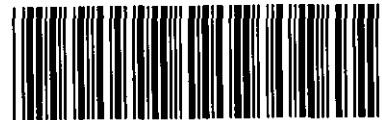


Charity Registration No 518992
Company Registration No 2137427 (England and Wales)

CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
TRUSTEES' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2006

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CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE

INFORMATION

Directors and Trustees

Hutton Lo
Robert Foster (resigned 25 October 2005)
Albert Cheah
Louie Chow
Katharine De Lisle
Elizabeth Huang (resigned 11 August 2005)
Chris Lethbridge
Peter Ting (resigned 12 September 2005)
Cathy Butterworth (appointed 15 December 2005)
Halima Cassell (appointed 20 March 2006)
Fiona Candy (appointed 20 March 2006)

Co Chair

Albert Cheah
Louie Chow

Vice Chair

Hutton Lo

Treasurer

Albert Cheah

Chief Executive Officer

Sarah Champion

Company Secretary

Sarah Champion

Charity Number

518992

Company number

2137427

Principal address

Market Buildings
Thomas Street
Manchester
M4 1EU

Registered office

Market Buildings
Thomas Street
Manchester
M4 1EU

Auditors

Bulcock & Co
10 The Bull Ring
Northwich
Cheshire
CW9 5BS

Bankers

Royal Bank of Scotland
38 Mosely Street
Manchester
M60 2BW

CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE

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CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2006

The trustees present their report and accounts for the year ended 31st March 2006 (and comparative figures for the year ended 31st March 2005)

Structure, governance and management

The charity is a company limited by guarantee and acquired registered charitable status on 24 June 1987. The charity is governed by its Memorandum and Articles of Association dated 6 June 1987. There were eight guarantors at the year-end.

The chair of the trustees is nominated by the board of trustees. Other trustees are appointed in accordance with the Articles of Association where the board has regard to the requirement for any specialist skill required. Any nominations are approved at a board meeting prior to formal appointment.

New trustees undergo a days training to help them understand their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision making processes, the financial projections and latest management accounts of the charity. During the day the trustee has a tour of the premises and is introduced to all employees. Trustees are encouraged to attend appropriate training courses to assist them fulfilling their role effectively.

The day-to-day administration of the charity's affairs and property is delegated to Sarah Champion (Chief Executive Officer) and Cloudy Tan (General Manager).

The trustees and committee members meet at quarterly board meetings that are well attended and quorate.

Objectives and activities

The charity's objects are to advance the education of the public in all forms of Chinese culture and to support such charitable institutions of such charitable purposes as the association may determine. The Charity does this by promoting and enhancing Chinese Arts and culture within the United Kingdom (UK) and developing the positive identity of the people of Chinese descent.

The Chinese Arts Centre has four main aims, which shape its policy decisions:

1. To promote a wide variety of artists of Chinese descent and their work in arts and cultural events
2. To facilitate the wider community both to appreciate Chinese arts and culture and to recognise and develop their own creative talents.
3. To promote Chinese arts and culture through education and training.
4. To work with successive generations of British Chinese people to re-define and shape Chinese culture in Britain, drawing on Chinese cultural heritage.

CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2006 (continued)

We firmly believe that Chinese Arts Centre is in a strong financial position with good long-term prospects.

It is never easy in the voluntary sector, there is never enough of time, money or other resources to meet all the demands placed on us. It is only through the tremendous hard work and dedication of all the staff and volunteers that we are able to provide the volume and range of services that we do. As ever, they deserve all the thanks and praise that come our way.

Achievements and performance

During the year the charity has put on the following exhibitions:

Erika Tan

18 February - 17 April 2005

Video works by Erica Tan

Erika Tan showed new work from her research with the Moving Image Archive at the Empire and Commonwealth Museum, Bristol, which is the culmination of a research project commissioned by Picture This, a Bristol based moving image projects agency.

Tan worked with super-8 film taken and donated to the archive by individuals and families who were once stationed in the former British Colonies as part of the colonial elite. The filmic explorations cover vast regions, from Malaysia to Kenya, The Suez Canal to Hong Kong, the political to the personal.

Outcome:

The exhibition provided the artist with resource and space to shown her work, which is important for her to continue the on-going project. The exhibition was well received by the local audience.

Re-fashion

6 May - 17 July 2005

Installation and video exhibition by Maria Chen Pascual, Julian & Sophie, Justin Ho.

In a move away from recent fashion exhibitions, Re-fashion is an exhibition interested in unearthing and revealing something of the creative process behind designer's work as opposed to purely presenting finished garments.

The chosen designers are innovators, whose practice is fluid. They work collaboratively, experimentally, questioning the structures of the industry, across art forms, across cultures, blurring the boundaries between fashion and art.

