Company Registration No. 3255905

THE LOWRY CENTRE LIMITED

Annual Report and Financial Statements

For the year ended 31 March 2017

ANNUAL REPORT AND FINANCIAL STATEMENTS 2017

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

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

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
CMS Cameron McKenna Nabarro Olswang LLP
1 South Quay
Victoria Quays
Wharf Street
Sheffield
S2 5SY

AUDITOR
Deloitte LLP
Statutory Auditor
Manchester
United Kingdom

STRATEGIC REPORT
For the year ended 31 March 2017

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 commercial operations within The Lowry, a major visual and performing arts facility.

During the year, a major reorganisation of the group structure took place. This was with a view to better reflect the various group activities in the appropriate part of the organisation and brings the group into line with other similar organisations in the sector. Resulting from the change, which became effective from 1st November 2016, all charitable activities are now contained within the parent company charity; and this commercial subsidiary, The Lowry Centre Limited, operates only commercial activities with a view to generate funds to support the charitable objectives of The Lowry Centre Trust with effect from that date.

A transfer of relevant assets followed the transfer of operational activities which puts the property into The Lowry Centre Trust having been transferred from The Lowry Centre Development Company Limited and relevant operational assets from The Lowry Centre Limited to The Lowry Centre Trust. The Lowry Centre Limited remains a wholly owned subsidiary of The Lowry Centre Trust.

The financial statements reflect a transitional year in which for the first seven months The Lowry Centre Limited operated the charitable elements of the group's objectives in addition to the supporting commercial activities; and for the final five months, only the commercial activities of hospitality, retail and ticketing including the company's third party ticket agency business. As a result the turnover shown in the Profit and Loss account on page 10 shows a significant year on year reduction and consequential reductions in costs of sale and administrative expenses follow.

The retained profit for the year was £66,813 (2016: Profit £375,132) which was transferred to reserves.

The balance sheet on page 11 reflects the performance of the year and the transfer of relevant assets and liabilities to The Lowry Centre Trust resulting from the group restructuring. At the year end the cash balance shows a year on year increase to £1,704,918 (2016: £457,005). This again reflects the performance for the year and the transfer of assets and liabilities as noted.

There were no significant post-balance sheet events.

STRATEGIC REPORT
For the year ended 31 March 2017

REVIEW OF DEVELOPMENT, ACTIVITES AND ACHIEVEMENTS DURING THE YEAR

The Lowry Centre Limited is a wholly owned subsidiary company of The Lowry Centre Trust, a registered charity. Following the restructuring of the group, effective from 1st November 2016, it operates commercial functions for the purpose of generating income to contribute to the overall running costs of the venue and to the development of artistic work in line with its parent company's charitable objects. As such it operates The Lowry's catering, conferencing and events, retail and ticketing functions including a third party ticket agency business.

A review of charitable activities for the year and plans for future periods is contained within the Report and Financial Statements for The Lowry Centre Trust following the transfer of operations during the year.

Turnover from commercial trading activities improved by 5% in the year. This was the result of a number of factors. The conferencing and events operation recorded an exceptional result with turnover showing an 18% year on year increase. The number of events, including weddings, increased by 12.5% on the previous year and delegate and guest numbers increased by 26%; this being in part due to the availability of new spaces following the capital redevelopment project completed in November 2015. Growth was also achieved in the catering operation where turnover increased by 6% on the previous year.

Quaytickets, The Lowry's third party ticketing agency continued its recent growth path with turnover increasing by 19% on the previous year. Organic growth has resulted from previous successes particularly in respect of the provision of services to theatres in London's West End. At the end of the year Quaytickets provided agency sales services for 12 London theatres in addition to a number of other venues, festivals and specialist operations in the fields of leisure, entertainment and sport.

Overall for the year ending 31st March 2017 total income totalled £12,151,000 (2016: £20,103,704). Total income including other operating Income amounted to £13,413,274 (2016: £21,689,277).

SUBSEQUENT EVENTS AND FUTURE PLANS

The company has launched a new website with mobile functionality in order to maximise the opportunities available to promote and enhance sales. Improvements have been applied to all areas including the commercial elements of the group's business.

Quaytickets continues to seek growth based on its growing reputation and will aim to grow in fields of activity both within and beyond its core theatre-based business.

Within Conferencing and Events we continue to seek growth across all market sectors, with a particular focus on Creative and Media industries owing to our position at the centre of MediaCityUK and our strong reputation for hosting large scale TV events; Local corporates located in and around Salford Quays and Manchester; Associations with a particular focus on the medical industry; Education, due to our strong and developing relationship with Salford University as well as Weddings and Christmas party nights.

We will continue to focus on yield management ensuring that opportunities in busy periods are maximised, and effective price negotiation takes place during quieter months; and to review areas for investment, ensuring that we are able to uphold the established reputation as a high calibre events venue.

