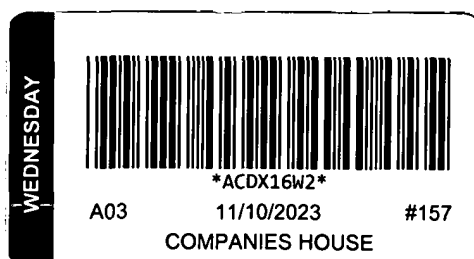


THE LOWRY CENTRE LIMITED

Annual Report and Financial Statements

For the year ended 31 March 2022



ANNUAL REPORT AND FINANCIAL STATEMENTS 2022

CONTENTS	Page
Officers and professional advisers	1
Strategic report	2
Directors' Report	5
Directors' responsibilities statement	7
Independent auditor's report	8
Profit and loss account	12
Statement of changes in equity	12
Balance sheet	13
Notes to the financial statements	14

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Sir RM Aldridge OBE
J Fawcett OBE
AJ Frost CBE
S Fry
MA Pendergast

CHIEF EXECUTIVE

J Fawcett OBE

SECRETARY

MA Pendergast

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
The Hanover Building
Corporation Street
Manchester
M4 4AH
United Kingdom

STRATEGIC REPORT

For the year ended 31 March 2022

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

PRINCIPAL ACTIVITIES

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

The principal activity 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 its parent, The Lowry Centre Trust and contribute to the overall running costs of the venue and to the development of artistic work. It operates The Lowry's catering, conferencing and events, retail and ticketing functions including a third party ticket agency business. Any surplus reserves plan to be transferred to the Trust.

REVIEW OF THE BUSINESS

The Lowry building was able to re-open with a limited offer from 22 May 2021, in line with the Government guidelines, enabling the Galleries to welcome visitors back for the first time since March 2020. By the end of July and with all lockdown restrictions lifted, the Lowry's Theatres and its Galleries were able to re-open fully to the public. The full complement of both hospitality and retail offers on-site resumed, and subsequently the demand for theatre tickets saw an increase.

Transparency of, and monitoring of, key performance indicators continued to be an important metric to understand the business and gain insight to its market position, this year was of even greater importance following the period of closure in the prior year. Net assets remain stable at £342,013.

Business area:	Hospitality	Ticketing	Retail
Profits compared to pre-pandemic (2019/2020)	Down 4 percentage points	Up 7% percentage points	Down 3 percentage points
Labour cost : Turnover %	42%	58%	34%

The profit for the year after tax before donation was £1,159,798 (2021: £708,303 loss). Gift Aid of £1,159,798 (2021: £nil) was donated to the parent company. The retained profit was £Nil (2021: £708,303 loss). The balance sheet on page 13 reflects the position at the end of the year. The cash balance has increased and shows a year on year uplift to £4,774,425 (2021: £2,175,647).

In line with the Government lockdown guidelines, the building was closed to the public until mid-May 2021, as a result, the ability to earn income was severely restricted until after this point. Whilst total income showed a significant increase on the previous year, it is a reduction of 26% on pre-pandemic results. Of the total income, Hospitality income represented 41% (2021: 0%, 2020: 50.8%), Ticketing 55% (2021: 75%, 2020: 44.9%) and Retail 3.7% (2021: 24%, 2020: 4.3%).

The activity of Quaytickets, The Lowry's third party ticketing agency recorded gross profits of £1,582,000 an uplift of 6% on pre-pandemic returns of 2020. Quaytickets continues to grow organically and secure new business from across the UK, delivering fully managed services and call centre services to a wide array of clients, from theatres, sports venues and cultural visitor attractions.

STRATEGIC REPORT (Continued)
For the year ended 31 March 2022

REVIEW OF THE BUSINESS (CONTINUED)

During the year, the hospitality operations of catering and conferencing and events resumed and recorded turnover of £2,468,460. This is for a period of eight months and although this is almost 50% of the turnover of pre-pandemic times (2020: £4,148,877), the result is encouraging and the spend per head is stable. The Lowry welcomed 8,850 delegates to Christmas parties, weddings and events, generating a gross profit of £1,136,000 (2021: £nil).

Retail operations recorded gross profits of £116,734 and retains a stable margin. Notably the on-line sales for 2022 have increased by 30%.

