

LEICESTER ARTS CENTRE LIMITED

England & Wales · Charity number 701078

Details

Other names PHOENIX ARTS

Status Registered

Legal form Charitable company

Company number [02276987](#)

Registered 1989-02-03

Register [View on the Charity Commission register](#)

Contact

Address Phoenix
Phoenix Square
4 Midland Street
Leicester
LE1 1TG

Phone 01162422800

Email hello@phoenix.org.uk

Website www.phoenix.org.uk

Activities

Objects: TO PROMOTE, MAINTAIN IMPROVE AND ADVANCE EDUCATION GENERALLY BY THE PRODUCTION OF EDUCATIONAL PLAYS AND OTHER EXAMPLES OF THE PERFORMING ARTS AND THE ENCOURAGEMENT OF THE ARTS INCLUDING THE ARTS OF DRAMA, MIME, DANCE, FILM, SINGING, MUSIC, POETRY AND THE PRODUCTION AND PRESENTATION OF ETHNIC EVENTS AND EVENTS WITHIN ANY COMMUNITY ARTS PROGRAMME AND TO FORMULATE, PREPARE AND ESTABLISH SCHEMES THEREFOR PROVIDED THAT ALL OBJECTS OF THE COMPANY SHALL BE OF A CHARITABLE NATURE.

Activities: Our vision is to enrich lives and celebrate diversity and ambition in film and art. Our mission is to be a dynamic artistic and creative centre where everyone can enjoy, learn about and make inspirational film and art; enriching individual lives and stimulating economic growth in Leicester and beyond. (Leicester Arts Centre operates under the brand name Phoenix).

Classification

- **How:** Provides Buildings/facilities/open Space, Provides Services
- **What:** General Charitable Purposes, Education/training, The Advancement Of Health Or Saving Of Lives, Arts/culture/heritage/science, Economic/community Development/employment, Recreation
- **Who:** Children/young People, Elderly/old People, People With Disabilities, Other Charities Or Voluntary Bodies, The General Public/mankind

Geography

- Leicester City
- Leicestershire
- Rutland

Finances

| Period end | Income | Expenditure | Assets | Employees |
|------------|------------|-------------|------------|-----------|
| 2025-03-31 | £2,429,770 | £2,878,956 | £7,986,574 | 50 |
| 2024-03-31 | £2,484,942 | £2,653,714 | £8,435,760 | 49 |
| 2023-03-31 | £5,532,102 | £1,731,580 | £8,604,532 | 46 |
| 2022-03-31 | £5,273,839 | £1,649,123 | £4,804,010 | 46 |
| 2021-03-31 | £1,956,512 | £1,356,949 | £1,179,294 | 42 |

Trustees

| Name | Role | Appointed |
|-------------------------------------------|-------|------------|
| ALI SINCLAIR | Chair | |
| Adam Clarke | | 2023-07-13 |
| CATHERINE JANE KERSEY | | 2019-10-22 |
| Colin Geoffrey Sharpe | | 2015-05-27 |
| Dilip Kavi | | 2023-12-13 |
| Dr James Russell | | 2026-03-04 |
| Kaaeed Mamujee | | 2023-12-13 |
| Kamlesh Purohit | | 2025-09-24 |
| Professor Justin Smith | | 2023-01-25 |
| SUZANNE MELODY BRADLEY OVERTON-EDWARDS | | 2013-03-27 |
| William Wells | | 2025-03-26 |

LEICESTER ARTS CENTRE LIMITED

England & Wales - Charity number 701078

Accounts

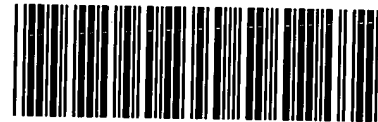
COMPANY NUMBER: 02276987

**LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX**

**REPORT OF THE
DIRECTORS AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 MARCH 2025**

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**LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX**

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THE YEAR ENDED 31 MARCH 2025**

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**LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX**

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2025**

DIRECTORS AT YEAR END AND THROUGHOUT THE YEAR:

A Sinclair (Chair)
B A Carpenter Van Barthold (Resigned 27th November 2024)
S M Overton-Edwards
L M Jones (Resigned 27th November 2024)
Prof S M Sharma (Resigned 15th January 2025)
C J Kersey
S Bazzaz (Resigned 27th November 2024)
J L Smith (Resigned 27th November 2024)
J M Cowley
Prof J Smith
A M D Clarke
D Kavi
K Mamujee
W Wells (Appointed on 26th March 2025)

K Purohit and C Sharpe was appointed after the year-end but before the approval of the financial statements.

CHIEF EXECUTIVES : S Vallance
R Hill

REGISTERED OFFICE : Phoenix Square
4 Midland Street
Leicester
LE1 1TG

COMPANY NUMBER : 02276987 (England and Wales)

CHARITY NUMBER : 701078

AUDITORS : TC Group
10 Stadium Business Court
Millenium Way
Pride Park
Derby
DE24 8HP

BANKERS : Bank of Scotland

**LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX**

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2025**

The Trustees, who are also directors of the charity for the purposes of the Companies Act, present their annual report together with the audited financial statements for the year ended 31 March 2025. Company information as set out on page 1 forms part of this report.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

Leicester Arts Centre Limited (LAC Ltd) is a registered charity (charity number 701078) and a company limited by guarantee (company number 2276987).

The company is governed by its Memorandum and Articles of Association which were last amended in August 2015.

Phoenix is the trading name of the charity and its trading subsidiary, Firebird Trading Ltd (company number 6942215).

Recruitment and Appointment of the Directors

Directors can be appointed by the Board or by the company's members at a general meeting. Leicester City Council is entitled to appoint a maximum of two directors and to remove any such directors. De Montfort University is entitled to appoint a maximum of two directors and to remove any such directors

The Chair of the Board is appointed by the Board. The term of appointment for the Chair and directors is for a fixed period after which the Chair and/or directors can stand for re-election. The number of directors shall not be less than three and is not subject to any maximum.

Director Induction and Training

There is an induction programme for new directors, which is tailored to their particular needs. Training programmes for directors are available to assist them in consolidating their knowledge of their duties and responsibilities as directors.

Risk Management

The Trustees regularly review the major strategic, business and operational risks which the company faces and confirm that systems have been put in place to mitigate those risks.

Organisational Structure

The company is overseen by a Board of Directors that meet periodically in order to administer the charity. Decisions are made at Board meetings by a majority vote. A Chief Executive Officer (who is not a Board member) is appointed by the Board to manage the day-to-day operations of the charity.

The Members have a maximum liability under guarantee to contribute £1 each towards the company's liabilities in the event of a winding up.

**LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2025**

PRINCIPAL OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

Phoenix's vision is to enrich lives and celebrate diversity and ambition in film and art. The company's mission is to be a dynamic artistic and creative centre where everyone can enjoy, learn about and make inspirational film and art; enriching individual lives and stimulating economic growth in Leicester and beyond.

Phoenix provides a unique programme of world cinema, digital arts and education for a wide range of people mainly from the greater Leicester area. Open to all, Phoenix promotes education and a stimulating environment that enables people to develop the inspiration, skills and relationships they need to achieve.

Our public benefit aims are to promote education and community development especially through world film and the digital arts.

The company's principal place of activity is Phoenix Square, 4 Midland Street, Leicester.

It is the company's policy that there should be no discrimination in respect of ethnic origin, race, physical appearance, gender, disability, sexuality, marital status, class, age, religious or political belief and that equal opportunity shall be given to all employees. The company's recruitment procedures ensure that all applicants are given full and fair consideration for suitable vacancies.

The company has referred to the Charity Commission's general guidance on public benefit when reviewing its aims and objectives and in planning its future activities.

ACHIEVEMENTS AND PERFORMANCES

The achievements and financial statements of Phoenix in 2024/25 continued to be affected by the long-term impact of the pandemic, operational challenges following the opening in January 2023 of our expanded venue, the widely-discussed cost of living crisis, and the commencement in January 2024 of the Leicester City Council-run project to re-clad the original Phoenix Square building within which Phoenix is housed. These financial statements are therefore untypical of our normal operation, but represent the charity robustly facing a prolonged period of business challenges, most of which were out of our control.

In 2023, following a 16-month construction period, Phoenix completed an £8M capital project to expand its venue, increasing cinema screens from 2 to 4, extending the café bar, adding a new digital arts gallery, and refurbishing spaces for learning, creativity and commercial hire. With the support of our stakeholders and partners, we are proud to have delivered a superb expanded cultural and economic asset for the benefit of Leicester and its diverse communities, and we are delighted to have won Medium to Large Non-Residential Scheme of the Year at the ProCon Leicestershire 2024 awards.

The expansion of the venue enabled planned growth in the cultural programme across four cinema screens and the new gallery spaces. Within a landscape of sector-wide reduction in audiences, flexible programming has enabled Phoenix to maximise ticket income by extending the run of popular films, bringing programme back quickly where there's audience demand, and responding to opportunities to add new films and events into the schedule as soon as they become available.

**LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2025**

In 2024/25 total audience engagement (excluding Café Bar) was 169,539 – 98% of the pre-pandemic 2019/20 figure (171,939) and a 53% increase on 2023/24 engagement. This is in the context of lower audiences and visitor numbers at arts and cultural venues across the country, including major national institutions. UK cinema audiences have been slower than expected to recover from the pandemic, and in 2023 reached 80% of the 2019 total nationally. Cost-of-living remains a major contributing factor: data from the ONS in March 2025 shows that 60% of adults in Great Britain are spending less on non-essentials as a direct consequence of cost of living pressures (ONS Public Opinions and Social Trends bulletin, March 2025), a marginal decrease of 6% on the previous year but still high.

The capital project saw the refurbishment of existing meeting rooms, in addition to the creation of new hireable spaces, and a substantial increase in income from hires and conferencing was a key element of the capital project business plan. Prior to the pandemic, yearly attendance at business and community events in hired spaces was around 11,100 (2019/20), with many regular bookings from large and small businesses alike. However, the commencement in January 2024 of the 18-month council-run project to re-clad the original Phoenix Square building within which Phoenix is housed has severely impacted our ability to hire our meeting rooms for prolonged periods due to the level of noise disturbance, resulting in significantly lower commercial income than planned, and just 13% growth in attendance at business and community event attendances in 2024/25 (7,586 c.f. 6,678 in 2023/24).

We implemented GA4 (Google Analytics), an important transition in terms of understanding our audience. Trends show greater online reach with younger audiences (under 35s). We also undertook a pilot project with a specialist digital agency to maximise the use of our Google Ad grant – early results were promising, and we are looking to continue this work.

Phoenix sustained its high consumer satisfaction ratings – an endorsement of the cultural programming, customer services levels and environment. The charity cultivates high levels of consumer loyalty, which is evident in the continued growth in MyPhoenix membership sales (a total of 1,903 active memberships in 2024/25, 39% up on 2023/24). This, alongside with our outreach activities and flexible programming, is an excellent platform for audience growth in the year ahead.

We have seen a sea-change in Phoenix's engagement with Leicester's diverse communities following the appointment of a Community Outreach Officer (in October 2023, supported by funding from British Film Institute) and regular work by community curators – this has directly resulted in growth of new audiences.

Engagement with the local creative sector has also been boosted by Phoenix's PLATFORM programme for filmmakers and digital artists. Supported by the UK Shared Prosperity Fund, PLATFORM launched in November 2024, offering expert-led Q&A sessions, practical workshops on business fundamentals and networking events. In PLATFORM's 5 months of project delivery in 2024/25 it provided non-financial support to 16 creative businesses, delivered training sessions to 54 creative businesses, and supported 28 potential creative entrepreneurs to be business-ready. Furthermore, UKSPF support was secured the enable continuation of the PLATFORM programme in 2025/26.

As part of a national programme, led by the UK government's DCMS in partnership with Innovate UK, we also delivered Create Growth @ Phoenix, a fully funded, intensive business support programme designed specifically for filmmakers and digital creatives across Leicestershire, Rutland and surrounding areas. Participants undertook an intensive 3-day course, with access to mentoring and Investment Readiness workshops. A cohort of 15 individuals benefited from this support.

**LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2025**

Following the board's interim joint appointment (in June 2024) of two experienced senior managers to the CEO role after the retirement of the previous longstanding Chief Executive, the board confirmed the appointment of the interim co-CEOs to permanent co-Chief Executive Officers in December 2024.

Phoenix is grateful for the financial support from stakeholders Leicester City Council, Arts Council England, British Film Institute and De Montfort University. Awarded under the auspices of their new strategies and funding programmes announced in 2022/23, Phoenix's Arts Council NPO grant continues to March 2027 (following the NPO extension for 2026/27), and BFI Audience Projects funding is secured until March 2026. Leicester City Council and De Montfort University funding was maintained in 2024/25 – vital in ensuring the continuation of Phoenix's work to deliver the charity's charitable aims and engage local communities in film, digital art and culture, learning, and creativity.

Following the retirement of Phoenix's longstanding auditor, Phoenix undertook a tendering process and appointed a new auditor in readiness for the audit and preparation of statutory accounts for the period 2024/25.

FINANCIAL REVIEW

Total Incoming Resources of the group amounted to £2,429,770 during the year (2023/24: £2,484,942) with Total Resources Expended in the year of £2,878,956 (2023/24: £2,653,714).

£279,098 of Phoenix 2020 capital costs were recorded in the financial year as a depreciation charge

The fixed assets of the group on 31 March 2025 amounted to £8,066,576 (31 March 2024: £8,345,961) reflecting the completion of the capital project and depreciation charged in the year. Restricted Funds stood at £7,572,354 at the year-end (31 March 2024: £7,821,206).

The General Funds of the group were £406,484 at the year-end (31 March 2024: £609,172) with cash balances of £197,922. The designated funds balance was £7,736 at 31 March 2025 (31 March 2024 £5,382)

Box Office income increased from £614,690 (2023/24) to £649,391.

Income from the trading subsidiary increased from £877,723 (2023/24) to £947,683. Gift aid from the trading subsidiary decreased to £98,388 from £187,101 in 2023/24.

There has been significant growth in trading income streams alongside efforts to control operating costs, the group made an operating deficit of £449,186 in the year (2024:£168,772). The trend remains positive.

The directors have considered the going concern position of the Company and the group and consider that the preparation of the financial statements on a going concern basis is appropriate.

PRINCIPAL FUNDING SOURCES

Leicester Arts Centre's main revenue grant funders in the period were Leicester City Council, Arts Council England, De Montfort University, British Film Institute.

In addition, Phoenix received funding from Foyle Foundation and UK Shared Prosperity Fund.

**LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2025**

RESERVES POLICY

The Board reviewed and approved the Reserves policy at a general meeting in November 2025. The current Reserves policy is to retain a minimum of £400,000 free reserves, this being the unrestricted funds not designated for a specific purpose, to cover contingencies and annual variations in operating income. In addition, the Trustees aim to retain a cash balance of £400,000 to cover variations in operating income. However, it is acknowledged by the Board that a significant amount of work will be required to achieve the levels set out in the policy.

The level of unrestricted reserves of the group on 31 March 2025 was £406,484 which meets the reserves policy requirement. Cash balances held at 31 March 2025 were £197,922, below the target.

PLANS FOR FUTURE PERIODS

Having completed the expansion project, we aim to capitalise on the opportunity this provides to significantly increase participation in film, digital art and education activities through growth of our cultural programme, with a view to doubling audiences by 2028/29. Financial resilience will be improved through increased ticket revenue, earned income from our extended Café Bar and The Nest roof terrace bar, and venue hires.

However, the current environment differs greatly to that conceived in the original business plan for the capital development. High levels of inflation, cost-of-living impact on consumer spending which has suppressed post-pandemic audience recovery, and pressures on public funders which threaten our grants, all mean that Phoenix is facing an increasingly challenging financial position over the next few years. Added to this, Leicester City Council (LCC) confirmed that its revenue grant would end on 31 March 2025.

On top of this, LCC's 18-month project to re-clad Phoenix Square (the development in which Phoenix is located) in response to national fire safety concerns around high rise buildings began in January 2024 and led to significant impact on customer experience and trading across 2023/24 and 2024/25. There was also further disruption within the Cultural Quarter (the area around Phoenix) – including road closures, loss of parking and restrictions to primary pedestrian routes – as a result of unexpected external work to Curve theatre which is close to Phoenix and which was expected to continue until August 2025.

These challenges were compounded by measures in the government's autumn budget in October 2024 which saw a sizeable increase in the National Living Wage (which has increased by 49% since 2019) and the changes to Employers' National Insurance contributions. As well as increasing our own payroll costs significantly, we also predicted larger % increases in overheads as many suppliers would have no option but to pass at least some of these increased costs on to us. The combined impact of grant withdrawal and increased costs was too much for Phoenix to absorb and, despite growth in audiences and income exceeding pre-covid levels, we faced a serious, unsustainable budget deficit in 2025/26.

Acknowledging that this position was untenable, a range of measures were undertaken focused on business growth and identifying opportunities for changes across the organisation (in addition to those taken previously) in order to achieve a more favourable outcome. This included thorough reviews of product pricing, additional income generating opportunities not previously considered, and most significantly a reduction in organisational structure and operating parameters in order to realise significant savings.

**LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2025**

The following actions were taken by directors, on senior management recommendation:

- A reduction in opening hours, from 7 days a week to 5 days a week, Thursday – Monday only (closing Tuesday and Wednesday) from 7th April 2025;
- Earlier closing on Sunday evenings from late February 2025

Reduced hours in most departments across the Charity led to an organisational restructure to meet business needs, resulting in a number of redundancies. Collective consultation was undertaken voluntarily to ensure that staff had input throughout the process. The redundancy process was completed on 31 March 2025.

Importantly, Phoenix continues to offer a full and vibrant programme of cinema, art and learning opportunities, and our Café Bar operate as normal within our revised opening times. However, the new operating model will have a tangible impact on organisational income generated through programme and Café Bar.

We will continue to engage with the local authority regarding withdrawal of their revenue grant beyond April 2025.

Following the retirement of a number of Board members after completion of the capital project, we have recruited (and will continue to seek) new Trustees who can support the charity's further development, improve business links, and advance the representation of local communities.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006, Charities Act 2011, 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 2015) and the trust deed. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

Each of the persons who is a trustee at the date of approval of this report confirms that:

- so far as each trustee is aware, there is no relevant audit information of which the Charity's auditor is unaware; and
- each trustee has taken all steps that they ought to have taken as a trustee to make them-self aware of any relevant audit information and to establish that the Charity's auditor is aware of that information.

**LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2025**

This report has been prepared in accordance with the 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 2015) and in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Alison Sinclair

ON BEHALF OF THE BOARD
Alison Sinclair (Chair) – Director

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX**

OPINION

We have audited the consolidated accounts of Leicester Arts Centre Trading as Phoenix for the year ended 31 March 2025 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, Consolidated Cashflow Statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's trustees 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 charitable company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the consolidated accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2025 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

BASIS OF 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 consolidated accounts section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the consolidated accounts 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to where:

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX**

The trustees' use of the going concern basis of accounting in the preparation of the consolidated accounts is not appropriate; or the trustees have not disclosed in the consolidated accounts any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the consolidated accounts are authorised for issue.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We would draw your attention to Note 15 of the accounts. As set out in that note there are conditions that indicate a material uncertainty exists that may cast significant doubt on the charitable company's ability to continue as a going concern. The auditor's opinion is not modified in respect of this matter.

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the consolidated accounts and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the consolidated accounts 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 thereon.

In connection with our audit of the consolidated accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated accounts or our knowledge obtained in 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 there is a material misstatement in the consolidated accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE CHARITIES ACT 2011

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

- the information given in the Trustees' Report for the financial year for which the consolidated accounts are prepared is consistent with the consolidated accounts
- the Trustees' Report has been prepared in accordance with applicable legal requirements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the consolidated accounts are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the consolidated accounts in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Trustees' Annual Report and from the requirement to prepare a strategic report.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' Annual Report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the consolidated accounts 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 consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated accounts, the Trustees are responsible for assessing the Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Charitable Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED ACCOUNTS

Our objectives are to obtain reasonable assurance about whether the consolidated accounts 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 consolidated accounts. Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below;

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX**

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements. Specifically reviewing compliance with Charities SORP FRS102 and the Companies Act 2022.
- Performing recalculations of consolidation process and ensuring any adjustments made were agreed back to supporting documentation.
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate an increased risk of material misstatement as a result of fraud.
- Performing substantive testing over a selection of journal entries made in the period, to address the risk of fraud due to management override of controls.
- Assessing material accounting estimates to determine if there are indications of management bias.

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

Despite the audit being planned and conducted in accordance with ISAs (UK) there remains an unavoidable risk that material misstatements in the financial statements may not be detected owing to the inherent limitations of the audit, and that by their very nature, any such instances of fraud or irregularity likely involve collusion, forgery, intentional misrepresentations, or the override of internal controls.

A further description of our responsibilities for the audit of the consolidated accounts is located on the Financial Reporting Councils website at www.frc.org.uk/auditorresponsibilities. This description forms part of our auditor's report.

TC Group

TC Group
10 Stadium Business Court
Millenium Way
Pride Park
Derby
DE24 8HP

17/12/25

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2025

| | | CHARITY | | | |
|------------------------------------------------------|------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| | Note | Unrestricted Funds 2025 £ | Restricted Funds 2025 £ | Total Funds 2025 £ | Total Funds 2024 £ |
| Incoming Resources from generated funds | | | | | |
| Voluntary Income | | | | | |
| Grants received | | 324,000 | 314,504 | 638,504 | 793,676 |
| Intangible income – rent free use of premises | | 110,500 | - | 110,500 | 110,500 |
| Investment Income | | | | | |
| Bank interest | | - | - | - | 1,397 |
| Gift aid from subsidiary | | 98,388 | - | 98,388 | 187,101 |
| Incoming Resources from Charitable Activities | | | | | |
| Box Office (charitable trading income) | | 649,391 | - | 649,391 | 614,690 |
| Other income from operating activities | | 83,692 | - | 83,692 | 95,658 |
| Total Incoming Resources | | 1,265,971 | 314,504 | 1,580,475 | 1,803,022 |
| Resources Expended | | | | | |
| Costs of generating funds | | | | | |
| Premises costs – intangible | | 110,500 | - | 110,500 | 110,500 |
| Cost of Charitable activities | | | | | |
| Live performance and education | | 23,118 | 67,111 | 90,229 | 95,378 |
| Film hire | | 251,025 | - | 251,025 | 244,959 |
| Wages, salaries and Social Security | 3 | 614,733 | 200,987 | 815,720 | 800,692 |
| Marketing and publicity | | 89,214 | - | 89,214 | 95,922 |
| Premises costs – Centre | | 132,928 | 30,000 | 162,928 | 190,415 |
| Depreciation | | 10,823 | 268,275 | 279,098 | 172,935 |
| Supplies and services | | 206,142 | 6,588 | 212,730 | 255,501 |
| Other | | 5,934 | - | 5,934 | - |
| Governance costs | | 11,996 | - | 11,996 | 4,583 |
| Total resources expended | | 1,456,413 | 572,961 | 2,029,374 | 1,970,885 |
| Net (outgoing)/incoming Resources | | (190,442) | (258,457) | (448,899) | (167,863) |
| Transfers | 11 | (9,605) | 9,605 | - | - |
| Net Movement on Funds | | (200,047) | (248,852) | (448,899) | (167,863) |
| Total funds brought forward | | 613,168 | 7,821,206 | 8,434,374 | 8,602,237 |
| Total funds carried forward | 13 | 413,121 | 7,572,354 | 7,985,475 | 8,434,374 |

All incoming resources and resources expended derive from continuing activities.

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX

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

| | Note | GROUP | | | |
|------------------------------------------------------|------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| | | Unrestricted Funds 2025 £ | Restricted Funds 2025 £ | Total Funds 2025 £ | Total Funds 2024 £ |
| Incoming Resources from generated funds | | | | | |
| Voluntary Income | | | | | |
| Grants received | | 324,000 | 314,504 | 638,504 | 793,676 |
| Intangible income – rent free use of premises | | 110,500 | - | 110,500 | 110,500 |
| Investment Income | | | | | |
| | | - | - | - | 1,397 |
| Activities for Generating Funds | | | | | |
| Income of trading subsidiary | | 947,683 | - | 947,683 | 877,723 |
| Incoming Resources from Charitable Activities | | | | | |
| Box Office (charitable trading income) | | 649,391 | - | 649,391 | 614,690 |
| Other income from operating activities | | 83,692 | - | 83,692 | 86,956 |
| Total Incoming Resources | | <u>2,115,266</u> | <u>314,504</u> | <u>2,429,770</u> | <u>2,484,942</u> |
| Resources Expended | | | | | |
| Costs of generating funds | | | | | |
| Trading subsidiary cost of sales | | 355,577 | - | 355,577 | 283,198 |
| Trading subsidiary overhead costs | | 24,532 | - | 24,532 | 18,167 |
| Premises costs – intangible | | 110,500 | - | 110,500 | 110,500 |
| Cost of Charitable activities | | | | | |
| Live performance and education | | 23,118 | 67,111 | 90,229 | 95,378 |
| Film hire | | 251,025 | - | 251,025 | 244,959 |
| Wages, salaries and Social Security | 3 | 1,083,919 | 200,987 | 1,284,906 | 1,179,815 |
| Marketing and publicity | | 89,214 | - | 89,214 | 95,922 |
| Premises costs – Centre | | 132,928 | 30,000 | 162,928 | 190,415 |
| Depreciation | | 11,110 | 268,275 | 279,385 | 175,276 |
| Supplies and services | | 206,142 | 6,588 | 212,730 | 255,501 |
| Other | | 5,934 | - | 5,934 | - |
| Governance costs | | | | | |
| | | 11,996 | - | 11,996 | 4,583 |
| Total resources expended | | <u>2,305,995</u> | <u>572,961</u> | <u>2,878,956</u> | <u>2,653,714</u> |
| Net (outgoing)/incoming Resources | | | | | |
| Transfers | 11 | (190,729) | (258,457) | (449,186) | (168,772) |
| | | (9,605) | 9,605 | - | - |
| Net Movement on Funds | | (200,334) | (248,852) | (449,186) | (168,772) |
| Total funds brought forward | | 614,554 | 7,821,206 | 8,435,760 | 8,604,532 |
| Total funds carried forward | 13 | <u>414,220</u> | <u>7,572,354</u> | <u>7,986,574</u> | <u>8,435,760</u> |

All incoming resources and resources expended derive from continuing activities.

**LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
BALANCE SHEET AS AT THE YEAR ENDED 31 MARCH 2025**

| | Note | CHARITY | | GROUP | |
|--------------------------------------|------|------------------|------------------|------------------|------------------|
| | | 2025 £ | 2024 £ | 2025 £ | 2024 £ |
| FIXED ASSETS: | | | | | |
| Tangible assets | 6 | 8,065,479 | 8,344,577 | 8,066,576 | 8,345,961 |
| Investments | | 2 | 2 | - | - |
| | | <u>8,065,481</u> | <u>8,344,579</u> | <u>8,066,576</u> | <u>8,345,961</u> |
| CURRENT ASSETS: | | | | | |
| Stocks | | - | - | 19,094 | 17,203 |
| Debtors | 7 | 72,805 | 116,376 | 89,196 | 102,782 |
| Cash at bank and in hand | | 175,688 | 273,102 | 197,922 | 359,922 |
| | | <u>248,493</u> | <u>389,478</u> | <u>306,212</u> | <u>479,907</u> |
| CREDITORS: | | | | | |
| Amounts falling due within one year | 8 | 315,999 | 228,850 | 373,714 | 319,275 |
| | | <u>(67,506)</u> | <u>160,628</u> | <u>(67,502)</u> | <u>160,632</u> |
| NET CURRENT ASSETS: | | | | | |
| | | <u>(67,506)</u> | <u>160,628</u> | <u>(67,502)</u> | <u>160,632</u> |
| CREDITORS: | | | | | |
| Amounts falling due in over one year | 9 | 12,500 | 70,833 | 12,500 | 70,833 |
| | | <u>7,985,475</u> | <u>8,434,374</u> | <u>7,986,574</u> | <u>8,435,760</u> |
| NET ASSETS: | | | | | |
| | | <u>7,985,475</u> | <u>8,434,374</u> | <u>7,986,574</u> | <u>8,435,760</u> |
| UNRESTRICTED FUNDS: | | | | | |
| General fund | | 405,385 | 607,786 | 406,484 | 609,172 |
| Designated Funds | 12 | 7,736 | 5,382 | 7,736 | 5,382 |
| RESTRICTED FUNDS | | | | | |
| | 11 | <u>7,572,354</u> | <u>7,821,206</u> | <u>7,572,354</u> | <u>7,821,206</u> |
| | 13 | <u>7,985,475</u> | <u>8,434,374</u> | <u>7,986,574</u> | <u>8,435,760</u> |

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 2006 (the Act) relating to the audit of the financial statements for the period by virtue of section 477, and that no member or members have requested an audit pursuant to section 476 of the Act.

The directors acknowledge their responsibilities for:

- (i) ensuring that the company keeps adequate accounting records which comply with section 386 of the Act, and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial period and of its profit or loss for the financial period in accordance with the requirements of section 393, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

The financial statements have however been audited as required by the Charities Act 2011. These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and 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 2015).

17/12/2025

These financial statements were approved by the board and authorised for issue on, and are signed on their behalf by:

Alison Sinclair

Alison Sinclair (Chair) – Director

**LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
STATEMENT OF CASH FLOWS THE YEAR ENDED 31 MARCH 2025**

| | Note | GROUP 2025 | Charity 2025 | GROUP 2024 | Charity 2024 |
|---------------------------------------------------------|------|------------------|-----------------|------------------|------------------|
| | | £ | £ | £ | £ |
| Cash flows from operating activities | | | | | |
| (Deficit)/Surplus for the year | | (449,186) | (448,899) | (168,772) | (167,863) |
| Adjustments for: | | | | | |
| Depreciation charge | | 279,385 | 279,098 | 175,276 | 172,935 |
| Interest income | | - | - | (1,397) | (1,397) |
| Interest expense | | 6,588 | 6,588 | 9,089 | 9,089 |
| Decrease/(increase) in trade and other receivables | | 13,586 | 43,571 | (10,596) | (45,344) |
| Decrease/(increase) in stock | | (1,891) | - | (7,600) | - |
| Increase/(decrease) in trade and other payables | | 54,439 | 87,149 | 22,525 | (18,595) |
| Net cash from operating activities | | (97,079) | (32,493) | 18,525 | (51,175) |
| Cash flows from investing activities: | | | | | |
| Purchase of fixed assets | | - | - | (110,318) | (108,886) |
| Interest received | | - | - | 1,397 | 1,397 |
| Net cash from investing activities | | - | - | (108,921) | (107,489) |
| Cash flows from financing activities: | | | | | |
| Interest paid | | (6,588) | (6,588) | (9,089) | (9,089) |
| Repayment of borrowings | | (58,333) | (58,333) | (45,833) | (45,833) |
| Net cash used in financing activities | | (64,921) | (64,921) | (54,922) | (54,922) |
| Change in cash and cash equivalents in the year | | (162,000) | (97,414) | (145,318) | (213,586) |
| Cash and cash equivalents at the beginning of the year | | 359,922 | 273,102 | 505,240 | 486,688 |
| Cash and cash equivalents at the end of the year | 15 | 197,922 | 175,688 | 359,922 | 273,102 |

**LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025**

1. ACCOUNTING POLICIES

Going Concern

The accounts have been prepared on a going concern basis.

Accounting Convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with the Companies Act 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Basis of Consolidation

The consolidated financial statements combine the financial statements of the Leicester Arts Centre Limited and its' wholly owned subsidiary company, Firebird Trading Limited, as well as also showing the results of Leicester Arts Centre Limited as a single entity.

Incoming Resources

Income includes grant funding, donations, sponsorship and net invoiced sales of services, excluding value added tax.

Income is included in incoming resources when it is receivable, except as follows:

Income from cinema admission fees is included in incoming resources in the period in which the relevant show takes place.

Membership income relates to the annual membership of the MyPhoenix subscription. Income is recognised equally over the course of the membership period. Any amounts received in advance for a future period are treated as deferred income.

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

When rental is received in advance, for a pre-determined period, the income is deferred and released to income over the defined period.

The rent-free use of the premises has been accounted for by showing the market value of the rent that would have been charged as intangible income and a premises cost.

Resources Expended

Resources expended are included in the Statement of Financial Activities on an accruals basis. Certain expenditure is directly attributable to specific activities and has been included in this cost categories.

Costs of generating funds comprise the costs of trading including the centre.

Costs of activities in furtherance of the objects of the charity comprise costs incurred by the charity in the delivery of its activities and services. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

**LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025**

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity.

Certain other costs, which are attributable to more than one activity, are apportioned across cost categories on the basis of an estimate of the proportion of time spent by staff on those activities.

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is determined on a first-in, first-out (FIFO) basis.

Investments in subsidiaries

Investments in subsidiaries accounted for in accordance with the cost model are recorded at cost less any accumulated impairment losses.

Debtors

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

Cash at bank and in hand

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

Creditors

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party, and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount.

Tangible Fixed Assets

Fixed Assets are stated at cost less depreciation. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

| | | |
|-------------------------|---|-----------------------|
| Cinema Equipment | - | 20% on cost |
| Office and IT Equipment | - | 20%/33.3%/50% on cost |
| Catering Equipment | - | 20% on cost |

The Phoenix 2020 Capital Project was completed during the prior year and is now being depreciated at the following rates:

| | | |
|-------------------------------|---|------------------------------|
| Project Build and Fees | - | Over the length of the lease |
| Project Fixtures and Fittings | - | 20% on cost |
| Project Projector Equipment | - | 10% on cost |

Fixed assets costing less than £500 are not capitalised.

**LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025**

Hire Purchase and Leasing Commitments

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Taxation

As a charity, Leicester Arts Centre Limited is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or S252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

Fund Accounting

- Unrestricted funds are available for use at the discretion of the directors in furtherance of the general objectives of the charity.
- Designated funds are unrestricted funds earmarked by the directors for particular purposes.
- Restricted funds are subjected to restrictions on their expenditure imposed by the donor.

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

2. NET INCOME OF TRADING SUBSIDIARY

The Charity owns the entire share capital of its trading subsidiary which is incorporated in the UK. The principal activities of Firebird Trading Limited are that of the operation of the Café Bar within Phoenix Square. The company pays its taxable profits to Leicester Arts Centre Limited under Gift Aid and its financial year end is the same as that of the Charity. A summary of its trading results is shown below:

| | 2025 | 2024 |
|--------------------------------|-----------------|------------------|
| | £ | £ |
| Turnover | 947,683 | 877,723 |
| Cost of sales | (481,717) | (434,998) |
| Gross Profit | 465,966 | 442,725 |
| Administration expenses | (367,865) | (256,533) |
| Other operating income | - | - |
| Gift Aid Donation | (98,388) | (187,101) |
| Operating profit/(loss) | (287) | (909) |

The assets and liabilities of the subsidiary were:

| | | |
|-----------------------------------------------|--------------|--------------|
| Fixed assets | 1,097 | 1,384 |
| Current assets | 87,585 | 145,890 |
| Creditors : Amounts falling due within 1 year | (87,581) | (145,886) |
| Total Net Assets | 1,101 | 1,388 |
| Aggregate Share Capital and Reserves | 1,101 | 1,388 |

3. STAFF COSTS

| | CHARITY | | GROUP | |
|-----------------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 31 March 2025 | 31 March 2024 | 31 March 2025 | 31 March 2024 |
| | £ | £ | £ | £ |
| Wages and salaries | 731,902 | 717,719 | 731,902 | 717,719 |
| Social Security costs | 53,908 | 51,518 | 53,908 | 51,518 |
| Pension contributions | 29,910 | 31,455 | 29,910 | 31,455 |
| Direct Wages of subsidiary company | - | - | 143,398 | 151,800 |
| Administrative salaries of subsidiary company | - | - | 325,788 | 227,323 |
| | 815,720 | 800,692 | 1,284,906 | 1,179,815 |

The average monthly number of FTE employees during the year was as follows:

| | CHARITY | | GROUP | |
|-----------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 31 March 2025 | 31 March 2024 | 31 March 2025 | 31 March 2024 |
| | £ | £ | £ | £ |
| Charitable Activities | 33 | 32 | 33 | 32 |
| Generating Funds | - | - | 17 | 17 |
| | 33 | 32 | 50 | 49 |

The directors were not paid or reimbursed for expenses during the year.

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

4. NET SURPLUS/(DEFICIT) FOR THE YEAR

The net surplus/(deficit) is stated after charging:

| | CHARITY | | GROUP | |
|----------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 March 2025 £ | 31 March 2024 £ | 31 March 2025 £ | 31 March 2024 £ |
| Depreciation | 279,098 | 172,935 | 279,385 | 175,276 |
| Loss/(Profit) on disposal of fixed assets | - | - | - | - |
| Auditors' remuneration | 11,996 | 4,583 | 11,996 | 4,583 |
| Directors emoluments and other benefits, etc | - | - | - | - |

5. TAXATION

No liability to UK Corporation Tax arose on ordinary activities for the year ended 31 March 2025 or for the year ended 31 March 2024.