STRATEGIC REPORT (continued)
For the year ended 31 March 2017

SUBSEQUENT EVENTS AND FUTURE PLANS (CONTINUED)

In our catering operation opportunities for growth will primarily be focused in pre-theatre dining with a continued focus on maximising conversion of theatre attendees to restaurant diners; and wet sales, with a specific focus on pre-ordering interval drinks, thereby guaranteeing sales and improving the visitor experience by reducing queuing times. As Salford Quays continues to develop as a visitor destination, we aim to ensure that our restaurant and main bar, Pier Eight is well placed to secure growth from this emergent market by having an appealing service and product that offers an alternative to the competition.

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 parent 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 fluctuations of theatre attendance to the venue directly impacts the potential for trade within the catering and retail functions of The Lowry Centre Limited. A high degree of variable costs are maintained within the operation to enable flex against fluctuations in visitor numbers.

Quaytickets is reliant upon a number of third party organisations for its business. To enable a degree of certainty of trade in the future, multi-year agreements are entered into with client venues.

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. 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 28TH SEPTEMBER 2017

DIRECTORS' REPORT
For the year ended 31 March 2017

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 2017.

The business review, subsequent events, future developments 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 (2016: nil) and the retained profit for the year of £66,813 (2016: £375,132) 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

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

Sir R Aldridge OBE	
JM Brabbin	
J Fawcett OBE	
AJ Frost CBE	
J Loughlin	(Resigned 30 June 2016)
S McNerney	(Appointed 6 October 2016)
AC Vinken OBE	

None of the directors had any interest in the shares of the company during the year (2016: same)

Directors' attendance at meetings during the year ending 31 March 2017

R Aldridge	4/4
JM Brabbin	4/4
J Fawcett	4/4
AJ Frost	4/4
J Loughlin	1/1
S McNerney	3/3
AC Vinken	3/4

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 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 2017 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Statement of Changes in Equity, 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 2017 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.

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

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and] the Directors' Report.

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
Statutory Auditor
Leeds, United Kingdom
10 October 2017

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2017

	Note	2017 £	2016 £
TURNOVER	3	12,151,000	20,103,704
Cost of sales		(4,786,649)	(10,396,017)
GROSS PROFIT		7,364,351	9,707,687
Administrative expenses		(8,559,858)	(10,918,293)
Other operating income – grants received		1,262,274	1,585,573
OPERATING PROFIT		66,767	374,967
Finance costs (net)	4	46	165
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	9	66,813	375,132
Tax on profit on ordinary activities		-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		66,813	375,132

The results for the current year includes activities relating to the commercial activities for the whole year, theatre and gallery operations are included for the seven month period to the date of restructure. The prior year activities were commercial, theatre and gallery operations.

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2017

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

STATEMENT OF CHANGES IN EQUITY
As at 31 March 2017

	£
Balance at 1 April 2015	(898,622)
Profit after tax for the year	375,132
Balance at 31 March 2016	(523,490)
Profit after tax for the year	66,813
Balance at 31 March 2017	(456,677)

BALANCE SHEET
As at 31 March 2017

	Note	2017 £	2017 £	2016 £	2016 £
FIXED ASSETS					
Intangible assets	10		-		945,604
Tangible assets	11		2,611,330		5,525,158
			2,611,330		6,470,762
CURRENT ASSETS					
Stocks	12	188,190		157,159	
Debtors	13	548,451		3,184,383	
Cash at bank and in hand		1,704,918		457,005	
		2,441,559		3,798,547	
CREDITORS: amounts falling due within one year	14	(3,231,427)		(5,083,960)	
NET CURRENT LIABILITIES			(789,868)		(1,285,413)
TOTAL ASSETS LESS CURRENT LIABILITIES			1,821,462		5,185,349
CREDITORS: amounts falling due after more than one year	15				
Accruals and deferred income			(2,278,138)		(5,708,838)
NET LIABILITIES			(456,676)		(523,489)
CAPITAL AND RESERVES					
Called up share capital	17		1		1
Profit and loss account			(456,677)		(523,490)
SHAREHOLDER'S DEFICIT			(456,676)		(523,489)

The financial statements of The Lowry Centre Limited, registered number 3255905, were approved by the Board of Directors and authorised for issue on 28 September 2017.

They were signed on its behalf by:

J Fawcett OBE

Director

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2017

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 4.

