Company Registration No. 3255905

THE LOWRY CENTRE LIMITED

Annual Report and Financial Statements

For the year ended 31 March 2016

ANNUAL REPORT AND FINANCIAL STATEMENTS 2016

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS
Sir RM Aldridge OBE
JM Brabbin
J Fawcett OBE
AJ Frost CBE
AC Vinken OBE

CHIEF EXECUTIVE
J Fawcett OBE

SECRETARY
JM Brabbin

REGISTERED OFFICE
The Lowry Centre Limited
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
Leeds
United Kingdom

STRATEGIC REPORT

For the year ended 31 March 2016

The directors, in preparing the strategic report, have complied with s414C of the Companies Act 2006.

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 14, turnover increased by 13.2% during the year and gross profit increased by 12.2%. This was predominantly due to elements of the theatres programme that included exceptional sales for the musical *Wicked*. Overall income from the theatres programme was increased by 14.7% compared to 2015 and also benefited associated ancillary income. In addition, a year on year increase in turnover was reported in Quaytickets the company's third party ticket agency operation which showed an improvement of 48.9% year on year. Overheads were increased by 7.9% as a consequence of the increased trading activity with notable increases in marketing costs which were directly linked to increased theatre activity; and Quaytickets to allow for its growth. The retained profit for the year was £375,132 (2015: Profit £148,567) which was transferred to reserves.

The balance sheet on page 15 reflects the performance of the year. The cash balance shows a year on year reduction to £457,005 (2015: £2,871,798). This was principally due to a the utilisation of funds for the project to enhance the catering and conferencing and events facilities, improve energy efficiency and update key items theatre equipment; with a view to the enhancement of future sustainability. The project was completed in November 2015.

There were no significant post-balance sheet events.

STRATEGIC REPORT (continued)

REVIEW OF DEVELOPMENT, ACTIVITES 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 learning and engagement 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 the year ending 31st March 2016 was influenced by a number of factors. Most notable amongst these was the visit of the multi-award winning *Wicked* which played to over 95,000 people over an eight week run during June and July with net sales totalling over £3m. In addition to this there was the ongoing growth of Quaytickets, The Lowry's third party ticket agency which grew its client base and improved its financial contribution to the organisation by almost 50%.

In the theatres, the year's programme represented an eclectic mix of product aimed at appealing to all audience types. Along with *Wicked* and other shows of a populist nature including *The Sound of Music* over the Christmas period, the programme comprised a rich mix of work.

Artistic highlights for the year included drama from the National Theatre who returned with *The Curious Incident of the Dog in the Night Time*, Kneehigh's production of *Rebecca* and Regent's Parks's *To Kill a Mocking Bird.* Contemporary drama from around the world took the form of *Lippy* from Ireland's Dead Centre, *Sirens* from Belgium's Ontroerend Goed, *La Merde* from Silvia Gallerano in Italy, and Palestine's Freedom Theatre of Jenin's production of *The Siege.* The dance programme was no less diverse.

Our long-standing partners Birmingham Royal Ballet brought *Swan Lake* and *Romeo and Juliet*, Rambert, *Dark Arteries* and Matthew Bourne's New Adventures, *The Car Man* and *Sleeping Beauty.* In addition we welcomed work from Akash Odedra, Arthur Pita, Wim Vandekeybus and Russell Maliphant from whom we commissioned *Conceal-Reveal.* We were also delighted to work with both Fevered Sleep and Luca Silvestrini to create work specifically for our Compass Room thus opening unconventional parts of the building to dance.

During the year we offered to take our audiences on a journey to explore exciting new work in contemporary circus with a co-commission, *Tipping Point* from Ockham's Razor; and appearances from leading artists and companies including Keziah Serreau, Hogswhallops and NoFit State. This part of the programme also contained international work from Germany's Natalie Reckert, Australia's Circa and Circolombia from Columbia.

We were pleased to welcome Opera North on two occasions during the year with their presentations of two triple bills: The Barber of Seville, Jenůfa and Kiss Me Kate in November and Cosi Fan Tutti, Andrea Chénier and L'elisir d'amore in March.

