

**THE LOWRY CENTRE LIMITED**

**Report and Financial Statements**

**For the year ended 31 March 2012**

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COMPANIES HOUSE

**REPORT AND FINANCIAL STATEMENTS 2012**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

RM Aldridge OBE  
JM Brabbin  
J Fawcett OBE  
AJ Frost  
P Kelly  
SJ Lightup  
RS Robson  
AC Vinken OBE

**CHIEF EXECUTIVE**

J Fawcett OBE

**SECRETARY**

J Brabbin

**REGISTERED OFFICE**

The Lowry  
Pier 8  
Salford Quays  
Greater Manchester  
M50 3AZ

**BANKERS**

Barclays Bank Plc  
Northwest Larger Business Team  
1st Floor  
3 Hardman Street  
Spinningfields  
Manchester  
M3 3HF

**SOLICITORS**

Nabarro LLP  
1 South Quay  
Victoria Quays  
Wharf Street  
Sheffield S2 5SY

**AUDITOR**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Manchester  
United Kingdom

## DIRECTORS' REPORT

For the year ended 31 March 2012

The directors present their annual report on the affairs of the company together with the audited financial statements and auditor's report for the year ended 31 March 2012

### BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company is a wholly owned subsidiary of The Lowry Centre Trust, a company limited by guarantee

The object of the company is to carry on business as a general commercial company and to promote the advancement of education for the public benefit

The principal activity of the company is the operation of The Lowry, a major visual and performing arts facility

There have not been any significant changes in the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year

As shown in the profit and loss account on page 10, turnover declined by 5.1% during the year but gross profit increased by 0.9%. This is predominantly due to the nature of the theatres' programmes whereby the previous year contained a higher than usual volume of high volume, low margin musicals which was not repeated in the year. Year on year increases in turnover were reported in the key commercial operations of Hospitality and Events, Catering and Retail which collectively showed an improvement of 3.8%. Overheads remained well controlled during the year increasing just 1.3% on the previous year.

The retained loss for the year was £54,236 (2011 profit £69,953)

The balance sheet on page 11 reflects the position at the year. The cash balance shows a year on year decline to £827,653 (2011 £1,285,074), due to the timing of payments for theatre shows. As well as this, the movement for the year includes a 23% increase in advanced theatre ticket sales.

There have been no significant post-balance sheet events.

### REVIEW OF DEVELOPMENT, ACTIVITIES AND ACHIEVEMENTS DURING THE YEAR

The Lowry Centre Limited acts as the vehicle for the delivery of the charitable objectives of its parent, The Lowry Centre Trust, a registered charity. As such it operates The Lowry's three theatres and its galleries and delivers the work of the community and education function. In addition it operates a number of commercial activities for the purpose of generating income to contribute to the running costs of the venue and to the development of artistic work.

The financial outturn for year ending 31 March 2012 was the result of a mix of fortunes within operational departments. The overall result was exceptional in many ways, particularly when taking into account the adverse economic climate that has continued throughout the reporting period. The theatres' programme benefited from an eclectic mix of work, generating interest from a wide spectrum of audience categories resulting in a very positive outcome both artistically and financially. Overall, theatres turnover reached £7.3m, of which £6.2m related to net ticket sales and £0.4m received from rental income.

The highlights of the programme included National Theatre's *One Man, Two Guv'nors*, the premier of *Top Hat*, which subsequently moved to the West End, *The King and I* from Leicester's Curve Theatre and the Christmas show, *Scrooge*. Together these four Lyric Theatre shows alone accounted for over 30% of the ticket sales income for the year. In total 429,043 people attended 881 performances of 336 shows in the three theatres during the year with overall occupancy per available seat reaching 68.1% across all three theatres.

Artistic highlights of the year included dance from Richard Alston, *Midnight Tango*, *Tango Fire* and Carlos Acosta in the Lyric Theatre, and the Dance Company of Wales, Shaun Parker's *Happy as Larry*, Company Chameleon's *Game Show* and Wayne McGregor's *Random Dance* in the Quays Theatre, Shakespeare from Propeller and urban street dance by Blanca Li with *Elektro Kif*. All of this was complemented by two visits from Birmingham Royal Ballet which included performances of *Copelia* and *Beauty and the Beast*, and, unusually, four visits by Opera North with three triple bills and concert performance of Wagner's *Das Rheingold*, together with a wide range of drama, family shows, circus, music, burlesque and comedy.