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

6. TANGIBLE FIXED ASSETS

CHARITY

| | 2020 Project Costs £ | Cinema Equipment £ | Catering Equipment £ | Office & IT Equipment £ | Totals £ |
|---------------------------|-------------------------------------|-----------------------------------|-------------------------------------|--------------------------------------------|---------------------|
| COST OR VALUATION: | | | | | |
| At 1 April 2024 | 8,491,956 | 528,892 | - | 118,103 | 9,138,951 |
| Additions | - | - | - | - | - |
| Disposal | - | - | - | - | - |
| At 31 March 2025 | <u>8,491,956</u> | <u>528,892</u> | <u>-</u> | <u>118,103</u> | <u>9,138,951</u> |
| DEPRECIATION: | | | | | |
| At 1 April 2024 | 158,202 | 518,069 | - | 118,103 | 794,374 |
| Charge for year | 268,275 | 10,823 | - | - | 279,098 |
| At 31 March 2025 | <u>426,477</u> | <u>528,892</u> | <u>-</u> | <u>118,103</u> | <u>1,073,472</u> |
| NET BOOK VALUE: | | | | | |
| At 31 March 2025 | <u>8,065,479</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>8,065,479</u> |
| At 31 March 2024 | <u>8,333,754</u> | <u>10,823</u> | <u>-</u> | <u>-</u> | <u>8,344,577</u> |

GROUP

| | 2020 Project Costs £ | Cinema Equipment £ | Catering Equipment £ | Office & IT Equipment £ | Totals £ |
|---------------------------|-------------------------------------|-----------------------------------|-------------------------------------|--------------------------------------------|---------------------|
| COST OR VALUATION: | | | | | |
| At 1 April 2024 | 8,491,956 | 528,892 | 80,474 | 118,103 | 9,219,425 |
| Additions | - | - | - | - | - |
| Disposal | - | - | - | - | - |
| At 31 March 2025 | <u>8,491,956</u> | <u>528,892</u> | <u>80,474</u> | <u>118,103</u> | <u>9,219,425</u> |
| DEPRECIATION: | | | | | |
| At 1 April 2024 | 158,202 | 518,069 | 79,090 | 118,103 | 873,464 |
| Charge for year | 268,275 | 10,823 | 287 | - | 279,385 |
| Charge on disposals | - | - | - | - | - |
| At 31 March 2025 | <u>426,477</u> | <u>528,892</u> | <u>79,377</u> | <u>118,103</u> | <u>1,152,849</u> |
| NET BOOK VALUE: | | | | | |
| At 31 March 2025 | <u>8,065,479</u> | <u>-</u> | <u>1,097</u> | <u>-</u> | <u>8,066,576</u> |
| At 31 March 2024 | <u>8,333,754</u> | <u>10,823</u> | <u>1,384</u> | <u>-</u> | <u>8,345,961</u> |

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

6. TANGIBLE FIXED ASSETS (Continued)

The company has enjoyed throughout the year the use of certain fixed assets (principally cinema equipment) which were invested in the company by the Phoenix Arts Centre. The written down value of these assets is nil, their original cost is not known and they do not appear in the fixed asset schedule above. All fixed assets were used for charitable purposes.

The company has enjoyed throughout the year rent-free use of the original premises it operates from. The market value of the rent has been calculated at £110,500 per annum (2024: £110,500) and has been shown as intangible income and rent.

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | CHARITY | | GROUP | |
|---------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 31 March 2025 | 31 March 2024 | 31 March 2025 | 31 March 2024 |
| | £ | £ | £ | £ |
| Trade, grant and agents debtors | 38,820 | 46,948 | 52,898 | 86,111 |
| Due from subsidiary company | - | 55,461 | - | - |
| VAT | - | - | - | - |
| Prepayments and other debtors | 32,345 | 13,967 | 34,658 | 16,671 |
| Gift aid refund | 1,640 | - | 1,640 | - |
| | <u>72,805</u> | <u>116,376</u> | <u>89,196</u> | <u>102,782</u> |

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | CHARITY | | GROUP | |
|------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 31 March 2025 | 31 March 2024 | 31 March 2025 | 31 March 2024 |
| | £ | £ | £ | £ |
| Trade creditors | 22,960 | 43,981 | 43,528 | 68,723 |
| Other creditors | 1,257 | 1,257 | 6,157 | 1,257 |
| Social Security and other taxes | 51,748 | 34,662 | 51,748 | 34,662 |
| VAT | 9,947 | 8,746 | 57,482 | 61,097 |
| Deferred income (Note 10) | 65,974 | 12,252 | 65,974 | 12,252 |
| Bank Loan (CBILS) | 50,000 | 45,834 | 50,000 | 45,834 |
| Accrued expenses | 84,247 | 82,118 | 98,825 | 95,450 |
| Amounts owed to Trading Subsidiary | 29,866 | - | - | - |
| | <u>315,999</u> | <u>228,850</u> | <u>373,714</u> | <u>319,275</u> |

9. CREDITORS: AMOUNTS FALLING DUE IN OVER ONE YEAR

| | CHARITY | | GROUP | |
|-------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 31 March 2025 | 31 March 2024 | 31 March 2025 | 31 March 2024 |
| | £ | £ | £ | £ |
| Bank Loan (CBILS) | 12,500 | 70,833 | 12,500 | 70,833 |
| | <u>12,500</u> | <u>70,833</u> | <u>12,500</u> | <u>70,833</u> |

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

10. DEFERRED INCOME

Deferred income comprises admission fees and membership subscriptions received in advance and grants and rental income that relate to pre-determined future periods.

11. MOVEMENTS IN RESTRICTED FUNDS (Charity and Group)

| | At 1 April 2024 £ | Incoming Resources £ | Outgoing Resources £ | Transfers £ | At 31 March 2025 £ |
|--------------------------|-------------------------|----------------------------|----------------------------|----------------|--------------------------|
| ACE NPO Funding | - | 85,393 | (88,248) | 2,855 | - |
| ACE Careful Networks | 3,524 | - | (3,524) | - | - |
| Phoenix 2020 Development | 7,364,306 | - | (268,275) | - | 7,096,031 |
| BFI Audience Fund | (33,750) | 162,000 | (135,000) | 6,750 | - |
| ERDF Capital Fund | 487,126 | - | (10,803) | - | 476,323 |
| UKSPF funding | - | 40,000 | (40,000) | - | - |
| Create Growth | - | 27,111 | (27,111) | - | - |
| | 7,821,206 | 314,504 | (572,961) | 9,605 | 7,572,354 |

ARTS COUNCIL ENGLAND GRANT (NPO)

Phoenix receives regular funding for its digital arts programme from Arts Council England (ACE) as a National Portfolio Organisation (NPO). Phoenix has maintained ACE NPO status since 1 April 2012.

The restricted fund now pertains to the National Portfolio Investment Programme which runs from 1 April 2023 to 31 March 2026. Phoenix applied for and was awarded funding for this period in 2022.

The funding enables a programme of digital arts exhibitions, events and learning activities. We regularly commission and curate work by national and international artists, host screenings and performances, and offer workshops for children, young people and families. The programme is also supported by De Montfort University. The overall theme is an exploration of the creative and cultural impact of media and technology. Working with a range of partners, we commission and produce new work by established and emerging artists for exhibition in our gallery and beyond, with the aim of reaching a wide and diverse audience.

Following the resignation of the Digital Arts Manager in November 2023, a specialist creative producer was appointed to advise and develop the arts programme.

In 2024/25 there were 6 exhibitions in our gallery spaces: A Class on Glass and Lightwerk, which were both part of the city's Bring the Paint festival; 1984 by Leicester-based artist Jas Singh – multi-layered narrative that draws on archival material, found footage and generative AI; large-scale audio visual installation Time, Bruised, Selves by Bret Battey and Deniz Ertan; and Sound 2024, featuring work by local and international artists working in the areas of sound art, music and audio production selected after an open call.

Phoenix also partnered with the Computer Arts Society to host 4 exhibitions exploring the history of computer arts and current practice: Jack Tait Retrospective; Alex May – Algorithmic Photography; the CAS Members' Show; and 8-Bit II – Computer Art from the 1980s (2025).

**LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025**

Throughout the year, Phoenix also hosted a number of artist networking events, artist talks, and workshops, providing learning and creative opportunities to artists and the wider community, including children and young people.

Phoenix continues to make good progress against ACE investment principles, in particular around Environmental Responsibility, as evidenced through Julie's Bicycle. We reviewed and updated our Environmental Action Plan and present regular events on environmental themes as part of our cultural programme.

We also continue to make great strides in terms of Inclusivity and Relevance. Our volunteer community Ambassadors support our Community Outreach Officer in engaging wider audiences, understanding the aspirations of communities in terms of cultural provision, identifying barriers to participation, and seeking opportunities for artistic collaboration through workshops and projects. Our associate curators and other partner organisations – including Leicester's two universities, cultural organisations and local artists – to explore the heritage of Leicester's diverse communities, telling their untold stories and celebrating their myriad contributions to the city and its culture.

ARTS COUNCIL ENGLAND CAREFUL NETWORKS FUND

Careful Networks was a project initiated by Phoenix in partnership with BOM, Furtherfield, The Photographers' Gallery, QUAD and Vivid Projects. The project examined alternative ways of hosting and viewing digital artworks with the idea of experimenting with practices focused on 'care'. A £32,230 grant was awarded from the Arts Council Project Grants programme. (ACE temporarily allowed NPO's to apply for project grants in response to the pandemic).

Each partner organisation nominated participating artists who were introduced to the concept of peer-to-peer systems, alternative web protocols and approaches to careful networking. They were then tasked to create new digital artworks that were hosted using this approach. The exhibition was then archived as a standalone website, which remains accessible to audiences. The project benefited the partners and 14 artists and attracted a more global audience than usual. It received a favourable independent evaluation and was featured in a talk and podcast with The ODI.

The project was mostly delivered in 2021/22 and was completed in 2022/23. The restricted fund will be closed and the small balance remaining will be contributed to the NPO restricted fund.

BFI (BRITISH FILM INSTITUTE) AUDIENCE FUND

BFI has been a recurrent grant supporter of Phoenix for many years. In response to BFI's Screen Culture 2033 strategy, Phoenix applied for and was awarded an Audience Projects Fund grant of £270k for the period 26 April 2023 to 31 March 2025. The grant supported a significant increase in audience outreach and development facilitated by a new Community Outreach Officer and two Associate Curators.

Our programme showcases the breadth and depth of cinema. In 2024/25 admissions to our main cinema programme were 90,160, a 17% increase on 2023/24. We screened films from over 40 different countries and are known in the city as the home of world cinema – 52% of the films we screened this year were independent feature films. Across the year 59% of our screenings were of world cinema, British film, documentaries or rep titles, opening up the history of cinema to our audience.

Throughout 2024/25 we continued to focus on community engagement, driven by the work of our Community Outreach Office and Associate Curators. Their input has resulted in a sustained increase in audience diversity, and Phoenix continues to surpass audience attendance targets.

Access and inclusion is at the heart of Phoenix. We continue our work with the Access Advisory Group (AAG) and our IDEA (Inclusion, Diversity, Equity and Access) committee meetings, and engage with local accessibility organisation ALL IN. 63% of screenings in 2024/25 had an access element (audio-description, captions, or relaxed environment), with a high of 80% in Q4

We continue to make progress towards an inclusive and representative workforce. Within creative and curatorial roles, Phoenix's Community Outreach Officer and Associate Curators identify as from the global majority. Our staff team has seen the appointment of new co-CEOs (in December 2024) and our combined administration and management team is 70% female, while our Front of House and hospitality teams are young and representative of the make-up of the city population.

PHOENIX 2020 DEVELOPMENT FUND

The Phoenix 2020 capital project is managed through this overarching restricted fund, which receives capital grant payments and the corresponding expenditure.

In June 2017 Phoenix was awarded Arts Council England (ACE) Large Capital programme funds towards its plan to expand the Phoenix Square venue. The aims of the development are to double participation in the Phoenix cultural programme and to significantly increase the charity's earned income and long-term financial resilience. The initial award included a £177,802 development grant and the conditional offer of up to £4M capital grant subject to completion of the stage 1 grant conditions and a successful stage 2 application. The ACE development grant was matched by a Leicester and Leicestershire Enterprise Partnership (LLEP) Project Development Grant of £100,000 confirmed in June 2017.

**LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025**

Planning approval in February 2019 was followed by confirmation of the stage 2 Large Capital grant in March 2019 of £4M. In August 2020 Leicester City Council confirmed a lease on the additional land needed at a peppercorn rent until 2069. This milestone enabled the final design stage (RIBA4) to begin part-funded by the Arts Council Large Capital Grant matched by Phoenix. These funds were used primarily for the professional services required to develop the scheme from RIBA3 to RIBA4 including design, construction planning and business planning.

Despite the pandemic, fundraising efforts produced an additional £1.5M of capital grants in 3 separate awards by 31 March 2021: Arts Council Kickstart Fund, Leicester City Council Business Rates Pool Fund via Leicester and Leicestershire Enterprise Partnership, and the European Regional Development Fund.

RIBA4 final designs and planning were completed in May 2021 against the backdrop of considerable price volatility and supply chain concerns in the construction industry. Additional financial support from Leicester City Council and Arts Council England was sought and confirmed in July, which closed the gap between funds pledged and project costs and enabled the Trustees to enter into the £6.2M construction contract. A new Deed of Security was provided to ACE.

The main contractor started on-site in September 2021 and the building works completion certificate was issued on 16th December 2022. The contract includes one year of snagging from the completion date. Phoenix directly procured circa £1M of fixtures and fittings, mostly during the financial year, with some deferred to 2023/24, in particular the fit-out of the roof terrace garden. The development achieved the Research Establishment Environmental Assessment Method (BREEAM) rating of Very Good.

The new venue was opened to the public on 20th January 2023 to overwhelmingly positive approval of our customers and stakeholders.

The project successfully delivered a high quality arts building within the final agreed budget to the expected specification. Visitor and stakeholder feedback on the quality of the building has been excellent. The initial concept and application were formulated in October 2016 and it is a significant achievement to deliver this outcome in just over 6 years. Clearly it could only have been achieved with the financial contributions of ACE, LCC and other funders. LCC was also instrumental in providing significant in-kind support including land and expertise.

The final ACE grant claim was completed and final instalment paid in September 2023. The fund is now consolidated and depreciation of the assets created by the project will be charged to it.

ERDF CAPITAL & REVENUE FUND

A European Regional Development Fund (ERDF) grant was confirmed in January 2021 subject to contract, which was finalised in November 2021. The maximum amount payable is £665,638 comprising £493,394 capital and £172,244 revenue grant.

The grant was awarded to Phoenix to develop dedicated spaces and a programme to support digital creatives, specifically film makers and digital artists in Leicester and Leicestershire. The aim of the programme is to promote business growth, productivity and resilience and encourage new start-ups.

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

The grant was 50% matched funded by Phoenix revenue expenditure and Phoenix 2020 capital expenditure giving a total project value of £1,331,276. The grant was accounted for as two restricted funds to cover the capital and revenue parts. The grant started on 1 August 2020 and it had an activity end date of 30th June 2023. Claims were made quarterly against matched income, activity and output reports. The final claim was made in September 2023 and was in review at the time these accounts were prepared.

The capital grant co-funded 3 new spaces and associated infrastructure to support enterprises including: the Learning Suite; the Co-working Space and the Exhibition and Gallery Space. The Learning Suite is equipped with video conferencing, lap-tops and furniture and is a flexible space for mentoring, industry events and training. The Co-working space is equipped with computer and filmmaking equipment and furniture and is used as a space where delegates can develop film and digital creative media in a well- equipped and supported environment. The Gallery is a high-quality environment for the exhibition of a range of digital media content and is equipped with a media server, video screens, projectors and immersive technologies.

The Learning Suite and Co-working space were brought into use in April 2022 and the Gallery followed in January 2023.

The revenue grant co-funded a business support programme called the Real Initiative including staffing, business support contractors, event costs and a contribution to overheads. Project managers were appointed in October 2021 and the business support programme started in April 2022. The programme had 4 business support strands designed exclusively for micro-businesses and sole traders specialising in film and digital arts, including one to inspire young people into a career in the sector. By May 2023 the project had supported over 150 businesses and individuals using the dedicated spaces created by the capital project. The final evaluation by specialist consultants gives a strong endorsement of the programme and demonstrates a significant impact on the local economy in just 12 months.

The final grant claim was completed in October 2023.

12. DESIGNATED FUNDS (Charity and Group)

| | At 1 April 2024 | Net Incoming/ Outgoing Resources | Designations in year | At 31 March 2025 |
|----------------------------------|--------------------|-------------------------------------------|-------------------------|---------------------|
| | £ | £ | £ | £ |
| Creative and Development Reserve | 363 | 7,373 | - | 7,736 |
| Premises Maintenance Reserve | 5,019 | (5,019) | - | - |
| | <u>5,382</u> | <u>2,354</u> | <u>-</u> | <u>7,736</u> |

**LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025**

CREATIVE AND DEVELOPMENT RESERVE

The Trustees previously approved this designated fund to support the capital project. The aim is to have a designated development reserve that enables the consolidation of miscellaneous donations and grant contributions towards the Charity's development without over restricting purpose.

The fund was used to reserve unrestricted donations and grants given to help fund the capital project. Over 300 individuals and small businesses made donations towards the project, mostly through the Be Part of It fundraising campaign.

All individual and small business contributors were recognised in a roll of donors shown before film events. Donors are permanently acknowledged on cinema seat plaques, at the main entrance and at the entrances to the 2 new screens depending on the level of donation received.

PREMISES MAINTENANCE RESERVE

The fund was established to reserve a regular monthly amount to build up a reserve to cover more significant premises maintenance that might be needed in the future. The reserve is usually funded by monthly charges to the profit and loss account throughout the year.

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | General Fund £ | Designated Funds £ | Restricted Funds £ | CHARITY Total £ |
|--------------------------------|-------------------------------|-----------------------------------|-----------------------------------|--------------------------------|
| Fixed assets | 493,125 | - | 7,572,354 | 8,065,479 |
| Cash at bank and in hand | 167,952 | 7,736 | - | 175,688 |
| Other net (liabilities)/assets | (255,692) | - | - | (255,979) |
| | <u>405,385</u> | <u>7,736</u> | <u>7,572,354</u> | <u>7,985,475</u> |

| | General Fund £ | Designated Funds £ | Restricted Funds £ | GROUP Total £ |
|--------------------------------|-------------------------------|-----------------------------------|-----------------------------------|------------------------------|
| Fixed assets | 494,222 | - | 7,572,354 | 8,066,576 |
| Cash at bank and in hand | 190,186 | 7,736 | - | 197,922 |
| Other net assets/(liabilities) | (277,924) | - | - | (277,924) |
| | <u>406,484</u> | <u>7,736</u> | <u>7,572,354</u> | <u>7,986,574</u> |

14. CAPITAL

Leicester Arts Centre Limited is limited by guarantee and accordingly does not have a share capital. The maximum liability of each member is £1.00.

**LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025**

15. GOING CONCERN

Following completion of the capital expansion project during the financial year, management focus centred on stabilising the product and delivery, and driving attendance, income and profitability. Significant progress has been made, with trading income rising to above pre-pandemic levels for the first time. Trading growth continues to be a key focus. There are increased initiatives to differentiate Phoenix from our competitors, broaden the organisation's reach and raise Phoenix's profile within the business communities in order to further drive commercial trading revenue and new avenues for funding are being sought.

Nonetheless, the charity is encountering a number of issues that are largely outside of its control and that negatively affect its financial projections to a material degree. They include:

- A slower recovery in cinema audiences after the pandemic at Phoenix and across the UK.
- An 18-month project to replace the cladding on the venue and building works in the surrounding area that could have an impact on visitor numbers and earned income, and which will require management resource.
- Ongoing uncertainty in local authority funding that will not be clarified by the time these accounts are filed.

Cinema audiences - Phoenix (and UK) cinema audiences have recovered post-pandemic more slowly than anticipated, however are now growing steadily. At the date of signing, audiences have recently passed pre-pandemic levels for the first time, although are significantly below the original projections for the capital expansion project. The charity will nonetheless continue to adjust to demand and reprioritise other types of earned income and management focus. The expansion is a platform for growth and development of earned income.

Cladding replacement project - This began in January 2024 and is scheduled to finish in September 2025. The work is necessary for fire safety and is being undertaken by the landlord. Phoenix worked to influence the programme and method, the temporary building and wayfinding signage, and the design of the temporary customer access to the venue to mitigate its potential impact. There are also significant and unexpected building works in the surrounding area. There is an impact on customer experience and perception of our business, although consumer behaviour is uncertain and difficult to predict with any degree of confidence. At a time when we are trying to increase trading income through business hires, the largest impact from the cladding is the noise disruption in our meeting rooms, which is making it difficult to confidently hire out the spaces during construction periods.

Local authority funding - This contributes directly to the general operating costs of the charity and have been maintained for 2024/25 despite earlier indications that it could be withdrawn. However, the trustees once again recognise a significant likelihood that the funding will be reduced or discontinued in 2025/26. This will be difficult to mitigate, in the short term at least, within the existing operating model by cost reductions, trading growth and/or alternative sources of income, given the significance of the funding and the collective impact of the other issues above. New avenues for funding are being sought and Phoenix remains in cooperative discussions regarding any new national funding streams that may become available. At the time these accounts were filed, a formal decision on the local authority revenue grant for 2025/26 and interventions that could mitigate its reduction had not been taken.

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

Therefore a material uncertainty exists in our financial projections. If the decisions are unfavourable and the impact of the cladding project on consumer behaviour and the ability to hire and use spaces without disruption is high, the charity's financial forecast and operations will have to change radically. In this scenario, management time would refocus to reshape the charity to meet revised financial forecasts.

As a result of these matters, there is a material uncertainty that may cast significant doubt upon the group's ability to continue as a going concern and therefore whether the group will realise its assets and settle its liabilities in the ordinary course of business at the amounts recorded in the financial statements.

Although it is not certain that the efforts to mitigate the risks will be successful, management has determined that the actions that it is taking are sufficient to mitigate the uncertainty and has therefore prepared the financial reporting on a going concern basis.

16. ANALYSIS OF CHANGES IN NET DEBT

| | At 1 April 2024 | Cash flows | CHARITY Other non-cash changes | 31 March 2025 |
|----------------------------------|--------------------|-----------------|-----------------------------------------|------------------|
| | £ | £ | £ | £ |
| Cash and cash equivalents | | | | |
| Cash | 273,102 | (97,414) | - | 175,688 |
| Borrowings | | | | |
| Debt due within one year | (45,834) | (4,166) | - | (50,000) |
| Debt due after one year | (70,833) | 58,333 | - | (12,500) |
| | <u>(116,667)</u> | <u>54,167</u> | <u>-</u> | <u>(62,500)</u> |
| | | | | |
| Total net debt | <u>156,435</u> | <u>(43,247)</u> | <u>-</u> | <u>113,188</u> |

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

16. ANALYSIS OF CHANGES IN NET DEBT - Continued

| | At 1 April 2024 | Cash flows | GROUP Other non-cash changes | 31 March 2025 |
|----------------------------------|--------------------|------------------|---------------------------------------|------------------|
| | £ | £ | £ | £ |
| Cash and cash equivalents | | | | |
| Cash | 359,922 | (162,000) | - | 197,922 |
| Borrowings | | | | |
| Debt due within one year | (45,834) | (4,166) | - | (50,000) |
| Debt due after one year | (70,833) | 58,333 | - | (12,500) |
| | <u>(116,667)</u> | <u>54,167</u> | <u>-</u> | <u>(62,500)</u> |
| | | | | |
| Total net debt | <u>243,255</u> | <u>(107,833)</u> | <u>-</u> | <u>135,422</u> |

LEICESTER ARTS CENTRE LIMITED

England & Wales - Charity number 701078

Accounts

COMPANY NUMBER : 02276987

**LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX**

**REPORT OF THE DIRECTORS
AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2024

LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX

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FOR THE YEAR ENDED 31 MARCH 2024

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**LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX**

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2024**

DIRECTORS AT YEAR END AND THROUGHOUT THE YEAR:

A Sinclair (Chair)
B A Carpenter Van Barthold
S M Overton-Edwards
C Sharpe
W G Haley (Resigned 11 November 2023)
A Mamujee (Resigned 8 November 2023)
L M Jones
Prof S M Sharma
C J Kersey
S Bazzaz
J L Smith
M Underwood (Resigned 8 November 2023)
J M Cowley
Prof J Smith
A M D Clarke (Appointed 13 July 2023)
D Kavi (Appointed 6 January 2024)
K Mamujee (Appointed 6 January 2024)

CHIEF EXECUTIVE : J Rance

SECRETARY : R Botterill (Resigned 4 December 2023)

REGISTERED OFFICE : Phoenix Square
4 Midland Street
Leicester
LE1 1TG

COMPANY NUMBER : 02276987 (England and Wales)

CHARITY NUMBER : 701078

AUDITORS : Evolve Accountants and Business Advisors Ltd
Unit 10 Phoenix Park, Telford Way
Coalville
Leicestershire
LE67 3HB

BANKERS : Bank of Scotland

LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2024

The Trustees, who are also directors of the charity for the purposes of the Companies Act, present their annual report together with the audited financial statements for the year ended 31 March 2024. Company information as set out on page 1 forms part of this report.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

Leicester Arts Centre Limited (LAC Ltd) is a registered charity (charity number 701078) and a company limited by guarantee (company number 2276987).

The company is governed by its Memorandum and Articles of Association which were last amended in August 2015.

Phoenix is the trading name of the charity and its trading subsidiary, Firebird Trading Ltd (company number 6942215).

Recruitment and Appointment of the Directors

Directors can be appointed by the Board or by the company's members at a general meeting. Leicester City Council is entitled to appoint a maximum of two directors and to remove any such directors. De Montfort University is entitled to appoint a maximum of two directors provided that such directors have first been approved by the City Council and to remove any such directors.

The Chair of the Board is appointed by the Board. The term of appointment for the Chair and directors is for a fixed period after which the Chair and/or directors can stand for re-election. The number of directors shall not be less than three and is not subject to any maximum.

Director Induction and Training

There is an induction programme for new directors, which is tailored to their particular needs. Training programmes for directors are available to assist them in consolidating their knowledge of their duties and responsibilities as directors.

Risk Management

The Trustees regularly review the major strategic, business and operational risks which the company faces and confirm that systems have been put in place to mitigate those risks.

Organisational Structure

The company is overseen by a Board of Directors that meet periodically in order to administer the charity. Decisions are made at Board meetings by a majority vote. A Chief Executive Officer (who is not a Board member) is appointed by the Board to manage the day-to-day operations of the charity.

The Directors have a maximum liability under guarantee to contribute £1 each towards the company's liabilities in the event of a winding up.

**LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2024**

PRINCIPAL OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

Phoenix's vision is to enrich lives and celebrate diversity and ambition in film and art. The company's mission is to be a dynamic artistic and creative centre where everyone can enjoy, learn about and make inspirational film and art; enriching individual lives and stimulating economic growth in Leicester and beyond.

Phoenix provides a unique programme of world cinema, digital arts and education for a wide range of people mainly from the greater Leicester area. Open to all, Phoenix promotes education and a stimulating environment that enables people to develop the inspiration, skills and relationships they need to achieve. Our public benefit aims are to promote education and community development especially through world film and the digital arts.

The company's principal place of activity is Phoenix Square, 4 Midland Street, Leicester.

It is the company's policy that there should be no discrimination in respect of ethnic origin, race, physical appearance, gender, disability, sexuality, marital status, class, age, religious or political belief and that equal opportunity shall be given to all employees. The company's recruitment procedures ensure that all applicants are given full and fair consideration for suitable vacancies.

The company has referred to the Charity Commission's general guidance on public benefit when reviewing its aims and objectives and in planning its future activities.

ACHIEVEMENTS AND PERFORMANCES

The achievements and financial statements of Phoenix in 2023/24 continued to be affected by the long-term impact of the pandemic, operational challenges following the opening in January 2023 of our expanded venue, the widely-discussed cost of living crisis, and the commencement in January 2024 of the council-run project to re-clad the original Phoenix Square building within which Phoenix is housed. These financial statements are therefore untypical of our normal operation, but represent the charity robustly facing a prolonged period of business challenges, most of which were out of our control.

We opened our new extension in January 2023, following a 16-month construction period which saw the venue double in size to create a high-quality arts venue boasting four cinema screens, a superb new digital art gallery, improved spaces for learning and creativity, a stunning expanded Café Bar, plus a new multi-purpose events space and roof terrace. With the support of our stakeholders and partners, we are proud to have delivered a superb expanded cultural and economic asset for the benefit of Leicester and its diverse communities.

Final fit out of our new events space and roof terrace continued until August 2023, when the roof terrace furniture and planting were completed. Throughout Q1 of 2023/24, we faced a series of operational and technical problems which resulted in service interruption on a number of occasions, and in particular adversely affected the performance of our Café Bar. Remedial work was undertaken by the construction contractors to resolve building-related issues, and the services of an experienced hospitality consultant were employed in order to address under-performance across our catering operations; this resulted in significant improvement in performance from late Q2 onwards.

UK cinema audiences have been slower than expected to recover from the pandemic, and in 2023 reached 80% of the 2019 total nationally. A major contributing factor is the rising cost of living, which continues to impact on non-essential spending across the adult population. Data from the ONS in March 2024 shows that 66% of adults in Great Britain are spending less on non-essentials as a direct consequence of the rising cost of living (ONS Public Opinions and Social Trends bulletin, March 2024), a marginal increase of 1% on the previous year.

LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2024

The expansion of the venue enabled planned growth in the cultural programme across four cinema screens and the new gallery spaces. Within a landscape of sector-wide reduction in audiences, flexible programming has enabled Phoenix to maximise ticket income by extending the run of popular films, bringing programme back quickly where there's audience demand, and responding to opportunities to add new films and events into the schedule as soon as they become available.

In 2023/24 total engagement was 110,000 – a 40% increase on 2022/23 engagement levels but still below pre-pandemic levels. The 2023/24 cinema audience grew to 77,383, up 69% on 2022/23, bucking the national trend by reaching 86% of the pre-pandemic 2019/20 figure (89,580).

The capital project saw the refurbishment of existing meeting rooms, in addition to the creation of new hireable spaces. Prior to the pandemic, yearly attendance at business and community events in hired spaces was around 11,100 (2019/20), with many regular bookings from large and small businesses alike. However, during construction Phoenix had limited hireable meeting rooms available, and since completion of the capital project it has been necessary to rebuild the hires business. 2023/24 saw 83% growth on the previous year, reaching 6,678 attendees – 60% of pre-pandemic levels – and included hosting the Independent Cinema Office's autumn screening days in November 2023, which brought industry representatives from across the UK to the venue.

A considerable investment was also made in the Phoenix website and digital infrastructure to engage our existing and reach new audiences. Refinements to website architecture were complemented by improvements to the user experience to embed accessible features, and create a smoother ticket purchase process to aid online sales. Preparatory work in readiness for implementation to GA4 (Google Analytics) was also undertaken – an important transition in terms of understanding our audience. Trends show greater online reach with younger audiences (under 35s).

Phoenix sustained its high consumer pre-pandemic satisfaction ratings following the opening of the extension in January 2023. Consumer and stakeholder feedback about the quality of the new building is exceptionally good. Consumer satisfaction levels remain very high – an endorsement of the cultural programming, customer services levels and environment. The charity cultivates high levels of consumer loyalty, which is evident in the continued growth in MyPhoenix membership sales (a total of 1,370 active memberships in 2023/24). This, combined with the new outreach activities, and flexible programming are an excellent platform for audience growth in the year ahead.

April 2023 saw the culmination of Phoenix's REAL Initiative project – a 12-month ERDF-funded business support programme for Leicestershire's digital creative businesses – in the form of the REAL Documentary Festival. Held at Phoenix, the three-day festival showcased the work of independent filmmakers and production companies, and brought together some of the UK's leading independent documentary filmmakers for a programme of 30 film premieres, panel discussions and Q&As. By May 2023, REAL Initiative had supported over 150 businesses and individuals, and demonstrated a significant impact on the local economy.

Supported by funding from British Film Institute, the appointment of a Community Outreach Office in October 2023, coupled with work by community curators, has led to a sea-change in Phoenix's engagement with Leicester's diverse communities and directly resulted in growth of new audiences.

Phoenix's Chief Executive Officer of the past 13 years announced his retirement and left the charity at the end of the 2023/24. An extensive search for a replacement CEO was initiated in November 2023, in consultation with stakeholders. Following this search, the Board decided to appoint two experienced senior managers as joint interim CEOs until further notice.

LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2024

Phoenix is grateful for the financial support from stakeholders Leicester City Council, Arts Council England, British Film Institute and De Montfort University. Awarded under the auspices of their new strategies and funding programmes announced in 2022/23, Phoenix's Arts Council NPO grant continues to March 2026, and BFI Audience Projects funding is secured until March 2025. Leicester City Council and De Montfort University funding was maintained in 2023/24 – vital in ensuring the continuation of Phoenix's work to deliver the charity's charitable aims and engage local communities in film, digital art and culture, learning, and creativity.

FINANCIAL REVIEW

Total Incoming Resources of the group amounted to £2,484,942 during the year (2022/23: £5,532,102) with Total Resources Expended in the year of £2,653,714 (2022/23: £1,731,580).

Incoming Resources include £291,649 of capital grant funding restricted to the building project, and £94,832 of ERDF revenue funding associated with the capital project in the REAL Initiative. £108,886 of Phoenix 2020 capital costs were recorded in the financial year.

The fixed assets of the group on 31 March 2024 amounted to £8,345,961 (31 March 2023: £8,410,919) reflecting the completion of the capital project and depreciation charged in the year. Restricted Funds stood at £7,821,206 at the year-end (31 March 2023: £7,637,042).

The General Funds of the group were £609,172 at the year-end (31 March 2023: £397,850) with cash balances of £359,922. The designated funds balance was £5,382 at 31 March 2024.

Box Office income increased from £326,217 (2022/23) to £614,690; almost matching the pre-pandemic level of £618,277 (2019/20).

Income from the trading subsidiary increased from £325,236 (2022/23) to £877,723 which is 108% of the pre- pandemic level £812,575 (2019/20). Gift aid from the trading subsidiary increased to £187,101 from £48,975 in 2022/23.

Despite this significant growth in trading income streams alongside efforts to control operating costs, the group made an operating deficit of £168,722 in the year. The trend, however, is positive.

Most of the deficit was incurred in the first two quarters with net income below pre-pandemic levels, due to several issues with the new building, an unreliable and weak film release schedule affected by the pandemic, and later the writers/actors strikes, issues with café/bar management and staffing, and overhead costs fluctuating as new contracts were established for the new venue. Additional expense was incurred with the appointment of a Catering Consultant, who helped transform this aspect of the business in the latter two quarters.

A rapid improvement and better trading performance was achieved in the latter two quarters, with the improved film release schedule, adapted programming, and the turnaround of the café/bar offer. Surpluses were made in the last half of the year and trading results grew above pre-pandemic levels for the first time. Membership sales increased significantly, which bodes well for 2024/25.

In the last quarter, discussions with several of Phoenix's principal public funders resulted in confirmed funding for 2024/25 against the general backdrop of public sector funding pressures.

The directors have considered the going concern position of the Company and the group and consider that the preparation of the financial statements on a going concern basis is appropriate.

LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2024

Principal Funding Sources

Leicester Arts Centre's main revenue grant funders in the period were Leicester City Council, Arts Council England, De Montfort University, British Film Institute.

Although the new extension opened in the previous financial year (January 2023), some fit-out work and capital grant claims continued into 2023/24. This means that some capital receipts and expenses associated with Phoenix 2020 are reported in 2023/24. The principal funder of capital grant in this period was Arts Council England and the final REAL Initiative revenue instalment from European Regional Development Fund.

Reserves Policy

The Finance Committee reviewed the Reserves Policy at a general meeting in December 2023. It was recommended and approved that the current Policy should be reviewed by the Board in November 2024.

The current Reserves policy is to retain a minimum of £400,000 free reserves, this being the unrestricted funds not designated for a specific purpose, to cover contingencies and annual variations in operating income. In addition, the Trustees aim to retain a cash balance of £400,000 to cover variations in operating income.

The level of free reserves of the group on 31 March 2024 was £609,172, which meets the reserves policy requirement. Cash balances held at 31 March 2024 were £359,922, slightly below the target.

Investment Policy

The directors of the Company have the powers to invest the Company's funds in any way they feel appropriate in accordance with its charitable objectives.

PLANS FOR FUTURE PERIODS

Having completed the expansion project, we aim to capitalise on the opportunity this provides to significantly increase participation in film, digital art and education activities through growth of our cultural programme, with a view to doubling audiences by 2028/29. Financial resilience will be improved through increased ticket revenue, earned income from our extended Café Bar and The Nest roof terrace bar, and venue hires.

The current environment differs greatly to that conceived in the original business plan for the capital development. High levels of inflation, cost-of-living impact on consumer spending which has suppressed post-pandemic audience recovery, and pressures on public funders which threaten our grants, all mean that Phoenix is facing an increasingly challenging financial position over the next few years. Add to this Leicester City Council's 18-month project to re-clad Phoenix Square in response to national fire safety concerns around high rise buildings, which began in January 2024, which is having an impact on customer experience and trading across 2023/24 and 2024/25, and significant disruption within the Cultural Quarter – including road closures, loss of parking and restrictions to primary pedestrian routes – as a result of unexpected external work to Curve theatre, which will continue until Autumn 2025.