The programme and a wide spectrum of Lowry audiences continued to benefit from an eclectic mix of work. For the year ending 31st March 2016, The Lowry's three theatres presented 984 performances of 362 different shows to a total audience of 545,000 people; another new record annual audience number for The Lowry. Overall, theatres net ticket sales improved by 15.0% year on year.

As in previous years, The Lowry was well represented at the Manchester Theatre Awards and was pleased to receive 16 nominations for its work from which we received 4 awards on behalf of our visiting companies and artists.

STRATEGIC REPORT (continued)

REVIEW OF DEVELOPMENT, ACTIVITES AND ACHIEVEMENTS DURING THE YEAR (continued)

The galleries programme for the year combined the continuing focus on the work of LS Lowry along with presentations of contemporary work.

Responding to the enduring love our visitors have for LS Lowry, in June we more than doubled the size of the permanent exhibition of the artist's work. The new exhibition, *LS Lowry: The Art and The Artist* gave more room for interpretation of his work including the opportunity to compare and contrast LS Lowry with his contemporaries and to feed visitors' fascination with his life in Salford. New works that joined our permanent collection as loans during the year included *The Liver Building, Liverpool 1959* and *The Railway Platform 1953*, the latter having been acquired and loaned to The Lowry by our long-standing loan partner, the Professional Footballers' Association.

Over the summer months we curated *ExtraORDINARY*, an exhibition that saw everyday objects and actions expressed as contemporary art and included Roelof Louw's pyramid of oranges, *Soul Cry* and Karina Smigla-Bobinski's *ADA* installations which proved popular particularly with families and young children. We were also delighted to feature Turner Prize-winner Martin Creed whose work, *Word No. 79*, proved something of a talking point.

A highlight of the year was the launch of The Lowry's first major digital exhibition, *Right Here Right Now* which brought together 16 international artists from around the world, ranging from German innovator Robert Henke to the Manchester-based artist Mishka Henner. The exhibition explored digital interaction, surveillance and voyeurism through the abundance of systems increasingly embedded around us and provided an opportunity to reflect on the development of art and technology over the last five years and to anticipate the next steps.

The balance of exhibitions over the year, presenting the works of LS Lowry alongside contemporary work and new digital subject matter appealed widely to audiences from different interest groups. The resultant visitor numbers of almost 100,000 by the end of the year brought with it welcome sums in gallery donations to contribute to exhibition costs.

The growth strategy for Quaytickets, The Lowry's third party ticket agency continued to reap rewards throughout the year building on the foundation established in previous years. Significant additions to its growing client portfolio included the acquisition of agreements to provide services to further West End theatres through the Nederlander Group (Aldwych and Dominions Theatres) as well as the Adelphi and Criterion Theatres. Further to this, important sporting contracts were gained with Brighton and Hove Albion Football Club and Portsmouth Football Club. These and other successes contributed to a 48.9% increase in operating profit for the year.

Overall for the year ending 31st March 2016 turnover totalled £20,103,704 (2015: £17,759,222) before the inclusion of grants received. Total income including other operating Income amounted to £21,689,277 (2015: £19,370,993) of which revenue from public funds represented approximately 6.7% of this sum (2015: 9.0%).

STRATEGIC REPORT (continued)

REVIEW OF DEVELOPMENT, ACTIVITES AND ACHIEVEMENTS DURING THE YEAR (continued)

Capital Project

During the year a major capital project was completed. Funding for the project was received from Arts Council England and matched by donations and grants sourced by our development team. We are grateful to all donors for making this ambition possible.
The project was completed on time and on budget in November 2015 and contained three work strands aimed at enhancing the financial and artistic sustainability of the organization. The three areas of focus were

- A major technical refurbishment and upgrade of the Lyric and Quays theatres aimed at future-proofing our ability to deliver a high quality and diverse range of performing arts work.

- A programme of energy efficiency measures across all areas of the building to reduce energy usage and generate significant cost savings.

- The redevelopment of our bar and restaurant, providing more flexible spaces and a new destination facility that connects with MediaCityUK.

The project cost totalled £5.4m of which £3.0m was received from Arts Council England.

SUBSEQUENT EVENTS AND FUTURE PLANS

Theatres

During 2016/2017, we will continue to present a broad and exciting mix of programme and maintain our commitment to our priorities in the performing arts and in particular; our partner companies, dance, including international work, and supporting the work of new and emerging companies and artists in our Studio.