## DIRECTORS' REPORT (continued)

### For the year ended 31 March 2012

The Lowry was delighted to have gained 6 awards from 24 nominations in 10 categories in the Manchester Theatre Awards which were as follows

- Best Visiting Production for *One Man, Two Guv'nors* from the National Theatre
- Best Dance for Birmingham Royal Ballet's *Cinderella*
- Best Opera for *The Portrait* from Opera North
- Best Actor in a Visiting Production given to Rory Kinnear in *Hamlet* from the National Theatre
- Best Studio Performance to Matthew Ganley in *God Wept and the Devil Laughed*
- Best Special Entertainment for *The Life and Death of Marina Abramovic* as part of the Manchester International Festival

Gallery exhibition highlights included *Warhol and the Diva* and the work of LS Lowry's teacher, Adolphe Valette alongside the work of internationally renowned photographic artists Harry Hammond's *The Birth of British Rock*, Chris Nash's dance photography *A Flash of Light* and Nadav Kander's *Selected Portraits 1999-2011*, strengthening the links of gallery exhibitions to the performing arts. All of these exhibitions were complemented by the permanent but changing *Lowry Favourites*. The balance of exhibitions appealed widely to audiences from different interest groups resulting in exceptional visitor numbers of 117k for the year bringing with it a commensurate increase in gallery donations to contribute to exhibition costs.

Secondary areas of income remained under pressure during the year due to adverse macro-economic conditions. This has most notably impacted on the public catering result. However, during the year ending 31<sup>st</sup> March 2012 catering income exceeded that achieved the previous year as a result of the nature of the theatres programme and the audience mix, combined with proactive efforts to increase sales income. As a result of this and measures to control cost, the outturn for the year was significantly improved on the previous year.

The performance of the corporate relations, hospitality and events operation during the year was exceptional resulting in an improved outturn on the previous year despite adverse economic pressures which directly impacted this part of the business. The outturn was partly the result of a number of high-profile, high-value events taking place in the theatres including the Royal Variety Performance, *Britain's Got Talent*, The BBC Radio 2 Folk Awards and BBC's *Songs of Praise Choir of the Year*. All of these contributed significantly to the operating result and served to raise the profile of the venue nationally.

Overall income for the year ending 31 March 2012 totalled £16,201,000 of which regular grant funding represented approximately 11%.

## SUBSEQUENT EVENTS AND FUTURE PLANS

During 2012/2013, The Lowry will maintain and develop its commitment to its established priorities in the performing arts, within a broad mix of programme, in respect of its partner companies, dance, creating and producing and co-producing new work and in a variety of partnerships, supporting the development of new and emerging companies in our Studio, and sustaining the finest comedy programme in the North West.

The Lowry is pleased to be able to continue its relationships with its partner companies which will visit our Lyric Theatre regularly throughout the year. Opera North with three visits bringing a wide ranging repertoire including a week long run of a new production of the musical *Carousel*, Birmingham Royal Ballet with *Swan Lake* and a new production of *Aladdin*, Rambert will open their autumn tour with us with a triple bill including the world premiere of Marguerite Donlon's *Love Songs*, and the National's highly successful *One Man Two Guv'nors* will return for a two week run. Opera North will also present *Die Walkure*, the second instalment of their *Ring Cycle* in a concert staging.

The months of May and June see the conclusion of the second *Dance Moves* season which began in January 2012 with the return of DV8 with their new piece *Can We Talk About This?* and the first visit to the North West by the acclaimed Danza Contemporanea de Cuba in our Lyric Theatre. A third *Dance Moves* season in 2013 is planned and will include Les Ballets Trockadero de Monte Carlo and Richard Alston in the Lyric and Fabulous Beast with Michael Keegan-Dolan's outstanding *Rite of Spring*, to celebrate the centenary of the Stravinsky piece, in our Quays Theatre.

