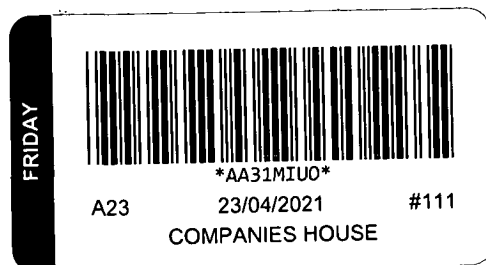


Company Registration No. 3255905

THE LOWRY CENTRE LIMITED

Annual Report and Financial Statements

For the year ended 31 March 2020



ANNUAL REPORT AND FINANCIAL STATEMENTS 2020

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THE LOWRY CENTRE LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Sir RM Aldridge OBE
JM Brabbin
J Fawcett OBE
AJ Frost CBE
S Fry
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

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

AUDITOR

Deloitte LLP
1 City Square
Leeds
LS1 2AL
United Kingdom

STRATEGIC REPORT

For the year ended 31 March 2020

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 charitable company limited by guarantee.

The principal activity of the company is the operation of the commercial operations within The Lowry, a major visual and performing arts facility. The object is to carry on business with a view to generate funds to support the charitable objectives of The Lowry Centre Trust and any surplus reserves plan to be transferred to the Trust.

The profit before the donation was £1,374,676 (2019: £1,231,836). Gift aid of £1,374,676 (2019: £1,231,836) was donated to the parent company, retained profit for the year was £nil (2019: Profit £nil).

The balance sheet on page 12 reflects the position at the end of the year. The cash balance has improved and shows a year on year increase to £4,521,126 (2019: £3,480,104).

REVIEW OF DEVELOPMENT, ACTIVITIES AND ACHIEVEMENTS DURING THE YEAR

The Lowry Centre Limited is a wholly owned subsidiary company of The Lowry Centre Trust, a registered charity. 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 Annual Report and Financial Statements for The Lowry Centre Trust.

The Lowry building was closed to visitors with effect from 17th March 2020 resulting in the early cessation of on-site trading. The building has remained closed to visitors throughout the entirety of the 2020/2021 year due to restrictions resulting from the global Covid-19 pandemic.

Despite the curtailment of trading, this year has seen increased turnover in each individual commercial area. Turnover from commercial trading activities improved from £7,792,642 to £8,161,436, an uplift of 4.7% in the year. This resulted from a number of factors. Quaytickets, The Lowry's third party ticketing agency recorded an underlying increase in turnover of 6.9% with the most notable improvement being derived from Call Centre activity for third party clients which increased by 8.9% on the previous year.

The hospitality operations of catering and conferencing and events recorded turnover of £4,148,877, an improvement of 1.3% on the previous year. Catering income showed a 0.8% increase in the shortened trading period, reflecting the nature and mix of the theatres programme and increased attendance across the three theatres and in the galleries. Notable improvements in income were achieved in the theatre bars (10.2%) reflecting the theatres programme for the year.

STRATEGIC REPORT (Continued)
For the year ended 31 March 2020

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

Conferencing and events recorded a 2.1% increase in income, largely from improvements in theatre hires (up 15.7%). In total whilst there were 26 fewer events held during the year, the key measures of average income and gross profit per event were improved. Overall, the conferencing and events team delivered 303 events and weddings (2019: 329) and welcomed 61,580 delegates and guests (2019: 54,587).

The retail operation, including the venue shop and online sales showed an increase in turnover of 4.2% on the previous year. This was due to a combination of an increase in the value of average transaction and spend per head of gallery visitors, and an improvement in online sales of 31.0% on the previous year following further improvements to the organisation's website functionality.

Overall, for the year ending 31 March 2020 income totalled £8,161,436 (2019: £7,792,642). Total income including other operating income amounted to £8,555,514 (2019: £8,089,784).

Costs of sales and administrative expenses showed a 2.6% increase on the previous year reflecting the increase in trading activity from the combined commercial activities. Close management of supply costs during the year, particularly in relation to catering supplies, restricted the increase.

SUBSEQUENT EVENTS AND FUTURE PLANS

Due to restrictions introduced resulting from the global Covid-19 pandemic, The Lowry's building was closed to visitors with effect from 17th March 2020 and has remained closed throughout the entirety of the year to 31st March 2021. A roadmap announced by the Prime Minister in February 2021 gives some hope of the resumption of limited operations from mid-May with a return to full operations later in the year. The implementation of the Government plan is dependent on the satisfaction of a number of criteria and will only be confirmed nearer the relevant dates.

