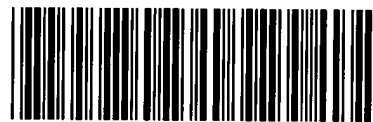


THE LOWRY CENTRE LIMITED

Annual Report and Financial Statements

For the year ended 31 March 2018

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ANNUAL REPORT AND FINANCIAL STATEMENTS 2018

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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 2018

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 retained profit for the year was £456,677 (2017: Profit £66,813). The main reason for the increase is due to the shared service costs of the business being incurred by The Lowry Centre Trust since the group restructure in November 2016.

The balance sheet on page 12 reflects the position at the end of the year. The main point to note is that the reserves balance has moved from a deficit to a surplus, this is due to the increased profits in the year. The cash balance has also improved and shows a year on year increase to £1,904,252 (2017: £1,704,918).

There were no significant post-balance sheet events.

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. This year has seen a steady uplift in each individual commercial area; the notable increase is in the uplift of the number of tickets sold of 27.5%, generating an increase of £77,000 at operating profit level.

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 reported decline in turnover for The Lowry Centre Limited results from the transfer of operations with effect from November 2016 after which point all charitable activities are contained within the financial statements of The Lowry Centre Trust and commercial trading activities are contained within the financial statements of The Lowry Centre Limited. This is identified at note 3, where turnover in respect of the transferred areas of business are zero for the twelve months to 31 March 2018.

Turnover from commercial trading activities improved from £6.3m to £7.3m, and uplift of 16% in the year and resulted from a number of factors. Quaytickets, The Lowry's third party ticketing agency recorded an underlying increase in turnover of 17% that resulted from growth in booking fee income and call centre business volume, which increased by 15% and 20% respectively in the year. New clients gained during the year include professional football clubs and major UK theatre operators.

STRATEGIC REPORT (Continued)
For the year ended 31 March 2018

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

The hospitality operations of catering and conferencing and events recorded turnover of £3.9m, consistent with the previous year. Catering income showed a 6% increase, predominantly from improved theatre bar sales, and restaurant covers increased by 3%. Conferencing and events recorded a 9% reduction in income, largely from room hires and based on fewer events, however a focus on efficiencies resulted in improved income and gross profit per event in the year. Overall, the conferencing and events team delivered 327 events and weddings and welcomed over 54,000 delegates and guests.

Overall, for the year ending 31st March 2018 income totalled £7,368,909 (2017: £12,151,000). Total income including other operating income amounted to £7,666,051 (2017: £13,413,274).

Costs of sale and administrative expenses showed a £3.3m reduction on the previous year due to the transfer of charitable activities to The Lowry Centre Trust part way through the prior year as noted. The underlying costs of sale increased by 10% in the year based on increased levels of activity whilst underlying overhead costs remained unchanged year on year.

SUBSEQUENT EVENTS AND FUTURE PLANS

The company is developing a new website with improved 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 has been successful in gaining additional call centre business from major UK theatres and has invested in infrastructure expansion and improvement to accommodate this and future planned growth. 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 businesses located in and around Salford Quays and Manchester; Associations with a particular focus on the medical industry; 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.

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.

STRATEGIC REPORT (continued)
For the year ended 31 March 2018

PRINCIPAL RISKS AND UNCERTAINTIES

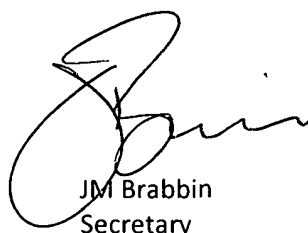
The company maintains a risk register that addresses principle external and internal organisational risks and seeks actively to control and mitigate such risks.

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 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 company has prepared forecasts that 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 meet its liabilities as they fall due for a period of least 12 months from the date of approval of the financial statements, particularly given the cash resources in the company, coupled with forecast cash flows.

Approved by the board and signed on its behalf by:



JM Brabbin
Secretary

4th October 2018

DIRECTORS' REPORT

For the year ended 31 March 2018

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 2018.

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 (2017: nil) and the retained profit for the year of £456,677 (2017: £66,813) 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 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.