## DIRECTORS' REPORT (continued)

### For the year ended 31 March 2012

In Autumn 2012, the dance programme will include Mathew Bourne's new version of *Sleeping Beauty*, the London hit *Some Like It Hip Hop* and, from Israel, Bathsheva Dance Company featuring the work of acclaimed choreographer Ohad Naharin in the Lyric, and performances by the re-invigorated Phoenix Dance Theatre, premiering their new show, and by Jasmin Vardimon's company in the Quays

Our most significant production project of the year will undoubtedly be our co-production of the Bernstein musical *Wonderful Town* starring Connie Fisher with the Hallé Orchestra conducted by Sir Mark Elder and the Royal Exchange Theatre and directed by Braham Murray in the Lyric in April which was thereafter be taken up by commercial producers for a national tour of major venues. In addition, we have plans to present co-productions of *The Tin Ring*, based on a memoir by holocaust survivor Zdenka Fantlova, in the Studio and Kevin Fegan's *Obama The Mamba* with Leicester Curve in the Quays

The Lowry will continue to develop, support and showcase new and emerging companies and artists in our studio focusing on the next five pieces to benefit from our "Developed with The Lowry" programme in the course of the year. And our relationship with the Library Theatre Company, in residence in our Quays Theatre during the development of their new Manchester home will continue throughout the year

The Musicals programme for the 2012/13 year includes *Avenue Q*, *Starlight Express*, *Cabaret* and *White Christmas* and *Hairspray* and there will be children's shows, family shows, circus, popular music and comedy encompassing the broadest possible range of artists at a variety of points in the spectrum of their careers and performing in all three of our spaces

The organisational objective for the galleries is to reflect and respond to the diversity of performance presented at The Lowry, and to enhance the reputation of LS Lowry as a significant 20th century artist. To this end the 2012/2013 visual arts programme will include a mix of special exhibitions by artists and performers, renowned in their individual genres, alongside a major LS Lowry-themed appraisal. Consequently, the galleries have two clear strands of exhibition programming: a performance strand and an LS Lowry strand, both reflecting the unique identity of The Lowry as a venue and creative hub

Our mission is to develop programming and initiatives that encourage our audiences to think across art forms and to feel confident and informed enough to explore new creative experiences. No other venue outside of London can equal The Lowry's combination of theatre capacity and dedicated gallery space. The commitment between the theatre and galleries programming teams to collaborative working provides us with unprecedented opportunities to develop accessible, well supported routes for visitors and audiences that help them find connections and engage with diverse art forms

The performance strand consists of exhibitions, initiatives and projects that present a diverse range of visual art addressing the place and function of performance in the contemporary world reflecting a wide variety of artistic attitudes and practices, presented both by artists and performers which are equally valued within our gallery environment and beyond. Our LS Lowry strand of programming reflects the venue's responsibility as home to the world's largest collection of paintings and drawings by LS Lowry. As a prelude to Tate Britain's forthcoming retrospective exhibition planned for summer 2013 The Lowry will be presenting *A Lowry Summer*, to mark the 125th anniversary of the artist's birth. This will see the largest gathering of the artist's work for many years, underpinned by a broad events programme designed to examine Lowry on a number of levels from activities aimed at children and young people, to a lecture series by some of the key writers on the artist. Additional loans will include major works from Tate, the Government Art Collection and from private collectors from around the country

The Community & Education Strategic Plan is based on three key objectives

- to give everyone the opportunity to be creative by providing access to high quality art experiences,
- to use the arts as a tool to support the development of life skills, and
- to inspire and support people to use their engagement with the arts to shape their lives and the lives of people around them

These objectives are achieved through both our core work and our special projects. In the first months of the 2012/2013 year we will be focussing on completion of the latest stage of *The Lowry on Walkabout* in Lower Broughton marking a milestone in the year long, engagement with the community in Lower Broughton, Salford and addressing the key issues in their community that mean the most to them

The Lowry is unique in having a permanent Youth Talent Manager who maintains or liaises with ongoing schemes and initiatives, such as the Centre for Advanced Training in dance (CAT) based at The Lowry, and our own Lowry

**DIRECTORS' REPORT (continued)**  
**For the year ended 31 March 2012**

**Young Actors Company** In addition the team continues to work closely with partners, including the National Theatre, the National Youth Theatre, Birmingham Royal Ballet, Opera North and others, to provide opportunities for young people to nurture their creative talents. Throughout 2012/2013 The Lowry will mount its own showcases for young talent, either independently or in conjunction with projects such as NT Connections and U-Dance with the aim of involving young people who have little or no previous engagement with the arts.

The Community & Education team at The Lowry has developed strong relationships with schools in Salford and around the city-region working closely with them to create workshops, projects and exhibitions that are dedicated to supporting their National Curriculum goals. In 2012/2013 we will develop our newly-established Teachers Advisory Panel that offers Salford Teachers and Head Teachers from all key stages the opportunity to have a voice and therefore to invest in The Lowry's education programme.