The effect of the various lockdown and tier restrictions in place throughout the year has meant that the hospitality element of the company's operations has been unable to trade. Retail sales have continued to a limited extent with an on-line only offer. The ticketing function has continued to operate off-site with a reduced service to match the severely reduced demand from its third party clients, all of whom are subject to similar restrictions. The focus has been predominantly in handling requests for refunds where events have been cancelled, and moving patrons' bookings where events have been rearranged. During the year, The Lowry alone has had to cancel over 400 productions and rescheduled over 1,200, with some shows now having been rescheduled five times due to the regularly changing timescales expectations.

The Lowry has drawn up plans for reopening with a limited offer from mid-May 2021 subject to confirmation of all criteria for relaxation of lockdown having been satisfied, with an increased offer later in the year once social distancing measures have been removed. At that point it is intended to resume both hospitality and retail offers on-site and it is expected that demand for theatre tickets will increase.

STRATEGIC REPORT (continued)
For the year ended 31 March 2020

PRINCIPAL RISKS AND UNCERTAINTIES

The company maintains a risk register that addresses principal 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 influences the potential for trade within the catering and retail functions of The Lowry Centre Limited. A high degree of variable costs is 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 majority of the company's income is generated from or as a result of sales of theatre tickets, both within and external to the venue. Following the year-end, the principal risk has arisen from the inability to generate income due to the pause in operations brought about by Covid-19 pandemic-related restrictions that meant the Lowry building has remained closed to the public for the entirety of the year to 31 March 2021. The risk has been mitigated by the receipt of grants from the Government's Job Retention Scheme as a contribution towards the costs of employment.

GOING CONCERN

Detailed income and expenditure, and cash flow forecasts for the 2021/2022 year, and outline forecasts for the subsequent 4-year period, have been prepared for the group including The Lowry Centre Limited, and a separate income and cash flow forecast for the company for the year ending 31st March 2022. These take reasonable account of possible changes in its performance resulting from the general and variable nature of the group's activities and restrictions on operating activities continuing into the 2021/2022 financial year. The forecast for the 2021/2022 year assumes the continuation of restrictions in the early part of the year with a resumption of operating activities building from the second quarter with visitor numbers reduced from 2019/2020 levels whilst social distancing remains an issue. The directors are grateful to the Government for the aid received that enables the continuation of financial sustainability throughout this period, and provides a platform for future full-scale resumption of operational activities and subsequent growth.

The company has prepared forecasts that take account of reasonably possible changes and uncertainties in its performance resulting from general market conditions. The company has received confirmation that its parent company, The Lowry Centre Trust will provide financial support to the company, where required during the year, in order for the company to discharge its liabilities as they fall due and continue trading as a going concern, for a period of at least twelve months from the date of signing of the financial statements of The Lowry Centre Limited for the year ended 31 March 2020. This support is considered to be necessary solely due to the closure of on-site trading operations as a result of the Covid-19 pandemic, and the directors have good grounds to believe The Lowry Centre Limited will return to profitable trading within a reasonable timescale. Accordingly, given the cash resources available and the forecast future cash flows, the directors continue to adopt the going concern basis in preparing these financial statements.



Approved by the board and signed on its behalf by:

JM Brabbin
Secretary

30 March 2021

DIRECTORS' REPORT

For the year ended 31 March 2020

The directors present their annual report on the affairs of the company together with the audited financial statements and auditor's report for the year ended 31 March 2020.

The business review, subsequent events, future developments and principal risks and uncertainties are included in the Strategic Report.

DIVIDENDS AND TRANSFERS FROM RESERVES

The profit before the donation was £1,374,676 (2019: £1,231,836). Gift aid of £1,374,676 (2019: £1,231,836) was donated to the parent company. The directors do not recommend the payment of a dividend (2019: £nil) and the retained profit for the year is £nil (2019: £nil was 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 persons with access requirements, having regard for their particular aptitudes and abilities. Appropriate training is arranged for relevant persons. This would include retraining any employees who have a change in access requirements 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.

DIRECTORS' REPORT (continued)
For the year ended 31 March 2020

A staff intranet site provides information to employees and employees are encouraged to post 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 up to date of signing except where stated were:

Sir RM Aldridge OBE
JM Brabbin
J Fawcett OBE
AJ Frost CBE
S Fry (appointed 4 September 2019)
AC Vinken OBE

None of the directors had any interest in the shares of the company during the year (2019: same).