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' REPORT (continued)
For the year ended 31 March 2018

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
S McNerney
AC Vinken OBE

None of the directors had any interest in the shares of the company during the year (2017: same).

Directors' attendance at meetings during the year ending 31 March 2018

R Aldridge	3/3
JM Brabbin	3/3
J Fawcett	3/3
AJ Frost	3/3
S McNerney	2/3
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 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 2018 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 balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, 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.

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.

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 FCCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Leeds, United Kingdom

22 October

2018

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2018

	Note	2018 £	2017 £
TURNOVER	3	7,368,909	12,151,000
Cost of sales		(1,545,383)	(4,786,649)
GROSS PROFIT		5,823,526	7,364,351
Administrative expenses		(5,170,754)	(8,559,858)
Other operating income – grants received		297,142	1,262,274
OPERATING PROFIT		949,914	66,767
Finance income (net)	4	-	46
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	949,914	66,813
Tax on profit on ordinary activities	9	-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		949,914	66,813

The results for the current year includes activities relating to the commercial activities for the whole year. The prior year activities included theatre and gallery operations for the seven-month period to the date of restructure when these activities were discontinued by this company.

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 2018

	£
Balance at 1 April 2016	(523,489)
Profit after tax for the year	66,813
Balance at 31 March 2017	(456,676)
Profit after tax for the year	949,914
Charitable donation paid in the year	(493,237)
Balance at 31 March 2018	1

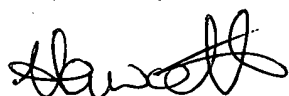
THE LOWRY CENTRE LIMITED

BALANCE SHEET
As at 31 March 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	10		2,310,300		2,611,330
			<u>2,310,300</u>		<u>2,611,330</u>
CURRENT ASSETS					
Stocks	11	188,753		188,190	
Debtors	12	578,219		548,451	
Cash at bank and in hand		1,904,252		1,704,918	
		<u>2,671,224</u>		<u>2,441,559</u>	
CREDITORS: amounts falling due within one year	13	(3,297,669)		(3,231,427)	
NET CURRENT LIABILITIES			(626,445)		(789,868)
TOTAL ASSETS LESS CURRENT LIABILITIES			1,683,855		1,821,462
CREDITORS: amounts falling due after more than one year	14				
Accruals and deferred income			(1,683,854)		(2,278,138)
NET ASSETS/(LIABILITIES)			<u>1</u>		<u>(456,676)</u>
CAPITAL AND RESERVES					
Called up share capital	16		1		1
Profit and loss account			-		(456,677)
SHAREHOLDER'S FUNDS/(DEFICIT)			<u>1</u>		<u>(456,676)</u>

The financial statements of The Lowry Centre Limited, registered number 3255905, were approved by the Board of Directors and authorised for issue on 4th October 2018.

They were signed on its behalf by:



J Fawcett OBE

Director

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

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 after gift aid and net total assets. Within the liabilities figure is £1.9m (2017: £2.3m) 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 asset and as such does not represent a liability requiring repayment. Taking this into account, the directors are satisfied the company is able to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements, particularly given the cash resources in the company, coupled with forecast cash flows.

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

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2018

1. ACCOUNTING POLICIES (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)**Year ended 31 March 2018****1. ACCOUNTING POLICIES (continued)****Taxation (continued)**

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 except for:

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 March 2018

1. ACCOUNTING POLICIES (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2018

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	2018	2017
	£	£
Operation of arts centre	-	5,118,045
Commercial trading	7,368,909	6,364,472
Revenue grants	-	668,483
	<u>7,368,909</u>	<u>12,151,000</u>

4. FINANCE INCOME (NET)

	2018	2017
	£	£
Interest received and similar charges	-	46
	<u>-</u>	<u>46</u>

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	2018	2017
	£	£
Depreciation of tangible fixed assets (see note 10)	323,982	527,449
Amortisation of intangible assets	-	30,644
Revenue grants	-	(466,667)
Operating lease rentals – plant and machinery	254	26,462
Operating lease rentals – land and buildings	-	320,833
	<u>323,982</u>	<u>418,721</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 March 2018

6. AUDITOR REMUNERATION

Fees payable to Deloitte LLP for the audit of the Company's annual accounts were £26,500 (2017: £25,000).

