

**Business in the Arts: North West
(Limited by guarantee)**

Annual report

for the year ended 31 March 2009

Company Registered Number 2508104

Charity Registered Number 1046901

Business in the Arts: North West (Limited by guarantee)

Annual report

for the year ended 31 March 2009

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Business in the Arts: North West (Limited by guarantee)

Information and Advisors

Board

As set out in the Report of the Council of Management, page 2.

Registered office

Room 305,
Queens Dock Business Centre,
Norfolk Street
Liverpool
L1 0BG

Company number

2508104

Charity Registration number

1046901

Bankers

Unity Trust Bank
9 Brindley Place
Birmingham
B1 2HB

Birmingham Midshires
PO Box 81
Pendeford Business Park
Wobaston Road
Wolverhampton
WV9 5HZ

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
8 Princes Parade
St Nicholas Place
Liverpool
L3 1QJ

Business in the Arts: North West (Limited by guarantee)

Report of the Council of Management for the year ended 31 March 2009

The directors present their report and the audited financial statements for the year ended 31 March 2009.

Status of the company

Business in the Arts:North West (the Charity) (registered charity number 2508104) was incorporated on 19 December 1991. The company is limited by guarantee. The guarantee of members is limited to a contribution of £1 each in the event of the company being wound up. At 31 March 2009 there were seven (2008: eight) members. Its governing instruments are its memorandum and articles of association and, with the approval of the Charity Commission, these were amended in December 2008 to reflect changes in the law and a broader range of activities. The charity has a sister company, BIA:NW Trading Limited whose taxable profits are transferred to the charity via Gift Aid.

Principal activities

Business in the Arts:North West is a charity established to promote the advancement of education to the arts with a view to developing public taste and appreciation of the arts and to promote the efficient administration of charities for the advancement of education in relation to the arts in direct pursuit of their objects by providing such charities with advice, training, information and other assistance about and in relation to business management skills. The charitable company generally works within North West England made up of Cheshire, Cumbria, Greater Manchester, Lancashire and Merseyside.

Prior to registration as a charity in June 1995, service provision was not restricted to registered charities. BIA:NW Trading Limited was established in 1995 to provide parallel services to cultural organisations without charitable registration. A detailed analysis of all service provision is maintained and the charity invoices the trading company for all shared expenses. However, BIA:NW Trading Ltd has applied to be struck off and this is expected to take place in mid December 2009; Business in the Arts:North West is undertaking suitable elements of its work from June 2009. This is expected to enable the Board to reduce administration, by only having to maintain records for one entity and increase income, as income that would previously have gone to BIA:NW Trading Ltd will now come directly to Business in the Arts: North West.

The primary purpose of the charity, as defined in its business plan, is to bring business skills and experience to the arts in ways that are beneficial both to business and to the arts. This statement acknowledges the role of the charity as a volunteering agency whereby business managers provide guidance to cultural charities and, in return, improve their knowledge of the arts and gain development benefits. This involvement by business managers is fundamental to the operation of the charity and both the private sector and the professions continue to demonstrate an enthusiasm for such involvement.

Business in the Arts: North West (Limited by guarantee)

Report of the Council of Management for the year ended 31 March 2009 (continued)

The objectives of the charitable company are delivered through four strategies:

The Skills Bank whereby specialist management volunteers are placed with cultural organisations to provide advice and guidance on a particular aspect of their operation. The emphasis is on the transference of skills from the volunteers to the arts manager. During the year 34 volunteer advisers worked with 34 arts organisations on 36 projects, a reduction on the previous year when 39 advisers worked with 40 organisations. A target was set for 10 new projects to be started during the year, this target was exceeded by five. The new Quick Fix programme which provides cultural organisations with a fast answer to specific issues, notably legal or HR questions, achieved 15 Quick Fixes against a target of 10.

The Board Bank was launched in 1994/95. Business in the Arts:North West recruits business managers and professionals who are interested in serving on the boards of cultural charities and matches them with organisations seeking particular skills. During the period, 24 new candidates were registered and 28 candidates, including some earlier recruits, were successfully matched, against a target of 30. In the period one of the matches was a Positive Action match for Black and Racial Minority candidates.

