

COMPANY NUMBER : 02276987

**LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX**

**REPORT OF THE DIRECTORS
AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2023

**LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX**

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FOR THE YEAR ENDED 31 MARCH 2023**

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**LEICESTER ARTS CENTRE LIMITED
TRADING AS PHOENIX**

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

DIRECTORS AT YEAR END AND THROUGHOUT THE YEAR:

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

CHIEF EXECUTIVE : J Rance

SECRETARY : R Botterill

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

COMPANY NUMBER : 02276987 (England and Wales)

CHARITY NUMBER : 701078

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

BANKERS : Bank of Scotland

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

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

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

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

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

Recruitment and Appointment of the Directors

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

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

Director Induction and Training

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

Risk Management

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

Organisational Structure

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

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

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

PRINCIPAL OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

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

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

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

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

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

ACHIEVEMENTS AND PERFORMANCES

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

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

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

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

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

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

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

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

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

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

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

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

FINANCIAL REVIEW

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

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

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

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

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

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

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

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

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

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

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

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

Principal Funding Sources

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

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

Reserves Policy

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

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

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

Investment Policy

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

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

PLANS FOR FUTURE PERIODS

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

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

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

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

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

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

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

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

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

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

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

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006, Charities Act 2011, Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) and the trust deed. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

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

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

This report has been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) and in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

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

13 December 2023



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

OPINION

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

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the consolidated accounts:

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

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the consolidated accounts section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the consolidated accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the consolidated accounts and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the consolidated accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance thereon.

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' Annual Report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the consolidated accounts and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of consolidated accounts that are free from material misstatement, whether due to fraud or error.

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

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

AUDITORS RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED ACCOUNTS

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

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



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

13 December 2023

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

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

All incoming resources and resources expended derive from continuing activities.

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX

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

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

All incoming resources and resources expended derive from continuing activities.

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

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

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

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

Alison Sinclair (Chair) – Director
Company Registration Number 02276987



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

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

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

1. ACCOUNTING POLICIES

Going Concern

The accounts have been prepared on a going concern basis.

Accounting Convention

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

Basis of Consolidation

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

Incoming Resources

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

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

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

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

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

Resources Expended

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

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

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

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

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

Stocks

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

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

1. ACCOUNTING POLICIES (Continued)

Tangible Fixed Assets

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

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

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

Fixed assets costing less than £500 are not capitalised.

Hire Purchase and Leasing Commitments

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

Taxation

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

Fund Accounting

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

2. NET INCOME OF TRADING SUBSIDIARY

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

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

The assets and liabilities of the subsidiary were;

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

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

3. STAFF COSTS

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

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

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

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

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

4. NET SURPLUS/(DEFICIT) FOR THE YEAR

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

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

5. TAXATION

Analysis of the tax charge

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

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

6. TANGIBLE FIXED ASSETS

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

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

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX

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

6. TANGIBLE FIXED ASSETS (Continued)

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

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

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

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

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

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

9. CREDITORS: AMOUNTS FALLING DUE IN OVER ONE YEAR

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

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

10. DEFERRED INCOME

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

11. CAPITAL COMMITMENTS

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

12. MOVEMENTS IN RESTRICTED FUNDS (Charity and Group)

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

CINEMA LIGHTING PROJECT

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

ARTS COUNCIL ENGLAND GRANT (NPO)

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

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

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

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

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

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

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

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

ARTS COUNCIL ENGLAND CREATIVE MEDIA NETWORK

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

ARTS COUNCIL ENGLAND CAREFUL NETWORKS FUND

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

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

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

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

BFI (BRITISH FILM INSTITUTE) AUDIENCE FUND

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

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

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

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

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

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

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

PHOENIX 2020 DEVELOPMENT FUND

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

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

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

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

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

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

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

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

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

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

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

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

ERDF CAPITAL & REVENUE FUND

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

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

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

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

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

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

The final grant claim was completed in October 2023.

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

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

FILM HUB MIDLANDS GRANT

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

13. DESIGNATED FUNDS (Charity and Group)

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

CREATIVE AND DEVELOPMENT RESERVE

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

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

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

PREMISES MAINTENANCE RESERVE

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

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX

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

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

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

15. CAPITAL

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

16. CONTINGENT LIABILITIES

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

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

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

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

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

17. GOING CONCERN

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

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

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

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

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

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

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

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

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

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX

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

18. ANALYSIS OF CHANGES IN NET DEBT

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

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

LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX

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

ANALYSIS OF INCOME (CHARITY)

Centre income is derived from the following sources:

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

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LEICESTER ARTS CENTRE LIMITED TRADING AS PHOENIX**ANALYSIS NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****ANALYSIS OF SUPPLIES AND SERVICE COSTS (CHARITY)**

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

ANALYSIS OF GOVERNANCE COSTS (CHARITY)

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

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