

Company Registration No. NI604239 (Northern Ireland)

**THE MAC (METROPOLITAN ARTS CENTRE) TRADING CO. LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

**PAGES FOR FILING WITH REGISTRAR**

TUESDAY



\*J94XDG7C\*

JNI

12/05/2020

#98

COMPANIES HOUSE

# THE MAC (METROPOLITAN ARTS CENTRE) TRADING CO. LIMITED

## CONTENTS

---

	Page
Statement of financial position	1
Notes to the financial statements	2 - 10

---

# THE MAC (METROPOLITAN ARTS CENTRE) TRADING CO. LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Intangible assets	4		5,907		1,468
<b>Current assets</b>					
Stocks		14,930		-	
Debtors	5	531,243		246,643	
Cash at bank and in hand		172,297		214,548	
		<u>718,470</u>		<u>461,191</u>	
<b>Creditors: amounts falling due within one year</b>	6	<u>(724,376)</u>		<u>(462,658)</u>	
<b>Net current liabilities</b>			(5,906)		(1,467)
<b>Total assets less current liabilities</b>			<u>1</u>		<u>1</u>
<b>Capital and reserves</b>					
Called up share capital			<u>1</u>		<u>1</u>

The directors of the company have elected not to include a copy of the income statement within the financial statements.

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

The financial statements were approved by the board of directors and authorised for issue on 29/4/20 and are signed on its behalf by:

DocuSigned by:

Richard Donnan

F493D1F344504BF...

Richard Donnan

Director

Company Registration No. NI604239

# THE MAC (METROPOLITAN ARTS CENTRE) TRADING CO. LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

---

### 1 Accounting policies

#### Company information

The MAC (Metropolitan Arts Centre) Trading Co. Limited is a private company limited by shares incorporated in Northern Ireland. The registered office is 10 Exchange Street West, Belfast, Antrim, Northern Ireland, BT1 2NJ.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of The MAC (Metropolitan Arts Centre). These consolidated financial statements are available from its registered office, 10 Exchange Street West, Belfast, BT1 2NJ.

# THE MAC (METROPOLITAN ARTS CENTRE) TRADING CO. LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2019

---

#### 1 Accounting policies

(Continued)

##### 1.2 Going concern

There are concerns over the ability of the parent charitable company The MAC (Metropolitan Arts Centre) to continue as a going concern. The company is dependent on the parent charitable company. The continued operation of The MAC (Metropolitan Arts Centre) is dependent on the ongoing support of its funders, Arts Council of Northern Ireland and Belfast City Council. The MAC was planned and built as a space that requires a certain level of public subsidy in order to deliver the benefits it was built to deliver

Following the year end the charitable parent company has continued to incur a deficit and the management accounts for the 10 months ended 31 January 2020 show an unrestricted deficit of £132,636. The directors are projecting a deficit of £365,474 for the year ended 31 March 2020.

Deficit funding of £350,000 has been received from the Arts Council of Northern Ireland for the year ended 31 March 2020. The directors have secured funding of at least £1.1 m from Arts Council of Northern Ireland for the year ended 31 March 2021 and have agreed to undertake an independent organisational review. In undertaking their going concern review the Trustees were cognisant of the findings of the DCA Review's recommendations in relation to the re-setting of the MAC's baseline public funding level, the resulting additional DfC/ACNI and BCC funding in financial years 2017/18, 2018/19 and 2019/20 and the funders' commitment to revisit the MAC's public funding requirement through another organisational review in 2020/21.

The Trustees and funders have remained in extensive dialogue throughout quarters 3 and 4 of 2019/20 and the Trustees are extremely encouraged by the funders' expressed intention to continue to support the MAC and to work collaboratively with the MAC on an organisational review of the organisation.

The directors are optimistic that the secured funding of at least £1.1m from Arts Council of Northern Ireland for the year ended 31 March 2021 with the funding commitment to re-set of the MAC's baseline public funding this would enable the charity to continue operating for at least the next 12 months.