The Mentoring Programme was introduced in 2001/02 and achieved its first match in late 2001. During 2008/09, a further 4 mentors were recruited and 11 matches achieved against a target of 12.

Free or very low cost training opportunities were provided to arts managers, albeit at a planned reduced level. Nevertheless during the period 14 days of free training were provided to 7 arts managers. The target was 15 days.

All of the above services are provided free to cultural organisations. There have been no changes in these policies during the past year.

The organisation has also continued to deliver some board development training which has in the past been carried out through the charity or BIA:NW Trading Limited, depending on whether it is funded activity or earned income. The charity has also carried out contracts to deliver training and development services. In future all such work will be undertaken by Business in the Arts:North West. As in other years some free, informal advice has been provided.

The cessation of regular funding from Arts Council England North West from April 2008 has clearly had an impact in 2008/09 and the Directors had always seen the 2008/09 year as one of transition. The support gained from the private sector through membership and sponsorship decreased to £18,491 (2008: £22,566). Grant income from the public sector decreased to £17,874 compared with £82,308 for the previous year reflecting the loss of Arts Council regular funding.

On the expenditure side, the total of salaries was reduced to £88,641 from the previous year's total of £101,730 and other cost savings were implemented.

The only non cash assets held are in the form of office equipment.

Business in the Arts: North West (Limited by guarantee)

Report of the Council of Management for the year ended 31 March 2009 (continued)

Three Directors resigned during the year due to pressure of work. (One has been appointed since the year end.) The Board considers carefully the skills and experience needed before recruiting directors. All new members are provided with comprehensive induction packs and encouraged to attend the Introduction to Board Membership course which the charity runs.

Demand for the services of Business in the Arts:North West remains steady. Support from local authorities and statutory bodies continues to be positive, but business support requires constant work. Growth in earned income has already begun but must be sustained in order to compensate for reduced funding. For 2009/10 the charity has also secured Grants for the Arts funding of £17,500.

The company had net outgoing resources of £16,018 (2008: surplus of £1,634)

Organisation structure of the charity

Day to day operations and service delivery is carried out by members of staff who are led by the Manager. The Manager reports and makes recommendations to the Board which takes decisions on the basis of that information. The Board retains decision making relating to business plan approval, budget setting, approval of all policies and procedures and key employment decisions.

Reserves policy statement

The Board has decided that the target level of unrestricted reserves should be sufficient to cover administration and service delivery costs for a period of two months and rent for a period of three months and should be held in an interest bearing account. The reserves target was reduced from £25,000 to £20,000 during 2008/09 to reflect the drop in the number of staff. At the year end, the target of £20,000 was met.

Basis of preparation of the financial statements

The Board have considered the status of negotiations with Arts & Business, to secure future grant funding. As noted below, the Board has concluded that this constitutes a risk to the business and has therefore prepared a business plan on the basis that continued funding will not be forthcoming. This business plan shows that the operations of the company could continue in the absence of such funding, albeit on a reduced basis. The accounts have therefore been prepared on a going concern basis.

Risk assessment

Statement of Recommended Practice 'Accounting and Reporting by Charities (2005)' requires the trustees to undertake a risk assessment. This will be done initially by the staff and then presented to the Board for further assessment and challenge. All new activities will be submitted to risk assessment before introduction and in particular consider whether an activity has too great a financial risk that might threaten the rest of the operation and the human resources implications.

Business in the Arts: North West (Limited by guarantee)

Report of the Council of Management for the year ended 31 March 2009 (continued)

The Board has identified the cessation of regular funding from ACE NW from April 2008 as a major risk.

Financial risk management

The Directors do not believe that the Company is currently subject to risks in relation to price or interest rates, nor do they believe that there is risk in relation to credit because of the nature of the Company's client base which is largely made up of other charitable organisations or statutory bodies and does not constitute a large proportion of turnover. They do not have any current concerns in relation to liquidity risk because the Company has sufficient cash in hand to meet any short term demands and the position is closely monitored by the Board.

The Directors

The following members held office until the date of this report:

Howard Gillibrand Chair
Sarah Bush
Anthony Durrant
Brigit Egan Vice Chair
Paul Mathews
Nick Rowe (resigned 9 September 2009)
Stephen Sorrell (resigned 5 March 2009)
Mike Spurr (resigned 3 December 2008)
Alison Brearey (appointed 6 August 2009)

Paula Barrow has been appointed since the year end, at a meeting held on 9 July 2009.

