



Newcastle Theatre Royal Trust Limited

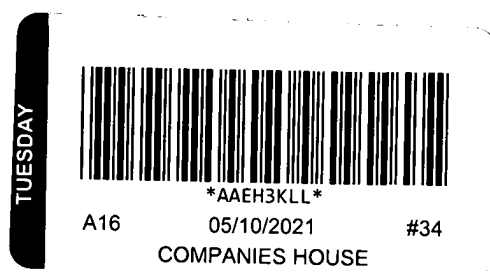
(a company limited by guarantee)

Annual report and financial statements

for the year ended 31 March 2021

Registered Number: 01217427

Charity Number: 504473



Newcastle Theatre Royal Trust Limited

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Newcastle Theatre Royal Trust Limited

Legal and administrative details

Registered charity number: 504473

Registered company number: 01217427

Trustees

Nicholas Swales DL (Chair)
John Carver (Vice-Chair)
Julie Blackie
Sheila Chapman (resigned 10 December 2020)
Lorna Edwards
Ben Fletcher-Watson
Scott Holland
Joan Louw
Raymond Mills

Chief Executive

Philip Bernays

Management Team

Jo Kirby	Director of IT, Sales, Marketing & Development
Marcia Lant	Director of Finance
Siobhan Lightfoot	Director of Operations

Company Secretary

Marcia Lant

Bankers

HSBC UK Bank plc
3rd Floor
Central Square South
Orchard Street
Newcastle upon Tyne
NE1 3AZ

The Cooperative Bank
Grey Street
Newcastle upon Tyne
NE1 6BR

Funds are also held on behalf of the Trust by Newcastle City Council

Independent Auditors

MHA Tait Walker
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

Principal address and registered office

Newcastle Theatre Royal Trust Limited
100 Grey Street
Newcastle upon Tyne
NE1 6BR

Newcastle Theatre Royal Trust Limited

Trustees' report for the year ended 31 March 2021

The Trustees (who are also the directors for the purpose of company law) submit their report including the Strategic Report and the audited financial statements of the Newcastle Theatre Royal Trust Limited ("the Trust") for the year ended 31 March 2021.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association and have been drawn up in accordance with the Statement of Recommended Practice (SORP) applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

Structure, governance and management

The Trust is a charitable company limited by guarantee and is a registered charity. The members have no shareholdings but in the event of a winding up they have each undertaken to contribute to the payment of liabilities, such amount as may be required, not exceeding a total of £1.

The Trust is governed by its Articles of Association (last amended by special resolution on 13 December 2019). As stated in the Articles of Association, the Trust shall have up to eleven trustees who shall be appointed at the Annual General Meeting. Trustees are appointed for a three-year term of service, with reappointment being permitted provided that the maximum period of service is 3 x three-year terms.

During the year, Mrs S Chapman resigned as a trustee on 10 December 2020. All other Trustees served for the full year. Details of the current Trustees can be found on page one.

The Board of Trustees normally meets five times per year and all major decisions are put forward for consideration at Board Meetings. There is a Finance & General Purposes Committee, with a membership of up to five Board Members, which normally meets five times per year and is from time to time given delegated authority for certain matters. The senior management team are responsible for the day-to-day running of the charity. Due to the impact of the coronavirus, the Board met on a more frequent basis during the year in order to monitor the impact of the virus on the Theatre, with meetings taking place weekly in the early stages of the pandemic. Matters normally reserved for the Finance & General Purposes Committee were also covered by these meetings. Once the Theatre has fully reopened, the normal meeting schedule will resume.

Where there is a vacancy for the role of Chair, Vice Chair or Trustee, the Board will appoint a nominations committee of three of its members, to receive nominations and undertake interviews, and to make a recommendation to the Board. Nominations for Chair and Vice Chair shall be from within the membership of the Trust, nominations for trustees may be sought by a combination of public advertisement and nominations from Trustees and the Trust's management.

New Trustees meet with the Chair and Chief Executive and a briefing is given on the organisation and its practices and procedures, as well as the responsibilities of Trustees. An introduction to the operational aspects of the Trust is given together with a tour of the Theatre Royal and all new Trustees receive a comprehensive induction pack. Specific training for all Trustees is also arranged as required.

The Trustees set the salary and remuneration package for the Chief Executive taking into account industry norms and the need to attract high quality candidates. The salaries of the Trust's key management personnel are set by the Chief Executive in conjunction with the Finance & General Purposes Committee. Both are benchmarked against salaries of comparable positions in the industry. Subsequently any increase is generally in line with the pay award made to all staff.

Trustees' report for the year ended 31 March 2021 (continued)

Having postponed his original retirement date due to the impact of the coronavirus on the Theatre, the current Chief Executive, Philip Bernays, will now be retiring at the end of September 2021. Following a stringent recruitment process, he will be succeeded by Marianne Locatori. The Trustees wish to take this opportunity to express their gratitude for his support, guidance and dedication to the Theatre over the last 16 years.

All Trustees give their time freely and no remuneration or expenses were paid in the year.

The Trustees are responsible for maintaining a sound system of internal control in order to safeguard the assets of the charity. Internal audit services are contracted from Newcastle City Council to provide assurance to the Trustees on the effectiveness of internal controls however due to the impact of the coronavirus, no audits were carried out during the year.

The senior management team reports to the Board of Trustees and runs the charity on a daily basis in conjunction with the managers in each department. An annual budget is presented and approved by the Board in March each year, having been reviewed in advance by the Finance & General Purposes Committee. Management accounts in which actual results are compared against budgeted results are prepared monthly.

Due to the coronavirus, the majority of staff have been furloughed for most of the year with the exception of a small team who have been responsible for managing the business during the closure period. Staff are employed on a permanent full or part-time basis together with a large number of casual staff employed to meet the differing requirements of touring productions and varying selling and audience patterns. The impact of the coronavirus on the Theatre and its staffing levels are covered in more detail on page 4.

One volunteer also normally assists the Trust as an archivist, and the Trustees and senior management team are very grateful for the contributions made by our volunteer.

Objectives and activities

The Trust's primary charitable objectives are to promote, maintain, improve and advance education, particularly by the production of educational plays and encouragement of the arts, including the arts of drama, mime, dance, singing and music.

The Trust's mission is: to engage, to entertain, to inspire – on and off the stage, a theatre of ambition and excellence for the North East.

This is normally achieved by the presentation of a wide ranging and broadly populist programme of drama, dance, musicals, opera, ballet, pantomime, live music and comedy performed in the 1,247 seat, Grade 1 Listed, Theatre Royal, which has an accompanying community and education programme. The Theatre has however remained closed during 2020/21 and was unable to present any performance programme this financial year due to the coronavirus.

The performance programme is normally a careful balance of creative endeavour, commercial appeal and financial prudence, in order to ensure that the Trust's primary source of income, ticket sales, covers the cost of operating and maintaining the Theatre Royal building.

The Trustees have complied with the duty in the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission. In delivering its objectives, the Trust achieves its charitable purposes for the benefit of the public.

Trustees' report for the year ended 31 March 2021 (continued)

Strategic Report

Achievements and performance

The aim of the Trust is to focus its resources and fundraising on its continued evolution as the region's flagship venue for the presentation of high quality theatre and educational outreach.

During the course of 2019/20, the Board developed its strategy for the Theatre for the next 3-5 years in pursuance of the Trust's mission as set out on page 3. The strategic objectives agreed are summarised below:

- *Artistic* – to deliver a diverse programme of ambition and excellence, on stage and off
- *Learning and Participation* – to deepen and expand engagement across our learning and participation programme
- *Audiences* – to retain, to grow and to diversify our audiences
- *Theatre Royal* – to realise the potential of our building to welcome, to earn and to be sustainable
- *Finance* – to be financially sustainable, generating surpluses and supporting the ongoing development of our operation and programme
- *Organisation* – to work with our staff team so that we are always our best
- *Environment* – to work towards the highest levels of environmental awareness and sustainability
- *Stakeholders* – to continually strengthen our reputation and relationships with all our stakeholders.

In addition, a series of action plans were developed to enable the Trust to meet these strategic objectives. Progress in implementing the Strategy has been significantly impacted by the coronavirus pandemic.

Financial review

The Theatre closed on 16 March 2020 following government advice that the public should not attend theatres and remained closed until 12 July 2021 when it reopened with *SIX!*.

The Trust does not normally receive any external funding and relies entirely on ticket sales and related income. Due to the closure of the Theatre on 16 March 2020, the Trust did not generate any show related income in the 2020/21 financial year and has also had to refund a significant amount of advance ticket sales for cancelled or rescheduled shows. By comparison in 2019/20 there were 394 performances with audiences of 373,391 people; an average capacity of 76% which generated £12.3m in Box Office income (excluding booking fees) of which the Trust's share was 30%.

The Coronavirus Job Retention Scheme launched by the Government in March 2020 enabled the Trust to continue employment for all staff until 31 July 2020. The Trust had to take action to reduce its expenditure over the closure period. Building service contracts and development work was put on hold or cancelled and a redundancy programme was implemented under which 42 staff were given notice of redundancy on 1 August 2020.

