



Annual Report 2016-17

acenterprises.org.uk



Contents

The Trustees of the Association for Cultural Enterprises (ACE) present their Annual Report and consolidated financial statements of the charity and its subsidiary for the year ending 31 March 2017, also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

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The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Welcome from the Chair

It's been another very successful year for ACE with record attendance at our Edinburgh Conference and Trade Show, and another exciting and busy year of training and networking.

I was especially delighted that we were able to bring new areas of focus to the conference this year, particularly our very lively marketing session which endorsed the view that we can successfully broaden the scope of our remit beyond the traditional retail and publishing areas.

In addition we have enjoyed unprecedented support from organisational CEOs with a significant number participating in both the annual Conference and View from the Top events.

The Retail Resilience Programme continued to deliver invaluable training across the Arts Council regions and we're delighted that the legacy resources that were an integral part of the project vision are now being realised in the form of the benchmarking tool and the Culture Shop TV short films, both available on the ACE website. Local 'talking shops' will also continue to support

networking for project participants as well as the wider community, and we hope this signals a long and rewarding relationship with ACE.

Marketing was also the focus for the core ACE team as we recruited our first ever full-time Communications and Media Manager. Jo Whitworth has made a great impact already, and the ACE weekly news bulletin has proved very popular with new features such as 'Shop of the Month' increasing participation from our members. Our social media profile is also growing well and we look forward to continuing to make strides in this area.

Our range of training and networking continues to deliver the vision for supporting all of our members at all stages of their careers. We are delighted to see the ongoing demand across all formats and subject areas, and we continue to review and refresh the scope of our training programme.

Finally, and most significantly, we developed an ambitious Arts Council England application to become a National Portfolio Organisation with funding over four years to develop an online Training Academy. We will make further announcements later in the year but I'm delighted to say that the initial application was successful and we are now developing a full business case for delivery to the Arts Council in the Autumn.

As always, it is beholden on me to thank my fellow trustees who have supported ACE during a busy and demanding year and to thank Jill and her team for another year of impressive creativity, hard work and successful delivery.

The ACE members remain its beating heart and I would like to thank you for your continued support, engagement and participation. I look forward to seeing you at an ACE event soon so we can continue to share our knowledge, our stories and our innovative new ideas!

Caroline Brown
Chair of ACE



ACE Conference, Edinburgh, March 2017

Membership

Membership is the core of the ACE community, through which we are able to promote excellence in cultural trading, and we are grateful to all our members for their support, enthusiasm and expertise.

Our membership includes some of the most prestigious cultural institutions in the UK and we are fortunate to have many loyal and long-standing members who are active as delegates, speakers and providers of host venues. The willingness to share information and expertise is the hallmark of the ACE membership offer.

The number of Full Members increased by 14% this year as we welcomed 52 new members. These include many organisations taking part in the Retail Resilience Programme funded by Arts Council England, which includes one year's free membership of ACE. Associate membership, which is primarily taken up by companies that supply goods and services to the cultural sector, rose by 19%.

Members showed great support for ACE activities this year: Study Days and Masterclasses frequently sold out, and the Conference in Edinburgh in March 2017 attracted a record number of delegates, as well as our most successful Trade Show.

The members-only LinkedIn group now has over 600 participants, providing a secure forum for debate and an additional channel for associate members to communicate with full members. The LinkedIn site can also be used to advertise jobs, offer unwanted fixtures and fittings to fellow member organisations or simply to announce openings of new and exciting exhibitions. Online resources such as LinkedIn are particularly valuable for those who cannot get to events in person and we intend to do more in this area in future.

	2016/17	2015/16	Annual Growth
Full Members	355	303	14%
Associate Members	135	109	19%

ACE Conference and Trade Show

The annual Conference held on 14-15 March 2017 in Edinburgh was our most successful to date, with a record number of delegates and a host of inspiring speakers, as well as our biggest ever Trade Show.

The broad and impressive seminar programme was led by sector experts and included headline speakers from ALVA, the National Theatre, the Barbican Centre and the Fine Arts Museum of San Francisco. Alongside the presentations, the carefully curated trade show is the biggest of its type in Europe and is an invaluable networking opportunity for industry professionals.

The event attracted our highest ever number of delegates and feedback was both positive and constructive, with members also suggesting ideas for future Conferences. We would like to thank all the speakers for the high quality of their presentations and for being so generous with their time and experience.

Delegates and exhibitors enjoyed two sociable networking events – the Welcome Drinks, held at the Fruitmarket Gallery, to open the event on the

eve of the Conference, and the Gala Dinner and Awards at the mid-point of the Conference, this year at National Museums Scotland.