Outcome:

The creative idea of this exhibition brings in new audiences group. We later developed a workshop leaded by textile artist Nina Chua, with the collaboration of Wai Yin Woman Community for Chinese immigrants living in Manchester, which was very successful.

CHINESE ARTS CENTRE LIMITED
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2006 (continued)

Reassurance

29 July - 2 October 2005

Installation and video exhibition by Susan Pui San Lok, Mayling To, Erica Tan, Jen Wu. The exhibition marks the curator Yue Lai Mo's personal commitment to the practice of four artists. In part, the title is in reference to the relationship between artist and curator. It is also intended to highlight one of the central concerns of artist's work, the balance between the comfort of group belonging and the pull of an individual statement.

Outcome:

This exhibition provided support to a London based curator Yue Lai Mo to realise the project. The interesting conversation between each artist's works brings in a lot of audience, especially fine art student.

Patty Chang

21 October - 23 December 2005

Solo exhibition of the video works of Patty Chang.

Patty's work encompasses video, performance, photography and installation. Her earlier work consisted of live performances concerning narratives of identity with intentionally controlled boundaries alternating between excess and restraint.

Having moved more into video, her work is often filled with unnerving paradoxes that are forced to share the same space and often explores the discrepancy between illusion and reality as well as the dynamics of relationships and boundaries of control.

Outcome:

Patty Chang is an established artist in America. This exhibition attracted people to come from London and south UK.

British Art Show 6

28 January - 2 April 2006

British Art Show is an ambitious survey exhibition held every five years in the UK. It is carried out by Hayward Gallery. Chinese Arts Centre suspended its exhibition programme in order to collaborate with other venues across Manchester in order to present BAS6 after its opening at Baltic (September 2005). The four artists we presented were Mark Leckey, Enrico David, Claire Barclay, Saskia Olde Wolbers.

Outcome:

BAS6 is an important event in Manchester, which brings audience all around from North West region to Manchester. The show provided us with the highest audience figure in the year.

Supporting the artist:

The exhibition programme directly benefited a number of artists. By commissioning a new work Chinese Arts Centre is supporting the exhibiting artists, Erica Tan, Maria Chen Pascual, Julian & Sophie, Justin Ho, Susan Pui San Lok, Mayling Lo, and Jen Wu in the long-term. Furthermore, we provided the first exhibition chance for the independent curator, Yue Lai Mo to realise her project in UK, which is very important for her to further develop her curatorial career.

**CHINESE ARTS CENTRE LIMITED
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2006 (continued)**

Besides the exhibiting artists, the "inspired-by" talks and workshops also provide a chance for an emerging artist starting up in Manchester to work alongside our education co-ordinator in order to enhance their experience of devising workshops for a UK audience.

Breathe residency:

Pamela So

21 March - 20 June 2005

Pamela's residency at Chinese Arts Centre was foremost a major personal success. After arriving on the back of a number of personal problems, the residency gave her an opportunity to reconsider her approach and formulate a whole new body of work. During her residency, Pamela began a whole new series of works, unlike anything she had produced previously (though linked thematically). The subsequent work she produced became a major part of her solo exhibition at the Collins Gallery in Glasgow. Pamela also took part in a number of workshops that hugely impacted upon her work and led to a subsequent residency in St Andrews. Pamela is currently in the exhibition 'Paper Cuts' that is touring nationally and includes William Kentridge and Simon Woolham. The exhibition features the work made during her CAC residency.

Stella Lai

11 July - 10 October 2005

Stella's residency was a particular productive residency in which she produced a large body of new work. Having taken a new direction recently before starting, she was able to formulate her ideas within the supportive environment of the residency. Stella has a major solo exhibition forthcoming at the Arizona State Museum, and so the residency provided a good opportunity to experiment. Her work was transformed dramatically over the 3 months and she left the residency with a fully formed body of work.

Ken Chu

1 November 2005 - 1 February 2006

Ken was extremely keen to start his residency with a completely blank canvas, in fact he was keen to actually make any new work during the period and use the time to research and investigate the position of Chinese artists working in the UK. Ken's residency was interesting in that his intention was to create a number of networks with individuals with whom he would collaborate. These followed on from previous projects and included an all male knitting circle and Manchester based artists of Chinese descent. One particular project was tied to legalisation of same partner's weddings. The project 'All We Are Saying' was based upon John and Yoko's Bed In and took place in apartment project space. Not only were we able to collaborate with and support an emerging art space in Manchester, but also the project received a great deal of press including regional TV coverage. Ken's residency highlighted the breadth of our residency programme and what can be achieved with our current resources.