To mitigate the impacts of these challenges we aim to address the budget deficit by a combination of sales growth and efficiencies where possible, including by:

- developing new income streams across the business, seeking to build on popular products and services.
- focusing on differentiating Phoenix's offer from competitors, to provide added value experiences to excite audiences.
- investing in new software and business processes for facilities hires, to improve efficiency, sales management and customer experience.
- revitalising and relaunching MyPhoenix membership scheme, to drive new memberships and deepen engagement.
- developing and launching a new Business Supporters scheme, aimed specifically at small businesses for whom sponsorship is out of reach.

**LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2024**

- revitalising sponsorship offer to attract support from businesses and high net worth individuals
- engaging directly with business leaders and networks to promote Phoenix as a business service provider.
- revitalising and relaunching funding campaign for individual givers to drive donations.
- seeking new avenues for grant funding, to supplement existing funding streams.
- investing in team development to improve efficiency, effectiveness, productivity and staff engagement.
- adapting the organisation to the present demand as far as possible.

As an important independent cultural venue at the heart of one of the UK's most diverse cities, Phoenix aims to increase its contribution to Leicester's social, cultural and economic development. To achieve this we will continue to work directly with local communities and businesses to develop and deliver a cultural programme that is relevant to these communities, opportunities to engage in meaningful and inspiring creative activities, and support for digital creative businesses to foster a thriving creative economy.

Having achieved the Building Research Establishment Environmental Assessment Method (BREEAM) rating of Very Good for our capital development, we will continue to promote environmental stewardship in all aspects of our cultural programme and embed environmental responsibility in our operational and creative decision making as a path to 2050 Net-Zero.

Accessibility is at the heart of Phoenix, and underpinned the capital development. We will continue to work hard to make sure that Phoenix is an inclusive and welcoming place for everyone – a place that is representative of the communities we serve, that celebrates diversity, and provides equality of opportunity. We will:

- recruit, develop, nurture and promote talent.
- ensure every individual is treated with dignity and respect.
- deliver excellent service to our customers and wider audiences.
- support and work in partnership with our diverse communities, who live and work in Leicester, Leicestershire and beyond.
- support our partners, suppliers, community and business partners in promoting and achieving equality, diversity and inclusion.
- have effective equality, diversity and inclusion policies, practices and procedures.
- continue to work closely with our Access Advisory Group to further develop accessible programming and communications to meet the differing needs of Phoenix audiences.

These aims are embedded within our organisation – they underpin our thinking and our actions. We are held accountable to these aims by our Board of Trustees and our stakeholders.

We continue to engage with the local authority regarding reduction of their revenue grant beyond April 2025, and also mitigation of the impact of their recladding project, which started in January 2024 and will span two financial years (2023/24 and 2024/25).

Following the retirement of a number of Board members after completion of the capital project, we will recruit new Trustees who can support the charity's further development, improve business links, and advance the representation of local communities.

**LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2024**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006, Charities Act 2011, 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 2015) and the trust deed. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

Each of the persons who is a trustee at the date of approval of this report confirms that:

- so far as each trustee is aware, there is no relevant audit information of which the Charity's auditor is unaware; and
- each trustee has taken all steps that they ought to have taken as a trustee to make them-self aware of any relevant audit information and to establish that the Charity's auditor is aware of that information.

This report has been prepared in accordance with the 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 2015) and in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.



ON BEHALF OF THE BOARD
Alison Sinclair (Chair) – Director

27 November 2024

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX**

OPINION

We have audited the consolidated accounts of Leicester Arts Centre Trading as Phoenix for the year ended 31 March 2024 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, Consolidated Cashflow Statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's trustees 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 charitable company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the consolidated accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2024 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

BASIS OF 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 consolidated accounts section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the consolidated accounts 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to where:

The trustees' use of the going concern basis of accounting in the preparation of the consolidated accounts is not appropriate; or

The trustees have not disclosed in the consolidated accounts any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the consolidated accounts are authorised for issue.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We would draw your attention to Note 17 of the accounts. As set out in that note there are conditions that indicate a material uncertainty exists that may cast significant doubt on the charitable company's ability to continue as a going concern. The auditors opinion is not modified in respect of this matter.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX (continued)**

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the consolidated accounts and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the consolidated accounts 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 thereon.

In connection with our audit of the consolidated accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated accounts or our knowledge obtained in 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 there is a material misstatement in the consolidated accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE CHARITIES ACT 2011

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

- the information given in the Trustees' Report for the financial year for which the consolidated accounts are prepared is consistent with the consolidated accounts
- 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 charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees Report.

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the consolidated accounts are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the consolidated accounts in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Trustees' Annual Report and from the requirement to prepare a strategic report.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' Annual Report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the consolidated accounts 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 consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated accounts, the Trustees are responsible for assessing the Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Charitable Company or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX (continued)**

AUDITORS RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED ACCOUNTS

Our objectives are to obtain reasonable assurance about whether the consolidated accounts 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 consolidated accounts.

A further description of our responsibilities for the audit of the consolidated accounts is located on the Financial Reporting Councils website at www.frc.org.uk/auditorresponsibilities. This description forms part of our auditor's report.

Evolve Accountants and Business Advisors Limited
Accountants and Statutory Auditors
Unit 10 Phoenix Park
Telford Way, Coalville,
Leicestershire LE67 3HB

27 November 2024

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2024

| | | CHARITY | | | |
|------------------------------------------------------|------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| | Note | Unrestricted Funds 2024 £ | Restricted Funds 2024 £ | Total Funds 2024 £ | Total Funds 2023 £ |
| Incoming Resources from generated funds | | | | | |
| <i>Voluntary Income</i> | | | | | |
| Grants received | | 204,000 | 589,676 | 793,676 | 4,700,086 |
| Intangible income – rent free use of premises | | 110,500 | - | 110,500 | 110,500 |
| Investment Income | | | | | |
| Bank interest | | 1,397 | - | 1,397 | 797 |
| Gift aid from subsidiary | | 187,101 | - | 187,101 | 48,975 |
| Incoming Resources from Charitable Activities | | | | | |
| Box Office (charitable trading income) | | 614,690 | - | 614,690 | 326,217 |
| Other income from operating activities | | 95,658 | - | 95,658 | 69,266 |
| Total Incoming Resources | | 1,213,346 | 589,676 | 1,803,022 | 5,225,841 |
| Resources Expended | | | | | |
| <i>Costs of generating funds</i> | | | | | |
| Premises costs – intangible | | 110,500 | - | 110,500 | 110,500 |
| <i>Cost of Charitable activities</i> | | | | | |
| Live performance and education | | 43,120 | 52,258 | 95,378 | 50,961 |
| Film hire | | 244,959 | - | 244,959 | 129,154 |
| Wages, salaries and Social Security | | 773,476 | 27,216 | 800,692 | 740,293 |
| Marketing and publicity | | 95,922 | - | 95,922 | 79,249 |
| Premises costs – Centre | | 190,415 | - | 190,415 | 125,829 |
| Depreciation | | 14,733 | 158,202 | 172,935 | 19,334 |
| Supplies and services | | 246,412 | 9,089 | 255,501 | 193,416 |
| Governance costs | | 4,583 | - | 4,583 | 4,511 |
| Total resources expended | | 1,724,120 | 246,765 | 1,970,885 | 1,453,247 |
| Net (outgoing)/incoming Resources | | (510,774) | 342,911 | (167,863) | 3,802,594 |
| Transfers | 12 | 158,747 | (158,747) | - | - |
| Net Movement on Funds | | (352,027) | 184,164 | (167,863) | 3,802,594 |
| Total funds brought forward | | 965,195 | 7,637,042 | 8,602,237 | 4,799,643 |
| Total funds carried forward | 14 | 613,168 | 7,821,206 | 8,434,374 | 8,602,237 |

All incoming resources and resources expended derive from continuing activities.

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX

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

| | | GROUP | | | |
|------------------------------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|--|
| | Unrestricted Funds 2024 £ | Restricted Funds 2024 £ | Total Funds 2024 £ | Total Funds 2023 £ | |
| Incoming Resources from generated funds | | | | | |
| Voluntary Income | | | | | |
| Grants received | 204,000 | 589,676 | 793,676 | 4,700,086 | |
| Intangible income – rent free use of premises | 110,500 | - | 110,500 | 110,500 | |
| Investment Income | 1,397 | - | 1,397 | 797 | |
| Activities for Generating Funds | | | | | |
| Income of trading subsidiary | 877,723 | - | 877,723 | 325,236 | |
| Incoming Resources from Charitable Activities | | | | | |
| Box Office (charitable trading income) | 614,690 | - | 614,690 | 326,217 | |
| Other income from operating activities | 86,956 | - | 86,956 | 69,266 | |
| Total Incoming Resources | <u>1,895,266</u> | <u>589,676</u> | <u>2,484,942</u> | <u>5,532,102</u> | |
| Resources Expended | | | | | |
| Costs of generating funds | | | | | |
| Trading subsidiary cost of sales | 283,198 | - | 283,198 | 84,696 | |
| Trading subsidiary overhead costs | 18,167 | - | 18,167 | 13,000 | |
| Premises costs – intangible | 110,500 | - | 110,500 | 110,500 | |
| Cost of Charitable activities | | | | | |
| Live performance and education | 43,120 | 52,258 | 95,378 | 50,961 | |
| Film hire | 244,959 | - | 244,959 | 129,154 | |
| Wages, salaries and Social Security | 1,152,599 | 27,216 | 1,179,815 | 918,858 | |
| Marketing and publicity | 95,922 | - | 95,922 | 79,249 | |
| Premises costs – Centre | 190,415 | - | 190,415 | 125,829 | |
| Depreciation | 17,074 | 158,202 | 175,276 | 21,406 | |
| Supplies and services | 246,412 | 9,089 | 255,501 | 193,416 | |
| Governance costs | 4,583 | - | 4,583 | 4,511 | |
| Total resources expended | <u>2,406,949</u> | <u>246,765</u> | <u>2,653,714</u> | <u>1,731,580</u> | |
| Net (outgoing)/incoming Resources | (511,683) | 342,911 | (168,772) | 3,800,522 | |
| Transfers | 158,747 | (158,747) | - | - | |
| Net Movement on Funds | (352,936) | 184,164 | (168,772) | 3,800,522 | |
| Total funds brought forward | 967,490 | 7,637,042 | 8,604,532 | 4,804,010 | |
| Total funds carried forward | <u>614,554</u> | <u>7,821,206</u> | <u>8,435,760</u> | <u>8,604,532</u> | |

All incoming resources and resources expended derive from continuing activities.

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
BALANCE SHEET AS AT THE YEAR ENDED 31 MARCH 2024

| | Note | CHARITY | | GROUP | |
|--------------------------------------|------|------------------|------------------|------------------|------------------|
| | | 2024 £ | 2023 £ | 2024 £ | 2023 £ |
| FIXED ASSETS: | | | | | |
| Tangible assets | 6 | 8,344,577 | 8,408,626 | 8,345,961 | 8,410,919 |
| Investments | 2 | 2 | 2 | - | - |
| | | <u>8,344,579</u> | <u>8,408,628</u> | <u>8,345,961</u> | <u>8,410,919</u> |
| CURRENT ASSETS: | | | | | |
| Stocks | | - | - | 17,203 | 9,603 |
| Debtors | 7 | 116,376 | 71,032 | 102,782 | 92,186 |
| Cash at bank and in hand | | 273,102 | 486,688 | 359,922 | 505,240 |
| | | <u>389,478</u> | <u>557,720</u> | <u>479,907</u> | <u>607,029</u> |
| CREDITORS: | | | | | |
| Amounts falling due within one year | 8 | 228,850 | 251,611 | 319,275 | 300,916 |
| NET CURRENT ASSETS: | | <u>160,628</u> | <u>306,109</u> | <u>160,632</u> | <u>306,113</u> |
| CREDITORS: | | | | | |
| Amounts falling due in over one year | 9 | 70,833 | 112,500 | 70,833 | 112,500 |
| NET ASSETS: | | <u>8,434,374</u> | <u>8,602,237</u> | <u>8,435,760</u> | <u>8,604,532</u> |
| UNRESTRICTED FUNDS: | | | | | |
| General fund | | 607,786 | 395,555 | 609,172 | 397,850 |
| Designated Funds | 13 | 5,382 | 569,640 | 5,382 | 569,640 |
| RESTRICTED FUNDS | 12 | <u>7,821,206</u> | <u>7,637,042</u> | <u>7,821,206</u> | <u>7,637,042</u> |
| | 14 | <u>8,434,374</u> | <u>8,602,237</u> | <u>8,435,760</u> | <u>8,604,532</u> |

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 2006 (the Act) relating to the audit of the financial statements for the period by virtue of section 477, and that no member or members have requested an audit pursuant to section 476 of the Act.

The directors acknowledge their responsibilities for:

- (i) ensuring that the company keeps adequate accounting records which comply with section 386 of the Act, and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial period and of its profit or loss for the financial period in accordance with the requirements of section 393, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

The financial statements have however been audited as required by the Charities Act 2011. These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and 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 2015).

These financial statements were approved by the board and authorised for issue on 27 November 2024, and are signed on their behalf by:



Alison Sinclair (Chair) – Director
Company Registration Number 02276987

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
STATEMENT OF CASH FLOWS THE YEAR ENDED 31 MARCH 2024

| | Note | CHARITY | | GROUP | |
|-------------------------------------------------------------|------|------------------|--------------------|------------------|--------------------|
| | | 2024 £ | 2023 £ | 2024 £ | 2023 £ |
| Cash flows from operating activities: | | | | | |
| (Deficit)/Surplus for the year | | (167,863) | 3,802,594 | (168,772) | 3,800,522 |
| Adjustments for: | | | | | |
| Depreciation of fixed assets | | 172,935 | 19,334 | 175,276 | 21,406 |
| Interest income | | (1,397) | (797) | (1,397) | (797) |
| Interest expense | | 9,089 | 11,714 | 9,089 | 11,714 |
| Decrease/(increase) in trade and other receivables | | (45,344) | 616,361 | (10,596) | 481,176 |
| Decrease/(increase) in stock | | - | - | (7,600) | (3,413) |
| Increase/(decrease) in trade and other payables | | (18,595) | (696,643) | 22,525 | (669,037) |
| Net cash from operating activities | | <u>(51,175)</u> | <u>3,754,563</u> | <u>18,525</u> | <u>3,641,571</u> |
| Investment activities: | | | | | |
| Purchase of tangible fixed assets | | (108,886) | (4,274,312) | (110,318) | (4,274,312) |
| Interest received | | 1,397 | 797 | 1,397 | 797 |
| Net cash from investment activities | | <u>(107,489)</u> | <u>(4,273,515)</u> | <u>(108,921)</u> | <u>(4,273,515)</u> |
| Financing activities: | | | | | |
| Loan advances | | - | - | - | - |
| Interest paid | | (9,089) | (11,714) | (9,089) | (11,714) |
| Repayment of borrowings | | (45,833) | (48,332) | (45,833) | (48,332) |
| Net cash used in financing activities | | <u>(54,922)</u> | <u>(60,046)</u> | <u>(54,922)</u> | <u>(60,046)</u> |
| Net increase/(decrease) in cash and cash equivalents | | <u>(213,586)</u> | <u>(578,997)</u> | <u>(145,318)</u> | <u>(691,990)</u> |
| Cash and cash equivalents at beginning of the year | 18 | <u>486,688</u> | <u>1,065,686</u> | <u>505,240</u> | <u>1,197,230</u> |
| Cash and cash equivalents at end of year | 18 | <u>273,102</u> | <u>486,688</u> | <u>359,922</u> | <u>505,240</u> |

1. **ACCOUNTING POLICIES**

Going Concern

The accounts have been prepared on a going concern basis.

Accounting Convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with the Companies Act 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Basis of Consolidation

The consolidated financial statements combine the financial statements of the Leicester Arts Centre Limited and its' wholly owned subsidiary company, Firebird Trading Limited, as well as also showing the results of Leicester Arts Centre Limited as a single entity.

Incoming Resources

Income includes grant funding, donations, sponsorship and net invoiced sales of services, excluding value added tax.

Income is included in incoming resources when it is receivable, except as follows:

Income from cinema admission fees is included in incoming resources in the period in which the relevant show takes place.

When rental is received in advance, for a pre-determined period, the income is deferred and released to income over the defined period.

The rent-free use of the premises has been accounted for by showing the market value of the rent that would have been charged as intangible income and a premises cost.

Resources Expended

Resources expended are included in the Statement of Financial Activities on an accruals basis. Certain expenditure is directly attributable to specific activities and has been included in this cost categories.

Costs of generating funds comprise the costs of trading including the centre.

Costs of activities in furtherance of the objects of the charity comprise costs incurred by the charity in the delivery of its activities and services. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity.

Certain other costs, which are attributable to more than one activity, are apportioned across cost categories on the basis of an estimate of the proportion of time spent by staff on those activities.

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

1. ACCOUNTING POLICIES (Continued)

Tangible Fixed Assets

Fixed Assets are stated at cost less depreciation. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

| | | |
|-------------------------|---|-----------------------|
| Cinema Equipment | - | 20% on cost |
| Office and IT Equipment | - | 20%/33.3%/50% on cost |
| Catering Equipment | - | 20% on cost |

Whilst the Phoenix 2020 Capital Project is ongoing the capital asset is not being depreciated until the project is complete.

Fixed assets costing less than £500 are not capitalised.

Hire Purchase and Leasing Commitments

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Taxation

As a charity, Leicester Arts Centre Limited is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or S252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

Fund Accounting

- Unrestricted funds are available for use at the discretion of the directors in furtherance of the general objectives of the charity.
- Designated funds are unrestricted funds earmarked by the directors for particular purposes.
- Restricted funds are subjected to restrictions on their expenditure imposed by the donor.

2. NET INCOME OF TRADING SUBSIDIARY

The Charity owns the entire share capital of its trading subsidiary which is incorporated in the UK. The principal activities of Firebird Trading Limited are that of the operation of the Café Bar within Phoenix Square. The company pays its taxable profits to Leicester Arts Centre Limited under Gift Aid and its financial year end is the same as that of the Charity. A summary of its trading results is shown below:

| | 2024 | 2023 |
|--------------------------------|-----------|-----------|
| | £ | £ |
| Turnover | 877,723 | 325,236 |
| Cost of sales | (434,998) | (159,988) |
| Gross Profit | 442,725 | 165,248 |
| Administration expenses | (256,533) | (118,345) |
| Other operating income | - | - |
| Gift Aid Donation | (187,101) | (48,975) |
| Operating profit/(loss) | (909) | (2,072) |

The assets and liabilities of the subsidiary were;

| | | |
|-----------------------------------------------|-----------|----------|
| Fixed assets | 1,384 | 2,293 |
| Current assets | 145,890 | 73,373 |
| Creditors : Amounts falling due within 1 year | (145,886) | (74,369) |
| Total Net Assets | 1,388 | 2,297 |
| Aggregate Share Capital and Reserves | 1,388 | 2,297 |

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

3. STAFF COSTS

| | CHARITY | | GROUP | |
|--------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 March 2024 £ | 31 March 2023 £ | 31 March 2024 £ | 31 March 2023 £ |
| Wages and salaries | 717,719 | 667,912 | 717,719 | 667,912 |
| Social Security costs | 51,518 | 45,674 | 51,518 | 45,674 |
| Pension contributions | 31,455 | 26,707 | 31,455 | 26,707 |
| Direct Wages of subsidiary company | - | - | 151,800 | 75,292 |
| Administrative salaries of subsidiary company | - | - | 227,323 | 103,273 |
| | <u>800,692</u> | <u>740,293</u> | <u>1,179,815</u> | <u>918,858</u> |

The average monthly number of FTE employees during the year was as follows:

| | CHARITY | | GROUP | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 March 2024 £ | 31 March 2023 £ | 31 March 2024 £ | 31 March 2023 £ |
| Charitable Activities | 32 | 33 | 32 | 33 |
| Generating Funds | - | - | 17 | 13 |
| | <u>-</u> | <u>33</u> | <u>49</u> | <u>46</u> |

One employee earned between £70,000 and £80,000 per annum. No other employees earned £50,000 per annum or more.

The directors were not paid or reimbursed for expenses during the year.

4. NET SURPLUS/(DEFICIT) FOR THE YEAR

The net surplus/(deficit) is stated after charging:

| | CHARITY | | GROUP | |
|-------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 March 2024 £ | 31 March 2023 £ | 31 March 2024 £ | 31 March 2023 £ |
| Depreciation | 172,935 | 19,334 | 175,276 | 21,406 |
| Loss/(Profit) on disposal of fixed assets | - | - | - | - |
| Auditors' remuneration | <u>4,583</u> | <u>4,511</u> | <u>4,583</u> | <u>4,511</u> |
| Directors emoluments and other benefits, etc | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

5. TAXATION

Analysis of the tax charge

No liability to UK Corporation Tax arose on ordinary activities for the year ended 31 March 2024 or for the year ended 31 March 2023.

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

6. TANGIBLE FIXED ASSETS

| | | | | | <u>CHARITY</u> |
|---------------------------|----------------------------|--------------------------|----------------------------|-------------------------------|----------------|
| | 2020 Project Costs £ | Cinema Equipment £ | Catering Equipment £ | Office & IT Equipment £ | Totals £ |
| COST OR VALUATION: | | | | | |
| At 1 April 2023 | 8,383,070 | 528,892 | - | 118,103 | 9,030,065 |
| Additions | 108,886 | - | - | - | 108,886 |
| Disposal | - | - | - | - | - |
| At 31 March 2024 | 8,491,956 | 528,892 | - | 118,103 | 9,138,951 |
| DEPRECIATION: | | | | | |
| At 1 April 2023 | - | 503,336 | - | 118,103 | 621,439 |
| Charge for year | 158,202 | 14,733 | - | - | 172,935 |
| Charge on disposals | - | - | - | - | - |
| At 31 March 2024 | 158,202 | 518,069 | - | 118,103 | 794,374 |
| NET BOOK VALUE: | | | | | |
| At 31 March 2024 | 8,333,754 | 10,823 | - | - | 8,344,577 |
| At 31 March 2023 | 8,383,070 | 25,556 | - | - | 8,408,626 |

| | | | | | <u>GROUP</u> |
|---------------------------|----------------------------|--------------------------|----------------------------|-------------------------------|--------------|
| | 2020 Project Costs £ | Cinema Equipment £ | Catering Equipment £ | Office & IT Equipment £ | Totals £ |
| COST OR VALUATION: | | | | | |
| At 1 April 2023 | 8,383,070 | 528,892 | 79,042 | 118,103 | 9,109,107 |
| Additions | 108,886 | - | 1,432 | - | 110,318 |
| Disposal | - | - | - | - | - |
| At 31 March 2024 | 8,491,956 | 528,892 | 80,474 | 118,103 | 9,219,425 |
| DEPRECIATION: | | | | | |
| At 1 April 2023 | - | 503,336 | 76,749 | 118,103 | 698,188 |
| Charge for year | 158,202 | 14,733 | 2,341 | - | 175,276 |
| Charge on disposals | - | - | - | - | - |
| At 31 March 2024 | 158,202 | 518,069 | 79,090 | 118,103 | 873,464 |
| NET BOOK VALUE: | | | | | |
| At 31 March 2024 | 8,333,754 | 10,823 | 1,384 | - | 8,345,961 |
| At 31 March 2023 | 8,383,070 | 25,556 | 2,293 | - | 8,410,919 |

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

6. TANGIBLE FIXED ASSETS (Continued)

The company has enjoyed throughout the year the use of certain fixed assets (principally cinema equipment) which were invested in the company by the Phoenix Arts Centre. The written down value of these assets is nil, their original cost is not known and they do not appear in the fixed asset schedule above. All fixed assets were used for charitable purposes.

The company has enjoyed throughout the year rent-free use of the original premises it operates from. The market value of the rent has been calculated at £110,500 per annum (2023: £110,500) and has been shown as intangible income and rent.

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | CHARITY | | GROUP | |
|---------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 March 2024 £ | 31 March 2023 £ | 31 March 2024 £ | 31 March 2023 £ |
| Trade, grant and agents debtors | 46,948 | 24,886 | 86,111 | 71,105 |
| Due from subsidiary company | 55,461 | 11,305 | - | - |
| VAT | - | 13,760 | - | - |
| Prepayments and other debtors | 13,967 | 21,081 | 16,671 | 21,081 |
| | <u>116,376</u> | <u>71,032</u> | <u>102,782</u> | <u>92,186</u> |

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | CHARITY | | GROUP | |
|---------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 March 2024 £ | 31 March 2023 £ | 31 March 2024 £ | 31 March 2023 £ |
| Trade creditors | 43,981 | 53,456 | 68,723 | 68,910 |
| Other creditors | 1,257 | 1,257 | 1,257 | 1,257 |
| Social Security and other taxes | 34,662 | 31,253 | 34,662 | 31,253 |
| VAT | 8,746 | - | 61,097 | 17,684 |
| Deferred income (Note 10) | 12,252 | 17,848 | 12,252 | 17,848 |
| Bank Loan (CBILS) | 45,834 | 50,000 | 45,834 | 50,000 |
| Accrued expenses | 82,118 | 97,797 | 95,450 | 113,964 |
| | <u>228,850</u> | <u>251,611</u> | <u>319,275</u> | <u>300,916</u> |

9. CREDITORS: AMOUNTS FALLING DUE IN OVER ONE YEAR

| | CHARITY | | GROUP | |
|-------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 March 2024 £ | 31 March 2023 £ | 31 March 2024 £ | 31 March 2023 £ |
| Bank Loan (CBILS) | 70,833 | 112,500 | 70,833 | 112,500 |
| | <u>70,833</u> | <u>112,500</u> | <u>70,833</u> | <u>112,500</u> |

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

10. DEFERRED INCOME

Deferred income comprises admission fees received in advance and grants and rental income that relate to pre-determined future periods.

11. CAPITAL COMMITMENTS

At the year ended 31 March 2024 there were capital commitments which had been fully contracted for amounting to £Nil (2023 : £Nil).

12. MOVEMENTS IN RESTRICTED FUNDS (Charity and Group)

| | At 1 April 2023 £ | Incoming Resources £ | Outgoing Resources £ | Transfers £ | At 31 March 2024 £ |
|----------------------------|-------------------------|----------------------------|----------------------------|------------------|--------------------------|
| ACE NPO Funding | 4,133 | 81,945 | 66,878 | (19,200) | - |
| ACE Creative Media Network | 5,802 | - | - | (5,802) | - |
| ACE Careful Networks | 4,426 | - | 902 | - | 3,524 |
| Phoenix 2020 Development | 7,337,023 | 200,000 | 172,717 | - | 7,364,306 |
| BFI Audience Fund | (20,000) | 121,250 | - | (135,000) | (33,750) |
| BFI Culture Recovery Fund | 6,212 | - | - | (6,212) | - |
| ERDF Capital Fund | 401,745 | 91,649 | 6,268 | - | 487,126 |
| ERDF Revenue Fund | (102,299) | 94,832 | - | 7,467 | - |
| | <u>7,637,042</u> | <u>589,676</u> | <u>246,765</u> | <u>(158,747)</u> | <u>7,821,206</u> |

ARTS COUNCIL ENGLAND GRANT (NPO)

Phoenix receives regular funding for its digital arts programme from Arts Council England (ACE) as a National Portfolio Organisation (NPO). Phoenix has maintained ACE NPO status since 1 April 2012.

The restricted fund now pertains to the National Portfolio Investment Programme which runs from 1 April 2023 to 31 March 2026. Phoenix applied for, and was awarded funding for this period in 2022.

The funding enables a programme of digital arts exhibitions, events and learning activities. We regularly commission and curate work by national and international artists, host screenings and performances and offer workshops for children, young people, and families. The programme is also supported by De Montfort University. The overall theme is an exploration of the creative and cultural impact of media and technology. Working with a range of partners, we commission and produce new work by established and emerging artists for exhibition in our gallery and beyond, with the aim of reaching a wide and diverse audience.

With the opening of the new extension in January 2023, it was possible to restart a programme of gallery exhibitions in the brand new digital arts gallery. The Digital Arts Manager appointed in August 2022 resigned her position in November 2023 and a specialist creative producer was appointed to advise and develop the arts programme from thereon.

The new gallery featured two exhibitions by local artists (*Object Memory* and *Place and Memory*) in the first six months, supported by the Real Initiative. These were followed by two major exhibitions – *Fragment Ecologies*, a solo show by acclaimed American artist Everest Pipkin, and group show *Virtual Textual* which featured as its centrepiece *Wood Wide Web*, a new collaborative work co-commissioned in partnership with the National Poetry Library, alongside work by 12 artists from around the world.

12. MOVEMENTS IN RESTRICTED FUNDS (Charity and Group) – Continued

The Wall: Digital Revelations open call, in partnership with Off Site Project, yielded original work for Phoenix's media wall, with Christopher MacInnes's interactive work *Terra regis / terra neminis (2023)* selected from the open call submissions.

Phoenix also partnered with the Computer Arts Society to host a series of exhibitions of work by renowned computer art pioneers, including Jack Tait, Paul Brown, and Ernest Edmonds.

2023/24 came to a close with Nemesis, a curated photographic odyssey by award-winning celebrity photographer (and De Montfort University alumnus) Andy Gotts MBE, showcasing the stars behind some of the most infamous villains in James Bond's cinema history. This culminated in a sold-out "In Conversation" event with Andy Gotts and Charles Dance, whose portrait featured in the exhibition, in partnership with De Montfort University.

Throughout the year, Phoenix also hosted a number of artist networking events, artist talks, and workshops, providing learning and creative opportunities to artists and the wider community, including children and young people.

Phoenix continues to make good progress against ACE investment principles, in particular around Environmental Responsibility, as evidenced through Julie's Bicycle. We have re-established our Environmental Action Group, our action plan has been reviewed and updated, and our cultural programme presents regular events on environmental themes. We have also instigated travel surveys of staff and customers which will be undertaken on a regular basis.

We have also made strides in terms of Inclusivity and Relevance. We have recruited volunteer community Ambassadors who support our Community Outreach Officer in engaging wider audiences, understanding the aspirations of communities in terms of cultural provision, identifying barriers to participation, and seeking opportunities for artistic collaboration through workshops and projects.

ARTS COUNCIL ENGLAND CREATIVE MEDIA NETWORK

ACE funded Phoenix to test the feasibility of a network in the midlands dedicated to sharing and promoting creative media practice. The project has ended in 2022 and the restricted fund was closed in 2023/24.

ARTS COUNCIL ENGLAND CAREFUL NETWORKS FUND

Careful Networks was a project initiated by Phoenix in partnership with BOM, Furtherfield, The Photographers' Gallery, QUAD and Vivid Projects. The project examined alternative ways of hosting and viewing digital artworks with the idea of experimenting with practices focused on 'care'. A £32,230 grant was awarded from the Arts Council Project Grants programme. (ACE temporarily allowed NPO's to apply for project grants in response to the pandemic).

Each partner organisation nominated participating artists who were introduced to the concept of peer-to-peer systems, alternative web protocols and approaches to careful networking. They were then tasked to create new digital artworks that were hosted using this approach. The exhibition was then archived as a standalone website, which remains accessible to audiences. The project benefited the partners and 14 artists and attracted a more global audience than usual. It received a favourable independent evaluation and was featured in a talk and podcast with TheODI.

The project was mostly delivered in 2021/22 and was completed in 2022/23. The restricted fund will be closed and the small balance remaining will be contributed to the NPO restricted fund.

12. **MOVEMENTS IN RESTRICTED FUNDS (Charity and Group) – Continued**

BFI (BRITISH FILM INSTITUTE) AUDIENCE FUND

BFI has been a recurrent grant supporter of Phoenix for many years. In response to BFI's new strategy (Screen Culture 2033), Phoenix applied for, and was awarded an Audience Projects Fund grant of £270k for the period 26 April 2023 to 31 March 2025. In 2023/24, the grant supported a significant increase in audience outreach and development facilitated by a new Community Outreach Officer and two Associate Curators.

The annual cinema audience of 77,383 was 86% of pre-pandemic 2019/20 (89,580), and a big improvement on the previous year (45,332) when building work affected the programme.

2023/24 has seen a step-change in how Phoenix engages and work with communities, driven by the work of our Community Outreach Office and Associate Curators who have pushed the organisation to think about how we programme, who we work with, what events we work on, how we market our programme, and consider what our organisational priorities are. Their advice and input has had a positive impact; Phoenix has surpassed audience attendance targets and increased audience diversity, resulting in sold-out community-focused events. Our reputation as an open and inclusive space has also led to higher returns for the rest of the film programme.

Access is at the heart of what we do. We continue our work with the Access Advisory Group (AAG), and have restarted our IDEA (Inclusion, Diversity, Equity and Access) committee meetings, and engage with local accessibility organisation ALL IN. 58% of screenings in 2023/24 had an access element (audio-description, captions, or relaxed environment), with a high of 62% in Q4.

Phoenix remains committed to a programme that showcases the breadth and depth of cinema. In 2023/24 we screened films from over 35 different countries and are known in the city as the home of world cinema – 56% of the films we screened this year were independent feature films. Across the year 71% of our screenings were of world cinema, British film, documentaries or rep titles, opening up the history of cinema to our audience.

We are also making progress towards an inclusive and representative workforce. Within creative and curatorial roles, Phoenix has appointed three people (Community Outreach Officer and Associate Curators) who identify as from the global majority. Three quarters of interviewees for the role of Community Outreach Officer were global majority. Our staff team has seen the appointment of new interim co-CEOs and our combined administration and management team is 92% female, while our Front of House and hospitality teams are young and representative of the make-up of the city population.

PHOENIX 2020 DEVELOPMENT FUND

The Phoenix 2020 capital project is managed through this overarching restricted fund, which receives capital grant payments and the corresponding expenditure.

In June 2017 Phoenix was awarded Arts Council England (ACE) Large Capital programme funds towards its plan to expand the Phoenix Square venue. The aims of the development are to double participation in the Phoenix cultural programme and to significantly increase the charity's earned income and long-term financial resilience. The initial award included a £177,802 development grant and the conditional offer of up to £4M capital grant subject to completion of the stage 1 grant conditions and a successful stage 2 application. The ACE development grant was matched by a Leicester and Leicestershire Enterprise Partnership (LLEP) Project Development Grant of £100,000 confirmed in June 2017.

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

12. MOVEMENTS IN RESTRICTED FUNDS (Charity and Group) – Continued

Planning approval in February 2019 was followed by confirmation of the stage 2 Large Capital grant in March 2019 of £4M. In August 2020 Leicester City Council confirmed a lease on the additional land needed at a peppercorn rent until 2069. This milestone enabled the final design stage (RIBA4) to begin part-funded by the Arts Council Large Capital Grant matched by Phoenix. These funds were used primarily for the professional services required to develop the scheme from RIBA3 to RIBA4 including design, construction planning and business planning.

Despite the pandemic, fundraising efforts produced an additional £1.5M of capital grants in 3 separate awards by 31 March 2021: Arts Council Kickstart Fund, Leicester City Council Business Rates Pool Fund via Leicester and Leicestershire Enterprise Partnership, and the European Regional Development Fund.

RIBA4 final designs and planning were completed in May 2021 against the backdrop of considerable price volatility and supply chain concerns in the construction industry. Additional financial support from Leicester City Council and Arts Council England was sought and confirmed in July, which closed the gap between funds pledged and project costs and enabled the Trustees to enter into the £6.2M construction contract. A new Deed of Security was provided to ACE.

The main contractor started on-site in September 2021 and the building works completion certificate was issued on 16th December 2022. The contract includes one year of snagging from the completion date. Phoenix directly procured circa £1M of fixtures and fittings, mostly during the financial year, with some deferred to 2023/24, in particular the fit-out of the roof terrace garden. The development achieved the Research Establishment Environmental Assessment Method (BREEAM) rating of Very Good.

The new venue was opened to the public on 20th January 2023 to overwhelmingly positive approval of our customers and stakeholders.

The project successfully delivered a high quality arts building within the final agreed budget to the expected specification. Visitor and stakeholder feedback on the quality of the building has been excellent. The initial concept and application were formulated in October 2016 and it is a significant achievement to deliver this outcome in just over 6 years. Clearly it could only have been achieved with the financial contributions of ACE, LCC and other funders. LCC was also instrumental in providing significant in-kind support including land and expertise.

The final ACE grant claim was completed and final instalment paid in September 2023. The fund is now consolidated and depreciation of the assets created by the project will be charged to it.

ERDF CAPITAL & REVENUE FUND

A European Regional Development Fund (ERDF) grant was confirmed in January 2021 subject to contract, which was finalised in November 2021. The maximum amount payable is £665,638 comprising £493,394 capital and £172,244 revenue grant.

The grant was awarded to Phoenix to develop dedicated spaces and a programme to support digital creatives, specifically film makers and digital artists in Leicester and Leicestershire. The aim of the programme is to promote business growth, productivity and resilience and encourage new start-ups.

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

12. MOVEMENTS IN RESTRICTED FUNDS (Charity and Group) – Continued

The grant was 50% matched funded by Phoenix revenue expenditure and Phoenix 2020 capital expenditure giving a total project value of £1,331,276. The grant was accounted for as two restricted funds to cover the capital and revenue parts. The grant started on 1 August 2020 and it had an activity end date of 30th June 2023. Claims were made quarterly against matched income, activity and output reports. The final claim was made in September 2023 and was in review at the time these accounts were prepared.