We are grateful to long-established Associate Member King & McGaw for sponsorship of the Welcome Drinks for the sixth year in a row. Our thanks also to Associate Members who supported the event and helped to make it such a success - Art Angels, Bookspeed, Cornflower, Customworks, Ming Productions, Winged Heart and Yarto.



Right: Question time panel chaired by Caroline Brown

“

ACE grows and grows year on year ... it's a vital part of our industry now and a really important touchstone for anyone coming into this sector.

Sara Aspley
Director of Commercial Services
Royal Shakespeare Company

”



Top right: The Grand Gallery, National Museums Scotland, venue for the ACE Gala Dinner; Above left to right: Networking at the ACE Gala Dinner; voting in the ACE Best Product Awards; making new contacts at the ACE Trade Show.

ACE Best Product Awards

The ACE Best Product Awards celebrates the ingenuity, creativity and resourcefulness of cultural retail and publishing in the UK. It is fast becoming known as a badge of excellence within the sector.

This year a major review of the Awards process was undertaken to improve the relevance and inclusivity for the membership and to highlight the excellence on offer to the wider commercial world.

The Awards highlighted the inspiration and creativity that thrives within this sector. This year 121 entries, with accompanying photographs of fabulous products and publications, were submitted online ahead of the Conference in Edinburgh. Thirty per cent of entries were received from organisations with a turnover of less than £1 million, proving that lack of resources cannot curb the enthusiasm and expertise of our members when developing high quality, innovative and well-designed products.

The Best Product Overall, voted for by delegates at the Conference, went to the Hepworth Wakefield, entered in the under £1 million turnover category, for their range based on the famous phenomenon of the Wakefield Rhubarb Triangle. The range demonstrated everything ACE supports: relevance

to the collections and the local area, imaginative use of resources and commercial success.

We are grateful to everyone who supported this new approach to an important annual event, and offer congratulations to all the finalists and winners. We would especially like to thank our panel of judges, led by head judges Xanthe Arvanitakis (products) and Gina Fullerlove (publications), and Anthony Misquitta for hosting the awards ceremony.



Best Product Overall, The Hepworth Wakefield
Martin Parr: *Photographs of The Rhubarb Triangle*

Training Programme

Our ever-changing training programme is delivered by knowledgeable and experienced speakers drawn from across the cultural sector, providing practical information and skills for the workplace.

The programme embraces a wide range of topics of interest to our members, including merchandising, publishing, catering and image sales. Events are held across the country to enable wide participation by members, and the programme is balanced to have appeal both to smaller organisations and to senior sector leaders.

Peer to peer Study Days and professional Masterclasses form the major part of our programme, but increasingly we are adding innovative new formats such as 'ACE on Tour', which covers a number of venues in one area, and 'A Day in the Life', which takes an intensive look at one successful institution.

The content and extent of the programme varies each year, and in 2016/17 we held 21 training events and engaged with 788 delegates. We also rolled out year two of the Retail Resilience Programme which saw a further 69 delegates at seven seminars. Our total reach in 2016/17

therefore compares very favourably with last year when we held 20 events and saw 778 delegates.

The wide and varied programme of events this year attracted some senior speakers from the sector such as Tim Reeve, Deputy Director and Chief Operating Officer at V&A; Bernard Donoghue, Director of ALVA; and from the world of fashion and design Wayne Hemingway, who addressed delegates at View From the Top.

As always we are grateful to all our delegates for their enthusiastic participation in the study programme, and for the support of our member institutions who host our events programme and offer the opportunity to explore the diverse collections and commercial businesses at the likes of the Geffrye Museum, the National Gallery, Kelvingrove Art Gallery and the Museum of London. We would also like to thank all our speakers and presenters who so generously donate their time and expertise to ACE.

2016/17 Event Calendar

5 Apr	Masterclass: Buying	Edinburgh Castle
10 May	Looking at Digital Marketing	Jewish Museum, London
24 May	View from the Top	Wellcome Collection, London
7 Jun	Masterclass: Inspirational Café Tour	London
14 Jun	View from the Top	Kelvingrove Art Gallery & Museum, Glasgow
21 Jun	Looking at Licensing	Royal College of Surgeons, London
4 Jul	Masterclass: Visual Merchandising	Museum of London
25 Jul	Masterclass: Copyright	London Museum of Water & Steam
27 Jul	Pub Quiz	Morpeth Arms, London
9 Aug	Masterclass: Finance for Retailers	City Art Centre, Edinburgh
20 Sep	A Day in the Life of the National Gallery Company	National Gallery, London
23 Sep	Masterclass: Marketing for Retailers	People's History Museum, Manchester
28 Sep	Publishing Challenges in the UK Cultural Sector	City Art Centre, Edinburgh
25 Oct	Picture Library Symposium	Moore Stephens, London
2 Nov	Masterclass: Catering	South London Gallery
8 Nov	Publishing: Judging a Book by its Cover	British Library, London
14 Nov	AGM & Drinks	National Theatre, London
7 Feb	Masterclass: Copyright	Jewish Museum, London
10 Feb	Masterclass: Getting Started in Retail Marketing	William Morris Gallery, London
14-15 Mar	ACE Conference & Trade Show	Edinburgh
21 Mar	Masterclass: Finance for Retailers	Gloucester Cathedral
28 Mar	Masterclass: Catering	Riverside Museum, Glasgow