At the point of signing the financial statements for year ended 31 March 2019 The MAC has been forced to close its doors to the public to adhere to the Social Distancing Laws imposed by UK Government. At the point of signing the accounts the directors do not know the length of time these restrictions will remain in place. The directors and senior management team have taken all measures possible to reduce costs during this period to lessen the impact on the charity. The closure will have a significant impact on box office income and the ancillary income from the catering and bar.

The directors recognise that the circumstances described above represent a material uncertainty that casts doubt on the ability of the company to continue as a going concern. Nevertheless, having considered these circumstances, the directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

##### 1.3 Turnover

Turnover represents net invoiced sales of goods and services, excluding value added tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

# THE MAC (METROPOLITAN ARTS CENTRE) TRADING CO. LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

---

### 1 Accounting policies

(Continued)

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

#### 1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

#### 1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Development Costs	20% straight line
-------------------	-------------------

#### 1.6 Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

# THE MAC (METROPOLITAN ARTS CENTRE) TRADING CO. LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 1 Accounting policies

(Continued)

#### 1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.9 Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Other financial assets classified as fair value through profit or loss are measured at fair value.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

# THE MAC (METROPOLITAN ARTS CENTRE) TRADING CO. LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

---

### 1 Accounting policies

(Continued)

#### ***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

#### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### ***Basic financial liabilities***

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through profit or loss are measured at fair value.

#### ***Other financial liabilities***

Other financial liabilities, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **1.10 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### **1.11 Derivatives**

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

#### **1.12 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.



# THE MAC (METROPOLITAN ARTS CENTRE) TRADING CO. LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

---

### 1 Accounting policies

(Continued)

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.13 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.14 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### **1.15 Foreign exchange**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. The trading results of overseas operations are translated at average rates of exchange for the year.

#### **1.16 Intangible assets**

Intangible assets comprise the costs associated with acquiring the liquor licence and is valued at cost less accumulated amortisation.

Amortisation is calculated to write off the cost in equal annual instalments of each asset over its estimated useful economic life. This has been estimated as 5 years.

# THE MAC (METROPOLITAN ARTS CENTRE) TRADING CO. LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

2	Operating (loss)/profit	2019 £	2018 £
	Operating (loss)/profit for the year is stated after charging/(crediting):		
	Fees payable to the company's auditors for the audit of the company's financial statements	2,850	2,850
	Amortisation of intangible assets	1,882	633
		<u>          </u>	<u>          </u>

### 3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2019 Number	2018 Number
Total	<u>77</u>	<u>58</u>

### 4 Intangible fixed assets

	Development Costs £
<b>Cost</b>	
At 1 April 2018	23,169
Additions	6,321
	<u>          </u>
At 31 March 2019	29,490
	<u>          </u>
<b>Amortisation and impairment</b>	
At 1 April 2018	21,701
Amortisation charged for the year	1,882
	<u>          </u>
At 31 March 2019	23,583
	<u>          </u>
<b>Carrying amount</b>	
At 31 March 2019	5,907
	<u>          </u>
At 31 March 2018	1,468
	<u>          </u>

# THE MAC (METROPOLITAN ARTS CENTRE) TRADING CO. LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 5 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	166,431	81,222
Amounts owed by group undertakings and undertakings in which the company has a participating interest	308,411	162,708
Other debtors	56,401	2,713
	<u>531,243</u>	<u>246,643</u>

### 6 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	300,608	131,353
Corporation tax	-	336
Other taxation and social security	73,781	71,819
Other creditors	349,987	259,150
	<u>724,376</u>	<u>462,658</u>

### 7 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

#### Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company is dependent on support from the parent charitable company. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

The senior statutory auditor was Angela Craigan.

The auditor was Harbinson Mulholland.

### 8 Related party transactions

The company has taken advantage of the exemptions contained in FRS 102 with regards to Related Party Transactions, not to disclose transactions with its parent undertaking on the grounds that it is a 100% subsidiary.

# THE MAC (METROPOLITAN ARTS CENTRE) TRADING CO. LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2019**

---

### **9 Parent company**

During the year ended 31 March 2019, The MAC (Metropolitan Arts Centre), (a company limited by guarantee) controlled the company by virtue of a controlling interest of 100% of the issued share capital.