
Royal Exchange Theatre Company Limited

Annual Report and Consolidated Financial Statements

for the period ended 31 March 2021

Royal Exchange Theatre Company Limited

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Royal Exchange Theatre Company Limited

**Reference and administrative details of the Company, its Trustees and advisers
for the period ended 31 March 2021**

Members of the board: Ben Caldwell, Chair
Ellen Flood
Nicole May
Sally Penni
Jennifer Raffle, Chair Finance and Scrutiny Committee
Aziz Rashid
David Roscoe (resigned 30 August 2021)
Davina Shah, Chair People and Culture Committee
Goeffrey Shindler
Martyn Torevell
Kate Vokes (appointed 10 March 2021)

Patron: HRH the Earl of Wessex

Joint Artistic Directors: Bryony Shanahan

Roy Alexander Weise

Executive Director : Stephen Freeman

Company registered number: 00927203

Charity registered number: 255424

Registered office: St Ann's Square
Manchester
M2 7DH

Company secretary S C Freeman

Independent auditors: Hurst Accountants Limited
Chartered Accountants
Statutory Auditors
Lancashire Gate
21 Tiviot Dale
Stockport
SK1 1TD

Bankers National Westminster Bank
19 Market Street
Manchester
M1 1WR

Solicitors Hempsons
100 Wood Street
London
EC2V 7AN

**Trustees' report
for the period ended 31 March 2021**

The trustees present their report and the audited group and company financial statements for the year ended 31 March 2021. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity. The Trustees' Annual Report incorporates the group Directors' Report and Strategic Report.

The financial statements have been prepared in accordance with accounting policies set out in the notes to the accounts and comply with the charity's governing document, the Companies Act 2006, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014.

This report is prepared to cover the seven months ended 31 March 2021, following the change of our financial year to match the standard year end used in the arts sector. As a result of the COVID-19 pandemic much of this period was spent in a national lockdown or localised restrictions following government instruction. Our plans to re-open the theatre in the autumn of 2020 were halted, due to restrictions and the escalating local situation across Greater Manchester, and our programme was moved to the digital space.

Having delivered a significant organisational restructure in late 2020, we spent this period looking to restart our programmes of live work, in a way that did not pose a significant threat to the organisation's financial health. The Cultural Recovery Fund grant from the Department of Culture Media and Sport (DCMS) allowed us to undertake significant preparatory work and organisational change.

Throughout our period of closure, engagement work continued to be delivered and we prioritised our connection with the communities of Greater Manchester. We successfully provided vital points of engagement and connection and positioned the organisation as a strong regional presence, something which will be critical to the future of the theatre.

Our purposes and activities

Vision

We change the way people see theatre, each other and the world around them.

Mission

Our historic building, once the world's biggest cotton exchange, was taken over by artists in 1976. Today we are an award-winning cultural charity that produces new theatre in-the-round, in communities, on the road and online.

Exchange remains at the heart of everything we make and do. Now our currency is brand new drama and reinvigorated classics, the boldest artists and a company of highly skilled makers - all brought together in a shared imaginative endeavour to trade ideas and experiences with the people of Greater Manchester and beyond.

The Exchange's unique auditorium is powerfully democratic, a space where audiences and performers meet as equals, entering and exiting through the same doors. It is the inspiration for all we do; inviting everyone to understand the past, engage in today's big questions, collectively imagine a better future and lose themselves in the moment of a great night out.

This vision is created to enable us to further our Charitable Objects which are:

- To promote and advance the arts and culture including in particular (but not exclusively) by providing (or assisting in the provision of) theatrical productions of high quality and relevance to the communities served by the Charity; and
- To promote and advance education in the arts and culture including in particular (but not exclusively) by providing (or assisting in the provision of) programmes, projects, courses, sessions or other educational activities on the subject of drama and theatre; educational and training opportunities for aspiring artists and theatre-makers; and films, books, literature, exhibitions and other materials or media on the subject of theatre and drama.

Public benefit

As demonstrated by these ambitions, the public and public benefit sit at the heart of all our activity. The Trustees have considered the Charity Commission's guidance on public benefit, in developing the organisation's objectives, planning its activities and pricing policy.

Our work is also informed by the aims of our principal public funders including Arts Council England's Let's Create strategy and the inclusive strategies of the Greater Manchester Combined Authority (GMCA) and Manchester City Council in ensuring the widest number of people in the region have the opportunity to experience culture.