At the heart of all we will be doing is a commitment to working closely with the communities of Salford. Our Community Development Manager, Learning and Participation Manager and Youth Talent Manager are highly visible presences at neighbourhood level throughout the city and our focus is on identifying, in co-ordination with Salford City Council, key harder to reach groups with whom we can build relationships through project work and participation programmes.

**DIVIDENDS AND TRANSFERS FROM RESERVES**

The directors do not recommend the payment of a dividend and the retained loss for the year of £54,236 (2011 profit £69,953) has been transferred to reserves.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The company maintains a risk register which addresses principle external and internal organisational risks and seeks actively to control and mitigate such risks.

The company operates receiving theatres and as such is subject to the availability of product of sufficient quality. Such availability is not within the company's direct control.

The company receives a grant from Arts Council England on which it is dependant in order to develop its artistic output. Funding for the year ending 31 March 2012 was previously agreed with Arts Council England. The year under review represented an interim year between the usual three-year review cycles. The sum of £1,003k received was reduced by 6.9% (£75k) on the previous year as part of an overall adjustment to the funding agreements of all National Portfolio organisations. The continuing status as a National Portfolio Organisation by Arts Council England has been confirmed pending final agreement of the terms of the Funding Agreement together with agreed funding for the three year period 2012/2013 to 2014/2015.

The company has prepared forecasts which take account of reasonably possible changes and uncertainties in its performance resulting from general economic conditions. After making all appropriate enquiries, the directors have a reasonable assumption that the company has adequate resources and should be able to operate within the level of its current facility, and accordingly continue to adopt the going concern basis in preparing these financial statements, based on review of forecasts and reasonable sensitivity analysis.

The balance sheet shows net current liabilities and net liabilities. However, included within the liabilities is £1.1m of deferred grant income (largely due after more than one year) that does not represent a liability requiring repayment, and £2.1m of theatre income received in advance that will be recognised within one year of the balance sheet date. Taking this into account, the directors are satisfied the company is able to meet its liabilities as they fall due for a period of least 12 months from the date of approval of the financial statements, particularly given the cash resources in the company, coupled with forecast cash flows.

**ENVIRONMENT**

The company recognises the importance of its environmental responsibilities. Initiatives designed to minimise the company's impact on the environment include the safe disposal of waste, recycling and reducing energy consumption.

**DIRECTORS' REPORT (continued)**

**For the year ended 31 March 2012**

**EMPLOYEES**

Details of the number of employees and related costs can be found in note 4 to the financial statements

The Lowry aims to offer equal opportunities to everyone. Full and fair consideration is given to applications for employment made by disabled persons having regard for their particular aptitudes and abilities. Appropriate training is arranged for disabled persons. This would include retraining for alternative work any employees who become disabled to promote their career development within the organisation.

**EMPLOYEE COMMUNICATION**

The company recognises the importance of effective communication and employee involvement and has throughout the year maintained regular Staff Briefings, Core Briefs and Employee Consultation Forum meetings.

Staff Briefings are held three times each year each comprising four sessions at varying times to allow the maximum number of employees to attend. The briefings presented by directors and key functional heads of department address ongoing plans for the artistic and educational programme and matters of strategic importance and provide the opportunity for open feedback and discussion.

Core briefs, issued on a monthly basis and verbally cascaded throughout the organisation, serve to update employees on organisational performance and future plans and invites feedback and questions from staff.

The bi-monthly Employee Consultation Forum, attended by the Chief Executive and comprised of elected employee representatives provides a mutual opportunity to discuss issues of importance in any aspect of the business including employment issues, raised by management or employees through their representatives.

A staff section to the company website provides information to employees and to encourage their own contributions. The site includes amongst other items of interest, profiles of directors and employees and access to policies and staff offers.

