on behalf of AHA MK to engage children from 10 schools including CPD for teachers and artists
Garfield Weston 2021	To support the Covid-19 recovery period through delivery of a programme of activities to re-engage and build new audiences, and to make improvements to physical and digital infrastructure to support income generation and audience development
AHA	To support public learning programmes
Arts Council CRF	To support the charity in its covid recovery activities
MK Council Street Art	To support the costs of the street art project
Boyd & Evans Catalogue	To support the costs of the catalogue production
MK Council Shutter Project	To support the costs of the shutter project

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

21 Analysis of charitable funds (continued)

Name of fund	Description, nature and purpose of fund
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Restricted Funds

PHF Emergency Fund 2	To assist with the costs of the recovery from the pandemic
PAW Supported Studio	To support the costs of the supported studio
Trickster Figures	To support the costs of exhibition and catalogues
Henry Moore Foundation	To support the costs of exhibition programmes

There were further funds for Bagri Foundation and South Asian Miniatures. These funds are in deficit at the end of the year but the deficit balances will be cleared with funding in the following financial year.

Designated Funds

The designated development fund was reallocated to a new £360,000 designated programme fund (£120,000 per annum to be drawn down annually to support programming costs) and a new £600,000 designated capital renewal fund. Any remaining reserves in this fund were allocated to the general income fund.

Unrestricted Funds

The general income fund represents those funds that are unrestricted and not designated for other purposes.

The general capital fund represents those funds that are unrestricted but represented by capital assets and are therefore not available reserves.

Transfers between funds

A transfer of £120,000 was made from the Programme fund designated fund to the general fund to represent to annual drawdown to support programming costs.

Various transfers were made from restricted funds to unrestricted funds. These relate to expenditure in previous years that had been allocated to unrestricted funds instead of the restricted funds from which the amounts had been expended. These transfers total £69,523.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

22 Analysis of net assets between funds

Group:

	Unrestricted Funds	Restricted Funds	2023 Total	As restated 2022 Total
	£	£	£	£
Fixed assets	10,747,200	-	10,747,200	11,068,284
Investments	1,444,925	-	1,444,925	1,756,413
Current assets	18,845	282,993	301,838	330,653
Current liabilities	(324,619)	-	(324,619)	(339,082)
	<u>11,886,351</u>	<u>282,993</u>	<u>12,169,344</u>	<u>12,816,268</u>

Company:

	Unrestricted Funds	Restricted Funds	2023 Total	As restated 2022 Total
	£	£	£	£
Fixed assets	10,747,200	-	10,747,200	11,068,284
Investments	1,445,125	-	1,445,125	1,756,613
Current assets	109,688	282,993	392,681	391,869
Current liabilities	(314,626)	-	(314,626)	(317,271)
	<u>11,987,387</u>	<u>282,993</u>	<u>12,270,380</u>	<u>12,899,495</u>

23 Commitments

There is a 99 year lease on the Theatre, Art Gallery and Theatre Square. A nominal rent of £1 each per annum is payable. This lease expires in more than 5 years.

Changes to the lease arrangements between Milton Keynes Council, Ambassador Theatre Group and MK Gallery mean the three parties are all now signatory to management arrangements that are enshrined in a long lease of 99 years from 18 December 2001.

Capital commitments

The charity has undertaken a capital development project which is complete apart from the final balance due to the contractor. At the year end the final balance due for the project was unknown but the charity is holding sufficient reserves to cover the balance due.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

24 Related party transactions

During the year donations of £nil were received from Trustees (2022: £nil). There are no other related party transactions during the period that require disclosure. The charitable company has taken advantage of the exemption available in accordance with Section 33 of FRS 102 'Related Party Disclosures' not to disclose transactions entered into between two or more members of the group that are wholly owned.

25 Provisions and contingent liabilities

The company has indemnified the purchaser of a lease against any claw back of £800,000 VAT by HMRC. This is only ever likely to arise if the building was not to be used as a commercial theatre within 10 years from November 2011. The Trustees consider the likelihood of this occurring to be remote and consequently no provision for this liability is considered appropriate.

26 Prior year adjustment

An adjustment was made to the figures for the year ended 31 March 2020 in relation to the following accounting issues in the years ended 31 March 2018, 31 March 2019 and 31 March 2020:

- VAT return errors arose which resulted in £134,205 being payable to HMRC. This meant creditors were understated by this amount in the figures originally reported.
- Fixed asset cost was overstated by £68,700 as a result of irrecoverable VAT being capitalised in error (relating to the VAT return errors).
- Accruals and fixed asset costs were both overstated by £197,560 in relation to an accrual for fixed asset additions that was not necessary.

The relevant values in the comparative figures have now been adjusted. The effect of this adjustment is:

	Group £	Company £
Opening reserves at 1 April 2020 (as previously stated)	12,806,667	12,858,710
Prior year adjustment	(190,843)	(190,843)
Opening reserves at 1 April 2020 (as restated)	12,615,824	12,667,867

MILTON KEYNES THEATRE & GALLERY COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

27 Notes to the Statement of Cash Flows

Cash and cash equivalents

Year ended 31 March 2023

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Cash and cash equivalents	61,371	151,206	48,898	68,016

Year ended 31 March 2022

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Cash and cash equivalents	151,206	709,099	68,016	689,373

Analysis of changes in net funds - Group

	2022	Cash flow	2023
	£	£	£
Cash at bank and in hand	151,206	(89,836)	61,371
	151,206	(89,836)	61,371
	151,206	(89,836)	61,371

Analysis of changes in net funds - Company

	2022	Cash flow	2023
	£	£	£
Cash at bank and in hand	709,099	(557,893)	151,206
	709,099	(557,893)	151,206
	709,099	(557,893)	151,206

MK GALLERY

England & Wales - Charity number 1059678

Accounts

COMPANY REGISTRATION NO: 02422890
REGISTERED CHARITY NO: 1059678

REPORT & CONSOLIDATED FINANCIAL STATEMENTS

MK GALLERY

(A COMPANY LIMITED BY GUARANTEE)

FOR THE YEAR ENDED 31 MARCH 2022



MK GALLERY

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The Trustees, who are also Directors of the charity for the purposes of the Companies Act 2006, are pleased to present their annual report and the audited consolidated financial statements of the charity for the year ending 31 March 2022 which are prepared to meet the requirements for a Directors' report and accounts for Companies Act purposes.

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

About MK Gallery, including Mission and Aims and Activities for the Public Benefit

Founded in 1999, MK Gallery reopened in March 2019 after a £12m capital expansion which doubled the exhibition spaces and greatly enhanced access facilities creating a new Learning Studio with adjacent Changing Places toilet, a playscape for outdoor activities, and a multi-use auditorium for film, music, dance, theatre and talks, a café and an enhanced shop. In its reopening year it welcomed 150,000 visitors, compared with c.30,000 in previous years. Exhibitions attract visitors from across the UK and beyond; core audiences are drawn from Milton Keynes, Luton, Bedfordshire and Northamptonshire. MK Gallery is the only venue showing major exhibitions within a 40-mile radius and is a member of Plus Tate, the network of leading UK visual arts organisations.

Annually, MK Gallery programmes three high-profile exhibitions that bring together international and national loans of historical and contemporary art, as well as new commissions. Its exhibitions attract five-star reviews in the mainstream press, and tour to international institutions. Exhibitions are accompanied by publications and conferences with new texts and papers by leading scholars, writers and artists to offer new insights and perspectives.

Every element of MK Gallery's programming is designed to consider broader agendas beyond the art, offering multiple entry points for audiences and connections with diverse communities and partners. Alongside the three major exhibitions we offer a wide-ranging programme of film, music, dance, talks and conferences, mixing emerging and locally based talent with established names. Some of this programme complements and expands on exhibition themes while other elements are developed in response to and working with different communities of interest. Outcomes of community partnerships and projects are integrated throughout our programmes and buildings.

Alongside working with schools, MK Gallery delivers creative activities for early years and pre-schoolchildren. Its young people's programme provides artist-led creative sessions for those with emotional and mental health issues to build self-confidence, develop positive relationships and raise aspirations. Its 'Inclusive Practice in the Arts' programme includes weekly artist-led workshops with some of MK's most marginalised families who have one or more children with complex learning needs and/or physical disabilities.

Although school visits to site have been slow to develop due to COVID restrictions still being in place for schools, the overall ambition and energy to embed school programming has resulted in stronger relationships with the local educational landscape, including special educational schools and MK College that have resulted in large scale projects linked to exhibitions and career development through work experience opportunities.

The timing of the Covid Lockdown was particularly problematic for MK Gallery, the momentum and impact of the investment made in our opening year's programme and the new revenue streams within the trading subsidiary was lost. 2021-22 presented the challenge to build back our audience base nationally and locally, strengthen the commercial offer and build partnerships that support the future sustainability of MK Gallery.

TRUSTEES' REPORT (CONTINUED)

About MK Gallery, including Mission and Aims and Activities for the Public Benefit (continued)

MK Gallery's principal charitable purpose is to promote, maintain, improve and advance the education and understanding of the public, particularly by the production and presentation of and engagement with the arts, visual culture and related areas of creative practice.

Its vision is to be one of the UK's leading centres for the arts with a national and international reputation for artistic excellence and innovation and to be a cultural beacon for the city.

MK Gallery's mission is to provide access to high quality, innovative and thought-provoking art from around the world and through its programme, stimulate participation and debate, and build relationships between artists and audiences.

MK Gallery has three core values that support its vision and mission:

- Quality - By championing excellence the charity seeks to raise ambition and build confidence;
- Diversity – The charity welcomes and actively supports inclusivity;
- Opportunity – The charity is a platform for the development and exchange of art and ideas.

To deliver these values the Trustees set themselves strategic objectives for the year across five priority areas: Audiences, Artists, Enrichment, Place and Sustainability.

In shaping these priority areas the Trustees considered the Charity Commission's guidance on public benefit, Arts Council England's strategy for the arts *Let's Create*, MK Council's Corporate Plan and MK Council's Arts and Public Arts Strategy.

MK Gallery contributed towards its objectives in the following ways:

1. Audiences

- MK Gallery welcomed over 89,000 visitors to the building.
- MK Gallery used both Culture Counts and Audience Agency surveys to capture qualitative and quantitative data respectively.
- The major exhibitions were programmed to appeal to the core local and loyal audience but also to diversify the profile of the visitors and encourage new visitors both locally and nationally.
- During this period, Covid had a significant impact on data gathering due to the Gallery's closure. However, since November 2021 data capture has increased as a result of an integration of a highly sophisticated ticketing system, Spektrix.
- MK Gallery continued to develop family audience through a variety of methods, aiming to make the exhibitions more family friendly, along with new family film programme and children's theatre.

2. Artists

- From post-Covid reopening on 17th May 2021 the exhibition Memphis: Plastic Field was extended to 12th September 2021, showcasing over 150 items of iconic 1980s Italian design in an immersive installation.
- From 9th October 2021 - 20th February 2022 MK Gallery presented the first major retrospective of the work of pioneering modern British artist Laura Knight in over 50 years. The exhibition was the Gallery's most popular to date with over 15,000 visitors.
- Opening on 12th March 2022 Carbon Slowly Turning was the first career survey of contemporary British artist Ingrid Pollard - winner of the Freeland's Award and later nominated for the Turner Prize.

About MK Gallery, including Mission and Aims and Activities for the Public Benefit (continued)

3. Enrichment

- MK Gallery continued to work with Roche Court Education Trust to deliver Articulation with students and teachers.
- Support from Trusts, Foundations and MK Council enabled a growth in public programmes, providing additional activities for 0-18 year olds, such as Art Club, Family Days, Communities in residents and adult creative workshops.
- The public programme concentrated on a targeted approach to reaching children and young people most in need. Additional support from external funding enabled the most vulnerable young people to participate in: 'Amplify', a programme of workshops, performances and events for young people aged 16-25; Young Photographer of the year; ARioT an art club for 14-18 year olds; Street Arts for young people at risk of exclusions; Inclusive Practice including Arts & Us workshops and holiday activity.

4. Place

- The Director regularly attended the MK Cultural Leaders meetings and was a judge for MK Black History Month Awards; and the Head of Public Programmes represented the Gallery at Arts & Heritage Alliance Milton Keynes meetings.
- The Director and Deputy Director are trustees of locally based community and arts organisations.
- The Gallery supported the development of the Arts and Heritage Alliance's 'Rethinking Cultural Inclusion and Diversity Report' and the Director contributed as a speaker to the on-line launch event.

5. Sustainability

- In 2021-22 MK Gallery was able to utilise a second round of Cultural Recovery Fund support to face the challenge of building back from almost a year of closures, enabling a step up in marketing activity, improvements to the visitor experience and underwriting of loss revenue.
- Funding from the Weston Culture Recovery programme helped engagement with new audiences through a range of pilot activities including outdoor summer commissions, family fun days, communities in residence and art activities for low-income families, as well as making critical adaptation to digital and physical infrastructure to reduce costs and increase earned income.
- A cross organisational 'Green Team' was formed to review and drive forward MK Gallery's Environmental Policy creating a new Environmental Statement. An audit of all functions across the business took place to support sustainable internal working practice and influence our work with external partners. In addition, we successfully applied for funding to install a secure staff bike storage facility to encourage staff to cycle to work to reduce our carbon footprint.

Overview of Achievements and Performance in 2021-22

The new MK Gallery had reopened in March 2019, increasing audiences by 120,000 in its first year and reducing reliance on ACE subsidy from 55% to 26% of turnover due to new, earned income streams accounting for 30%. The balance came from Milton Keynes Council, raised income and MK Gallery's unrestricted reserves.

However, as a result of the Covid 19 pandemic, MK Gallery was only able to open for 40 days of 2021/22, resulting in a significant loss in revenue and a year of audience development. Audience figures dropped to 5000 visitors and activity was moved online. MK Gallery went through a significant year of shrinkage to remain stable. MK Gallery reopened in May 2021 and rose to the challenge of building back audiences, achieving commercial viability, and rebuilding the programme to ensure MK Gallery was relevant to the city and impacted on the ecology of the local community and beyond.

AUDIENCES

MK Gallery worked hard to programme impactful, high-profile programmes that saw the return of 89,000 visitors in 2021-22. While this was not to the same pre-covid level of 150,000, it has been a significant achievement in an untested visitor ecology.

With the new ticketing system, MK Gallery has been able to track visitor behaviour more effectively through the monitoring of online bookings, versus walk up entry, data that can now be used to plan resourcing to ensure the best visitor experience.

In January 2022, MK Gallery ran a series of focus groups to help build a better understanding of the audiences and have a more in-depth knowledge of their perceptions, use and the effect of marketing of the Gallery. This will be used in 2022 to inform decision making in the development of the programme and the wider offer.

A focus on families and young people after re-opening in summer 2021 has proved successful in bringing audiences back to the Gallery. The Gallery's high-profile autumn exhibition, Laura Knight, has successfully reinvigorated audiences and seen them return to the Gallery in greater numbers, which bodes well for the future.

Audience Agency data has shown us that a high proportion (28%) of our visitors travel from outside of Milton Keynes to see the programme, and that while targeting families enabled visitor growth after lockdown, there is still capacity to capitalise on this visitor segment. 60% of visitors identified as female and 67.5% are 65+. 97.5% of visitors identified as white, demonstrating a need to enhance efforts to diversify audiences to be more representative of a diverse City and nation.

ARTISTS

Memphis: Plastic Field was the first design exhibition the gallery has shown since our redevelopment and had the potential to attract a new audience segment. The exhibition also had local links with the postmodern design elements in the city of Milton Keynes.

Laura Knight: A Panoramic View sought to reinvigorate interest in pioneering female British figurative artists with the first exhibition of her work for over 50 years. It was MK Gallery's most popular exhibition to date which has helped to also increase data capture but was extremely popular with local audiences and also captured the interest of many all over the country.

TRUSTEES' REPORT (CONTINUED)

ARTISTS (CONTINUED)

Ingrid Pollard: Carbon Slowly Turning was the second solo presentation of a contemporary artist since re-opening. The exhibition contained themes of strong relevance to contemporary society including our relationship with the natural world and social constructs such as Britishness, race, sexuality and identity and was targeted to attract a more diverse and younger audience.

Due to the lockdown period of December 2020 and May 2021 we extended our Memphis exhibition through to the autumn of 2021 and created an outdoor programme to ensure resilience in the event of further lockdowns. Artist Chez was commissioned to produce a vibrant floor-based mural, inspired by the colours and shapes of Memphis in the public space that sits between our two buildings and our neighbour Milton Keynes Theatre.

ENRICHMENT

Between May 2021 and end of July 2022 we delivered 12 family themed activity days testing a range of different approaches. Some explored themes in our exhibitions such as Memphis inspired drop-in artist-led activities in summer 2021; a family drawing day with circus performers in response to our Laura Knight exhibition in January 2022. Others responded to national or seasonal events including Halloween-inspired activities in October 2021; Celebration of Difference to mark pride month; Spring Art Offering celebrating World Earth Day; and a Schools Out family day to mark the start of the school summer holidays. We also partnered with our neighbour the Parks Trust to deliver family artist-led activities for May Day and Love Nature Day and delivered family themed activities as part of Milton Keynes Heritage Open Days. As part of our family offer, we also developed Explore visitor guides which encourage children to take the lead in exploring our exhibitions and unique building and also experimented with introducing family theatre with productions aligned to exhibition themes.

In July 2021, we delivered the Monologue Project, a two-week workshop by local actor and activist Boni Adeliyi which explored and highlighted narratives from Black History through theatre and spoken word, picking up strands we originally intended to explore through the Young Poet Competition. Between April and July 2022, we delivered 'Amplify', a programme of workshops, performances and events for young people aged 16-25 using spoken and written word, poetry and text-based practice as means of both creative expression and a way to give voice to concerns around current social and political issues.

MK Gallery continued to partner with Roche Court Education Trust to deliver ARTiculation, a national public speaking initiative designed to promote the discussion of visual culture and build confidence in young people aged 14-23 delivering sessions with schools, one teacher CPD session, and hosting the regional competition.