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 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 £2.3m (2016: £5.8m) of deferred grant income which is largely due after more than one year. This does not represent a liability requiring repayment. 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 were disposed of during the year to the Parent company. Intangible fixed assets held in the comparative year and up to the point of disposal comprised 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 were stated at cost net of amortisation. Amortisation was 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 2017

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 2017

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 2017

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. 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 2017

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	**2017**	**2016**
	£	**£**
Operation of arts centre	5,118,045	13,770,765
Commercial trading	6,364,472	5,337,296
Support & administration	668,483	995,643
	12,151,000	20,103,704

Analysis of support and administration	**2017**	**2016**
	£	**£**
Revenue grants	668,483	995,643

4. FINANCE COSTS (NET)

	2017	**2016**
	£	**£**
Interest received and similar charges	46	165

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2017

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	2017	2016
	£	£
Depreciation of tangible fixed assets (see note 11)	527,449	311,261
Amortisation of intangible assets (see note 10)	30,644	52,533
Revenue grants	(466,667)	(800,000)
Cost of stock recognised as an expense	1,095,857	1,057,848
Operating lease rentals – plant and machinery	26,462	26,197
Operating lease rentals – land and buildings	320,833	550,000

6. AUDITOR REMUMERATION

Fees payable to Deloitte LLP for the audit of the Company's annual accounts were £25,000 (2016: £30,000).

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)	**2017**	**2016**
	£	£
Wages and salaries	3,946,691	4,894,142
Social security costs	310,739	427,003
Pension costs	23,307	27,428
	4,280,737	5,348,573

Average number of persons employed (including executive directors)	**No.**	**No.**
Operation of arts centre	-	181
Commercial trading	180	170
Administration	-	48
	180	399

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2017

8. DIRECTORS' REMUNERATION AND TRANSACTIONS

	2017	2016
	£	£
Emoluments	341,149	324,821
Company contributions to money purchase pension schemes	372	365
Total	341,521	325,186
Remuneration of the highest paid director		
Total emoluments	200,164	186,435

The number of Directors who are a member of the pension scheme is 1 (2016: 1).

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

Current tax	2017	2016
	£	£
United Kingdom corporation tax at 20% (2016: 20%) 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.

	2017	2016
	£	£
Profit on ordinary activities before tax	66,813	375,132
Tax charge at 20% (2016: 20%) thereon	13,363	75,026
Effects of:		
Expenses not deductible for tax purposes	(4,216)	1,924
Income not taxable	-	-
Effects of group relief/other reliefs	-	(77,125)
Unprovided deferred tax charge	(9,147)	175
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 (2016: £86,500) and in relation to depreciation in excess of capital allowances is £30,644 (2016: £52,533). 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 2017

10. INTANGIBLE FIXED ASSETS

	£
Cost	
At 1 April 2016	1,576,000
Disposal	(1,576,000)
At 31 March 2017	-
Amortisation	
At 1 April 2016	630,396
Charge for the year	30,644
Disposal	(661,040)
At 31 March 2017	-
Net book value	
At 31 March 2017	-
At 31 March 2016	945,604

11. TANGIBLE FIXED ASSETS

	Fixtures and fittings	Computer equipment	Total
	£	£	£
Cost			
At 1 April 2016	6,445,233	438,186	6,883,419
Additions	98,880	2,394	101,274
Disposals	(3,541,145)	(376,386)	(3,917,531)
Reclassification	8,000	(8,000)	-
At 31 March 2017	3,010,968	56,194	3,067,162
Depreciation			
At 1 April 2016	1,027,716	330,545	1,358,261
Charge for the year	490,574	36,875	527,449
Disposals	(1,107,840)	(322,038)	(1,429,878)
At 31 March 2017	410,450	45,382	455,832
Net book value			
At 31 March 2017	2,600,518	10,812	2,611,330
At 31 March 2016	5,417,517	107,641	5,525,158

Assets disposed of during the year were as a result of the group restructure and were transferred to the parent company, The Lowry Centre Trust.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2017

12. STOCKS

	2017	2016
	£	£
Goods for resale	188,190	157,159

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Trade debtors	322,586	317,707
Amounts due from group undertakings	-	1,714,285
Prepayments and accrued income	66,120	414,964
Other debtors	159,745	737,427
	548,451	3,184,383

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

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Trade creditors	225,290	513,290
Amounts owed to group undertakings	1,831,896	-
Taxation and social security	124,122	251,212
Other creditors	443,085	477,186
Accruals and deferred income	607,034	3,842,272
	3,231,427	5,083,960

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

	2017	2016
	£	£
Deferred income – capital grants received	2,278,138	5,708,838

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2017

16. DEFERRED INCOME

Deferred income includes capital grants as follows:	2017	2016
	£	£
Deferred income brought forward	5,761,375	998,137
Capital grants received in the year	-	4,998,515
Capital grants disposed of in the year	(3,008,462)	-
Released to profit and loss account	(474,775)	(235,277)
Deferred income	2,278,138	5,761,375

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

	2017	2016
	£	£
Amounts falling due within one year	257,523	52,537
Amounts falling after more than one year	2,020,615	5,708,838
	2,278,138	5,761,375

17. CALLED UP SHARE CAPITAL

	2017	2016
	£	£
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:

	2017	2016
	£	£
Leases which expire:		
Less than one year	9,128	1,469
Between two and five years	4,054	28,513
	13,182	29,982

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 2017 was £23,307 (2016: £27,428).

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 2017 The Lowry Centre Development Company Limited had no balances drawn under the joint facility (2016 £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.