The programme for the 2016/2017 year will comprise a wide range of performing arts genre aimed to appeal to a broad audience. The strategic focus will be directed on the following six key areas of work.

- Dance
- Contemporary drama
- Studio work
- Contemporary circus
- Partner companies and strategic partnerships
- Populist

The strong dance programme for the year ranges from classical ballet to contemporary dance. International work will take the form of NDT2 from Nederlands Dans Theater in April 2016, Carlos Acosta with his final classical ballet programme in May, Alvin Ailey in October and in November we present the National Ballet of China's Peony Pavilion brought to the UK by The Lowry in collaboration with Sadlers' Wells and Birmingham Hippodrome. Our regular ballet partner, Birmingham Royal Ballet will visit with a Shakespeare mixed bill in September and with *Cinderella* in March 2017.

STRATEGIC REPORT (continued)

SUBSEQUENT EVENTS AND FUTURE PLANS (continued)

Theatres (continued)

Our wide range of drama has become increasingly popular with our audiences. We were pleased to present National Theatre of Scotland's *The James Plays* trilogy in April 2016 and will look forward to welcoming Frantic Assembly's *Things I know* in November and two Royal Court Theatre productions being *Adler and Gibb* in September followed by *Escaped Alone* in March 2017.

Partner companies will again be regular visitors to our Lyric Theatre in the course of the year. As well as Birmingham Royal Ballet two visits, in June we enjoyed Opera North's concert version of Wagner's *Ring Cycle* and we will welcome them back with triple bills in each of November 2016 and March 2017. Rambert brings their latest triple bill including *A Linha Curva* to The Lowry in September whilst we welcome back the National Theatre's *The Curious Incident of the Dog in the Night Time* in January 2017 following previous successful runs of the show.

In May 2016 we launched *Week 53*, a new cross-arts festival of innovative, provocative, national and international work commissioned for and presented in a series of spaces including areas of The Lowry normally off-limits to the public. The festival brought together contemporary dance, visual arts, music and theatre in interactive installations, exhibitions and performances. Anchored around the theme of Locus, exploring home and place, the festival aimed to reward the compulsively curious, challenge convention and celebrate creativity. In total the festival included around 200 artists who collectively gave 63 performances over an eleven-day period.

Galleries

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. In addition the exhibition programme is designed to appeal to a wide spectrum of audience interests. To this end the 2016/2017 visual arts programme will include a mix of special exhibitions by contemporary and digital artists renowned in their individual genres, alongside a major LS Lowry-themed exhibition. Consequently, the galleries have two clear strands of exhibition programming reflecting the unique identity of The Lowry as a venue and creative hub.

In the galleries from May to August 2016 *Syzygy* by Katie Paterson, one of Britain's sought-after young artists, explored our place in the universe and the Earth's relationship with myriad other celestial bodies through a series of compelling and thought-provoking installations and art works. In her largest solo exhibition to date, featuring new commissions alongside some of her most famous art works, Paterson's poetic and far-reaching vision encouraged us to ponder our existence in a universe so vast and beautiful that it is literally breath-taking. Katie Paterson is a former winner of the South Ban Sky Arts Award.

Following *Syzygy*, until October 2016, The Lowry galleries are turned into project spaces, with a season of short and intense visual art residencies, giving artists and performers, including Manchester based Rachel Goodyear, room to be impulsive and experimental, and get closer to their audiences.
The special exhibition programme for the year will end with *Perpetual Movement* in collaboration with Rambert as Britain's national dance company celebrates 90 years. In this exhibition of contemporary art, dance and ideas, five international artists explore convergences between contemporary visual art and dance. Their works are inspired by the Rambert Archive and by Marie Rambert's call for 'perpetual movement', ceaseless change in the search for new art and idea. The exhibition will run from October 2016 to February 2017.

STRATEGIC REPORT (continued)
SUBSEQUENT EVENTS AND FUTURE PLANS (continued)

Galleries (continued)

Running alongside these special exhibitions will be the work of LS Lowry in a permanent but continually changing display of his work taken form the permanent collection held at The Lowry together with a number of works on loan from private collectors. The exhibition will featuring some of the artist's most famous and important works and will show an artist remarkable for his diversity and fearless innovation.