As business activity re-started, many employees were able to return to work and The Lowry was able to utilise the Government's Job Retention Scheme through to the end of September 2021, receiving £495,560 in grant funding (2021: £2,048,538).

FUTURE DEVELOPMENTS

Post year-end, the business has continued to develop and grow with activity levels increasing to reflect that of pre-pandemic.

Investments over the last few years in the trading arm of the Ticketing department, QuayTickets, has enabled the planned growth to come to fruition. This area of the business continues to expand and take on new contracts with visitor attraction clients across the UK.

With market uncertainties, post pandemic, it is encouraging that the Conferencing and Events business is continuing to strive and since April 2022 have hosted 100 events, 30 weddings and welcomed in excess of 360,000 visitors.

Our hospitality areas, including the Pier Eight restaurant, continue to focus on maximising theatre audience conversions as the pre-theatre dining market builds back to pre-Covid volumes.

The retail offering saw online sales increase significantly in 2022 and the range of products has been streamlined to attract a targeted audience, including specific theatre and arts programme merchandise where possible.

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. During the year, attention continued to focus on growth and mitigate the effect of the global pandemic on the business.

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.

STRATEGIC REPORT (Continued)
For the year ended 31 March 2022

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Most of the company's income is generated from or as a result of sales of theatre tickets, both within and external to the venue. As restrictions were lifted during the year, the principal risk arises from the uncertainty of public behaviours, the impact of audience numbers and the associated ancillary income.

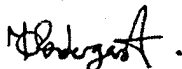
Subsequently the principal risk to the organisation continues to be a reintroduction of pandemic-related restrictions in future months. The development of hybrid working methods will ensure the continuation of ticketing operations if the building is closed.

GOING CONCERN

The company has prepared forecasts that take account of reasonably plausible 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. The directors have also received confirmation that the parent company, The Lowry Centre Trust will provide financial support, 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.

Taking this into account, the directors have a reasonable expectation that the company, alongside support from the parent company, has adequate resources available and is therefore able to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Approved by the board and signed on its behalf by:



MA Pendergast
Secretary

22 December 2022

DIRECTORS' REPORT

For the year ended 31 March 2022

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 2022.

The business review, 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 (2021: nil) and the retained profit for the year is £nil (2021: £708,303 loss).

ENVIRONMENT

The company recognises the importance of its environmental responsibilities and continue to strive towards introducing new initiatives designed to minimise the company's impact on the environment. As standard these include a ban on the use of single use plastics, the safe disposal of waste, recycling and reducing energy consumption.

The company has also committed to securing a Julie's Bicycle 3-star rating within the current year.

EMPLOYEES

Details of the number of employees and related costs can be found in note 8 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 includes 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 2022

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 (Resigned 31 March 2022)
J Fawcett OBE
AJ Frost CBE
S Fry
MA Pendergast (Appointed 1 April 2022)
AC Vinken OBE (Resigned 30 September 2022)

None of the directors had any interest in the shares of the company during the year (2021: same). Directors liability and indemnity insurance was in place for the full year (2021: same).

Directors' attendance at meetings during the year ending 31 March 2022

One meeting was held during the year; February 2022. Additionally, directors attended and participated in the quarterly meetings of the board of The Lowry Centre Trust, and in some cases, an Emergency Sub-Committee of the Trust established to review substantive issues of relevance to the group generally.

1/1	RM Aldridge
1/1	JM Brabbin
1/1	J Fawcett
1/1	AJ Frost
0/1	S Fry

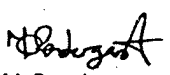
AUDITORS

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.

Approved by the board and signed on its behalf by:


MA Pendergast
Secretary

22 December 2022

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; 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 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 2022 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 20.

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

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)

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements, which included the UK Companies Act; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

Revenue recognition – Cut off

- Tracing a sample of revenue transactions recorded either side of the year end to supporting documentation to corroborate that they had been recorded in the correct period.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance

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 directors' report and strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report and strategic 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.