Retail Resilience Programme

A transformative project that is improving the sustainability of many museums across the sector and making training and resources accessible to smaller regional venues.

The ACE Retail Resilience Programme has now completed two of its three years delivering core retail skills to accredited museums, made possible with funding from Arts Council England.

Having completed the workshops in seven out of the nine Arts Council regions we have surpassed our objectives so far. The workshops have reached 148 organisations and 162 individuals.

Turnover among participating venues varies from under £1,500 to over £700,000. Many are run purely by volunteers, and for over 80% of the individual delegates responsibility for retail constitutes only a small part of their role.

A number of resources have been created which will form the legacy of the Retail Resilience Programme - Culture Shop, Regional Talking Shops and the ACE Retail Benchmark.

Culture Shop - a series of ten films and accompanying fact sheets. The first episode launched in February 2017, and all episodes are now available to view on the ACE website. The films have already been viewed over 2,000 times.

Talking Shops - open to all staff working in cultural venues, these regional retail forums have so far been established in the North West, Yorkshire, East Midlands and London. Over 135 individuals have joined us to discuss topics such as ecommerce for smaller museums, visual merchandising on a minuscule budget, revitalising your retail business in 12 weeks, and finding the right EPOS system.

ACE Retail Benchmark - an online tool for all cultural organisations to measure, monitor and compare their Key Performance Indicators (available from September 2017).

“

Fantastic consultants and trainers,
wonderful ACE staff - really practical
course with so many useful elements
for all types of museum retail areas,
no matter what size you are!

Lorraine Horne
Retail Merchandiser
The Oxfordshire Museum

”



Above left: Visual merchandising workshop, East Midlands; Above right (top and bottom): Looking at visual merchandising in CultureShop.tv

Marketing and Communications

The marketing strategy aims to grow membership as well as increase engagement with current members and promote awareness of ACE within the commercial cultural sector.

A weekly e-newsletter was introduced this year which now goes to over 2,800 recipients. The e-news contains stories and features from within the sector as well as news and case studies from members, upcoming ACE events and job vacancies. All features link to the ACE website which has resulted in a significant uplift in website traffic. The e-news is consistently achieving healthy open and click-through rates, and has been well received by members who enjoy the weekly contact from ACE.

Other key marketing channels include the website, which is being enhanced with new content and resources such as member case studies and the Culture Shop series. ACE has a strong following on Twitter and a growing following on Facebook and Instagram, and we will continue to use social media to grow awareness and engagement.



We have focussed on creating visual and engaging content, including a suite of contemporary and eye-catching event banners for emails and social media, and video and photography of the ACE Conference.

Our future strategy will focus on strengthening ACE as a brand, both visually and in terms of its membership offering. Targeted communications will be developed, and press and advertising opportunities explored with the aim of reaching more potential members and growing awareness of ACE within the sector.

Outlook

With ambitious plans for ACE in the coming year, we are committed to broadening our impact in the sector, growing our membership, expanding our training resources and developing our advocacy skills.

The Retail Resilience Programme will enter its third and final year in 2017/18 and reach even more museums, making a real difference to the level of skill and knowledge in the sector. In total, 180 museums from all nine Arts Council regions will have been through the retail training programme. We very much look forward to welcoming our first ever full-time Commercial Manager who will help us to grow and develop our educational events programme and our Conference and Trade Show into the best in Europe, and ensure we develop the types of training and support that will best serve our members' needs.

We will also step up engagement with senior sector leaders and key partnership organisations to build our reputation and impact at strategic level in the sector.

We will deliver a full training programme and annual Conference and we will continue to invest in the ACE Best Product Awards to improve the profile and impact of this popular initiative. We have broken with tradition and established a fixed base for the Conference for at least the next two years. This will allow us to grow the Trade Show and make it an even more important part of the retail calendar for both Full and Associate Members.

Crucially, during 2017/18 we will develop a four year plan for the organisation that will set out how we intend to support member organisations of all types and help sector colleagues at all points in their career.