There was a significant amount of interplay between the Community Project Space Exhibitions and Community Commissioning programme with the outcomes of community commissions and residencies shared across MK Gallery including the Project and Event Spaces. This approach enabled us to build new, and strengthen existing, partnerships with communities across Milton Keynes and to set a blue-print for how we aspire to work in the future. Between May 2021 and the end of July 2022 MK Gallery delivered 12 Community Project Space exhibitions profiling the creativity of our surrounding communities and two in depth residencies with marginalised communities in Milton Keynes. *Transitional Belonging* was a partnership with Grand Mentors, an enterprise that works with young people leaving care and unaccompanied young refugees.

MK GALLERY

TRUSTEES' REPORT (CONTINUED)

ENRICHMENT (CONTINUED)

A partnership with Arts & Heritage Alliance Milton Keynes saw the delivery of three further community residency projects working with the diverse communities of Milton Keynes. This included providing spaces for workshops and final presentations of artist collaborations with the Hindu Association, Middle Eastern Cultural Group, and the African Diaspora Foundation.

In total, 75 sessions were delivered to 1,050 participants from 102 different families. The sessions were led by 9 Associate Artists providing much needed employment opportunities post pandemic. Most families had not previously engaged with MK Gallery and were reached through targeted marketing to schools in low-income areas that had the highest proportion of pupil premium and free school meals. Information was also distributed via Foodbank and faith centres engaged in supporting families in need. Participants included families with children with additional needs and families that had recently arrived in MK - including refugees - struggling to build networks and friendships following the disruption of the pandemic. Two family centres based in Fishermead and Conniburrow, were also targeted because they are in the most deprived communities in Milton Keynes.

PLACE

MK Gallery continued to participate in the Milton Keynes Arts and Heritage Alliance (AHA MK): a collection of local organisations working together to position the arts and heritage sectors as strategic contributors to the community and economy of Milton Keynes. This partnership supports communication with other local cultural providers to ensure MK Gallery continues to be a relevant artistic resource for the city.

SUSTAINABILITY

As a result of the lockdowns, MK Gallery lost c.£384k earned income. Access to trusts, foundations and individuals also reduced significantly, resulting in a loss of funding for projects of c.£305k. To mitigate against these losses amidst continued uncertainty around changed visitor habits, reduced capacities in creating safe spaces and the potential to endure further local lockdowns, programmes and services had been either cancelled, postponed or extended in to 2021 and commissioned work took place in the outdoor spaces surrounding the gallery.

The full staff team was re-integrated after lockdown with new Covid-safe and flexible working processes introduced. The Memphis exhibition was extended to save costs on other shows and to provide opportunities for visitors. Schools programmes remained suspended so local families became the focus of much of our public activities. Emergency funding from CRF, the Weston Culture Recovery Fund and others enabled us to develop these programmes, improve marketing and data collection for audience development and improve and streamline various operations.

This Weston funds enabled us to focus on family audiences and work more closely with our surrounding communities to both celebrate their creativity whilst introducing and welcoming them to MK Gallery. We piloted a range of different activities and approaches which has defined a blueprint for our future approach to programming and funding applications to build on this work. The adaptations to our physical and digital infrastructure have increased our potential to generate income, reduced staff time in managing systems and processes, whilst providing us with greater insight into our audiences.

SUSTAINABILITY (CONTINUED)

Despite having risen to the challenges of the Covid and post-Covid recovery periods MK Gallery, like most arts institutions is now facing the new challenge of the cost-of-living crisis and significant increases to utilities bills. The former has made visitors increasingly price sensitive, more cautious in their choices and more likely to book later, whilst the latter has significantly impacted our overhead costs.

Our future income generating efforts will be directed towards continuing and deepening our engagement with our surrounding communities and families and finding new ways to engage with younger audiences.

The Weston funding enabled us to develop much greater knowledge and intelligence about our audiences and their patterns of behaviour. We streamlined and future proofed our systems saving us time and money and piloted different approaches to engaging new and diverse audiences making MK Gallery a more accessible and permeable organisation. Our future fundraising will be directed towards building on this body of work to enable us to continue and deepen our engagement with our surrounding communities and families and finding new ways to engage with younger audiences.

At the same time, the budget for 2021-22 demonstrated significant predicted shortfalls in earned income. A sustained period of closure, ongoing uncertainty around opening restrictions, vulnerable fledgling trading operations and depleted reserves coupled with uncertainty about visitor appetite as the country re-opened meant that income assumptions for 2021/22 made in 2020/21 were no longer viable.

Uncertainty remains over both the capacity of the new business activities enabled by the expanded building and the appetite of audiences, as we emerge into a much-changed landscape post-COVID.

Future Developments

The Gallery's first year of operation was a period of significant programme and audience development with footfall figures exceeding all expectations. The impact of Covid 19 and the closure of the building in March 2020 presented numerous challenges for the Board and executive across all areas of the business including cash-flow, long-term revenue fundraising and public exhibitions and education programmes.

The Gallery has used 2021-2022 to build back programme, audiences and create more suitable resilience within its trading subsidiary and while visitor numbers are not at pre-covid levels (phenomena experienced across the sector), great inroads have been made to re-establish MK Gallery as an outstanding venue for visual art programming that is socially engaged, locally relevant and an asset to MK Council.

In 2022/23, The Gallery will redefine its business model based on the feedback received from our visitors, our work with our Partners (Arts Council England, MK Council) to ensure we are financially resilient while delivering the charitable Mission to a high standard synonymous with the MK Gallery Brand.

Finance Review

The financial statements that follow are prepared to comply with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

MK GALLERY

TRUSTEES' REPORT (CONTINUED)

Finance Review (continued)

The principal Charity income for the year continued to arise from the unrestricted annual subsidies from Milton Keynes Council totalling £280,146 (2021: £273,942), and unrestricted funding from Arts Council England of £395,807 (2021: £635,360 plus £136,000 capital funding).

Further income was raised from external sources and fundraising and income generation continues with income from trusts, foundations, donations, exhibition hire fees, sales of limited edition artworks, sundry income, bank interest and the profit on café and venue hire, retail, ticket sales and exhibition catalogues.

Total expenditure for the group was £2,393,019 (2021: £1,602,675) of which £2,202,738 (2021: £1,561,530) was spent on the charitable activities i.e. operation of the art gallery. This included £888,522 (2021: £794,052) of staff costs, £398,656 (2021: £105,050) of exhibition and education and event programme costs, £234,004 (2021: £193,379) of premises costs, and £278,710 of depreciation (2021: £270,801).

The subsidiary, MK Gallery Trading Limited, reported a loss of £124 (2021: loss of £1,111). This subsidiary has now ceased trading and will be wound up in the near future.

The most recently formed subsidiary, MK Gallery Enterprises Limited, reported a loss of £14,857 (2021: loss of £15,092). MK Gallery Enterprises Limited operates the art gallery and all commercial trading operations carried on at the art gallery premises. The operations in the subsidiary continued to be reorganised during the year and both the level of business and the year end financial position were satisfactory.

The Trustees are fully aware of the need to protect the Charity's funds beyond the period of committed support from Milton Keynes Council whilst ensuring that the charity can fulfil the key charitable objectives in the short and medium term including the committed revenue funding of MK Gallery and potential further expenditure on site development.

The Charity's financial forecasts and strategies were examined while preparing the Forward Plan 2018-2022; those continue to be monitored and tested through its financial controls and reporting systems.

Financial Summary

The year-end financial position for the charitable group (to the nearest thousand) was as follows:

	£
Unrestricted funds carried forward	
General surplus	362,000
Capital fund	11,217,000
Designated funds carried forward	
Capital construction fund	(3,000)
Capital renewal fund	600,000
Programme fund	240,000
Restricted funds	400,000
Net assets	£12,816,000

Reserves policy

The MK Gallery reserves policy is to maintain a sufficient level of reserves to enable operating activities to be maintained, taking account of potential risks and contingencies that may arise from time to time. The policy is reviewed annually by the Trustees.

Unrestricted group reserves at the year-end amounted to £12,416,322 (2021: £12,755,791). Of these, the free reserves amounted to £362,406 (2021: £357,234). The desired level of free reserves is £500,000, representing approximately 6 months' operating costs.

In September 2012 the Trustees agreed to designate £4,000,000 from general reserves to a designated fund, the Development Fund. The company maintained and invested this fund to provide monies to meet special targets of opportunity or need, which further its mission and which may or may not have specific expectation or incremental or long-term increased income. On 18 March 2013 the Trustees re-designated £2,000,000 of the Development Fund to a new Capital Fund as a contribution towards the major redevelopment of the site. On 27 September 2016 the Trustees re-designated a further £1,000,000 from the Development Fund to the Capital Fund.

At 31 March 2022 the building contract retention remains outstanding. The final contract sum has been agreed between Bowmer & Kirkland and MK Gallery but due to Covid-19 and closure the rectification period has been extended. Payment of the retention is likely to take place in 2021-22.

At its meeting on 23 March 2021 the Board agreed changes to the charity's designated funds. The designated capital fund and Patrons/Donations fund was reallocated to the unrestricted capital fund at the amount required to depreciate the capital asset in full. Any remaining reserves in the fund were allocated to the general income fund.

The designated development fund was reallocated to a new £360,000 designated programme fund (£120,000 per annum to be drawn down annually to support programming costs) and a new £600,000 designated capital renewal fund. Any remaining reserves in this fund were allocated to the general income fund.

In the view of the Trustees the free reserves are sufficient at the current time as the decision can be taken to reverse any designations in the event the funds are needed for general purposes.

Investment Policy

MK Gallery operates a policy of investing a minimum sum of £1,000,000 (plus accumulated value) relating to the current Development Fund long-term with an investment manager.

Following completion of the redevelopment project, the Trustees employ a policy of investing any remaining funds in short to medium-term interest-bearing deposits.

In accordance with its reserves policy MK Gallery also has at least six months of planned expenditure as cash reserves in order to ensure financial security, continuity and to provide for contingencies.

MK Gallery assets are invested in line with its aims, in such a way that enables the trust to achieve its goals in both the short and long term. The Trustees do not wish to adopt an exclusionary policy, but individual investments may be excluded if perceived to conflict with the trust's purpose. Such instructions may be issued to the Investment Manager on behalf of the trust by the Finance and Operations Committee.

MK GALLERY

TRUSTEES' REPORT (CONTINUED)

Assets

In the opinion of the Trustees, the charitable company's assets are sufficient to fulfil the obligations of the Charity.

Trustee Liability Insurance

Liability Insurance exists for the benefit of all Trustee Directors.

Legal and Administrative Details

The Charity is MK Gallery (registered number 1059678) and is constituted as a private limited company limited by guarantee (registered number 02422890) incorporated in the UK. The principal and registered address is MK Gallery, 3 Theatre Walk, Central Milton Keynes, MK9 3PX.

Trustees

The directors of the charitable company are its Trustees for the purposes of charity law. The Trustees and Officers serving during the year were as follows:

Chairman	Elizabeth Gifford Asase Amoah (appointed 28 June 2021) Cllr Carole Baume (appointed 29 June 2021, resigned 11 September 2022) Susan Carbert (appointed 11 September 2022) David Danskin Cllr David Hopkins David King Cllr Pete Marland Roselyn Mascarenhas (appointed 28 June 2021) Fidele Mutwarasibo Mark Rayner (resigned 16 December 2021) Neil Smith Anthony Spira (appointed 20 September 2022) Sarah Westacott (appointed 15 March 2022) Sunita Yeomans
Company Secretary	David Danskin
Gallery Director	Anthony Spira

All current Trustees stand as guarantors to the company in the sum of £1 each.

TRUSTEES' REPORT (CONTINUED)

Advisers

The following acted as advisers to the charity during the year:

Bankers

HSBC Bank plc
19 Midsummer Place
Milton Keynes
MK9 3GB

Bankers

METRO Bank
One Southampton Row
London
WC1B 5HA

Auditor

HW East Midlands Audit LLP
Woburn Court
2 Railton Road
Kempston
Bedford MK42 7PN

HR Consultants

ARC HR Solutions
44 Blanchland Circle
Monkston
Milton Keynes
MK10 9GP

Solicitors

HCR Hewitsons
50-60 Station Road
Cambridge
CB1 2JH

Accountants

Steve Monico Ltd
19 Goldington Road
Bedford
MK40 3JY

Structure, Governance and Management

MK Gallery, established in 1999 as Milton Keynes Theatre and Gallery Company, is a company limited by guarantee and a registered charity governed by its Memorandum and Articles of Association which were formally adopted on 20 February 2014.

Appointment of Trustees (Directors)

MK Gallery may appoint any person who is willing to be a Trustee and Milton Keynes Council (MKC) may nominate two people to be Trustees.

Each Trustee serves for a three year term from the date of his or her appointment. The Trustees may resolve to re-appoint a Trustee who retires for a further term. The exceptions to this rule are Trustees nominated by Milton Keynes Council, who are appointed on an annual basis.

Trustees are recruited through an open process to meet identified skills gaps and succession planning. Opportunities are advertised on the Gallery's website and through other local and regional media channels.

New Trustees receive induction and training through meetings with the Chair, Director and staff of the Charity and through receipt of the Charity Commission's *The Essential Trustee*, a copy of the charity's Articles of Association and other key internal documents including the most recent Business Plan and Board papers.

No trustees stood down to retire by rotation within the year. The Trustee changes since the previous year end are detailed on page 10.

Board Operation and Development

During 2021-2022 the Board of Directors/Trustees began to meet as scheduled in person. Individual trustees provided support as required such as support to the Finance Manager upon the resignation of the Deputy Director etc. Through a series of focus groups, the Board were able to strategically support the re-application to the 2023 – 2026 Arts Council England Portfolio, which will inform the planning process for 2023 – 2026 Business Plan.

TRUSTEES' REPORT (CONTINUED)

Organisational Structure (continued)

The Board of Trustees meets quarterly to administer the Charity, review performance and discuss key topics. The Enterprise Board meet quarterly to review performance and to advise on business development. In addition to this the Finance and Operations Committee meets quarterly to scrutinise finance and audit, HR and legal issues.

The Building Committee, tasked with supervising the renovation and expansion of the building has ceased operation, after completion of the capital project.

Day to day management of the Gallery is delegated to MK Gallery's staff team led by the Director who is supported by the Deputy Director and senior colleagues. The Director takes lead responsibility for exhibition programming, fundraising, marketing and audience development, the Deputy Director for commercial operations and day to day management, staff, governance and facilities.

A team of volunteers, support the visitor experience through the delivery of guided tours, support in creative workshops and gallery attendance.

Salary Review

The Board is responsible for approving the organisation's annual budget which includes the global salaries budget. The Board has delegated responsibility for reviewing and setting individual salary levels to the Director, except in the case of his/her own salary. The Board remains responsible for making decisions in relation to the Director's salary. Salary levels across the organisation are reviewed annually and benchmarked against external peers to establish market rate salaries for similar posts in the sector/area. Changes to individual job descriptions are also taken into account.

Any changes to individual staff salaries are included in the global salary budget presented to the Board for approval in March. The Board also makes any decision regarding the pay of the Director at this meeting.

The Director/Board is/are under no obligation to increase annual rates of pay as a result of these reviews. This is reflected in the company's employment contracts.

Related parties

None of the Trustees receive remuneration or other benefit from their work with the charity. Any connection between a Trustee or senior manager of the charity with an artist, contractor, performer or other supplier must be disclosed to the full Board in the same way as any other contractual relationship with a related party.

The charity's wholly owned subsidiary, MK Gallery Trading Limited, was established in 2002 to undertake some or all of the commercial activities of MK Gallery.

The Board authorised the set-up of a new trading company, MK Gallery Enterprises Limited, in October 2018 for all the Gallery's trading activities. The Board started meeting regularly from 2019 to review the Gallery's commercial activities.

Financial health

The charity continues to control its costs whilst diversifying income, both earned and voluntary to achieve a sustainable financial model. The charity received significant financial support within the year from Covid-19 emergency funds which has helped to provide stability during a difficult trading year.

TRUSTEES' REPORT (CONTINUED)

Risk Management

The Trustees acknowledge their responsibility to identify, review and assess all major risks to which the Company is exposed, in particular those related to its operation, finances and reputation. A formal organisational risk assessment is undertaken as part of the charity's business planning process which identifies and ranks the risks the charity faces and the means of mitigation.

Brexit

In the opinion of the Board the impact of the UK leaving the EU finally on 31 December 2020 has not adversely affected the charity nor is it expected to have a material effect on the charity's operations.

Fundraising activities

With stronger fundraising regulation now in place in the UK and EU, the charity has worked to ensure that it maintains high standards in how it works with funders, donors and supporters and that fundraising practices and management meet the requirements of the new regulations.

Key features of the charity's approach to fundraising are:

- The charity is a member of the Institute of Fundraising and follows the Code of Fundraising Practice which is set by the Fundraising Regulator through its Standards Committee. The charity is registered with the Fundraising Regulator which maintains the standards for charitable fundraising and ensures that fundraising is respectful, open, honest and accountable to the public. It also takes complaints about fundraising, investigates cases and adjudicates on fundraising practice;
- The fundraising method outlines the charity's commitment to high standards;
- The fundraising approach is in line with the charity's aims and objectives;
- The charity raises funds through business networking, corporate donations and trusts and foundations fundraising, and individual gifts where appropriate;
- The fundraising work is overseen by the Head of Development and Communications who is also a member of the Institute of Fundraising;
- Fundraising guidance and advice is given to supporters through fundraising packs, email enquiries, networking events, the website and telephone conversations.
- The charity does not carry out any telephone, face-to-face or door-to-door fundraising.
- All of the charity's fundraising activity complies with explicit donor preferences about opting in.
- The charity does not use third party agencies for fundraising. The charity does not swap or share data and never sells data.
- The charity has a complaints policy which outlines commitment to resolving fundraising complaints as promptly and amicably as possible. It also sets out the process for handling any complaints received. All formal and informal complaints are recorded, along with the actions taken to resolve the complaint and the outcome of those actions. Complaints will be reported and referred to the Fundraising Regulator if a resolution with the complainant cannot be reached or if they are in the breach of any aspect of a code of fundraising practice;
- In 2021/22 no complaints were received;
- The Board of Trustees is able to provide additional assistance, advice and reassurance on the standards of the charity's fundraising delivery.