Without any further support, the Trust was facing a potential deficit of circa £2.8 million for the year. In October 2020, the Trust was informed that it had been successful in its application for a £3m grant from the Culture Recovery Fund. This funding and the extension of the Coronavirus Job Retention Scheme at the end of October 2020 has enabled the Trust to continue its operations until it was able to reopen.

The Trust received £858,857 of funding under the Coronavirus Job Retention Scheme in the year.

The £3m Culture Recovery Fund grant received was to cover operating costs from 1 October 2020 to 31 March 2021 as well as providing a top up to the Trust's unrestricted reserves to help cover losses already incurred.

Trustees' report for the year ended 31 March 2021 (continued)

However, due to the third lockdown in January 2021, the period covered by the grant funding was extended to 30 June 2021.

The full £3 million grant is reflected as income in this financial year. However circa £350,000 of expenditure relating to this grant will be incurred in the period from April 2021 to June 2021. This timing difference results in the Trust reflecting a surplus in the current financial year and the delayed expenditure will cause a corresponding shortfall in the 2021/22 financial year.

The Trust received £2.7m of cash in the financial year with the final grant instalment of £300,000 being received in August 2021.

Overall, net income reported for the year is £460,783 (2020: £380,543). However, the results are not directly comparable due to the significant level of government support received in the financial year whilst the Theatre has been closed. Excluding the £3m CRF grant, net expenditure for the year was -£2.5m. The Trust expects to incur a deficit of approximately £1m in 2021/22 reflecting the costs of reopening and a further 3.5 months of closure.

No general staff pay award was made in the year due to the Theatre being closed although the increase in national minimum wage from 1 April 2020 was implemented. A lower employer pension contribution rate came into effect from 1 April 2020 which resulted in a significant decrease in employer pension contributions for the year.

The Theatre had expected to be able to reopen on 12 July 2021 at full capacity but the date for the lifting of restrictions of mass gatherings was delayed until 19 July 2021. Due to the strong ticket sales for the show, The Trust decided to allow *SIX!* to go ahead on a socially distanced basis with additional performances added to minimise losses incurred.

The reopening of the Theatre was an emotional event for staff, customers and the visiting company given the long period of closure. The Theatre's first show with no audience restrictions was *Looking Good Dead*, a drama, which took place on 19 July 2021. Due to the high infection rates in the North East, ticket sales for this show were relatively subdued but there is strong demand for shows such as *Bedknobs & Broomsticks* as the Theatre moves into its autumn programme.

The Trust has benefited from its high level of advance tickets sales due to the continuing support of its customer base who have left funds with the Theatre when shows have been cancelled or rescheduled. This has resulted in over £3.3m being held as deferred income at the year end compared to £3.8m at 31 March 2020. A strong cash position has therefore been maintained with cash balances of £8,079,746 reported at the year end (2020: £9,450,569).

Pension scheme

Following the triennial actuarial valuation at 31 March 2019, and by the entering into a new subsumption agreement with Newcastle City Council and the Tyne & Wear Pension Fund, the Trust's employer contribution rate has significantly reduced for the 3 year period commencing 1 April 2020.

The accounting valuation of the balance sheet pension scheme liability for LGPS funded benefits increased to £4,690,000 as at 31 March 2021 (2020: £2,720,000) and for LGPS unfunded benefits, made on a discretionary basis upon early retirement, the value remained at £90,000 (2020: £90,000). The increase in the liability reflects changes in the financial assumptions used to value the liability from an accounting perspective which are different to the assumptions used by the actuaries in determining the employer contribution rates. Further details on this increase are given in note 13.

Trustees' report for the year ended 31 March 2021 (continued)

An actuarial loss of £1,640,000 has been recognised on the LGPS funded benefits and £10,000 on unfunded LGPS benefits in the year (2020: £1,310,000 loss) which reflects the movement on the net defined benefit pension scheme obligations following the actuary's annual review of this liability for accounting purposes. As a result of this actuarial loss, the overall net movement in funds for the year is a decrease of £1,265,521 (2020: decrease of £929,457).

The pension liability represents a snapshot of the pension deficit at the year end, however, it should be noted that the average duration for the LGPS funded scheme liability is 23.8 years (as calculated by the actuarial advisors to the Tyne and Wear Pension Fund) and therefore the deficit for this scheme of £4,690,000 should be looked at in this context.

In simple terms, the LGPS funded deficit is likely to be addressed over this period of time and is not an immediate cost to the Trust. The accounting adjustment has no bearing on the amounts that the Trust actually pays into the Fund, this being determined with reference to the on-going funding position with contributions being reviewed every three years as part of the Pension Fund's triennial valuation.

A guarantee is in place between Newcastle City Council and South Tyneside Council (as Administering Authority for the Tyne and Wear Pension Fund) in relation to the Trust's admission to the Fund and covers any amounts due or payable by the Trust to the Fund in the event of default by the Trust in paying or reimbursing the Authority excluding any enhanced service awards.

Reserves policy and going concern

The Trust aims to generate sufficient funds to invest in cultural/artistic activities in furtherance of its charitable objectives (education through the arts). Its aim is to hold sufficient reserves to cover the normal operating costs of the business for a 2-3 month period in order to manage an orderly wind up of the business (if ever required) plus sufficient cash funds to repay any deferred income balances held in relation to advance ticket sales.

Designated funds of £95,097 are held for technical upgrades and equipment and learning projects (2020: £111,385). The restricted reserve is specifically for the restoration and refurbishment of the Theatre Royal for the benefit of all patrons along with any funds received for specific purposes. The advance contribution payment to Newcastle City Council of £1,493,199 in 2017/18 was treated as a prepayment and is being charged against the restricted reserve over four years with a charge of £418,927 being made in 2020/21. The balance on the restricted reserve at 31 March 2021 is £1,174,319 (2020: £1,689,695).

Net unrestricted funds amounted to -£623,061 at 31 March 2021 (2020: £34,492). The net unrestricted funds balance of -£623,061 is made up of an unrestricted revenue funds balance of £4,156,939 (2020: £2,844,492) offset by a negative pension reserve balance of -£4,780,000 (2020: -£2,810,000). The increase in the revenue funds balance reflects the recognition of the full CRF grant in 2020/21 although costs will be incurred in the 2021/22 financial year to which this funding relates. The decrease in net unrestricted funds is mainly due to the recognition of a net £1,650,000 actuarial loss arising on the defined benefit pension scheme obligation at the year end and the increase in the overall pension scheme liability.

Total funds held at 31 March 2021 amounted to £646,355 (2020: £1,835,572).

The Trustees appreciate the careful balance required in continuing investment in building maintenance and improvements, whilst protecting against fluctuations in audience demand and the flow of appropriate productions alongside the challenge of offering a varied artistic programme.

Newcastle Theatre Royal Trust Limited

Trustees' report for the year ended 31 March 2021 (continued)

Going concern

In light of the Trustees' prudent management and steps taken above, the Trustees are confident that the Trust is a going concern and the going concern basis has been adopted in the preparation of the financial statements.

The rollout of the vaccination programme and testing regimes have enabled the Theatre to reopen and the Trustees are grateful to the large number of customers who have been prepared to leave their bookings with the Theatre where shows have been rescheduled to 2021, 2022 or 2023 and also to the producers for rescheduling as opposed to cancelling shows which has enabled the Trust to conserve cash and avoid administration. The Trustees are also extremely grateful for all donations made in the year and look forward to welcoming audiences back for the excellent programme in place for the autumn of 2021.

The Theatre continues to take all necessary steps to ensure the safety of its staff, customers and visiting companies. The Trust are anticipating reduced audience levels initially as it will take a while for audiences to feel confident to return to the Theatre in their pre COVID19 numbers and this will have a negative impact on the financial results for 2021/22.

The Trustees consider there are sufficient reserves and cash to enable the Theatre to continue in operation for the foreseeable future and the financial position of the Trust continues to be closely monitored.

Investment powers policy and performance

The Trustees have the power, as detailed in the Trust's governing document, to invest the funds of the Trust as they see fit. The investment policy is to hold the funds needed for the day-to-day operations as cash. Should surplus funds arise they are invested with a view to maximise income return whilst maintaining the liquidity requirements of the Trust. During the year, excess funds have been placed with Newcastle City Council and HSBC.

NTRT Trading Ltd (Non-trading)

On 27 October 2017 NTRT Trading Ltd was incorporated. This company is a wholly owned subsidiary of the Trust which has yet to commence trading. The company is limited by guarantee and the Trust, as the parent charity, guarantees to pay up to one pound towards the costs of dissolution and the debts and liabilities of the company.

Principal risks and uncertainties

The Trust has established systems and procedures for identifying and reviewing the key risks facing the day to day operations of the business. However, no one could have predicted the onset of the coronavirus pandemic in March 2020 and the significant impact this has had and continues to have on the Theatre and the whole arts and culture sector of the UK economy. The principal risk currently facing the Theatre is its long term survival and this has already been covered on page 4 of this report. Established procedures include the Trustees reviewing the major risks to which the Trust is exposed on an on-going basis with systems established to manage these risks. A risk register is maintained which is reviewed regularly by the Finance & General Purposes Committee and then annually by the Board of Trustees. The register details the significant risks to which the Trust is exposed and the steps taken to mitigate those risks. The risks are reviewed by management throughout the year.

