

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
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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
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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
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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		
		Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £	Total Funds 2020 £
	Note				
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		
		Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £	Total Funds 2020 £
	Note				
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		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		<u>457,161</u>	<u>268,027</u>	<u>514,545</u>	<u>311,835</u>
		<u>731,657</u>	<u>320,247</u>	<u>739,427</u>	<u>375,004</u>
CREDITORS:					
Amounts falling due within one year	8	<u>190,635</u>	<u>207,380</u>	<u>198,400</u>	<u>262,993</u>
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	<u>213,931</u>	<u>14,421</u>	<u>213,931</u>	<u>14,421</u>
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	<u>458,707</u>	<u>84,080</u>	<u>458,707</u>	<u>84,080</u>
RESTRICTED FUNDS	12	<u>561,995</u>	<u>272,953</u>	<u>561,995</u>	<u>272,953</u>
	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	780,494	523,417	-	118,103	1,422,014
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	-	463,486	-	113,913	577,399
NET BOOK VALUE:					
At 31 March 2021	780,494	59,931	-	4,190	844,615
At 31 March 2020	374,788	85,686	-	9,456	469,930

					<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	780,494	523,417	79,042	118,103	1,501,056
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	-	463,486	71,459	113,913	648,858
NET BOOK VALUE:					
At 31 March 2021	780,494	59,931	7,583	4,190	852,198
At 31 March 2020	374,788	85,686	12,211	9,456	482,141

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)
	151,006	458,707	561,995	1,171,708

	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)
	158,592	458,707	561,995	1,179,294

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>				
Grants received/receivable				
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>