TRUSTEES' REPORT (CONTINUED)

Statement of Disclosure of Information to Auditor

In so far as the Trustees are aware:

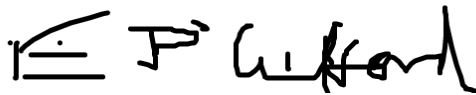
- (a) there is no relevant information of which the group's auditor is unaware, and
- (b) the Trustees have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

A resolution to reappoint HW East Midlands Audit LLP as auditor to the Charity and to authorise the Trustees to fix their remuneration will be proposed at the next General Meeting.

This report has been prepared under the special provisions of Part 15 of the Companies Act 2006 relating to small entities.

Approved by the Board and signed on its behalf by

A handwritten signature in black ink, appearing to read 'E Gifford', written over a horizontal line.

**E Gifford
Chairman**

Date: 23 December 2022

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also the directors of MK Gallery 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, which give a true and fair view of the state of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and the group 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 in the Charities SORP 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MK GALLERY

Opinion

We have audited the financial statements of MK Gallery (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise of the Consolidated Statement of Financial Activities, the Consolidated and Charitable Company Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, 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 2022 and of the group's 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the Trustees Report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MK GALLERY

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Trustees' Report.

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

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charity financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specific by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 15, the Trustees (who are also the directors of the parent charity 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and report in accordance with this Act.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MK GALLERY

Auditor responsibilities for the audit of the financial statements (continued)

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

- We obtained an understanding of the nature of the sector in which the charitable company group operates, including the legal and regulatory framework applicable to the charitable company group. We consider that the most significant are the Charities Statement of Recommended Practice, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and the parent charitable company's Memorandum and Articles of Association.
- We obtained an understanding of how the charitable company group complies with these requirements by discussions with those charged with governance and reviewing the minutes of Trustee meetings.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with those charged with governance.
- We inquired of those charged with governance about their own identification and assessment of the risk of irregularities, including any known actual, suspected or alleged instances of fraud.
- We discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to irregularities or fraud.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

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

A further description of our responsibilities is available on the FRC's website at:

<https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>. This description forms part of our auditor's report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MK GALLERY

Use of the audit 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 company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the group and the group's members as a body for our audit work, for this report, or for the opinions we have formed.

Haines Watts

Bianca Permal (Senior Statutory Auditor)

for and on behalf of HW East Midlands Audit LLP

Chartered Accountants and Statutory Auditor
Woburn Court
2 Railton Court
Kempston
Bedford
MK42 7PN

Date: 23 December 2022

HW East Midlands Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

MK GALLERY

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2022

		Unrestricted funds £	Restricted funds £	Total 2022 £	As restated Total 2021 £
	Notes				
Income:					
<i>Income from charitable activities:</i>					
Grants and donations	5	1,086,552	609,440	1,695,992	1,626,492
Other income		43,856	-	43,856	8,895
<i>Income from other trading activities:</i>					
Commercial trading operations		378,868	-	378,868	32,304
Investment income	6	8	-	8	6
Total income		1,509,284	609,440	2,118,724	1,667,697
Expenditure:					
Raising funds	7	190,281	-	190,281	41,145
<i>Expenditure on charitable activities:</i>					
Operation of art gallery	8	1,869,382	333,356	2,202,738	1,561,530
Total expenditure		2,059,663	333,356	2,393,019	1,602,675
Unrealised gain/(loss) on investments	6	110,136	-	110,136	299,581
Net income/(expenditure)		(440,243)	276,084	(164,159)	364,603
Transfers between funds		100,774	(100,774)	-	-
Net movement in funds for the year		(339,469)	175,310	(164,159)	364,603
Reconciliation of funds:					
Total funds brought forward		12,755,791	224,636	12,980,427	12,615,824
Total funds carried forward	21, 22	12,416,322	399,946	12,816,268	12,980,427

The notes on pages 24 to 46 also form part of these financial statements.

MK GALLERY

CONSOLIDATED AND CHARITABLE COMPANY BALANCE SHEETS (COMPANY NUMBER 02422890) AS AT 31 MARCH 2022

	Notes	Group		Charitable company	
		2022	As restated 2021	2022	As restated 2021
		£	£	£	£
Fixed assets:					
Tangible assets	16	11,068,284	11,172,945	11,068,284	11,172,945
Investments	17	1,756,413	1,664,613	1,756,613	1,664,813
Total fixed assets		12,824,697	12,837,558	12,824,897	12,837,758
Current assets:					
Stock		35,569	47,617	10,239	24,097
Debtors	18	143,878	92,321	313,614	201,494
Cash at bank and in hand		151,206	709,099	68,016	689,373
Total current assets		330,653	849,037	391,869	914,964
Liabilities:					
Creditors falling due within one year	19	(339,082)	(706,168)	(317,271)	(704,049)
Net current assets / (liabilities)		(8,429)	142,869	74,598	210,915
Total assets less current liabilities		12,816,268	12,980,427	12,899,495	13,048,673
Net assets		12,816,268	12,980,427	12,899,495	13,048,673
The funds of the charity:					
Unrestricted funds					
General income fund	21	362,406	357,234	445,633	425,480
General capital fund	21	11,216,661	11,438,557	11,216,661	11,438,557
Designated funds	21	837,255	960,000	837,255	960,000
Total unrestricted funds		12,416,322	12,755,791	12,499,549	12,824,037
Restricted funds					
Restricted income funds	21	399,946	224,636	399,946	224,636
Total restricted funds		399,946	224,636	399,946	224,636
Total charity funds	22	12,816,268	12,980,427	12,899,495	13,048,673

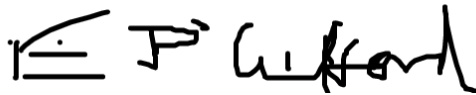
The notes on pages 24 to 46 also form part of these financial statements.

MK GALLERY

**CONSOLIDATED AND CHARITABLE COMPANY BALANCE SHEETS
(COMPANY NUMBER 02422890)
AS AT 31 MARCH 2022 (CONTINUED)**

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by the board, authorised for issue and signed on its behalf by

A handwritten signature in black ink, appearing to read 'E Gifford', written over a horizontal line.

**E Gifford
Chairman**

Date: 23 December 2022

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022**

	Group		Charitable company	
	2022	As restated 2021	2022	As restated 2021
	£	£	£	£
Cash flows from operating activities:				
Net movement in funds	(164,159)	364,603	(149,178)	380,806
Less interest income shown in investing activities	(8)	(6)	(8)	(6)
Add depreciation	278,710	270,801	278,710	270,801
Less unrealised gain/add unrealised loss	(110,136)	(299,581)	(110,136)	(299,581)
(Increase)/Decrease in stock	12,048	(2,467)	13,858	645
Decrease in debtors	(51,557)	21,922	(112,120)	3,849
Increase/(Decrease) in creditors	(367,086)	269,945	(386,778)	273,577
Add investment management fees paid from fixed asset portfolio	18,336	13,866	18,336	13,866
Net cash used in operating activities	(383,852)	639,083	(447,316)	643,957
Cash flows from investing activities:				
Interest received	8	6	8	6
Net disposals of listed investments	-	150,000	-	150,000
Purchase of tangible fixed assets	(174,049)	(120,659)	(174,049)	(120,659)
Net cash provided by/(used in) investing activities:	(174,041)	29,347	(174,041)	29,347
Change in cash and cash equivalents in the year	(557,893)	668,430	(621,357)	673,304
Cash and cash equivalents at the beginning of the year	709,099	40,669	689,373	16,069
Total cash and cash equivalents at the end of the year	151,206	709,099	68,016	689,373

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

1 Accounting policies

a) Basis of preparation

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

MK Gallery constitutes a public benefit entity as defined by FRS 102.

Going concern

The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

The Trustees consider the going concern basis to be appropriate due to the current level of reserves and the fact the charity raised all necessary funds needed for the capital project which, at the end of the year, was complete.

b) Group financial statements and basis of consolidation

These financial statements consolidate the results of the charity and its wholly owned subsidiaries, MK Gallery Enterprises Limited and MK Gallery Trading Limited, on a line-by-line basis. A separate statement of financial activities and income and expenditure account for the charity itself has not been presented itself because the charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

c) Volunteers and donated services and facilities

The value of services provided by volunteers is not incorporated into these financial statements. Further details of the contribution made by volunteers can be found in the trustees' annual report.

d) Short term employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service. The charity operates a defined contribution pension scheme. Contributions payable to the charity's pension scheme are charged to the statement of financial activities in the period to which they relate.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

e) Income

Voluntary income including donations, gifts and legacies and grants that provide core funding or are of general nature are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Such income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the charity has unconditional entitlement.

Grants and donations for capital purposes are recognised on a receivable basis.

Income from commercial trading activities is recognised as earned as the related goods and services are provided.

Investment income is recognised on a receivable basis.

Income from charitable activities includes income received under contract or where entitlement to grant funding is subject to specific performance conditions and is recognised as earned as the related services are provided. Grant income included in this category provides funding to support performance activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Income is deferred when performance related grants are received in advance of the exhibitions or education programmes to which they relate.

f) Expenditure

Expenditure is recognised when a liability is incurred. Contractual arrangements and performance related grants are recognised as goods or services are supplied. Other grant payments are recognised when a constructive obligation arises that results in the payment being unavoidable.

Costs of generating funds are those costs incurred in attracting voluntary income and those incurred in trading activities that raise funds.

Expenditure on capital items is capitalised and included within fixed assets when it becomes payable.

Charitable activities include expenditure related to the overall administration and development of the art gallery complex in Milton Keynes. It includes both the direct costs and support costs relating to these activities.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

1 Accounting policies (continued)

f) Expenditure (continued)

Expenditure is classified under activity headings relating to the exhibition programme, the education programme and the events programme of the charity. Expenditure that is not directly attributable to each activity is apportioned between the activities of the charity according to criteria appropriate to the nature of the expenditure. Expenditure is allocated to support costs using the bases stated in note 9.

g) Irrecoverable VAT

All expenditure is classified under activity headings that aggregate all costs related to the category. Irrecoverable VAT on revenue expenditure is included within support costs and irrecoverable VAT on capital costs is capitalised as part of the cost of the fixed asset.

h) Fixed assets and depreciation

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write off the cost of tangible fixed assets over their estimated useful economic lives as follows:

Property Improvements under the course of construction	Not depreciated
Capital constructions	1.25% on cost per annum
Furniture, fittings and equipment	20% on cost per annum
Computer equipment	33% on cost per annum

i) Fixed asset investments

Investment income is accounted for when due.

Realised gains and losses are accounted for by reference to the sale proceeds and either the last balance sheet valuation, or the cost of the purchase if later. Unrealised gains and losses are calculated by comparing the previous balance sheet valuation, or cost of purchase if later, to the valuation at the year end.

j) Financial instruments

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of financial activities in support costs.

Cash at bank and in hand consists of cash and amounts held in bank accounts.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

1 Accounting policies (continued)

k) Funds

The company has the following funds:

Unrestricted funds: These represent funds which can be expended as the Trustees see fit, in accordance with the charitable objects of the company.

Designated funds: These are funds set aside by the Trustees out of unrestricted general funds for specific future purposes or projects.

Restricted income funds: These represent income received, which can only be expended for the purpose specified by the donor.

Unrestricted capital funds: The charity's restricted capital funds are those raised for the capital project. Annual depreciation is charged against the fund. The closing balance represents funds held in the restricted capital project fixed asset and equates to the net book value of the associated restricted fixed asset.

2 Key areas of judgement and estimate

In applying the accounting policies, the Trustees have made critical accounting judgments, estimates and assumptions. These estimates and assumptions are based on historical experience and are reviewed on a continual basis. Actual results may differ from the 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.

The total cost of the capital project has been broken down using component accounting to include the shorter life assets within the category of furniture, fittings and equipment rather than capital constructions. The assets have been categorised according to their useful lives which have been chosen to reflect the expected life of the asset and are then depreciated accordingly. There are no indications of impairment of the capital constructions.

3 Limited liability

The company is limited by guarantee and therefore has no share capital. The liability of the members is limited by guarantee to £1 each.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**
4 Comparative Statement of Financial Activities

The Consolidated Statement of Financial Activities for the year ended 31 March 2021 is presented for illustrative purposes.

	Notes	Unrestricted funds £	Restricted funds £	As Restated Total £
Income:				
<i>Income from charitable activities:</i>				
Grants and donations		1,545,733	80,759	1,626,492
Other income		8,895	-	8,895
<i>Income from other trading activities:</i>				
Commercial trading operations		32,304	-	32,304
Investment income		6	-	6
Total income		<u>1,586,938</u>	<u>80,759</u>	<u>1,667,697</u>
Expenditure:				
Raising funds		41,145	-	41,145
<i>Expenditure on charitable activities:</i>				
Operation of art gallery		1,503,666	57,864	1,561,530
Total expenditure		<u>1,544,811</u>	<u>57,864</u>	<u>1,602,675</u>
Unrealised (loss)/gain on investments		<u>299,581</u>	<u>-</u>	<u>299,581</u>
Net income/(expenditure)		341,708	22,895	364,603
Transfers between funds		473,893	(473,893)	-
Net movement in funds for the year		<u>815,601</u>	<u>(450,998)</u>	<u>364,603</u>
Reconciliation of funds:				
Total funds brought forward		11,940,190	675,634	12,615,824
Total funds carried forward		<u>12,755,791</u>	<u>224,636</u>	<u>12,980,427</u>

The unrestricted funds balance of £12,755,791 is made up of £11,795,791 income and capital funds and £960,000 designated funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

5 Voluntary income

2022 (Group)

	Unrestricted 2022 £	Restricted 2022 £	Restricted Capital 2022 £	Total 2022 £
Grants receivable:				
Milton Keynes Council:				
Deed of Variation	195,146	-	-	195,146
Gallery subsidy	85,000	-	-	85,000
Other grants	-	-	-	-
Trusts and foundations	20,000	383,500	-	403,500
Public grants	120,437	139,130	-	259,567
Arts Council England	395,807	74,500	-	470,307
Total grants receivable	816,390	597,130	-	1,413,520
Donations	270,162	12,310	-	282,472
	1,086,552	609,440	-	1,695,992

2021 (Group)

	Unrestricted 2021 £	Restricted 2021 £	Restricted Capital 2021 £	Total 2021 £
Grants receivable:				
Milton Keynes Council:				
Deed of Variation	183,944	-	-	183,944
Gallery subsidy	89,998	-	-	89,998
Other grants	-	-	-	-
Trusts and foundations	17,000	80,000	-	97,000
Public grants	456,537	-	-	456,537
Arts Council England	771,360	-	-	771,360
Total grants receivable	1,518,839	80,000	-	1,598,839
Donations	26,894	759	-	27,653
	1,545,733	80,759	-	1,626,492

Under a historic agreement with Milton Keynes Council, the Council undertook to provide the company with an annual subsidy of £100,000 towards the gallery's operational costs. As at 31 March 2022, a total of £2,369,998 (2021: £2,284,998) has been received since 1998. Of this, £85,000 is included in this year's financial statements which is lower than the previous year (2021: £89,998) due to a reduction in funding. A further agreement with Milton Keynes Council commenced in November 2011 to provide an index-linked grant of £150,000 per annum under a Deed of Variation. £195,146 has been included as income in the year ended 31 March 2022 (2021: £183,944).

Under its NPO scheme ACE provided the company with a grant of £395,807 towards gallery operational costs for the year ended 31 March 2022 (2021: £391,360). There were several public grants received during the year toward the costs of charitable activities including grants for the capital project from ACE and Milton Keynes Council.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

6 Investment income from current assets

	Group	
	2022	2021
	£	£
Deposit interest receivable	-	-
Bank interest receivable	8	6
	<u>8</u>	<u>6</u>
	<u>8</u>	<u>6</u>

Investment income from fixed asset investments

	Group	
	2022	2021
	£	£
Unrealised gains/(losses) on listed investments portfolio	110,136	299,581
	<u>110,136</u>	<u>299,581</u>
	<u>110,136</u>	<u>299,581</u>

7 Costs of generating funds

	Unrestricted	Restricted	Group	Group
	2022	2022	2022	2021
	£	£	£	£
Commercial trading operations	171,945	-	171,945	27,279
Investment management fees	18,336	-	18,336	13,866
	<u>190,281</u>	<u>-</u>	<u>190,281</u>	<u>41,145</u>
Total expenditure on costs of generating funds	<u>190,281</u>	<u>-</u>	<u>190,281</u>	<u>41,145</u>

All figures for 2021 relate to unrestricted funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

8 Analysis of expenditure on charitable activities

	Exhibitions and running the Gallery £	Education and events programme £	Total 2022 £
Exhibition costs	388,095	-	388,095
Event costs	-	-	-
Education delivery costs	-	10,561	10,561
Premises costs	93,602	70,201	163,803
Marketing and development costs	74,626	55,969	130,595
Travel costs	252	189	441
Depreciation	139,355	111,484	250,839
Staff costs	541,093	171,815	712,908
Other staff costs	-	-	-
Support costs (see note 9)	316,693	210,803	527,496
Governance costs (see note 9)	10,800	7,200	18,000
	<u>1,564,516</u>	<u>638,222</u>	<u>2,202,738</u>
Total expenditure on charitable activities	<u>1,564,516</u>	<u>638,222</u>	<u>2,202,738</u>

Expenditure on charitable activities was £2,202,738 (2021: £1,561,530) of which £180,473 (2021: £3,055) was restricted in respect of exhibition costs, £70,061 was restricted in respect of education and event costs (2021: £49,748), £60,412 was restricted in respect of development costs (2021: £1,931), £3,690 was restricted in respect of premises costs (2021: £nil) and £18,720 was restricted in respect of support costs (2021: £3,130). The remaining amount of £1,869,382 (2021: £1,503,666) was unrestricted. 100% of support costs are allocated to expenditure on charitable activities.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

9 Analysis of support and governance costs

2022	Support costs £	Governance costs £	Total 2022 £	Basis of apportionment
Salary costs	97,852	5,000	102,852	Time spent
Other staff costs	7,764	-	7,764	Invoiced cost
Travel costs	189	-	189	Invoiced cost
Marketing and development costs	55,969	-	55,969	Invoiced cost
Premises costs	70,201	-	70,201	Office space
Accountancy – accounts preparation services	-	3,500	3,500	Governance
Accountancy – general support services	10,530	-	10,530	Invoiced cost
Audit fees	-	9,500	9,500	Governance
Professional fees	44,053	-	44,053	Invoiced cost
Memberships/subscriptions	5,542	-	5,542	Invoiced cost
Trustee insurance	1,036	-	1,036	Governance
Bank charges	11,028	-	11,028	Total cost
Depreciation	27,871	-	27,871	Office space
Irrecoverable VAT	98,590	-	98,590	Total cost
Sundry costs	9,030	-	9,030	Invoiced cost
IT and telephone costs	81,326	-	81,326	Invoiced cost
Printing and postage costs	6,515	-	6,515	Invoiced cost
Total	527,496	18,000	545,496	

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**
9 Analysis of support and governance costs (continued)

2021	Support costs £	Governance costs £	Total 2021 £	Basis of apportionment
Salary costs	112,463	5,000	117,463	Time spent
Other staff costs	16,944	-	16,944	Invoiced cost
Travel costs	44	-	44	Invoiced cost
Marketing and development costs	33,034	-	33,034	Invoiced cost
Premises costs	58,013	-	58,013	Office space
Accountancy – accounts preparation services	-	3,500	3,500	Governance
Accountancy – general support services	17,858	-	17,858	Invoiced cost
Audit fees	-	9,500	9,500	Governance
Professional fees	2,126	-	2,126	Invoiced cost
Memberships/subscriptions	2,036	-	2,036	Invoiced cost
Trustee insurance	-	-	-	Governance
Bank charges	2,555	-	2,555	Total cost
Depreciation	27,080	-	27,080	Office space
Irrecoverable VAT	44,886	-	44,886	Total cost
Sundry costs	7,735	-	7,735	Invoiced cost
IT and telephone costs	65,343	-	65,343	Invoiced cost
Printing and postage costs	2,129	-	2,129	Invoiced cost
Total	392,246	18,000	410,246	

10 Net income/(expenditure) for the year

This is stated after charging:

	Group 2022 £	2021 £
Auditors' remuneration for audit services	9,500	9,500
Auditors' remuneration for non-audit services	-	21,358
Depreciation	278,710	270,801

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

11 Staff costs

	Group	
	2022	2021
	£	£
Wages and salaries	768,348	708,526
Social security costs	58,788	52,010
Other pension costs	61,386	33,516
	888,522	794,052

One employee received remuneration in the band £70,000 to £80,000 during the year (2021: one in the band £60,000 to £70,000). Pension costs in the year for the provision of a defined contribution scheme in respect of this employee amounted to £6,976 (2021: £3,086).