Finance Report

Although membership numbers rose by 17% this year, membership income increased by only 3%. Nevertheless, a popular and successful annual Conference helped ACE grow unrestricted income by a total amount of 20% to £346k (2016: £287k). In addition, the Arts Council provided £149k (2016: £114k) of restricted funding for the second year of the Retail Resilience Programme (RRP). This important initiative accounts for around a third of our total income and has had a huge impact on ACE and our ability to support the sector with targeted training and resources.

Increased income has helped support an expansion of the organisation with the arrival of a new Communications and Media Manager who has led a number of initiatives this year, including improvements in our email communications with members. In total, unrestricted expenditure by the charity and our subsidiary trading company rose by 13% to £293k (2016: £260k), leaving net unrestricted income of £54k (2016: £27k). By

contrast, the RRP shows net expenditure of £25k for the year (2016: net income £18k), however this is partly offset by restricted funds brought forward of £18k. The carried forward deficit on restricted funds of £7k represents a timing difference in relation to income and expenditure and the Trustees are confident that this will be eliminated in 2017/18.

Overall, we ended the year with total net income of £28k (2016: £45k) and funds carried forward of £297k (2016: £269k), of which £205k (2016: £175k) has been designated for specific purposes. To maintain access, funds are currently invested in short term cash deposits in the UK.

We continue to keep the level of reserves under close scrutiny, and regularly review the Charity's Reserves Policy. As a result, we have made changes to the designated funds this year and the details are given below.

Reserves Policy

Reserves are held to fund working capital, off-set unforeseeable shortfalls in income and to provide resources for future activities. The Trustees have identified the following key factors in setting the level of reserves:

- the level of volatility in our income;
- the level of dependency on the annual Conference and our plans for the future of the Conference; and
- our plans for the growth of the organisation.

(i) Volatility

Alongside the need to fund working capital requirements, ACE needs liquid funds to cope with any unexpected drop in income. Given the impossibility of predicting such a drop, a quantitative approach has been adopted taking three months of operating income/expenditure as a guide for the level of free reserves (ie unrestricted, general reserves, excluding designated reserves). On this basis, we would aim to keep around £73k - £86k in free reserves. The current level of free reserves is £100k which is above the target range due to a known item of expenditure of £20k that has been deferred from 2016/17 into the following year. This is the ACE contribution to the costs of the

Arts Council-supported online benchmarking tool. The Trustees do not believe that a separate designated fund is required for this amount which will be dealt with early in 2017/18.

(ii) Annual Conference

ACE's annual programme is highly dependent on the Conference. Not only is it a significant element of activity for our members but the Trade Show accounts for over 50% of gross unrestricted revenue. The Charity has to commit to Conference venues well in advance of raising income from delegate places and there is thus a risk of irrecoverable expenditure. To offset this risk, the Conference Expenses Fund (CEF) was created to cover the cost of the following year's Conference. At the start of the year, the fund stood at £125k which was made up of two amounts, £75k to cover the cost of the 2017 Conference, and a further £50k of funds that were designated to underwrite a three year deal for the Conference at Brighton. The 2017 Conference in Edinburgh was very successful and we did not need to call upon this fund. We are also pleased to say that a multi-year deal was arranged during the year and the Conference will now be held in Brighton for at least the next two years. No additional finance was required and we have released the £50k back into general funds. At the

end of the year, the CEF stands at £75k to cover the costs of the 2018 Conference.

(iii) Plans for growth

It is our intention to grow and develop ACE over the coming years, and the ACE Development Fund (ADF) was established to build reserves to fund future growth. In 2015/16 we set funds aside in the ADF to cover the cost of a new marketing manager and we were delighted to welcome Jo Whitworth to the executive team this year. As part of the next stage of the organisation's development, we submitted an ambitious bid to Arts Council England during 2016/17 to become a sector support agency under their National Portfolio Organisation (NPO) programme. The funding is worth around £0.8m over four years from 2018/19 and is intended to support the development of online training tools to supplement our existing programmes. Although significant work has already been undertaken, in order to secure the funding we will need to develop detailed plans during 2017/18 and it is likely that external resources will be needed to support this activity next year. In addition, the programme will require investment in technology and content, as well as management and administration. Until the ACE funding is confirmed and the implementation plan is fully developed, we cannot be certain of the

total additional match funding from our own resources that will be necessary to bring this activity to fruition. We have therefore decided to increase the level of funds set aside in the ADF in the medium term and a further £80k has been designated to this fund, leaving it at £130k at the end of the year. The funds will be used over the next four years in support of the NPO bid.

Risk Management

The Trustees have assessed the major risks to which the Charity and the group is exposed, in particular those related to the operations and finances of the Charity and the group, and are satisfied that systems and procedures are in place to mitigate exposure to the major risks.