Learning and Engagement

The Lowry is committed to building relationships with targeted harder to reach groups of young people in Salford and beyond. Our experienced Learning and Engagement team, excellent facilities and access to the theatres and galleries programmes enables us to open up the arts to many more people in the community, not just as spectators but as participants, creators and artists. In addition to the existing wide ranging participation programme, The Lowry aims to extend its work in a number of areas.

The *Focus* projects involving disadvantaged children and young people from Salford are made possible with funds raised through public appeals in conjunction with the theatres' Christmas programme. Now in its fifth year, this year's project will return to focus on young carers. This year's project is in two strands involving 15 young carers from Salford and 10 young people from Trafford. These groups will work together to create a piece of theatre in conjunction with Lung, a professional verbatim theatre company and Lowry Associate Artist. The work will be presented on our Quays Theatre stage in November after which it is hoped to tour to schools. Based on a series of interviews with young carers, a script will be developed resulting in *Who Cares*, a piece about raising awareness of young carers through high quality theatre. This marks the first time the Learning & Engagement team has presented a professional theatre work as part of The Lowry's main house Theatres programme.

In addition to this legacy work with groups of young carers, looked after children and young parents, and children with additional needs as the beneficiaries of prior years' projects will continue throughout the year. All the projects see the young people from across the city work with artists, performers and producers resulting in a variety of tangible and visible outputs that aim to use the arts as a tool for social and personal change and improving the lives of these children and young people.

The Learning and Engagement team continues to develop a young people's employment and skills initiative. The *YES Project* provides opportunities for disadvantaged local young people by offering structured work placements, apprenticeships and future employment within The Lowry. The Lowry will continue to nurture talent in young people participating in dance and drama through the Centre for Advanced Training (CAT) in dance and The Lowry Young Actors' Scheme.

Cross Arts

At the end of the year we launched *Week 53*, a new cross-arts festival of innovative, provocative, national and international work commissioned for and presented in a series of spaces including areas of The Lowry normally off-limits to the public.

The festival, which took place in May 2016, brought together contemporary dance, visual arts, music and theatre in interactive installations, exhibitions and performance. Anchored around the theme of Locus, exploring home and place, the festival aimed to reward the compulsively curious, challenge convention and celebrate creativity.

The festival included a wide ranging programme of product appealing to all ages and interests. Some of the highlights included *Syzygy* by one of Britain's most talented and sought-after artists, Katie Paterson whose exhibition, which included new commissions for *Week 53,* ran until August and explored our

STRATEGIC REPORT (continued)
SUBSEQUENT EVENTS AND FUTURE PLANS (continued)

Cross Arts (continued)
place in the universe and Earth's relationship with other celestial bodies. *Century Song*, a live performance hybrid by soprano Neema Bickersteth and Dora Award-winning collaborators Ross Manson (direction) and Kate Alton (choreography), featuring music by some of the past 100 years composers as well as projections by Germany's fettFilm. And *30 days of The Smith*, a Lowry commission by Jackie Kay and Oberman Knocks for *Week 53*; a contemporary audio landscape of the lives and setting of Salford melding extraordinary stories from ordinary local people named Smith with the music and legacy of The Smiths.

Capital Project
The Lowry has recently raised £5.5million to deliver its 2020 Capital Project. This major programme of work will see The Lowry implement a programme of capital interventions focussed on operational cost savings, through a major energy efficiency project, and generation of additional income, through the expansion and redevelopment of our Hospitality offer. All funds saved and generated as a result of the capital project will be ring-fenced to create and annual Artistic Development Fund which will be used to support the key strategic artistic objectives outlines above. The capital programme is scheduled for completion in November 2015.