The capital grant co-funded 3 new spaces and associated infrastructure to support enterprises including: the Learning Suite; the Co-working Space and the Exhibition and Gallery Space. The Learning Suite is equipped with video conferencing, lap-tops and furniture and is a flexible space for mentoring, industry events and training. The Co-working space is equipped with computer and filmmaking equipment and furniture and is used as a space where delegates can develop film and digital creative media in a well- equipped and supported environment. The Gallery is a high quality environment for the exhibition of a range of digital media content and is equipped with a media server, video screens, projectors and immersive technologies.

The Learning Suite and Co-working space were brought into use in April 2022 and the Gallery followed in January 2023.

The revenue grant co-funded a business support programme called the Real Initiative including staffing, business support contractors, event costs and a contribution to overheads. Project managers were appointed in October 2021 and the business support programme started in April 2022. The programme had 4 business support strands designed exclusively for micro-businesses and sole traders specialising in film and digital arts, including one to inspire young people into a career in the sector. By May 2023 the project had supported over 150 businesses and individuals using the dedicated spaces created by the capital project. The final evaluation by specialist consultants gives a strong endorsement of the programme and demonstrates a significant impact on the local economy in just 12 months.

The final grant claim was completed in October 2023.

13. DESIGNATED FUNDS (Charity and Group)

| | At 1 April 2023 £ | Net Incoming/ Outgoing Resources £ | Designations in year £ | At 31 March 2024 £ |
|----------------------------------|-------------------------|------------------------------------------------|------------------------------|--------------------------|
| Creative and Development Reserve | 538,788 | 1,993 | (540,418) | 363 |
| Premises Maintenance Reserve | 30,852 | (25,833) | - | 5,019 |
| | <u>569,640</u> | <u>(23,840)</u> | <u>(540,418)</u> | <u>5,382</u> |

CREATIVE AND DEVELOPMENT RESERVE

The Trustees previously approved this designated fund to support the capital project. The aim is to have a designated development reserve that enables the consolidation of miscellaneous donations and grant contributions towards the Charity's development without over restricting purpose.

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

13. DESIGNATED FUNDS (Charity and Group) - Continued

The fund was used to reserve unrestricted donations and grants given to help fund the capital project. Over 300 individuals and small businesses made donations towards the project, mostly through the Be Part of It fundraising campaign.

All individual and small business contributors were recognised in a roll of donors shown before film events. Donors are permanently acknowledged on cinema seat plaques, at the main entrance and at the entrances to the 2 new screens depending on the level of donation received. This fund is expected to be closed during 2024/25.

PREMISES MAINTENANCE RESERVE

The fund was established to reserve a regular monthly amount to build up a reserve to cover more significant premises maintenance that might be needed in the future. The reserve is usually funded by monthly charges to the profit and loss account throughout the year. The monthly charges were suspended in 2022/23 during the building project and in the light of the balance at 31 March 2022.

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | General Fund £ | Designated Funds £ | Restricted Funds £ | CHARITY Total £ |
|--------------------------------|-------------------|-----------------------|-----------------------|--------------------|
| Fixed assets | 493,147 | - | 7,851,432 | 8,344,579 |
| Cash at bank and in hand | 264,196 | 5,382 | 3,524 | 273,102 |
| Other net (liabilities)/assets | (149,557) | - | (33,750) | (183,307) |
| | <u>607,786</u> | <u>5,382</u> | <u>7,821,206</u> | <u>8,434,374</u> |
| | General Fund £ | Designated Funds £ | Restricted Funds £ | GROUP Total £ |
| Fixed assets | 494,529 | - | 7,851,432 | 8,345,961 |
| Cash at bank and in hand | 351,016 | 5,382 | 3,524 | 359,922 |
| Other net assets/(liabilities) | (236,373) | - | (33,750) | (270,123) |
| | <u>609,172</u> | <u>5,382</u> | <u>7,821,206</u> | <u>8,435,760</u> |

15. CAPITAL

Leicester Arts Centre Limited is limited by guarantee and accordingly does not have a share capital. The maximum liability of each member is £1.00.

16. CONTINGENT LIABILITIES

During the year ended 31 March 2010 the company received a Capital Grant from De Montfort University (DMU). Under the terms of the grant the company must repay the DMU part of the grant received in the following circumstances, referred to as repayment events :-

- The company fails materially to comply with the terms of the grant offer letter
- The company does not perform its obligations set out in the grant offer letter
- The company sells, disposes of, surrenders or transfers the lease with Leicester City Council for the premises it is located in

If a repayment event occurs within the first 15 years of the lease term the amount repayable to DMU is £350,000. If any such event occurs after that time the amount of repayment is reduced pro-rata over the remaining term of the lease.

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

16. CONTINGENT LIABILITIES - Continued

The charity had previously been receiving a grant from Leicester City Council (LCC) in advance. This had been accounted for previously within deferred income on the basis it would need to be repaid if activities did not continue. In FY 2015/16 LCC confirmed that the advanced amount would only be repayable in the unlikely event the charity surrendered the lease for the premises it is located in, therefore the amount of £52,550 was released from deferred income in that year.

These are contingent liabilities and have not been provided for in the Statement of Financial Activities or the Balance Sheet

17. GOING CONCERN

Following completion of the capital expansion project during the financial year, management focus centred on stabilising the product and delivery, and driving attendance, income and profitability. Significant progress has been made, with trading income rising to above pre-pandemic levels for the first time. Trading growth continues to be a key focus. There are increased initiatives to differentiate Phoenix from our competitors, broaden the organisation's reach and raise Phoenix's profile within the business communities in order to further drive commercial trading revenue and new avenues for funding are being sought.

Nonetheless, the charity is encountering a number of issues that are largely outside of its control and that negatively affect its financial projections to a material degree. They include:

- A slower recovery in cinema audiences after the pandemic at Phoenix and across the UK.
- An 18-month project to replace the cladding on the venue and building works in the surrounding area that could have an impact on visitor numbers and earned income, and which will require management resource.
- Ongoing uncertainty in local authority funding that will not be clarified by the time these accounts are filed.

Cinema audiences - Phoenix (and UK) cinema audiences have recovered post-pandemic more slowly than anticipated, however are now growing steadily. At the date of signing, audiences have recently passed pre-pandemic levels for the first time, although are significantly below the original projections for the capital expansion project. The charity will nonetheless continue to adjust to demand and reprioritise other types of earned income and management focus. The expansion is a platform for growth and development of earned income.

Cladding replacement project - This began in January 2024 and is scheduled to finish in September 2025. The work is necessary for fire safety and is being undertaken by the landlord. Phoenix worked to influence the programme and method, the temporary building and wayfinding signage, and the design of the temporary customer access to the venue to mitigate its potential impact. There are also significant and unexpected building works in the surrounding area. There is an impact on customer experience and perception of our business, although consumer behaviour is uncertain and difficult to predict with any degree of confidence. At a time when we are trying to increase trading income through business hires, the largest impact from the cladding is the noise disruption in our meeting rooms, which is making it difficult to confidently hire out the spaces during construction periods.

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

17. GOING CONCERN - Continued

Local authority funding - This contributes directly to the general operating costs of the charity and have been maintained for 2024/25 despite earlier indications that it could be withdrawn. However, the trustees once again recognise a significant likelihood that the funding will be reduced or discontinued in 2025/26. This will be difficult to mitigate, in the short term at least, within the existing operating model by cost reductions, trading growth and/or alternative sources of income, given the significance of the funding and the collective impact of the other issues above. New avenues for funding are being sought and Phoenix remains in cooperative discussions regarding any new national funding streams that may become available. At the time these accounts were filed, a formal decision on the local authority revenue grant for 2025/26 and interventions that could mitigate its reduction had not been taken.

Therefore a material uncertainty exists in our financial projections. If the decisions are unfavourable and the impact of the cladding project on consumer behaviour and the ability to hire and use spaces without disruption is high, the charity's financial forecast and operations will have to change radically. In this scenario, management time would refocus to reshape the charity to meet revised financial forecasts.

As a result of these matters, there is a material uncertainty that may cast significant doubt upon the group's ability to continue as a going concern and therefore whether the group will realise its assets and settle its liabilities in the ordinary course of business at the amounts recorded in the financial statements.

Although it is not certain that the efforts to mitigate the risks will be successful, management has determined that the actions that it is taking are sufficient to mitigate the uncertainty and has therefore prepared the financial reporting on a going concern basis.

18. ANALYSIS OF CHANGES IN NET DEBT

| | At 1 April 2023 | Cash flows | CHARITY Other non-cash changes | 31 March 2024 |
|----------------------------------|--------------------|------------------|-----------------------------------------|------------------|
| | £ | £ | £ | £ |
| Cash and cash equivalents | | | | |
| Cash | 486,688 | (213,586) | - | 273,102 |
| | 486,688 | (213,586) | - | 273,102 |
| Borrowings | | | | |
| Debt due within one year | (50,000) | 4,166 | - | (45,834) |
| Debt due after one year | (112,500) | 41,667 | - | (70,833) |
| | (162,500) | 45,833 | - | (116,667) |
| Total net debt | 324,188 | (167,753) | - | 156,435 |

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

18. ANALYSIS OF CHANGES IN NET DEBT - Continued

| | At 1 April 2023 | Cash flows | Other non-cash changes | GROUP 31 March 2024 |
|----------------------------------|--------------------|------------------|------------------------------|---------------------------|
| | £ | £ | £ | £ |
| Cash and cash equivalents | | | | |
| Cash | 505,240 | (145,318) | - | 359,922 |
| | <u>505,240</u> | <u>(145,318)</u> | - | <u>359,922</u> |
| Borrowings | | | | |
| Debt due within one year | (50,000) | 4,166 | - | (45,834) |
| Debt due after one year | (112,500) | 41,667 | - | (70,833) |
| | <u>(162,500)</u> | <u>45,833</u> | - | <u>(116,667)</u> |
| Total net debt | <u>342,740</u> | <u>(99,485)</u> | - | <u>243,255</u> |

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX

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

ANALYSIS OF INCOME (CHARITY)

Centre income is derived from the following sources:

| | Unrestricted 31 March 2024 £ | Restricted 31 March 2024 £ | Total 31 March 2024 £ | Total 31 March 2023 £ |
|------------------------------------------------------|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| <i>Incoming resources from generated funds</i> | | | | |
| Grants received/receivable | | | | |
| Revenue Grants | | | | |
| Leicester City Council | 194,000 | - | 194,000 | 215,370 |
| De Montfort University Digital Growth | 10,000 | - | 10,000 | 10,000 |
| ERDF Revenue Fund | - | 94,832 | 94,832 | - |
| Arts Council England Careful Networks | - | - | - | 3,223 |
| Arts Council NPO | - | 81,945 | 81,945 | 81,945 |
| BFI Audience Fund | - | 121,250 | 121,250 | 80,000 |
| BFI | - | - | - | 1,200 |
| Capital Grants | | | | |
| ERDF | - | 91,649 | 91,649 | 476,127 |
| Leicester City Council | - | - | - | 695,691 |
| Arts Council England | - | 200,000 | 200,000 | 3,136,530 |
| Total grants | 204,000 | 589,676 | 793,676 | 4,700,086 |
| Intangible income – rent free use of premises | 110,500 | - | 110,500 | 110,500 |
| <i>Incoming resources from charitable activities</i> | | | | |
| Box Office | 536,340 | - | 536,340 | 277,713 |
| Membership schemes | 49,349 | - | 49,349 | 29,133 |
| Education events | 29,001 | - | 29,001 | 19,371 |
| Total box office | 614,690 | - | 614,690 | 326,217 |
| <i>Other income from operating activities</i> | | | | |
| Screen advertising | 26,968 | - | 26,968 | 14,649 |
| Management Service Level Agreements | 51,686 | - | 51,686 | 43,738 |
| Donations | 2,201 | - | 2,201 | 3,875 |
| Sundry income | 14,803 | - | 14,803 | 7,004 |
| Total other | 95,658 | - | 95,658 | 69,266 |
| <i>Investment income</i> | | | | |
| Bank interest | 1,397 | - | 1,397 | 797 |
| Gift aid from subsidiary | 187,101 | - | 187,101 | 48,975 |
| Total investment income | 188,498 | - | 188,498 | 49,772 |
| Total incoming resources | 1,213,346 | 589,676 | 1,803,022 | 5,255,841 |

This page does not form part of the statutory financial statements

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX

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

ANALYSIS OF SUPPLIES AND SERVICE COSTS (CHARITY)

| | Unrestricted 31 March 2024 £ | Restricted 31 March 2024 £ | Total 31 March 2024 £ | Total 31 March 2023 £ |
|-----------------------------------------------------------|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| Travel and subsistence | 2,950 | - | 2,950 | 3,033 |
| Training | 2,757 | - | 2,757 | 4,288 |
| Telephone & broadband | 13,614 | - | 13,614 | 11,801 |
| Office equipment, hire of equipment and premises expenses | 4,336 | - | 4,336 | 2,209 |
| IT Costs | 58,223 | - | 58,223 | 46,547 |
| Postage and stationery | 1,172 | - | 1,172 | 381 |
| Bank and PDQ charges | 18,804 | - | 18,804 | 11,402 |
| Hire purchase & loan interest | - | 9,089 | 9,089 | 11,714 |
| Licences, memberships and running costs | 6,578 | - | 6,578 | 11,530 |
| Insurance | 20,343 | - | 20,343 | 19,555 |
| Accountancy | 56,117 | - | 56,117 | 63,048 |
| Legal and Professional fees | 61,518 | - | 61,518 | 7,908 |
| | <u>246,412</u> | <u>9,089</u> | <u>255,501</u> | <u>193,416</u> |

ANALYSIS OF GOVERNANCE COSTS (CHARITY)

| | Unrestricted 31 March 2024 £ | Restricted 31 March 2024 £ | Total 31 March 2024 £ | Total 31 March 2023 £ |
|----------------------------|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| Audit and accountancy fees | 4,583 | - | 4,583 | 4,511 |
| Legal and consultancy | - | - | - | - |
| | <u>4,583</u> | <u>-</u> | <u>4,583</u> | <u>4,511</u> |

This page does not form part of the statutory financial statements

LEICESTER ARTS CENTRE LIMITED

England & Wales - Charity number 701078

Accounts

COMPANY NUMBER : 02276987

**LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX**

**REPORT OF THE DIRECTORS
AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2023

**LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX**

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FOR THE YEAR ENDED 31 MARCH 2023**

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**LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX**

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2023**

DIRECTORS AT YEAR END AND THROUGHOUT THE YEAR:

A Sinclair (Chair)
B A Carpenter Van Barthold
S M Overton-Edwards
C Sharpe
W G Haley
A Mamujee
L M Jones
D T Myers (resigned 13 July 2023)
Prof S M Sharma
C J Kersey
S Bazzaz
Z Allman (resigned 30 June 2022)
J L Smith
M Underwood
S Jones (resigned 30 September 2022)
J M Cowley (appointed 8 October 2022)
Prof J Smith (appointed 25 January 2023)

CHIEF EXECUTIVE : J Rance

SECRETARY : R Botterill

REGISTERED OFFICE : Phoenix Square
4 Midland Street
Leicester
LE1 1TG

COMPANY NUMBER : 02276987 (England and Wales)

CHARITY NUMBER : 701078

AUDITORS : Evolve Accountants and Business Advisors Ltd
Unit 10 Phoenix Park, Telford Way
Coalville
Leicestershire
LE67 3HB

BANKERS : Bank of Scotland

LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2023

The Trustees, who are also directors of the charity for the purposes of the Companies Act, present their annual report together with the audited financial statements for the year ended 31 March 2023. Company information as set out on page 1 forms part of this report.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

Leicester Arts Centre Limited (LAC Ltd) is a registered charity (charity number 701078) and a company limited by guarantee (company number 2276987).

The company is governed by its Memorandum and Articles of Association which were last amended in August 2015.

Phoenix is the trading name of the charity and its trading subsidiary, Firebird Trading Ltd (company number 6942215).

Recruitment and Appointment of the Directors

Directors can be appointed by the Board or by the company's members at a general meeting. Leicester City Council is entitled to appoint a maximum of two directors and to remove any such directors. De Montfort University is entitled to appoint a maximum of two directors provided that such directors have first been approved by the City Council and to remove any such directors.

The Chair of the Board is appointed by the Board from amongst the directors. The term of appointment for the Chair and directors is for a fixed period after which the Chair and/or directors can stand for re-election. The number of directors shall not be less than three and is not subject to any maximum.

Director Induction and Training

There is an induction programme for new directors, which is tailored to their particular needs. Training programmes for directors are available to assist them in consolidating their knowledge of their duties and responsibilities as directors.

Risk Management

The Trustees regularly review the major strategic, business and operational risks which the company faces and confirm that systems have been put in place to mitigate those risks.

Organisational Structure

The company is overseen by a Board of Directors that meet periodically in order to administer the charity. Decisions are made at Board meetings by a majority vote. A Chief Executive Officer (who is not a Board member) is appointed by the Board to manage the day-to-day operations of the charity.

The Directors have a maximum liability under guarantee to contribute £1 each towards the company's liabilities in the event of a winding up.

**LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2023**

PRINCIPAL OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

Phoenix's vision is to enrich lives and celebrate diversity and ambition in film and art. The company's mission is to be a dynamic artistic and creative centre where everyone can enjoy, learn about and make inspirational film and art; enriching individual lives and stimulating economic growth in Leicester and beyond.

Phoenix provides a unique programme of world cinema, digital arts and education for a wide range of people mainly from the greater Leicester area. Open to all, Phoenix promotes education and a stimulating environment that enables people to develop the inspiration, skills and relationships they need to achieve. Our public benefit aims are to promote education and community development especially through world film and the digital arts.

The company's principal place of activity is Phoenix Square, 4 Midland Street, Leicester.

It is the company's policy that there should be no discrimination in respect of ethnic origin, race, physical appearance, gender, disability, sexuality, marital status, class, age, religious or political belief and that equal opportunity shall be given to all employees. The company's recruitment procedures ensure that all applicants are given full and fair consideration for suitable vacancies.

The company has referred to the Charity Commission's general guidance on public benefit when reviewing its aims and objectives and in planning its future activities.

ACHIEVEMENTS AND PERFORMANCES

The achievements and financial statements of Phoenix in 2022/23 continued to be affected by the COVID-19 pandemic and in particular the capital project to expand our venue. These financial statements are therefore highly untypical of our normal operation. They represent the charity successfully delivering the building phase of the capital project which began in September 2021 and opened to the public on 20th January 2023.

The £9.6M scheme involved extending and substantially remodelling the venue. The result is a high-quality arts building that includes: two new cinema screens, a superb new digital art gallery and exhibition facilities, improved spaces for learning and creativity, a stunning expanded café and bar area, and a new first floor events space and garden terrace that offers a special space for events in Leicester's Cultural Quarter.

The process began in 2016 with a strategic review, which generated the ambitious plan known as Phoenix 2020. We are proud to have delivered the project from initial idea to the realisation of a stunning new cultural and economic asset for Leicester in a little over 6 years.

We are extremely grateful to Arts Council England and Leicester City Council who endorsed our vision from the outset and provided the majority of financial support as capital grants. The Council also provided vital in-kind support in the form of land and expertise. The project could not have been completed without the financial support of BFI, The Foyle Foundation, The Garfield Weston Foundation, Leicester and Leicestershire Enterprise Partnership, and the European Regional Development Fund. We are hugely grateful to over 300 individuals and small businesses who supported the endeavour through our Be Part of It fundraising campaign. We are proud of the way our management team, partners and contractors worked together to deliver the scheme.

UK cinema audiences continue to recover from the pandemic reaching 67% in 2022 of the total in 2019. The growth is slower than expected due in part to the rising cost of living. The prices of consumer goods and services have risen markedly since 2021. ONS reports around two-thirds (65%) of adults in Great Britain are spending less on non-essentials because of the rising cost of living (Public opinions and social trends bulletin September 2023).

LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2023

Phoenix's cultural programme and visitor experience were disrupted by building works throughout the financial year. Two cinema screens operated most of the time, with the venue closed completely for two months. The café/bar closed from April 2022 to January 2023, replaced by a modest pop-up provision. The adjacent car park was used as a site compound and it was not possible to operate a room hire offer. This is reflected in the trading results and visitor numbers.

The impact of building operations on trading income was predicted in some detail and a provision was made in the capital project budget to cover the estimated trading losses and transition costs.

Phoenix typically sees 170,000 (2019/20) engagements a year in various cultural, education and business activities offered by Phoenix at its main venue, with many more people visiting our popular cafe/bar. In 2022/23 total engagement was 70,000 due the impact of the building programme and consumer confidence after the pandemic. The annual cinema audience of 45,332 was 51% of pre-pandemic 2019/20 (89,580), but an improvement on the previous year (32,890) in spite of building programme.

The first phase of Real Initiative started in April 2022 to support Leicestershire's vibrant digital creative cluster. The project had 4 business support strands designed exclusively for micro-businesses and sole traders specialising in film and digital arts, including one to inspire young people into a career in the sector. By May 2023 the project had supported over 150 businesses and individuals using several dedicated spaces created by the capital project. The final evaluation by specialist consultants gives a strong endorsement of the programme and demonstrates a significant impact on the local economy in just 12 months.

During the year, two of our recurrent revenue funders, Arts Council England and BFI launched new strategies and funding programmes. Phoenix applied for continued support under these new programmes. We are delighted to have been awarded Arts Council NPO grant to March 2026 and BFI Audience Projects funding to March 2025.

The continuing funding commitments of our stakeholders Leicester City Council, Arts Council England, British Film Institute and De Montfort University were vital in the continuation of our work in engaging a diverse range of people in film, digital culture, learning and creativity.

FINANCIAL REVIEW

Total Incoming Resources of the group amounted to £5,532,102 during the year (2021/22: £5,273,839) with Total Resources Expended in the year of £1,731,580 (2021/22: £1,649,123). Incoming Resources include £3,809,522 of capital grant funding restricted to the building project.

Most building work took place during 2022/23 and the corresponding income and expenditure is reflected in the large increase to Restricted Funds. The building was handed back to Phoenix by the main contractor in December 2022. Phoenix completed fit-out and brought the asset into public use on 20th January 2023. Although most of the capital expenditure was incurred within the financial year, a significant amount of work continued into the first half of 2023/24 including several final instalment grant claims. Whereas the accounts last year included capital grant receipts in advance of expenditure, this year's accounts have significant capital expenditure that is yet to be claimed.

The fixed assets of the group increased on 31 March 2023 to £8,410,919 (31 March 2022: £4,158,012) reflecting the progress of the capital project. A new depreciation policy will be developed in 2023/24 for the capital project. The depreciation will be charged to the relevant restricted funds. Restricted Funds stood at £7,637,042 at the year-end (2021/22: £3,824,091).

LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2023

The Trustees previously approved a designated fund to support the capital project which stood at £569,640 at 31 March 2023. This fund is expected to be used during 2023/24.

The General Funds of the group decreased to £397,850 at the year-end with cash balances of £505,240.

The charity was awarded a Coronavirus Business Interruption Loan (CBIL) of £250k in 2020, which was designated by the Trustees to support the capital project. By year-end repayments had reduced the loan to £162,500.

As expected due to the building works, the group made an operating deficit. This was offset by a contribution from the restricted funds of £565,468 specifically to cover forecast operating losses and transition costs. The operating loss after this transfer was £12,429.

Box Office income increased from £260,229 (2021/22) to £326,217; 53% of the pre-pandemic level £618,277 (2019/20).

Income from the trading subsidiary increased from £324,698 (2021/22) to £325,236 which is 40% of the pre-pandemic level £812,575 (2019/20), even though the café/bar and room hire offer were closed for almost 10 months.

Fixed costs and overheads inevitably increased with opening of the venue and rising inflation. Phoenix operates a large venue, and many costs are not readily scalable.

The directors have considered the going concern position of the Company and the group and consider that the preparation of the financial statements on a going concern basis is appropriate.

Principal Funding Sources

Leicester Arts Centre's main revenue grant funders in the period were Leicester City Council, Arts Council England, De Montfort University, British Film Institute and the European Regional Development Fund.

The main capital grant funders in the period were Arts Council England, Leicester City Council and the European Regional Development Fund.

Reserves Policy

The Finance Committee reviewed the Reserves Policy at a general meeting on 15th November 2022. It was recommended and approved that the current Policy should be reviewed by the Board in November 2023.

The current policy is to retain a minimum of £400,000 free reserves, being the unrestricted funds not designated for a specific purpose to cover contingencies and annual variations in operating income. In addition, the Trustees aim to retain a cash balance of £400,000 to cover variations in operating income.

The level of free reserves of the group on 31 March 2023 had decreased to £397,850 (31 March 2022: £414,625), which almost meets the reserves policy requirement. Cash balances held at 31 March 2023 exceeded the £400,000 target.

Investment Policy

The directors of the Company have the powers to invest the Company's funds in any way they feel appropriate in accordance with its charitable objectives.

**LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2023**

PLANS FOR FUTURE PERIODS

The completion of the capital project provides the charity an excellent platform to engage many more people and improve financial resilience in the longer term. We aim to produce a step-change in cultural participation through a significant expansion of film, digital art and education activities, as well as increased earned income from the café/bar and venue hires to sustain and develop activities that deliver our charitable aims. The accessibility of the venue has been improved significantly.

Phoenix has established itself as civic independent cinema and digital arts centre at the heart of Leicester - a diverse and global city of intellectual and cultural importance. We aim to make a more significant contribution to the social, cultural and economic development of the city and surrounding area.

We aim to promote environmental stewardship in all aspects of our cultural programme and embed environmental responsibility in our operational and creative decision making as a path to 2050 Net-Zero. The capital development achieved the Research Establishment Environmental Assessment Method (BREEAM) rating of Very Good.

The first 6 months of 2024 will require a considerable management focus on establishing the new venue including its staffing patterns, operating procedures, and ensuring the building is functioning correctly. The final capital grant claims and a number of evaluation reports will be completed.

In parallel, cultural programming and marketing will be ramped up to attract audiences back. This period will also see the completion and launch of the new roof terrace garden, bar and events space. The café/bar and venue hires offers will be revitalised and relaunched after an effective absence from the market since March 2020.

The current business environment is very different than that conceived in the original business plan for the development due to cost inflation, cost-of-living impact on consumer spending, and pressures on public funders. UK cinema audiences have not returned to pre-pandemic levels as quickly as expected. Phoenix is facing a challenging financial position over the next few years due to 3 external factors:

- The slow recovery in UK cinema and hospitality combined with the impact of inflation.
- Significant pressure on local authority funding, which threatens our revenue grant.
- An 18-month project to re-clad Phoenix Square, which will impact customer experience and trading.

The main priorities for the year ahead are to promote the venue to grow sales, whilst optimising the financial contributions from the charity's various trading income streams. We will also adapt the organisation to the present demand as far as possible.

We will deliver the opportunities afforded by the Arts Council NPO and BFI Audience Project grants.

We plan to recruit new members to the Board of Trustees. Following completion of the capital project, we expect a number of retirements and we will recruit new Trustees who can support the charity's further development and improve the representation of local communities.

Discussions are continuing with the local authority to mitigate the impact of reduced local authority grant from April 2024 onwards. Discussions are also ongoing with the authority and its contractors to mitigate the impact of the recladding project, which could start in January 2024.

**LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2023**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006, Charities Act 2011, 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 2015) and the trust deed. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

Each of the persons who is a trustee at the date of approval of this report confirms that:

- so far as each trustee is aware, there is no relevant audit information of which the Charity's auditor is unaware; and
- each trustee has taken all steps that they ought to have taken as a trustee to make them-self aware of any relevant audit information and to establish that the Charity's auditor is aware of that information.

This report has been prepared in accordance with the 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 2015) and in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

ON BEHALF OF THE BOARD
Alison Sinclair (Chair) – Director

13 December 2023



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX**

OPINION

We have audited the consolidated accounts of Leicester Arts Centre Trading as Phoenix for the year ended 31 March 2023 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, Consolidated Cashflow Statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's trustees 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 charitable company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the consolidated accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS OF 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 consolidated accounts section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the consolidated accounts 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to where:

The trustees' use of the going concern basis of accounting in the preparation of the consolidated accounts is not appropriate; or

The trustees have not disclosed in the consolidated accounts any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the consolidated accounts are authorised for issue.

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the consolidated accounts and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the consolidated accounts 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 thereon.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX (continued)**

In connection with our audit of the consolidated accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated accounts or our knowledge obtained in 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 there is a material misstatement in the consolidated accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' Report for the financial year for which the consolidated accounts are prepared is consistent with the consolidated accounts
- 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 charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees Report.

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the consolidated accounts are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the consolidated accounts in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Trustees' Annual Report and from the requirement to prepare a strategic report.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' Annual Report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the consolidated accounts 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 consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated accounts, the Trustees are responsible for assessing the Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Charitable Company or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX (continued)**

AUDITORS RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED ACCOUNTS

Our objectives are to obtain reasonable assurance about whether the consolidated accounts 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 consolidated accounts.

A further description of our responsibilities for the audit of the consolidated accounts is located on the Financial Reporting Councils website at www.frc.org.uk/auditorresponsibilities. This description forms part of our auditor's report.



James Nixon (Senior Statutory Auditor)
For and on behalf of
Evolve Accountants and Business Advisors Limited
Accountants and Statutory Auditors
Unit 10 Phoenix Park
Telford Way, Coalville,
Leicestershire LE67 3HB

13 December 2023

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2023

| | Note | CHARITY | | | |
|------------------------------------------------------|------|----------------------------------------------|--------------------------------------------|---------------------------------------|---------------------------------------|
| | | Unrestricted Funds 2023 £ | Restricted Funds 2023 £ | Total Funds 2023 £ | Total Funds 2022 £ |
| Incoming Resources from generated funds | | | | | |
| Voluntary Income | | | | | |
| Grants received | | 225,370 | 4,474,716 | 4,700,086 | 4,521,319 |
| Intangible income – rent free use of premises | | 110,500 | - | 110,500 | 110,500 |
| Investment Income | | | | | |
| Bank interest | | 797 | - | 797 | 43 |
| Gift aid from subsidiary | | 48,975 | - | 48,975 | 34,727 |
| Incoming Resources from Charitable Activities | | | | | |
| Box Office (charitable trading income) | | 324,405 | 1,812 | 326,217 | 260,229 |
| Other income from operating activities | | 69,266 | - | 69,266 | 65,582 |
| Total Incoming Resources | | <u>779,313</u> | <u>4,476,528</u> | <u>5,255,841</u> | <u>4,992,400</u> |
| Resources Expended | | | | | |
| Costs of generating funds | | | | | |
| Premises costs – intangible | | 110,500 | - | 110,500 | 110,500 |
| Cost of Charitable activities | | | | | |
| Live performance and education | | 9,243 | 41,718 | 50,961 | 59,008 |
| Film hire | | 129,154 | - | 129,154 | 110,932 |
| Wages, salaries and Social Security | | 686,790 | 53,503 | 740,293 | 696,802 |
| Marketing and publicity | | 79,249 | - | 79,249 | 48,718 |
| Premises costs – Centre | | 125,829 | - | 125,829 | 134,687 |
| Depreciation | | 16,446 | 2,888 | 19,334 | 24,706 |
| Supplies and services | | 193,416 | - | 193,416 | 174,601 |
| Governance costs | | 4,511 | - | 4,511 | 4,511 |
| Total resources expended | | <u>1,355,138</u> | <u>98,109</u> | <u>1,453,247</u> | <u>1,364,465</u> |
| Net (outgoing)/incoming Resources | | (575,825) | 4,378,419 | 3,802,594 | 3,627,935 |
| Transfers | 12 | <u>565,468</u> | <u>(565,468)</u> | <u>-</u> | <u>-</u> |
| Net Movement on Funds | | (10,357) | 3,812,951 | 3,802,594 | 3,627,935 |
| Total funds brought forward | | 975,552 | 3,824,091 | 4,799,643 | 1,171,708 |
| Total funds carried forward | 14 | <u><u>965,195</u></u> | <u><u>7,637,042</u></u> | <u><u>8,602,237</u></u> | <u><u>4,799,643</u></u> |

All incoming resources and resources expended derive from continuing activities.

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX

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

| | Note | GROUP | | | |
|------------------------------------------------------|------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| | | Unrestricted Funds 2023 £ | Restricted Funds 2023 £ | Total Funds 2023 £ | Total Funds 2022 £ |
| Incoming Resources from generated funds | | | | | |
| Voluntary Income | | | | | |
| Grants received | | 225,370 | 4,474,716 | 4,700,086 | 4,521,319 |
| Intangible income – rent free use of premises | | 110,500 | - | 110,500 | 110,500 |
| Investment Income | | 797 | - | 797 | 43 |
| Activities for Generating Funds | | | | | |
| Income of trading subsidiary | | 325,236 | - | 325,236 | 324,698 |
| Incoming Resources from Charitable Activities | | | | | |
| Box Office (charitable trading income) | | 324,405 | 1,812 | 326,217 | 260,229 |
| Other income from operating activities | | 69,266 | - | 69,266 | 57,050 |
| Total Incoming Resources | | <u>1,055,574</u> | <u>4,476,528</u> | <u>5,532,102</u> | <u>5,273,839</u> |
| Resources Expended | | | | | |
| Costs of generating funds | | | | | |
| Trading subsidiary cost of sales | | 84,696 | - | 84,696 | 66,360 |
| Trading subsidiary overhead costs | | 13,000 | - | 13,000 | 5,293 |
| Premises costs – intangible | | 110,500 | - | 110,500 | 110,500 |
| Cost of Charitable activities | | | | | |
| Live performance and education | | 9,243 | 41,718 | 50,961 | 59,008 |
| Film hire | | 129,154 | - | 129,154 | 110,932 |
| Wages, salaries and Social Security | | 865,355 | 53,503 | 918,858 | 906,588 |
| Marketing and publicity | | 79,249 | - | 79,249 | 48,718 |
| Premises costs – Centre | | 125,829 | - | 125,829 | 134,687 |
| Depreciation | | 18,518 | 2,888 | 21,406 | 27,925 |
| Supplies and services | | 193,416 | - | 193,416 | 174,601 |
| Governance costs | | 4,511 | - | 4,511 | 4,511 |
| Total resources expended | | <u>1,633,471</u> | <u>98,109</u> | <u>1,731,580</u> | <u>1,649,123</u> |
| Net (outgoing)/incoming Resources | | | | | |
| Transfers | 12 | (577,897) | 4,378,419 | 3,800,522 | 3,624,716 |
| | | <u>565,468</u> | <u>(565,468)</u> | <u>-</u> | <u>-</u> |
| Net Movement on Funds | | (12,429) | 3,812,951 | 3,800,522 | 3,624,716 |
| Total funds brought forward | | 979,919 | 3,824,091 | 4,804,010 | 1,179,294 |
| Total funds carried forward | 14 | <u>967,490</u> | <u>7,637,042</u> | <u>8,604,532</u> | <u>4,804,010</u> |

All incoming resources and resources expended derive from continuing activities.

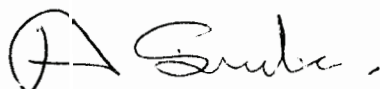
**LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
BALANCE SHEET AS AT THE YEAR ENDED 31 MARCH 2023**

| | Note | CHARITY | | GROUP | |
|--------------------------------------|------|------------------|------------------|------------------|------------------|
| | | 2023 £ | 2022 £ | 2023 £ | 2022 £ |
| FIXED ASSETS: | | | | | |
| Tangible assets | 6 | 8,408,626 | 4,153,648 | 8,410,919 | 4,158,012 |
| Investments | 2 | <u>2</u> | <u>2</u> | - | - |
| | | 8,408,628 | 4,153,650 | 8,410,919 | 4,158,012 |
| CURRENT ASSETS: | | | | | |
| Stocks | | - | - | 9,603 | 6,190 |
| Debtors | 7 | 71,032 | 687,392 | 92,186 | 573,362 |
| Cash at bank and in hand | | <u>486,688</u> | <u>1,065,686</u> | <u>505,240</u> | <u>1,197,230</u> |
| | | 557,720 | 1,753,078 | 607,029 | 1,776,782 |
| CREDITORS: | | | | | |
| Amounts falling due within one year | 8 | <u>251,611</u> | <u>948,381</u> | <u>300,916</u> | <u>972,080</u> |
| NET CURRENT ASSETS: | | <u>306,109</u> | <u>804,697</u> | <u>306,113</u> | <u>804,702</u> |
| CREDITORS: | | | | | |
| Amounts falling due in over one year | 9 | <u>112,500</u> | <u>158,704</u> | <u>112,500</u> | <u>158,704</u> |
| NET ASSETS: | | <u>8,602,237</u> | <u>4,799,643</u> | <u>8,604,532</u> | <u>4,804,010</u> |
| UNRESTRICTED FUNDS: | | | | | |
| General fund | | 395,555 | 410,258 | 397,850 | 414,625 |
| Designated Funds | 13 | <u>569,640</u> | <u>565,294</u> | <u>569,640</u> | <u>565,294</u> |
| RESTRICTED FUNDS | 12 | <u>7,637,042</u> | <u>3,824,091</u> | <u>7,637,042</u> | <u>3,824,091</u> |
| | 14 | <u>8,602,237</u> | <u>4,799,643</u> | <u>8,604,532</u> | <u>4,804,010</u> |

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and 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 2015).