The other major risks which the charity faces are:

Trustees' report for the year ended 31 March 2021 (continued)

- (a) **Economic recovery risk** - the financial success of the Trust rests on generating sufficient income from box office sales together with maintaining/increasing audience attendance rates. Although the Theatre has re-opened, it will take time for both the economy as well as the performing arts sector to recover. The threat of increased levels of unemployment and reduced consumer confidence means it is likely that consumer discretionary spend will be impacted. This in turn could then result in budgeted ticket sales not being achieved as audience numbers are not guaranteed.

Ticket sales are closely monitored by management and the achievement of financial targets are regularly reported to both the Finance & General Purposes Committee and Board. In addition, the Trust operates in a very competitive market place and it is therefore important that the balance of artistic programming against financial considerations is carefully made whilst the Trust's charitable objectives are being achieved. The Board therefore receives regular updates on the status of both the current and future programme.

- (b) **Pension scheme risk** – as the Trust participates in the Tyne & Wear Pension Fund, which is a defined benefit local government pension scheme, the Trust is exposed to increases in the required employer contribution rate. Following the 2019 actuarial valuation and, by the entering of a new subsumption agreement with Newcastle City Council and the Tyne and Wear Pension Fund, the Trust's employer contribution rate has been set at 14% for the next three years. Whilst this is a significant reduction compared to the rates over the last three years, the exposure to future rate increases remains.
- (c) **Impact of National Living Wage increases** - as a result of increases to the National Living Wage levels, the differentials between pay grades continue to be squeezed. The Board is very aware of the need to maintain the affordability of tickets whilst at the same time ensuring the level of staffing is appropriate to meet the needs of the business. The Finance & General Purposes Committee scrutinises the annual budget in detail before it is approved by the Board and close attention is given to the level of pay awards made.
- (d) **IT resilience and cyber security** – the charity relies heavily on its computerised booking systems and other supporting IT systems. The risk of criminal cyber activity continues to increase e.g. the possibility of denial of service attacks, system hacking, viruses, on-line fraud etc. and these are all potential threats to the day-to-day operations of the charity. The Trust engages specialist IT providers to provide on-site support and security services and has payment card industry compliance certification. All staff receive IT security training however this remains an area where ongoing vigilance is required throughout the organisation and by all levels of staff at all times.
- (e) **Terrorism and physical security** – following the terrorist incidents in major cities across the UK in 2017, the risk of potential attacks continues to be a threat across the country. The Trust continues to undertake checks on entry to its performances however the on-going vigilance by all members of the staff as well as members of the general public continues to be of paramount importance.

Plans for future years

Future plans are very much dependent on the Theatre being able to remain open following its long period of closure and it operating on a financially viable basis. It is expected that it will take several years for the audience levels to fully recover to those pre-coronavirus. Financial stability will therefore be a key objective going forwards as well as continuing to provide a high quality and diverse programme that provides entertainment and inspiration.

The Trust will also be seeking to develop its educational outreach. Following successful fundraising, the Trust continued to offer its nationally renowned actor training programme, "Project A", for the academic year 2020/21.

Trustees' report for the year ended 31 March 2021 (continued)

In terms of the programme, The Trust is also looking forward to hosting a number of excellent productions during 2021/22 including *Bedknobs & Broomsticks*, *The Drifters' Girl*, and *Six!*. The pantomime for 2021 will be *Snow White* starring once again the record-breaking trio of Clive Webb, Danny Adams & Chris Haywood along with Joe McElderry.

Public benefit

The charity's aim is to ensure that everyone feels welcome at all productions as the Trust believes in the value of a shared experience of live performance across a diverse range of productions. The Trustees aim to keep ticket prices affordable and to encourage current and new audiences to further engage with the Trust's programme through creative learning opportunities such as projects, workshops, tours and school educational programmes.

Every year the Theatre films the pantomime which is broadcast freely in all NHS hospitals reaching an audience of over 160,000 patients nationwide over the Christmas period although this was not possible in 2020/21 due to the coronavirus.

Access

The charity wants to ensure that it meets the needs of all members of its audience, whether it is looking after an assistance dog, providing sound enhancement for the hard of hearing or a free ticket to enable someone who could not come on their own to attend a performance with a companion. An access requirement register has been established in order to improve this service. In doing this, the Trust is ensuring that it meets its legal duty to make reasonable adjustment to enable individuals with physical and/or mental disabilities (as defined by the Equality Act of 2010) to be able to access performances, whilst ensuring that free companion tickets are provided to people who need to be accompanied. During the year ended 31 March 2021, and due to its continued closure, the Theatre was unable to provide any free companion tickets (2020: 5,478 tickets).

Assisted performances

Wherever possible, the Trust offers audio described and captioned performances at the Theatre Royal. However, due to its continued closure, the Theatre Royal was unable to offer any such shows compared to 2019/20 where it offered nine audio-described and captioned performances including *The Girl on the Train*, *Motown the Musical*, *Tom Gates*, *Les Miserables*, *We Will Rock You*, *La bohème*, *Beauty and the Beast*, *Mamma Mia!* and *As You Like It*.

Relaxed Performance

Relaxed performances are designed to welcome people with an autistic spectrum condition, learning disability or sensory and communication disorders to give those who otherwise might feel excluded the chance to experience live theatre. This year, due to COVID19, the Trust was unable to present a "relaxed" pantomime performance. The visual story delivered to patrons prior to their attendance, pre-production visits, chill out room and sensory room all help to create autism friendly environments. In 2019, a total 741 audience members attended the relaxed event, which made for an almost full house owing to the adaptations made within the auditorium to accommodate our access patrons.

Creative Learning

In 2020/21 the Learning department had significantly less engagements than previous years due to the coronavirus. The department's engagement programme was placed on hold, with the exception of full time delivery of Project A, consisting of the graduating class of 2020 and the new intake of the 2021 class. Across both cohorts, the number of engagements amounted to 12,411.

Trustees' report for the year ended 31 March 2021 (continued)

Project A class of 2020

The volume of applications for Project A 19/20 amounted to 372, with 15 young people being awarded a place on the full time course. All 15 young people graduated in July 2020. As a result of the coronavirus pandemic, only 3 students achieved agent representation.

Teaching of the course moved entirely online in March 2020 and continued until the cohort graduated in July 2020. The volume of engagements between the students and professional artists increased this year, allowing for additional expert advice and insight from across the industry.

The final major production this year was undertaken remotely, filmed across multiple locations, with each student working independently of one another, in line with social distancing and lockdown measures. The production was a film of Caryl Churchill's "Love and Information" and was edited before being streamed live on YouTube to 107 live audience members. The production was then available to stream for 2 weeks, achieving 1,036 unique views.

Project A class of 2021

The volume of applications for Project A 20/21 was less than normal, with only 149 applicants. However, the standard was incredibly high and 18 young people were awarded a place on the course. 61 young people were shortlisted to take part in virtual auditions.

The cohort were taught in person for the vast majority of the first and second terms of the course, to April 2021.

Funding Project A

The coronavirus pandemic severely affected the operations of Newcastle Theatre Royal and in turn, the opportunities available to the Learning department. Without external support from generous funders, the course would not have been delivered from September 2020 onwards. Funding was provided by the Sunday for Sammy Trust and Barbour Foundation in the first instance, to secure the future of Project A. Additional donations were also generously provided by St James' Place, Pink Boutique, Esmee Fairbairn Trust & the Percy Hedley Foundation.

Fundraising

Income generated from the Trust's core charitable activities is used to fund its day to day operations. Donation and legacy income therefore usually represent only a small percentage of the Trust's overall income, most of which is generated from on-line ticket sales where customers are able to make an optional donation to the Trust if they so wish.

In April 2020, due to the continuing impact of the coronavirus, the Trust launched an on-line "Acts of Kindness" campaign asking the public to consider making a donation, or to name a seat or to buy tickets for future events to help the Theatre through these difficult times. Customers, where shows had been cancelled, were also asked to consider donating part of their refund to support the Trust. During the year £423,944 of donations were received (2020: £180,742) and the Trustees are extremely grateful to all donors for their support during the year.

The Trust does not engage any professional fundraisers or commercial participators to carry out its fundraising activities. Due to the limited nature of its activities, the Trust has not formally subscribed to any fundraising schemes or codes although reference is made to the Fundraising Regulator's Fundraising Code of Practice. In the future, when developing its fundraising activities the Trust would look to formally subscribe to such schemes or codes.

The Trust seeks to protect all members of the public (including vulnerable people) in all of its fundraising activities. The Trust's "Data Promise", which is available on the Theatre's website, outlines how the Trust treats the personal data of its customers.

Newcastle Theatre Royal Trust Limited

Trustees' report for the year ended 31 March 2021 (continued)

The Trust did not receive any complaints about its fundraising activities during the year.