Peggy and Karen Ngan

6 March - 6 May 2006

Peggy and Karen arrived at the beginning of March for a 2 month Breathe Residency. They are the first artists to take part from the last round of selections. Working in collaboration, their work revolves around their shared experiences as twins. During their residency they produced a

large number of drawings and a new video piece. The last drawings, which they showed in the open studio, depicted particular places in Manchester, with each twin drawing their own memories of this space. Each twin would draw on either side of a large sheet of paper and they were displayed so you could see both sides by curling the sheets. In the video work one twin would copy the other twins response to a place, with the finished piece displayed on 2 monitors. The residency was successful in that both Peggy & Karen were able to focus on their practice for such an intense period.

Whisper residencies:

Margaret Tran

22 June - 6 July 2005 & 10 - 24 October 2005

Due to another artist pulling out of their Whisper Residency, we decided to give Margaret another opportunity to continue with her mission to become the Ultimate Chinese Culture Fanatic. In her first residency Margaret decided to conduct research into this theme. During the residency she staged a continual performance piece in which she would immerse herself in Chinese Culture. This was an excellent start to a project that she could continue with after her residency, and the 2 weeks were insufficient in resolving the project. In light of this we decided to ask her back when a slot became available later in the year and invest further in the career of this artist. This led to her completing the project and producing a video piece that documented a series of her performances.

Sophia Hao

13 - 27 February 2006

Sophia's residency was entirely interactive and relied upon audience participation. Her project asked people to submit a selection of text messages that were stored in their phones. Around this she created a huge installation that filled the project space. Sophia's residency was particularly interesting and different from previous residencies in that it was very much geared towards creating a temporary exhibition space, in which she created an elaborate installation.

First Step exhibitions:

Raymond Yap

5 May- 7 August 2005

Raymond Yap is an established artist in London, but has rarely shown outside London in the UK. We were keen to work with Raymond and the First Step exhibition provided us an opportunity to do this.

Alfred Chow

August - 14 November 2005

Alfred was a recent design graduate in the North West who produced bespoke furniture. His was a particular challenge in showing this kind of work, but we were keen to support a variety of art forms.

CHINESE ARTS CENTRE LIMITED
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2006 (continued)

Nina Chua

1 December 2005 – 15 February 2006

Nina is a local artist who had worked with CAC on a number of workshops and we had commissioned her on a few occasions. We were keen to assist Nina in taking her work to the next level and so provided her first solo exhibition.

Wen Wu

16 February – 15 May 2006

Having recently graduated in London, we felt it was important to support Wen at this stage in her career and we offered her this exhibition opportunity at CAC. For the show she produced new bodywork, which resulted in an extremely popular show.

PAD scheme (professional artist development scheme)

PAD Scheme is funded by the Esmée Fairbairn foundation to give professional skills and training to artists of Chinese descent. In January 2006, PAD Scheme (round one) attracted approximately 60 artists from across the UK and received 20 applications, of which 18 artists were selected for the first round of the PAD Scheme.

The PAD Scheme Launch in March 2006 at Chinese Arts Centre was attended by 15 of the 18 artists selected for round one. Each of the artists gave a presentation about their art practice and had the opportunity to meet guest artist Suki Chan and learn more about her art practice and career path. One-to-one advisory sessions (1-2hrs) took place with 14 of the 18 artists throughout the UK from April to June 2006.

Supporting the Artists:

The 4 schemes that we have in place at Chinese Arts Centre are particularly geared to supporting artists at a variety of points in their careers. From established Artists needing to rethink their practice to emerging artists requiring a supportive environment in which to commence their project, CAC is keen to support all artist's needs. The First Step exhibition space was started to assist emerging artists working in 2D format, whose work would not benefit from a Whisper Residency. We are very much aware what certain schemes are able to achieve, and so we are keen to set up new ones that can assist artists where we have been unable to do so previously. CAC has always been artist centred and it is our intention to continue this and tailor ourselves to suit the requirements of artists, and each new scheme allows us fresh challenges and we are continually striving to improve our service.