These financial statements were approved by the board and authorised for issue on 13 December 2023, and are signed on their behalf by:

Alison Sinclair (Chair) – Director
Company Registration Number 02276987



LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
STATEMENT OF CASH FLOWS THE YEAR ENDED 31 MARCH 2023

| | Note | CHARITY | | GROUP | |
|-------------------------------------------------------------|------|-----------------------|-------------------------|-----------------------|-------------------------|
| | | 2023 £ | 2022 £ | 2023 £ | 2022 £ |
| Cash flows from operating activities: | | | | | |
| Surplus for the year | | 3,802,594 | 3,627,935 | 3,800,522 | 3,624,716 |
| Adjustments for: | | | | | |
| Depreciation of fixed assets | | 19,334 | 24,706 | 21,406 | 27,925 |
| Interest income | | (797) | (43) | (797) | (43) |
| Interest expense | | 11,714 | 696 | 11,714 | 696 |
| Decrease/(increase) in trade and other receivables | | 616,361 | (412,896) | 481,176 | (351,480) |
| Decrease/(increase) in stock | | - | - | (3,413) | (3,190) |
| Increase/(decrease) in trade and other payables | | (694,643) | 757,426 | (669,037) | 773,360 |
| Net cash from operating activities | | <u>3,754,563</u> | <u>3,997,824</u> | <u>3,641,571</u> | <u>4,071,984</u> |
| Investment activities: | | | | | |
| Purchase of tangible fixed assets | | (4,274,312) | (3,333,739) | (4,274,312) | (3,333,739) |
| Interest received | | 797 | 43 | 797 | 43 |
| Net cash from investment activities | | <u>(4,273,515)</u> | <u>(3,333,696)</u> | <u>(4,273,515)</u> | <u>(3,333,696)</u> |
| Financing activities: | | | | | |
| Loan advances | | - | - | - | - |
| Interest paid | | (11,714) | (696) | (11,714) | (696) |
| Repayment of borrowings | | (48,332) | (54,907) | (48,332) | (54,907) |
| Net cash used in financing activities | | <u>(60,046)</u> | <u>(55,603)</u> | <u>(60,046)</u> | <u>(55,603)</u> |
| Net increase/(decrease) in cash and cash equivalents | | <u>(578,997)</u> | <u>608,525</u> | <u>(691,990)</u> | <u>682,685</u> |
| Cash and cash equivalents at beginning of the year | 18 | <u>1,065,686</u> | <u>457,161</u> | <u>1,197,230</u> | <u>514,545</u> |
| Cash and cash equivalents at end of year | 18 | <u><u>486,688</u></u> | <u><u>1,065,686</u></u> | <u><u>505,240</u></u> | <u><u>1,197,230</u></u> |

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. ACCOUNTING POLICIES

Going Concern

The accounts have been prepared on a going concern basis.

Accounting Convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with the Companies Act 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Basis of Consolidation

The consolidated financial statements combine the financial statements of the Leicester Arts Centre Limited and its' wholly owned subsidiary company, Firebird Trading Limited, as well as also showing the results of Leicester Arts Centre Limited as a single entity.

Incoming Resources

Income includes grant funding, donations, sponsorship and net invoiced sales of services, excluding value added tax.

Income is included in incoming resources when it is receivable, except as follows:

Income from cinema admission fees is included in incoming resources in the period in which the relevant show takes place.

When rental is received in advance, for a pre-determined period, the income is deferred and released to income over the defined period.

The rent-free use of the premises has been accounted for by showing the market value of the rent that would have been charged as intangible income and a premises cost.

Resources Expended

Resources expended are included in the Statement of Financial Activities on an accruals basis. Certain expenditure is directly attributable to specific activities and has been included in this cost categories.

Costs of generating funds comprise the costs of trading including the centre.

Costs of activities in furtherance of the objects of the charity comprise costs incurred by the charity in the delivery of its activities and services. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity.

Certain other costs, which are attributable to more than one activity, are apportioned across cost categories on the basis of an estimate of the proportion of time spent by staff on those activities.

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. ACCOUNTING POLICIES (Continued)

Tangible Fixed Assets

Fixed Assets are stated at cost less depreciation. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

| | | |
|-------------------------|---|-----------------------|
| Cinema Equipment | - | 20% on cost |
| Office and IT Equipment | - | 20%/33.3%/50% on cost |
| Catering Equipment | - | 20% on cost |

Whilst the Phoenix 2020 Capital Project is ongoing the capital asset is not being depreciated until the project is complete.

Fixed assets costing less than £500 are not capitalised.

Hire Purchase and Leasing Commitments

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Taxation

As a charity, Leicester Arts Centre Limited is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or S252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

Fund Accounting

- Unrestricted funds are available for use at the discretion of the directors in furtherance of the general objectives of the charity.
- Designated funds are unrestricted funds earmarked by the directors for particular purposes.
- Restricted funds are subjected to restrictions on their expenditure imposed by the donor.

2. NET INCOME OF TRADING SUBSIDIARY

The Charity owns the entire share capital of its trading subsidiary which is incorporated in the UK. The principal activities of Firebird Trading Limited are that of the operation of the Café Bar within Phoenix Square. The company pays its taxable profits to Leicester Arts Centre Limited under Gift Aid and its financial year end is the same as that of the Charity. A summary of its trading results is shown below:

| | 2023 | 2022 |
|--------------------------------|----------------|----------------|
| | £ | £ |
| Turnover | 325,236 | 324,689 |
| Cost of sales | (159,988) | (183,929) |
| Gross Profit | <u>165,248</u> | <u>140,769</u> |
| Administration expenses | (118,345) | (109,261) |
| Other operating income | - | - |
| Gift Aid Donation | (48,975) | (34,727) |
| Operating profit/(loss) | <u>(2,072)</u> | <u>(3,219)</u> |

The assets and liabilities of the subsidiary were;

| | | |
|-----------------------------------------------|--------------|--------------|
| Fixed assets | 2,293 | 4,364 |
| Current assets | 73,373 | 169,803 |
| Creditors : Amounts falling due within 1 year | (74,369) | (169,798) |
| Total Net Assets | <u>2,297</u> | <u>4,369</u> |
| Aggregate Share Capital and Reserves | <u>2,297</u> | <u>4,369</u> |

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

3. STAFF COSTS

| | CHARITY | | GROUP | |
|--------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 March 2023 £ | 31 March 2022 £ | 31 March 2023 £ | 31 March 2022 £ |
| Wages and salaries | 667,912 | 630,778 | 667,912 | 630,778 |
| Social Security costs | 45,674 | 37,003 | 45,674 | 37,003 |
| Pension contributions | 26,707 | 29,021 | 26,707 | 29,021 |
| Direct Wages of subsidiary company | - | - | 75,292 | 117,569 |
| Administrative salaries of subsidiary company | - | - | 103,273 | 92,217 |
| | <u>740,293</u> | <u>696,802</u> | <u>918,858</u> | <u>906,588</u> |

The average monthly number of FTE employees during the year was as follows:

| | CHARITY | | GROUP | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 March 2023 £ | 31 March 2022 £ | 31 March 2023 £ | 31 March 2022 £ |
| Charitable Activities | 33 | 33 | 33 | 33 |
| Generating Funds | - | - | 13 | 13 |
| | <u>33</u> | <u>33</u> | <u>46</u> | <u>46</u> |

One employee earned between £70,000 and £80,000 per annum. No other employees earned £50,000 per annum or more.

The directors were not paid or reimbursed for expenses during the year.

4. NET SURPLUS/(DEFICIT) FOR THE YEAR

The net surplus/(deficit) is stated after charging:

| | CHARITY | | GROUP | |
|-------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 March 2023 £ | 31 March 2022 £ | 31 March 2023 £ | 31 March 2022 £ |
| Depreciation | 19,334 | 24,706 | 21,406 | 27,925 |
| Loss/(Profit) on disposal of fixed assets | | - | | - |
| Auditors' remuneration | <u>4,511</u> | <u>4,511</u> | <u>4,511</u> | <u>4,511</u> |
| Directors emoluments and other benefits, etc | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

5. TAXATION

Analysis of the tax charge

No liability to UK Corporation Tax arose on ordinary activities for the year ended 31 March 2023 or for the year ended 31 March 2022.

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

6. TANGIBLE FIXED ASSETS

| | | | | | <u>CHARITY</u> |
|---------------------------|----------------------------|--------------------------|----------------------------|-------------------------------|------------------|
| | 2020 Project Costs £ | Cinema Equipment £ | Catering Equipment £ | Office & IT Equipment £ | Totals £ |
| COST OR VALUATION: | | | | | |
| At 1 April 2022 | 4,114,233 | 523,417 | - | 118,103 | 4,755,753 |
| Additions | 4,268,837 | 5,475 | - | - | 4,274,312 |
| Disposal | - | - | - | - | - |
| At 31 March 2023 | <u>8,383,070</u> | <u>528,892</u> | <u>-</u> | <u>118,103</u> | <u>9,030,065</u> |
| DEPRECIATION: | | | | | |
| At 1 April 2022 | - | 484,315 | - | 117,790 | 602,105 |
| Charge for year | - | 19,021 | - | 313 | 19,334 |
| Charge on disposals | - | - | - | - | - |
| At 31 March 2023 | <u>-</u> | <u>503,336</u> | <u>-</u> | <u>118,103</u> | <u>621,439</u> |
| NET BOOK VALUE: | | | | | |
| At 31 March 2023 | <u>8,383,070</u> | <u>25,556</u> | <u>-</u> | <u>-</u> | <u>8,408,626</u> |
| At 31 March 2022 | <u>4,114,233</u> | <u>39,102</u> | <u>-</u> | <u>313</u> | <u>4,153,648</u> |

| | | | | | <u>GROUP</u> |
|---------------------------|----------------------------|--------------------------|----------------------------|-------------------------------|------------------|
| | 2020 Project Costs £ | Cinema Equipment £ | Catering Equipment £ | Office & IT Equipment £ | Totals £ |
| COST OR VALUATION: | | | | | |
| At 1 April 2022 | 4,114,233 | 523,417 | 79,042 | 118,103 | 4,834,795 |
| Additions | 4,268,837 | 5,475 | - | - | 4,274,312 |
| Disposal | - | - | - | - | - |
| At 31 March 2023 | <u>8,383,070</u> | <u>528,892</u> | <u>79,042</u> | <u>118,103</u> | <u>9,109,107</u> |
| DEPRECIATION: | | | | | |
| At 1 April 2022 | - | 484,315 | 74,678 | 117,790 | 676,783 |
| Charge for year | - | 19,021 | 2,071 | 313 | 21,405 |
| Charge on disposals | - | - | - | - | - |
| At 31 March 2023 | <u>-</u> | <u>503,336</u> | <u>76,749</u> | <u>118,103</u> | <u>698,188</u> |
| NET BOOK VALUE: | | | | | |
| At 31 March 2023 | <u>8,383,070</u> | <u>25,556</u> | <u>2,293</u> | <u>-</u> | <u>8,410,919</u> |
| At 31 March 2022 | <u>4,114,233</u> | <u>39,102</u> | <u>4,364</u> | <u>313</u> | <u>4,158,012</u> |

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX

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

6. TANGIBLE FIXED ASSETS (Continued)

The company has enjoyed throughout the year the use of certain fixed assets (principally cinema equipment) which were invested in the company by the Phoenix Arts Centre. The written down value of these assets is nil, their original cost is not known and they do not appear in the fixed asset schedule above. All fixed assets were used for charitable purposes.

The company has enjoyed throughout the year rent-free use of the original premises it operates from. The market value of the rent has been calculated at £110,500 per annum (2022: £110,500) and has been shown as intangible income and rent.

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | CHARITY | | GROUP | |
|---------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 March 2023 £ | 31 March 2022 £ | 31 March 2023 £ | 31 March 2022 £ |
| Trade, grant and agents debtors | 24,886 | 2,018 | 71,105 | 33,598 |
| Due from subsidiary company | 11,305 | 126,085 | - | - |
| VAT | 13,759 | 345,697 | - | 325,683 |
| Prepayments and other debtors | 21,081 | 213,592 | 21,081 | 214,081 |
| | <u>71,031</u> | <u>687,392</u> | <u>92,186</u> | <u>573,362</u> |

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | CHARITY | | GROUP | |
|---------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 March 2023 £ | 31 March 2022 £ | 31 March 2023 £ | 31 March 2022 £ |
| Trade creditors | 53,456 | 766,799 | 68,910 | 773,824 |
| Other creditors | 1,257 | 4,525 | 1,257 | 4,525 |
| Social Security and other taxes | 31,253 | 24,613 | 31,253 | 24,613 |
| VAT | - | - | 17,684 | - |
| Hire purchase | - | 2,127 | - | 2,127 |
| Deferred income (Note 10) | 17,848 | 9,833 | 17,848 | 9,833 |
| Bank Loan (CBILS) | 50,000 | 50,000 | 50,000 | 50,000 |
| Accrued expenses | 97,797 | 90,484 | 113,964 | 107,158 |
| | <u>251,611</u> | <u>948,381</u> | <u>300,916</u> | <u>972,080</u> |

9. CREDITORS: AMOUNTS FALLING DUE IN OVER ONE YEAR

| | CHARITY | | GROUP | |
|-------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 March 2023 £ | 31 March 2022 £ | 31 March 2023 £ | 31 March 2022 £ |
| Bank Loan (CBILS) | 112,500 | 158,704 | 112,500 | 158,704 |
| Hire purchase | - | - | - | - |
| | <u>112,500</u> | <u>158,704</u> | <u>112,500</u> | <u>158,704</u> |

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

10. DEFERRED INCOME

Deferred income comprises admission fees received in advance and grants and rental income that relate to pre-determined future periods.

11. CAPITAL COMMITMENTS

At the year ended 31 March 2023 there were capital commitments which had been fully contracted for amounting to £Nil (2022 : £6,882,300).

12. MOVEMENTS IN RESTRICTED FUNDS (Charity and Group)

| | At 1 April 2022 £ | Incoming Resources £ | Outgoing Resources £ | Transfers £ | At 31 March 2023 £ |
|----------------------------|-------------------------|----------------------------|----------------------------|------------------|--------------------------|
| Cinema Lighting Project | 2,889 | - | 2,889 | - | - |
| ACE NPO Funding | 10,834 | 84,954 | 91,655 | - | 4,133 |
| ACE Creative Media Network | 5,802 | - | - | - | 5,802 |
| ACE Careful Networks | 4,768 | 3,223 | 3,565 | - | 4,426 |
| Phoenix 2020 Development | 3,792,586 | 3,832,224 | - | (287,787) | 7,337,023 |
| BFI Audience Fund | - | 80,000 | - | (100,000) | (20,000) |
| BFI Culture Recovery Fund | 6,212 | - | - | - | 6,212 |
| Film Hub Grant | 1,000 | - | - | (1,000) | - |
| ERDF Capital Fund | - | 445,870 | - | (44,125) | 401,745 |
| ERDF Revenue Fund | - | 30,257 | - | (132,556) | (102,299) |
| | <u>3,824,091</u> | <u>4,476,528</u> | <u>98,109</u> | <u>(565,468)</u> | <u>7,637,042</u> |

CINEMA LIGHTING PROJECT

Grants were received from The Norman Gill Charitable trust and Carbon Trust to contribute to the cost of upgrading the cinema house lights (screens 1 and 2) to an energy efficient system. The work was completed in 2018/19 and was treated as a capital item depreciated over 5 years to the restricted fund. It was fully depreciated on 31 March 2023 and the fund will be closed.

ARTS COUNCIL ENGLAND GRANT (NPO)

Phoenix receives regular funding for its digital arts programme from Arts Council England (ACE) as a National Portfolio Organisation (NPO). Phoenix has maintained ACE NPO status since 1 April 2012.

The restricted fund pertains to NPO activity in the last round of funding. (Phoenix reapplied for NPO status in 2017 and the period of the grant agreement ended on 31 March 2023).

The funding enables a programme of digital arts exhibitions, events and learning activities. We regularly commission and curate work by national and international artists, host screenings and performances and offer workshops for children, young people, and families. The programme is also supported by De Montfort University. The overall theme is an exploration of the creative and cultural impact of media and technology. Working with a range of partners, we commission and produce new work by established and emerging artists for exhibition in our gallery and beyond, with the aim of reaching a wide and diverse audience.

12. MOVEMENTS IN RESTRICTED FUNDS (Charity and Group) – Continued

From March 2020 the programme was heavily disrupted, first by the COVID-19 pandemic, and then by the building project which required the gallery and other arts spaces at Phoenix to close. Most activity was delivered online in this period and Phoenix gained new capabilities in arts programming and engagement.

The arts team was involved in specifying and planning the new gallery during the capital project, and delivered its fit-out in 2022. The arts team played a major role in the Real Initiative (see below) delivering the business support strand for digital artists. The new Gallery opened in January 2023 featuring 2 exhibitions (Object Memory and Place Memory) in the first 6 months by local artists supported by the Real Initiative.

The Board of Trustees engaged in ACE's new strategy Let's Create leading to an application to the new 3-year round of Investment funding. A conditional offer was made in 2022 and confirmed early in 2023 against a new arts and organisation plan aligned to the Investment Principles.

The revenue grant of £246K (£82K per year) is about at the same as that first awarded in 2012 and represents a significant real-terms cut in core arts funding. Consequently, the programme and delivery model will require significant adaptation during the current NPO period.

ARTS COUNCIL ENGLAND CREATIVE MEDIA NETWORK

ACE funded Phoenix to test the feasibility of a network in the midlands dedicated to sharing and promoting creative media practice. Final work to gain feedback from artists in the region was disrupted by the COVID-19 pandemic, and the project has now been ended. The restricted fund will be closed.

ARTS COUNCIL ENGLAND CAREFUL NETWORKS FUND

Careful Networks was a project initiated by Phoenix in partnership with BOM, Furtherfield, The Photographers' Gallery, QUAD and Vivid Projects. The project examined alternative ways of hosting and viewing digital artworks with the idea of experimenting with practices focused on 'care'.

A £32,230 grant was awarded from the Arts Council Project Grants programme. (ACE temporarily allowed NPO's to apply for project grants in response to the pandemic).

Each partner organisation nominated participating artists who were introduced to the concept of peer-to-peer systems, alternative web protocols and approaches to careful networking. They were then tasked to create new digital artworks that were hosted using this approach. The exhibition was then archived as a standalone website, which remains accessible to audiences. The project benefited the partners and 14 artists and attracted a more global audience than usual. It received a favourable independent evaluation and was featured in a talk and podcast with The ODI.

The project was mostly delivered in 2021/22 and was completed in 2022/23. The restricted fund will be closed.

BFI (BRITISH FILM INSTITUTE) AUDIENCE FUND

BFI has been a recurrent grant supporter of Phoenix for many years. Phoenix was awarded an Audience Fund Organisational Award of £100,000 for the period 1 April 2022 to 31 March 2023. The grant was invaluable in sustaining the Phoenix film programme during the construction work and re-launch of the expanded venue. The grant supported film programming and marketing costs as well as improvements to disability access.

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

12. MOVEMENTS IN RESTRICTED FUNDS (Charity and Group) – Continued

A construction programme was developed with the contractors that enabled Phoenix to operate its 2 existing screens for most of the year (239 days) from 1st April to 19th January apart from a period of 56 days in September and October when the venue had to close to the public. During the closure, Phoenix offered an off-site film programme working with a heritage venue, a local bar and University of Leicester as locations. Some education and film industry support activities continued at the venue when it was closed to the public. From 20th January, Phoenix was able to offer a richer and expanded film programme as a 4 screen venue. The public reaction to the new screens and venue has been overwhelmingly positive.

During the fit-out procurement programme, Phoenix was supported by an Access Advisory Group who represent and advocate for people with a wide range of access requirements. This led to improvements in accessible design that would not have been achieved otherwise, including to cinema seating, signage, furniture, and cinema exhibition technology.

The annual cinema audience of 45,332 was 51% of pre-pandemic 2019/20 (89,580), but an improvement on the previous year (32,890) in spite of building work.

During the year BFI launched its new strategy (Screen Culture 2033). Phoenix applied for continued grant support under the Audience Projects fund and we are delighted to have been awarded funding to March 2025. The restricted fund will remain open.

PHOENIX 2020 DEVELOPMENT FUND

The Phoenix 2020 capital project is managed through this overarching restricted fund, which receives capital grant payments and the corresponding expenditure.

In June 2017 Phoenix was awarded Arts Council England (ACE) Large Capital programme funds towards its plan to expand the Phoenix Square venue. The aims of the development are to double participation in the Phoenix cultural programme and to significantly increase the charity's earned income and long-term financial resilience. The initial award included a £177,802 development grant and the conditional offer of up to £4M capital grant subject to completion of the stage 1 grant conditions and a successful stage 2 application. The ACE development grant was matched by a Leicester and Leicestershire Enterprise Partnership (LLEP) Project Development Grant of £100,000 confirmed in June 2017.

Planning approval in February 2019 was followed by confirmation of the stage 2 Large Capital grant in March 2019 of £4M. In August 2020 Leicester City Council confirmed a lease on the additional land needed at a peppercorn rent until 2069. This milestone enabled the final design stage (RIBA4) to begin part-funded by the Arts Council Large Capital Grant matched by Phoenix. These funds were used primarily for the professional services required to develop the scheme from RIBA3 to RIBA4 including design, construction planning and business planning.

Despite the pandemic, fundraising efforts produced an additional £1.5M of capital grants in 3 separate awards by 31 March 2021: Arts Council Kickstart Fund, Leicester City Council Business Rates Pool Fund via Leicester and Leicestershire Enterprise Partnership, and the European Regional Development Fund.

RIBA4 final designs and planning were completed in May 2021 against the backdrop of considerable price volatility and supply chain concerns in the construction industry. Additional financial support from Leicester City Council and Arts Council England was sought and confirmed in July, which closed the gap between funds pledged and project costs and enabled the Trustees to enter into the £6.2M construction contract. A new Deed of Security was provided to ACE.

The main contractor started on-site in September 2021 and the building works completion certificate was issued on 16th December 2022. The contract includes one year of snagging from the completion date. Phoenix directly procured circa £1M of fixtures and fittings, mostly during the financial year, with some deferred to 2023/24, in particular the fit-out of the roof terrace garden. The development achieved the Research Establishment Environmental Assessment Method (BREEAM) rating of Very Good.

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

12. MOVEMENTS IN RESTRICTED FUNDS (Charity and Group) – Continued

The new venue was opened to the public on 20th January 2023 to overwhelmingly positive approval of our customers and stakeholders.

The project successfully delivered a high quality arts building within the final agreed budget to the expected specification. Visitor and stakeholder feedback on the quality of the building has been excellent. The initial concept and application were formulated in October 2016 and it is a significant achievement to deliver this outcome in just over 6 years. Clearly it could only have been achieved with the financial contributions of ACE, LCC and other funders. LCC was also instrumental in providing significant in-kind support including land and expertise.

The final ACE grant claim was completed and final instalment paid in September 2023.

The fund received capital grant contributions from Arts Council England totalling £1,777,014 during the financial year.

ERDF CAPITAL & REVENUE FUND

A European Regional Development Fund (ERDF) grant was confirmed in January 2021 subject to contract, which was finalised in November 2021. The maximum amount payable is £665,638 comprising £493,394 capital and £172,244 revenue grant.

The grant was awarded to Phoenix to develop dedicated spaces and a programme to support digital creatives, specifically film makers and digital artists in Leicester and Leicestershire. The aim of the programme is to promote business growth, productivity and resilience and encourage new start-ups.

The grant was 50% matched funded by Phoenix revenue expenditure and Phoenix 2020 capital expenditure giving a total project value of £1,331,276. The grant was accounted for as two restricted funds to cover the capital and revenue parts. The grant started on 1 August 2020 and it had an activity end date of 30th June 2023. Claims were made quarterly against matched income, activity and output reports. The final claim was made in September 2023 and was in review at the time these accounts were prepared.

The capital grant co-funded 3 new spaces and associated infrastructure to support enterprises including: the Learning Suite; the Co-working Space and the Exhibition and Gallery Space. The Learning Suite is equipped with video conferencing, lap-tops and furniture and is a flexible space for mentoring, industry events and training. The Co-working space is equipped with computer and filmmaking equipment and furniture and is used as a space where delegates can develop film and digital creative media in a well-equipped and supported environment. The Gallery is a high quality environment for the exhibition of a range of digital media content and is equipped with a media server, video screens, projectors and immersive technologies.

The Learning Suite and Co-working space were brought into use in April 2022 and the Gallery followed in January 2023.

The revenue grant co-funded a business support programme called the Real Initiative including staffing, business support contractors, event costs and a contribution to overheads. Project managers were appointed in October 2021 and the business support programme started in April 2022. The programme had 4 business support strands designed exclusively for micro-businesses and sole traders specialising in film and digital arts, including one to inspire young people into a career in the sector. By May 2023 the project had supported over 150 businesses and individuals using the dedicated spaces created by the capital project. The final evaluation by specialist consultants gives a strong endorsement of the programme and demonstrates a significant impact on the local economy in just 12 months.

The final grant claim was completed in October 2023.

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

12. MOVEMENTS IN RESTRICTED FUNDS (Charity and Group) – Continued

FILM HUB MIDLANDS GRANT

Phoenix was awarded a £1,000 grant as part of Japan 2021 – a UK-wide season of Japanese cinema led by BFI in partnership with BFI FAN (Film Audience Network). Phoenix screened a season of Japanese cinema celebrating cult films, black-listed directors, non-Kurosawa Samurai films, and rarely seen classics in November 2021. Despite limited capacity due to socially distanced seating, we saw an audience of 125 over 4 events. The programme is complete and the restricted fund will be closed.

13. DESIGNATED FUNDS (Charity and Group)

| | At 1 April 2022 £ | Net Incoming/ Outgoing Resources £ | Designations in year £ | At 31 March 2023 £ |
|----------------------------------|-------------------------|------------------------------------------------|------------------------------|--------------------------|
| Creative and Development Reserve | 517,116 | - | 21,672 | 538,788 |
| Premises Maintenance Reserve | 48,178 | (17,326) | - | 30,852 |
| | <u>565,294</u> | <u>(17,326)</u> | <u>21,672</u> | <u>569,640</u> |

CREATIVE AND DEVELOPMENT RESERVE

The Trustees previously approved this designated fund to support the capital project. The aim is to have a designated development reserve that enables the consolidation of miscellaneous donations and grant contributions towards the Charity’s development without over restricting purpose.

The fund was used to reserve unrestricted donations and grants given to help fund the capital project. Over 300 individuals and small businesses made donations towards the project, mostly through the Be Part of It fundraising campaign.

All individual and small business contributors were recognised in a roll of donors shown before film events. Donors are permanently acknowledged on cinema seat plaques, at the main entrance and at the entrances to the 2 new screens depending on the level of donation received. This fund is expected to be used during 2023/24.

PREMISES MAINTENANCE RESERVE

The fund was established to reserve a regular monthly amount to build up a reserve to cover more significant premises maintenance that might be needed in the future. The reserve is usually funded by monthly charges to the profit and loss account throughout the year. The monthly charges were suspended in 2022/23 during the building project and in the light of the balance at 31 March 2022.

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX

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

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | General Fund £ | Designated Funds £ | Restricted Funds £ | CHARITY Total £ |
|--------------------------------|-------------------------------|-----------------------------------|-----------------------------------|--------------------------------|
| Fixed assets | 233,371 | 538,788 | 7,636,469 | 8,408,628 |
| Cash at bank and in hand | 455,263 | 30,852 | 573 | 486,688 |
| Other net (liabilities)/assets | (293,079) | - | - | (293,079) |
| | <u>395,555</u> | <u>569,640</u> | <u>7,637,042</u> | <u>8,602,237</u> |
| | General Fund £ | Designated Funds £ | Restricted Funds £ | GROUP Total £ |
| Fixed assets | 235,662 | 538,788 | 7,636,469 | 8,410,919 |
| Cash at bank and in hand | 473,815 | 30,852 | 573 | 505,240 |
| Other net assets/(liabilities) | (311,627) | - | - | (311,627) |
| | <u>397,850</u> | <u>569,640</u> | <u>7,637,042</u> | <u>8,604,532</u> |

15. CAPITAL

Leicester Arts Centre Limited is limited by guarantee and accordingly does not have a share capital. The maximum liability of each member is £1.00.

16. CONTINGENT LIABILITIES

a) During the year ended 31 March 2010 the company received a Capital Grant from De Montfort University (DMU). Under the terms of the grant the company must repay the DMU part of the grant received in the following circumstances, referred to as repayment events :-

- The company fails materially to comply with the terms of the grant offer letter
- The company does not perform its obligations set out in the grant offer letter
- The company sells, disposes of, surrenders or transfers the lease with Leicester City Council for the premises it is located in

If a repayment event occurs within the first 15 years of the lease term the amount repayable to DMU is £350,000. If any such event occurs after that time the amount of repayment is reduced pro-rata over the remaining term of the lease.

b) The charity had previously been receiving a grant from Leicester City Council (LCC) in advance. This had been accounted for previously within deferred income on the basis it would need to be repaid if activities did not continue. In FY 2015/16 LCC confirmed that the advanced amount would only be repayable in the unlikely event the charity surrendered the lease for the premises it is located in, therefore the amount of £52,550 was released from deferred income in that year.

These are contingent liabilities and have not been provided for in the Statement of Financial Activities or the Balance Sheet

17. GOING CONCERN

The charity is encountering a number of issues that are largely outside of its control and that have negatively affected its financial projections. They include:

- A slower recovery in cinema audiences after the pandemic at Phoenix and across the UK.
- An 18-month project to change the cladding on the venue that could have an impact on visitor numbers and earned income, and will require significant management resource.
- Uncertainty in university and local authority funding that will not be clarified by the time these accounts are filed.

Two of these risks are transient. Phoenix (and UK) cinema audiences are growing steadily and the charity will adjust to demand and reprioritise other types of earned income and management refocus after the considerable task of managing the Phoenix 2020 capital project. The Phoenix 2020 development is a good platform for growth and development of earned income.

The cladding project is expected to begin in January 2024 and finish in September 2025. The work is necessary and is being undertaken by the landlord. Over many months, Phoenix has sought to influence the building programme and method, the temporary building and wayfinding signage, and the design of the temporary customer access to the venue to mitigate its potential impact. The level of impact on consumer behaviour is uncertain and difficult to predict with a degree of confidence, although a range of potential scenarios have been modelled.

There will probably be a significant phased reduction in university funding starting from April 2024. At the time these accounts were filed, the quantum of this reduction was not finalised. The loss of this income can be mitigated by alternative hires business and this will take several 2-3 years to achieve.

There will probably be a reduction in local authority revenue grant that contributes significantly to the general operating costs of the charity. This will be very difficult to mitigate over a short period by cost reduction, growth and/or alternative sources of income. Phoenix has been in productive and detailed discussions for many months on a number of potential interventions to mitigate the impact over the next 2 financial years or more. At the time these accounts were filed, a formal decision on the revenue grant and interventions that could mitigate its reduction had not been taken.

Therefore a material uncertainty exists in our financial projections. If the decisions are unfavourable and the impact of the cladding project on consumer behaviour and management resource is high, the charity's financial forecast and operations will have to change radically.

As a result of these matters there is a material uncertainty that may cast significant doubt upon the group's ability to continue as a going concern and therefore whether the group will realise its assets and settle its liabilities in the ordinary course of business at the amounts recorded in the financial statements.

Although it is not certain that the efforts to mitigate the risks will be successful, management has determined that the actions that it has taken are sufficient to mitigate the uncertainty and has therefore prepared the financial reporting on a going concern basis.

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX

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

18. ANALYSIS OF CHANGES IN NET DEBT

| | At 1 April 2022 | Cash flows | CHARITY Other non-cash changes | 31 March 2023 |
|----------------------------------|--------------------|------------------|-----------------------------------------|------------------|
| | £ | £ | £ | £ |
| Cash and cash equivalents | | | | |
| Cash | 1,065,686 | (578,998) | - | 486,688 |
| | <u>1,065,686</u> | <u>(578,998)</u> | - | <u>486,688</u> |
| Borrowings | | | | |
| Debt due within one year | (52,127) | 2,127 | - | (50,000) |
| Debt due after one year | (158,704) | 46,204 | - | (112,500) |
| | <u>(210,831)</u> | <u>48,331</u> | - | <u>(162,500)</u> |
| Total net debt | <u>854,855</u> | <u>(530,667)</u> | - | <u>324,188</u> |

| | At 1 April 2022 | Cash flows | GROUP Other non-cash changes | 31 March 2023 |
|----------------------------------|--------------------|------------------|---------------------------------------|------------------|
| | £ | £ | £ | £ |
| Cash and cash equivalents | | | | |
| Cash | 1,197,230 | (691,990) | - | 505,240 |
| | <u>1,197,230</u> | <u>(691,990)</u> | - | <u>505,240</u> |
| Borrowings | | | | |
| Debt due within one year | (52,127) | 2,127 | - | (50,000) |
| Debt due after one year | (158,704) | 46,204 | - | (112,500) |
| | <u>(210,831)</u> | <u>48,331</u> | - | <u>(162,500)</u> |
| Total net debt | <u>986,399</u> | <u>(643,659)</u> | - | <u>342,740</u> |

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX

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

ANALYSIS OF INCOME (CHARITY)

Centre income is derived from the following sources:

| | Unrestricted 31 March 2023 £ | Restricted 31 March 2023 £ | Total 31 March 2023 £ | Total 31 March 2022 £ |
|------------------------------------------------------|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| <i>Incoming resources from generated funds</i> | | | | |
| Grants received/receivable | | | | |
| Revenue Grants | | | | |
| Leicester City Council | 215,370 | - | 215,370 | 215,370 |
| Leicester City Council COVID Support | - | - | - | 24,000 |
| De Montfort University Digital Growth | 10,000 | - | 10,000 | 20,000 |
| HMRC Coronavirus Job Retention Scheme | - | - | - | 100,798 |
| Arts Council England Culture Recovery Fund | - | - | - | 642,687 |
| Arts Council England Careful Networks | - | 3,223 | 3,223 | 29,007 |
| Arts Council NPO | - | 81,945 | 81,945 | 81,945 |
| Arts Council England Creative Media | - | - | - | 2,200 |
| BFI Audience Fund | - | 80,000 | 80,000 | 100,000 |
| BFI | - | 1,200 | 1,200 | - |
| Other Grants | - | - | - | 2,247 |
| Capital Grants | | | | |
| ERDF | - | 476,127 | 476,127 | - |
| The Garfield Weston Foundation | - | - | - | 250,000 |
| Leicester City Council | - | 695,691 | 695,691 | 1,324,309 |
| The Foyle Foundation | - | - | - | 135,000 |
| Arts Council England | - | 3,136,530 | 3,136,530 | 1,593,756 |
| Total grants | 225,370 | 4,474,716 | 4,700,086 | 4,521,319 |
| Intangible income – rent free use of premises | 110,500 | - | 110,500 | 110,500 |
| <i>Incoming resources from charitable activities</i> | | | | |
| Box Office | 306,846 | - | 306,846 | 245,515 |
| Education events | 17,559 | 1,812 | 19,371 | 14,714 |
| Total box office | 324,405 | 1,812 | 326,217 | 260,229 |
| <i>Other income from operating activities</i> | | | | |
| Screen advertising | 14,649 | - | 14,649 | 9,723 |
| Management Service Level Agreements | 43,738 | - | 43,738 | 45,451 |
| Donations | 3,875 | - | 3,875 | 5,751 |
| Sundry income | 7,004 | - | 7,004 | 4,657 |
| Total other | 69,266 | - | 69,266 | 65,582 |
| <i>Investment income</i> | | | | |
| Bank interest | 797 | - | 797 | 43 |
| Gift aid from subsidiary | 48,975 | - | 48,975 | 34,727 |
| Total investment income | 49,772 | - | 49,772 | 34,770 |
| Total incoming resources | 779,313 | 4,476,528 | 5,255,841 | 4,992,400 |

This page does not form part of the statutory financial statements

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX

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

ANALYSIS OF SUPPLIES AND SERVICE COSTS (CHARITY)

| | Unrestricted 31 March 2023 £ | Restricted 31 March 2023 £ | Total 31 March 2023 £ | Total 31 March 2022 £ |
|-----------------------------------------------------------|-------------------------------------------------|-----------------------------------------------|------------------------------------------|------------------------------------------|
| Travel and subsistence | 3,033 | - | 3,033 | 907 |
| Training | 4,288 | - | 4,288 | 3,385 |
| Telephone & broadband | 11,801 | - | 11,801 | 13,108 |
| Office equipment, hire of equipment and premises expenses | 2,209 | - | 2,209 | 1,382 |
| IT Costs | 46,547 | - | 46,547 | 55,946 |
| Postage and stationery | 381 | - | 381 | 284 |
| Bank and PDQ charges | 11,402 | - | 11,402 | 9,160 |
| Hire purchase & loan interest | 11,714 | - | 11,714 | 696 |
| Licences, memberships and running costs | 11,530 | - | 11,530 | 3,265 |
| Insurance | 19,555 | - | 19,555 | 19,952 |
| Accountancy | 63,048 | - | 63,048 | 56,280 |
| Legal and Professional fees | 7,908 | - | 7,908 | 10,236 |
| | 193,416 | - | 193,416 | 174,601 |

ANALYSIS OF GOVERNANCE COSTS (CHARITY)

| | Unrestricted 31 March 2023 £ | Restricted 31 March 2023 £ | Total 31 March 2023 £ | Total 31 March 2022 £ |
|----------------------------|-------------------------------------------------|-----------------------------------------------|------------------------------------------|------------------------------------------|
| Audit and accountancy fees | 4,511 | - | 4,511 | 4,511 |
| Legal and consultancy | - | - | - | - |
| | 4,511 | - | 4,511 | 4,511 |

This page does not form part of the statutory financial statements

LEICESTER ARTS CENTRE LIMITED

England & Wales - Charity number 701078

Accounts

COMPANY NUMBER : 02276987

**LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX**

**REPORT OF THE DIRECTORS
AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2022

**LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX**

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FOR THE YEAR ENDED 31 MARCH 2022**

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**LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX**

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2022**

DIRECTORS AT YEAR END AND THROUGHOUT THE YEAR:

A Sinclair (Chair)
B A Carpenter Van Barthold
S M Overton-Edwards
C Sharpe
W G Haley
R Coalson (resigned 24 November 2021)
A Mamujee
L M Jones
D T Myers
Prof S M Sharma
C J Kersey
S Bazzaz
Z Allman (resigned 30 June 2022)
J L Smith
E C Harris-Boulter (resigned 8 January 2022)
M Underwood
S Jones (resigned 30 September 2022)

CHIEF EXECUTIVE : J Rance

SECRETARY : R Botterill

REGISTERED OFFICE : Phoenix Square
4 Midland Street
Leicester
LE1 1TG

COMPANY NUMBER : 02276987 (England and Wales)

CHARITY NUMBER : 701078

AUDITORS : Evolve Accountants and Business Advisors Ltd
Unit 10 Phoenix Park, Telford Way
Coalville
Leicestershire
LE67 3HB

BANKERS : Bank of Scotland

LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2022

The Trustees, who are also directors of the charity for the purposes of the Companies Act, present their annual report together with the audited financial statements for the year ended 31 March 2022. Company information as set out on page 1 forms part of this report.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

Leicester Arts Centre Limited (LAC Ltd) is a registered charity (charity number 701078) and a company limited by guarantee (company number 2276987).