The Board regularly receives information on the level of donations received and sponsorship income generated and any activities being carried out which enables them to monitor fundraising activities.

Fixed assets

Movements in tangible fixed assets are set out in note 15 to the financial statements.

Directors' and officers' liability insurance

The Newcastle Theatre Royal Trust Limited holds liability insurance on behalf of the directors and officers at a cost of £1,721 (2020: £1,616).

Statement as to disclosure of information to auditors

The Trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Trustees has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

Independent Auditors

MHA Tait Walker has indicated its willingness to continue in office.

The Trustees' Report including the Strategic Report has been approved by the Board and is signed on its behalf of by:



Mr Nicholas R Swales
Chair

Date: 23/09 2021

Newcastle Theatre Royal Trust Limited

Statement of Trustees' responsibilities

The Trustees (who are also directors of Newcastle Theatre Royal Trust Limited for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). 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 the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved and signed on behalf of the Board by:



Mr Nicholas R Swales

Chair

Date: 23/09 2021

Newcastle Theatre Royal Trust Limited

Independent auditors' report to the members of Newcastle Theatre Royal Trust Limited

Opinion

We have audited the financial statements of Newcastle Theatre Royal Trust Limited (the 'Charity') for the year ended 31 March 2021, which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 March 2021 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going Concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements were authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Newcastle Theatre Royal Trust Limited

Independent auditors' report to the members of Newcastle Theatre Royal Trust Limited (continued)

Other information (continued)

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 12, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or

Newcastle Theatre Royal Trust Limited

Independent auditors' report to the members of Newcastle Theatre Royal Trust Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing board minutes;
- Review of legal expenses incurred by the charity;
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

Because of the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements: health and safety and food hygiene regulations, anti-bribery and corruption, and compliance with the UK Companies Act, and the Charities Act.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or recognise the non-compliance.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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



Simon Brown BA ACA DChA (Senior Statutory Auditor)

For and on behalf of MHA Tait Walker

Chartered Accountants

Statutory Auditor

Bulman House, Regent Centre, Gosforth

Newcastle upon Tyne, NE3 3LS

Date: *28th SEPTEMBER* 2021

MHA Tait Walker is a trading name of Tait Walker LLP.

Newcastle Theatre Royal Trust Limited

Statement of Financial Activities

for the year ended 31 March 2021

	Note	Unrestricted General funds £	Unrestricted Designated Funds £	Restricted funds £	Total 2021 £	Total 2020 £
Income from						
Donations and legacies	4	398,454	2,929	22,561	423,944	180,742
Charitable activities:						
<i>Operation of Theatre & City Hall</i>	5	157,540	-	18,180	175,720	15,369,922
Other including Government Grant funding	6	3,859,628	-	-	3,859,628	66,554
Investments	7	6,274	-	-	6,274	52,362
Misc. income	8	10,255	-	-	10,255	-
Total income		4,432,151	2,929	40,741	4,475,821	15,669,580
Expenditure						
Expenditure on charitable activities:						
<i>Operation of Theatre & City Hall</i>	9	(3,439,704)	(19,217)	(556,117)	(4,015,038)	(15,289,037)
Total expenditure		(3,439,704)	(19,217)	(556,117)	(4,015,038)	(15,289,037)
Net income/(expenditure)		992,447	(16,288)	(515,376)	460,783	380,543
Actuarial gains/(losses) on defined benefit pension schemes						
	13 (h) & (l)	(1,650,000)	-	-	(1,650,000)	(1,310,000)
Transfer to designated funds		-	-	-	-	-
Transfer to restricted funds		-	-	-	-	-
Net movement in funds		(657,553)	(16,288)	(515,376)	(1,189,217)	(924,457)

Newcastle Theatre Royal Trust Limited

Statement of Financial Activities (continued)

for the year ended 31 March 2021

	Note	Unrestricted General funds £	Unrestricted Designated Funds £	Restricted funds £	Total 2021 £	Total 2020 £
Net movement in funds		(657,553)	(16,288)	(515,376)	(1,189,217)	(929,457)
Reconciliation of funds:						
Total funds brought forward	22	34,492	111,385	1,689,695	1,835,572	2,765,029
Total funds carried forward	22	(623,061)	95,097	1,174,319	646,355	1,835,572

The statement of financial activities includes all gains and losses recognised in the year. Income and expenditure for the year covers activities at the Theatre Royal and for the year ended 31 March 2020 also includes City Hall until 1 May 2019 (the date of transfer to the Academy Music Group).

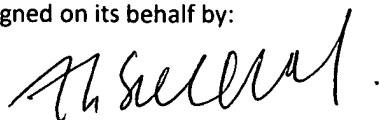
Newcastle Theatre Royal Trust Limited

Balance Sheet

as at 31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	15	533,634	578,092
Investments in subsidiaries	16	<u>1</u>	<u>1</u>
		<u>533,635</u>	<u>578,093</u>
Long term debtors (non-liquid)	18 (a)	236,418	655,345
Current assets			
Stocks	17	4,670	6,463
Debtors	18 (b)	999,335	641,490
Cash	24	<u>8,079,746</u>	<u>9,450,569</u>
		<u>9,083,751</u>	<u>10,098,522</u>
Creditors:			
Amounts falling due within one year	20	<u>(4,427,449)</u>	<u>(6,686,388)</u>
Net current assets		<u>4,656,302</u>	<u>3,412,134</u>
Total assets less current liabilities		5,426,355	4,645,572
Creditors falling due after more than one year			
Defined benefit pension liability	13 (c), (l)	(4,780,000)	(2,810,000)
Net assets		<u>646,355</u>	<u>1,835,572</u>
The funds of the charity:			
Restricted funds	22	1,174,319	1,689,695
Unrestricted funds			
Revenue funds	22	4,156,939	2,844,492
Pension reserve	22	<u>(4,780,000)</u>	<u>(2,810,000)</u>
General		<u>(623,061)</u>	<u>34,492</u>
Designated funds	22	95,097	111,385
Total funds		<u>646,355</u>	<u>1,835,572</u>

The financial statements on pages 16 to 41 were approved for issue by the Board on 23 September 2021 and were signed on its behalf by:



Mr Nicholas R Swales
Chair

Date: 23/09 2021

Registered number: 01217427

Newcastle Theatre Royal Trust Limited

Statement of Cash Flows

for the year ended 31 March 2021

	Note	20120/21 £	2019/20 £
Net cash used in operating activities	24 (a)	(4,860,087)	(2,026,578)
Cash flows from investing activities			
Interest received (investment income)		6,274	47,711
Purchase of tangible fixed assets		(46,020)	(552,318)
Disposal of tangible fixed assets		545	6,751
Net cash used in investing activities		(39,201)	(497,856)
Cash flows from financing activities			
Government grant – Culture Recovery Fund		2,700,000	-
Government grant – Coronavirus Job Retention Scheme		828,465	-
Cash inflow from financing activities		3,528,465	-
 Decrease in cash and cash equivalents	24 (b)	 (1,370,823)	 (2,524,434)
Cash and cash equivalents at the beginning of the year		9,450,569	11,975,003
Cash and cash equivalents at the end of the year	24 (c)	8,079,746	9,450,569

The reconciliation of net cash flow to movement in funds is shown in note 24(a).

Notes to the financial statements for the year ended 31 March 2021

1 Principal Accounting Policies

a) 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 financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – (Charities SORP FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Newcastle Theatre Royal Trust Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless stated in the relevant accounting policy note(s).

The future operations of the Trust are dependent on sufficient net income generation. The Trust is constantly looking at ways to maintain high levels of ticket sales and increase revenue streams in order to create financial security. The majority of show programming is put in place at least 12 months in advance and is monitored very carefully against targets when it goes on sale.

The Trust's forecasts and projections for the next twelve months show that the Trust should be able to continue in operational existence for that period, taking into account reasonable possible changes in trading performance and the potential impact on the Trust of possible future scenarios arising from the on-going impact of COVID-19. The Trust has strong positive cash balances and is forecasting for this to continue to be the case. The Trustees have stress tested their forecasts, taking into account various scenarios, and remain confident that the uncertainties do not cast significant doubt on the company's ability to continue as a going concern.

The Trustees have considered the reserves and financial plans for the Trust and are of the view that, at the date of approval of the financial statements, the Trust has sufficient reserves to continue to operate for the foreseeable future. The Trustees consider the charitable company to be a going concern and the financial statements have been prepared on that basis.

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are setting out in the following notes.

b) Areas of judgement and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenditure. These are based on historic and other factors that are believed to be reasonable, the results of which form the basis for making judgements. The estimates and underlying assumptions are reviewed on an on-going basis.

Specific areas of estimation include depreciation and useful economic lives of assets, provisions and impairment. The nature of the estimation means that actual outcomes could differ from those estimates. None of the judgements or estimates have a significant effect on the financial statements.

c) Income recognition

Income from government and other grants, whether 'capital' or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met and it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Newcastle Theatre Royal Trust Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

c) Income recognition (continued)

Income from charitable activities, Heritage Fund income and sponsorship and business membership income is recognised as it is earned and is deferred when it is received in advance of the performance or period to which it relates. Ticket sales income comprises of gross income receivable. No Value Added Tax ('VAT') is due on it because the activity falls within VAT exemption for cultural services.