The charity trustees were not paid any remuneration in the year (2021: £nil), neither were they reimbursed expenses during the year (2021: £nil).

The key management personnel of the parent charity and the group comprise the Trustees, the Gallery Director, the Deputy Director, and the Head of Development and Communications. For the previous year, the key management personnel were the Trustees, the Gallery Director, the Deputy Director and the Head of Development and Communications. The total employee benefits of the key management personnel of the charity were £115,021 (2021: £112,562).

The average number of persons employed by the group during the year was 42 (2021: 41).

12 Pension costs

The company and its subsidiary make contributions into a group of personal pensions on behalf of their employees. The assets of the scheme are held separately from those of the company. The pension cost charge for the period represented contributions payable by the company and its subsidiary and amounted to £61,386 (2021: £33,516). At the year end there were contributions outstanding of £6,300 which are included in other creditors (2021: £5,096). Pension costs are allocated to restricted funds when such costs are covered by restricted funding.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

13 Taxation

As a registered charity, the company is not in normal circumstances subject to corporation tax. As a result, the Trustees are of the opinion that no material corporation tax liability will arise on the activities undertaken during this year.

The following relates to the trading subsidiary's corporation tax charge:

	Group	
	2022	2021
	£	£
Domestic current year tax		
UK corporation tax	-	-
Current tax charge	-	-
	2022	2021
	£	£
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	-	-
Profit on ordinary activities before taxation multiplied by the standard rate of U.K. corporation tax of 19.00% (2021: 19.00%)	-	-
Effects of:		
Gift Aid donations	-	-
Capital allowances in excess of depreciation	-	-
Depreciation in excess of capital allowances	-	-
Current tax charge	-	-

The subsidiary MK Gallery Trading Limited's result for the year gives rise to a current tax charge of £nil for the year ended 31 March 2022 (2021: £nil).

The subsidiary MK Gallery Enterprises Limited's result for the year gives rise to a current tax charge of £nil for the year ended 31 March 2022 (2021: £nil).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

14 Financial activities of the charity

The financial activities shown in the consolidated statement includes those of the charity's wholly owned subsidiaries, Mk Gallery Enterprises Limited and MK Gallery Trading Limited.

A summary of the financial activities by the charity is set out below:

	2022	As restated 2021
	£	£
Gross income	1,849,992	1,934,974
Total expenditure	(1,999,170)	(1,554,168)
Net income	(149,178)	380,806
Total funds brought forward	13,048,673	12,667,867
Total funds carried forward	12,899,495	13,048,673
Represented by:		
Restricted income funds	399,946	224,636
Designated funds	837,255	960,000
Unrestricted income funds	445,633	425,480
Unrestricted capital funds	11,216,661	11,438,557
	12,899,495	13,048,673

15 Financial activities of the trading companies

The wholly owned trading subsidiaries MK Gallery Trading Limited (MKGT) and MK Gallery Enterprises Limited (MKGE), which are incorporated in the United Kingdom, usually pay all taxable profits to the charity by gift aid. No Gift Aid payment was made in the year so that funds were retained in the subsidiary for use in the following year. The trading subsidiaries operate the art gallery and all commercial trading operations carried on at the art gallery premises. The charity owns the entire share capital of 100 ordinary shares of £1 each in each company. A summary of the trading results is shown below.

	MKGE 2022	MKGE 2021	MKGT 2022	MKGT 2021
	£	£	£	£
Turnover	378,868	32,304	-	-
Cost of sales & administration costs	(393,725)	(47,396)	(124)	(1,111)
Net loss	(14,857)	(15,092)	(124)	(1,111)
Amount gift aided to the charity	-	-	-	-
Taken to reserves in subsidiary	(14,857)	(15,092)	(124)	(1,111)
The assets and liabilities of the subsidiary were:				
Current assets	120,548	48,636	9,384	9,738
Current liabilities	(211,919)	(125,150)	(1,040)	(1,270)
Total net (liabilities)/assets	(91,371)	(76,514)	8,344	8,468
Aggregate share capital and reserves	(91,371)	(76,514)	8,344	8,468

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**
16 Tangible fixed assets

	Group	Group	Group	Group
	Capital construc- tions £	Furniture, fittings and equipment £	Computer equipment £	Total £
Cost				
As at 1 April 2021 – as restated	11,083,523	671,109	26,971	11,781,603
Additions	10,543	148,467	15,039	174,049
At 31 March 2022	11,094,066	819,576	42,010	11,955,652
Depreciation				
At 1 April 2021 – as restated	277,949	313,892	16,817	608,658
Charge for the year	141,353	129,448	7,909	278,710
At 31 March 2022	419,302	443,340	24,726	887,368
Net book value				
At 31 March 2022	10,674,764	376,236	17,284	11,068,284
At 31 March 2021 – as restated	10,805,574	357,217	10,154	11,172,945
	Company	Company	Company	Company
	Capital construc- tions £	Furniture, fittings and equipment £	Computer equipment £	Total £
Cost				
As at 1 April 2021 – as restated	11,083,523	661,698	26,971	11,772,192
Additions	10,543	148,467	15,039	174,049
At 31 March 2022	11,094,066	810,165	42,010	11,946,241
Depreciation				
At 1 April 2021 – as restated	277,949	304,481	16,817	599,247
Charge for the year	141,353	129,448	7,909	278,710
At 31 March 2022	419,302	433,929	24,726	877,957
Net book value				
At 31 March 2022	10,674,764	376,236	17,284	11,068,284
At 31 March 2021 – as restated	10,805,574	357,217	10,154	11,172,945

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**
16 Tangible fixed assets (continued)

All assets are held for direct charitable purposes.

17 Investments

Listed investments are held at market value and were valued by Ruffer LLP on the basis of their open market value as at 31 March 2022. The historical cost of the investments as at 31 March 2022 is £850,000 (2021: £850,000). All investments are held for charitable activities.

Group	Shares in subsidiary £	Listed investments £	Total £
At 1 April 2021	-	1,664,613	1,664,613
Change in market value	-	110,136	110,136
Gross investment management fees paid	-	(18,336)	(18,336)
At 31 March 2022	-	1,756,413	1,756,413

Company	Shares in subsidiary (cost) £	Listed investments (market value) £	Total £
At 1 April 2021	200	1,664,613	1,664,813
Change in market value	-	110,136	110,136
Gross investment management fees paid	-	(18,336)	(18,336)
At 31 March 2022	200	1,756,413	1,756,613

MK Gallery owns all the shares of MK Gallery Trading Limited, a company registered in England under company number 04469234. Unaudited accounts have been signed and have been filed with the Registrar of Companies. A summary of trading results is shown in note 15.

MK Gallery also owns all the shares of MK Gallery Enterprises Limited, a company registered in England under company number 11597873. Unaudited accounts have been signed and have been filed with the Registrar of Companies. A summary of trading results is shown in note 15.

The change in market value represents the net gains and losses arising within the portfolio managed by Ruffer LLP.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

18 Debtors

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade debtors	27,258	2,341	17,233	125
Prepayments	61,825	49,341	61,825	49,341
Accrued income	216	29,861	-	28,361
Amounts owed by group undertakings	-	-	181,476	114,401
Other debtors	54,579	10,778	53,080	9,266
	<u>143,878</u>	<u>92,321</u>	<u>313,614</u>	<u>201,494</u>

19 Creditors: amounts falling due within one year

	Group		Company	
	2022	As restated 2021	2022	As restated 2021
	£	£	£	£
Trade creditors	84,358	105,910	72,767	105,207
Deferred income (note 20)	2,000	279,500	-	279,500
Taxation and social security	28,875	131,818	18,628	131,819
Accruals	217,549	184,165	210,192	173,345
Amounts owed to group undertakings	-	-	9,384	9,403
Other creditors	6,300	4,775	6,300	4,775
	<u>339,082</u>	<u>706,168</u>	<u>317,271</u>	<u>704,049</u>

Amounts owed by and to group undertakings are unsecured, interest free and repayable on demand.

20 Deferred income

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Balance at 1 April 2021	279,500	675	279,500	-
Amount received in the year	2,000	279,500	-	279,500
Amount released in the year	(279,500)	(675)	(279,500)	-
	<u>2,000</u>	<u>279,500</u>	<u>-</u>	<u>279,500</u>

Income is deferred where it relates to a future accounting period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**
21 Analysis of charitable funds

	As restated At 1 April 2021 £	Income £	Expenditure £	Transfers £	At 31 March 2022 £
Group					
Unrestricted fund movements:					
Designated funds:					
Capital construction fund	-	-	(2,745)	-	(2,745)
Capital renewal fund	600,000	-	-	-	600,000
Programme fund	360,000	-	-	(120,000)	240,000
General income fund	425,480	1,220,552	(1,421,173)	220,774	445,633
General capital fund	11,438,557	20,000	(241,896)	-	11,216,661
Trading Subsidiaries:					
MKGT	8,368	-	(124)	-	8,244
MKGE	(76,614)	378,868	(393,725)	-	(91,471)
Total unrestricted funds	12,755,791	1,619,420	(2,059,663)	100,774	12,416,322
Restricted funds (see below)	224,636	609,440	(333,356)	(100,774)	399,946
Total funds	12,980,427	2,228,860	(2,393,019)	-	12,816,268
Company					
Designated funds:					
Capital construction fund	-	-	(2,745)	-	(2,745)
Capital renewal fund	600,000	-	-	-	600,000
Programme fund	360,000	-	-	(120,000)	240,000
General income fund	425,480	1,220,552	(1,421,173)	220,774	445,633
General capital fund	11,438,557	20,000	(241,896)	-	11,216,661
Total unrestricted funds	12,824,037	1,240,552	(1,665,814)	100,774	12,499,549
Restricted funds (see below)	224,636	609,440	(333,356)	(100,774)	399,946
Total funds	13,048,673	1,849,992	(1,999,170)	-	12,899,495

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**
21 Analysis of charitable funds (continued)

	As restated At 1 April 2021 £	Income £	Expenditure £	Transfers £	At 31 March 2022 £
Restricted funds					
Group and Company					
Paul Hamlyn Foundation	14,962	113,030	(82,106)	29,985	75,871
MK Council Porte Cocheres	4,818	-	-	-	4,818
Catalyst	24,117	-	(3,539)	(20,578)	-
Kirkland Foundation	125,000	-	-	-	125,000
Artwork SE Bridge Support	1,581	-	-	-	1,581
Paul Mellon - Ingrid Pollard	-	9,500	(9,500)	-	-
AAH	-	630	(630)	-	-
Children in Need	3,432	10,000	(6,891)	-	6,541
Freelands – Ingrid Pollard	-	100,000	(96,237)	-	3,763
Artwork MKCEP	2,490	-	-	-	2,490
Garfield Weston 2021	(3,130)	270,000	(54,230)	(80,196)	132,444
AHA	1,553	-	-	-	1,553
Arts Council England CRF	-	74,500	(63,871)	-	10,629
MK Council Street Art	-	20,000	(2,625)	-	17,375
Capital Construction	1	-	-	-	1
MKCF	29,985	-	-	(29,985)	-
MK Council Shutter Project	-	11,675	(5,000)	-	6,675
PHF Emergency Fund 2	19,827	105	(8,136)	-	11,796
PAW Supported Studio	-	-	(591)	-	(591)
Total Restricted funds	224,636	609,440	(333,356)	(100,774)	399,946

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

21 Analysis of charitable funds (continued)

Milton Keynes Council has confirmed that for the purposes of managing and reporting on their annual grants, that the Council do not consider or treat those as restricted. The Company must report regularly on the grant released as a result of new management arrangements, and comply with annual Council reporting needs.

Name of fund	Description, nature and purpose of fund
Restricted Funds	
Paul Hamlyn Foundation	To fund a 3 year programme of inclusive arts practice for children with complex needs and their families
MK Council Porte Cochères	To support the Porte Cochères project
Catalyst	A fundraising programme to improve the Gallery's capability to raise funds from private sources
Kirkland Foundation	To support the cost of exhibition programmes
Artwork SE Bridge Support	To support educational workshops
Paul Mellon – Ingrid Pollard	To support the costs of the Ingrid Pollard exhibition
AAH	To support the costs of exhibitions
Children in Need	To fund a 3 year facilitated artists programme of activity for young people with low level mental health relates issues
Freelands	To support the costs of the Ingrid Pollard exhibition
Artwork MKCEP	To project manage an education and arts sector partnership programme on behalf of AHA MK to engage children from 10 schools including CPD for teachers and artists
Garfield Weston 2021	To support the Covid-19 recovery period through delivery of a programme of activities to re-engage and build new audiences, and to make improvements to physical and digital infrastructure to support income generation and audience development
AHA	To support public learning programmes
Arts Council CRF	To support the charity in its covid recovery activities
MK Council Street Art	To support the costs of the street art project
MKCF	To fund a 3 year programme of inclusive arts practice for children with complex needs and their families
MK Council Shutter Project	To support the costs of the shutter project

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

21 Analysis of charitable funds (continued)

Name of fund	Description, nature and purpose of fund
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Restricted Funds

PHF Emergency Fund 2	To assist with the costs of the recovery from the pandemic
PAW Supported Studio	To support the costs of the supported studio

At the year end the PAW Supported Studio fund has a deficit balance of £591 which will be reversed with funding during the following year.

Designated Funds

The Trustees designated funds received during the year ended 31 March 2013 for the capital project and development fund.

At its meeting on 23 March 2021 the Board agreed changes to the charity's designated funds. The designated capital fund and Patrons/Donations fund was reallocated to the unrestricted capital fund at the amount required to depreciate the capital asset in full. Any remaining reserves in the fund were allocated to the general income fund.

The designated development fund was reallocated to a new £360,000 designated programme fund (£120,000 per annum to be drawn down annually to support programming costs) and a new £600,000 designated capital renewal fund. Any remaining reserves in this fund were allocated to the general income fund.

Unrestricted Funds

The general income fund represents those funds that are unrestricted and not designated for other purposes.

The general capital fund represents those funds that are unrestricted but represented by capital assets and are therefore not available reserves.

Transfers between funds

A transfer of £120,000 was made from the Programme fund designated fund to the general fund to represent to annual drawdown to support programming costs.

A transfer of £100,774 was made from restricted funds to general funds to represent the costs that had been allocated to the general fund which are covered by the restricted funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**
22 Analysis of net assets between funds**Group:**

	Unrestricted Funds	Restricted Funds	2022 Total	As restated 2021 Total
	£	£	£	£
Fixed assets	11,068,284	-	11,068,284	11,172,945
Investments	1,677,996	78,417	1,756,413	1,664,613
Current assets	-	321,529	321,529	849,037
Current liabilities	(329,958)	-	(329,958)	(706,168)
	<u>12,416,322</u>	<u>399,946</u>	<u>12,816,268</u>	<u>12,980,427</u>

Company:

	Unrestricted Funds	Restricted Funds	2022 Total	As restated 2021 Total
	£	£	£	£
Fixed assets	11,068,284	-	11,068,284	11,172,945
Investments	1,739,412	17,201	1,756,613	1,664,813
Current assets	-	382,745	382,745	914,964
Current liabilities	(308,147)	-	(308,147)	(704,049)
	<u>12,499,549</u>	<u>399,946</u>	<u>12,899,495</u>	<u>13,048,673</u>

23 Commitments

There is a 99 year lease on the Theatre, Art Gallery and Theatre Square. A nominal rent of £1 each per annum is payable. This lease expires in more than 5 years.

Changes to the lease arrangements between Milton Keynes Council, Ambassador Theatre Group and MK Gallery mean the three parties are all now signatory to management arrangements that are enshrined in a long lease of 99 years from 18 December 2001.

Capital commitments

The charity has undertaken a capital development project which is complete apart from the final balance due to the contractor. At the year end the final balance due for the project was unknown but the charity is holding sufficient reserves to cover the balance due.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

24 Related party transactions

During the year donations of £nil were received from Trustees (2021: £nil). There are no other related party transactions during the period that require disclosure. The charitable company has taken advantage of the exemption available in accordance with Section 33 of FRS 102 'Related Party Disclosures' not to disclose transactions entered into between two or more members of the group that are wholly owned.