Directors' attendance at meetings during the year ending 31 March 2020

RM Aldridge	3/3
JM Brabbin	3/3
J Fawcett	3/3
AJ Frost	1/3
S Fry	1/2
AC Vinken	3/3

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.

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) Including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 the 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;
- 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 THE LOWRY CENTRE LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion the financial statements of The Lowry Centre Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of changes in equity;
- the balance sheet; and;
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENT (CONTINUED)

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report

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.

Sarah Anderson

Sarah Anderson FCCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Leeds, United Kingdom
30 March 2021

THE LOWRY CENTRE LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 March 2020

	Note	2020 £	2019 £
TURNOVER	3	8,161,436	7,792,642
Cost of sales		(1,772,836)	(1,589,543)
GROSS PROFIT		6,388,600	6,203,099
Administrative expenses		(5,408,612)	(5,269,416)
Other operating income – grants received		394,078	297,142
OPERATING PROFIT		1,374,066	1,230,825
Finance income (net)	4	610	561
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	1,374,676	1,231,386
Tax on profit on ordinary activities	9	-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,374,676	1,231,386

There were no recognised gains and losses other than the profit for the financial years shown in the profit and loss account. All income and expenditure derives from continuing activities.

STATEMENT OF CHANGES IN EQUITY Year ended 31 March 2020

	Profit and loss account £
Balance at 31 March 2018	1
Profit after tax for the year	1,231,836
Charitable donation paid in the year	(1,231,836)
Balance at 31 March 2019	1
Profit after tax for the year	1,374,676
Charitable donation paid in the year	(1,374,676)
Balance at 31 March 2020	1

THE LOWRY CENTRE LIMITED

BALANCE SHEET
As at 31 March 2020

	Note	£	2020 £	£	2019 £
FIXED ASSETS					
Tangible assets	10		1,767,579		2,009,388
			<u>1,767,579</u>		<u>2,009,388</u>
CURRENT ASSETS					
Stocks	11	169,879		165,986	
Debtors	12	430,961		852,144	
Cash at bank and in hand		4,521,126		3,480,104	
		<u>5,121,966</u>		<u>4,498,234</u>	
CREDITORS: amounts falling due within one year	13	(5,799,975)		(5,120,909)	
NET CURRENT LIABILITIES			(678,009)		(622,675)
TOTAL ASSETS LESS CURRENT LIABILITIES			1,089,570		1,386,713
CREDITORS: amounts falling due after more than one year					
Accruals and deferred income	14		(1,089,569)		(1,386,712)
NET ASSETS			<u>1</u>		<u>1</u>
CAPITAL AND RESERVES					
Called up share capital	16		1		1
Profit and loss account			-		-
SHAREHOLDER'S FUNDS			<u>1</u>		<u>1</u>

The financial statements of The Lowry Centre Limited, registered number 3255905, were approved by the Board of Directors and authorised for issue on 30 March 2021.

They were signed on its behalf by:

Julia Fawcett

J Fawcett OBE
Director

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

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 Limited is a company incorporated in the United Kingdom under the Companies Act 2006. 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 after gift aid and net total assets. Within the liabilities figure is £1.4m (2019: £1.7m) of deferred grant income which is largely due after more than one year. This is a balance that is subject to annual amortisation over the life of the related asset and as such does not represent a liability requiring repayment.

The company has prepared forecasts that take account of reasonably possible changes and uncertainties in its performance resulting from general market conditions. The company has received confirmation that its parent company, The Lowry Centre Trust will provide financial support to the company, where required during the year, in order for the company to discharge its liabilities as they fall due and continue trading as a going concern, for a period of at least twelve months from the date of signing of the financial statements of The Lowry Centre Limited for the year ended 31 March 2020. This support is considered to be necessary solely due to the closure of on-site trading operations as a result of the Covid-19 pandemic, and the directors have good grounds to believe The Lowry Centre Limited will return to profitable trading within a reasonable timescale. Accordingly, given the cash resources available and the forecast future cash flows, the directors continue to adopt the going concern basis in preparing these financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 March 2020

1. ACCOUNTING POLICIES (continued)

Tangible Fixed Assets (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 March 2020

1. ACCOUNTING POLICIES (continued)

Taxation (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 March 2020

1. ACCOUNTING POLICIES (continued)

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 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.