The company is governed by its Memorandum and Articles of Association which were last amended in August 2015.

Phoenix is the trading name of the charity and its trading subsidiary, Firebird Trading Ltd (company number 6942215).

Recruitment and Appointment of the Directors

Directors can be appointed by the Board or by the company's members at a general meeting. Leicester City Council is entitled to appoint a maximum of two directors and to remove any such directors. De Montfort University is entitled to appoint a maximum of two directors provided that such directors have first been approved by the City Council and to remove any such directors.

The Chair of the Board is appointed by the Board from amongst the directors. The term of appointment for the Chair and directors is for a fixed period after which the Chair and/or directors can stand for re-election. The number of directors shall not be less than three and is not subject to any maximum.

Director Induction and Training

There is an induction programme for new directors, which is tailored to their particular needs. Training programmes for directors are available to assist them in consolidating their knowledge of their duties and responsibilities as directors.

Risk Management

The Trustees regularly review the major strategic, business and operational risks which the company faces and confirm that systems have been put in place to mitigate those risks.

Organisational Structure

The company is overseen by a Board of Directors that meet periodically in order to administer the charity. Decisions are made at Board meetings by a majority vote. A Chief Executive Officer (who is not a Board member) is appointed by the Board to manage the day-to-day operations of the charity.

The Directors have a maximum liability under guarantee to contribute £1 each towards the company's liabilities in the event of a winding up.

**LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2022**

PRINCIPAL OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

Phoenix's vision is to enrich lives and celebrate diversity and ambition in film and art. The company's mission is to be a dynamic artistic and creative centre where everyone can enjoy, learn about and make inspirational film and art; enriching individual lives and stimulating economic growth in Leicester and beyond.

Phoenix provides a unique programme of world cinema, digital arts and education for a wide range of people mainly from the greater Leicester area. Open to all, Phoenix promotes education and a stimulating environment that enables people to develop the inspiration, skills and relationships they need to achieve. Our public benefit aims are to promote education and community development especially through world film and the digital arts.

The company's principal place of activity is Phoenix Square, 4 Midland Street, Leicester.

It is the company's policy that there should be no discrimination in respect of ethnic origin, race, physical appearance, gender, disability, sexuality, marital status, class, age, religious or political belief and that equal opportunity shall be given to all employees. The company's recruitment procedures ensure that all applicants are given full and fair consideration for suitable vacancies.

The company has referred to the Charity Commission's general guidance on public benefit when reviewing its aims and objectives and in planning its future activities.

ACHIEVEMENTS AND PERFORMANCES

The achievements and financial statements of Phoenix in 2021/22 continued to be shaped by two extraordinary events – the COVID-19 pandemic and the capital project to expand our venue. Both will continue to have a big impact on the charity for a third financial year 2022/23.

These financial statements are therefore highly untypical of our normal operation. They represent the charity continuing to manage the severe impact of COVID-19 on our operation, and the building phase of the capital project which began in 2021 and will be completed in January 2023.

The COVID-19 pandemic had a huge impact on the culture and hospitality sector in 2020/21, which continued throughout 2021/22. Phoenix closed on 17 March 2020 in the first national lock-down and did not reopen until June 2021, except for 29 days October 2020, due to various periods of extended restrictions in Leicester and 2 further national lock downs.

In June, we were delighted to welcome customers back to our venue after 16 months of closure. The response from customers and staff was very encouraging but business was necessarily affected by continuing social distancing regulations, shorter opening hours and other COVID-19 safety measures. Our plan to relax social distancing and encourage audience growth in quarters 3 and 4 was scuppered by the onset of the OMICRON variant and "winter wave".

Staff shortages due to self-isolations disrupted the café food offer in December and cultural programming was disrupted by distributors cancelling film releases and National Theatre Live events. The planned relaxation of auditoria and café capacity limits was deferred until 2022/23 to sustain consumer confidence during the winter wave.

The Business Recovery Plan and adapted governance and risk management processes to deal with the crisis continued. Phoenix was able to continue trading during the year due to government support, principally through the Culture Recovery Fund and Coronavirus Job Retention Scheme.

**LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2022**

Phoenix typically sees 170,000 (2019/20) engagements a year in various cultural, education and business activities offered by Phoenix at its main venue, with many more people visiting our popular café/bar. From the start of the pandemic, we determined to continue to serve our local community whilst also prioritising business continuity and our ambitious capital project to expand the venue.

We are very proud of the way our staff adapted to the extraordinary situation and supported many people during the lockdowns and restrictions with a comprehensive entertaining, inspiring, and educational on-line programme called Phoenix at Home; and eventually welcomed people back to the venue to a significantly adapted operation and customer experience due to the COVID-19 regulations.

Phoenix at Home was continued throughout 2021/22 and was adapted after the venue reopened in June. There were 105,000 engagements in our programme during the financial year (on-line and venue visits), compared to 123,000 in 2020/21 when the programme was almost entirely on-line.

The venue was open continuously to the public for 9 months from June with reduced capacity and opening hours. Many customers returned enthusiastically but at much lower levels than pre-pandemic. The annual cinema audience of 32,890 was 37% of 2019/20 (89,580), but much better than 2020/21 (2,200) when the venue was open for just one month.

The continuing funding commitments of our stakeholders Leicester City Council, Arts Council England, British Film Institute and De Montfort University in these extraordinary circumstances was vital in the continuation of our work in engaging a diverse range of people in film, digital culture, learning and creativity.

Despite the challenges caused by the pandemic, we were excited to start construction work on our multi-million pound expansion project to become a four screen cinema, complete with a new art gallery, a fabulous roof terrace, and more spaces for making and learning. Site work started in September 2021 and will be completed in January 2023 with the venue remaining open to the public for much of the build. Final designs and planning were completed in June, and with the support of our funders the construction contract was approved in July. The project is on target and budget.

The £8.7M project is funded by Arts Council England, Leicester City Council, Leicester and Leicestershire Enterprise Partnership, The Foyle Foundation, The Garfield Weston Foundation, European Regional Development Fund, BFI and individual donations, and Phoenix.

FINANCIAL REVIEW

Total Incoming Resources of the group amounted to £5,273,839 during the year (2020/21: £1,956,512) with Total Resources Expended in the year of £1,649,123 (2020/21: £1,356,949).

The large increase in income was due to restricted capital grants paid in advance of expenditure to be incurred in 2021/22 and 2022/23. Restricted Funds stood at £3,824,091 at the year-end (2020/21: £561,995).

The Unrestricted Funds of the group increased to £979,919 at the year-end. The Trustees approved the designation of funds to support the construction phase of the capital project, principally to cover risk, contingency and loss of business due to site works. Whilst the venue remains open to the public for much of the building, the café will close for 9 months and the car park for 15 months. The project budget includes designated funds to cover the inevitable loss of trading income to cover overheads. Designated funds at year-end totalled £565,294 (2020/21: 458,707).

LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2022

The charity was awarded a Coronavirus Business Interruption Loan (CBIL) of £250k in 2020, which was reserved by the Trustees to support the capital project. By year-end repayments had reduced the loan to £208,704.

Unrestricted general funds increased to £414,625 (2020/21: £158,592), which meets the minimum target in the charity's reserves policy. This was only possible with COVID-19 Government support - in particular direct contributions from the Culture Recovery Fund to mitigate the impact of the pandemic on the operating business.

In 2019/20 Phoenix generated almost £1M of contribution to overheads from trading, memberships, and shared services. The main activities (cinema tickets, concessions, advertising, and venue hire) ceased on 17 March 2020 with venue closure. Memberships, donations, course fees and shared services were also badly affected by closure.

Phoenix survived loss of this income through good governance and management and vital support from our public funders Arts Council England, British Film Institute, and Leicester City Council. Our loyal customer base made many individual donations and many members renewed subscriptions despite closure. Phoenix claimed COVID-19 relief support including the Job Retention Scheme, Culture Recovery Funds and small business relief grants administered by Leicester City Council.

Box Office income recovered from £27,398 (2020/21) to £260,229, but this is just 42% of the pre-pandemic level £618,277 (2019/20). Similarly, income from the trading subsidiary recovered from £135,568 (2020/21) to £324,698 which is 40% of the pre-pandemic level £812,575 (2019/20).

Fixed costs and overheads that were reduced in 2019/20 inevitably increased with reopening. Phoenix operates a large venue, and many costs are not readily scalable.

A significant reorganisation that regrettably included redundancies was initiated in January 2021. Most of the reorganisation was completed in the first 3 months of 2021/22.

Even so, employment costs increased as staff returned to work and with the tapering and end of the Coronavirus Job Retention Scheme (CJRS). The Business Recovery Plan required the retention of sufficient staff and key skills in readiness to reopen the venue and recover trading. The CJRS was a major source of relief from March 2020, sustaining the charity and supporting employment during closure and partial opening when many staff were on furlough

The directors have considered the going concern position of the Company and the group and consider that the preparation of the financial statements on a going concern basis is appropriate.

Principal Funding Sources

Leicester Arts Centre's main revenue grant funders in the period were Leicester City Council, Arts Council England, De Montfort University, and British Film Institute, the Coronavirus Job Retention Scheme and the Culture Recovery Fund.

The main capital grant funders in the period were Arts Council England, Leicester City Council, The Foyle Foundation, and The Garfield and Weston Foundation.

LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2022

Reserves Policy

The Trustees reviewed the Reserves Policy at a general board meeting on 28th April 2022. It was recommended and approved that no changes to the current Policy should be made.

The current policy is to retain a minimum of £400,000 free reserves, being the unrestricted funds not designated for a specific purpose to cover contingencies and annual variations in operating income. In addition, the Trustees aim to retain a cash balance of £400,000 to cover variations in operating income.

The level of free reserves of the group on 31 March 2022 had increased to £414,625 (31 March 2021: £158,591), which meets the reserves policy requirement. Cash balances held at 31 March 2022 were substantially higher than the £400,000 target, but as can be seen in Note 14, a significant amount of the balance related to designated funds, however the cash balances held under free reserves still exceeded the target amount.

Investment Policy

The directors of the Company have the powers to invest the Company's funds in any way they feel appropriate in accordance with its charitable objectives.

PLANS FOR FUTURE PERIODS

The main priorities for the year ahead are to manage the building phase of Phoenix 2020 to completion and launch the expanded venue; and to return the group to surplus by 2024/25 whilst realising the cultural and public benefit outcomes in the Phoenix 2020 business plan.

The venue will be open to the public during building work in 2022 with 2 screens and a much reduced food and beverage offer. Work to the entrance will necessitate public closure in September and October 2022. The arts and cinema programme will continue on-line and in other city venues to maintain our profile during these months, whilst parts of the venue will be used for an artist and filmmaker development programme and a university film studies course.

Between November 2022 and January 2023, Phoenix will operate as a 2 screen venue with reduced food and beverage offer until the full venue is launched. The main building contract is expected to be completed in December. Much senior management time will be focussed on fit-out (design and procurement), contractor and grant management. During the autumn, management and staff will develop operating procedures and systems to run the expanded venue.

Thereafter, our plan then is to build audiences back up to pre-pandemic levels by the end of financial year 2023/24 and return the charity to surplus in 2024/25.

UK cinema audiences are growing steadily but are not back to pre-pandemic levels. They are expected to reach 80% of 2019 admissions in calendar year 2022. They have not recovered as quickly as many operators expected. The "cost-of-living crisis" and economic concerns have replaced COVID-19 as the main factor affecting audience confidence. At the same time we are mindful of the pressures and competing priorities placed on public funding. Although we expect to see a much excitement and customer interest at the launch of our expanded venue, we have necessarily reduced our business forecast and aim to return to operating surplus in 2024/25.

**LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2022**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006, Charities Act 2011, 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 2015) and the trust deed. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

Each of the persons who is a trustee at the date of approval of this report confirms that:

- so far as each trustee is aware, there is no relevant audit information of which the Charity's auditor is unaware; and
- each trustee has taken all steps that they ought to have taken as a trustee to make them-self aware of any relevant audit information and to establish that the Charity's auditor is aware of that information.

This report has been prepared in accordance with the 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 2015) and in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.



ON BEHALF OF THE BOARD
Alison Sinclair (Chair) – Director

30 November 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX

OPINION

We have audited the consolidated accounts of Leicester Arts Centre Trading as Phoenix for the year ended 31 March 2022 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, Consolidated Cashflow Statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's trustees 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 charitable company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the consolidated accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS OF 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 consolidated accounts section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the consolidated accounts 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to where:

The trustees' use of the going concern basis of accounting in the preparation of the consolidated accounts is not appropriate; or

The trustees have not disclosed in the consolidated accounts any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the consolidated accounts are authorised for issue.

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the consolidated accounts and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the consolidated accounts 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 thereon.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX (continued)**

In connection with our audit of the consolidated accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated accounts or our knowledge obtained in 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 there is a material misstatement in the consolidated accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' Report for the financial year for which the consolidated accounts are prepared is consistent with the consolidated accounts
- 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 charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees Report.

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the consolidated accounts are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the consolidated accounts in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Trustees' Annual Report and from the requirement to prepare a strategic report.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' Annual Report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the consolidated accounts 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 consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated accounts, the Trustees are responsible for assessing the Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Charitable Company or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX (continued)**

AUDITORS RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED ACCOUNTS

Our objectives are to obtain reasonable assurance about whether the consolidated accounts 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 consolidated accounts.

A further description of our responsibilities for the audit of the consolidated accounts is located on the Financial Reporting Councils website at www.frc.org.uk/auditorresponsibilities. This description forms part of our auditor's report.

A handwritten signature in blue ink, appearing to read 'James Nixon', with a large, stylized flourish above it.

James Nixon (Senior Statutory Auditor)
For and on behalf of
Evolve Accountants and Business Advisors Limited
Accountants and Statutory Auditors
Unit 10 Phoenix Park
Telford Way, Coalville,
Leicestershire LE67 3HB

30 November 2022

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
 STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)
 FOR THE YEAR ENDED 31 MARCH 2022

| | | Unrestricted Funds 2022 £ | Restricted Funds 2022 £ | CHARITY | |
|------------------------------------------------------|------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| | Note | | | Total Funds 2022 £ | Total Funds 2021 £ |
| Incoming Resources from generated funds | | | | | |
| Voluntary Income | | | | | |
| Grants received | | 261,617 | 4,259,702 | 4,521,319 | 1,544,424 |
| Intangible income – rent free use of premises | | 110,500 | - | 110,500 | 110,500 |
| Investment Income | | | | | |
| Bank interest | | 43 | - | 43 | 10 |
| Gift aid from subsidiary | | 34,727 | - | 34,727 | 66,206 |
| Incoming Resources from Charitable Activities | | | | | |
| Box Office (charitable trading income) | | 260,229 | - | 260,229 | 27,398 |
| Other income from operating activities | | 61,425 | 4,157 | 65,582 | 147,144 |
| Total Incoming Resources | | 728,541 | 4,263,859 | 4,992,400 | 1,895,682 |
| Resources Expended | | | | | |
| Costs of generating funds | | | | | |
| Premises costs – intangible | | 110,500 | - | 110,500 | 110,500 |
| Cost of Charitable activities | | | | | |
| Live performance and education | | 10,159 | 48,849 | 59,008 | - |
| Film hire | | 110,932 | - | 110,932 | 18,604 |
| Wages, salaries and Social Security | | 451,985 | 244,817 | 696,802 | 821,408 |
| Marketing and publicity | | 48,718 | - | 48,718 | 30,501 |
| Premises costs – Centre | | 69,148 | 65,539 | 134,687 | 95,802 |
| Depreciation | | 22,451 | 2,255 | 24,706 | 31,021 |
| Supplies and services | | 167,514 | 7,087 | 174,601 | 180,005 |
| Governance costs | | 4,511 | - | 4,511 | 4,511 |
| Total resources expended | | 995,918 | 368,547 | 1,364,465 | 1,292,352 |
| Net (outgoing)/incoming Resources | | (267,377) | 3,895,312 | 3,627,935 | 603,330 |
| Transfers | 12 | 633,216 | (633,216) | - | - |
| Net Movement on Funds | | 365,839 | 3,262,096 | 3,627,935 | 603,330 |
| Total funds brought forward | | 609,713 | 561,995 | 1,171,708 | 568,378 |
| Total funds carried forward | 14 | 975,552 | 3,824,091 | 4,799,643 | 1,171,708 |

All incoming resources and resources expended derive from continuing activities.

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2022

| | Note | GROUP | | | |
|------------------------------------------------------|------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| | | Unrestricted Funds 2022 £ | Restricted Funds 2022 £ | Total Funds 2022 £ | Total Funds 2021 £ |
| Incoming Resources from generated funds | | | | | |
| Voluntary Income | | | | | |
| Grants received | | 261,617 | 4,259,702 | 4,521,319 | 1,544,424 |
| Intangible income – rent free use of premises | | 110,500 | - | 110,500 | 110,500 |
| Investment Income | | 43 | - | 43 | 10 |
| Activities for Generating Funds | | | | | |
| Income of trading subsidiary | | 324,698 | - | 324,698 | 135,568 |
| Incoming Resources from Charitable Activities | | | | | |
| Box Office (charitable trading income) | | 260,229 | - | 260,229 | 27,398 |
| Other income from operating activities | | 52,893 | 4,157 | 57,050 | 138,612 |
| Total Incoming Resources | | <u>1,009,980</u> | <u>4,263,859</u> | <u>5,273,839</u> | <u>1,956,512</u> |
| Resources Expended | | | | | |
| Costs of generating funds | | | | | |
| Trading subsidiary cost of sales | | 66,360 | - | 66,360 | 15,310 |
| Trading subsidiary overhead costs | | 5,293 | - | 5,293 | 5,770 |
| Premises costs – intangible | | 110,500 | - | 110,500 | 110,500 |
| Cost of Charitable activities | | | | | |
| Live performance and education | | 10,159 | 48,849 | 59,008 | - |
| Film hire | | 110,932 | - | 110,932 | 18,604 |
| Wages, salaries and Social Security | | 661,771 | 244,817 | 906,588 | 860,297 |
| Marketing and publicity | | 48,718 | - | 48,718 | 30,501 |
| Premises costs – Centre | | 69,148 | 65,539 | 134,687 | 95,802 |
| Depreciation | | 25,670 | 2,255 | 27,925 | 35,649 |
| Supplies and services | | 167,514 | 7,087 | 174,601 | 180,005 |
| Governance costs | | 4,511 | - | 4,511 | 4,511 |
| Total resources expended | | <u>1,280,576</u> | <u>368,547</u> | <u>1,649,123</u> | <u>1,356,949</u> |
| Net (outgoing)/incoming Resources | | | | | |
| Transfers | 12 | (270,596) 633,216 | 3,895,312 (633,216) | 3,624,716 - | 599,563 - |
| Net Movement on Funds | | 362,620 | 3,262,096 | 3,624,716 | 599,563 |
| Total funds brought forward | | 617,299 | 561,995 | 1,179,294 | 579,731 |
| Total funds carried forward | 14 | <u>979,919</u> | <u>3,824,091</u> | <u>4,804,010</u> | <u>1,179,294</u> |

All incoming resources and resources expended derive from continuing activities.

**LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
BALANCE SHEET AS AT THE YEAR ENDED 31 MARCH 2022**

| | Note | CHARITY | | GROUP | |
|--------------------------------------|------|------------------|------------------|------------------|------------------|
| | | 2022 £ | 2021 £ | 2022 £ | 2021 £ |
| FIXED ASSETS: | | | | | |
| Tangible assets | 6 | 4,153,648 | 844,615 | 4,158,012 | 852,198 |
| Investments | 2 | 2 | 2 | - | - |
| | | <u>4,153,650</u> | <u>844,617</u> | <u>4,158,012</u> | <u>852,198</u> |
| CURRENT ASSETS: | | | | | |
| Stocks | | - | - | 6,190 | 3,000 |
| Debtors | 7 | 687,392 | 274,496 | 573,362 | 221,882 |
| Cash at bank and in hand | | 1,065,686 | 457,161 | 1,197,230 | 514,545 |
| | | <u>1,753,078</u> | <u>731,657</u> | <u>1,776,782</u> | <u>739,427</u> |
| CREDITORS: | | | | | |
| Amounts falling due within one year | 8 | 948,381 | 190,635 | 972,080 | 198,400 |
| NET CURRENT ASSETS: | | | | | |
| | | <u>804,697</u> | <u>541,022</u> | <u>804,702</u> | <u>541,027</u> |
| CREDITORS: | | | | | |
| Amounts falling due in over one year | 9 | 158,704 | 213,931 | 158,704 | 213,931 |
| NET ASSETS: | | | | | |
| | | <u>4,799,643</u> | <u>1,171,708</u> | <u>4,804,010</u> | <u>1,179,294</u> |
| UNRESTRICTED FUNDS: | | | | | |
| General fund | | 410,258 | 151,006 | 414,625 | 158,592 |
| Designated Funds | 13 | 565,294 | 458,707 | 565,294 | 458,707 |
| RESTRICTED FUNDS | | | | | |
| | 12 | 3,824,091 | 561,995 | 3,824,091 | 561,995 |
| | 14 | <u>4,799,643</u> | <u>1,171,708</u> | <u>4,804,010</u> | <u>1,179,294</u> |

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and 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 2015).

These financial statements were approved by the board and authorised for issue on 30 November 2022, and are signed on their behalf by:

Alison Sinclair (Chair) – Director
Company Registration Number 02276987



LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
STATEMENT OF CASH FLOWS THE YEAR ENDED 31 MARCH 2022

| | Note | CHARITY | | GROUP | |
|-------------------------------------------------------------|------|--------------------|------------------|--------------------|------------------|
| | | 2022 £ | 2021 £ | 2022 £ | 2021 £ |
| Cash flows from operating activities: | | | | | |
| Surplus for the year | | 3,627,935 | 603,330 | 3,624,716 | 599,563 |
| Adjustments for: | | | | | |
| Depreciation of fixed assets | | 24,706 | 31,021 | 27,925 | 35,649 |
| Interest income | | (43) | (10) | (43) | (10) |
| Interest expense | | 696 | 1,679 | 696 | 1,679 |
| Decrease/(increase) in trade and other receivables | | (412,896) | (222,276) | (351,480) | (165,751) |
| Decrease/(increase) in stock | | - | - | (3,190) | 4,038 |
| Increase/(decrease) in trade and other payables | | 757,426 | (55,399) | 773,360 | (103,247) |
| Net cash from operating activities | | <u>3,997,824</u> | <u>358,345</u> | <u>4,071,984</u> | <u>371,921</u> |
| Investment activities: | | | | | |
| Purchase of tangible fixed assets | | (3,333,739) | (405,706) | (3,333,739) | (405,706) |
| Interest received | | 43 | 10 | 43 | 10 |
| Net cash from investment activities | | <u>(3,333,696)</u> | <u>(405,696)</u> | <u>(3,333,696)</u> | <u>(405,696)</u> |
| Financing activities: | | | | | |
| Loan advances | | - | 250,000 | - | 250,000 |
| Interest paid | | (696) | (1,679) | (696) | (1,679) |
| Repayment of borrowings | | (54,907) | (11,836) | (54,907) | (11,836) |
| Net cash used in financing activities | | <u>(55,603)</u> | <u>236,485</u> | <u>(55,603)</u> | <u>236,485</u> |
| Net increase/(decrease) in cash and cash equivalents | | 608,525 | 189,134 | 682,685 | 202,710 |
| Cash and cash equivalents at beginning of the year | 17 | <u>457,161</u> | <u>268,027</u> | <u>514,545</u> | <u>311,835</u> |
| Cash and cash equivalents at end of year | 17 | <u>1,065,686</u> | <u>457,161</u> | <u>1,197,230</u> | <u>514,545</u> |

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. ACCOUNTING POLICIES

Going Concern

The accounts have been prepared on a going concern basis.

Accounting Convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with the Companies Act 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Basis of Consolidation

The consolidated financial statements combine the financial statements of the Leicester Arts Centre Limited and its' wholly owned subsidiary company, Firebird Trading Limited, as well as also showing the results of Leicester Arts Centre Limited as a single entity.

Incoming Resources

Income includes grant funding, donations, sponsorship and net invoiced sales of services, excluding value added tax.

Income is included in incoming resources when it is receivable, except as follows:

Income from theatre admission fees is included in incoming resources in the period in which the relevant show takes place.

When rental is received in advance, for a pre-determined period, the income is deferred and released to income over the defined period.

The rent-free use of the premises has been accounted for by showing the market value of the rent that would have been charged as intangible income and a premises cost.

Resources Expended

Resources expended are included in the Statement of Financial Activities on an accruals basis. Certain expenditure is directly attributable to specific activities and has been included in this cost categories.

Costs of generating funds comprise the costs of trading including the centre.

Costs of activities in furtherance of the objects of the charity comprise costs incurred by the charity in the delivery of its activities and services. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity.

Certain other costs, which are attributable to more than one activity, are apportioned across cost categories on the basis of an estimate of the proportion of time spent by staff on those activities.

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. ACCOUNTING POLICIES (Continued)

Tangible Fixed Assets

Fixed Assets are stated at cost less depreciation. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

| | | |
|-------------------------|---|-----------------------|
| Theatre Equipment | - | 20% on cost |
| Office and IT Equipment | - | 20%/33.3%/50% on cost |
| Catering Equipment | - | 20% on cost |

Whilst the Phoenix 2020 Capital Project is ongoing the capital asset is not being depreciated until the project is complete.

Fixed assets costing less than £500 are not capitalised.

Hire Purchase and Leasing Commitments

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Taxation

As a charity, Leicester Arts Centre Limited is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or S252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

Fund Accounting

- Unrestricted funds are available for use at the discretion of the directors in furtherance of the general objectives of the charity.
- Designated funds are unrestricted funds earmarked by the directors for particular purposes.
- Restricted funds are subjected to restrictions on their expenditure imposed by the donor.

2. NET INCOME OF TRADING SUBSIDIARY

The Charity owns the entire share capital of its trading subsidiary which is incorporated in the UK. The principal activities of Firebird Trading Limited are that of the operation of the Café Bar within Phoenix Square. The company pays its taxable profits to Leicester Arts Centre Limited under Gift Aid and its financial year end is the same as that of the Charity. A summary of its trading results is shown below:

| | 2022 | 2021 |
|--------------------------------|----------------|----------------|
| | £ | £ |
| Turnover | 324,689 | 135,568 |
| Cost of sales | (183,929) | (35,713) |
| Gross Profit | <u>140,769</u> | <u>99,855</u> |
| Administration expenses | (109,261) | (37,416) |
| Other operating income | - | - |
| Gift Aid Donation | (34,727) | (66,206) |
| Operating profit/(loss) | <u>(3,219)</u> | <u>(3,767)</u> |

The assets and liabilities of the subsidiary were;

| | | |
|-----------------------------------------------|--------------|--------------|
| Fixed assets | 4,364 | 7,583 |
| Current assets | 169,803 | 119,263 |
| Creditors : Amounts falling due within 1 year | (169,798) | (119,258) |
| Total Net Assets | <u>4,369</u> | <u>7,588</u> |
| Aggregate Share Capital and Reserves | <u>4,369</u> | <u>7,588</u> |

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

3. STAFF COSTS

| | CHARITY | | GROUP | |
|--------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 March 2022 £ | 31 March 2021 £ | 31 March 2022 £ | 31 March 2021 £ |
| Wages and salaries | 630,778 | 759,471 | 630,778 | 759,471 |
| Social Security costs | 37,003 | 30,220 | 37,003 | 30,220 |
| Pension contributions | 29,021 | 31,717 | 29,021 | 31,717 |
| Direct Wages of subsidiary company | - | - | 117,569 | 20,403 |
| Administrative salaries of subsidiary company | - | - | 92,217 | 18,486 |
| | <u>696,802</u> | <u>821,408</u> | <u>906,588</u> | <u>860,297</u> |

The average monthly number of FTE employees during the year was as follows:

| | CHARITY | | GROUP | |
|-------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 March 2022 £ | 31 March 2021 £ | 31 March 2022 £ | 31 March 2021 £ |
| Charitable Activities Generating Funds | 33 | 37 | 33 | 37 |
| | - | - | 13 | 5 |
| | <u>33</u> | <u>37</u> | <u>46</u> | <u>42</u> |

One employee earned between £60,000 and £70,000 per annum. No other employees earned £50,000 per annum or more.

The directors were not paid or reimbursed for expenses during the year.

4. NET SURPLUS/(DEFICIT) FOR THE YEAR

The net surplus/(deficit) is stated after charging:

| | CHARITY | | GROUP | |
|-------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 March 2022 £ | 31 March 2021 £ | 31 March 2022 £ | 31 March 2021 £ |
| Depreciation | 24,706 | 31,021 | | 35,649 |
| Loss/(Profit) on disposal of fixed assets | | - | | - |
| Auditors' remuneration | <u>4,511</u> | <u>4,511</u> | <u>4,511</u> | <u>4,511</u> |
| Directors emoluments and other benefits, etc | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

5. TAXATION

Analysis of the tax charge

No liability to UK Corporation Tax arose on ordinary activities for the year ended 31 March 2022 or for the year ended 31 March 2021.

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

6. TANGIBLE FIXED ASSETS

| | | | | | <u>CHARITY</u> |
|---------------------------|----------------------------|---------------------------|----------------------------|-------------------------------|----------------|
| | 2020 Project Costs £ | Theatre Equipment £ | Catering Equipment £ | Office & IT Equipment £ | Totals £ |
| COST OR VALUATION: | | | | | |
| At 1 April 2021 | 780,494 | 523,417 | - | 118,103 | 1,422,014 |
| Additions | 3,333,739 | - | - | - | 3,333,739 |
| Disposal | - | - | - | - | - |
| At 31 March 2022 | 4,114,233 | 523,417 | - | 118,103 | 4,755,753 |
| DEPRECIATION: | | | | | |
| At 1 April 2021 | - | 463,486 | - | 113,913 | 577,399 |
| Charge for year | - | 20,829 | - | 3,877 | 24,706 |
| Charge on disposals | - | - | - | - | - |
| At 31 March 2022 | - | 484,315 | - | 117,790 | 602,105 |
| NET BOOK VALUE: | | | | | |
| At 31 March 2022 | 4,114,233 | 39,102 | - | 313 | 4,153,648 |
| At 31 March 2021 | 780,494 | 59,931 | - | 4,190 | 844,615 |

| | | | | | <u>GROUP</u> |
|---------------------------|----------------------------|---------------------------|----------------------------|-------------------------------|--------------|
| | 2020 Project Costs £ | Theatre Equipment £ | Catering Equipment £ | Office & IT Equipment £ | Totals £ |
| COST OR VALUATION: | | | | | |
| At 1 April 2021 | 780,494 | 523,417 | 79,042 | 118,103 | 1,501,056 |
| Additions | 3,333,739 | - | - | - | 3,333,739 |
| Disposal | - | - | - | - | - |
| At 31 March 2022 | 4,114,233 | 523,417 | 79,042 | 118,103 | 4,834,795 |
| DEPRECIATION: | | | | | |
| At 1 April 2021 | - | 463,486 | 71,459 | 113,913 | 648,858 |
| Charge for year | - | 20,829 | 3,219 | 3,877 | 27,925 |
| Charge on disposals | - | - | - | - | - |
| At 31 March 2022 | - | 484,315 | 74,678 | 117,790 | 676,783 |
| NET BOOK VALUE: | | | | | |
| At 31 March 2022 | 4,114,233 | 39,102 | 4,364 | 313 | 4,158,012 |
| At 31 March 2021 | 780,494 | 59,931 | 7,583 | 4,190 | 852,198 |

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

6. TANGIBLE FIXED ASSETS (Continued)

The company has enjoyed throughout the year the use of certain fixed assets (principally theatre equipment) which were invested in the company by the Phoenix Arts Centre. The written down value of these assets is nil, their original cost is not known and they do not appear in the fixed asset schedule above. All fixed assets were used for charitable purposes.

The company has enjoyed throughout the year rent-free use of the premises it operates from. The market value of the rent has been calculated at £110,500 per annum (2021: £110,500) and has been shown as intangible income and rent.

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | CHARITY | | GROUP | |
|---------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 March 2022 £ | 31 March 2021 £ | 31 March 2022 £ | 31 March 2021 £ |
| Trade, grant and agents debtors | 2,018 | 5,126 | 33,598 | 63,466 |
| Due from subsidiary company | 126,085 | 103,112 | - | - |
| VAT | 345,697 | 68,067 | 325,683 | 59,685 |
| Prepayments and other debtors | 213,592 | 98,191 | 214,081 | 98,731 |
| | <u>687,392</u> | <u>274,496</u> | <u>573,362</u> | <u>221,882</u> |

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | CHARITY | | GROUP | |
|---------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 March 2022 £ | 31 March 2021 £ | 31 March 2022 £ | 31 March 2021 £ |
| Trade creditors | 766,799 | 41,921 | 773,824 | 41,623 |
| Other creditors | 4,525 | 38,335 | 4,525 | 38,335 |
| Social Security and other taxes | 24,613 | 18,733 | 24,613 | 18,733 |
| Hire purchase | 2,127 | 14,307 | 2,127 | 14,307 |
| Deferred income (Note 10) | 9,833 | 1,130 | 9,833 | 1,130 |
| Bank Loan (CBILS) | 50,000 | 37,500 | 50,000 | 37,500 |
| Accrued expenses | 90,484 | 38,709 | 107,158 | 46,772 |
| | <u>948,381</u> | <u>190,635</u> | <u>972,080</u> | <u>198,400</u> |

9. CREDITORS: AMOUNTS FALLING DUE IN OVER ONE YEAR

| | CHARITY | | GROUP | |
|-------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 March 2022 £ | 31 March 2021 £ | 31 March 2022 £ | 31 March 2021 £ |
| Bank Loan (CBILS) | 158,704 | 212,500 | 158,704 | 212,500 |
| Hire purchase | - | 1,431 | - | 1,431 |
| | <u>158,704</u> | <u>213,931</u> | <u>158,704</u> | <u>213,931</u> |

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

10. DEFERRED INCOME

Deferred income comprises admission fees received in advance and grants and rental income that relate to pre-determined future periods.

11. CAPITAL COMMITMENTS

At the year ended 31 March 2022 there were capital commitments which had been fully contracted for amounting to £6,882,300 (2021: Nil).

12. MOVEMENTS IN RESTRICTED FUNDS (Charity and Group)

| | At 1 April 2021 £ | Incoming Resources £ | Outgoing Resources £ | Transfers £ | At 31 March 2022 £ |
|----------------------------|-------------------------|----------------------------|----------------------------|----------------|--------------------------|
| Cinema Lighting Project | 5,144 | - | 2,255 | - | 2,889 |
| ACE NPO Funding | 16,242 | 86,102 | 73,510 | (18,000) | 10,834 |
| ACE Creative Media Network | 3,602 | 2,200 | - | - | 5,802 |
| ACE Careful Networks | - | 29,007 | 24,239 | - | 4,768 |
| Phoenix 2020 Development | 489,521 | 3,303,065 | - | - | 3,792,586 |
| BFI Audience Fund | - | 100,000 | - | (100,000) | - |
| ACE CRF Fund | - | 642,687 | 127,471 | (515,216) | - |
| BFI Culture Recovery Fund | 46,486 | - | 40,274 | - | 6,212 |
| Film Hub Grant | 1,000 | - | - | - | 1,000 |
| HMRC CJRS | - | 100,798 | 100,798 | - | - |
| | 561,995 | 4,263,859 | 368,547 | (633,216) | 3,824,091 |

CINEMA LIGHTING PROJECT

Grants were received from The Norman Gill Charitable trust and Carbon Trust to contribute to the cost of upgrading the cinema house lights to a more energy and operationally efficient system. The work was fully completed in 2018/19. The cost of the work is treated as a capital item depreciated over 5 years and the restricted fund representing the grants contribution to the cost will be charged a proportion of the annual depreciation.