Cultural Exemption
The group is currently in the process of working towards Cultural Exemption status to benefit from the government scheme available to cultural organisations. Once achieved, all cultural activities will transfer from The Lowry Centre Limited to The Lowry Centre Trust, leaving The Lowry Centre Limited to continue operating the commercial activities. The effect of this change will significantly change the presentation of accounting information in The Lowry Centre Limited going forward. During the year income from cultural activities accounted for £13.3m turnover out of a total £20.1m, the remainder being derived from commercial activities. Associated costs of sale from cultural activities in the year accounted for £8.9m of the £10.4m total and direct overheads relating to cultural activities were £5.0m out of a total of £10.9m. Central Services costs of £3.7m will be allocated according to a Service Level Agreement between The Lowry Centre Limited and The Lowry Centre Trust.

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 31st March 2016 was previously agreed with Arts Council England. The year under review represented the first year of a three-year review cycle for National Portfolio Organisations. The sum of £800k received was reduced by 20.7% (£209k) and is agreed at a fixed sum for the duration of the review cycle giving the surety of funding for the three-year period 2015/2016 to 2017/2018.

The company has prepared forecasts which take account of reasonably possible changes and uncertainties in its performance resulting from general market 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 based on a review of forecasts and reasonable sensitivity analysis, and accordingly continue to adopt the going concern basis in preparing these financial statements.

STRATEGIC REPORT (continued)
SUBSEQUENT EVENTS AND FUTURE PLANS (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

The balance sheet shows net current liabilities and net total liabilities. Within the liabilities figure is £5.7m (2015: £0.95m) of deferred grant income which is largely due after more than one year. This does not represent a liability requiring repayment. In addition liabilities include the sum of £2.4m (2015: £3.2m) 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 meets 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.

Approved by the board and signed on its behalf by:

JM Brabbin
Secretary 6th October 2016

DIRECTORS' REPORT
For the year ended 31 March 2016

The directors present their annual report on the affairs of the company together with the audited financial statements and auditors report for the year ended 31 March 2016.
The business review, subsequent events and principal risks and uncertainties are included in the Strategic Report.

DIVIDENDS AND TRANSFERS FROM RESERVES
The directors do not recommend the payment of a dividend (2015: nil) and the retained profit for the year of £375,132 (2015: £148,567) has been transferred to reserves.

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.

EMPLOYEES
Details of the number of employees and related costs can be found in note 7 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, Employee Consultation Forum and Volunteer Consultation Forum meetings.

Staff Briefings are held three times each year each comprising a number of 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.

The bi-monthly Employee Consultation Forum and Volunteer's Consultation Forum, attended by the Chief Executive and comprised of elected employee or volunteer 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' REPORT (continued)

DIRECTORS

The following directors who served during the year and thereafter were:

Sir R Aldridge OBE	
JM Brabbin	
J Fawcett OBE	
AJ Frost CBE	
J Loughlin	(Appointed 17 December 2015; Resigned 30 June 2016)
S Lightup	(Resigned 28 May 2015)
AC Vinken OBE	

None of the directors had any interest in the shares of the company during the year (2015: none)

Directors' attendance at meetings during the year ending 31 March 2016

R Aldridge	3/3
JM Brabbin	3/3
J Fawcett	3/3
AJ Frost	2/3
J Loughlin	2/2
S Lightup	1/1
AC Vinken	2/3

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 auditors are 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 auditors are 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 auditors annually and accordingly, the company's auditors Deloitte LLP, shall remain in office until the company or auditors determine otherwise.

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.

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

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 2016 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet and the related notes 1 to 21. 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), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2016 and of its profit 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 Strategic and Directors' Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOWRY CENTRE LIMITED (continued)

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.

Sarah Anderson

Sarah Anderson FCCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds, United Kingdom
31 October 2016

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2016

	Note	2016 £	2015 £
TURNOVER	3	20,103,704	17,759,222
Cost of sales		(10,396,017)	(9,109,186)
GROSS PROFIT		9,707,687	8,650,036
Administrative expenses		(10,918,293)	(10,115,510)
Other operating income – grants received		1,585,573	1,611,771
OPERATING PROFIT		374,967	146,297
Finance costs (net)	4	165	2,269
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	9	375,132	148,567
Tax on profit on ordinary activities		-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		375,132	148,567

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

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2016

There were no recognised gains and losses other than the profit for the financial years shown in the profit and loss account.