**DIRECTORS**

The following directors who served during the year and thereafter were

Sir RM Aldridge OBE

JM Brabbin

J Fawcett OBE

AJ Frost CBE

P Kelly

SJ Lightup

RS Robson

AC Vinken OBE

None of the directors had any interest in the shares of the company during the year (2011 same)



**DIRECTORS' REPORT (continued)**  
**For the year ended 31 March 2012**

**Directors' attendance at meetings during the year ending 31 March 2012**

R Aldridge	3/4
JM Brabbin	4/4
J Fawcett	3/4
AJ Frost	2/4
P Kelly	1/4
S Lightup	3/4
RS Robson	4/4
AC Vinken	4/4


**AUDITORS**

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

An elective resolution has been passed by the company to dispense with the obligation to appoint auditor annually and accordingly, the company's auditor Deloitte LLP, shall remain in office until the company or auditor determine otherwise

  
J Brabbin  
Secretary  
13/12/2012

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOWRY CENTRE LIMITED**

We have audited the financial statements of The Lowry Centre Limited for the year ended 31 March 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, 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 company's members 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its loss 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

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 directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Matthew Hughes BSc (Hons) ACA  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Manchester, United Kingdom

19 December 2012

# THE LOWRY CENTRE LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 31 March 2012

	Note	2012 £	2011 £
<b>TURNOVER</b>	2	14,580,822	15,368,856
Cost of sales		(6,709,906)	(7,571,114)
<b>GROSS PROFIT</b>		7,870,916	7,797,742
Administrative expenses		(9,545,240)	(9,423,024)
Other operating income – grants received		1,620,000	1,694,368
<b>OPERATING (LOSS)/PROFIT</b>	3	(54,324)	69,086
Interest payable and similar charges	5	(75)	(74)
Interest receivable	6	163	941
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(54,236)	69,953
Tax on profit on ordinary activities	7	-	-
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	15	(54,236)	69,953
<b>RETAINED LOSS BROUGHT FORWARD</b>		(1,276,629)	(1,346,582)
<b>RETAINED LOSS CARRIED FORWARD</b>		(1,330,865)	(1,276,629)

The results for both the current and prior year relate wholly to continuing activities

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year ended 31 March 2012

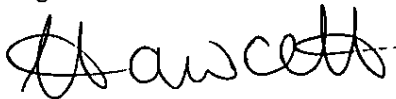
There were no recognised gains and losses other than the result for the current and previous financial year shown in the profit and loss account

**BALANCE SHEET**  
**As at 31 March 2012**

	Note	£	2012 £	£	2011 £
<b>FIXED ASSETS</b>					
Intangible assets	8		1,155,736		1,208,269
Tangible assets	9		<u>148,219</u>		<u>183,081</u>
			1,303,955		1,391,350
<b>CURRENT ASSETS</b>					
Stocks	10	118,413		139,351	
Debtors	11	1,711,325		1,742,397	
Cash at bank		<u>827,653</u>		<u>1,285,074</u>	
		2,657,391		3,166,822	
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(4,189,007)</u>		<u>(4,674,610)</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(1,531,616)</u>		<u>(1,507,788)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			(227,661)		(116,438)
<b>CREDITORS: amounts falling due after more than one year</b>					
Accruals and deferred income	13		<u>(1,103,203)</u>		<u>(1,160,190)</u>
<b>NET LIABILITIES</b>			<u>(1,330,864)</u>		<u>(1,276,628)</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14		1		1
Profit and loss account			<u>(1,330,865)</u>		<u>(1,276,629)</u>
<b>SHAREHOLDER'S DEFICIT</b>	15		<u>(1,330,864)</u>		<u>(1,276,628)</u>

The financial statements of The Lowry Centre Limited, registered number 3255905, were approved by the Board of Directors on 13 DECEMBER 2012

Signed on behalf of the Board of Directors



J Fawcett OBE

Director

# NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 March 2012

## 1 ACCOUNTING POLICIES

The particular accounting policies adopted are described below. They have all been applied consistently throughout the year and the preceding year.

### Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

The company has prepared forecasts which take account of reasonably possible changes and uncertainties in its performance resulting from general economic conditions. After making all appropriate enquiries, the directors have a reasonable assumption that the company has adequate resources and should be able to operate within the level of its current facility, and accordingly continue to adopt the going concern basis in preparing these financial statements, based on review of forecasts and reasonable sensitivity analysis.

The balance sheet shows net current liabilities and net liabilities. However, included within the liabilities is £1.1m of deferred grant income (largely due after more than one year) that does not represent a liability requiring repayment, and £2.1m of theatre income received in advance that will be recognised within one year of the balance sheet date. Taking this into account, the directors are satisfied the company is able to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements, particularly given the cash resources in the company, coupled with forecast cash flows.

### Intangible fixed assets

Intangible fixed assets comprise a long leasehold asset giving the company the right to display the Lowry collection owned by Salford City Council for 30 years from 2004, and are stated at cost net of amortisation. Amortisation is provided to write off the cost less estimated residual value in equal annual instalments over the period of the lease.

### Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation. Depreciation is provided to write off the cost less estimated residual value in equal annual instalments over the estimated useful life of the assets. The estimated useful economic lives are as follows:

Fixtures and fittings	3-10 years
Computer equipment	3 years

### Stocks

Stocks are stated at the lower of cost and net realisable value. Cost of book stocks comprises all costs directly related with development and publication including payments to authors, editing costs and design and printing costs. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs. A provision is made for slow moving stock.

### Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Year ended 31 March 2012**

**1. ACCOUNTING POLICIES (continued)**

**Taxation (continued)**

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

**Leases**

Operating lease rentals are charged to the profit and loss account in equal annual amounts over the lease term even if the payments are not made on such a basis.

**Grants**

Revenue grants received in respect of costs previously charged to the profit and loss account are recognised in the profit and loss account in the period in which they become receivable. Revenue grants received in respect of financial support for future periods are credited to the profit and loss account in the period which the support relates to.

Grants receivable in respect of tangible or intangible fixed assets are credited to the profit and loss account over the expected useful economic lives of the relevant assets to which they relate.

Grants received but not yet released to the profit and loss account are included as deferred income in the balance sheet.

**Cash flow statement**

The company has taken advantage of the exemptions available to wholly owned subsidiary companies under FRS 1 to not include a cash flow statement.

**2. TURNOVER**

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of value added tax. Income from theatre admission fees is included in the period in which the relevant show takes place. Income from other commercial activities is included in the period in which the company is entitled to receipt.

The turnover and pre-tax profit all arise within the United Kingdom the current and preceding year and relate to the company's principal activity.

**3. OPERATING (LOSS)/PROFIT**

	2012 £	2011 £
Operating (loss)/profit is stated after charging/(crediting)		
Depreciation – owned assets	151,129	130,412
Amortisation	52,533	52,533
Revenue grants	(1,003,422)	(1,077,790)
Capital grant	(66,577)	(66,577)
Rentals under operating leases – plant and machinery	75,590	49,447
Rentals under operating leases – land and buildings	550,000	550,000
Fees payable to the company's auditor for the audit of the company's annual accounts	24,000	19,800
Fees payable to the company's auditor for taxation services	1,425	1,000
	<u>          </u>	<u>          </u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 March 2012**

**4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	2012 £	2011 £
<b>Directors' remuneration</b>	<u>398,661</u>	<u>399,815</u>
<b>Emoluments of the highest paid director</b>		
Total emoluments	<u>177,182</u>	<u>177,696</u>
<b>Average number of persons employed (including directors)</b>	No	No
Administration	65	56
Technical services	50	54
Customer services	81	89
Catering	<u>103</u>	<u>101</u>
	<u>299</u>	<u>300</u>
<b>Staff costs during the year (including directors)</b>	£	£
Wages and salaries	4,283,399	4,381,995
Social security costs	<u>374,669</u>	<u>372,670</u>
	<u>4,658,068</u>	<u>4,754,665</u>

**5 INTEREST PAYABLE AND SIMILAR CHARGES**

	2012 £	2011 £
Bank interest	<u>75</u>	<u>74</u>

**6. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2012 £	2011 £
Bank interest	<u>163</u>	<u>941</u>



**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 March 2012**

**7 TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES**

(a) Analysis of charge in the year

	2012 £	2011 £
United Kingdom corporation tax at 26% (2011 28%) based on the profit for the year	-	-

(b) Factors affecting tax charge for the year

The tax assessed for the year differs to that resulting from applying the standard rate of corporation tax in the United Kingdom. The differences are explained below

	2012 £	2011 £
(Loss)/profit on ordinary activities before tax	(54,236)	69,953
Tax charge at 26% (2011 28%) thereon	(14,101)	19,587
Effects of		
Expenses not deductible for tax purposes	1,959	1,597
Depreciation in excess of capital allowances	2,260	32,015
Utilisation of tax losses	9,882	(52,935)
Group relief	-	(264)
Current tax charge for year	-	-

A deferred tax asset has not been recognised in respect of timing differences relating to tax losses carried forward and relating to depreciation in excess of capital allowances as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised in relation to tax losses is £143,895 (2011 £151,620) and in relation to depreciation in excess of capital allowances is £91,133 (2011 £100,177). The total asset would be recovered if the company were to make sustainable taxable profits in future periods.

