

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 'X' or 'N' shape 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 Total Funds 2022 £	Total Funds 2021 £
	Note				
Incoming Resources from generated funds					
<i>Voluntary Income</i>					
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
<i>Investment Income</i>					
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					
<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		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
<i>Governance costs</i>		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

			GROUP		
		Unrestricted Funds 2022 £	Restricted Funds 2022 £	Total Funds 2022 £	Total Funds 2021 £
	Note				
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		1,009,980	4,263,859	5,273,839	1,956,512
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		1,280,576	368,547	1,649,123	1,356,949
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	979,919	3,824,091	4,804,010	1,179,294

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

		CHARITY		GROUP	
	Note	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	<u>3,824,091</u>	<u>561,995</u>	<u>3,824,091</u>	<u>561,995</u>
	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

A Sinclair

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><u>1,065,686</u></u>	<u><u>457,161</u></u>	<u><u>1,197,230</u></u>	<u><u>514,545</u></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	140,769	99,855
Administration expenses	(109,261)	(37,416)
Other operating income	-	-
Gift Aid Donation	(34,727)	(66,206)
Operating profit/(loss)	(3,219)	(3,767)

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	4,369	7,588
Aggregate Share Capital and Reserves	4,369	7,588

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	33	37	33	37
Generating Funds	-	-	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.

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.

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

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
	457,161	608,525	-	1,065,686
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)
	(265,738)	54,907	-	(210,831)
Total net debt	191,423	664,432	-	854,855

	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
	514,545	682,685	-	1,197,230
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)
	(265,738)	54,907	-	(210,831)
Total net debt	248,807	737,592	-	986,399

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