Going Concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

Objects and Public Benefit

ACE is a charity established to deliver public benefit through the promotion of excellence in cultural retailing, which contributes to the resilience and sustainability of cultural institutions.

In planning and overseeing ACE's activities for the year, the Trustees have given due consideration to the guidance published by the Charity Commission relating to public benefit. The Trustees have considered how the Charity's activities contribute to our aims and objectives and are satisfied that ACE is delivering benefits to the cultural and heritage sector via its member organisations.

ACE's charitable purposes are part of the Charity's objects as stated in its Articles of Association:

1. To provide education and training for all of its members and the general public on commerce in the cultural and heritage sector; and
2. To promote the voluntary sector for the benefit of the public by assisting voluntary organisations and charities to maximise their revenue by providing a forum for sharing information and ideas on commerce in the cultural sector.

Activities for Achieving Objectives

ACE provides education and training to its members on a wide range of commercial activities (including publishing, licensing, venue hire, film locations, retail and catering) which helps members to maximise self-generated income for their organisations. The Charity can call upon a considerable pool of expertise via its staff, Trustees, external experts and the general membership. All members are encouraged to take advantage of this expertise via formal training and online tools, as well as networks and contacts facilitated by the Charity's activities.

Formal learning and development opportunities include:

- Masterclasses delivered by expert trainers;
- Peer to peer Study Days covering a wide range of topics;
- The annual Conference which includes workshops, seminars and plenary sessions;
- The Retail Resilience Programme which provides intensive training in core retail skills.

Other learning and development opportunities include:

- The ACE LinkedIn group which facilitates dialogue and helps share best practice;
- Networking opportunities at the annual Conference, AGM and other training events;
- Online resources such as Culture Shop;
- The ACE Best Product Awards which raises awareness of the quality of cultural retail;
- The web-based benchmarking tool (available from September 2017).

A limited number of bursaries are available for Study Days each year which cover the cost of the delegate fee. To qualify, organisations must be an independent charity or trust, and generate income of less than £50,000 per annum from commercial activities (excluding admission charges).

Membership criteria

Membership is subject to the criteria set out in the ACE Articles of Association. Both Full Members and Associates are warmly encouraged to attend ACE events and meetings, but voting is constitutionally allowed only to Full Member organisations through their nominated representatives.

Full membership is open to any cultural organisation in the UK that is established for public benefit, registered as a charity or otherwise. Such organisations include museums, galleries, libraries and archives, historic buildings, religious institutions and historic gardens.

Associate (non-voting) membership is open to any UK cultural organisation run for private profit and any commercial companies, firms or individuals that support ACE's work. Non-profit, cultural organisations from outside the UK are also welcome to join as Associate Members.

Structure, Governance and Management

Constitution

The Charity's constitution originally consisted of a Memorandum and Articles of Association adopted at incorporation. These were amended and consolidated into a single set of Articles of Association.

Cultural Enterprises (Trading) Limited (CET) is a subsidiary trading company of the charity established by the Trustees on 13 September 2013 in order for the Charity to expand its activities and carry them out more profitably with less risk. CET's activities comprise principally the Masterclasses and Conference, with any net operating profits being donated to the Charity under gift aid. The results of the company are included within the Charity's consolidated accounts.

Appointment of Trustees

All Trustees are required to have one or more of the skills required to govern, manage and steer the Charity effectively. These skills include finance,

retail, publishing, licensing, picture libraries, catering, film locations, venue hire, events management and general management expertise. Prospective Trustees are recruited by the means of advertisement on the Charity's website and email broadcast with candidates being interviewed by a panel of Trustees and expert advisers for suitability. All Trustees are informed of their legal responsibilities to the Charity and of governance procedures generally. Further training is given to new Trustees on appointment.

In 2016 Sue Croxford and Jacqui Colliss Harvey stood down from the Board and were replaced by Anthony Misquitta. David Pearce wished to retire at the 2016 AGM, not seeking re-election, while Anthony Misquitta and Chris Needham retired and successfully sought re-election by the membership.

Key Management Personnel

Alongside the Trustees, all six members of staff are considered key management personnel given the current scale of the Charity's operations. This may change if the charity grows and will be reviewed annually.

Setting pay within ACE is a matter for the Finance and Administration Committee. Initial salaries are discussed and agreed between the General Manager and the Trustees. An annual review of salaries is undertaken by the Finance Committee which takes into account performance, market rates for similar positions and the prevailing rate of inflation. The committee are not bound to increase salaries annually. There is no bonus scheme or performance related pay mechanism. None of the Trustees receive remuneration for their roles as Trustees of ACE. Jill Fenwick and the other employees that make up the key

management personnel of ACE are salaried staff, employed by the charity. ACE employees are also employees of CET.