Education programme April 2005 to March 2006

Introduction

Chinese Arts Centre has run a national education programme for nearly eight years. Every year we reach out to hundreds of schools, including primary, secondary and special schools, and also other organisations (community centres, museums and galleries), and provide a variety of Chinese arts and crafts workshops for them. Last year we reached out around 150 schools and organisations. Apart from the national education programme, we also ran at least 8 different contemporary Chinese art workshops and talks at our centre. With additional funding,

CHINESE ARTS CENTRE LIMITED
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2006 (continued)

we also have partnerships with other communities and provide special programmes for young people. The following figures are the education achievements for the year:

Traditional Chinese Arts Workshop

Workshop	No of workshop	No of learners
Origami	28	840
Lantern making	21	630
Lion dancing	30	900
Ribbon dancing	115	3,450
Tai Chi	13	390
Calligraphy	46	1,380
Chinatown Tour	7	210
Chinese Music	14	420
Opera Mask making	22	660
Chinese Cookery	6	180
Paper cutting	13	390
Brush painting	21	630
TOTAL	336	10,080

Other Project

Workshop	No of workshop	No of learners
Fashion*	8	96

***Opportunity for young people**

The Fashion Project was a particularly successful programme for young people. Most of the participants in the group are Chinese, they are either immigrants or their parents came to UK for a period of time. Due to cultural and language barriers, they did not have much access to public information and resources. With the support of the funding, we provided an interesting programme for them. Throughout the 8 sessions of fashion design and dress making, the young

CHINESE ARTS CENTRE LIMITED
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2006 (continued)

people learnt some new skills and built up more confidence and it has been shown in their fashion show evening and audiences were very impressed by their work.

The schemes we ran for emerging artists also tend to focus on people in their early twenties.

Agency:

Our agency work enables us to provide the most cost effective promotion of Chinese art and culture. It allows us the flexibility to work on a number of projects across the country, utilising on the performers or artist's various skills. This allows us to develop links with different organisations on a national scale.

We employed twenty seven artists to work with twelve different organisations.

Reserves and risk management

The level of reserves the charity holds are based on a realistic assessment of needs and will be sufficient to establish an appropriate level of working capital and to protect the charity from major risks that may cause serious disruption to its charitable work in the future.

The trustees considered the major risks the charity is exposed to in terms of:

- Governance and management of risk
- Operational risks
- Financial risks
- External risks
- Compliance with law and regulations

During the year the trustees undertook a review of the risks associated with the charity in order to formulate a reserves policy. The trustees confirm that the major risks to which the charity is exposed are reviewed on a regular basis and they are confident that the systems they have in place are sufficient to mitigate those risks.

The trustees recognise that they hold charity income funds that are freely available for their general purposes. The resources the charity has or can make available to spend for any or all of the charity's purposes, once it has met its commitments and covered its planned expenditure, are its reserves.

After undertaking an assessment of the charity's needs in March 2006, the trustees wish to establish a level of reserves for the financial year to March 2006 of £75,000. Their current reserves presently stand at £126,719.

The trustees will carry out an annual risk assessment to identify the reserves required by the organisation year on year. They have set a balanced budget for 2006-07 to maintain the reserves at their current level.

The trustees will monitor the reserves policy and carry out a review of the policy at the end of March 2007 or sooner should circumstances require.

The Articles of Association allow the trustees to make and hold investments using the general funds of the charity, but no such investments are presently held.

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2006 (continued)

Financial review

Enabling organisations to thrive, not just survive

2005/06 felt like the first full stable year since opening the new Centre. We worked hard to focus on the areas we excelled in rather than looking to constantly develop new products. We took the decision to look to expand our audience for existing areas and to make sure all areas of our work were of the highest quality. As an organisation, we have made the decision "If we can't do it well, we won't do it at all". This approach has greatly benefited us as I believe we are presenting ourselves as a more confident organisation and this has led to greater awareness of ourselves with the arts and wider sectors. The clarity this has given us has enabled us to develop a strong marketing and financial package, which will lead to the continued long-term development of the organisation.

Marketing Strategy for 2005/06

During 2005/06 Chinese Arts Centre has continued to position the organisation as a one stop shop for key elements of Chinese arts, culture and creativity - namely, as an organisation that profiles the work of Chinese artists and contributes to the growth of an infrastructure of Chinese arts professionals.

We have continued to develop our already flourishing education programme, built on attendance figures for our exhibitions and related talks which are currently sponsored by Manchester Airport Group, supported our Breathe resident artists with maximum publicity and continued to generate income from the shop, teahouse and venue hire.

Achievements for 2005/6

- Continued support from Manchester Airport for our access policy with repeat funding in place
- Continued to position the organisation as one instrumental to the development of Chinese artists and associated arts professionals.
- Growing visitor figures for the galleries and related events, doubled figures in some months over last year
- Growing numbers using outreach/education services (see education above)
- Continued to develop audiences for Chinese creativity via programming
- Marketing the teahouse and shop to capture a wider audience through events such as the Manchester Food & Drink festival
- Continued success of our corporate hire facilities to meet income generation targets. Lots of new bookings and repeats.
- Developed new audiences through data capture information for the galleries and education outreach services.
- Networking and development of strategic partnerships with potential sponsors to supplement existing budgets.
- Continued to apply for awards and has been successful as a finalist for the Pearl awards 2006.