Matthew Smith (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Manchester, United Kingdom

22 December 2022

THE LOWRY CENTRE LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 March 2022

	Note	2022 £	2021 £
TURNOVER	3	6,017,170	254,916
Cost of sales		(1,136,404)	(177,749)
GROSS PROFIT		4,880,766	77,167
Administrative expenses		(4,513,697)	(3,092,197)
Other operating income	4	792,701	2,355,691
OPERATING PROFIT/(LOSS)		1,159,770	(659,339)
Finance income	5	28	776
PROFIT/(LOSS) BEFORE TAXATION	6	1,159,798	(658,563)
Tax on profit/(loss)	10	-	(49,740)
PROFIT/(LOSS) AFTER TAXATION		1,159,798	(708,303)

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 2022

	Profit and loss account £	Share Capital £	Total £
Balance at 1 April 2020	-	1	1
Loss after tax for the year	(708,303)	-	(708,303)
Charitable donation credit in the year	1,050,315	-	1,050,315
Balance at 31 March 2021	342,012	1	342,013
Profit after tax for the year	1,159,798	-	1,159,798
Charitable donation paid in the year	(1,159,798)	-	(1,159,798)
Balance at 31 March 2022	342,012	1	342,013

THE LOWRY CENTRE LIMITED

BALANCE SHEET
As at 31 March 2022

	Note	£	2022 £	£	2021 £
FIXED ASSETS					
Tangible assets	11		<u>1,139,653</u>		<u>1,433,024</u>
			1,139,653		1,433,024
CURRENT ASSETS					
Stocks	12	186,937		142,643	
Debtors	13	1,781,026		840,820	
Cash at bank and in hand		<u>4,774,425</u>		<u>2,175,647</u>	
		6,742,388		3,159,110	
CREDITORS: amounts falling due within one year	14	<u>(7,044,743)</u>		<u>(3,457,694)</u>	
NET CURRENT LIABILITIES			<u>(302,355)</u>		<u>(298,584)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			837,298		1,134,440
CREDITORS: amounts falling due after more than one year	15		<u>(495,285)</u>		<u>(792,427)</u>
NET ASSETS			<u>342,013</u>		<u>342,013</u>
CAPITAL AND RESERVES					
Called up share capital	17		1		1
Profit and loss account			<u>342,012</u>		<u>342,012</u>
SHAREHOLDER'S FUNDS			<u>342,013</u>		<u>342,013</u>

The financial statements of The Lowry Centre Limited, registered number 3255905, were approved by the Board of Directors and authorised for issue on 22 December 2022.

They were signed on its behalf by:

Julia Fawcett

J Fawcett OBE

Director

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2022

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 private company incorporated in the United Kingdom and registered in England and Wales 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 company has prepared forecasts that take account of reasonably plausible 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. The directors have also received confirmation that the parent company, The Lowry Centre Trust will provide financial support, 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.

Taking this into account, the directors have a reasonable expectation that the company, alongside support from the parent company, has adequate resources available and is therefore able to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 March 2022

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)**Year ended 31 March 2022****1. ACCOUNTING POLICIES (continued)****Taxation (continued)**

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.

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 2022

1. ACCOUNTING POLICIES (continued)

Grants

Grant income is recognised in income on a systematic basis over the periods in which the company recognises as expenses, the related costs for which the grants are intended to compensate. Specifically, government grants that are receivable as compensation for expenses already incurred or for the purpose of giving immediate financial support to the company with no future related costs, are recognised in income in the period in which they become receivable.

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 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	2022	2021
	£	£
Commercial trading	6,017,170	254,916

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2022

4. OTHER OPERATING INCOME

	2022	2021
	£	£
HMRC Coronavirus Job Retention Scheme grant income	495,560	2,048,539
Amortisation of grant income from Arts Council England	297,142	297,142
ACE project funding	-	10,010
	<u>792,702</u>	<u>2,355,691</u>

5. FINANCE INCOME

	2022	2021
	£	£
Interest received and similar charges	<u>28</u>	<u>776</u>

6. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is stated after charging:

	2022	2021
	£	£
Depreciation of tangible fixed assets (see note 11)	340,514	334,555
Stock expensed	553,373	78,313
Auditor's remuneration	<u>16,000</u>	<u>16,000</u>

7. AUDITOR REMUNERATION

Fees payable to Deloitte LLP for the audit of the Company's annual financial statements were £16,000 (2021: £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.

8. STAFF NUMBERS AND COSTS

Staff costs during the year (including executive directors)	2022	2021
	£	£
Wages and salaries	2,261,122	2,746,618
Social security costs	145,541	131,550
Pension costs	<u>31,616</u>	<u>38,456</u>
	<u>2,438,279</u>	<u>2,916,624</u>

Average number of persons employed (including executive directors)	No.	No.
Commercial Trading	<u>202</u>	<u>280</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2022

9. DIRECTORS' REMUNERATION AND TRANSACTIONS

Remuneration paid to Directors in the year to March 2022 £nil, (2021: £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.