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

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 all 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	2020	2019
	£	£
Commercial trading	8,161,436	7,792,642

4. FINANCE INCOME (NET)

	2020	2019
	£	£
Interest received and similar charges	610	561

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 March 2020

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	2020	2019
	£	£
Depreciation of tangible fixed assets (see note 10)	334,477	321,955
Auditor's remuneration	16,000	16,000

6. AUDITOR REMUNERATION

Fees payable to Deloitte LLP for the audit of the Company's annual financial statements were £16,000 (2019: £16,000).

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)	2020	2019
	£	£
Wages and salaries	3,156,485	3,024,693
Social security costs	172,404	164,176
Pension costs	45,054	27,534
	<u>3,373,943</u>	<u>3,216,403</u>

Average number of persons employed (including executive directors)	No.	No.
Commercial Trading	<u>238</u>	<u>228</u>

8. DIRECTORS' REMUNERATION AND TRANSACTIONS

Remuneration paid to Directors in the year to March 2020 £nil, (2019: £nil).

Payments made to Directors by the parent company represent remuneration in respect of the management for the group as a whole and are not able to be reliably allocated to qualifying services to the Company.

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

Current tax	2020	2019
	£	£
United Kingdom corporation tax at 19% (2019: 19%) based on the profit for the year	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2020

9. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

(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.

	2020	2019
	£	£
Profit on ordinary activities	1,374,675	1,231,836
Tax charge at 19% (2019: 19%) thereon	261,188	234,049
Effects of:		
Expenses not deductible for tax purposes	903	1,425
Income not taxable	-	(56,457)
Adjustment from previous periods	(44,998)	-
Tax rate changes	(5,294)	-
Unprovided deferred tax charge	(12,239)	55,032
Gift aid donation	(199,560)	(234,049)
Current tax charge for year	-	-

10. TANGIBLE FIXED ASSETS

	Fixtures and fittings	Computer equipment	Total
	£	£	£
Cost			
At 1 April 2019	3,050,284	60,873	3,111,157
Additions	87,388	5,280	92,668
At 31 March 2020	3,137,672	66,153	3,203,825
Depreciation			
At 1 April 2019	1,040,896	60,873	1,101,769
Charge for the year	333,491	986	334,477
At 31 March 2020	1,374,387	61,859	1,436,246
Net book value			
At 31 March 2020	1,763,285	4,294	1,767,579
At 31 March 2019	2,009,388	-	2,009,388

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2020

11. STOCKS

	2020	2019
	£	£
Goods for resale	169,879	165,986

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade debtors	240,660	422,162
Prepayments and accrued income	113,368	49,060
Other debtors	76,933	380,922
	<u>430,961</u>	<u>852,144</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade creditors	68,524	257,010
Amounts owed to group undertakings	4,281,227	3,380,907
Taxation and social security	49,213	41,104
Accruals	1,199,196	1,135,630
Deferred income	148,351	153,521
Other creditors	53,464	152,737
	<u>5,799,975</u>	<u>5,120,909</u>

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

	2020	2019
	£	£
Deferred income – capital grants received	1,089,569	1,386,712

15. DEFERRED INCOME

Deferred income includes capital grants as follows:	2020	2019
	£	£
Deferred income brought forward	1,683,854	1,980,996
Released to profit and loss account	(297,142)	(297,142)
Deferred income carried forward	<u>1,386,712</u>	<u>1,683,854</u>

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

	2020	2019
	£	£
Amounts falling due within one year	297,143	297,142
Amounts falling after more than one year	1,089,569	1,386,712
	<u>1,386,712</u>	<u>1,683,854</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 March 2020

16. CALLED UP SHARE CAPITAL

	2020	2019
	£	£
Called up, allotted and fully paid		
1 ordinary share of £1 each	1	1
	<u>1</u>	<u>1</u>

17. EMPLOYEE BENEFITS

Defined contribution schemes

The company operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to the profit and loss account in the period ended 31 March 2020 was £45,054 (2019: £27,534).

18. CONTINGENT LIABILITIES

The company is party to joint bank facilities with The Lowry Centre Trust, the parent company, and joint guarantees are in place in respect of all amounts drawn under that facility. At 31 March 2020 The Lowry Centre Company Limited had no balances drawn under the joint facility (2019: £nil).

19. 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.