At the Annual General Meeting and in accordance with the Articles of Association, Paula Barrow, Brigit Egan, and Howard Gillibrand will retire from office and will offer themselves for re-election.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the Annual General Meeting.

The Board's responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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.

Business in the Arts: North West (Limited by guarantee)

Report of the Council of Management for the year ended 31 March 2009 (continued)

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, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements 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.

Disclosure of information to auditors

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Relevant information is defined as *"information needed by the company's auditors in connection with preparing their report"*.

Each director has taken all the steps (such as making enquiries of other members and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the directors and signed on their behalf

Vivienne Tyler

Company Secretary

21 December 2009

Business in the Arts: North West (Limited by guarantee)

Independent auditors' report to the members of Business in the Arts: North West

We have audited the financial statements of Business in the Arts: North West for the year ended 31 March 2009 which comprise the Statement of Financial Activities, the Balance Sheet, the accounting policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The responsibilities of the directors (who are also the directors of Business in the Arts: North West for the purposes of company law) for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Director's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the charitable company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements 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 Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and other transactions is not disclosed.

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

Basis of audit 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 financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

Business in the Arts: North West (Limited by guarantee)

Independent auditors' report to the members of Business in the Arts: North West (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 that the financial statements 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 financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 March 2009 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Liverpool

21 December 2009

Business in the Arts: North West (Limited by guarantee)

Statement of financial activities (including income and expenditure account) for the year ended 31 March 2009

	Notes	Unrestricted funds	Restricted funds	Total funds	Total funds
		Year ended 31 March 2009	Year ended 31 March 2009	Year ended 31 March 2009	Year ended 31 March 2008
		£	£	£	£
Incoming resources					
Incoming resources from generated funds					
Voluntary income	1	33,190	2,000	35,190	104,874
Activities for generating funds	2	56,545	-	56,545	37,825
Investment income	3	6,711	-	6,711	3,266
Total incoming resources		96,446	2,000	98,446	145,965
Resources expended					
Charitable activities	4	(93,553)	(2,874)	(96,427)	(117,432)
Governance costs	5	(11,432)	-	(11,432)	(14,802)
Other resources expended	6	(6,605)	-	(6,605)	(12,097)
Total resources expended		(111,590)	(2,874)	(114,464)	(144,331)
Net (expense)/income for the year		(15,144)	(874)	(16,018)	1,634
Opening balance of funds		35,956	12,485	48,441	46,807
Closing balance of funds	12	20,812	11,611	32,423	48,441

The company has no recognised gains and losses other than those included in the net incoming resources above, and therefore no separate statement of total recognised gains and losses has been presented.

All activities are continuing and there have been no acquisitions or discontinued operations during the year.

Business in the Arts: North West (Limited by guarantee)

Balance sheet as at 31 March 2009

	Note	31 March 2009 £	31 March 2008 £
Fixed assets			
Tangible assets	9	79	612
Current assets			
Stock - consumables		750	750
Debtors	10	22,979	19,527
Cash		22,481	41,315
		46,210	61,592
Creditors: amounts falling due within one year	11	(13,866)	(13,763)
Net current assets		32,344	47,829
Net funds		32,423	48,441
Funds			
Unrestricted funds		20,812	35,956
Restricted funds		11,611	12,485
Total funds	12	32,423	48,441

The financial statements on pages 9 to 18 were approved by the Board on 21 December 2009 and were signed on its behalf by:

Howard Gillibrand
Member of the Board

Business in the Arts: North West (Limited by guarantee)

Accounting policies

The financial statements have been prepared on the historical cost basis in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities (2005), and applicable Accounting Standards in the United Kingdom, the Companies Act 1985 and the Charities Act 1993.

Basis of accounting

The financial statements have been prepared on a going concern basis. Funding from Arts Council England: North West has not been received since 1 April 2008. The Board has concluded that this constitutes a risk to the business, and has therefore prepared a business plan on the basis of no future funding from Arts Council England. This business plan shows that the operations of the company can continue in the absence of such funding, albeit on a reduced basis. The accounts have therefore been prepared on a going concern basis.