25 Provisions and contingent liabilities

The company has indemnified the purchaser of a lease against any claw back of £800,000 VAT by HMRC. This is only ever likely to arise if the building was not to be used as a commercial theatre within 10 years from November 2011. The Trustees consider the likelihood of this occurring to be remote and consequently no provision for this liability is considered appropriate.

26 Prior year adjustment

An adjustment was made to the figures for the year ended 31 March 2020 in relation to the following accounting issues in the years ended 31 March 2018, 31 March 2019 and 31 March 2020:

- VAT return errors arose which resulted in £134,205 being payable to HMRC. This meant creditors were understated by this amount in the figures originally reported.
- Fixed asset cost was overstated by £68,700 as a result of irrecoverable VAT being capitalised in error (relating to the VAT return errors).
- Accruals and fixed asset costs were both overstated by £197,560 in relation to an accrual for fixed asset additions that was not necessary.

The relevant values in the comparative figures have now been adjusted. The effect of this adjustment is:

	Group £	Company £
Opening reserves at 1 April 2020 (as previously stated)	12,806,667	12,858,710
Prior year adjustment	(190,843)	(190,843)
Opening reserves at 1 April 2020 (as restated)	12,615,824	12,667,867

MILTON KEYNES THEATRE & GALLERY COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

27 Notes to the Statement of Cash Flows

Cash and cash equivalents

Year ended 31 March 2022

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Cash and cash equivalents	151,206	709,099	68,016	689,373

Year ended 31 March 2021

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Cash and cash equivalents	709,099	40,669	689,373	16,069

Analysis of changes in net funds - Group

	2021	Cash flow	2022
	£	£	£
Cash at bank and in hand	709,099	(557,893)	151,206
	709,099	(557,893)	151,206
	709,099	(557,893)	151,206

Analysis of changes in net funds - Company

	2021	Cash flow	2022
	£	£	£
Cash at bank and in hand	689,373	(621,357)	68,016
	689,373	(621,357)	68,016
	689,373	(621,357)	68,016

MK GALLERY

England & Wales - Charity number 1059678

Accounts

COMPANY REGISTRATION NO: 02422890
REGISTERED CHARITY NO: 1059678

REPORT & FINANCIAL STATEMENTS

MK GALLERY

**(A COMPANY LIMITED BY GUARANTEE
AND NOT HAVING A SHARE CAPITAL)**

FOR THE YEAR ENDED 31 MARCH 2021



MK GALLERY

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The Trustees, who are also Directors of the charity for the purposes of the Companies Act 2006, are pleased to present their annual report and the audited consolidated financial statements of the charity for the year ending 31 March 2021 which are prepared to meet the requirements for a Directors' report and accounts for Companies Act purposes.

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

About MK Gallery, including Mission and Aims and Activities for the Public Benefit

Founded in 1999, MK Gallery reopened in March 2019 after a £12m capital expansion which doubled the exhibition spaces and greatly enhanced access facilities creating a new Learning Studio with adjacent Changing Places toilet, a playscape for outdoor activities, and a multi-use auditorium for film, music, dance, theatre and talks. In its reopening year it welcomed 150,000 visitors, compared with c.30,000 in previous years. Exhibitions attract visitors from across the UK and beyond but core audiences are drawn from Milton Keynes, Luton, Bedfordshire and Northamptonshire. MK Gallery is the only venue showing major exhibitions within a 40-mile radius and it is a member of Plus Tate, the network of leading UK visual arts organisations.

Annually, MK Gallery programmes three high-profile exhibitions that bring together international and national loans of historical and contemporary art, as well as new commissions. Its exhibitions attract five-star reviews in the mainstream press, and tour to international institutions. Exhibitions are accompanied by publications and conferences with new texts and papers by leading scholars, writers and artists to offer new insights and perspectives.

Every element MK Gallery's programming is designed to consider broader agendas beyond the art, offering multiple entry points for audiences and connections with diverse communities and partners. Alongside the three major exhibitions we offer a wide-ranging programme of film, music, dance, talks and conferences, mixing emerging and locally based talent with established names. Some of this programme complements and expands on exhibition themes, other elements are developed in response to and working with different communities of interest. Outcomes of community partnerships and projects are integrated throughout our programmes and buildings.

Alongside working with schools, MK Gallery delivers creative activities for early years and pre-schoolchildren. Its young people's programme provides artist-led creative sessions for those with emotional and mental health issues to build self-confidence, develop positive relationships and raise aspirations. Its 'Inclusive Practice in the Arts' programme includes weekly artist-led workshops with some of MK's most marginalised families who have one or more children with complex learning needs and/or physical disabilities.

At the beginning of this year MK Gallery sought to fully integrate and embed schools, families and community programmes across all of the Gallery's core objectives through merging our public programmes and learning teams. This shift in emphasis is designed to enhance the Gallery's social mission and purpose; to make more visible our award-winning outreach projects; and to ensure that activities recently enabled by the new building, including the cinema, auditorium, studio and playscape, form part of this programme.

Exactly a year after reopening MK Gallery was required to close to the public in line with government restrictions to control the Covid-19 pandemic. The building remained closed for the majority of 2020/21 only operating as a public building for circa 40 days of the year.

TRUSTEES' REPORT (CONTINUED)

About MK Gallery, including Mission and Aims and Activities for the Public Benefit (continued)

MK Gallery's principal charitable purpose is to promote, maintain, improve and advance the education and understanding of the public, particularly by the production and presentation of and engagement with the arts, visual culture and related areas of creative practice.

Its vision is to be one of the UK's leading centres for the arts with a national and international reputation for artistic excellence and innovation and to be a cultural beacon for the city.

MK Gallery's mission is to provide access to high quality, innovative and thought-provoking art from around the world and through its programme, stimulate participation and debate, and build relationships between artists and audiences.

MK Gallery has three core values that support its vision and mission:

- Quality - By championing excellence the charity seeks to raise ambition and build confidence;
- Diversity – The charity welcomes and actively supports inclusivity;
- Opportunity – The charity is a platform for the development and exchange of art and ideas.

To deliver these values the Trustees set themselves strategic objectives for the year across five priority areas: Audiences, Artists, Enrichment, Place and Sustainability.

In shaping these priority areas the Trustees considered the Charity Commission's guidance on public benefit, Arts Council England's strategy for the arts *Let's Create*, MK Council's Corporate Plan and MK Council's Arts and Public Arts Strategy.

In 2020-21 the Gallery relied extensively on the Job Retention Scheme to remain sustainable but the scheme's conditions prevented the Gallery from developing significant alternative online activities while the building was closed. Nevertheless, MK Gallery contributed towards its objectives in the following ways:

1. Audiences

- Despite significant limits on public access MK Gallery welcomed over 5,000 visitors to the building.
- MK Gallery engaged with its audiences and communities online, through panel discussions responding both to the pandemic and the rise of the Black Lives Matter movement. These discussions resulted in new community partnerships and programming opportunities. We also shared the outcome of the first three years of our Inclusive Practice in the Arts programme via an informal on-line conference.
- Each of the 130 MK Calling artists were profiled on our digital and social media channels providing opportunities to increase audiences for their work whilst MK Gallery was closed.

2. Artists

- MK Calling showcasing the work of 130 artists from across the UK exhibition was extended to October 2020.
- MK Gallery opened Memphis: Plastic Fields in November 2020, an exhibition that brought together over 150 of the Memphis Group's most significant design objects.
- Two Project Space exhibitions showcased community partnerships projects with Headway and MK Arts for Health and a third profiled the work of 46 children and young people who applied for our Young Painter competition.
- MK Gallery provided spaces for Milton Keynes based artists and artistic companies including The Plays The Thing, MOTUS Dance, Pagrav Dance and Tamsin Moulding to develop and rehearse new work in covid safe environments.

TRUSTEES' REPORT (CONTINUED)

About MK Gallery, including Mission and Aims and Activities for the Public Benefit (continued)

3. Enrichment

- Art and Us workshops for families with children with profound or complex needs were delivered on-line and through the distribution of Sensory Boxes.
- Our young people's programme 'The Secret Selfie Project' completed artist led workshops to develop a new name and logo; explore issues of gender and identity; and develop a project for the Future Fossil public art commission.
- A new approach to informal family engagement was trialled during the October half-term and lead up to Christmas.
- We continued to work with Roche Court Education Trust to deliver Articulation through on-line workshops with students and teachers.

4. Place

- The Director regularly attended the MK Cultural Leaders meetings; and the Head of Public Programmes represented the Gallery at Arts & Heritage Alliance Milton Keynes meetings.
- The Director and Deputy Director are trustees of locally based community and arts organisations.
- Gallery staff participated in 'Embracing Diversity and Inclusion' events with Milton Keynes Islamic Arts & Culture Organisation;
- The Gallery supported the development of the Arts and Heritage Alliance's 'Rethinking Cultural Inclusion and Diversity Report' and the Director contributed as a speaker to the on-line launch event.

5. Sustainability

- During the pandemic MK Gallery's Executive raised significant funds from emergency sources to provide financial stability at a time of global uncertainty.
- MK Gallery's Board used the UK Government's Job Retention Scheme to protect staff jobs during the long periods of closure.
- MK Gallery brought its catering business in-house providing greater flexibility for growth.

Overview of Achievements and Performance in 2020-21

The new MK Gallery had reopened in March 2019, increasing audiences by 120,000 in its first year and reducing reliance on ACE subsidy from 55% to 26% of turnover due to new, earned income streams (exhibition tickets, retail, catering, private hire and cinema/concerts) accounting for 30%. The balance came from Milton Keynes Council, raised income and MK Gallery's unrestricted reserves.

However, as a result of the Covid 19 pandemic, MKG closed to the public on 16 March 2020. Following a short period of part-time opening during September and October, the Gallery closed again in November. After only two weeks trading in December, the Gallery closed again and remained closed until 18 May 2021. During the 40 days that MK Gallery was open the team began to rebuild audience confidence and attract visitors but the majority of efforts were curtailed by the various government restrictions on movement and activity.

Overview of Achievements and Performance in 2020-21 (continued)

AUDIENCES

MK Gallery worked hard to make its buildings safe and accessible for all visitors during periods of opening in 2020-21. This included timed entry and visitor number limits, reduced café capacity and table service, protective clothing and equipment to maintain social-distancing and increased cleaning and hygiene routines.

A combination of rapid responses, flexibility, excellent understanding by all staff and the Board of trustees, alongside recognition from major stakeholders and funders of the gallery's significant role, enabled the organisation to manage the complexity of the last months and deliver a reduced but impactful range of activities that engaged audiences from online panel discussions, to creativity packs delivered through the post for participants of our Art and Us and ARioT programmes.

A focus on families and young people after re-opening in summer 2021 has proved successful in bringing audiences back to the Gallery. The Gallery's high-profile autumn exhibition, Laura Knight, has successfully reinvigorated audiences and seen them return to the Gallery in greater numbers, which bodes well for the future.

Throughout 2020-21 the Gallery managed to maintain a national profile with extensive coverage in the national press and a number of prestigious awards, including the Freeland Award and RIBA National and Regional awards for the building.

ARTISTS

In March 2020 the Gallery opened MK Calling, an open call submission exhibition featuring over 130 artists across five world class gallery spaces. The exhibition showcased the most dynamic work being made today including work by Royal Academicians, and alumni of The British Art Show, John Moore's Painting Prize and New Contemporaries as well as providing opportunities for younger, less experienced artists. The show featured numerous pieces that addressed and challenged many contemporary issues such as the environment and the political climate, as well as a number of playful and performance works. With the exhibition taking place in the new town of Milton Keynes and with a third of artists local to the area, a lot of the work also looked at cities and architecture. This exhibition re-opened in September 2020.

MK Gallery opened Memphis: Plastic Fields in November 2020, an exhibition that explored the subversive and irreverent spirit of the Memphis Group, bringing together over 150 of the design collective's most significant objects whose bold and playful look pushed boundaries and sparked a new era in international design. Their furniture was colourful, kitsch and geometric, drawing on Pop Art, Bauhaus and Art Deco to create an entirely new aesthetic full of punch and vitality. The sensory quality of the object was prioritised over function. Materials like plastic laminate and Terrazzo, previously used in kitchens and bathrooms, were suddenly incorporated into high-end furniture, and monochrome patterns of graphic shapes and squiggly lines paired with vivid yellow became an instant Memphis trademark. The exhibition at MK Gallery will feature the iconic designs created by the Memphis Group between 1981 – 1988, including work by important contributors such as Shiro Kuramata, Michele De Lucchi, Nathalie Du Pasquier, Martine Bedin, George Sowden, Michael Graves, Javier Mariscal, Marco Zanini, Aldo Cibic and Peter Shire. Of the 4,500 visitors to the exhibition 33% of visitors were under 26s, 26% of visitors booked full price tickets, 23% were MK residents and 2% qualified for concession tickets. The exhibition was extended to September 2021 due to ongoing Covid-19 restrictions. The exhibition attracted rave reviews in the national press, including 'Go on, cheer yourself up and get over to Milton Keynes' in The Telegraph.

TRUSTEES' REPORT (CONTINUED)

ARTISTS (CONTINUED)

MK Gallery provided spaces for Milton Keynes based artists and artistic companies including The Plays The Thing, MOTUS Dance, Pagrav Dance and Tamsin Moulding to develop and rehearse new work in covid safe environments. We also recruited a further five artists to join our Associate Artists team who work on different aspects of our programmes.

ENRICHMENT

With limited public opening throughout 2020-21 levels of enrichment activity was understandably lower than in previous years. However, we were able to deliver two Project Space exhibitions with community partners, 'Space to be You' in partnership with Headway a charity who support individuals with acquired brain injury, and MK Arts for Health who use the arts and creativity to improve the health and wellbeing of the local community. We also showcased the work of 46 children and young people who applied to take part in our Young Painter award and created and submitted works during the first lock down in summer 2020. The judges, artists Boyd and Evans, announced the winners in an on-line awards ceremony broadcast from the Sky Room.

We listened to and developed our programmes according to the needs of participants. Art and Us workshops were planned to restart in November 2020, however when this became impossible, we developed an on-line workshop offer. Families that accessed these workshops enjoyed them, however they were not suitable for all, as many Art and Us participants could not interact with a screen based activity. In response to this we developed a 'sensory box' offer of creative materials and workshops created by an Associate Artist for each specific family. These were extremely well received and became a highlight for many of the families during lockdown. Participants in our young people's programme 'The Secret Selfie Project' initially did not want to engage in activities via an on-line environment but were keen to return for a series of covid secure workshops during the school holidays, which then led to continued on-line interaction when face to face meetings were no longer possible. They had a productive year and worked with a branding specialist to create a new identity and logo. They also worked with artist Dylan Fox and local arts organisation Big Shop Friday on a series of workshops to explore gender and identity, and developed projects in partnership with Future Fossil, Milton Keynes Youth Cabinet, and ARTiculation.

We continued to partner with Roche Court Education Trust to deliver ARTiculation, a national public speaking initiative designed to promote the discussion of visual culture and build confidence in young people aged 14-23 delivering 3 on-line sessions with schools, one teacher CPD session, and hosting the on-line regional heat.

Two Important online conferences looking at how to improve relations and remove barriers across Milton Keynes in terms of ethnic diversity and disability resulted in stimulating new partnerships with communities across the city that will feed into future public programming. We also delivered an on-line conference 'Sharing Art and Us' with contributions from artists, participants, funders and partners involved in the delivery of our Inclusive Practice in the Arts programme. Feedback from the event was overwhelmingly positive and helped to stimulate new delivery and funding partnerships.

ENRICHMENT (CONTINUED)

The Executive spent time during the year imagining and redeveloping its learning and public programmes. From 2021-22 onwards we are planning a more inclusive, cross-disciplinary and holistic approach to programming with more opportunities for a greater range of communities to participate. We are particularly concerned to: increase family audiences; offer more to young people; create more opportunities for artists and producers; strengthen and build partnerships with the diverse communities of MK, in particular in the area of disability; further integrate our volunteers in our programmes and processes; and develop our digital offer. We have integrated inclusive events into our programmes as a whole, including monthly relaxed film screenings, sensory tours and an annual relaxed fireworks evening. We will continue to build our offer to include more activities for audiences with a broad spectrum of needs.

PLACE

MK Gallery continued to participate in the Milton Keynes Arts and Heritage Alliance (AHA MK): a collection of local organisations working together to position the arts and heritage sectors as strategic contributors to the community and economy of Milton Keynes. This partnership supports communication with other local cultural providers to ensure MK Gallery continues to be a relevant artistic resource for the city.

SUSTAINABILITY

As a result of the lockdowns, MK Gallery lost c.£384k earned income. Access to trusts, foundations and individuals also reduced significantly, resulting in a loss of funding for projects of c.£305k.

To mitigate these losses and reduce core costs, all programmes and services were cancelled/postponed. 31/35 staff were furloughed March-June 2020 with the majority remaining furloughed full/part-time July-October. Furloughed staff salaries were capped at 80% May–December and working staff salaries cut by 20% May-August. Overheads reduced during closure period included utilities and cleaning. Further programme cancellations and adjustments were made as a result of the second and third lockdowns and use of the furlough scheme continued into 2021.

MK Gallery has reserves of £1.2m but they are fully restricted and designated: £220k for on-going projects; £360K to underwrite revenue costs during the gallery's first years of operation (as per business plan 2020-2023); £600,000 for capital renewal and maintenance (as per ACE capital funding conditions).

MK Gallery withdrew £350k from cash reserves in April 2020 to provide immediate cash stability. Use of these funds was always a short-term solution and part of the emergency fundraising campaign to 31 March 2021 has been to replenish this cash reserve by sourcing alternative income streams to replace lost earned and raised income. By 31 March MK Gallery had raised c. £645k in emergency funds from MK Council, Job Retention Scheme, Cultural Recovery Funds, trusts and foundations. Combined with operational savings made in-year these funds have enabled MK Gallery cover immediate fixed costs and retain its skilled staff team.

SUSTAINABILITY (CONTINUED)

The budget for 2021-22 demonstrates significant predicted shortfalls in earned income. A sustained period of closure, ongoing uncertainty around opening restrictions, vulnerable fledgling trading operations and depleted reserves coupled with uncertainty about visitor appetite as the country re-opens mean that income assumptions for 2021/22 made in 2020/21 are no longer viable. Anticipated visitor numbers across all areas of activity have been reduced to - 60% for April – June 2021/22 and an average of -40% for the rest of the year (against prior figures).