Organisation

The Trustees delegate the Charity's day-to-day work and implementation of strategy to the General Manager, Jill Fenwick, who is a full time employee of the Charity and Managing Director of the trading company. There are five further employees, including two staff taken on specifically to design, manage and administer the Retail Resilience Programme.

Training courses are delivered either by staff from member organisations giving their time free of charge, or by industry professionals contracted to ACE or CET.

Accountancy support is provided to both ACE and CET by Sandra Silk Bookkeeping.

Statement of Trustees' Responsibilities

The Trustees (who are also directors of the Association for Cultural Enterprises for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and UK Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Approved by the Trustees on 13/11/2017 and signed on their behalf by:



Caroline Brown
Chair of ACE

Reference and Administrative Details

Association for Cultural Enterprises

Company registered no. 06480726

Charity registered no. 1122763

Trustees

C Brown

K S Coghill

C P Gilbert

S A Jackson

A Misquitta

J M Molloy

C M Needham

N J Saunders

D J Smith

R Taylor

Finance Committee

C Brown

J Fenwick

C P Gilbert

C M Needham (Chair)

Registered Office

Unit 21, Portway Business Centre

Old Sarum

Salisbury SP4 6QX

Independent Examiner

Moore Stephens LLP

150 Aldersgate Street

London EC1A 4AB

Banker

HSBC plc

165 Fleet Street

London EC4A 4DY

Cultural Enterprises (Trading) Ltd

Company registered no. 08690077

Directors J Fenwick; C P Gilbert; A Misquitta;

J M Molloy; C M Needham

Management Team

J Fenwick

Managing Director

J Temperley

Deputy Managing Director

J Whitworth

Communications & Media Manager

I Foster

Events Coordinator

D Evangelides

Retail Resilience Manager

J Goode

Retail Resilience Administrator

Company Secretary

A Jameson

Principal Trading Office

PO Box 273

Hexham

NE46 9GQ

Solicitor

Bates, Wells & Braithwaite London LLP

10 Queen Street Place

London EC4R 1BE

Independent Examiner's Report

I report on the accounts of the Association for Cultural Enterprises for the year ended 31 March 2017 which are set out on pages 24 to 39.

This report is made solely to the Charity's Trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. My examination has been undertaken so that I might state to the Charity's Trustees those matters I am required to state to them in an independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Charity and the Charity's Trustees as a body, for my examination, for this report, or for the opinions I have formed.

Respective responsibilities of Trustees and Examiner

The trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the accounts. The trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed. The charity's gross income exceeded £250,000 and I am qualified to undertake the examination by being a qualified member of the Institute of Chartered Accountants in England and Wales.

Having satisfied myself the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

- examine the accounts under section 145 of the 2011 Act;
- follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act; and
- state whether particular matters have come to my attention.

Basis of Independent Examiner's Report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the Charity and a comparison of the accounts presented with those records. It also includes a consideration of any unusual items or disclosures in the accounts, and seeking explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a "true and fair view" and the report is limited to those matters set out in the statement below.

Independent Examiner's Report (continued)

Independent Examiner's Statement

In connection with my examination, no matter has come to my attention:

(1) which gives me reasonable cause to believe that in any material respect the requirements:

- to keep accounting records in accordance with section 386 of the Companies Act 2006; and
- to prepare accounts which accord with the accounting records, comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities

have not been met; or

(2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Philip Clark, FCA
Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB

Date: 13/11/2017

Consolidated Statement of Financial Activities

For the year ending 31 March 2017

		Unrestricted funds 2017	Restricted funds 2017	Total funds 2017	Total funds 2016
	Note	£	£	£	£
Income from:					
Memberships	3	67,397	-	67,397	65,798
Grants	3	-	149,274	149,274	114,090
Trading activities	5	232,531	-	232,531	179,532
Other activities	4	46,190	-	46,190	41,786
Investments	6	127	-	127	52
Total income		346,245	149,274	495,519	401,258
Expenditure on:					
Trading activities	5	161,719	-	161,719	150,396
Charitable activities	7	130,960	174,375	305,335	205,849
Total expenditure		292,679	174,375	467,054	356,245
Net income/(expenditure)		53,566	(25,101)	28,465	45,013
Transfers between funds		-	-	-	-
Net movement in funds		53,566	(25,101)	28,465	79,235
Reconciliation of funds:					
Total funds brought forward		250,978	17,622	268,600	223,587
Total funds carried forward		304,544	(7,479)	297,065	268,600

Balance Sheet

As at 31 March 2017

	Note	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
Fixed assets					
Tangible assets	11	458	-	458	-
Investments		-	-	1	1
Current assets					
Debtors	12	36,674	19,573	123,165	56,631
Cash at bank & in hand		293,074	295,264	192,080	223,352
		329,748	314,837	315,245	279,983
Creditors: Amounts falling due within one year	13	(33,141)	(46,237)	(18,639)	(11,384)
Net current assets		296,607	268,600	296,606	268,599
Net assets		297,065	268,600	297,065	268,600
Funds					
Restricted funds	14	(7,479)	17,622	-	17,622
Unrestricted funds	14	304,544	250,978	297,065	250,978
Total funds		297,065	268,600	297,065	268,600

Balance Sheet (continued)

For the year ending 31 March 2017

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

The Trustees consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Act.