CHINESE ARTS CENTRE LIMITED
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2006 (continued)

Marketing Activity 2005-2006

Programmes

Chinese Arts Centre published three printed programmes during 2005/6. Each programme covers 4 months worth of exciting news about exhibitions; residencies and events combined with general information about our organisation. Programmes are delivered to our audience via post and also distributed regionally through partner organisations. Feedback tells us that our visitors enjoy receiving each publication and many hold on to them as collectable items.

Advertising and media campaigns

Chinese Arts Centre has continued to explore advertising opportunities, locally, nationally and internationally. We still maintain a good working relationship with publications such as Art Asia Pacific Magazine who are media sponsor for the forthcoming Vital Festival. Chinese Arts Centre continues to work hard to gain maximum publicity for each exhibition, and have added to our press archive.

Website & E-News

We continued to update our website on a regular basis and created links with partner organisations and sponsors. We regularly sent out an e-newsletter to update our visitors with event news and offers.

Evaluation & Training

During 2006/7 Chinese Arts Centre organised a number of staff training days to help with customer care and access. We have also become part of the Manchester standard, World Class Service and will continue to monitor and evaluate levels of service.

Finance

Chinese Arts Centre is in a strong financial position. Chinese Arts Centre financed itself from a number of sources with the income being derived from three main areas: revenue funding from ACE:NW, grants and earned income.

For 2005/2006 the Centre was awarded an increase by Arts Council, North West of 9.5% to £162,616. This was to part fund the visual arts commissioning programme and the new increased costs associated with the new centre.

The Centre was also awarded many other grants during the year which are detailed in note 2 to the accounts on page 20.

CHINESE ARTS CENTRE LIMITED
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2006 (continued)

The earned income was from various sources, including dedicated education activities and agency works which increased by 30%, sales from the shop covered its costs and hire of the centre exceeded more than 50% profit margin and sponsorship in kind from various companies was also received.

Expenditure was related to the direct costs of the main artistic programme, marketing costs for the organisation and costs directly attributed to the education programme and agency.

Other overheads included staff costs (salaries/wages/pension), administration costs (postage, stationery, telephone & fax, audit fees, insurance, computer maintenance) and premises costs (heat, lighting, security, repairs & maintenance, cleaning), sundry expenses and bank charges.

Throughout the year our finances were strong. The Chinese Arts Centre always traded with a surplus, adjusting the expenditure to show a nil deficit at the year-end. Accumulated trading surplus (before depreciation) of £15,240 was carried over to 2007 cover for any improvement, purchase of equipment, maternity cover, etc.

The general manager works closely with the CEO on the overall Chinese Arts Centre's budget. The curator, marketing manager and the education co-ordinator manage their own budgets and also in association with the general manager to oversee any changes. Quarterly reports and bank reconciliation are sent to the Board detailing income and expenditure.

The Chinese Arts Centre works with Bulcock & Co. to carry out an audit of existing financial structure and implement new system in line with increased turnover.

External Factors:

We are in the first year of three in which we have received funding from Esmee Foundation. We have just finished our three year funding from NWAD:AGMA under their CD:GM scheme. AGMA have been impressed with our achievements under this scheme and have suggested that we apply for revenue money once the third year funding is complete.

The marketing manager has been working very hard to build partnerships with private and commercial businesses. A number of partners currently help CAC financially 'in kind' these include: The Arora Hotel who provide complimentary rooms for our exhibiting artists. Oddbins and Sunlik Beer who have provided complimentary refreshments for each exhibition launch. Sponsorship is being sought and we have been successful with partner such as Manchester Airport who have sponsored us in relation to our access programme.

Championing diversity

Chinese Arts Centre exists to redress the inequality within the arts and mainstream sectors in relation to artists of Chinese descent. Chinese artists are not presented with as many opportunities and their work is not shown as frequently in mainstream venues.

We work to educate and support mainstream organisations, be they Local Authorities, national museums or specific government agencies, in their endeavours to address this imbalance.

In 2005/6 championing diversity became a key aim for the organisation. Staff are all encouraged to speak and write about our work in as many situations as possible. Raising the awareness of Chinese Arts Centre enables us to raise the awareness of the sector and the specific issues it faces.

Encouraging growth

Chinese Arts Centre is exemplary at encouraging growth with the artists we work with. Our primary aim is to support the development of artists and the schemes that we offer successfully do this. Most satisfying is the artist residency programmes. We live and work with the artists and so the whole organisation becomes committed to see the artist flourish. We have also started the PAD scheme, which has a clear aim to support and develop the growth of artists.