ARTS COUNCIL ENGLAND GRANT (NPO)

As a National Portfolio Organisation (NPO), Phoenix receives regular funding for its digital arts programme from Arts Council England (ACE). We have maintained ACE NPO status since 1 April 2012. In 2017, Phoenix successfully reapplied to be part of the current national portfolio, which will now run until 31 March 2023 after being extended as part of ACE's COVID-19 pandemic response.

This funding enables a programme of digital arts exhibitions, events and learning activities. We regularly commission and curate work by national and international artists, host screenings and performances and offer workshops for children, young people, and families. The programme is also supported by De Montfort University.

The programme's overall theme is an exploration of the creative and cultural impact of media and technology. Working with a range of partners, we commission and produce new work by established and emerging artists for exhibition in our gallery and beyond, with the aim of reaching a wide and diverse audience.

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

12. MOVEMENTS IN RESTRICTED FUNDS (Charity and Group) - Continued

The programme was heavily disrupted by the pandemic in 2020/21, with most activity delivered online, however it continued to be positively assessed and maintained a Strong Creative Case for diversity rating. The disruption caused by the pandemic continued into 2021/22 when it was difficult to plan in-person activities and significant exhibitions. The on-line arts programme grew in quality and we were pleased to commission 16 UK artists during the year to produce new work.

The Board of Trustees engaged in the Arts Council England's new strategy Let's Create and Investment Principles through the latter half of the year in preparation for an application to the new 3-year round of Investment funding 1 April 2023 to 31 March 2026. Phoenix received a conditional offer for a revenue grant of £246K (circ £82K per year) in November 2022.

ARTS COUNCIL ENGLAND CREATIVE MEDIA NETWORK

ACE funded Phoenix to test the feasibility of a network in the midlands dedicated to sharing and promoting creative media practice. Final work to gain feedback from artists in the region was disrupted by the COVID-19 pandemic, and the project has now been ended. The restricted fund will be closed.

ARTS COUNCIL ENGLAND CAREFUL NETWORKS FUND

Careful Networks was a project initiated by Phoenix in partnership with BOM, Furtherfield, The Photographers' Gallery, QUAD and Vivid Projects. The project examines alternative ways of hosting and viewing digital artworks with the idea of experimenting with practices focused on 'care'.

A £32,230 grant was awarded from the Arts Council Project Grants programme. (ACE temporarily allowed NPO's to apply for project grants in response to the pandemic).

Each partner organisation nominated participating artists who were introduced to the concept of peer-to-peer systems, alternative web protocols and approaches to careful networking. They were then tasked to create new digital artworks that were hosted using this approach. The exhibition was then archived as a standalone website, which remains accessible to audiences. The project benefited the partners and 14 artists and attracted a more global audience than usual. It received a favourable independent evaluation and was featured in a talk and podcast with The ODI.

The project was mostly delivered in 2021/22, with some further work to be completed in 2022/23, the restricted fund will remain open.

BFI (BRITISH FILM INSTITUTE) AUDIENCE FUND

BFI has been a recurrent grant supporter of Phoenix for many years. Phoenix was awarded an Audience Fund Organisational Award of £100,000 for the period 1 April 2021 to 31 March 2022.

BFI amended its reporting requirements to help support the independent cinema sector through the huge challenges of the COVID-pandemic in 2020/21. BFI changed its funding process for 2021/22 following a delay to their planned Strategy update caused by COVID-19. An Organisational Award of £100,000 for 2021/22 was approved through an extension of our existing funding agreement, against a BFI approved activity plan.

Phoenix at Home was continued throughout 2021/22 and was adapted after the venue reopened in June. The venue was open continuously to the public from June with reduced capacity and opening hours. We were encouraged to welcome cinema goers back albeit at much lower levels than pre-pandemic. The annual audience of 32,890 was 37% of 2019/20 (89,580), but much better than 2020/21 (2,200) when the venue was open for just one month.

12. MOVEMENTS IN RESTRICTED FUNDS (Charity and Group) - Continued

ARTS COUNCIL ENGLAND CULTURE RECOVERY FUND (CRF)

During the year, Phoenix received support from the Culture Recovery Fund in 3 grants administered by Arts Council England. These grants enabled the charity to survive the continuing impact of the pandemic.

In 2019/20 Phoenix generated almost £1M of contribution to overheads from trading, memberships, and shared services. The main activities (cinema tickets, concessions, advertising, venue hire, memberships, donations, course fees and shared services) were all badly affected by the continuing closure in the first 3 months of the year, and the social distancing and safety measures that were necessary after reopening. The cinema auditoria and café capacities were initially limited to circa 25% occupancy and “per-event” costs were higher due to the extra cleaning and other safety procedures in place. It was impossible to operate a room hire offer with government restrictions in place. Although we were very encouraged by the response of the returning audience, earned income was too low to cover the overhead and operating costs of the venue. The solvency of the charity was threatened in spite of cost saving measures and a restructuring and redundancy programme completed in June.

A CRF round 2 Business Sustainability grant was awarded to support the charity in the period 1st April to 30th September 2021 (i.e. 3 months of closure followed by restricted operation). The grant comprised £127,471 to cover operating costs and overheads directly and £171,230 as a direct contribution to replenish free reserves to a minimum cap.

In June 2021 DCMS announced a third round of the CRF to support organisations in the run up to fuller reopening and beyond as restrictions were expected to be lifted at that time. A grant of £282,648 was awarded for the period 1st October to 31st March 2022 as a direct contribution to free reserves to a minimum cap, which otherwise would have fallen to a critical level.

Our business recovery plan and financial forecast was adapted throughout the year. Initially we felt that audiences would increase in the latter six months of the year as government restrictions were relaxed and consumer confidence returned. However, the onset of the OMICRON variant and “winter wave” had a further impact on our trading income, including reduced sales due to consumer fears, the continuation of reduced opening and venue capacity, cancellation of events, and loss of café/bar trading. An application to the Emergency Resource Fund in January 2022 resulted a grant of £61,340 to reflate free reserves at 31st March 2023.

BFI BUSINESS SUSTAINABILITY GRANT (CULTURE RECOVERY FUND ROUND 1)

Phoenix applied for a BFI Business Sustainability Grant in August 2020, which was approved at the end of November 2021. The purpose of this strand of Culture Recovery Fund was to support independent cinemas to operate viably under the restricted conditions imposed by the COVID-19 pandemic. The initial period of the grant was 1 November 2020 to 31 March 2021 and much of the expenditure was incurred and reported in this period. This grant was essential in supporting the charity’s free reserves and cash flow during the period 1 November 2020 to 31 March 2021, which would otherwise have fallen to a critical level.

BFI invited organisations to apply to extend the grant period to 30 June 2021 to carry forward any unspent funds. Phoenix applied to a carry-forward of part of the grant to 30 June and had good reason to believe the extension had been approved in correspondence from BFI as late as June. The restricted fund was kept open in 2022 in expectation this was the case. In September BFI confirmed that the extension had not been approved and confirmed their analysis and view that £38,680 of the grant already paid should be refunded. Whilst we disagree with the BFI analysis, a provision was included for this repayment in the Statutory Accounts last year. The repayment was approved and completed in June 2022.

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

12. MOVEMENTS IN RESTRICTED FUNDS (Charity and Group) - Continued

PHOENIX 2020 DEVELOPMENT FUND

The Phoenix 2020 capital project is managed through this overarching restricted fund, which receives capital grant payments and the corresponding expenditure.

In June 2017 Phoenix was awarded Arts Council England (ACE) Large Capital programme funds towards its plan to expand the Phoenix Square venue. The aims of the development are to double participation in the Phoenix cultural programme and to significantly increase the charity's earned income and long-term financial resilience. The initial award included a £177,802 development grant and the conditional offer of up to £4M capital grant subject to completion of the stage 1 grant conditions and a successful stage 2 application. The ACE development grant was matched by a Leicester and Leicestershire Enterprise Partnership (LLEP) Project Development Grant of £100,000 confirmed in June 2017.

Planning approval in February 2019 was followed by confirmation of the stage 2 Large Capital grant in March 2019 of £4M. In August 2020 Leicester City Council confirmed a lease on the additional land needed at a peppercorn rent until 2069. This milestone enabled the final design stage (RIBA4) to begin part-funded by the Arts Council Large Capital Grant matched by Phoenix. These funds were used primarily for the professional services required to develop the scheme from RIBA3 to RIBA4 including design, construction planning and business planning.

Despite the pandemic, fundraising efforts produced an additional £1.5M of capital grants in 3 separate awards by 31 March 2021: Arts Council Kickstart Fund, Leicester City Council Business Rates Pool Fund via Leicester and Leicestershire Enterprise Partnership, and the European Regional Development Fund.

RIBA4 final designs and planning were completed in May 2021 against the backdrop of considerable price volatility and supply chain concerns in the construction industry. Additional financial support from Leicester City Council and Arts Council England was sought and confirmed in July, which closed the gap between funds pledged and project costs and enabled the Trustees to enter into the £6.2M construction contract. A new Deed of Security was provided to ACE. Site works started in September and will be completed in January 2023 with the venue remaining open to the public for much of the build. The project is on target and budget.

During 2021/22 the restricted fund received new capital grant contributions from the following: Arts Council England £3,368,572; Leicester City Council £1,900,000; The Garfield Weston Foundation £250,000 and the Foyle Foundation £135,000. Some of these grants are paid in advance of expenditure to be incurred in 2022/23. The capital expenditure set against these funds up to 31st March 2022 is capitalised (see note 6), producing the large increase in fixed assets shown in the Balance sheet.

The European Regional Development Fund (ERDF) grant was confirmed in January subject to contract, which was finalised in November 2021. No income was received from this grant within the financial year although costs were incurred. The terms of the grant provided for costs incurred in 2021/22 to be claimed in arrears. The Managing Authority is The Ministry of Housing, Communities and Local Government.

FILM HUB MIDLANDS GRANT

Phoenix was awarded a £1,000 grant as part of Japan 2021 - a UK-wide season of Japanese cinema led by BFI in partnership with BFI FAN (Film Audience Network). Phoenix screened a season of Japanese cinema celebrating cult films, black-listed directors, non-Kurosawa Samurai films, and rarely seen classics in November 2021. Despite limited capacity due to socially distanced seating, we saw an audience of 125 over 4 events. The programme is complete and the restricted fund will be closed.

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

12. MOVEMENTS IN RESTRICTED FUNDS (Charity and Group) - Continued

HMRC CORONAVIRUS JOB RETENTION SCHEME

Phoenix was closed for the first 3 months of the year and, after reopening, necessarily operated with reduced capacity and opening hours and other COVID-19 safety measures. It was not possible to operate some parts of our offer due to the COVID-19 restrictions at this time.

Many staff were unable to work due to Government COVID-19 restrictions and were registered on the Coronavirus Job Retention Scheme which provided grant aid to cover employment costs. With the support of the Scheme, Phoenix was able to sustain employment of essential and sufficient staff to enable the charity to reopen its venue in June 2021 and phase in more of its offer and business operations thereafter. The Government closed the Scheme on 30th September 2021.

13. DESIGNATED FUNDS (Charity and Group)

| | At 1 April 2021 £ | Net Incoming/ Outgoing Resources £ | Designations in year £ | At 31 March 2022 £ |
|----------------------------------|-------------------------|------------------------------------------------|------------------------------|--------------------------|
| Creative and Development Reserve | 440,730 | 58,386 | 18,000 | 517,116 |
| Premises Maintenance Reserve | 17,977 | (12,999) | 43,200 | 48,178 |
| | <u>458,707</u> | <u>45,387</u> | <u>61,200</u> | <u>565,294</u> |

CREATIVE AND DEVELOPMENT RESERVE

The Creative and Development Reserve fund is for the purpose of investing in our cultural, education and charitable activities through new initiatives and facilities. The aim is to have a designated development reserve that enables the consolidation of miscellaneous donations and grant contributions towards the Charity's development without over restricting purpose.

Currently, the fund is used to reserve unrestricted donations and grants given for the Phoenix 2020 development to help fund the capital project.

PREMISES MAINTENANCE RESERVE

The fund was established to reserve a regular monthly amount to build up a reserve to cover more significant maintenance that might be needed in the future to the premises. The fund continued to receive monthly designations during the year.

REDUNDANCY RESERVE

A significant reorganisation that regrettably included redundancies was initiated in January 2021. Most of the reorganisation was completed in the first 3 months of 2021/22. Redundancy cost liabilities identified in 2021/22 were provided for in a designated fund which was closed in the financial year.

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

13. DESIGNATED FUNDS (Charity and Group) - Continued

PHOENIX COMMUNITY CINEMA (Part Restricted, part Designated)

Sadly, the Phoenix Community Cinema (PCC) service was closed in September 2021 because it was impossible to sustain the network. PCC started in 2003 and for many years supported 60 community venues to serve an annual audience of over 12,000 in the counties of Leicestershire, Rutland and Northamptonshire. The pandemic caused the cessation of all activities from March 2020. Pre-pandemic, funding needed to cover the costs of PCC came 50% from audience contributions and 50% from grants. Despite our efforts to find new grants during 2020, it was not possible to develop a viable recovery plan for PCC. Closure of the scheme was very regrettable and resulted in redundancies. We are proud of the achievements of the staff and volunteer groups, many of whom have continued to serve their communities by other means.

Closure of the scheme resulted a deficit on the fund being incurred and underspend on a National Lottery Awards for All grant was refunded. The fund is now closed.

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | General Fund £ | Designated Funds £ | Restricted Funds £ | CHARITY Total £ |
|--------------------------------|----------------------|--------------------------|--------------------------|-----------------------|
| Fixed assets | 358,175 | - | 3,795,475 | 4,153,650 |
| Cash at bank and in hand | 471,776 | 565,294 | 28,616 | 1,065,686 |
| Other net (liabilities)/assets | (419,693) | - | - | (419,693) |
| | <u>410,258</u> | <u>565,294</u> | <u>3,824,091</u> | <u>4,799,643</u> |
| | General Fund £ | Designated Funds £ | Restricted Funds £ | GROUP Total £ |
| Fixed assets | 362,537 | - | 3,795,475 | 4,158,012 |
| Cash at bank and in hand | 603,320 | 565,294 | 28,616 | 1,197,230 |
| Other net assets/(liabilities) | (551,232) | - | - | (551,232) |
| | <u>414,625</u> | <u>565,294</u> | <u>3,824,091</u> | <u>4,804,010</u> |

15. CAPITAL

Leicester Arts Centre Limited is limited by guarantee and accordingly does not have a share capital. The maximum liability of each member is £1.00.

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

16. CONTINGENT LIABILITIES

a) During the year ended 31 March 2010 the company received a Capital Grant from De Montfort University (DMU). Under the terms of the grant the company must repay the DMU part of the grant received in the following circumstances, referred to as repayment events :-

- The company fails materially to comply with the terms of the grant offer letter
- The company does not perform its obligations set out in the grant offer letter
- The company sells, disposes of, surrenders or transfers the lease with Leicester City Council for the premises it is located in

If a repayment event occurs within the first 15 years of the lease term the amount repayable to DMU is £350,000. If any such event occurs after that time the amount of repayment is reduced pro-rata over the remaining term of the lease.

b) The charity had previously been receiving a grant from Leicester City Council (LCC) in advance. This had been accounted for previously within deferred income on the basis it would need to be repaid if activities did not continue. In FY 2015/16 LCC confirmed that the advanced amount would only be repayable in the unlikely event the charity surrendered the lease for the premises it is located in, therefore the amount of £52,550 was released from deferred income in that year.

These are contingent liabilities and have not been provided for in the Statement of Financial Activities or the Balance Sheet.

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

17. ANALYSIS OF CHANGES IN NET DEBT

| | At 1 April 2021 | Cash flows | CHARITY Other non-cash changes | 31 March 2022 |
|----------------------------------|--------------------|----------------|-----------------------------------------|------------------|
| | £ | £ | £ | £ |
| Cash and cash equivalents | | | | |
| Cash | 457,161 | 608,525 | - | 1,065,686 |
| | <u>457,161</u> | <u>608,525</u> | <u>-</u> | <u>1,065,686</u> |
| Borrowings | | | | |
| Debt due within one year | (51,807) | 54,907 | (55,227) | (52,127) |
| Debt due after one year | (213,931) | - | 55,227 | (158,704) |
| | <u>(265,738)</u> | <u>54,907</u> | <u>-</u> | <u>(210,831)</u> |
| Total net debt | <u>191,423</u> | <u>664,432</u> | <u>-</u> | <u>854,855</u> |

| | At 1 April 2021 | Cash flows | GROUP Other non-cash changes | 31 March 2022 |
|----------------------------------|--------------------|----------------|---------------------------------------|------------------|
| | £ | £ | £ | £ |
| Cash and cash equivalents | | | | |
| Cash | 514,545 | 682,685 | - | 1,197,230 |
| | <u>514,545</u> | <u>682,685</u> | <u>-</u> | <u>1,197,230</u> |
| Borrowings | | | | |
| Debt due within one year | (51,807) | 54,907 | (55,227) | (52,127) |
| Debt due after one year | (213,931) | - | (55,227) | (158,704) |
| | <u>(265,738)</u> | <u>54,907</u> | <u>-</u> | <u>(210,831)</u> |
| Total net debt | <u>248,807</u> | <u>737,592</u> | <u>-</u> | <u>986,399</u> |

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX

ANALYSIS NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

ANALYSIS OF INCOME (CHARITY)

Centre income is derived from the following sources:

| | Unrestricted 31 March 2022 £ | Restricted 31 March 2022 £ | Total 31 March 2022 £ | Total 31 March 2021 £ |
|------------------------------------------------------|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| <i>Incoming resources from generated funds</i> | | | | |
| Grants received/receivable | | | | |
| Revenue Grants | | | | |
| Community Cinema | - | - | - | 23,320 |
| Film Hub Midlands | - | - | - | 1,000 |
| National Lottery Awards for All | - | - | - | (3,350) |
| Leicester City Council | 215,370 | - | 215,370 | 215,370 |
| Leicester City Council COVID Support | 24,000 | - | 24,000 | 31,457 |
| De Montfort University Digital Growth | 20,000 | - | 20,000 | - |
| HMRC Coronavirus Job Retention Scheme | - | 100,798 | 100,798 | 437,777 |
| Arts Council England Culture Recovery Fund | - | 642,687 | 642,687 | - |
| Arts Council England Careful Networks | - | 29,007 | 29,007 | - |
| Arts Council NPO | - | 81,945 | 81,945 | 85,740 |
| Arts Council England Creative Media | - | 2,200 | 2,200 | - |
| BFI Audience Fund | - | 100,000 | 100,000 | 161,000 |
| BFI Culture Recovery Fund Business Support | - | - | - | 166,310 |
| BFI Culture Recovery Fund Safety | - | - | - | 10,000 |
| Other Grants | 2,247 | - | 2,247 | 5,500 |
| Capital Grants | | | | |
| The Garfield Weston Foundation | - | 250,000 | 250,000 | - |
| Leicester City Council | - | 1,324,309 | 1,324,309 | - |
| The Foyle Foundation | - | 135,000 | 135,000 | - |
| Arts Council England | - | 1,593,756 | 1,593,756 | 410,300 |
| Total grants | 261,617 | 4,259,702 | 4,521,319 | 1,544,424 |
| Intangible income – rent free use of premises | 110,500 | - | 110,500 | 110,500 |
| <i>Incoming resources from charitable activities</i> | | | | |
| Box Office | 245,515 | - | 245,515 | 19,954 |
| Education events | 14,714 | - | 14,714 | 7,444 |
| Total box office | 260,229 | - | 260,229 | 27,398 |
| <i>Other income from operating activities</i> | | | | |
| Screen advertising | 9,723 | - | 9,723 | 148 |
| Management Service Level Agreements | 45,451 | - | 45,451 | 48,448 |
| Donations | 5,751 | - | 5,751 | 17,175 |
| Sundry income | 500 | 4,157 | 4,657 | 81,373 |
| Total other | 61,425 | 4,157 | 65,582 | 147,144 |
| <i>Investment income</i> | | | | |
| Bank interest | 43 | - | 43 | 10 |
| Gift aid from subsidiary | 34,727 | - | 34,727 | 66,206 |
| Total investment income | 34,770 | - | 34,770 | 66,216 |
| Total incoming resources | 728,541 | 4,263,859 | 4,992,400 | 1,895,682 |

This page does not form part of the statutory financial statements

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX

ANALYSIS NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

ANALYSIS OF SUPPLIES AND SERVICE COSTS (CHARITY)

| | Unrestricted 31 March 2022 £ | Restricted 31 March 2022 £ | Total 31 March 2022 £ | Total 31 March 2021 £ |
|-----------------------------------------------------------|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| Travel and subsistence | 907 | - | 907 | 153 |
| Training | 1,499 | 1,886 | 3,385 | 1,155 |
| Telephone & broadband | 13,108 | - | 13,108 | 14,493 |
| Office equipment, hire of equipment and premises expenses | 1,382 | - | 1,382 | 3,047 |
| IT Costs | 50,745 | 5,201 | 55,946 | 45,366 |
| Postage and stationery | 284 | - | 284 | 275 |
| Bank and PDQ charges | 9,160 | - | 9,160 | 4,295 |
| Hire purchase interest | 696 | - | 696 | 1,679 |
| Licences, memberships and running costs | 3,265 | - | 3,265 | 3,608 |
| Insurance | 19,952 | - | 19,952 | 20,043 |
| Accountancy | 56,280 | - | 56,280 | 48,391 |
| Legal and Professional fees | 10,236 | - | 10,236 | 37,500 |
| | 167,514 | 7,087 | 174,601 | 180,005 |

ANALYSIS OF GOVERNANCE COSTS (CHARITY)

| | Unrestricted 31 March 2022 £ | Restricted 31 March 2022 £ | Total 31 March 2022 £ | Total 31 March 2021 £ |
|----------------------------|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| Audit and accountancy fees | 4,511 | - | 4,511 | 4,511 |
| Legal and consultancy | - | - | - | - |
| | 4,511 | - | 4,511 | 4,511 |

LEICESTER ARTS CENTRE LIMITED

England & Wales - Charity number 701078

Accounts

COMPANY NUMBER : 02276987

**LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX**

**REPORT OF THE DIRECTORS
AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2021

**LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX**

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FOR THE YEAR ENDED 31 MARCH 2021**

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**LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX**

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2021**

DIRECTORS AT YEAR END AND THROUGHOUT THE YEAR:

A Sinclair (Chair)
B A Carpenter Van Barthold
S M Overton-Edwards
C Sharpe
W G Haley
R Coalson (resigned 24 November 2021)
A Mamujee
L M Jones
D T Myers
Prof S M Sharma
C J Kersey
S Bazzaz
Z Allman
J L Smith
E C Harris-Boulter
M Underwood
S Jones (appointed 29 April 2020)

CHIEF EXECUTIVE : J Rance

SECRETARY : R Botterill

REGISTERED OFFICE : Phoenix Square
4 Midland Street
Leicester
LE1 1TG

COMPANY NUMBER : 02276987 (England and Wales)

CHARITY NUMBER : 701078

AUDITORS : Evolve Accountants and Business Advisors Ltd
Unit 10 Phoenix Park, Telford Way
Coalville
Leicestershire
LE67 3HB

BANKERS : Bank of Scotland

LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2021

The Trustees, who are also directors of the charity for the purposes of the Companies Act, present their annual report together with the audited financial statements for the year ended 31 March 2021. Company information as set out on page 1 forms part of this report.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

Leicester Arts Centre Limited (LAC Ltd) is a registered charity (charity number 701078) and a company limited by guarantee (company number 2276987).

The company is governed by its Memorandum and Articles of Association which were last amended in August 2015.

Phoenix is the trading name of the charity and its trading subsidiary, Firebird Trading Ltd (company number 6942215).

Recruitment and Appointment of the Directors

Directors can be appointed by the Board or by the company's members at a general meeting. Leicester City Council is entitled to appoint a maximum of two directors and to remove any such directors. De Montfort University is entitled to appoint a maximum of two directors provided that such directors have first been approved by the City Council and to remove any such directors.

The Chair of the Board is appointed by the Board from amongst the directors. The term of appointment for the Chair and directors is for a fixed period after which the Chair and/or directors can stand for re-election. The number of directors shall not be less than three and is not subject to any maximum.

Director Induction and Training

There is an induction programme for new directors, which is tailored to their particular needs. Training programmes for directors are available to assist them in consolidating their knowledge of their duties and responsibilities as directors.

Risk Management

The Trustees regularly review the major strategic, business and operational risks which the company faces and confirm that systems have been put in place to mitigate those risks.

Organisational Structure

The company is overseen by a Board of Directors that meet periodically in order to administer the charity. Decisions are made at Board meetings by a majority vote. A Chief Executive Officer (who is not a Board member) is appointed by the Board to manage the day-to-day operations of the charity.

The Directors have a maximum liability under guarantee to contribute £1 each towards the company's liabilities in the event of a winding up.

**LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2021**

PRINCIPAL OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

Phoenix's vision is to enrich lives and celebrate diversity and ambition in film and art. The company's mission is to be a dynamic artistic and creative centre where everyone can enjoy, learn about and make inspirational film and art; enriching individual lives and stimulating economic growth in Leicester and beyond.

Phoenix provides a unique programme of world cinema, digital arts and education for a wide range of people mainly from the greater Leicester area. Open to all, Phoenix promotes education and a stimulating environment that enables people to develop the inspiration, skills and relationships they need to achieve. Our public benefit aims are to promote education and community development especially through world film and the digital arts.

The company's principal place of activity is Phoenix Square, 4 Midland Street, Leicester.

It is the company's policy that there should be no discrimination in respect of ethnic origin, race, physical appearance, gender, disability, sexuality, marital status, class, age, religious or political belief and that equal opportunity shall be given to all employees. The company's recruitment procedures ensure that all applicants are given full and fair consideration for suitable vacancies.

The company has referred to the Charity Commission's general guidance on public benefit when reviewing its aims and objectives and in planning its future activities.

ACHIEVEMENTS AND PERFORMANCES

The achievements and financial statements of Phoenix in 2020/21 were shaped by two extraordinary events – the COVID-19 pandemic and the capital project to expand our venue – both of which will continue to have major impact during 2021/22.

These financial statements are therefore very untypical of our normal operation. They represent the charity managing the severe impact of COVID-19 on our operation coupled with the financial preparations leading up to the start of construction work in July 2021.

The COVID-19 pandemic had a huge impact on the culture and hospitality sector throughout 2020/21, which continues into 2021/22.

Phoenix closed on 17 March 2020 in the first national lock-down and was able to open to the public for only 29 days during the financial year due to various periods of extended restrictions in Leicester and 2 further national lock downs. A Business Continuity Plan was activated in February 2020, which adapted our governance and risk management processes to deal with the crisis. This later segued into the Business Recovery Plan.

Phoenix usually sees 170,000 engagements a year in various cultural, education and business activities offered by Phoenix at its main venue, with many more people visiting our popular café/bar.

From the start of the pandemic, we determined to continue to serve our local community whilst also prioritising business continuity and our ambitious capital project to expand the venue.

We are very proud of the way our creative team adapted quickly to the extraordinary situation and supported many people during the lockdowns and restrictions with a comprehensive entertaining, inspiring, and educational on-line programme called Phoenix at Home. From March 2020 Phoenix produced a weekly programme of events delivered on-line including film recommendations and family activities at home, on-line art commissions and exhibitions, video workshops and courses. The response was excellent with over 123,000 engagements during the financial year.

In addition to supporting our audience and local community, Phoenix at Home accelerated the charity's capabilities in on-line and blended activities using internet and mobile technologies. Phoenix at Home will continue to be a part of our cultural and educational offer in the long term alongside venue-based activities.

The continuing funding commitments of our stakeholders Leicester City Council, Arts Council England, British Film Institute and De Montfort University in these extraordinary circumstances was vital in the continuation of our work in engaging a diverse range of people in film, digital culture, learning and creativity.

**LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2021**

The completion of a long-term lease, provided by Leicester City Council, in August 2020 enabled the final design phase of the capital project known as Phoenix 2020 to begin in September.

Despite the pandemic, Phoenix made good progress in raising additional capital funds and the reserves that must be in place before the charity can start a construction contract. Further information is provided in Plans for Future Periods.

FINANCIAL REVIEW

Total Incoming Resources of the group amounted to £1,956,512 during the year (2019/20: £2,193,341) with Total Resources Expended in the year of £1,356,949 (2019/20: £2,114,989).

The Unrestricted Funds of the group increased to £617,298 at the year end. Restricted Funds stood at £561,995 at the year end.

However, the increase in total Unrestricted Funds during the year was largely due to funds received and designated for the building phase of the Phoenix 2020 capital project expected to start in 2021/22. General Funds decreased in the year from £222,698 (31 March 2020) to £158,592 (31 March 2021).

In 2019/20 Phoenix generated almost £1M of contribution to overheads from trading, memberships, and shared services. The main activities (cinema tickets, concessions, advertising, and venue hire) ceased on 17 March 2020 with venue closure. Memberships, donations, course fees and shared services were also badly affected by closure.

Phoenix survived loss of this income through good governance and management and vital support from our public funders Arts Council England, British Film Institute (BFI), and Leicester City Council. Our very loyal customer base made over 400 individual donations in response to an emergency appeal and many members renewed subscriptions despite closure. Phoenix claimed COVID-19 relief support including the Job Retention Scheme, business grants administered by Leicester City Council, and a VAT deferral.

Box Office income of £27,398 was just 4.4% of the 2019/20 level of £618,277. Similarly, income from the trading subsidiary of £135,568 was only 16.7% of the 2019/20 amount £812,575.

Initial cash-flow support from Arts Council England and BFI through advanced grant payments followed by the various cultural sector government COVID-19 relief programmes meant that Phoenix was able to survive this dramatic loss of earned income from trading activities that either ceased or were badly affected by COVID-19 restrictions and consumer concerns.

Fixed costs and overheads were reduced where possible often by working with our suppliers. Phoenix operates a large venue, and many costs are not readily scalable. However, over the year the combined cost of Premises, Overheads and Marketing were reduced significantly.

Employment costs were also reduced significantly during the year (note 3). The Business Recovery Plan required the retention of sufficient staff and key skills in readiness to reopen the venue and recover trading. The Coronavirus Job Retention Scheme was a major source of relief from March 2020, sustaining the charity and supporting employment during closure periods when most staff were on furlough whilst a core team worked on business continuity, the capital project, and Phoenix at Home.

Employment and operating costs were also covered by various government COVID-19 relief grants for business and the culture sector.

**LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2021**

The Job Retention Scheme alongside various COVID-19 support grants enabled Phoenix to survive the financial impact of the COVID-19 closures and restrictions whilst sustaining its ability to provide on-line services to local communities and the ability to reopen and rebuild trading.

Arts Council England's Emergency Response Fund provided vital grant support during the first six months. Government support for the culture sector was provided by the Culture Recovery Fund and Phoenix was funded during the latter 6 months of the year by a BFI Culture Recovery Fund grant. These funds were managed as restricted funds used to cover the eligible costs of closure, reopening, investments in COVID-19 safety and reorganisation.

When Phoenix was able to reopen, venue capacity was limited by continuing restrictions and unit operating costs were higher due to extra staffing, cleaning and other investments made in COVID-19 safety. However, we were pleased with the response of returning audiences in terms of the number and feedback on our COVID-19 safety measures.

A significant reorganisation that regrettably included redundancies was initiated in January 2021. Most of the reorganisation was completed in the first 3 months of 2021/22. The benefit will therefore be seen in 2021/22 although financial provision for the plan was made in 2020/21.

A Coronavirus Business Interruption Loan was approved by Bank of Scotland in July 2020 and is reserved to support the capital project. Further information is included in Plans for Future Periods.

The Group Statement of Financial Activities (SOFA) shows an overall Net Incoming Resources of £599,563. However, included within Restricted Fund Income is Grants which have been used on the Phoenix 2020 project. The grants have been spent in the year as Capital and show on the balance sheet. The assets are represented as Restricted Funds against which future Depreciation will be charged against the fund.

During the year, the Trustees approved the designation of funds to support the construction of Phoenix 2020 and expected redundancy costs in 2021/22. Whilst unrestricted designated funds were increased to meet these expected obligations, the level of general unrestricted funds decreased to £158,592.

The directors have considered the going concern position of the Company and the group and consider that the preparation of the financial statements on a going concern basis is appropriate.

Principal Funding Sources

Leicester Arts Centre's main grant funders in the period were Leicester City Council, Arts Council England, De Montfort University, British Film Institute, and the Coronavirus Job Retention Scheme.

Reserves Policy

During the year, the Trustees approved a change to the Reserves Policy to increase general funds to improve financial resilience in the face of continuing uncertainty due to COVID-19, and to designate funds to support the construction of the Phoenix 2020 capital project expected to start in 2021/22.

The previous policy, approved in 2014/15, was a minimum for emergency situations based on the risk of the short-term closure of a significant trading facility such as a cinema or the kitchen. The size and complexity of Phoenix has changed since this policy was conceived and new risks and opportunities are evident.

LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2021

Budget planning for the capital project construction phase identified a significant designated fund requirement. Such projects are complex and carry inherent risks and it is necessary to cover a loss of business during construction. The Trustees approved the designation of further funds to the Creative and Development Reserve to help cover the construction phase of the capital project.

At the same time the Trustees approved an increase in general reserves policy target to help cover significant continuing risks to trading.

The Trustees of Leicester Arts Centre Ltd., aim to retain a minimum of £400,000 free reserves, being the unrestricted funds not designated for a specific purpose to cover contingencies and annual variations in operating income. In addition, the Trustees aim to retain a cash balance of £400,000 to cover variations in operating income. The Trustees will review the policy regularly in the context of the strategic aims, risks register and financial performance.

The level of free reserves of the group on 31 March 2021 had fallen to £158,591 (31 March 2020: £222,698), which is less than new policy target set by the Trustees.

Cash balances held at 31 March 2021 were higher than the £400,000 target but they include a £250,000 Coronavirus Business Interruption Loan that the Trustees have designated for the capital project.

The replenishment of general reserves and cash was subsequently supported by applications to the Culture Recovery Fund rounds 2 and 3 approved in April and November 2021 respectively.

Investment Policy

The directors of the Company have the powers to invest the Company's funds in any way they feel appropriate in accordance with its charitable objectives.

PLANS FOR FUTURE PERIODS

The main aim for the year ahead is to manage the construction phase of Phoenix 2020, which started in July 2021 and is expected to be complete in December 2022.

The project will add 2 new cinemas, a new art gallery and spaces for learning and creativity and will double the size of our café and entertainment spaces. It is the main route to long term financial resilience whilst growing and diversifying film and arts audiences.

The £8.7M capital budget is funded by Arts Council England, Leicester City Council, Leicester and Leicestershire Enterprise Partnership, The Foyle Foundation, The Garfield Weston Foundation, European Regional Development Fund, individual donations, and Phoenix. A £6.8M construction contract was entered into in July 2021.

Phoenix aims to remain open during the building and refurbishment work although construction operations will have a big impact on our normal operations which are still recovering from COVID-19.

**LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2021**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006, Charities Act 2011, 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 2015) and the trust deed. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

Each of the persons who is a trustee at the date of approval of this report confirms that:

- so far as each trustee is aware, there is no relevant audit information of which the Charity's auditor is unaware; and
- each trustee has taken all steps that they ought to have taken as a trustee to make them-self aware of any relevant audit information and to establish that the Charity's auditor is aware of that information.

This report has been prepared in accordance with the 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 2015) and in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.



ON BEHALF OF THE BOARD
Alison Sinclair (Chair) – Director

15th December 2021

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX**

OPINION

We have audited the consolidated accounts of Leicester Arts Centre Trading as Phoenix for the year ended 31 March 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's trustees 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 charitable company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the consolidated accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

BASIS OF 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 consolidated accounts section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the consolidated accounts 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to where:

The trustees' use of the going concern basis of accounting in the preparation of the consolidated accounts is not appropriate; or

The trustees have not disclosed in the consolidated accounts any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the consolidated accounts are authorised for issue.

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the consolidated accounts and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the consolidated accounts 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 thereon.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX (continued)**

In connection with our audit of the consolidated accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated accounts or our knowledge obtained in 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 there is a material misstatement in the consolidated accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE CHARITIES ACT 2011

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

- the information given in the Trustees' Report for the financial year for which the consolidated accounts are prepared is consistent with the consolidated accounts
- 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 charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees Report.

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the consolidated accounts are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the consolidated accounts in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Trustees' Annual Report and from the requirement to prepare a strategic report.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' Annual Report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the consolidated accounts 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 consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated accounts, the Trustees are responsible for assessing the Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Charitable Company or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX (continued)**

AUDITORS RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED ACCOUNTS

Our objectives are to obtain reasonable assurance about whether the consolidated accounts 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 consolidated accounts.

A further description of our responsibilities for the audit of the consolidated accounts is located on the Financial Reporting Councils website at www.frc.org.uk/auditorresponsibilities. This description forms part of our auditor's report.