Format of accounts

The company, which is limited by guarantee and has no share capital, has taken advantage of Section 3(3) of Schedule 4 of the Companies Act 1985 in adopting its own arrangements for the headings and sub-headings of the financial statements due to the special nature of its business.

Incoming resources

Voluntary income including donations, memberships and sponsorships, that provide core funding or are of a general nature, are recognised where there is entitlement, certainty of receipt and when the amount can be measured with sufficient reliability. Such income is only deferred when:

- The donor specifies that the income must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the charity has unconditional entitlement.

Gift Aid donations from BIA: NW Trading Limited, the sister company which provides services to organisations without charitable status, are treated as investment income, and are recognised when the donation is approved by the Board of BIA: NW Trading Limited.

Bank interest is recognised on a receivable basis.

Resources expended

Expenditure is recognised when a liability is incurred.

Charitable activities include expenditure associated with the provision of services to organisations as set out in the Report of the Council of Management.

Governance costs include those costs incurred in the governance of the charity and its assets.

Taxation

The company is a registered charity for taxation purposes.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Business in the Arts: North West (Limited by guarantee)

Accounting policies (continued)

Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual values on a straight line basis over the expected useful economic lives of the assets concerned, with a full year's depreciation being charged in the year of acquisition. The principal annual rate used for this purpose is 25% for office equipment.

Stocks

Stocks, comprising printing and stationery stocks, are stated at the lower of cost and net realisable value.

Cash flow statement

A cash flow statement has not been produced as the company is a small company as defined by sections 246 to 249 of the Companies Act 1985 and is therefore exempt from the requirements of FRS 1 (1996 revised).

Grants

Grants received in respect of fixed asset expenditure are recognised as income in the Statement of Financial Activities and held as restricted funds in accordance with the Statement of Recommended Practice. Depreciation on the relevant assets is then charged against such restricted funds as is incurred. Other grants received are recognised on a received basis unless restrictions have been placed on their use.

Irrecoverable VAT

Any irrecoverable VAT is charged to the statement of financial activities, or capitalised as part of the cost of the related asset, where appropriate.

Business in the Arts: North West (Limited by guarantee)

Notes to the financial statements for the year ended 31 March 2009

1 Voluntary income

	Unrestricted funds £	Restricted funds £	Total funds 2009 £	Total funds 2008 £
Arts Council England	-	2,000	2,000	62,700
Grants for the Arts	-	-	-	2,758
Local Authorities	10,000	-	10,000	11,850
MLA North West	5,000	-	5,000	5,000
Sponsorship	3,500	-	3,500	3,000
Membership income	14,690	-	14,690	19,566
	33,190	2,000	35,190	104,874

In 2009 and 2008 funding from Liverpool City Council was used for business support services to the cultural organisations not registered as charities and is therefore included in the accounts of the trading company BIA:NW Trading Limited.

2 Activities for generated funds

	Unrestricted funds £	Restricted funds £	Total funds 2009 £	Total funds 2008 £
Income from BIA:NW Trading in relation to management services provided	31,000	-	31,000	32,000
Income from contract with Museums Libraries Archives (MLA) North West	20,006	-	20,006	-
Other income	5,539	-	5,539	5,825
	56,545	-	56,545	37,825

3 Investment income

	2009 £	2008 £
Gift Aid payment received from BIA:NW Trading Limited (note 14)	5,207	1,059
Bank interest	1,504	2,207
	6,711	3,266

All investment income in 2009 and 2008 relates to unrestricted funds.

Business in the Arts: North West (Limited by guarantee)

Notes to the financial statements for the year ended 31 March 2009 (continued)

4 Charitable activities

	Unrestricted funds £	Restricted funds £	Total funds 2009 £	Total funds 2008 £
Events and awards	3,688	-	3,688	7,721
Disability project	-	2,233	2,233	6,863
Board Bank Extra	-	-	-	496
Other expenses	1,319	-	1,319	-
Board development costs	546	-	546	622
Wages, salaries & social security	88,000	641	88,641	101,730
	93,553	2,874	96,427	117,432

5 Governance costs

	2009 £	2008 £
Appointment expenses	-	3
Training	-	395
Staff expenses	2,733	4,327
Printing	1,600	2,020
Telephone	1,690	2,196
Publications	80	129
Postage	1,130	1,443
Entertaining	92	146
Professional fees	50	65
Photocopying and stationery	1,193	1,244
Book keeping	1,600	1,600
Audit fees	1,000	1,000
Other office costs	264	234
	11,432	14,802

All governance costs in 2009 and 2008 relate to unrestricted funds.