BALANCE SHEET
As at 31 March 2016

	Note	2016 £	2016 £	2015 £	2015 £
FIXED ASSETS					
Intangible assets	10		945,604		998,137
Tangible assets	11		5,525,158		190,977
			6,470,762		1,189,114
CURRENT ASSETS					
Stocks	12	157,159		97,330	
Debtors	13	3,184,383		2,529,149	
Cash at bank and in hand		457,005		2,871,798	
		3,798,547		5,498,277	
CREDITORS: amounts falling due within one year	14	(5,083,960)		(6,640,408)	
NET CURRENT LIABILITIES			(1,285,413)		(1,142,131)
TOTAL ASSETS LESS CURRENT LIABILITIES			5,185,349		46,983
CREDITORS: amounts falling due after more than one year	15				
Accruals and deferred income			(5,708,838)		(945,604)
NET LIABILITIES			(523,489)		(898,621)
CAPITAL AND RESERVES					
Called up share capital	17		1		1
Profit and loss account			(523,490)		(898,622)
SHAREHOLDER'S DEFICIT			(523,489)		(898,621)

The financial statements of The Lowry Centre Limited, registered number 3255905, were approved by the Board of Directors and authorised for issue on 6th October 2016.

They were signed on its behalf by:

J Fawcett

J Fawcett OBE

Director

STATEMENT OF CHANGES IN EQUITY
As at 31 March 2016

There have been no changes to equity other than those relating to profits in this financial year.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2016

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

General information and basis of accounting

The Lowry Centre Ltd is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 2 to 8.

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The last financial statements under previous UK GAAP were for the year ended 31 March 2015 and the date of transition to FRS102 was therefore 1 April 2014. No adjustments were required on transition.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its parent, The Lowry Centre Trust, which may be obtained at Companies House, Crown Way, Cardiff, CF14 3UZ. Exemptions have been taken in these separate Company financial statements in relation to presentation of a cash flow statement, related party transactions and remuneration of key management personnel.

Going concern

The balance sheet shows net current liabilities and net total liabilities. Within the liabilities figure is £5.7m (2015: £0.95m) of deferred grant income which is largely due after more than one year. This does not represent a liability requiring repayment. In addition liabilities include the sum of £2.4m (2015: £3.2m) 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 meets 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.

The financial statements have been prepared using the going concern basis of accounting.

Intangible 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2016

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Fixtures and fittings	3-10 years
Computer equipment	3 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Stocks

Stocks comprise consumable materials held by catering and gift shop supplies for direct re-sale. All stock is stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks. Cost is based on the latest purchase price.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2016

1. ACCOUNTING POLICIES (continued)

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.

Unrelieved tax losses and other deferred tax assets are 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.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2016

1. ACCOUNTING POLICIES (continued)

Turnover

Turnover is stated net of VAT and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Box office income is recognised in the Profit and loss account on maturity of the performance or event. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences arising on gains or losses on non-monetary items which are recognised in the profit and loss account.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

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.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2016

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure.

3. TURNOVER AND REVENUE

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 in the current and preceding year and relate to the company's principal activity.

Turnover	**2016**	**2015**
	£	**£**
Operation of arts centre	13,770,765	12,019,961
Commercial trading	5,337,296	5,012,261
Support & administration	995,643	727,000
	20,103,704	17,759,222

Analysis of support and administration	**2016**	**2015**
	£	**£**
Revenue grants	995,643	727,000

4. FINANCE COSTS (NET)

	2016	**2015**
	£	**£**
Interest received and similar charges	165	2,269

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2016

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging/(crediting):

	2016	2015
	£	£
Depreciation of tangible fixed assets (see note 11)	311,261	119,998
Amortisation of intangible assets (see note 10)	52,533	52,533
Revenue grants	(800,000)	(1,009,238)
Cost of stock recognised as an expense	1,057,848	1,024,298
Operating lease rentals – plant and machinery	26,197	26,197
Operating lease rentals – land and buildings	550,000	550,000

6. AUDITOR REMUNERATION

Fees payable to Deloitte LLP for the audit of the Company's annual accounts were £30,000 (2015: £34,200).

Fees payable to Deloitte LLP for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent company are required to disclose such fees on a consolidated basis.