The Trustees acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved by the Trustees on 13/11/2017

and signed on their behalf by:

A handwritten signature in blue ink, appearing to read 'C. Brown', with a stylized flourish at the end.

C Brown
Trustee
Company registered number 06480726

The notes on pages 27 to 39 form part of these financial statements.

Notes to Financial Statements

For the year ending 31 March 2017

1. General Information

The Association for Cultural Enterprises is a charitable company, limited by guarantee, domiciled in England and Wales. The registered office and number are as detailed on page 21.

2. Accounting Policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)) and the Companies Act 2006. The Association for Cultural Enterprises meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy. The company's functional and presentational currency is GBP.

2.2 Company status

The company is a company limited by guarantee. The members of the company are the Trustees named on page 21. In the event of the company being wound up, the liability in respect of the

guarantee is limited to £1 per member of the company.

2.3 Reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 6, Statement of Changes in Equity; and
- the requirements of Section 7, Statement of Cash Flows.

2.4 Going concern

The Trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern.

2.5 Basis of consolidation

The financial statements consolidate the accounts of the Charity and its wholly owned subsidiary Cultural Enterprises (Trading) Limited. The Charity has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own Income and Expenditure Account. The income and expenditure account for the year dealt with in the accounts of the Charity was £28,465 (2016 - £45,013).

Notes to Financial Statements (continued)

2.6 Income

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Donated services or facilities are recognised when the company has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the company of the item is probable and that economic benefit can be measured reliably.

On receipt, donated professional services and donated facilities which have a quantifiable benefit, are recognised on the basis of the value of the gift to the company which is the amount the company would have had to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Due to the complexity and cost associated with ascertaining the appropriate value of donated venues for Study Days and Masterclasses, no accounting entries are included for this.

The value of services provided by volunteers is not incorporated into these financial statements, this includes the services provided by staff of member organisations who present or facilitate at Study Days and other ACE events.

2.7 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable.

2.8 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Support costs are those costs

Notes to Financial Statements (continued)

incurred directly in support of expenditure on the objects of the company and include project management carried out at centrally. Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

2.9 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Designated funds are unrestricted funds which the Trustees have decided at their discretion to set aside to use for a specific purpose.

Restricted funds are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

2.10 Tangible fixed assets

Individual fixed assets costing £250 or more are capitalised at cost and are depreciated over their

estimated useful economic lives on a straight line basis as follows:

Computer equipment - straight line over 3 years.

No depreciation is charged in the year of acquisition.

2.11 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and loans to related parties.

2.12 Critical accounting judgements and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgements are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Management do not consider there to be any material accounting estimates or judgements that need disclosure in these financial statements.

Notes to Financial Statements (continued)

3. Memberships & Grants

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Full memberships	37,807	-	37,807	40,753
Associate memberships	29,590	-	29,590	25,045
	67,397	-	67,397	65,798
Grants	-	149,274	149,274	114,090
Total memberships & grants	67,397	149,274	216,671	179,888

In 2016, of the total income from memberships and grants, £65,798 was to unrestricted funds and £114,090 was to restricted funds.

4. Other activities

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Learning and development	46,190	-	46,190	41,786

In 2016, of the total income from other activities, £41,786 was to unrestricted funds and £0 was to restricted funds. The charity is grateful to various organisations who donate their services and facilities for free or for reduced charge. An equivalent charge is included within charitable activities.

Notes to Financial Statements (continued)

5. Trading activities

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Trading income				
Subsidiary company income	232,531	-	232,531	179,532
Trading expenses				
Subsidiary company expenses	161,719	-	161,719	150,396
Net income from trading activities	70,812	-	70,812	29,136

6. Investments

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest	127	-	127	52

In 2016, of the total investment income, £52 was to unrestricted funds and £0 was to restricted funds.