Through our agency work we have helped many institutions across the UK develop a programme of activities for the Chinese community or events that involve Chinese artists. This has enabled the organisation to reach a new audience and meet their diversity targets.

Chinese Arts Centre also worked with a number of Chinese organisations. Generally this involves brokering a relationship between them and their RAB or establishing them as a formal organisation rather than a collective. This work enables us to build the sector as a whole and create a stronger and more dynamic arts scene.

However, we feel that Chinese Arts Centre could do with greater financial support to enable it to grow to its full potential. It has been four years since the staff salaries were reviewed and they are now clearly out of date. To enable us to recruit and retain staff we do need to offer a competitive wage - and currently this is not the case and the board aims to redress the imbalance during 2006/07.

Plans for the future

2006/7 is a time for development for Chinese Arts Centre. We are looking at ways to expand the core work we do and position the organisation as the natural partner for all things relating to contemporary Chinese arts. We have successfully managed to secure a partner for one of our residencies and we have been commissioned by ACE:London to carry out a comprehensive survey of all the East Asian artists in their region. Increasingly staff are being asked to speak at conferences and seminars. This is a role we welcome as it allows us to reach a wide audience. The largest new project will be Vital, the international live arts festival. This is programmed from 2-5th November and we will commission 15 live artists to perform, talk and run workshops. We have already secured the international magazine, Art Asia Pacific, as a partner and we are in final negotiations with an international auction house. The festival should well and truly cement our reputation on the international arts scene.

CHINESE ARTS CENTRE LIMITED
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2006 (continued)

Trustees

The trustees, who served during the year, are:

Albert Cheah	(Co Chair and Treasurer)
Louie Chow	(Co Chair)
Hutton Lo	(Vice Chair)
Katharine de Lisle	
Chris Lethbridge	
Cathy Butterworth	(appointed 15 December 2005)
Halima Cassell	(appointed 20 March 2006)
Fiona Candy	(appointed 20 March 2006)
Robert Foster	(resigned 25 October 2005)
Elizabeth Huang	(resigned 11 August 2005)
Peter Ting	(resigned 12 September 2005)

None of the trustees has any beneficial interest in the company. The charity is a company limited by guarantee and has no share capital. All of the trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

The directors of the company are also trustees for the purpose charity law.

Associated organisations

In order to pursue its charitable objectives, the Charity co-operates with a number of other associations such as The Asia Art Archive, Dimsum, The London Jing Kun Opera Association and many others listed on our website at www.chinese-arts-centre.org.

Asset cover for funds

Note 11 sets out an analysis of the assets attributable to the various funds and a description of the trusts. These assets are sufficient to meet the charity's obligations on a fund by fund basis.

CHINESE ARTS CENTRE LIMITED
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2006 (continued)

Trustees' responsibilities in relation to the accounts

Company law requires the trustees to prepare accounts for each financial year which give a true and fair view of the charitable company's state of affairs at the end of the year and of its financial position at the end of the year.

In preparing those accounts, the trustees are required to:

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

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to ensure that the accounts comply with the Companies Act 1985. 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.

In accordance with company law, as the company's directors, we certify that:

- so far as we are aware, there is no relevant audit information of which the company's auditors are unaware; and
- as the directors of the company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Bulcock & Co be reappointed as auditors of the company will be put to the Annual General Meeting.

On behalf of the board of trustees



Louie Chow
Trustee and Co Chair

Date: Dec 15 2006

**CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CHINESE ARTS CENTRE LIMITED**

We have audited the accounts of Chinese Arts Centre Limited for the year ended 31 March 2006 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These accounts have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the charity's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditors' 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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees' (who are also the directors of Chinese Arts Centre Limited for the purposes of company law) responsibilities for preparing the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the trustees' report is consistent with the accounts. In addition we report to you if, in our opinion, the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

We read the trustees' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the accounts, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
INDEPENDENT AUDITORS' REPORT
TO THE TRUSTEES OF CHINESE ARTS CENTRE LIMITED (continued)

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion:

- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity's affairs as at 31 March 2006 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the accounts have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the trustees' report is consistent with the accounts

Bulcock & Co

Bulcock & Co

Date:

15/12/06

Chartered Accountants
Registered Auditors
10 The Bull Ring
Northwich
Cheshire
CW9 5BS

CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2006

	Note	Unrestricted funds £	Restricted funds £	2006 £	2005 £
Incoming resources					
Grants receivable	2	-	258,662	258,662	310,786
Interest receivable		756	-	756	509
Net income from trading activities	3	54,178	-	54,178	47,021
Total incoming resources		<u>54,934</u>	<u>258,662</u>	<u>313,596</u>	<u>358,316</u>
Resources expended					
Direct charitable expenditure		0	484,531	484,531	523,088
Other expenditure:					
Management and administration		3,349	-	3,349	1,322
Total resources expended	4	<u>3,349</u>	<u>484,531</u>	<u>487,880</u>	<u>524,410</u>
Net income for the year		<u>51,585</u>	<u>(225,869)</u>	<u>(174,284)</u>	<u>(166,094)</u>
Fund balances at 1 April 2005		<u>75,134</u>	<u>1,288,103</u>	<u>1,363,237</u>	<u>1,529,331</u>
Fund balances at 31 March 2006		<u>126,719</u>	<u>1,062,234</u>	<u>1,188,953</u>	<u>1,363,237</u>

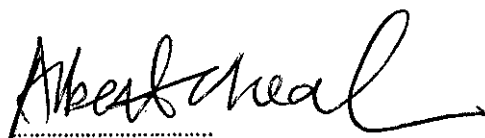
The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 1985.

All of the charity's operations are classed as continuing and all of its income is derived from activities which are within its objects.

CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
BALANCE SHEET
AS AT 31 MARCH 2006

	Notes	2006 £	2005 £
Fixed Assets			
Tangible assets	8	1,192,685	1,377,479
Current assets			
Stock		1,136	-
Debtors	9	58,822	9,468
Cash at bank and in hand		193,642	276
		<u>253,600</u>	<u>9,744</u>
Creditors: amounts falling due within one year	10	(257,332)	(23,986)
Net current (liabilities) assets		<u>(3,732)</u>	<u>(14,242)</u>
Total assets less current liabilities		<u><u>1,188,953</u></u>	<u><u>1,363,237</u></u>
Income Funds			
Unrestricted funds:	11	126,719	75,134
Restricted funds:	11	1,062,234	1,288,103
Total charity funds		<u><u>1,188,953</u></u>	<u><u>1,363,237</u></u>

The accounts were approved by the Board on DEC. 15 2006



Albert Cheah
Chair of trustees on behalf of the trustees

CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2006

1. Accounting policies

1.1 Basis of preparation

The accounts are prepared under the historical cost convention.

The accounts have been prepared in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005) issued in March 2005, applicable UK Accounting Standards and the Companies Act 1985. The principal policies adopted in the preparation of the accounts are set out below.

1.2 Incoming resources

Donations, legacies and other forms of voluntary income are recognised as incoming resources when receivable, except insofar as they are incapable of financial measurement.

Trading income comprises monies received for workshops, training courses run, and the hire of facilities at the Chinese Arts Centre together with miscellaneous sales of materials less related costs. Gross income received is detailed in note 3.

Revenue grants are recognised as incoming resources when received. Where income is received in relation to costs to be incurred in a future period, then that income is classified as deferred income and included in creditors on the balance sheet.

Capital grants received in respect of the new premises have been recognised as incoming resources.

Bank interest is recognised as investment income when received.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the accounts.

Resources expended

All expenditure is included in the income and expenditure account. The value of purchase invoices received after the year end in respect of expenditure incurred before the year end has also been included in the income and expenditure account. Staff costs and overhead expenses are allocated to activities either directly when identifiable or on the basis of staff time spent on those activities.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets (costing more than £250) are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	25% Straight line
Long leasehold land and buildings	10% Straight line

1.5 Operating leases

Rentals payable under operating leases are charged to the Statement of Financial Activities as incurred over the term of the lease.

1.6 Pension costs

The pension costs charged in the financial statements represent the contribution payable by the charity during the year.

1.7 Stocks

Stock is valued at the lower of cost and net realisable value.

2 Grants receivable

Revenue grants

During the year the charity received £258,662 comprising the following:

1. £162,616 from ACE:NW as a contribution to specific running costs
2. £3,275 from VAM re grant towards education project
3. £5,265 from VAM re artist's link project
4. £23,083 from ACE:NW re Patty Chang exhibition
5. £2,731 from ACE:NW re Touring Home exhibition
6. £7,250 from ACE:WM re managed fund seminar
7. £3,750 from the ACE re cultural diversity IAG
8. £25,000 from ACE:NW re Cultural Diversity programme year 3
9. £25,000 from Arts Council of England re contribution to curator's salary
10. £692 from Arts Council of England re Visiting Arts touring exhibition

Capital grants

At 31 March 2006, the charity had received a total of £2,181,506 from the Arts Council of England and £12,608 from ICIAN in respect of costs of the new premises project. All monies received are subject to a legal charge - see note 8.

During the year ended 31 March 2006 further capital grants totalling £30,821 were received and spent on the new premises project.

CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2006

3 Net income from trading activities

	2006 £	2005 £
Gross income	157,669	119,038
Expenses	(103,491)	(72,017)
	<u>54,178</u>	<u>47,021</u>

Gross income is made up of the following:

1. £40,758 - Education and workshop activities
2. £3,005 - Arts programmes
3. £15,974 - Agency income
4. £10,002 - various materials / items sold
5. £18,922 - room hire
6. £5,500 - sponsorship
7. £15,061 - Esme Fairbairn income
8. £48,447 - Live Arts

Expenses of £ 103,491 relate to costs incurred in respect of the above

4. Total resources expended

	Staff costs £	Depreciation £	Other costs £	2006 Total £	2005 Total £
Direct charitable expenditure	153,800	189,523	141,208	484,531	523,088
Other expenditure					
Management and administration	-	-	3,349	3,349	1,322
	<u>153,800</u>	<u>189,523</u>	<u>144,557</u>	<u>487,880</u>	<u>524,410</u>

Management and administration costs include auditor's and accountant's fees made up of:

	2006 £	2005 £
Audit fees	1,763	1,322
Accountancy assistance: Sage and accountancy training	1,586	-
	<u>3,349</u>	<u>1,322</u>

Other costs include the following material items:

- £62,829 - re Artistic programme
- £19,071 - re Advertising and marketing

CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2006

5. Trustees

None of the trustees (or any persons connected with them) received any remuneration or expenses or payments for professional or other services during the year (2005 £nil).

There were no transactions between the charity and any of the trustees during the year.

6 Employees

Number of employees

The average monthly number of employees during the year was:

	2006	2005
	Number	Number
Administration and support	8	8
	=	=
Employment costs	2006	2005
	£	£
Wages and salaries	147,345	145,429
Pension costs (see below)	6,454	5,263
	<u>153,799</u>	<u>150,692</u>
	=====	=====

The above figures include employer's national insurance of £12,645 (2006 £12,206). There were no employees whose annual emoluments were £60,000 or more.

The charity operates a defined contribution pension scheme in respect of all full time employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the charity and amounted to £6,454 (2006 £5,263). The number of employees to whom retirement benefits are accruing under the defined contribution scheme are 6 (2005 - 6)

7 Taxation

The company is a registered charity and no provision is considered necessary for taxation.

CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2006

8 Tangible fixed assets

	Long Leasehold Premises 2006 £	Fixtures & Fittings 2006 £	Total 2006 £
Cost			
At 1 April 2005	1,651,585	95,568	1,747,153
Additions	4,729	-	4,729
Disposals	-	-	-
At 31 March 2006	<u>1,656,314</u>	<u>95,568</u>	<u>1,751,882</u>
Depreciation			
At 1 April 2005	322,495	47,179	369,674
Charge for the year	165,631	23,892	189,523
Disposals	-	-	-
At 31 March 2006	<u>488,126</u>	<u>71,071</u>	<u>559,197</u>
Net book value			
At 31 March 2006	<u>1,168,188</u>	<u>24,497</u>	<u>1,192,685</u>
At 31 March 2005	<u>1,329,090</u>	<u>48,389</u>	<u>1,377,479</u>

Long leasehold additions - see note 2.

On 21 January 2003 the Arts Council of England took out a legal charge over the new premises at Unit 2, Market Buildings, Thames Street, Smithfield, Manchester to a maximum sum of £2,185,160. Under the terms of the agreement, the charge is to be left in place for 21 years. The legal charge is over the entire cost of the long leasehold premises.

Under the terms of the long lease, there are no clawback provisions for any of the capital grants received.

All fixed assets are used in the direct furtherance of the charity's objects.

9. Debtors

	2006 £	2005 £
Trade debtors	58,822	-
Other debtors	-	9,468
	<u>58,822</u>	<u>9,468</u>

CHINESE ARTS CENTRE LIMITED
A COMPANY LIMITED BY GUARANTEE
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2006

10. Creditors: amounts falling due within one year

	2006 £	2005 £
Bank overdraft	-	4,106
Other creditors	14,543	8,016
Accruals and deferred income	242,789	11,864
	<u>257,332</u>	<u>23,986</u>

Deferred income totalling £229,294 relates to income received in March 2006 to be matched against costs to be incurred in the following year.

11. Analysis of net assets between funds

	General Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 March 2006 are represented by:			
Tangible fixed assets	116,504	1,076,181	1,192,685
Current assets	23,710	229,890	253,600
Creditors: amounts falling due within one year	(13,495)	(243,837)	(257,332)
	<u>126,719</u>	<u>1,062,234</u>	<u>1,188,953</u>

The purpose of the main restricted fund is the project re the new premises as per note 8. The restricted funds must be used for this project and for no other purpose.