Evolve Accountants & Business Advisors

Evolve Accountants and Business Advisors Limited
Accountants and Statutory Auditors
Unit 10 Phoenix Park
Telford Way, Coalville,
Leicestershire LE67 3HB

15th December 2021

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
 STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)
 FOR THE YEAR ENDED 31 MARCH 2021

| | | | | CHARITY | |
|------------------------------------------------------|------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| | Note | Unrestricted Funds 2021 £ | Restricted Funds 2021 £ | Total Funds 2021 £ | Total Funds 2020 £ |
| Incoming Resources from generated funds | | | | | |
| Voluntary Income | | | | | |
| Grants received | | 251,327 | 1,293,097 | 1,544,424 | 553,607 |
| Intangible income – rent free use of premises | | 110,500 | - | 110,500 | 110,500 |
| Investment Income | | | | | |
| Bank interest | | 10 | - | 10 | 88 |
| Gift aid from subsidiary | | 66,206 | - | 66,206 | 260,293 |
| Incoming Resources from Charitable Activities | | | | | |
| Box Office (charitable trading income) | | 27,398 | - | 27,398 | 618,277 |
| Other income from operating activities | | 147,144 | - | 147,144 | 106,826 |
| Total Incoming Resources | | 602,585 | 1,293,097 | 1,895,682 | 1,649,591 |
| Resources Expended | | | | | |
| Costs of generating funds | | | | | |
| Premises costs – intangible | | 110,500 | - | 110,500 | 110,500 |
| Cost of Charitable activities | | | | | |
| Live performance and education | | - | - | - | 97,161 |
| Film hire | | 18,184 | 420 | 18,604 | 212,630 |
| Wages, salaries and Social Security | | 329,968 | 491,440 | 821,408 | 710,351 |
| Project management | | (489,464) | 489,464 | - | - |
| Marketing and publicity | | 30,397 | 104 | 30,501 | 74,575 |
| Premises costs – Centre | | 85,802 | 10,000 | 95,802 | 144,353 |
| Depreciation | | 28,766 | 2,255 | 31,021 | 38,309 |
| Irrecoverable debt | | - | - | - | - |
| Supplies and services | | 169,633 | 10,372 | 180,005 | 176,020 |
| Governance costs | | 4,511 | - | 4,511 | 4,512 |
| Total resources expended | | 288,297 | 1,004,055 | 1,292,352 | 1,568,411 |
| Net (outgoing)/incoming Resources | | 314,288 | 289,042 | 603,330 | 81,180 |
| Transfers | 12 | - | - | - | - |
| Net Movement on Funds | | 314,288 | 289,042 | 603,330 | 81,180 |
| Total funds brought forward | | 295,425 | 272,953 | 568,378 | 487,198 |
| Total funds carried forward | 14 | 609,713 | 561,995 | 1,171,708 | 568,378 |

All incoming resources and resources expended derive from continuing activities.

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2021

| | | GROUP | | | |
|------------------------------------------------------|------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| | Note | Unrestricted Funds 2021 £ | Restricted Funds 2021 £ | Total Funds 2021 £ | Total Funds 2020 £ |
| Incoming Resources from generated funds | | | | | |
| Voluntary Income | | | | | |
| Grants received | | 251,327 | 1,293,097 | 1,544,424 | 553,607 |
| Intangible income – rent free use of premises | | 110,500 | - | 110,500 | 110,500 |
| Investment Income | | | | | |
| | | 10 | - | 10 | 88 |
| Activities for Generating Funds | | | | | |
| Income of trading subsidiary | | 135,568 | - | 135,568 | 812,575 |
| Incoming Resources from Charitable Activities | | | | | |
| Box Office (charitable trading income) | | 27,398 | - | 27,398 | 618,277 |
| Other income from operating activities | | 138,612 | - | 138,612 | 98,294 |
| Total Incoming Resources | | 663,415 | 1,293,097 | 1,956,512 | 2,193,341 |
| Resources Expended | | | | | |
| Costs of generating funds | | | | | |
| Trading subsidiary cost of sales | | 35,713 | - | 35,713 | 428,632 |
| Trading subsidiary overhead costs | | 24,256 | - | 24,256 | 113,092 |
| Premises costs – intangible | | 110,500 | - | 110,500 | 110,500 |
| Cost of Charitable activities | | | | | |
| Live performance and education | | - | - | - | 97,161 |
| Film hire | | 18,184 | 420 | 18,604 | 212,630 |
| Wages, salaries and Social Security | | 329,968 | 491,440 | 821,408 | 710,351 |
| Project management | | (489,464) | 489,464 | - | - |
| Marketing and publicity | | 30,397 | 104 | 30,501 | 74,575 |
| Premises costs – Centre | | 85,802 | 10,000 | 95,802 | 144,353 |
| Depreciation | | 33,394 | 2,255 | 35,649 | 43,163 |
| Irrecoverable debt | | - | - | - | - |
| Supplies and services | | 169,633 | 10,372 | 180,005 | 176,020 |
| Governance costs | | | | | |
| | | 4,511 | - | 4,511 | 4,512 |
| Total resources expended | | 352,894 | 1,004,055 | 1,356,949 | 2,114,989 |
| Net (outgoing)/incoming Resources | | 310,521 | 289,042 | 599,563 | 78,352 |
| Transfers | 12 | - | - | - | - |
| Net Movement on Funds | | 310,521 | 289,042 | 599,563 | 78,352 |
| Total funds brought forward | | 306,778 | 272,953 | 579,731 | 501,379 |
| Total funds carried forward | 14 | 617,299 | 561,995 | 1,179,294 | 579,731 |

All incoming resources and resources expended derive from continuing activities.

**LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
BALANCE SHEET AS AT THE YEAR ENDED 31 MARCH 2021**

| | Note | CHARITY | | GROUP | |
|--------------------------------------|------|------------------|----------------|------------------|----------------|
| | | 2021 £ | 2020 £ | 2021 £ | 2020 £ |
| FIXED ASSETS: | | | | | |
| Tangible assets | 6 | 844,615 | 469,930 | 852,198 | 482,141 |
| Investments | 2 | 2 | 2 | - | - |
| | | <u>844,617</u> | <u>469,932</u> | <u>852,198</u> | <u>482,141</u> |
| CURRENT ASSETS: | | | | | |
| Stocks | | - | - | 3,000 | 7,038 |
| Debtors | 7 | 274,496 | 52,220 | 221,882 | 56,131 |
| Cash at bank and in hand | | 457,161 | 268,027 | 514,545 | 311,835 |
| | | <u>731,657</u> | <u>320,247</u> | <u>739,427</u> | <u>375,004</u> |
| CREDITORS: | | | | | |
| Amounts falling due within one year | 8 | 190,635 | 207,380 | 198,400 | 262,993 |
| NET CURRENT ASSETS: | | <u>541,022</u> | <u>112,867</u> | <u>541,027</u> | <u>112,011</u> |
| CREDITORS: | | | | | |
| Amounts falling due in over one year | 9 | 213,931 | 14,421 | 213,931 | 14,421 |
| NET ASSETS: | | <u>1,171,708</u> | <u>568,378</u> | <u>1,179,294</u> | <u>579,731</u> |
| UNRESTRICTED FUNDS: | | | | | |
| General fund | | 151,006 | 211,345 | 158,592 | 222,698 |
| Designated Funds | 13 | 458,707 | 84,080 | 458,707 | 84,080 |
| RESTRICTED FUNDS | | | | | |
| | 12 | 561,995 | 272,953 | 561,995 | 272,953 |
| | 14 | <u>1,171,708</u> | <u>568,378</u> | <u>1,179,294</u> | <u>579,731</u> |

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 2006 (the Act) relating to the audit of the financial statements for the period by virtue of section 477, and that no member or members have requested an audit pursuant to section 476 of the Act.

The directors acknowledge their responsibilities for:

- (i) ensuring that the company keeps adequate accounting records which comply with section 386 of the Act, and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial period and of its profit or loss for the financial period in accordance with the requirements of section 393, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

The financial statements have however been audited as required by the Charities Act 2011. These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and 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 2015).

These financial statements were approved by the board and authorised for issue on 15 December 2021, and are signed on their behalf by:



Alison Sinclair (Chair) – Director
Company Registration Number 02276987

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. ACCOUNTING POLICIES

Going Concern

The accounts have been prepared on a going concern basis.

Accounting Convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with the Companies Act 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Basis of Consolidation

The consolidated financial statements combine the financial statements of the Leicester Arts Centre Limited and its' wholly owned subsidiary company, Firebird Trading Limited, as well as also showing the results of Leicester Arts Centre Limited as a single entity.

Incoming Resources

Income includes grant funding, donations, sponsorship and net invoiced sales of services, excluding value added tax.

Income is included in incoming resources when it is receivable, except as follows:

Income from theatre admission fees is included in incoming resources in the period in which the relevant show takes place.

When rental is received in advance, for a pre-determined period, the income is deferred and released to income over the defined period.

The rent-free use of the premises has been accounted for by showing the market value of the rent that would have been charged as intangible income and a premises cost.

Resources Expended

Resources expended are included in the Statement of Financial Activities on an accruals basis. Certain expenditure is directly attributable to specific activities and has been included in this cost categories.

Costs of generating funds comprise the costs of trading including the centre.

Costs of activities in furtherance of the objects of the charity comprise costs incurred by the charity in the delivery of its activities and services. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity.

Certain other costs, which are attributable to more than one activity, are apportioned across cost categories on the basis of an estimate of the proportion of time spent by staff on those activities.

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. ACCOUNTING POLICIES (Continued)

Tangible Fixed Assets

Fixed Assets are stated at cost less depreciation. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

| | | |
|-------------------------|---|-----------------------|
| Theatre Equipment | - | 20% on cost |
| Office and IT Equipment | - | 20%/33.3%/50% on cost |
| Catering Equipment | - | 20% on cost |

Whilst the Phoenix 2020 Capital Project is ongoing the capital asset is not being depreciated until the project is complete.

Fixed assets costing less than £500 are not capitalised.

Hire Purchase and Leasing Commitments

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Taxation

As a charity, Leicester Arts Centre Limited is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or S252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

Fund Accounting

- Unrestricted funds are available for use at the discretion of the directors in furtherance of the general objectives of the charity.
- Designated funds are unrestricted funds earmarked by the directors for particular purposes.
- Restricted funds are subjected to restrictions on their expenditure imposed by the donor.

2. NET INCOME OF TRADING SUBSIDIARY

The Charity owns the entire share capital of its trading subsidiary which is incorporated in the UK. The principal activities of Firebird Trading Limited are that of the operation of the Café Bar within Phoenix Square. The company pays its taxable profits to Leicester Arts Centre Limited under Gift Aid and its financial year end is the same as that of the Charity. A summary of its trading results is shown below:

| | 2021 | 2020 |
|--------------------------------|----------|-----------|
| | £ | £ |
| Turnover | 135,568 | 812,575 |
| Cost of sales | (35,713) | (428,632) |
| Gross Profit | 99,855 | 383,943 |
| Administration expenses | (37,416) | (126,478) |
| Other operating income | - | - |
| Gift Aid Donation | (66,206) | (260,293) |
| Operating profit/(loss) | (3,767) | (2,828) |

The assets and liabilities of the subsidiary were;

| | | |
|-----------------------------------------------|-----------|----------|
| Fixed assets | 7,583 | 12,211 |
| Current assets | 119,263 | 60,220 |
| Creditors : Amounts falling due within 1 year | (119,258) | (61,076) |
| Total Net Assets | 7,588 | 11,355 |
| Aggregate Share Capital and Reserves | 7,588 | 11,355 |

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

3. STAFF COSTS

| | CHARITY | | GROUP | |
|--------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 March 2021 £ | 31 March 2020 £ | 31 March 2021 £ | 31 March 2020 £ |
| Wages and salaries | 759,471 | 644,410 | 759,471 | 644,410 |
| Social Security costs | 30,220 | 39,270 | 30,220 | 39,270 |
| Pension contributions | 31,717 | 26,671 | 31,717 | 26,671 |
| Direct Wages of subsidiary company | - | - | 20,403 | 182,763 |
| Administrative salaries of subsidiary company | - | - | 18,486 | 92,398 |
| | <u>821,408</u> | <u>710,351</u> | <u>860,297</u> | <u>985,512</u> |

The average monthly number of FTE employees during the year was as follows:

| | CHARITY | | GROUP | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 March 2021 £ | 31 March 2020 £ | 31 March 2021 £ | 31 March 2020 £ |
| Charitable Activities | 37 | 30 | 37 | 30 |
| Generating Funds | - | - | 5 | 19 |
| | <u>37</u> | <u>30</u> | <u>42</u> | <u>49</u> |

One employee earned between £50,000 and £60,000 per annum. No other employees earned £50,000 per annum or more.

The directors were not paid or reimbursed for expenses during the year.

4. NET SURPLUS/(DEFICIT) FOR THE YEAR

The net surplus/(deficit) is stated after charging:

| | CHARITY | | GROUP | |
|-------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 March 2021 £ | 31 March 2020 £ | 31 March 2021 £ | 31 March 2020 £ |
| Depreciation | 31,021 | 38,309 | 35,649 | 43,163 |
| Loss/(Profit) on disposal of fixed assets | | - | | - |
| Auditors' remuneration | <u>4,511</u> | <u>4,512</u> | <u>4,511</u> | <u>4,512</u> |
| Directors emoluments and other benefits, etc | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

5. TAXATION

Analysis of the tax charge

No liability to UK Corporation Tax arose on ordinary activities for the year ended 31 March 2021 or for the year ended 31 March 2020.

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

6. TANGIBLE FIXED ASSETS

| | | | | | <u>CHARITY</u> |
|---------------------------|----------------------------|---------------------------|----------------------------|-------------------------------|------------------|
| | 2020 Project Costs £ | Theatre Equipment £ | Catering Equipment £ | Office & IT Equipment £ | Totals £ |
| COST OR VALUATION: | | | | | |
| At 1 April 2020 | 374,788 | 523,417 | - | 118,103 | 1,016,308 |
| Additions | 405,706 | - | - | - | 405,706 |
| Disposal | - | - | - | - | - |
| At 31 March 2021 | <u>780,494</u> | <u>523,417</u> | <u>-</u> | <u>118,103</u> | <u>1,422,014</u> |
| DEPRECIATION: | | | | | |
| At 1 April 2020 | - | 437,731 | - | 108,647 | 546,378 |
| Charge for year | - | 25,755 | - | 5,266 | 31,021 |
| Charge on disposals | - | - | - | - | - |
| At 31 March 2021 | <u>-</u> | <u>463,486</u> | <u>-</u> | <u>113,913</u> | <u>577,399</u> |
| NET BOOK VALUE: | | | | | |
| At 31 March 2021 | <u>780,494</u> | <u>59,931</u> | <u>-</u> | <u>4,190</u> | <u>844,615</u> |
| At 31 March 2020 | <u>374,788</u> | <u>85,686</u> | <u>-</u> | <u>9,456</u> | <u>469,930</u> |

| | | | | | <u>GROUP</u> |
|---------------------------|----------------------------|---------------------------|----------------------------|-------------------------------|------------------|
| | 2020 Project Costs £ | Theatre Equipment £ | Catering Equipment £ | Office & IT Equipment £ | Totals £ |
| COST OR VALUATION: | | | | | |
| At 1 April 2020 | 374,788 | 523,417 | 79,042 | 118,103 | 1,095,350 |
| Additions | 405,706 | - | - | - | 405,706 |
| Disposal | - | - | - | - | - |
| At 31 March 2021 | <u>780,494</u> | <u>523,417</u> | <u>79,042</u> | <u>118,103</u> | <u>1,501,056</u> |
| DEPRECIATION: | | | | | |
| At 1 April 2020 | - | 437,731 | 66,831 | 108,647 | 613,209 |
| Charge for year | - | 25,755 | 4,628 | 5,266 | 35,649 |
| Charge on disposals | - | - | - | - | - |
| At 31 March 2021 | <u>-</u> | <u>463,486</u> | <u>71,459</u> | <u>113,913</u> | <u>648,858</u> |
| NET BOOK VALUE: | | | | | |
| At 31 March 2021 | <u>780,494</u> | <u>59,931</u> | <u>7,583</u> | <u>4,190</u> | <u>852,198</u> |
| At 31 March 2020 | <u>374,788</u> | <u>85,686</u> | <u>12,211</u> | <u>9,456</u> | <u>482,141</u> |

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

6. TANGIBLE FIXED ASSETS (Continued)

The company has enjoyed throughout the year the use of certain fixed assets (principally theatre equipment) which were invested in the company by the Phoenix Arts Centre. The written down value of these assets is nil, their original cost is not known and they do not appear in the fixed asset schedule above. All fixed assets were used for charitable purposes.

The company has enjoyed throughout the year rent-free use of the premises it operates from. The market value of the rent has been calculated at £110,500 per annum (2020: £110,500) and has been shown as intangible income and rent.

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | CHARITY | | GROUP | |
|---------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 March 2021 £ | 31 March 2020 £ | 31 March 2021 £ | 31 March 2020 £ |
| Trade, grant and agents debtors | 5,126 | 29,657 | 63,466 | 38,807 |
| Due from subsidiary company | 103,112 | 5,463 | - | - |
| VAT | 68,067 | - | 59,685 | - |
| Prepayments and other debtors | 98,191 | 17,100 | 98,731 | 17,324 |
| | <u>274,496</u> | <u>52,220</u> | <u>221,882</u> | <u>56,131</u> |

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | CHARITY | | GROUP | |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 March 2021 £ | 31 March 2020 £ | 31 March 2021 £ | 31 March 2020 £ |
| Trade creditors | 41,921 | 59,758 | 41,623 | 67,827 |
| Amounts owed to subsidiary company | - | - | - | - |
| Other creditors | 38,335 | 1,515 | 38,335 | 9,833 |
| VAT | - | 4,697 | - | 4,697 |
| Social Security and other taxes | 18,733 | 23,194 | 18,733 | 62,420 |
| Hire purchase | 14,307 | 13,153 | 14,307 | 13,153 |
| Deferred income (Note 10) | 1,130 | 37,430 | 1,130 | 37,430 |
| Bank Loan (CBILS) | 37,500 | - | 37,500 | - |
| Accrued expenses | 38,709 | 67,633 | 46,772 | 67,633 |
| | <u>190,635</u> | <u>207,380</u> | <u>198,400</u> | <u>262,993</u> |

9. CREDITORS: AMOUNTS FALLING DUE IN OVER ONE YEAR

| | CHARITY | | GROUP | |
|-------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 March 2021 £ | 31 March 2020 £ | 31 March 2021 £ | 31 March 2020 £ |
| Bank Loan (CBILS) | 212,500 | - | 212,500 | - |
| Hire purchase | 1,431 | 14,421 | 1,431 | 14,421 |
| | <u>213,931</u> | <u>14,421</u> | <u>213,931</u> | <u>14,421</u> |

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

10. DEFERRED INCOME

Deferred income comprises admission fees received in advance and grants and rental income that relate to pre-determined future periods.

11. CAPITAL COMMITMENTS

At the year ended 31 March 2021 there were no capital commitments (2020: Nil).

12. MOVEMENTS IN RESTRICTED FUNDS (Charity and Group)

| | At 1 April 2020 £ | Incoming Resources £ | Outgoing Resources £ | Transfers £ | At 31 March 2021 £ |
|----------------------------|-------------------------|----------------------------|----------------------------|----------------|--------------------------|
| Phoenix Community Cinema | (9,964) | 20,970 | 11,006 | - | - |
| Cinema Lighting Project | 7,399 | - | 2,255 | - | 5,144 |
| ACE NPO Funding | 8,695 | 85,740 | 78,193 | - | 16,242 |
| ACE Creative Media Network | 3,602 | - | - | - | 3,602 |
| ACE Emergency Fund | - | 195,000 | 195,000 | - | - |
| Phoenix 2020 Development | 274,221 | 215,300 | - | - | 489,521 |
| BFI Audience Fund | (11,000) | 161,000 | 150,000 | - | - |
| BFI Safety Grant | - | 10,000 | 10,000 | - | - |
| BFI Cultural Recovery Fund | - | 166,310 | 119,824 | - | 46,486 |
| Film Hub Grant | - | 1,000 | - | - | 1,000 |
| HMRC CJRS | - | 437,777 | 437,777 | - | - |
| | 272,953 | 1,293,097 | 1,004,055 | - | 561,995 |

PHOENIX COMMUNITY CINEMA

Phoenix Community Cinema (PCC) usually supports local volunteers in Leicestershire, Rutland and Northamptonshire to organise approximately 270 regular cinema events in 45 community venues attracting an annual audience of 11,200. The pandemic caused all events to be cancelled from March 2020 and none were possible in 2020/21 due to successive national lockdowns, local restrictions, and understandable reticence from organisers. All staff were furloughed for the duration apart from one co-ordinator who worked periodically to liaise with venue organisers and to raise new grants to support the recovery of the network.

The Film Hub Midlands (a regular funder) provided a reduced grant at the start of the year to sustain some operations in anticipation that events would start again in the autumn. During the summer, the situation looked positive and COVID-19 safety guidelines for community cinema were obtained through the Film Hub to prepare for reopening some venues before Christmas. Regrettably the second and third national lock-downs announced in November 2020 and January 2021 prevented any activity in 2020/21.

Although the fundraising work produced several quality applications, none were successful. Many sources of community grants either closed their programmes or reprioritised immediate Covid-19 relief efforts.

Phoenix Community Cinema has been a great success for many years. However, the scheme has always relied on a significant level of public funding. It became increasingly difficult to sustain when the two county local authorities stopped funding. The support of Film Hub Midlands has been vital in enabling the network to continue but the impact of the pandemic has been severe and there is very little prospect of achieving a viable operation within the next 2 financial years.

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

12. MOVEMENTS IN RESTRICTED FUNDS (Charity and Group) - Continued

The project was included within the scope of the wider redundancy consultation and reorganisation of Phoenix and was closed in June 2021. The accumulated deficit on the restricted fund was written off against general reserves at 31 March 2021.

CINEMA LIGHTING PROJECT

Grants were received from The Norman Gill Charitable trust and Carbon Trust to contribute to the cost of upgrading the cinema house lights to a more energy and operationally efficient system. The work was fully completed in 2018/19. The cost of the work is treated as a capital item depreciated over 5 years and the restricted fund representing the grants contribution to the cost will be charged a proportion of the annual depreciation.

ARTS COUNCIL ENGLAND GRANT (NPO)

As a National Portfolio Organisation (NPO), Phoenix receives regular funding for its digital arts programme from Arts Council England (ACE). We have maintained ACE NPO status since 1 April 2012. In 2017, Phoenix successfully reapplied to be part of the current national portfolio, which will now run until 31 March 2023 after being extended as part of ACE's COVID-19 pandemic response.

This funding enables a programme of digital arts exhibitions, events and learning activities. We regularly commission and curate work by national and international artists, host screenings and performances and offer workshops for children, young people, and families. The programme is also supported by De Montfort University.

The programme's overall theme is an exploration of the creative and cultural impact of media and technology. Working with a range of partners, we commission and produce new work by established and emerging artists for exhibition in our gallery and beyond, with the aim of reaching a wide and diverse audience.

In 2020/21 the programme was heavily disrupted due to the pandemic, with most activity delivered online, however it continued to be positively assessed and maintained a Strong Creative Case for diversity rating. New online commissions included a series of ten new artworks based around the theme of taking time out from the stresses of online life, and an exhibition produced in partnership with Derby QUAD and Animate projects, featuring three new commissions exploring what it means to be human in digital spaces. A regular online event for artists to share new digital work was also launched during the shutdown period.

ARTS COUNCIL ENGLAND CREATIVE MEDIA NETWORK

ACE funded Phoenix to test the feasibility of a network in the midlands dedicated to sharing and promoting creative media practice. Final work to gain feedback from artists in the region was disrupted by the COVID-19 pandemic, and the project has now been ended. The restricted fund will be closed.

ARTS COUNCIL ENGLAND DEVELOPMENT GRANT FUND

In June 2017 Phoenix was awarded Arts Council England (ACE) Large Capital programme funds towards its plan to expand the Phoenix Square venue. The aims of this development are to double participation in the Phoenix cultural programme and to significantly increase the charity's earned income and long-term financial resilience.

The initial award included a £177,802 development grant and the conditional offer of up to £4M capital grant subject to completion of the stage 1 grant conditions and a successful stage 2 application.

The ACE development grant was matched by a Leicester and Leicestershire Enterprise Partnership (LLEP) Project Development Grant of £100,000 confirmed in June 2017. BFI contributed £17,500 towards the development costs and Phoenix contributed £35,883 by 31 March 2019.

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

12. MOVEMENTS IN RESTRICTED FUNDS (Charity and Group) - Continued

Planning approval was provided in February 2019 and Phoenix received formal notification of its successful stage 2 application on 21 March 2019 including confirmation of a £4M capital grant contribution towards the cost of the scheme. The final reports for the ACE and LLEP development grants were submitted and approved.

Work continued during 2020/21. In August 2020 Leicester City Council confirmed a lease on the additional land needed at a peppercorn rent until 2069. This milestone enabled the final design stage (RIBA4) to begin part funded by the Arts Council Large Capital Grant match funded by Phoenix. These funds were used primarily for the professional services required to develop the scheme from RIBA3 to RIBA4 including improvement and detailing of the design, producing the construction programme and budget and business planning. This work on RIBA4 continued into 2021/22 and was mostly completed by May 2021.

Fundraising efforts also continued during the year leading to an additional £1.5M of capital grants in 3 separate awards by 31 March 2021: Arts Council Kickstart Fund, Leicester City Council Business Rates Pool Fund via Leicester and Leicestershire Enterprise Partnership, and European Structural Investment Fund. All existing funders reaffirmed their grant allocations and pledges during the year.

BFI (BRITISH FILM INSTITUTE) AUDIENCE FUND

BFI has been a recurrent grant supporter of Phoenix for many years. Phoenix was awarded an Audience Fund Organisational Award of £150,000 for the period 1 April 2020 to 31 March 2021.

BFI amended its reporting requirements to take into account programme and participation changes due to COVID-19 restrictions during this unprecedented time.

The final report for 2020/21 has been approved by BFI and Phoenix has maintained BFI's Screen Diversity Mark of Good Practice.

BFI changed its funding process for 2021/22 following a delay to their planned Strategy update caused by COVID-19. An Organisational Award of £100,000 for 2021/22 has therefore been approved through an extension of our existing funding agreement, against a BFI approved activity plan. The restricted fund will remain open.

ARTS COUNCIL ENGLAND EMERGENCY RESPONSE FUND

In July 2020, Phoenix was awarded a grant from Arts Council England's Emergency Response Fund to cover costs incurred due to closure, business continuity, and reopening with COVID-19 safety measures. The period of the grant was 1 March to 30 September 2020.

The grant was fully expended by 30 September on items including the cost of closing and sustaining the venue, loss of stock, equipment to enable working from home, and employment costs of the core team that continued to work on business continuity, Phoenix at Home (the on-line programme) and Phoenix 2020 (the capital project). This grant was essential in supporting the charity's free reserves during this period, which otherwise would have fallen to a low level by 30 September 2021.

BFI SAFETY GRANT (CULTURE RECOVERY FUND ROUND 1)

On 5 July 2020 the UK Government announced the Culture Recovery Fund (round 1) to safeguard cultural and heritage organisations across England from the economic impact of COVID-19. The fund was administered by BFI, Arts Council England, and The Heritage Fund.

Phoenix was awarded a BFI Safety Grant of £10,000 to help fund additional costs of the COVID-19 safety measures needed to reopen the venue for cinema exhibition. The grant was expended on items including additional cleaning costs, protective equipment for staff, signage and safety information for the public, and equipment and consumables to enable social distancing and sanitising. The final report to BFI was submitted in March 2020 and the fund will be closed.

The grant supported Phoenix to reopen in October 2020 with a high level of confidence in COVID-19 safety for staff and cinema goers. A survey confirmed most of our visitors felt confident in the safety measures.

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

12. MOVEMENTS IN RESTRICTED FUNDS (Charity and Group) - Continued

BFI BUSINESS SUSTAINABILITY GRANT (CULTURE RECOVERY FUND ROUND 1)

Phoenix applied for a BFI Business Sustainability Grant in August 2020, which was approved at the end of November 2021.

The purpose of this strand of Culture Recovery Fund was to support independent cinemas to operate viably under the restricted conditions imposed by the COVID-19 pandemic. The initial period of the grant was 1 November 2020 to 31 March 2021. BFI later invited applications to extend this period to 30 June 2021. Phoenix applied for a carry-forward of part of the grant to 30 June and discussions continue with BFI on the approval of the extension of this grant.

This grant was essential in supporting the charity's free reserves and cash flow during the period 1 November 2020 to 31 March 2021, which would otherwise have fallen to a low level.

FILM HUB MIDLANDS GRANT

Phoenix was awarded a £1,000 grant to support events and engagement in Japan 2021 - a UK-wide season of Japanese cinema led by BFI in partnership with BFI FAN (Film Audience Network). The grant will be expended in 2021/22 and the fund will remain open.

HMRC CORONAVIRUS JOB RETENTION SCHEME

The Coronavirus pandemic and the national COVID-19 restrictions imposed by Government had a significant impact. Phoenix closed on 17 March 2020 in the first national lock-down and was able to open to the public for only 29 days during the financial year due to various periods of extended restrictions in Leicester and 2 further national lock downs. No Phoenix Community Cinema events were possible during the financial year. Phoenix operates a cultural venue that includes cinema, café/bar, art gallery and room hire.

Most staff were unable to work due to Government COVID-19 restrictions and were registered on the Coronavirus Job Retention Scheme which provided grant aid to cover employment costs.

13. DESIGNATED FUNDS (Charity and Group)

| | At 1 April 2020 £ | Net Incoming/ Outgoing Resources £ | Designations in year £ | At 31 March 2021 £ |
|----------------------------------|-------------------------|------------------------------------------------|------------------------------|--------------------------|
| Creative and Development Reserve | 84,080 | - | 356,650 | 440,730 |
| Premises Maintenance Reserve | - | (13,223) | 31,200 | 17,977 |
| | <u>84,080</u> | <u>(13,223)</u> | <u>387,850</u> | <u>458,707</u> |

CREATIVE AND DEVELOPMENT RESERVE

The Creative and Development Reserve designated fund for the purpose of investing in our cultural, education and charitable activities through new initiatives and facilities. As we move forward with Phoenix 2020, we will use this fund to reserve donations given for the development of Phoenix. The aim is to have a designated development reserve that enables the consolidation of miscellaneous donations and grant contributions towards the Charity's development without over restricting purpose.

During the year, the Trustees approved a new reserves policy and increased the level of the designated fund to help fund the Phoenix 2020 capital project construction phase due to start in 2021/22.

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

13. DESIGNATED FUNDS (Charity and Group) - Continued

PREMISES MAINTENANCE RESERVE

The fund was established to reserve a regular monthly amount to build up a reserve to cover more significant maintenance that might be needed in the future to the premises. The fund continued to receive monthly designations during the year.

During the year, the Trustees approved a new reserves policy, including the ability to carry forward the balance of this designated fund year-on-year to help fund increased maintenance and repair costs.

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | General Fund | Designated Funds | Restricted Funds | CHARITY Total |
|--------------------------------|---------------------|-------------------------|-------------------------|----------------------|
| | £ | £ | £ | £ |
| Fixed assets | 64,123 | 290,973 | 489,521 | 844,617 |
| Cash at bank and in hand | 257,672 | 167,734 | 31,755 | 457,161 |
| Other net (liabilities)/assets | (170,789) | - | 40,719 | (130,070) |
| | <u>151,006</u> | <u>458,707</u> | <u>561,995</u> | <u>1,171,708</u> |
| | General Fund | Designated Funds | Restricted Funds | GROUP Total |
| | £ | £ | £ | £ |
| Fixed assets | 71,704 | 290,973 | 489,521 | 852,198 |
| Cash at bank and in hand | 315,056 | 167,734 | 31,755 | 514,545 |
| Other net assets/(liabilities) | (228,168) | - | 40,719 | (187,449) |
| | <u>158,592</u> | <u>458,707</u> | <u>561,995</u> | <u>1,179,294</u> |

15. CAPITAL

Leicester Arts Centre Limited is limited by guarantee and accordingly does not have a share capital. The maximum liability of each member is £1.00.

16. CONTINGENT LIABILITIES

a) During the year ended 31 March 2010 the company received a Capital Grant from De Montfort University (DMU). Under the terms of the grant the company must repay the DMU part of the grant received in the following circumstances, referred to as repayment events :-

- The company fails materially to comply with the terms of the grant offer letter
- The company does not perform its obligations set out in the grant offer letter
- The company sells, disposes of, surrenders or transfers the lease with Leicester City Council for the premises it is located in

If a repayment event occurs within the first 15 years of the lease term the amount repayable to DMU is £350,000. If any such event occurs after that time the amount of repayment is reduced pro-rata over the remaining term of the lease.

b) The charity had previously been receiving a grant from Leicester City Council (LCC) in advance. This had been accounted for previously within deferred income on the basis it would need to be repaid if activities did not continue. In FY 2015/16 LCC confirmed that the advanced amount would only be repayable in the unlikely event the charity surrendered the lease for the premises it is located in, therefore the amount of £52,550 was released from deferred income in that year.

These are contingent liabilities and have not been provided for in the Statement of Financial Activities or the Balance Sheet.

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX

ANALYSIS NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

ANALYSIS OF INCOME (CHARITY)

Centre income is derived from the following sources:

| | Unrestricted 31 March 2021 £ | Restricted 31 March 2021 £ | Total 31 March 2021 £ | Total 31 March 2020 £ |
|------------------------------------------------------|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| <i>Incoming resources from generated funds</i> | | | | |
| <i>Grants received/receivable</i> | | | | |
| FHCE | - | 23,320 | 23,320 | 12,600 |
| Film Hub Midlands | - | 1,000 | 1,000 | - |
| LLEP | - | - | - | - |
| National Lottery | - | (3,350) | (3,350) | 9,750 |
| Leicester City Council | 215,370 | - | 215,370 | 215,370 |
| Leicester City Council Recovery & Support | 31,457 | - | 31,457 | - |
| DMU Digital Growth | - | - | - | 10,833 |
| Carbon Trust | - | - | - | - |
| HMRC CJRS | - | 437,777 | 437,777 | - |
| Arts Council England | - | 410,300 | 410,300 | - |
| BFI Grant | - | 337,310 | 337,310 | 214,400 |
| ACE NPO Funding | - | 85,740 | 85,740 | 83,880 |
| Other grants | 4,500 | 1,000 | 5,500 | 6,774 |
| Total grants | 251,327 | 1,293,097 | 1,544,424 | 553,607 |
| Intangible income – rent free use of premises | 110,500 | - | 110,500 | 110,500 |
| <i>Incoming resources from charitable activities</i> | | | | |
| Box Office | 19,954 | - | 19,954 | 589,549 |
| Education events | 7,444 | - | 7,444 | 28,728 |
| Total box office | 27,398 | - | 27,398 | 618,277 |
| <i>Other income from operating activities</i> | | | | |
| Screen advertising | 148 | - | 148 | 29,596 |
| Management Service Level Agreements | 48,448 | - | 48,448 | 57,358 |
| Donations | 17,175 | - | 17,175 | 16,456 |
| Sundry income | 81,373 | - | 81,373 | 3,416 |
| Total other | 147,144 | - | 147,144 | 106,826 |
| <i>Investment income</i> | | | | |
| Bank interest | 10 | - | 10 | 88 |
| Gift aid from subsidiary | - | - | - | 260,293 |
| Total investment income | 10 | - | 10 | 260,381 |
| Total incoming resources | 536,379 | 1,293,097 | 1,829,476 | 1,649,591 |

This page does not form part of the statutory financial statements

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX

ANALYSIS NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

ANALYSIS OF SUPPLIES AND SERVICE COSTS (CHARITY)

| | Unrestricted 31 March 2021 £ | Restricted 31 March 2021 £ | Total 31 March 2021 £ | Total 31 March 2020 £ |
|-----------------------------------------------------------|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| Travel and subsistence | 153 | - | 153 | 7,034 |
| Training | 1,155 | - | 1,155 | 1,170 |
| Recruitment | - | - | - | 600 |
| Telephone & broadband | 14,245 | 248 | 14,493 | 15,848 |
| Office equipment, hire of equipment and premises expenses | 3,047 | - | 3,047 | 1,740 |
| IT Costs | 45,366 | - | 45,366 | 46,745 |
| Postage and stationery | 273 | 2 | 275 | 3,807 |
| Bank and PDQ charges | 4,173 | 122 | 4,295 | 17,286 |
| Hire purchase interest | 1,679 | - | 1,679 | 2,286 |
| Licences, memberships and running costs | 3,608 | - | 3,608 | 8,663 |
| Insurance | 20,043 | - | 20,043 | 17,284 |
| Accountancy | 48,391 | - | 48,391 | 53,040 |
| Legal and Professional fees | 27,500 | 10,000 | 37,500 | 517 |
| | <u>169,633</u> | <u>10,372</u> | <u>180,005</u> | <u>176,020</u> |

ANALYSIS OF GOVERNANCE COSTS (CHARITY)

| | Unrestricted 31 March 2021 £ | Restricted 31 March 2021 £ | Total 31 March 2021 £ | Total 31 March 2020 £ |
|----------------------------|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| Audit and accountancy fees | 4,511 | - | 4,511 | 4,512 |
| Legal and consultancy | - | - | - | - |
| | <u>4,511</u> | <u>-</u> | <u>4,511</u> | <u>4,512</u> |