7. STAFF NUMBERS AND COSTS

Staff costs during the year (including executive directors)	**2016**	**2015**
	£	£
Wages and salaries	4,894,142	4,231,733
Social security costs	427,003	356,272
Pension costs	27,428	22,448
	5,348,573	4,610,453

Average number of persons employed (including executive directors)	**No.**	**No.**
Operation of arts centre	181	156
Commercial trading	170	144
Administration	48	38
	399	338

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2016

8. DIRECTORS' REMUNERATION AND TRANSACTIONS

	2016	2015
	£	£
Emoluments	324,821	323,739
Company contributions to money purchase pension schemes	365	361
Total	325,186	324,100
Remuneration of the highest paid director		
Total emoluments	186,435	182,779

The number of Directors who are a member of the pension scheme is 1 (2015: 1).

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

Current tax	2016	2015
	£	£
United Kingdom corporation tax at 20% (2015: 21%) 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.

	2016	2015
	£	£
Profit/(loss) on ordinary activities before tax	375,132	148,567
Tax charge at 20% (2015: 21%) thereon	75,026	31,199
Effects of:		
Expenses not deductible for tax purposes	1,924	1,837
Income not taxable	-	(14,700)
Effects of group relief/other reliefs	(77,125)	-
Unprovided deferred tax charge	175	(18,336)
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 £86,500 (2015: £48,129) and in relation to depreciation in excess of capital allowances is £52,533 (2015: £67,310). The total asset would be recovered if the company were to make sustainable taxable profits in future periods.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2016

10. INTANGIBLE FIXED ASSETS

	£
Cost	
At 1 April 2015 and at 31 March 2016	1,576,000
Amortisation	
At 1 April 2015	577,863
Charge for the year	52,533
At 31 March 2016	630,396
Net book value	
At 31 March 2016	945,604
At 31 March 2015	998,137

11. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 1 April 2015	859,791	378,186	1,237,977
Additions	5,585,442	60,000	5,645,442
At 31 March 2016	6,445,233	438,186	6,883,419
Depreciation			
At 1 April 2015	761,230	285,770	1,047,000
Charge for the year	266,486	44,775	311,261
At 31 March 2016	1,027,716	330,545	1,358,261
Net book value			
At 31 March 2016	5,417,517	107,641	5,525,158
At 31 March 2015	98,561	92,416	190,977

12. STOCKS

	2016 £	2015 £
Goods for resale	157,159	97,330

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2016

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Trade debtors	317,707	396,652
Amounts due from group undertakings	1,714,285	1,328,102
Prepayments and accrued income	414,964	627,420
Pre-paid development costs	-	45,761
Other debtors	737,427	131,214
	3,184,383	2,529,149

Amounts due from group undertakings are unsecured, repayable on demand and do not bear interest.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Trade creditors	513,290	867,861
Taxation and social security	251,212	448,757
Other creditors	477,186	141,415
Accruals and deferred income	3,842,272	5,182,375
	5,083,960	6,640,408

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016	2015
	£	£
Deferred income – capital grants received	5,708,838	945,604

16. DEFERRED INCOME

Deferred income includes capital grants as follows:	2016	2015
	£	£
Deferred income brought forward	998,137	1,050,670
Capital grants received in the year	4,998,515	-
Released to profit and loss account	(235,277)	(52,533)
Deferred income	5,761,375	998,137

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

	2016	2015
	£	£
Amounts falling due within one year	52,537	52,533
Amounts falling after more than one year	5,708,838	945,604
	5,761,375	998,137

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2016

17. CALLED UP SHARE CAPITAL

	2016	2015
	£	£
Called up, allotted and fully paid		
1 ordinary share of £1 each	1	1

18. FINANCIAL COMMITMENTS

Total future minimum lease payments under non-cancellable operating leases in respect of photocopying and printing equipment, are as follows:

	2016	2015 Restated
	£	£
Leases which expire:		
Less than one year	1,469	3,986
Between two and five years	28,513	47,897
More than five years	-	-
	29,982	51,883

19. EMPLOYEE BENEFITS

Defined contribution schemes

The company operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to profit in the period ended 31 March 2016 was £27,428 (2015: £24,895).

20. 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 2016 The Lowry Centre Development Company Limited had no balances drawn under the joint facility (2015 - £nil).

21. CONTROLLING PARTY

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.