

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

CONTENTS

	Page
Trustees' Report	1-14
Statement of Trustees' Responsibilities	15
Independent Auditors' Report to the Members of MK Gallery	16-19
Consolidated Statement of Financial Activities (including Consolidated Income and Expenditure Account)	20
Consolidated and Charitable Company Balance Sheets	21-22
Consolidated Statement of Cash Flows	23
Notes to the Financial Statements	24-46

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).

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
	<hr/>
Net assets	£12,816,000
	<hr/>

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:

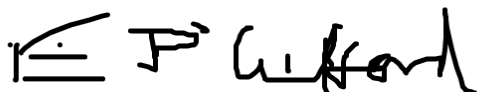
- (a) there is no relevant information of which the group's auditor is unaware, and
- (b) the Trustees have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

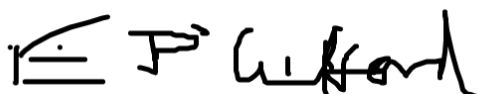
The notes on pages 24 to 46 also form part of these financial statements.

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		1,586,938	80,759	1,667,697
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		1,544,811	57,864	1,602,675
Unrealised (loss)/gain on investments		299,581	-	299,581
Net income/(expenditure)		341,708	22,895	364,603
Transfers between funds		473,893	(473,893)	-
Net movement in funds for the year		815,601	(450,998)	364,603
Reconciliation of funds:				
Total funds brought forward		11,940,190	675,634	12,615,824
Total funds carried forward		12,755,791	224,636	12,980,427

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
	<u>1,086,552</u>	<u>609,440</u>	<u>-</u>	<u>1,695,992</u>

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>

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>

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>

7 Costs of generating funds

	Unrestricted 2022 £	Restricted 2022 £	Group 2022 £	Group 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>

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
	<u>888,522</u>	<u>794,052</u>

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	-	-
	<hr/>	<hr/>
Current tax charge	-	-
	<hr/>	<hr/>
	2022	2021
	£	£
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	-	-
	<hr/>	<hr/>
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	-	-
	<hr/>	<hr/>
Current tax charge	-	-
	<hr/>	<hr/>

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
---------------------	--

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)
	<hr/>	<hr/>
Opening reserves at 1 April 2020 (as restated)	12,615,824	12,667,867
	<hr/>	<hr/>

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