10. TAX ON PROFIT/(LOSS)

(a) Analysis of charge in the year

	2022	2021
	£	£
Current tax		
United Kingdom corporation tax at 19% (2021: 19%) based on the profit/(loss) for the year	-	(126,881)
Adjustment in respect of previous periods	-	176,621
	<u>-</u>	<u>49,740</u>
Total current tax	<u>-</u>	<u>49,740</u>

(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.

	2022	2021
	£	£
Profit/(Loss)	1,159,798	(658,563)
Tax charge at 19% (2021: 19%) thereon	220,362	(125,127)
Effects of:		
Expenses not deductible for tax purposes	154	-
Super-deduction	(2,756)	-
Gift aid donation to parent	(210,561)	-
Unprovided deferred tax charge	(7,200)	(1,754)
Income not taxable	-	(56,457)
Adjustment from previous periods	-	176,621
Depreciation on ineligible assets	-	56,457
Tax rate changes	-	-
	<u>-</u>	<u>-</u>
Current tax charge for year	<u>-</u>	<u>49,740</u>

Finance No.2 Bill 2015 enacted the rate of corporation tax to 19% with effect from 1 April 2017, resulting in a current tax rate for the year of 19%. On 3 March 2021, the Chancellor of the Exchequer announced that legislation would be introduced in Finance Bill 2021 to increase the main rate of corporation tax for all non-ring fence profits to 25%, coming into force on 1 April 2023. This change was substantively enacted on 24 May 2021.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2022

11. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 1 April 2021	3,137,672	66,153	3,203,825
Additions	2,722	44,421	47,143
At 31 March 2022	<u>3,140,394</u>	<u>110,574</u>	<u>3,250,968</u>
Depreciation			
At 1 April 2021	1,707,202	63,599	1,770,801
Charge for the year	329,749	10,765	340,514
At 31 March 2022	<u>2,036,951</u>	<u>74,364</u>	<u>2,111,315</u>
Net book value			
At 31 March 2022	<u>1,103,443</u>	<u>36,210</u>	<u>1,139,653</u>
At 31 March 2021	<u>1,430,470</u>	<u>2,554</u>	<u>1,433,024</u>

12. STOCKS

	2022 £	2021 £
Goods for resale	<u>186,937</u>	<u>142,643</u>

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Trade debtors	232,162	26,765
Prepayments and accrued income	23,923	164,446
Other debtors	<u>1,524,941</u>	<u>649,609</u>
	<u>1,781,026</u>	<u>840,820</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Trade creditors	86,816	17,251
Amounts owed to group undertakings	4,553,428	1,924,386
Taxation and social security	40,047	31,389
Corporation tax	-	49,740
Accruals	1,875,286	985,182
Deferred income	451,171	425,900
Other creditors	<u>37,995</u>	<u>23,846</u>
	<u>7,044,743</u>	<u>3,457,694</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 March 2022

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

	2022	2021
	£	£
Deferred income – capital grants received	495,285	792,427

16 DEFERRED INCOME

Deferred income includes capital grants as follows:

	2022	2021
	£	£
Deferred income brought forward	1,089,569	1,386,711
Released to profit and loss account	(297,142)	(297,142)
Deferred income carried forward	792,427	1,089,569

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

	2022	2021
	£	£
Amounts falling due within one year	297,142	297,142
Amounts falling after more than one year	495,285	792,427
	792,427	1,089,569

Also included in deferred income, amounts falling due within one year is £154,029 (2021: £128,758) in respect of deposits held for room rentals and restaurant reservations.

17. CALLED UP SHARE CAPITAL

	2022	2021
	£	£
Called up, allotted and fully paid		
1 ordinary share of £1 each	1	1

18. 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 2022 was £31,616 (2021: £38,456).

19. 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 2022 The Lowry Centre Company Limited had no balances drawn under the joint facility (2021: £nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2022

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 and Wales. 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, being the same registered office of the The Lowry Centre Limited. Copies of the group financial statements are available from Companies House, Crown Way, Cardiff, CF14 3UZ.