Difficult choices have also been made with a view to reducing costs and encouraging audiences to return to the site. The summer 2021 exhibition has been cancelled and the Autumn 2020 exhibition extended to September 2021. To re-build audiences so that MK Gallery's business activities can return to pre-Covid levels, it will invest in and launch an extensive marketing, communications and PR campaign. MK Gallery will also invest resource in its catering operation which was brought in-house at the beginning of the pandemic. An in-house model offers much greater flexibility to generate income and offer audience incentives but it will take time for the fledgling business to stabilise and grow.

Future Developments

The Gallery's first year of operation was a period of significant programme and audience development with footfall figures exceeding all expectations. The impact of Covid 19 and the closure of the building in March 2020 presented numerous challenges for the Board and executive across all areas of the business including cash-flow, long-term revenue fundraising and public exhibitions and education programmes. The period 2021-23 will see a reassessment of many aspects of the Gallery's business model and operational structures in order to rebuild lost audiences, programmes, commercial income and funding streams. It will also see the Gallery reapply for National Portfolio Status with Arts Council England to secure revenue funding for the 2023-27 period.

Finance Review

The financial statements that follow are prepared to comply with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The principal Charity income for the year continued to arise from the unrestricted annual subsidies from Milton Keynes Council totalling £273,942 (2020: £278,944), and funding from Arts Council England of £635,360 plus £136,000 capital funding (2020: £383,307 plus £392,862 capital funding).

Further income was raised from external sources and fundraising and income generation continues with income from trusts, foundations, donations, exhibition hire fees, sales of limited edition artworks, sundry income, bank interest and the profit on café and venue hire, retail, ticket sales and exhibition catalogues.

Total expenditure for the group was £1,602,675 (2020: £2,613,997) of which £1,561,530 (2020: £2,432,327) was spent on the charitable activities i.e. operation of the art gallery. This included £794,052 (2020: £820,564) of staff costs, £105,050 (2020: £585,057) of exhibition and education and event programme costs, £193,379 (2020: £241,727) of premises costs, and £270,801 of depreciation (2020: £258,001).

MK GALLERY

TRUSTEES' REPORT (CONTINUED)

Finance Review (continued)

The subsidiary, MK Gallery Trading Limited, reported a loss of £(1,111) (2020: loss of £1,692). This subsidiary has now ceased trading and will be wound up in the near future.

The most recently formed subsidiary, MK Gallery Enterprises Limited, reported a loss of £(15,092) (2020: loss of £63,496). MK Gallery Enterprises Limited operates the art gallery and all commercial trading operations carried on at the art gallery premises. The operations in the subsidiary continued to be reorganised during the year and both the level of business and the year end financial position were satisfactory.

The Trustees are fully aware of the need to protect the Charity's funds beyond the period of committed support from Milton Keynes Council whilst ensuring that the charity can fulfil the key charitable objectives in the short and medium term including the committed revenue funding of MK Gallery and potential further expenditure on site development.

The Charity's financial forecasts and strategies were examined while preparing the Forward Plan 2018-2022; those continue to be monitored and tested through its financial controls and reporting systems.

Financial Summary

The year-end financial position for the charitable group (to the nearest thousand) was as follows:

	£
Unrestricted funds carried forward	
General surplus	357,000
Capital fund	11,439,000
Designated funds carried forward	
Capital renewal fund	600,000
Programme fund	360,000
Restricted funds	224,000
Net assets	£12,980,000

Reserves Policy

The MK Gallery reserves policy is to maintain a sufficient level of reserves to enable operating activities to be maintained, taking account of potential risks and contingencies that may arise from time to time. The policy is reviewed annually by the Trustees.

Unrestricted group reserves at the year-end amounted to £12,755,791 (2020: £11,940,190). Of these, the free reserves amounted to £357,234 (2020: £(495,207)). The desired level of free reserves is £500,000, representing approximately 6 months' operating costs.

In September 2012 the Trustees agreed to designate £4,000,000 from general reserves to a designated fund, the Development Fund. The company maintained and invested this fund to provide monies to meet special targets of opportunity or need, which further its mission and which may or may not have specific expectation or incremental or long-term increased income. On 18 March 2013 the Trustees re-designated £2,000,000 of the Development Fund to a new Capital Fund as a contribution towards the major redevelopment of the site. On 27 September 2016 the Trustees re-designated a further £1,000,000 from the Development Fund to the Capital Fund.

TRUSTEES' REPORT (CONTINUED)

Reserves policy (continued)

At 31 March 2021 the building contract retention remaining outstanding. The final contract sum has been agreed between Bowmer & Kirkland and MK Gallery but due to Covid-19 and closure the rectification period has been extended. Payment of the retention is likely to take place in 2021-22.

At its meeting on 23 March 2021 the Board agreed changes to the charity's designated funds. The designated capital fund and Patrons/Donations fund was reallocated to the unrestricted capital fund at the amount required to depreciate the capital asset in full. Any remaining reserves in the fund were allocated to the general income fund.

The designated development fund was reallocated to a new £360,000 designated programme fund (£120,000 per annum to be drawn down annually to support programming costs) and a new £600,000 designated capital renewal fund. Any remaining reserves in this fund were allocated to the general income fund.

In the view of the Trustees the free reserves are sufficient at the current time as the decision can be taken to reverse any designations in the event the funds are needed for general purposes.

Investment Policy

MK Gallery operates a policy of investing a minimum sum of £1,000,000 (plus accumulated value) relating to the current Development Fund long-term with an investment manager.

Following completion of the redevelopment project, the Trustees employ a policy of investing any remaining funds in short to medium-term interest-bearing deposits.

In accordance with its reserves policy MK Gallery also has at least six months of planned expenditure as cash reserves in order to ensure financial security, continuity and to provide for contingencies.

MK Gallery assets are invested in line with its aims, in such a way that enables the trust to achieve its goals in both the short and long term. The Trustees do not wish to adopt an exclusionary policy, but individual investments may be excluded if perceived to conflict with the trust's purpose. Such instructions may be issued to the Investment Manager on behalf of the trust by the Finance and Operations Committee.

Assets

In the opinion of the Trustees, the charitable company's assets are sufficient to fulfil the obligations of the Charity.

Trustee Liability Insurance

Liability Insurance exists for the benefit of all Trustee Directors.

MK GALLERY

TRUSTEES' REPORT (CONTINUED)

Legal and Administrative Details

The Charity is MK Gallery (registered number 1059678) and is constituted as a private limited company limited by guarantee (registered number 02422890) incorporated in the UK. The principal and registered address is MK Gallery, 3 Theatre Walk, Central Milton Keynes, MK9 3PX.

Trustees

The directors of the charitable company are its Trustees for the purposes of charity law. The Trustees and Officers serving during the year were as follows:

Chairman	Elizabeth Gifford Sas Amoah (appointed 28 June 2021) Cllr Carole Baume (appointed 7 July 2020) David Danskin Cllr David Hopkins David King Cllr Pete Marland Rois Mascarenhas (appointed 28 June 2021) Cllr Jennifer Marklew (resigned 7 July 2020) Fidele Mutwarasibo (appointed 7 July 2020) Mark Rayner (resigned 16 December 2021) Neil Smith Charles Douglass Welch (resigned 29 September 2020) Sunita Yeomans
Company Secretary	David Danskin
Gallery Director	Anthony Spira

All current Trustees stand as guarantors to the company in the sum of £1 each.

Advisers

The following acted as advisers to the charity during the year:

Bankers HSBC Bank plc 19 Midsummer Place Milton Keynes MK9 3GB	Bankers METRO Bank One Southampton Row London WC1B 5HA	Auditor Steve Monico Ltd 19 Goldington Road Bedford MK40 3JY
HR Consultants ARC HR Solutions 44 Blanchland Circle Monkston Milton Keynes MK10 9GP	Solicitors Hewitsons Exchange House 482 Midsummer Boulevard Milton Keynes MK9 2EA	Accountants Steve Monico Ltd 19 Goldington Road Bedford MK40 3JY

TRUSTEES' REPORT (CONTINUED)

Structure, Governance and Management

MK Gallery, established in 1999 as Milton Keynes Theatre and Gallery Company, is a company limited by guarantee and a registered charity governed by its Memorandum and Articles of Association which were formally adopted on 20 February 2014.

Appointment of Trustees (Directors)

MK Gallery may appoint any person who is willing to be a Trustee. Milton Keynes Council (MKC) may nominate two people to be Trustees.

Each Trustee serves for a three year term from the date of his or her appointment. The Trustees may resolve to re-appoint a Trustee who retires for a further term. The exceptions to this rule are Trustees nominated by Milton Keynes Council, who are appointed on an annual basis.

Trustees are recruited through an open process to meet identified skills gaps and succession planning. Opportunities are advertised on the Gallery's website and through other local and regional media channels.

New Trustees receive induction and training through meetings with the Chair, Director and staff of the Charity and through receipt of the Charity Commission's *The Essential Trustee*, a copy of the charity's Articles of Association and other key internal documents including the most recent Business Plan and Board papers.

No trustees stood down to retire by rotation within the year. Sas Amoah and Ros Mascarenhas were appointed in June 2021.

Board Operation and Development

During 2020-2021 the Board of Directors/Trustees continued to meet as scheduled on-line. Individual trustees provided support as required, for example the resolution of lease issues. The strengthening of the Board which was set in motion following an awayday in October 2019 was carried through with the recruitment and appointment of new trustees who diversify the representation on the Board and bring new partnership opportunities for the future. Training for Directors and staff delivered by Equality and Diversity UK in February 2021 was well received. A number of trustees have adopted specified areas of interest e.g. diversity and inclusion, youth provision, marketing.

Organisational Structure

The Board of Trustees meets quarterly to administer the Charity, review performance and discuss key topics. In addition to this the Finance and Operations Committee meets quarterly to scrutinise finance and audit, HR and legal issues.

The Building Committee, tasked with supervising the renovation and expansion of the building has ceased operation, after completion of the capital project.

The Board currently has no official working parties or steering groups.

Day to day management of the Gallery is delegated to MK Gallery's staff team led by the Director who is supported by the Deputy Director and senior colleagues. The Director takes lead responsibility for exhibition programming, fundraising, marketing and audience development, the Deputy Director for commercial operations and day to day management, staff, governance and facilities.

TRUSTEES' REPORT (CONTINUED)

Organisational Structure (continued)

Shortly before closure in March 2020 the Executive completed a company restructure to better support the operational delivery of Gallery activity going forward. The Executive also agreed TUPE arrangements with the Gallery's outgoing catering operator and welcomed a number of café colleagues into the team structure. As previously outlined the majority of staff were furloughed between April and September 2021. Furloughed staff salaries were capped at 80% May–December and working staff salaries cut by 20% May-August. These measures enabled the organisation to retain its skilled workforce and reopen in May 2021.

MK Gallery kept in close contact with volunteers during the pandemic via weekly contact through digital media, this included: setting up a Facebook group 'MKG sharethelove' just for volunteers; sending out emails with links of interesting things that other volunteers found to keep people occupied during lockdown; coffee morning zoom calls and talks by staff which have continued into 2021-22 for those still shielding. The number of active volunteers has taken time to return to pre-pandemic levels. A major recruitment campaign has been taking place in October-November 2021.

Salary Review

The Board is responsible for approving the organisation's annual budget which includes the global salaries budget. The Board has delegated responsibility for reviewing and setting individual salary levels to the Director, except in the case of his/her own salary. The Board remains responsible for making decisions in relation to the Director's salary. Salary levels across the organisation are reviewed annually and benchmarked against external peers to establish market rate salaries for similar posts in the sector/area. Changes to individual job descriptions are also taken into account.

Any changes to individual staff salaries are included in the global salary budget presented to the Board for approval in March. The Board also makes any decision regarding the pay of the Director at this meeting.

The Director/Board is/are under no obligation to increase annual rates of pay as a result of these reviews. This is reflected in the company's employment contracts.

Related parties

None of the Trustees receive remuneration or other benefit from their work with the charity. Any connection between a Trustee or senior manager of the charity with an artist, contractor, performer or other supplier must be disclosed to the full Board in the same way as any other contractual relationship with a related party.

The charity's wholly owned subsidiary, MK Gallery Trading Limited, was established in 2002 to undertake some or all of the commercial activities of MK Gallery.

The Board authorised the set-up of a new trading company, MK Gallery Enterprises Ltd, in October 2018 for all the Gallery's trading activities. The Board started meeting regularly from 2019-20 to review the Gallery's commercial activities.

Financial health

The charity continues to control its costs whilst diversifying income, both earned and voluntary to achieve a sustainable financial model. The charity received significant financial support within the year from Covid-19 emergency funds which has helped to provide stability during a difficult trading year.

Risk Management

The Trustees acknowledge their responsibility to identify, review and assess all major risks to which the Company is exposed, in particular those related to its operation, finances and reputation. A formal organisational risk assessment is undertaken as part of the charity's business planning process which identifies and ranks the risks the charity faces and the means of mitigation.

Brexit

In the opinion of the Board the impact of the UK leaving the EU finally on 31 December 2020 has not adversely affected the charity nor is it expected to have a material effect on the charity's operations.

Impact of Covid-19

In March 2020 MK Gallery closed to the public in line with government guidelines to prevent the spread of Covid-19. Closure resulted in the postponement of two major exhibitions, significant losses from earned and raised income sources and a large number of staff being furloughed throughout the first six months of 2020/21. The site reopened on a part-time basis in September 2020. In December 2020 the Gallery entered a further period of closure which lasted until May 2021.

The Executive continues to monitor government advice in relation to COVID-19 and regularly reports issues to the Board.

The Board has considered the consequences of COVID-19 and other events and conditions, and it has determined that they do not create a material uncertainty that casts significant doubt upon the Gallery's ability to continue as a going concern. Although designated for long-term programming and capital maintenance the Gallery has sufficient cash to underwrite its operational costs for at least 12 months.

The Board acknowledges that further actions might be required within the next 12 months to generate sufficient cashflows to meet its obligations when they fall due but is prepared to draw on cash reserves to cover gaps in the short-term. The charity is unlikely to require borrowing facilities.

TRUSTEES' REPORT (CONTINUED)

Fundraising activities

With stronger fundraising regulation now in place in the UK and EU, the charity has worked to ensure that it maintains high standards in how it works with funders, donors and supporters and that fundraising practices and management meet the requirements of the new regulations.

Key features of the charity's approach to fundraising are:

- The charity is a member of the Institute of Fundraising and follows the Code of Fundraising Practice which is set by the Fundraising Regulator through its Standards Committee. The charity is registered with the Fundraising Regulator which maintains the standards for charitable fundraising and ensures that fundraising is respectful, open, honest and accountable to the public. It also takes complaints about fundraising, investigates cases and adjudicates on fundraising practice;
- The fundraising method outlines the charity's commitment to high standards;
- The fundraising approach is in line with the charity's aims and objectives;
- The charity raises funds through business networking, corporate donations and trusts and foundations fundraising, and individual gifts where appropriate;
- The fundraising work is overseen by the Head of Development and Communications who is also a member of the Institute of Fundraising;
- Fundraising guidance and advice is given to supporters through fundraising packs, email enquiries, networking events, the website and telephone conversations.
- The charity does not carry out any telephone, face-to-face or door-to-door fundraising.
- All of the charity's fundraising activity complies with explicit donor preferences about opting in.
- The charity does not use third party agencies for fundraising. The charity does not swap or share data and never sells data.
- The charity has a complaints policy which outlines commitment to resolving fundraising complaints as promptly and amicably as possible. It also sets out the process for handling any complaints received. All formal and informal complaints are recorded, along with the actions taken to resolve the complaint and the outcome of those actions. Complaints will be reported and referred to the Fundraising Regulator if a resolution with the complainant cannot be reached or if they are in the breach of any aspect of a code of fundraising practice;
- In 2020/21 no complaints were received;
- The Board of Trustees is able to provide additional assistance, advice and reassurance on the standards of the charity's fundraising delivery.

TRUSTEES' REPORT (CONTINUED)

Statement of Disclosure of Information to Auditor

In so far as the Trustees are aware:

- (a) there is no relevant information of which the group's auditor is unaware, and
- (b) the Trustees have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

A resolution to reappoint Steve Monico Limited as auditor to the Charity and to authorise the Trustees to fix their remuneration will be proposed at the next General Meeting.

This report has been prepared under the special provisions of Part 15 of the Companies Act 2006 relating to small entities.

Approved by the Board and signed on its behalf by



**E Gifford
Chairman**

Date: 25 March 2022

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also the directors of MK Gallery 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, which give a true and fair view of the state of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and the group 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 in the Charities SORP 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MK GALLERY

Opinion

We have audited the financial statements of MK Gallery (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise of the Consolidated Statement of Financial Activities, the Consolidated and Charitable Company Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, 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 2021 and of the group's 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the Trustees Report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MK GALLERY

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Trustees' Report.

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

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charity financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specific by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 16, the Trustees (who are also the directors of the parent charity 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and report in accordance with this Act.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MK GALLERY

Auditor responsibilities for the audit of the financial statements (continued)

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

- We obtained an understanding of the nature of the sector in which the charitable company group operates, including the legal and regulatory framework applicable to the charitable company group. We consider that the most significant are the Charities Statement of Recommended Practice, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and the parent charitable company's Memorandum and Articles of Association.
- We obtained an understanding of how the charitable company group complies with these requirements by discussions with those charged with governance and reviewing the minutes of Trustee meetings.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with those charged with governance.
- We inquired of those charged with governance about their own identification and assessment of the risk of irregularities, including any known actual, suspected or alleged instances of fraud.
- We discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to irregularities or fraud.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

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

A further description of our responsibilities is available on the FRC's website at:

<https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>. This description forms part of our auditor's report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MK GALLERY

Use of the audit 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 company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the group and the group's members as a body for our audit work, for this report, or for the opinions we have formed.



Stephen Monico FCA (Senior Statutory Auditor)

for and on behalf of Steve Monico Limited

Chartered Accountants and Statutory Auditor
19 Goldington Road
Bedford
MK40 3JY

Date: 25 March 2022

Steve Monico Limited is eligible to act as an auditor in terms of section 1212 of the companies Act 2006.