Gift vouchers, credit notes and tickets sold in advance are included in creditors as deferred income and are recognised as income when the performance is held or when the expiry date is reached.

Interest on funds held on deposit is recognised when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank or Newcastle City Council.

d) Resources expended & irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following headings:

- Charitable activities include expenditure associated with performances and educational activities and include both direct costs and support costs relating to these activities.
- Support costs include expenses incurred for the management and administration of the Trust. These costs have been allocated to the charitable activities on the basis of time spent on activities.
- Governance costs comprise expenses relating to governance of the company and are primarily associated with constitutional and statutory requirements.
- All resources expended are classified under activity headings that aggregate all costs related to the category. Where applicable irrecoverable VAT is apportioned to expenditure based on the total department spend.

e) Fund accounting

Unrestricted funds

Unrestricted funds are available to spend on activities that further any of the purposes of charity. They may be designated or undesignated.

Designated funds

The designated funds include funds set aside by the Trustees to cover the repair and renewal of equipment, a contribution towards learning projects, potential technical upgrades and minor one off projects.

Restricted funds

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for a particular purpose. The Heritage Fund contributions are to be used specifically for the restoration and upkeep of the Theatre Royal and the City Hall (up until date of transfer).

Newcastle Theatre Royal Trust Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

f) Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Assets with a value of below £10,000 are not capitalised. Depreciation of fixed assets is charged by equal annual instalments commencing with the period of acquisition at rates estimated to write off their cost less any residual value over the expected useful lives, which are as follows:

Computer hardware and software	3 years
Box office system	5 years
Other equipment	5 years
Buildings - fixtures & fittings	between 5 years and 10 years
Buildings - Royal House	depreciated over asset life

g) Stock

Stock of goods for resale have been included at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs expected to be incurred to disposal.

h) Debtors

Trade and other debtors which are receivable within one year are initially recognised at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

i) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

j) Trade creditors & other liabilities

Trade creditors and other liabilities are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Trade creditors and other liabilities are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amount settled.

k) Financial instruments

The Trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

l) Pension costs

Employees are entitled to join the Tyne and Wear Pension Fund which operates a Local Government Pension Scheme (LGPS). The LGPS is one of the largest public sector pension schemes in the UK. It is a nationwide pension scheme for people working in local government or working for other types of employer participating in the Scheme. Newcastle Theatre Royal Trust Limited has admitted body status in the scheme. Contributions are paid by the Trust and by its employees.

Notes to the financial statements for the year ended 31 March 2021 (continued)

l) Pension costs (continued)

The LGPS is a defined benefit plan with benefits earned up to 31 March 2014 being linked to final salary. Benefits after 31 March 2014 are based on a Career Average Revalued Earnings scheme. Members of the LGPS may also contribute towards added years or join the Additional Voluntary Contribution Scheme, each of which is funded by the employee alone. Members also have the flexibility to join the 50/50 part of the scheme whereby they will pay half of the normal contribution but their benefits will also be reduced.

Benefits in the LGPS built up before 1 April 2014 are based on the final pay of the member when they leave the Scheme. New employees are automatically enrolled into the LGPS scheme unless they have exercised their right to opt out of scheme membership.

All benefits built up in the LGPS for membership after 31 March 2014 are worked out under the rules of the new career average scheme. Pension is built up at a rate of 1/49th of the amount of pensionable pay received in that Scheme year, or at a rate of 1/98th if in the 50/50 section of the Scheme.

An actuarial review on 31 March 2021 valued the Newcastle Theatre Royal Trust Limited's share of the scheme's shortfall to be a net pension deficit of £4,690,000 (2020: £2,720,000) in relation to funded benefits which is held as a liability on the balance sheet in accordance with the requirements of Financial Reporting Standard FRS 102. Further information is given in note 13.

2 Legal status of the Trust

The Trust is a charitable company limited by guarantee, incorporated in England. The members have no shareholdings but in the event of a winding up they have each undertaken to contribute to the payment of liabilities, such amount as may be required, not exceeding a total of £1.

Newcastle Theatre Royal Trust Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

3 Comparative Information – Prior Year Statement of Financial Activities

	Unrestricted General funds £	Unrestricted Designated Funds £	Restricted funds £	Total 2020 £
Income from				
Donations and legacies	104,921	4,591	71,230	180,742
<i>Operation of Theatre & City Hall</i>	14,796,461	-	573,461	15,369,922
Other	66,554	-	-	66,554
Investments	52,362	-	-	52,362
Misc. income	-	-	-	-
Total income	15,020,298	4,591	644,691	15,669,580
Expenditure				
Expenditure on charitable activities:				
<i>Operation of Theatre & City Hall</i>	(14,776,142)	(32,573)	(480,322)	(15,289,037)
Total expenditure	(14,776,142)	(32,573)	(480,322)	(15,289,037)
Net income/(expenditure)	244,156	(27,982)	164,369	380,543
Actuarial gains/(losses) on defined benefit pension schemes	(1,310,000)	-	-	(1,310,000)
Transfer to designated funds	-	-	-	-
Transfer to restricted funds	-	-	-	-
Net movement in funds	(1,065,844)	(27,982)	164,369	(929,457)

Newcastle Theatre Royal Trust Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

4 Income from donations and legacies

	Unrestricted General £	Unrestricted Designated £	Restricted £	2021 £	2020 £
Individual Giving Scheme	-	2,929	-	2,929	4,591
Other donations	398,454	-	22,561	421,015	176,151
	398,454	2,929	22,561	423,944	180,742

Restricted donations include donations made to support Project A, the Trust's actor training programme.

5 Income from charitable activities

	Turnover £	2021 Cost of sales £	Net income £	Turnover £	2020 Cost of sales £	Net income £
Unrestricted funds						
Box office (incl. booking fee)	-	2,749	2,749	13,479,351	(8,834,520)	4,644,831
Ancillary	-	(15,192)	(15,192)	474,353	(177,542)	296,811
Catering & bar	26,667	-	26,667	184,315	(6,133)	178,182
Memberships	-	-	-	241,756	-	241,756
Learning	18,361	(3,416)	14,945	109,574	(45,379)	64,195
Miscellaneous	112,512	-	112,512	307,112	-	307,112
	157,540	(15,859)	141,681	14,796,461	(9,063,574)	5,732,887
Restricted funds						
Heritage Income	-	-	-	573,461	-	573,461
Other	18,180	-	18,180	-	-	-
	18,180	-	18,180	573,461	-	573,461
Total	175,720	(15,859)	159,861	15,369,922	(9,063,574)	6,306,348

Miscellaneous income includes postage income relating to ticket sales and member events as well as funds arising from the cancellation of expired historic gift vouchers and credit notes. The lease of City Hall was transferred to the Academy Music Group on 1 May 2019. 2019/20 unrestricted income relating to City Hall amounted to £347k and restricted income was £29k.

6 Other

	2021 £	2020 £
Sponsorship	771	49,229
Government grant (Cultural Recovery Fund)	3,000,000	-
Government grant (Coronavirus Job Retention Scheme)	858,857	17,325
	3,859,628	66,554

All of this Other income relates to unrestricted funds.

Newcastle Theatre Royal Trust Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

7 Investments

	2021 £	2020 £
Interest receivable	<u>6,274</u>	<u>52,362</u>

Interest receivable relates to interest earned on the funds held with HSBC and Newcastle City Council. All investment income relates to unrestricted funds.

8 Misc. income

	2021 £	2020 £
Misc. income	<u>10,255</u>	<u>-</u>

This income relates to refunds of VAT from HM Revenue and Customs ("HMRC"). All miscellaneous income relates to unrestricted funds.

9 Analysis of expenditure on charitable activities

The Trust undertakes direct charitable activities only and does not make grant payments.

	Unrestricted General funds	Unrestricted Designated funds	Restricted funds	2021	2020
Cost of charitable activities:	£	£	£	£	£
Cost of sales (see note 5)	15,859	-	-	15,859	9,063,574
Marketing	229,445	-	-	229,445	927,951
Box office	326,376	-	-	326,376	501,324
Front of house management	344,641	-	-	344,641	821,944
Building costs	510,684	-	506,422	1,017,106	1,166,495
Development	60,116	-	-	60,116	101,225
Technical	692,973	-	-	692,973	1,112,204
Learning	110,104	-	-	110,104	156,647
Depreciation	21,021	19,217	49,695	89,933	78,841
Support costs (see note 10)	1,122,267	-	-	1,122,267	1,332,790
Governance costs (see note 10)	6,218	-	-	6,218	26,042
Total cost of charitable activities	3,439,704	19,217	556,117	4,015,038	15,289,037

Newcastle Theatre Royal Trust Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

9 Analysis of expenditure on charitable activities (continued)

In 2017/18 £1,912,126 was paid to Newcastle City Council as a final contribution towards the refurbishment of their theatre building. £418,927 of this amount was included within building costs in 2017/18 and the remaining £1,493,199 at 31 March 2018 was treated as a prepaid contribution payment. This prepaid amount is being charged to expenditure over a four year period. Consequently £418,927 has been charged to the income & expenditure statement in the year within building costs. At 31 March 2021 the remaining balance of £236,418 is included within long term debtors (2020: £655,345). The contribution amount expensed in the year has been charged against restricted funds.