No non-audit fees were paid to the auditors.

Business in the Arts: North West (Limited by guarantee)

Notes to the financial statements for the year ended 31 March 2009 (continued)

6 Other resources expended

	2009 £	2008 £
Rent	4,033	9,601
Insurance	566	603
Repairs and renewals	178	145
Canteen expenses	159	311
Sundry expenses	32	33
Moving costs	1,104	-
Depreciation	533	1,404
	6,605	12,097

Rent has reduced significantly in the current year due to the relocation of the charity's registered office.

All other resources expended in 2009 and 2008 relate to unrestricted funds.

7 Employee costs

	2009 £	2008 £
Wages and salaries	80,900	92,483
Social security costs	7,741	9,247
	88,641	101,730

The average number of employees was 3 (2008: 5).

None of the Directors received any remuneration from the charity (2008 - nil), and none was reimbursed for any expenses incurred (2008 – none). No cost was incurred in respect of directors' indemnity insurance (2008 - £nil).

8 Taxation

In the opinion of the Board, there is no charge to taxation as the Association qualified for exemption from corporation tax under section 505 of the Income and Corporation Taxes Act 1988 (Charities) during the year.

Business in the Arts: North West (Limited by guarantee)

Notes to the financial statements for the year ended 31 March 2009 (continued)

9 Tangible fixed assets

	Office equipment £
Cost	
At 1 April 2008 and 31 March 2009	18,050
Depreciation	
At 1 April 2008	17,438
Charge for the year	533
At 31 March 2009	17,971
Net book value	
At 31 March 2009	79
At 31 March 2008	612

There was no capital expenditure contracted for as at 31 March 2009 (2008: £nil).

10 Debtors

	2009 £	2008 £
Trade debtors	12,118	2,393
BIA: NW Trading Limited (note 14)	8,898	16,624
Prepayments and other debtors	1,963	510
	22,979	19,527

Business in the Arts: North West (Limited by guarantee)

Notes to the financial statements for the year ended 31 March 2009 (continued)

11 Creditors: amounts falling due within one year

	2009	2008
	£	£
Trade creditors and accruals	4,999	6,555
BIA: NW Trading Limited (note 14)	150	-
Deferred income	8,717	7,208
	13,866	13,763

The deferred income represents grants and membership subscriptions received during the year which relate to the provision of services after the end of the current financial year, and is released to income in the following accounting period accordingly.

12 Movement of funds

	Unrestricted funds	Restricted funds	Total funds
	£	£	£
Opening balance at 1 April 2008	35,956	12,485	48,441
Incoming resources	96,446	2,000	98,446
Resources expended	(111,590)	(2,874)	(114,464)
Closing balance at 31 March 2009	20,812	11,611	32,423

13 Analysis of net assets between funds

	Fixed assets	Net current assets	Total assets
	£	£	£
Restricted funds	-	11,611	11,611
Unrestricted funds	79	20,733	20,812
	79	32,344	32,423

Business in the Arts: North West (Limited by guarantee)

Notes to the financial statements for the year ended 31 March 2009 (continued)

14 Related party transactions

The charity has transactions with the BIA:NW Trading Limited, which is a trading company with which it has certain directors in common. The financial statements of BIA:NW Trading Limited can be obtained from Room 305, Queens Dock Business centre, Norfolk Street, Liverpool, L1 0BG. The following transactions with BIA:NW Trading Limited were effected in the year:

£31,000 was recharged by the charity, this related to non-charitable work performed (2008: £33,000). £5,207 (2008: £1,059) has been donated by Gift Aid to the charity. The balance owed to the charity at 31 March 2009 was £8,898 (2008: £16,624).

15 Members of the company

The members of the company have no entitlement to distribution on dissolution of the company. They each have limited liability of up to £1.