Notes to Financial Statements (continued)

7. Charitable activities

	Governance £	Raising funds £	Retail Resilience Programme £	Total 2017 £	Total 2016 £
Direct costs (see note 8)	-	29,757	109,434	139,191	70,044
Support costs (see note 9)	9,971	91,232	64,941	166,144	135,805
	9,971	120,989	174,375	305,335	205,849

In 2016, of the total expenditure on charitable activities, £109,381 was to unrestricted funds and £96,468 was to restricted funds.

8. Direct costs

	Raising funds £	Retail Resilience Programme £	Total 2017 £	Total 2016 £
Learning and development	28,778	-	28,778	14,440
Conferences and exhibitions	979	-	979	998
Development costs	-	68,764	68,764	29,044
Training day costs	-	40,670	40,670	25,562
	29,757	109,434	139,191	70,044

Notes to Financial Statements (continued)

9. Support costs

	Governance £	Raising funds £	Arts Council £	Total 2017 £	Total 2016 £
Legal and professional fees	-	-	-	-	480
Insurance	-	557	-	557	1,154
Administrative costs	7,991	12,288	14,184	34,463	24,093
Advertising and marketing	-	1,609	-	1,609	432
Accountancy fees	-	5,870	-	5,870	11,597
Independent examination fees	1,980	-	-	1,980	1,650
Travel and subsistence	-	4,982	10,224	15,206	10,381
Bad and doubtful debts	-	-	-	-	2,125
Wages and salaries	-	58,135	37,987	96,122	77,948
Social security costs	-	4,840	2,546	7,386	5,945
Pensions costs	-	2,951	-	2,951	-
	9,971	91,232	64,941	166,144	135,805

Notes to Financial Statements (continued)

10. Staff costs

	Total 2017 £	Total 2016 £
Wages and salaries	96,122	77,948
Social security costs	7,386	5,945
Pensions costs	2,951	-
	106,459	83,893

The average number of persons employed was six in 2017 and five in 2016. No employee received remuneration amounting to more than £60,000 in either year.

No remuneration, directly or indirectly, was paid or deemed payable for either period to any Trustee or persons known to be connected with them. Reimbursement of expenses made to Trustees amounted to £361 in 2017, and £529 in 2016.

The key management personnel comprises the Trustees and each member of staff employed. Total employee benefits of the key management personnel were £99,073 in 2017 and £77,948 in 2016.

Notes to Financial Statements (continued)

11. Tangible fixed assets - group

	Computer equipment £	Total £
Cost:		
As at 1 April 2016	-	-
Additions	458	458
As at 31 March 2017	458	458
Depreciation:		
As at 1 April 2016	-	-
Charge for the year	-	-
As at 31 March 2017	-	-
Net book value:		
As at 1 April 2016	-	-
As at 31 March 2017	458	458

Notes to Financial Statements (continued)

12. Debtors	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
Trade debtors	27,799	15,573	3,808	717
Amounts owed by group undertakings	-	-	115,357	51,914
Other debtors	4,000	4,000	4,000	4,000
Prepayments and accrued income	4,875	-	-	-
	36,674	19,573	123,165	56,631

Notes to Financial Statements (continued)

13. Creditors: Amounts falling due within one year	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
Trade creditors	17,286	30,629	11,828	4,486
Other taxation and social security	12,440	11,342	4,146	3,419
Other creditors	1,015	35	1,015	-
Accruals and deferred income	2,400	4,231	1,650	3,479
	33,141	46,237	18,639	11,384

	Group £	Charity £
Deferred income		
Balance as at 1 April 2016	1,830	-
Amount deferred in year	-	1,830
Amount released in year	(1,830)	-
Balance as at 31 March 2017	-	1,830

Notes to Financial Statements (continued)

14. Summary of funds	Brought forward £	Income £	Expenditure £	Transfers £	Carried forward £
General funds	75,978	257,245	(233,679)	-	99,544
Designated funds:					
- ACE Development Fund	50,000	80,000	-	-	130,000
- Conference Expenses Fund	125,000	-	(50,000)	-	75,000
Restricted funds	17,622	149,274	(174,375)	-	(7,479)
	268,600	486,519	(458,054)	-	297,065

General funds: 'free reserves' after allowing for designated funds.

ACE Development Fund: To support the growth of ACE and the ancillary expenditure associated with preparation and implementation of the proposed Arts Council funded Online Academy project. These funds will be used next year and over the four subsequent years.

Conference Expenses Fund: To cover the cost of the annual Conference for the following year if the necessary income cannot be raised.

Museum Resilience Fund: Funds provided from the Arts Council for the Retail Resilience Programme.

Notes to Financial Statements (*continued*)

15. Related party transactions

There have been no transactions undertaken with related parties during the year. Member organisations are not considered to be related parties.

16. Principal subsidiaries

Company name:	Cultural Enterprises (Trading) Limited
Country:	United Kingdom
Percentage shareholding:	100%