10 Analysis of support and governance costs

The Trust allocates its support costs as shown in the table below. Support costs are allocated on a basis consistent with the use of resources.

	Support costs (Note 9)	Governance (Note 9)	2021	2020
	£	£	£	£
Central Office, Admin & HR	252,315	-	252,315	478,728
Finance Office	696,479	-	696,479	603,259
Information Technology	173,473	-	173,473	258,959
City Hall	-	-	-	(8,156)
Internal Audit	-	-	-	6,250
External Audit	-	6,218	6,218	19,792
Total	1,122,267	6,218	1,128,485	1,358,832

11 Net income/(expenditure)

Net income/(expenditure) is stated after charging:

	2021	2020
	£	£
Depreciation of tangible fixed assets	89,333	78,841
Impairment loss	-	-
Operating lease rentals – plant & equipment	3,520	8,251
Auditors' remuneration		
- Audit fee	10,000	10,000
Directors' and officers' liability insurance	1,721	1,616
Cost of stock recognised as an expense – stock write off	15,192	3,126

Newcastle Theatre Royal Trust Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

12 Employee information

a) Average number of employees

The average monthly number of employees, including temporary staff, employed during the year was 150 (2020: 192) split between Theatre Royal operations 136 (2020: 178) and management and administration 14 (2020: 15).

b) The costs incurred in respect of employees were:

	2021 £	2020 £
Wages and salaries	1,924,304	2,548,164
Social security costs	141,172	210,061
Pension charges	634,370	912,120
	2,699,846	3,670,345

Wages and salary costs include statutory redundancy payments of £92,328 in relation to redundancy programme that took place in August 2020. Forty two staff were given notice of redundancy on 1 August 2020 due to the impact of the coronavirus on the Theatre's operations. Pension charges for the year include employer contributions of £305,258 (2019: £643,162) into the Tyne and Wear Pension Fund in respect of employees' pension costs. This includes £62,161 of strain on the fund costs in relation to staff made redundant during the period. The employer's contribution rate for the year was 14% of pensionable pay which has reduced following the 31 March 2019 actuarial valuation (2020: 26.7%). Employee contributions vary according to their annual pay. In relation to LGPS scheme benefits, pension charges also include £320,000 in respect of the current service charges and net interest costs for the year (2020: £260,000). In relation to unfunded LGPS benefits, the Trust also paid £9,113 to the Fund during the year (2020: £8,957). Further details regarding on these charges and the pension scheme are given in Note 13. At the year end £29,640 (2020: £66,118) was accrued in respect of employer and employee contributions due to the scheme which were paid across in April 2021.

The number of employees earning over £60,000, excluding pension contributions, is as follows:

	2021 Number	2020 Number
£60,001 - £70,000	-	3
£130,001 - £140,000	1	1

c) Key Management Personnel

For the purpose of this disclosure Key Management Personnel are defined as the Trustees, Chief Executive, Director of Finance, Director of Operations, Director of Operations (maternity cover) and Director of Sales & Marketing whose aggregate remuneration in the year, excluding employer pension and national insurance contributions, was £312,751 (2020: £353,541). Aggregate remuneration including employer pension and national insurance contributions was £394,310 (2020: £497,861):

	2021 Number	2020 Number
£70,001 - £80,000	3	1
£80,001 - £90,000	-	3
£160,001 - £170,000	1	-
£190,001 - £200,000	-	1

Notes to the financial statements for the year ended 31 March 2021 (continued)

12 Employee information (continued)

d) Trustees' emoluments

None of the Trustees received any remuneration or expenses during the year ended 31 March 2021 for services rendered to the Trust (2020: £nil). Directors normally attend a number of performances each year in order to monitor the quality of productions and maintain a Board presence at the Theatre. However, as the Theatre was closed for the period due to the coronavirus, no performances were attended by the directors. In 2019/20 the value of tickets for performances attended by the Directors was £3,242.

13 Pensions

The disclosures (below) relate to the funded liabilities within the Tyne and Wear Pension Fund (the "Fund") which is part of the Local Government Pension Scheme (the "LGPS").

The LGPS is a funded defined benefit plan with benefits earned up to 31 March 2014 being linked to final salary. Benefits after 31 March 2014 are based on a Career Average Revalued Earnings scheme. Details of the benefits earned over the period covered by this disclosure are set out in "The Local Government Pension Scheme Regulations 2013" and The Local Government Pension Scheme (Transition Provisions, Savings and Amendment) Regulations 2014.

(a) Funding / Governance Arrangements of the LGPS

The funded nature of the LGPS requires participating employers and its employees to pay contributions into the Fund, calculated at the level intended to balance the pension liabilities with investment assets. Information on the framework for calculating contributions to be paid is set out in LGPS Regulations 2013 and the Fund's Funding Strategy Statement.

An actuarial valuation was carried out as at 31 March 2019 and the contributions to be paid from 1 April 2020 until 31 March 2023 resulting from this valuation are set out in the Fund's Rates and Adjustment Certificate. Employer contributions for this period have been set at 14% of pensionable pay. This compares to an employer contribution rate of 26.7% for the year ended 31 March 2020. The Fund's Administering Authority, South Tyneside Council, is responsible for the governance of the Fund.

An actuarial review for accounting purposes, using the roll-forward method, was undertaken to review the funded status of the Scheme as at 31 March 2021. As a result of this review, the Trust's share of the difference between the fair value of the Scheme's assets and the present value of funded defined benefit obligations has increased from £2.72m as at 31 March 2020 to £5.02m as at 31 March 2021. Asset returns over the accounting period have been higher than expected which has led to a gain on assets over the accounting period however there have been changes in the financial assumptions used to value the liabilities which have also resulted in a less positive balance sheet position. The increase in this net pension obligation has been recognised on the balance sheet.

In accordance with the requirements of FRS 102, disclosure of certain information concerning assets, liabilities, income and expenditure relating to the pension scheme is required and is set out below.

(b) Estimated pension expense for the accounting year ending 31 March 2022

The actuarial review for accounting purposes provides an estimate of the charges to the income and expenditure account in future periods based on the assumptions as at 31 March 2021.

Newcastle Theatre Royal Trust Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

13 Pensions (continued)

(b) Estimated pension expense for the accounting year ending 31 March 2022 (continued)

Analysis of amounts charged to profit and loss	Period ending 31 March 2022
	£m
Current service cost	0.98
Net interest on net defined benefit liability	0.10
Total estimated pension expense	1.08

An allowance for administrative expenses of £0.01m is included in the current service cost. The estimated expense and is based on an estimated pensionable payroll over the period of £1.96m.

(c) Changes to the Pension Liability

Reconciliation of pension liability	£
Opening pension liability at 1 April 2020	(2,720,000)
Current service cost	(640,000)
Interest on net defined benefit liability	(60,000)
Contributions by the employer	310,000
Curtailments	60,000
Actuarial gains/(losses)	(1,640,000)
Closing pension liability at 31 March 2021	(4,690,000)

(d) Principal assumptions

The principal assumptions used by the actuary in updating the latest valuation of the Fund for FRS 102 purposes were:

Assumptions	31 March 2021 %	31 March 2020 %	31 March 2019 %
Discount rate	2.10%	1.90%	2.10%
CPI inflation	2.70%	3.40%	3.60%
Pension accounts revaluation rate	2.70%	1.90%	2.10%
Pension increases	2.70%	1.90%	2.10%
Salary increases	4.20%	2.30%	2.50%

The mortality assumptions are based on the actual mortality experience of members within the Fund based on analysis carried out as part of the 2019 Actuarial Valuation and allow for expected future mortality improvements. Sample life expectancies at age 65 resulting from these mortality assumptions are shown below:

Newcastle Theatre Royal Trust Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

13 Pensions (continued)

(e) Principal assumptions (continued)

Mortality assumptions	31 March 2021 Years	31 March 2020 Years
Males		
Pension member aged 65 at accounting date	21.9	21.8
Active member aged 45 at accounting date	23.6	23.5
Females		
Pensioner member aged 65 at accounting date	25.1	25.0
Active member aged 45 at accounting date	26.9	26.8

Asset allocation	Value at 31 March 2021	Value at 31 March 2020
Equities	55.5%	54.8%
Property	7.9%	9.0%
Government bonds	2.2%	4.1%
Corporate bonds	19.8%	15.3%
Cash	4.0%	2.3%
Other	10.6%	14.5%
Total	100.0%	100.0%