**8. INTANGIBLE FIXED ASSETS**

	£
<b>Cost</b>	
At 1 April 2011 and at 31 March 2012	1,576,000
<b>Amortisation</b>	
At 1 April 2011	367,731
Charge for the year	52,533
At 31 March 2012	420,264
<b>Net book value</b>	
At 31 March 2012	1,155,736
At 31 March 2011	1,208,269

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 March 2012

9. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>			
At 1 April 2011	520,714	283,856	804,570
Additions	68,399	47,868	116,267
At 31 March 2012	589,113	331,724	920,837
<b>Depreciation</b>			
At 1 April 2011	417,508	203,981	621,489
Charge for the year	84,918	66,211	151,129
At 31 March 2012	502,426	270,192	772,618
<b>Net book value</b>			
At 31 March 2012	86,687	61,532	148,219
At 31 March 2011	103,206	79,875	183,081

10. STOCKS

	2012 £	2011 £
Goods for resale	118,413	139,351

11. DEBTORS

	2012 £	2011 £
<b>Due within one year</b>		
Trade debtors	474,999	406,349
Amounts due from group undertakings	590,628	592,365
Prepayments and accrued income	527,296	485,329
Other debtors	118,402	258,354
	1,711,325	1,742,397

12. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £	2011 £
Trade creditors	817,380	879,278
Taxation and social security	331,009	311,407
Other creditors	169,292	173,786
Accruals and deferred income	2,871,326	3,310,139
	4,189,007	4,674,610

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Year ended 31 March 2012**

**13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2012 £	2011 £
Deferred income – capital grants received (note 20)	1,103,203	1,160,190

**14. CALLED UP SHARE CAPITAL**

	2012 £	2011 £
<b>Authorised</b>		
100 ordinary shares of £1 each	100	100
<b>Called up, allotted and fully paid</b>		
1 ordinary share of £1 each	1	1

**15. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S DEFICIT**

	2012 £	2011 £
(Loss)/profit for the year	(54,236)	69,953
Opening shareholder's deficit	(1,276,628)	(1,346,581)
Closing shareholder's deficit	(1,330,864)	(1,276,628)

**16. OPERATING LEASE COMMITMENTS**

At 31 March the company was committed to the following operating lease commitments

	2012 Land and buildings £	2012 Other £	2011 Land and buildings £	2011 Other £
Leases which expire				
Between two and five years	-	75,590	-	49,447
More than five years	550,000	-	550,000	-
	550,000	75,590	550,000	49,447

**17. CONTINGENT LIABILITIES**

The company is party to joint bank facilities with The Lowry Centre Development Company Limited, a fellow subsidiary company, and joint guarantees are in place in respect of all amounts drawn under that facility. At 31 March 2012 The Lowry Centre Development Company Limited had no balances drawn under the joint facility (2011 - £nil)

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Year ended 31 March 2012**

**18. ULTIMATE PARENT COMPANY**

The company's immediate and ultimate parent company is The Lowry Centre Trust (a company limited by guarantee), which is incorporated in England. The Lowry Centre Trust is considered to be the company's ultimate controlling party.

The largest and smallest group in which the results of the company are consolidated is that headed by The Lowry Centre Trust. Copies of the group financial statements are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

**19. TRANSACTIONS WITH GROUP COMPANIES**

In accordance with FRS 8, disclosure is not required of transactions with entities that are part of the group headed by The Lowry Centre Trust.

In the year the company charged Digital World Centre Limited, a joint venture company in which The Lowry Centre Development Company Limited has a 50% interest, £9,000 (2011: £9,000) for accountancy services provided in the year, £35,695 (2011: £36,000) remained outstanding at the year end and is included in trade debtors. A further £70,000 is due from Digital World Centre Limited at the balance sheet date.

**20. DEFERRED INCOME**

Deferred income includes capital grants as follows

	2012 £	2011 £
Deferred income brought forwards	1,226,768	1,279,982
Grant received in the year	-	13,363
Released to profit and loss account	(66,577)	(66,577)
Deferred income	<u>1,160,191</u>	<u>1,226,768</u>

This is disclosed in the financial statements within accruals and deferred income as follows

	2012 £	2011 £
Amounts falling due within 1 year	56,988	66,577
Amounts falling after more than 1 year	<u>1,103,203</u>	<u>1,160,191</u>
	<u>1,160,191</u>	<u>1,226,768</u>