MK GALLERY

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2021

		Unrestricted funds £	Restricted funds £	Total 2021 £	As restated Total 2020 £
	Notes				
Income:					
<i>Income from charitable activities:</i>					
Grants and donations	5	1,545,733	80,759	1,626,492	1,766,399
Other income		8,895	-	8,895	-
<i>Income from other trading activities:</i>					
Commercial trading operations		32,304	-	32,304	269,007
Investment income	6	6	-	6	332
Total income		1,586,938	80,759	1,667,697	2,035,738
Expenditure:					
Raising funds	7	41,145	-	41,145	181,670
<i>Expenditure on charitable activities:</i>					
Operation of art gallery	8	1,503,666	57,864	1,561,530	2,432,327
Total expenditure		1,544,811	57,864	1,602,675	2,613,997
Unrealised gain/(loss) on investments	6	299,581	-	299,581	81,217
Net income/(expenditure)		341,708	22,895	364,603	(497,042)
Transfers between funds		473,893	(473,893)	-	-
Net movement in funds for the year		815,601	(450,998)	364,603	(497,042)
Reconciliation of funds:					
Total funds brought forward		11,940,190	675,634	12,615,824	13,112,866
Total funds carried forward	21, 22	12,755,791	224,636	12,980,427	12,615,824

The notes on pages 25 to 46 also form part of these financial statements.

CONSOLIDATED AND CHARITABLE COMPANY BALANCE SHEETS
(COMPANY NUMBER 02422890)
AS AT 31 MARCH 2021

	Notes	Group		Charitable company	
		2021	As restated 2020	2021	As restated 2020
		£	£	£	£
Fixed assets:					
Tangible assets	16	11,172,945	11,323,087	11,172,945	11,323,087
Investments	17	1,664,613	1,528,898	1,664,813	1,529,098
Total fixed assets		12,837,558	12,851,985	12,837,758	12,852,185
Current assets:					
Stock		47,617	45,150	24,097	24,742
Debtors	18	92,321	114,243	201,494	205,343
Cash at bank and in hand		709,099	40,669	689,373	16,069
Total current assets		849,037	200,062	914,964	246,154
Liabilities:					
Creditors falling due within one year	19	(706,168)	(436,223)	(704,049)	(430,472)
Net current assets / (liabilities)		142,869	(236,161)	210,915	(184,318)
Total assets less current liabilities		12,980,427	12,615,824	13,048,673	12,667,514
Net assets		12,980,427	12,615,824	13,048,673	12,667,867
The funds of the charity:					
Unrestricted funds					
General income fund	21	357,234	(495,207)	425,480	(443,164)
General capital fund	21	11,438,557	8,183,591	11,438,557	8,183,591
Designated funds	21	960,000	4,251,806	960,000	4,251,806
Total unrestricted funds		12,755,791	11,940,190	12,824,037	11,992,233
Restricted funds					
Restricted income funds	21	224,636	675,634	224,636	675,634
Total restricted funds		224,636	675,634	224,636	675,634
Total charity funds	22	12,980,427	12,615,824	13,048,673	12,667,867

The notes on pages 25 to 46 also form part of these financial statements.

MK GALLERY

**CONSOLIDATED AND CHARITABLE COMPANY BALANCE SHEETS
(COMPANY NUMBER 02422890)
AS AT 31 MARCH 2021 (CONTINUED)**

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by the board, authorised for issue and signed on its behalf by



**E Gifford
Chairman**



**N Smith
Trustee**

Date: 25 March 2022

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021**

	Group		Charitable company	
	2021	As restated 2020	2021	As restated 2020
	£	£	£	£
Cash flows from operating activities:				
Net movement in funds	364,603	(497,042)	380,806	(431,854)
Less interest income shown in investing activities	(6)	(332)	(6)	(332)
Add depreciation	270,801	258,001	270,801	258,001
Less unrealised gain/add unrealised loss	(299,581)	(81,217)	(299,581)	(81,217)
(Increase)/Decrease in stock	(2,467)	(36,563)	645	(24,742)
Decrease in debtors	21,922	323,662	3,849	233,526
Increase/(Decrease) in creditors	269,945	(481,569)	273,577	(477,452)
Add investment management fees paid from fixed asset portfolio	13,866	15,813	13,866	15,813
Net cash used in operating activities	639,083	(499,247)	643,957	(508,257)
Cash flows from investing activities:				
Interest received	6	332	6	332
Purchase of shares in subsidiary	-	-	-	-
Net disposals of listed investments	150,000	-	150,000	-
Purchase of tangible fixed assets	(120,659)	(49,945)	(120,659)	(49,945)
Net cash provided by/(used in) investing activities:	29,347	(49,613)	29,347	(49,613)
Change in cash and cash equivalents in the year	668,430	(548,860)	673,304	(557,870)
Cash and cash equivalents at the beginning of the year	40,669	589,529	16,069	573,939
Total cash and cash equivalents at the end of the year	709,099	40,669	689,373	16,069

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

1 Accounting policies

a) Basis of preparation

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

MK Gallery constitutes a public benefit entity as defined by FRS 102.

Going concern

The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

The Trustees consider the going concern basis to be appropriate due to the current level of reserves and the fact the charity raised all necessary funds needed for the capital project which, at the end of the year, was complete. The Trustees' assessment of the impact of Covid-19 is detailed on page 13.

b) Group financial statements and basis of consolidation

These financial statements consolidate the results of the charity and its wholly owned subsidiary, MK Gallery Trading Limited, on a line-by-line basis. A separate statement of financial activities and income and expenditure account for the charity itself has not been presented itself because the charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

c) Volunteers and donated services and facilities

The value of services provided by volunteers is not incorporated into these financial statements. Further details of the contribution made by volunteers can be found in the trustees' annual report.

d) Short term employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service. The charity operates a defined contribution pension scheme. Contributions payable to the charity's pension scheme are charged to the statement of financial activities in the period to which they relate.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

e) Income

Voluntary income including donations, gifts and legacies and grants that provide core funding or are of general nature are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Such income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the charity has unconditional entitlement.

Grants and donations for capital purposes are recognised on a receivable basis.

Income from commercial trading activities is recognised as earned as the related goods and services are provided.

Investment income is recognised on a receivable basis.

Income from charitable activities includes income received under contract or where entitlement to grant funding is subject to specific performance conditions and is recognised as earned as the related services are provided. Grant income included in this category provides funding to support performance activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Income is deferred when performance related grants are received in advance of the exhibitions or education programmes to which they relate.

f) Expenditure

Expenditure is recognised when a liability is incurred. Contractual arrangements and performance related grants are recognised as goods or services are supplied. Other grant payments are recognised when a constructive obligation arises that results in the payment being unavoidable.

Costs of generating funds are those costs incurred in attracting voluntary income and those incurred in trading activities that raise funds.

Expenditure on capital items is capitalised and included within fixed assets when it becomes payable.

Charitable activities include expenditure related to the overall administration and development of the art gallery complex in Milton Keynes. It includes both the direct costs and support costs relating to these activities.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

1 Accounting policies (continued)

f) Expenditure (continued)

Expenditure is classified under activity headings relating to the exhibition programme, the education programme and the events programme of the charity. Expenditure that is not directly attributable to each activity is apportioned between the activities of the charity according to criteria appropriate to the nature of the expenditure. Expenditure is allocated to support costs using the bases stated in note 10.

g) Irrecoverable VAT

All expenditure is classified under activity headings that aggregate all costs related to the category. Irrecoverable VAT on revenue expenditure is included within support costs and irrecoverable VAT on capital costs is capitalised as part of the cost of the fixed asset.

h) Fixed assets and depreciation

Depreciation is provided to write off the cost of tangible fixed assets over their estimated useful economic lives as follows:

Property Improvements under the course of construction	Not depreciated
Capital constructions	1.25% per annum
Furniture, fittings and equipment	20% per annum
Computer equipment	33% per annum

i) Fixed asset investments

Investment income is accounted for when due.

Realised gains and losses are accounted for by reference to the sale proceeds and either the last balance sheet valuation, or the cost of the purchase if later. Unrealised gains and losses are calculated by comparing the previous balance sheet valuation, or cost of purchase if later, to the valuation at the year end.

j) Leases

Operating lease rentals are charged to the income and expenditure account on a straight line basis over the period of the lease. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date rent is expected to be adjusted to the prevailing market rate.

k) Financial instruments

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of financial activities in support costs.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

1 Accounting policies (continued)

1) Funds

The company has the following funds:

Unrestricted funds: These represent funds which can be expended as the Trustees see fit, in accordance with the charitable objects of the company.

Designated funds: These are funds set aside by the Trustees out of unrestricted general funds for specific future purposes or projects.

Restricted income funds: These represent income received, which can only be expended for the purpose specified by the donor.

Unrestricted capital funds: The charity's restricted capital funds are those raised for the capital project. Annual depreciation is charged against the fund. The closing balance represents funds held in the restricted capital project fixed asset and equates to the net book value of the associated restricted fixed asset.

2 Key areas of judgement and estimate

In applying the accounting policies, the Trustees have made critical accounting judgments, estimates and assumptions. These estimates and assumptions are based on historical experience and are reviewed on a continual basis. Actual results may differ from the 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.

The total cost of the capital project has been broken down using component accounting to include the shorter life assets within the category of furniture, fittings and equipment rather than capital constructions. The assets have been categorised according to their useful lives which have been chosen to reflect the expected life of the asset and are then depreciated accordingly. There are no indications of impairment of the capital constructions.

3 Limited liability

The company is limited by guarantee and therefore has no share capital. The liability of the members is limited by guarantee to £1 each.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

4 Comparative Statement of Financial Activities

The Consolidated Statement of Financial Activities for the year ended 31 March 2020 is presented for illustrative purposes.

	Unrestricted funds	Restricted funds	Restricted capital funds	As restated Total 2020
Notes	£	£	£	£
Income:				
<i>Income from charitable activities:</i>				
Grants and donations	1,531,049	235,350	-	1,766,399
Other income	-	-	-	-
<i>Income from other trading activities:</i>				
Commercial trading operations	269,007	-	-	269,007
Investment income	332	-	-	332
Total income	1,800,388	235,350	-	2,035,738
Expenditure:				
Raising funds	181,670	-	-	181,670
<i>Expenditure on charitable activities:</i>				
Operation of art gallery	2,253,755	178,572	-	2,432,327
Total expenditure	2,435,425	178,572	-	2,613,997
Unrealised (loss)/gain on investments	81,217	-	-	81,217
Net income/(expenditure)	(553,820)	56,778	-	(497,042)
Transfers between funds	-	-	-	-
Net movement in funds for the year	(553,820)	56,778	-	(497,042)
Reconciliation of funds:				
Total funds brought forward	12,494,010	618,856	-	13,112,866
Total funds carried forward	11,940,190	675,634	-	12,615,824

The unrestricted funds balance of £11,940,190 is made up of £7,688,384 income and capital funds and £4,251,806 designated funds.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

5 Voluntary income

2021 (Group)

	Unrestricted 2021 £	Restricted 2021 £	Restricted Capital 2021 £	Total 2021 £
Grants receivable:				
Milton Keynes Council:				
Deed of Variation	183,944	-	-	183,944
Gallery subsidy	89,998	-	-	89,998
Other grants	-	-	-	-
Trusts and foundations	17,000	80,000	-	97,000
Public grants	456,537	-	-	456,537
Arts Council England	771,360	-	-	771,360
Total grants receivable	1,518,839	80,000	-	1,598,839
Donations	26,894	759	-	27,653
	<u>1,545,733</u>	<u>80,759</u>	<u>-</u>	<u>1,626,492</u>

2020 (Group)

	Unrestricted 2020 £	Restricted 2020 £	Restricted Capital 2020 £	Total 2020 £
Grants receivable:				
Milton Keynes Council:				
Deed of Variation	183,944	-	-	183,944
Gallery subsidy	95,000	-	-	95,000
Other grants	-	20,000	-	20,000
Trusts and foundations	19,355	50,000	-	69,355
Public grants	2,000	10,000	-	12,000
Arts Council England	776,169	18,000	-	794,169
Total grants receivable	1,076,468	98,000	-	1,174,468
Donations	454,581	137,350	-	591,931
	<u>1,531,049</u>	<u>235,350</u>	<u>-</u>	<u>1,766,399</u>

Under a historic agreement with Milton Keynes Council, the Council undertook to provide the company with an annual subsidy of £100,000 towards the gallery's operational costs. As at 31 March 2021, a total of £2,284,998 (2020: £2,195,000) has been received since 1998. Of this, £89,998 is included in this year's financial statements which is lower than the previous year due to a reduction in funding. A further agreement with Milton Keynes Council commenced in November 2011 to provide an index-linked grant of £150,000 per annum under a Deed of Variation. £183,944 has been included as income in the year ended 31 March 2021 (2020: £183,944).

Under its NPO scheme ACE provided the company with a grant of £391,360 towards gallery operational costs for the year ended 31 March 2021 (2020: £383,307). There were several public grants received during the year toward the costs of charitable activities including grants for the capital project from ACE, Milton Keynes Council and SEMLEP.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

6 Investment income from current assets

	Group 2021 £	2020 £
Deposit interest receivable	-	-
Bank interest receivable	6	332
	<u>6</u>	<u>332</u>

Investment income from fixed asset investments

	Group 2021 £	2020 £
Unrealised gains/(losses) on listed investments portfolio	299,581	81,217
	<u>299,581</u>	<u>81,217</u>

7 Costs of generating funds

	Unrestricted 2021 £	Restricted 2021 £	Group 2021 £	Group 2020 £
Commercial trading operations	27,279	-	27,279	165,857
Investment management fees	13,866	-	13,866	15,813
	<u>41,145</u>	<u>-</u>	<u>41,145</u>	<u>181,670</u>
Total expenditure on costs of generating funds	<u>41,145</u>	<u>-</u>	<u>41,145</u>	<u>181,670</u>

All figures for 2020 relate to unrestricted funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

8 Analysis of expenditure on charitable activities

	Exhibitions and running the Gallery £	Education and events programme £	Total 2021 £
Exhibition costs	80,115	-	80,115
Event costs	-	-	-
Education delivery costs	-	24,935	24,935
Premises costs	77,352	58,014	135,366
Marketing and development costs	44,046	33,034	77,080
Travel costs	54	40	94
Depreciation	135,401	108,321	243,722
Staff costs	396,972	193,000	589,972
Other staff costs	-	-	-
Support costs (see note 10)	235,348	156,898	392,246
Governance costs (see note 10)	10,800	7,200	18,000
	<u>980,088</u>	<u>581,442</u>	<u>1,561,530</u>
Total expenditure on charitable activities	<u>980,088</u>	<u>581,442</u>	<u>1,561,530</u>

Expenditure on charitable activities was £1,561,530 (2020: £2,432,327) of which £3,055 (2020: £68,917) was restricted in respect of exhibition costs, £49,748 was restricted in respect of education and event costs (2020: £99,762), £1,931 was restricted in respect of development costs (2020: £4,547), £nil was restricted in respect of premises costs (2020: £5,080) and £3,130 was restricted in respect of support costs (2020: £266). The remaining amount of £1,503,666 (2020: £2,253,755) was unrestricted. 100% of support costs are allocated to expenditure on charitable activities.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

9 Analysis of support and governance costs

2021	Support costs £	Governance costs £	Total 2021 £	Basis of apportionment
Salary costs	112,463	5,000	117,463	Time spent
Other staff costs	16,944	-	16,944	Invoiced cost
Travel costs	44	-	44	Invoiced cost
Marketing and development costs	33,034	-	33,034	Invoiced cost
Premises costs	58,013	-	58,013	Office space
Accountancy – accounts preparation services	-	3,500	3,500	Governance
Accountancy – general support services	17,858	-	17,858	Invoiced cost
Audit fees	-	9,500	9,500	Governance
Professional fees	2,126	-	2,126	Invoiced cost
Memberships/subscriptions	2,036	-	2,036	Invoiced cost
Trustee insurance	-	-	-	Governance
Board and committee costs	-	-	-	Governance
Bank charges	2,555	-	2,555	Total cost
Depreciation	27,080	-	27,080	Office space
Irrecoverable VAT	44,886	-	44,886	Total cost
Corporation tax	-	-	-	Invoiced cost
Sundry costs	7,735	-	7,735	Invoiced cost
IT and telephone costs	65,343	-	65,343	Invoiced cost
Printing and postage costs	2,129	-	2,129	Invoiced cost
Total	392,246	18,000	410,246	

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**
9 Analysis of support and governance costs (continued)

2020 As restated	Support costs £	Governance costs £	Total 2020 £	Basis of apportionment
Salary costs	119,928	5,000	124,928	Time spent
Other staff costs	14,487	-	14,487	Invoiced cost
Travel costs	2,099	-	2,099	Invoiced cost
Marketing and development costs	64,187	-	64,187	Invoiced cost
Premises costs	72,518	-	72,518	Office space
Accountancy – accounts preparation services	-	3,500	3,500	Governance
Accountancy – general support services	23,442	-	23,442	Invoiced cost
Audit fees	-	7,000	7,000	Governance
Professional fees	7,434	-	7,434	Invoiced cost
Memberships/subscriptions	1,866	-	1,866	Invoiced cost
Trustee insurance	-	696	696	Governance
Board and committee costs	-	89	89	Governance
Bank charges	9,604	-	9,604	Total cost
Depreciation	26,466	-	26,466	Office space
Irrecoverable VAT	190,000	-	190,000	Total cost
Corporation tax	-	-	-	Invoiced cost
Sundry costs	32,140	-	32,140	Invoiced cost
IT and telephone costs	59,909	-	59,909	Invoiced cost
Printing and postage costs	12,270	-	12,270	Invoiced cost
Total	636,350	16,285	652,635	

10 Net income/(expenditure) for the year

This is stated after charging:

	Group 2021 £	2020 £
Operating leases – equipment	-	-
Auditors’ remuneration for audit services	9,500	13,550
Auditors’ remuneration for non-audit services	21,358	-
Depreciation	270,801	258,001

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

11 Staff costs

	Group	
	2021	2020
	£	£
Wages and salaries	708,526	731,283
Social security costs	52,010	58,138
Other pension costs	33,516	31,143
	<u>794,052</u>	<u>820,564</u>

One employee received remuneration in the band £60,000 to £70,000 during the year (2020: one in the band £70,000 to £80,000). Pension costs in the year for the provision of a defined contribution scheme in respect of this employee amounted to £3,086 (2020: £3,648).