(f) Reconciliation of funded status to Balance Sheet

	Value as at 31 March 2021 £	Value as at 31 March 2020 £
Fair value of assets	13,680,000	11,230,000
Present value of funded defined benefit obligation	(18,370,000)	(13,950,000)
Funded status - liability recognised on the balance sheet	(4,690,000)	(2,720,000)

The split of the liabilities at the last valuation between the various categories of members is as follows:

Active members	50%
Deferred pensioners	19%
Pensioners	31%

(g) Amounts recognised in income statement

	Year ending 31 March 2021 £	Year ending 31 March 2020 £
Operating cost		
Current service cost	640,000	800,000
Past service cost	-	80,000
Curtailment cost	(60,000)	-
Settlement cost	-	-
Financing cost		
Interest on net defined benefit liability	60,000	20,000
Pension expense recognised in income statement	640,000	900,000

Newcastle Theatre Royal Trust Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

13 Pensions (continued)

(h) Amounts recognised in other comprehensive income

	Year ending 31 March 2021 £	Year ending 31 March 2020 £
Asset gains/(losses) arising during the year	2,100,000	(820,000)
Liability losses arising during the year	(3,740,000)	(460,000)
Total amount recognised in other comprehensive income	(1,640,000)	(1,280,000)

(i) Changes to the present value of the defined benefit obligation

	Year ending 31 March 2021 £	Year ending 31 March 2020 £
Opening defined benefit obligation	13,950,000	12,450,000
Current service cost	640,000	800,000
Interest expense on defined benefit obligation	320,000	310,000
Contributions by participants	120,000	150,000
Actuarial (gains)/losses on liabilities	3,740,000	460,000
Net benefits paid out	(340,000)	(300,000)
Curtailment cost	(60,000)	-
Past service cost	-	80,000
Closing present value of liabilities	18,370,000	13,950,000

(j) Changes to the fair value of assets

	Year ending 31 March 2021 £	Year ending 31 March 2020 £
Opening fair value of assets	11,230,000	11,280,000
Interest income on assets	260,000	290,000
Re-measurement gains/(losses) on assets	2,100,000	(820,000)
Contributions by the employer	310,000	630,000
Contributions by participants	120,000	150,000
Net benefits paid out	(340,000)	(300,000)
Closing fair value of assets	13,680,000	11,230,000

Notes to the financial statements for the year ended 31 March 2021 (continued)

13 Pensions (continued)

(k) Actual return on assets

	Year ending 31 March 2021	Year ending 31 March 2020
	£	£
Interest income on assets	260,000	290,000
Gain/(loss) on assets	2,100,000	(820,000)
Actual return on assets	2,360,000	(530,000)

(l) Unfunded benefits

The liability recognised in respect of the unfunded LGPS benefits is £90,000 (2020: £90,000). These benefits are termination benefits made on a discretionary basis upon early retirement in respect of members of the LGPS. No pension fund exists to meet these benefits. This amount forms part of the pension liability recognised on the balance sheet. An actuarial loss of £10,000 has been recognised in the period in respect of these liabilities.

(m) Contingent liabilities

The McCloud judgement

The Government was unsuccessful in its attempt to overturn the Court of Appeal's decision in the McCloud case relating to transitional protection arrangements when the firefighter and judges pension schemes were reformed. Although the judgement did not relate directly to the LGPS, the Government has confirmed that the implications of the judgement will extend to all public service schemes as they had comparable provisions which were deemed to amount to age discrimination. The actuarial valuation undertaken as at 31 March 2019 includes an allowance for the possible additional liabilities arising from the McCloud case although there are not, as yet, any confirmed details of any benefit changes for the LGPS. The Fund has stated that it does not intend to revisit employer contribution rates as a result of McCloud and the funding position and contribution rates of individual employers will be reassessed at the next local fund valuation (currently expected to commence in 2022).

Guaranteed Minimum Pension (GMP) equalisation

In March 2016 the Government made the LGPS responsible for paying the full increases on GMPs for individuals reaching State Pension Age (SPA) from 5 April 2016 through to 6 December 2018 as an "interim solution". In January 2018 this interim solution was extended to individuals reaching SPA before 5 April 2021 - passing further cost on to the LGPS.

The 31 March 2019 actuarial valuation allowed for the extension of the interim solution to those reaching State Pension Age by 5 April 2021 as already required under legislation. However, the valuation did not allow for the impact of potentially extending this interim solution indefinitely, providing full pension increases on GMP for members reaching State Pension Age after 5 April 2021. Based on approximate calculations, at a whole fund level, the Scheme's actuary has indicated that the impact of providing full pension increases on GMPs for those members reaching State Pension Age after 5 April 2021 is an increase in past service liabilities of between 0.1% to 0.2% across the Fund as a whole.

Newcastle Theatre Royal Trust Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

14 Taxation

The Trust is a charity established under the Charities Act 1993 (now Charities Act 2011). It is therefore exempt from taxation in respect of income and capital gains received within categories covered by section 505 Income and Corporation Taxes Act 1988 and section 256 Taxation of Chargeable Gains Act 1992, to the extent that such income and gains are applied to charitable purposes only.

15 Tangible assets

	Buildings (incl. leasehold improvements) £	Other Equipment £	Computer Equipment £	Box Office & HR systems £	Total £
Cost					
At 1 April 2020	1,198,560	310,371	82,092	223,675	1,814,698
Additions during the year	-	-	-	46,020	46,020
Disposals	(545)	-	(29,892)	(34,335)	(64,772)
At 31 March 2021	1,198,015	310,371	52,200	235,360	1,795,946
Accumulated depreciation					
At 1 April 2020	673,676	281,757	82,092	199,081	1,236,606
Charge for the year	49,695	22,566	-	17,672	89,933
Disposals	-	-	(29,892)	(34,335)	(64,227)
At 31 March 2021	723,371	304,323	52,200	182,418	1,262,312
Net book value					
At 31 March 2021	474,644	6,048	-	52,942	533,634
At 31 March 2020	524,884	28,614	-	24,594	578,092

The main Theatre Royal premises is leased from Newcastle City Council which owns the property. A new 125 year lease commenced on 1st April 2016 at a peppercorn rent. The Trustees consider the nature of the Theatre Royal's business to be such that realistic quantification of the true value of this gift in kind is impossible with any accuracy, and hence no value has been attributed to it within the financial statements.

The Trust purchased the Royal House lease in full on 1 April 2009 for £310,000. On 1 April 2016 the Trust entered into a long leasehold agreement (125 years) with Fusion Lifestyle to operate Newcastle City Hall. On 1 May 2019 the Trust's lease of City Hall was ended following agreement for a new operator, the Academy Music Group, to enter into a new lease to operate City Hall from this date. Asset disposals relating to this transfer are shown in the 2019/20 accounts.

Newcastle Theatre Royal Trust Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

15 Tangible assets (continued)

Prior year note

	Buildings (incl. leasehold improvements) £	Other Equipment £	Computer Equipment £	Box Office & HR systems £	Total £
Cost					
At 1 April 2019	1,393,989	309,727	82,092	230,425	2,016,233
Additions during the year	551,674	644	-	-	552,318
Disposals	(747,103)	-	-	(6,750)	(753,853)
At 31 March 2020	1,198,560	310,371	82,092	223,675	1,814,698
Accumulated depreciation					
At 1 April 2019	1,383,802	259,127	82,092	179,847	1,904,868
Charge for the year	36,977	22,630	-	19,234	78,841
Disposals	(747,103)	-	-	-	(747,103)
At 31 March 2020	673,676	281,757	82,092	199,081	1,236,606
Net book value					
At 31 March 2020	524,884	28,614	-	24,594	578,092
At 31 March 2019	10,187	50,600	-	50,578	111,365

16 Investments in subsidiaries

On 27 October 2017 NTRT Trading Ltd was incorporated. This company is a wholly owned subsidiary of the Trust and has yet to commence trading. The company is limited by guarantee and the Trust, as the parent charity, guarantees to pay up to one pound towards the costs of dissolution and the debts and liabilities of the company. NTRT Trading Ltd is incorporated in England, registration number 11036273 and its registered office is 100 Grey Street, Newcastle upon Tyne, NE1 6BR.

Newcastle Theatre Royal Trust Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

17 Stock

	2021 £	2020 £
Goods for resale	<u>4,670</u>	<u>6,463</u>

18 Debtors

(a) Long term debtors (non-liquid)	2021 £	2020 £
Advance contribution payment to Newcastle City Council	<u>236,418</u>	<u>655,345</u>

£418,927 was charged to restricted funds in 2020/21 and the remaining balance of £236,418 will be charged in 2021/22.

(b) Debtors	2021 £	2020 £
Trade debtors	20,238	90,954
Subsumption security monies held by Newcastle City Council – note 19	380,000	380,000
Other debtors	454,538	76,725
Prepayments and accrued income	<u>144,559</u>	<u>93,811</u>
	<u>999,335</u>	<u>641,490</u>

19 Amounts owed by related parties

Amounts owed by related parties are the cash balances and pension bond held by Newcastle City Council. The cash balance of £8,079,746 at 31 March 2021 includes £3,189,909 (2020: £5,189,909) which is held on deposit with Newcastle City Council.