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)	2018	2017
	£	£
Wages and salaries	2,769,494	3,946,691
Social security costs	194,754	310,739
Pension costs	12,557	23,307
	<u>2,976,805</u>	<u>4,280,737</u>
Average number of persons employed (including executive directors)	No.	No.
Commercial Trading	<u>222</u>	<u>180</u>

8. DIRECTORS' REMUNERATION AND TRANSACTIONS

	2018	2017
	£	£
Emoluments	343,276	341,149
Company contributions to money purchase pension schemes	391	372
Total	<u>343,667</u>	<u>341,521</u>
Remuneration of the highest paid director		
Total emoluments	<u>197,494</u>	<u>200,164</u>

The number of Directors who are a member of the pension scheme is 1 (2017: 1).

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

Current tax	2018	2017
	£	£
United Kingdom corporation tax at 19% (2017: 20%) based on the profit for the year	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 March 2018

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.

	2018 £	2017 £
Profit on ordinary activities after charitable donations before tax	456,677	66,813
Tax charge at 19% (2017: 20%) thereon	86,769	13,363
Effects of:		
Expenses not deductible for tax purposes	709	(4,216)
Income not taxable	(56,457)	-
Effects of group relief/other reliefs	(2,223)	-
Unprovided deferred tax charge	(28,798)	(9,147)
Current tax charge for year	-	-

For the current year no deferred tax asset exists as this was fully disposed in the year to 31st March 2017. The amount of the asset not recognised in relation to tax losses is nil (2017: £86,500) and in relation to depreciation in excess of capital allowances is nil (2017: £30,644).

10. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 1 April 2017	3,010,968	56,194	3,067,162
Additions	22,952	-	22,952
Reclassification	1,344	(1,344)	-
At 31 March 2018	3,035,264	54,850	3,090,114
Depreciation			
At 1 April 2017	410,450	45,382	455,832
Charge for the year	314,514	9,468	323,982
At 31 March 2018	724,964	54,850	779,814
Net book value			
At 31 March 2018	2,310,300	-	2,310,300
At 31 March 2017	2,600,518	10,812	2,611,330

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 March 2018

11. STOCKS

	2018	2017
	£	£
Goods for resale	188,753	188,190

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade debtors	234,237	322,586
Prepayments and accrued income	46,707	66,120
Other debtors	297,275	159,745
	<u>578,219</u>	<u>548,451</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade creditors	112,955	225,290
Amounts owed to group undertakings	1,313,442	1,831,896
Taxation and social security	149,150	124,122
Other creditors	187,330	443,085
Accruals and deferred income	1,534,792	607,034
	<u>3,297,669</u>	<u>3,231,427</u>

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

	2018	2017
	£	£
Deferred income – capital grants received	1,683,854	2,278,138

15. DEFERRED INCOME

Deferred income includes capital grants as follows:	2018	2017
	£	£
Deferred income brought forward	2,278,138	5,761,375
Capital grants disposed of in the year	-	(3,008,462)
Released to profit and loss account	(297,142)	(474,775)
Deferred income	<u>1,980,996</u>	<u>2,278,138</u>

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

	2018	2017
	£	£
Amounts falling due within one year	297,142	257,523
Amounts falling after more than one year	1,683,854	2,020,615
	<u>1,980,996</u>	<u>2,278,138</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 March 2018

16. CALLED UP SHARE CAPITAL

	2018	2017
	£	£
Called up, allotted and fully paid		
1 ordinary share of £1 each	1	1

17. FINANCIAL COMMITMENTS

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

	2018	2017
	£	£
Leases which expire:		
Less than one year	-	9,128
Between two and five years	-	4,054
	-	13,182

18. 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 2018 was £12,557 (2017: £23,307).

19. 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 2018 The Lowry Centre Development Company Limited had no balances drawn under the joint facility (2017 £nil).

20. 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.