The charity trustees were not paid any remuneration in the year (2020: £nil), neither were they reimbursed expenses during the year (2020: £nil).

The key management personnel of the parent charity and the group comprise the Trustees, the Gallery Director, the Deputy Director, and the Head of Development and Communications. For the previous year, the key management personnel were the Trustees, the Gallery Director, the Deputy Director and the Head of Development and Communications. The total employee benefits of the key management personnel of the charity were £112,562 (2020: £166,181).

The average number of persons employed by the group during the year was 41 (2020: 41).

12 Pension costs

The company and its subsidiary make contributions into a group of personal pensions on behalf of their employees. The assets of the scheme are held separately from those of the company. The pension cost charge for the period represented contributions payable by the company and its subsidiary and amounted to £33,516 (2020: £31,143). At the year end there were contributions outstanding of £5,096 which are included in other creditors (2020: £4,763). Pension costs are allocated to restricted funds when such costs are covered by restricted funding.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

13 Taxation

As a registered charity, the company is not in normal circumstances subject to corporation tax. As a result, the Trustees are of the opinion that no material corporation tax liability will arise on the activities undertaken during this year.

The following relates to the trading subsidiary's corporation tax charge:

	Group	
	2021	2020
	£	£
Domestic current year tax		
UK corporation tax	-	-
Current tax charge	-	-
	2021	2020
	£	£
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	-	-
Profit on ordinary activities before taxation multiplied by the standard rate of U.K. corporation tax of 19.00% (2020: 19.00%)	-	-
Effects of:		
Gift Aid donations	-	-
Capital allowances in excess of depreciation	-	-
Depreciation in excess of capital allowances	-	-
Current tax charge	-	-

The subsidiary MK Gallery Trading Ltd's result for the year gives rise to a current tax charge of £nil for the year ended 31 March 2021 (2020: £nil).

The subsidiary MK Gallery Enterprises Ltd's result for the year gives rise to a current tax charge of £nil for the year ended 31 March 2021 (2020: £nil).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

14 Financial activities of the charity

The financial activities shown in the consolidated statement includes those of the charity's wholly owned subsidiaries, Mk Gallery Enterprises Limited and MK Gallery Trading Limited.

A summary of the financial activities by the charity is set out below:

	2021	As restated 2020
	£	£
Gross income	1,934,974	1,847,948
Total expenditure	(1,554,168)	(2,279,802)
Net income	380,806	(431,854)
Total funds brought forward	12,667,867	13,099,721
Total funds carried forward	13,048,673	12,667,867
Represented by:		
Restricted income funds	224,636	675,634
Designated funds	960,000	4,251,806
Unrestricted income funds	425,480	(443,164)
Unrestricted capital funds	11,438,557	8,183,591
	13,048,673	12,667,867

15 Financial activities of the trading companies

The wholly owned trading subsidiaries MK Gallery Trading Limited (MKGT) and MK Gallery Enterprises Ltd (MKGE), which are incorporated in the United Kingdom, usually pay all taxable profits to the charity by gift aid. No Gift Aid payment was made in the year so that funds were retained in the subsidiary for use in the following year. The trading subsidiaries operate the art gallery and all commercial trading operations carried on at the art gallery premises. The charity owns the entire share capital of 100 ordinary shares of £1 each in each company. A summary of the trading results is shown below.

	MKGE 2021 £	MKGE 2020 £	MKGT 2021 £	MKGT 2020 £
Turnover	32,304	269,564	-	(557)
Cost of sales & administration costs	(47,396)	(333,060)	(1,111)	(1,135)
Net loss	(15,092)	(63,496)	(1,111)	(1,692)
Amount gift aided to the charity	-	-	-	-
Taken to reserves in subsidiary	(15,092)	(63,496)	(1,111)	(1,692)
The assets and liabilities of the subsidiary were:				
Fixed assets	-	-	-	-
Current assets	48,636	68,031	9,738	11,374
Current liabilities	(125,150)	(129,453)	(1,270)	(1,795)
Total net (liabilities)/assets	(76,514)	(61,422)	8,468	9,579
Aggregate share capital and reserves	(76,514)	(61,422)	8,468	9,579

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**
16 Tangible fixed assets

	Group	Group	Group	Group
	Capital construc- tions £	Furniture, fittings and equipment £	Computer equipment £	Total £
Cost				
As at 1 April 2020 – as restated	10,972,467	666,275	22,202	11,660,944
Additions	111,056	4,834	4,769	120,659
At 31 March 2021	11,083,523	671,109	26,971	11,781,603
Depreciation				
At 1 April 2020 – as restated	137,154	189,286	11,417	337,857
Charge for the year	140,795	124,606	5,400	270,801
At 31 March 2021	277,949	313,892	16,817	608,658
Net book value				
At 31 March 2021	10,805,574	357,217	10,154	11,172,945
At 31 March 2020 – as restated	10,835,313	476,989	10,785	11,323,087
	Company	Company	Company	Company
	Capital construc- tions £	Furniture, fittings and equipment £	Computer equipment £	Total £
Cost				
As at 1 April 2020 – as restated	10,972,467	656,864	22,202	11,651,533
Additions	111,056	4,834	4,769	120,659
At 31 March 2021	11,083,523	661,698	26,971	11,772,192
Depreciation				
At 1 April 2020 – as restated	137,154	179,875	11,417	328,446
Charge for the year	140,795	124,606	5,400	270,801
At 31 March 2021	277,949	304,481	16,817	599,247
Net book value				
At 31 March 2021	10,805,574	357,217	10,154	11,172,945
At 31 March 2020 – as restated	10,835,313	476,989	10,785	11,323,087

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

16 Tangible fixed assets (continued)

All assets are held for direct charitable purposes.

Certain assets were transferred from property improvements under the course of construction to furniture, fittings and equipment during the year to reflect the components of the capital project that were internal fixtures and equipment with a shorter useful life than capital constructions.

17 Investments

Listed investments are held at market value and were valued by Ruffer LLP on the basis of their open market value as at 31 March 2021. The historical cost of the investments as at 31 March 2021 is £850,000 (2020: £1,000,000). All investments are held for charitable activities.

Group	Shares in subsidiary £	Listed investments £	Total £
At 1 April 2020	-	1,528,898	1,528,898
Additions	-	200,000	200,000
Disposals	-	(350,000)	(350,000)
Change in market value	-	299,581	299,581
Gross investment management fees paid	-	(13,866)	(13,866)
At 31 March 2021	-	1,664,613	1,664,613

Company	Shares in subsidiary (cost) £	Listed investments (market value) £	Total £
At 1 April 2020	200	1,528,898	1,529,098
Additions	-	200,000	200,000
Disposals	-	(350,000)	(350,000)
Change in market value	-	299,581	299,581
Gross investment management fees paid	-	(13,866)	(13,866)
At 31 March 2021	200	1,664,613	1,664,813

MK Gallery owns all the shares of MK Gallery Trading Limited, a company registered in England under company number 04469234. Unaudited accounts have been signed and have been filed with the Registrar of Companies. A summary of trading results is shown in note 16.

MK Gallery also owns all the shares of MK Gallery Enterprises Limited, a company registered in England under company number 11597873. Unaudited accounts have been signed and have been filed with the Registrar of Companies. A summary of trading results is shown in note 15.

The change in market value represents the net gains and losses arising within the portfolio managed by Ruffer LLP. A net amount of £150,000 was withdrawn from the portfolio by the charity during the year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**
18 Debtors

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	2,341	47,582	125	35,798
Prepayments	49,341	33,263	49,341	33,263
Accrued income	29,861	-	28,361	-
Amounts owed by group undertakings	-	-	114,401	115,993
Other debtors	10,778	33,398	9,266	20,289
	<u>92,321</u>	<u>114,243</u>	<u>201,494</u>	<u>205,343</u>

19 Creditors: amounts falling due within one year

	Group		Company	
	2021	As restated 2020	2021	As restated 2020
	£	£	£	£
Trade creditors	105,910	128,117	105,207	119,706
Deferred income (note 20)	279,500	675	279,500	-
Taxation and social security	131,818	122,637	131,819	122,638
Accruals	184,165	180,383	173,345	174,604
Amounts owed to group undertakings	-	-	9,403	9,113
Other creditors	4,775	4,411	4,775	4,411
	<u>706,168</u>	<u>436,223</u>	<u>704,049</u>	<u>430,472</u>

Amounts owed by and to group undertakings are unsecured, interest free and repayable on demand.

20 Deferred income

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Balance at 1 April 2020	675	3,000	-	-
Amount received in the year	279,500	675	279,500	-
Amount released in the year	(675)	(3,000)	-	-
	<u>279,500</u>	<u>675</u>	<u>279,500</u>	<u>-</u>

Income is deferred where it relates to a future accounting period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**
21 Analysis of charitable funds

	As restated At 1 April 2020 £	Income £	Expenditure £	Transfers £	At 31 March 2021 £
Group					
Unrestricted fund movements:					
Designated funds:					
Development fund	1,230,255	299,581	(16,269)	(1,513,567)	-
Capital fund	3,000,000	-	-	(3,000,000)	-
Capital construction fund	21,551	-	-	(21,551)	-
Capital renewal fund	-	-	-	600,000	600,000
Programme fund	-	-	-	360,000	360,000
General income fund	(443,164)	1,418,634	(1,103,557)	553,567	425,480
General capital fund	8,183,591	136,000	(376,478)	3,495,444	11,438,557
Trading Subsidiaries:					
MKGT	9,479	-	(1,111)	-	8,368
MKGE	(61,522)	32,304	(47,396)	-	(76,614)
Total unrestricted funds	11,940,190	1,886,519	(1,544,811)	473,893	12,755,791
Restricted funds (see below)	675,634	80,759	(57,864)	(473,893)	224,636
Total funds	12,615,824	1,967,278	(1,602,675)	-	12,980,427
Company					
Designated funds:					
Development fund	1,230,255	299,581	(16,269)	(1,513,567)	-
Capital fund	3,000,000	-	-	(3,000,000)	-
Capital construction fund	21,551	-	-	(21,551)	-
Capital renewal fund	-	-	-	600,000	600,000
Programme fund	-	-	-	360,000	360,000
General income fund	(443,164)	1,418,634	(1,103,557)	553,567	425,480
General capital fund	8,183,591	136,000	(376,478)	3,495,444	11,438,557
Total unrestricted funds	11,992,233	1,854,215	(1,496,304)	473,893	12,824,037
Restricted funds (see below)	675,634	80,759	(57,864)	(473,893)	224,636
Total funds	12,667,867	1,934,974	(1,554,168)	-	13,048,673

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**
21 Analysis of charitable funds (continued)

	As restated At 1 April 2020 £	Income £	Expenditure £	Transfers £	At 31 March 2021 £
Restricted funds					
Group and Company					
Paul Hamlyn Foundation	35,715	20,170	(40,923)	-	14,962
MK Council Porte Cocheres	4,818	-	-	-	4,818
Catalyst	24,117	-	-	-	24,117
Kirkland Foundation	125,000	-	-	-	125,000
Artwork SE Bridge Support	2,082	-	(501)	-	1,581
Artwork CLN 1	587	-	(587)	-	-
Artwork CLN 2	241	-	(241)	-	-
Children in Need	223	10,000	(6,791)	-	3,432
MK Council Middleton Commission	19	-	(19)	-	-
Garfield Weston – L&F	839	-	(839)	-	-
Artwork MKCEP	2,490	-	-	-	2,490
Garfield Weston 2021	-	-	(3,130)	-	(3,130)
AHA	1,153	400	-	-	1,553
City Club – Arts Council	473,893	-	-	(473,893)	-
MKCF Young Dancer	(188)	188	-	-	-
Capital Construction	-	1	-	-	1
MKCF	(15)	30,000	-	-	29,985
New Towns	595	-	(595)	-	-
Open University	720	-	(720)	-	-
ACE Explorers	1,095	-	(1,095)	-	-
PHF Emergency Fund 2	-	20,000	(173)	-	19,827
Directors Circle	2,250	-	(2,250)	-	-
Total Restricted funds	675,634	80,759	(57,864)	(473,893)	224,636

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

21 Analysis of charitable funds (continued)

Milton Keynes Council has confirmed that for the purposes of managing and reporting on their annual grants, that the Council do not consider or treat those as restricted. The Company must report regularly on the grant released as a result of new management arrangements, and comply with annual Council reporting needs.

Name of fund	Description, nature and purpose of fund
Restricted Funds	
Paul Hamlyn Foundation	To fund a 3 year programme of inclusive arts practice for children with complex needs and their families
MK Council Porte Cochères	To support the Porte Cochères project
Catalyst	A fundraising programme to improve the Gallery's capability to raise funds from private sources
Kirkland Foundation	To support the cost of exhibition programmes
Artwork SE Bridge Support	To support educational workshops
Artwork CLN Fund 1	To support the development of the Creative Learning Network
Artwork CLN Fund 2	To support the development of the Creative Learning Network
Children in Need	To fund a 3 year facilitated artists programme of activity for young people with low level mental health relates issues
MK Council Middleton Commission	To commission an artists-led participatory project on behalf of the Broughton and Middleton Parish Council
Garfield Weston Foundation	To support the Lost and Found project
Artwork MKCEP	To project manage an education and arts sector partnership programme on behalf of AHA MK to engage children from 10 schools including CPD for teachers and artists
Garfield Weston 2021	To support the Covid-19 recovery period through delivery of a programme of activities to re-engage and build new audiences, and to make improvements to physical and digital infrastructure to support income generation and audience development
Pedalling Culture	To support the Pedalling Culture project
AHA	To support public learning programmes
City Club – Arts Council	To support the City Club project
MKCF Young Dancer	To support the Young Dancer project

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

21 Analysis of charitable funds (continued)

Name of fund	Description, nature and purpose of fund
Restricted Funds	
New Towns	To support a conference
Open University	To support artist commissions
ACE Explorers	To support the Explorers conference
Arts Society North Bucks	To support the Family in Residence project
Directors Circle	To support the cost exhibition programmes
PHF Emergency Fund 2	To assist with the costs of the recovery from the pandemic

At the year end the Garfield Weston 2021 fund has a deficit balance of £3,130 which will be reversed with funding during the following year.

Designated Funds

The Trustees designated funds received during the year ended 31 March 2013 for the capital project and development fund.

At its meeting on 23 March 2021 the Board agreed changes to the charity's designated funds. The designated capital fund and Patrons/Donations fund was reallocated to the unrestricted capital fund at the amount required to depreciate the capital asset in full. Any remaining reserves in the fund were allocated to the general income fund.

The designated development fund was reallocated to a new £360,000 designated programme fund (£120,000 per annum to be drawn down annually to support programming costs) and a new £600,000 designated capital renewal fund. Any remaining reserves in this fund were allocated to the general income fund.

Unrestricted Funds

The general income fund represents those funds that are unrestricted and not designated for other purposes.

The general capital fund represents those funds that are unrestricted but represented by capital assets and are therefore not available reserves.

Transfers between funds

A transfer of £473,893 was made from restricted funds to general funds to represent the City Club capital project that is now used for unrestricted purpose.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**
22 Analysis of net assets between funds**Group:**

	Unrestricted Funds	Restricted Funds	2021 Total	As restated 2020 Total
	£	£	£	£
Fixed assets	11,172,945	-	11,172,945	11,323,087
Investments	1,664,613	-	1,664,613	1,528,898
Current assets	624,401	224,636	849,037	200,062
Current liabilities	(706,168)	-	(706,168)	(436,223)
	<u>12,755,791</u>	<u>224,636</u>	<u>12,980,427</u>	<u>12,615,824</u>

Company:

	Unrestricted Funds	Restricted Funds	2021 Total	As restated 2020 Total
	£	£	£	£
Fixed assets	11,172,945	-	11,172,945	11,323,087
Investments	1,664,813	-	1,664,813	1,529,098
Current assets	690,328	224,636	914,964	246,154
Current liabilities	(704,049)	-	(704,049)	(430,472)
	<u>12,824,037</u>	<u>224,636</u>	<u>13,048,673</u>	<u>12,667,867</u>

23 Commitments

There is a 99 year lease on the Theatre, Art Gallery and Theatre Square. A nominal rent of £1 each per annum is payable. This lease expires in more than 5 years.

Changes to the lease arrangements between Milton Keynes Council, Ambassador Theatre Group and MK Gallery mean the three parties are all now signatory to management arrangements that are enshrined in a long lease of 99 years from 18 December 2001.

Capital commitments

The charity has undertaken a capital development project which is complete apart from the final balance due to the contractor. At the year end the final balance due for the project was unknown but the charity is holding sufficient reserves to cover the balance due.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

24 Related party transactions

During the year donations of £nil were received from Trustees (2020: £nil). There are no other related party transactions during the period that require disclosure. The charitable company has taken advantage of the exemption available in accordance with Section 33 of FRS 102 'Related Party Disclosures' not to disclose transactions entered into between two or more members of the group that are wholly owned.

25 Provisions and contingent liabilities

The company has indemnified the purchaser of a lease against any claw back of £800,000 VAT by HMRC. This is only ever likely to arise if the building was not to be used as a commercial theatre within 10 years from November 2011. The Trustees consider the likelihood of this occurring to be remote and consequently no provision for this liability is considered appropriate.

26 Prior year adjustment

An adjustment has been made to the comparative figures for the year ended 31 March 2020 in relation to the following accounting issues in the years ended 31 March 2018, 31 March 2019 and 31 March 2020:

- VAT return errors arose which resulted in £134,205 being payable to HMRC. This meant creditors were understated by this amount in the figures originally reported.
- Fixed asset cost was overstated by £68,700 as a result of irrecoverable VAT being capitalised in error (relating to the VAT return errors).
- Accruals and fixed asset costs were both overstated by £197,560 in relation to an accrual for fixed asset additions that was not necessary.

The relevant values in the comparative figures have now been adjusted. The effect of this adjustment is:

	Group £	Company £
Opening reserves at 1 April 2020 (as previously stated)	12,806,667	12,858,710
Prior year adjustment	(190,843)	(190,843)
Opening reserves at 1 April 2020 (as restated)	12,615,824	12,667,867