£380,000 is also held by Newcastle City Council as security for the Council agreeing to the pension scheme subsumption agreement (2020: £380,000). When the Trust arranges for a pension bond to be put in place to cover the potential risk of increased liabilities on cessation to the Council, then the monies held as security will be returned to the Trust.

The agreements in place allow for the Council to request further security to be provided in the future either via monies held or via an appropriate pension bond.

Newcastle Theatre Royal Trust Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

20 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	765,725	2,256,683
Taxation and social security	79,289	138,637
Other creditors	51,427	72,827
Accruals	163,383	345,035
Deferred income (note 21)	3,367,625	3,873,206
	4,427,449	6,686,388

Trade creditors include refund amounts due to customers as a result of show cancellations arising from the coronavirus.

21 Deferred income

Deferred income comprises advance ticket sales, booking fees and heritage fund income for performances after 31 March 2021.

	£
Balance as at 1 April 2020	3,873,206
Amount released to income earned from charitable activities	(76,304)
Amounts refunded net of show transfers	(429,277)
Balance as at 31 March 2021	3,367,625

	£
Balance as at 1 April 2019	8,446,953
Amount transferred to The Academy Music Group	(854,818)
Amount released to income earned from charitable activities	(7,427,389)
Amount deferred in year	4,236,266
Reclassified to trade/other creditors re cancelled shows/events	(527,806)
Balance as at 31 March 2020	3,873,206

Where a show or event was expected to be cancelled as a result of the coronavirus, the related deferred income balance of was reclassified to trade/ other creditors at 31 March 2020 (£527,806). This balance has reduced to £30,178 at 31 March 2021.

Newcastle Theatre Royal Trust Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

22 Funds

	Unrestricted				Restricted		Total £
	Revenue	Pension	Sub-total	Designated	Unrestricted	Restricted	
	funds	reserve		funds	Funds	Funds	
	£	£		£	£	£	
At 1 April 2020	2,844,492	(2,810,000)	34,492	111,385	145,877	1,689,695	1,835,572
Net incoming/ (outgoing) resources for the year	1,312,447	(320,000)	992,447	(16,288)	976,159	(515,376)	460,783
Actuarial loss	-	(1,650,000)	(1,650,000)	-	(1,650,000)	-	(1,650,000)
At 31 March 2021	4,156,939	(4,780,000)	(623,061)	95,097	(604,268)	1,174,319	646,335

Previous year	Unrestricted				Restricted		Total £
	Revenue	Pension	Sub-total	Designated	Unrestricted	Restricted	
	funds	reserve		funds	Funds	Funds	
	£	£		£	£	£	
At 1 April 2019	2,340,335	(1,240,000)	1,100,335	139,368	1,239,703	1,525,326	2,765,029
Net incoming/ (outgoing) resources for the year	504,157	(260,000)	244,156	(27,982)	216,174	164,369	380,543
Actuarial loss	-	(1,310,000)	(1,310,000)	-	(1,310,000)	-	(1,310,000)
At 31 March 2020	2,844,492	(2,810,000)	34,492	111,385	145,877	1,689,695	1,835,572

Unrestricted funds

Designated funds include funds set aside by the Trustees to cover the repair and renewal of equipment, a contribution towards learning projects, potential technical upgrades and minor one off projects. In 2017/18 a transfer of £700,550 was made from unrestricted funds to restricted reserves to cover the advance contribution payment made to Newcastle City Council.

Restricted funds

Restricted funds comprise a sum of £1,174,319 (2020: £1,689,695). During 2017/18 a final contribution to Newcastle City Council in respect of the restoration work to the Theatre Royal of £1,912,126 was made. £418,927 of this contribution was charged against restricted funds in 2017/18 with the balance being charged to the income & expenditure account over a four year period. The charge for 2020/21 was £418,927. No Heritage Fund income was generated in the year. In 2019/20 £573,461 of Heritage Fund income was generated together with £71,230 from Sir Ian McKellan to develop the Trust's learning activities.

Pension reserve

Note 13 provides information on the Trust's pension reserve balance.

Newcastle Theatre Royal Trust Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

23 Analysis of net assets between funds

	Unrestricted funds	Designated funds	Restricted funds	Total 2021
	£	£	£	£
Tangible fixed assets	46,370	12,620	474,645	533,635
Current assets & long term debtor	8,520,489	82,477	717,203	9,320,169
Current liabilities	(4,409,920)	-	(17,529)	(4,427,449)
Pension liability	(4,780,000)	-	-	(4,780,000)
Total net assets as at 31 March 2021	(623,061)	95,097	1,174,319	646,355

Previous year	Unrestricted funds	Designated funds	Restricted funds	Total 2020
	£	£	£	£
Tangible fixed assets	33,228	31,838	513,027	578,093
Current assets & long term debtor	9,337,964	79,547	1,336,356	10,753,867
Current liabilities	(6,526,700)	-	(159,689)	(6,686,388)
Pension liability	(2,810,000)	-	-	(2,810,000)
Total net assets as at 31 March 2020	34,492	111,385	1,689,695	1,835,572

Newcastle Theatre Royal Trust Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

24 Notes to the cash flow statement

(a) Reconciliation of net outgoing resources to net cash used in operating activities

	2021 £	2020 £
Net outgoing resources	(1,189,217)	(929,457)
Depreciation	89,933	78,841
Government grants receivable	(3,858,857)	-
Bad debt provision	34,997	-
Increase/(decrease) in pension liability	1,970,000	1,570,000
Interest receivable	(6,274)	(52,362)
Decrease in stocks and work in progress	1,793	9,528
Decrease in advance contribution payment to Newcastle City Council	418,927	418,927
(Increase)/decrease in debtors	(62,450)	223,542
Decrease in creditors	(2,258,939)	(3,345,597)
Net cash (used in)/generated from operating activities	(4,860,087)	(2,026,578)

As set out in Note 19 and shown below, the cash held with Newcastle City Council (excluding the subsumption security monies) has been shown as cash in the cash flow statement.

(b) Analysis of changes in net cash & net debt

	At 1 April 2020 £	Change in year £	At 31 March 2021 £
Cash at bank and in hand	2,460,660	2,429,177	4,889,837
Money market deposits	1,800,000	(1,800,000)	-
Cash held with Newcastle City Council	5,189,909	(2,000,000)	3,189,909
Net cash	9,450,569	(1,370,823)	8,079,746

(c) Reconciliation of net cash flow to movement in net cash

	£
Decrease in cash in the year	(1,370,823)
Net cash at 1 April 2020	9,450,569
Net cash at 31 March 2021	8,079,746

Newcastle Theatre Royal Trust Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

25 Related party transactions

Newcastle City Council holds a significant proportion of the Trust's cash balances and has a cash balance owed to the Trust of £3,189,909 (2020: £5,189,909) together with the subsumption security monies of £380,000 (2020: £380,000).

The Chief Executive of Newcastle Theatre Royal Trust Ltd, Mr P A F Johnston, who works under the name of Philip Bernays, is a director of the Dance Consortium Ltd and the Children's Theatre Partnership Ltd. No transactions took place during the year due to the Theatre being closed as a result of COVID19. In 2019/20 *Pepperland* (produced by the Dance Consortium Ltd) and *Holes* (produced by the Children's Theatre Partnership Ltd) were presented at the Theatre Royal as part of the Trust's artistic programme for the year and payments of £52,283 (to the Dance Consortium) and £52,795 (to the Children's Theatre Partnership Ltd) were made in respect of each company's production. These payments represent the visiting company's agreed share of box office receipts, royalties and programme sales. All payments to visiting companies are made in accordance with agreed contracts.

In 19/20 UNW LLP were engaged to provide assistance with the preparation of the Trust's 2018/19 corporation tax return for a fee of £1,500. The spouse of the Director of Finance is a partner at this firm but has no involvement with the firm's work in relation to the Trust. The work was carried out a normal commercial basis.

26 Lease and other financial commitments

(a) Operating leases

Total future minimum lease payments under operating leases are given in the table below:

	At 31 March 2021			At 31 March 2020		
	£	£	£	£	£	£
	Other equipment	Office equipment	Total	Other equipment	Office equipment	Total
Not later than 1 year	1379	1,896	3,275	1,941	2,062	4,003
Later than 1 year and not later than 5 years	911	6,854	7,765	1,822	7,492	9,314
	<u>2,290</u>	<u>8,750</u>	<u>11,040</u>	<u>3,763</u>	<u>9,554</u>	<u>13,317</u>

(b) Other financial commitments

Following the Trust's contribution in 2017/18 of £1,912,126 to Newcastle City Council in respect of refurbishment costs relating to the Theatre Royal building, no further payments are required.

The Trust entered into a three year agreement in June 2018 with Tevalis Ltd for the supply and licence of software used on the Theatre Royal's EPOS till system at a quarterly cost of £370 plus VAT. The Trust has also committed to purchase additional till hardware at a cost excluding VAT of £14,301 together with additional monthly support costs of £195.

27 Ultimate controlling party

The company is limited by guarantee and there is no ultimate controlling party.