As well as work in our theatre, we are increasing our reach and impact through a programme of outreach activity across the whole of Greater Manchester through the Local Exchange programme, and digital capture and distribution is taking our work, for free, to audiences across the UK and beyond, seeing a significant increase in streaming during the period. In setting the level of ticket prices and concessions, we give particular consideration to the accessibility of the Exchange to those on low incomes and with special needs. A special scheme for under 26's provides them with access to heavily discounted tickets, our Arts Pot fund subsidises tickets, fees and travel for those most in need of assistance to see our work or participate in our programmes. During the period when the theatre was closed, the scheme was not in operation however recommenced 1 April 2021 along with "pay what you can" and we continue to offer £10 day tickets to every performance in our theatre. We have accessible performances (audio-description, SL-interpretation, captioned performances, and relaxed performances) for our theatre and studio productions. We also offer free tickets to our programme to groups and partners working with us in some of the most disadvantaged parts of our community. Access to the benefits of the theatre is made available through free entry to our building's Great Hall (the City's former Cotton Exchange) in which the theatre is situated.

Digital performance

Due to our inability to present live performance, we moved our work to the digital space, producing new work for online distribution. This provided us with the opportunity to continue engaging with audiences, whilst widening our reach and impact.

All I Want for Christmas

ALL I WANT FOR CHRISTMAS was a celebration of Manchester – a journey through the tower blocks of the City Centre to the terraces of Glebe Street in Leigh, discovering stories filled with hope and joy from some of the most inspiring writers, directors and performers from across the region. Inspired by anecdotes from the communities and people who breathe life into them.

ALL I WANT FOR CHRISTMAS was a celebration of the everyday. The project saw us work with 50 artists, creating 25 short films which were broadcast each day of December, in effect a digital advent calendar. Working as both a free Christmas gift to our audiences and communities, but also as a way to support and engage with freelancers during such a difficult period, the artists involved were all from or based in Greater Manchester and saw professionals such as Russell T Davies and Wunmi Mosaku, work side by side with members of our Young, Elders and Local Exchange programmes, as well as early career artists. We also used this project to create new relationships with artists in Greater Manchester, which we are now developing. The last day of the advent calendar was formed in collaboration with Manchester Dance company I M Pact and saw them occupy our stage, in a reminder of what we were missing, and an invitation back to our space.

The Advent Calendar was viewed some 117, 000 times across all of our social media platforms.

Oh Woman

To mark International Women's Day, we commissioned six Greater Manchester based artists to make six new pieces of work under the heading OH WOMAN.

Oh Woman was a celebration of remarkable lives and quiet triumphs, of famous faces and family members, and was shared across the Theatre's website and social media channels from Monday 8 March onwards.

OH WOMAN was a celebration of remarkable lives and quiet triumphs, of famous faces and family members, and was shared across the theatre's website and social media channels from Monday 8 March onwards. Eliyana Evans, Nana-Kofi Kufuor, Gemma Langford, Channique Sterling-Brown, Rebecca Swarray and Becky Wilkie developed original audio experiences inspired by the extraordinary women who mean something to them. Manchester illustrator Hannah McLennan-Jones worked closely with each theatre maker. She created vibrant pieces of illustration using pen and ink drawings, which were then collaged together to create her final pieces.

Sound designer Annie May Fletcher worked with three of the theatremakers to develop their pieces. Annie is a sound designer and composer for live theatre and digital media based in the North, and she trained at LAMDA. The culmination of this project was six original and vibrant audio pieces that celebrated trans artist and icon SOPHIE; a mother and sister in a celebration of Black women; an eccentric, magical and well-loved nan; Mary Seacole and our NHS heroes; Manchester based activist Chloe Cousins, and artist and muse Elizabeth Siddall. Once more, this not only provided high-quality and innovative content, but allowed us to form new relationships with these artists. We worked with Rebecca Swarray on MY WHITE BEST FRIEND NORTH in autumn 2021 and engaged Channique Sterling-Brown as a poet for our Local Exchange Festival in August. Both of these artists were previously unknown to us.

OH WOMAN saw 6,457 views on Instagram and YouTube and 3,400 website page views.

Education programme

CHILDREN & YOUNG PEOPLE

Our work for and with children and young people both in the theatre and in communities remained a priority. We continued our work developing partnerships in Local Exchange areas with schools, youth centres and organisations, as well as continuing to place importance on our children and young people programmes at the theatre. Local Exchange, our community theatre project, takes our pop-up theatre, The Den, into a different area of Greater Manchester each year.

Young Company

Our new Young Company began in January 2021 and continuing to August 2021, culminating in a brand new performance in the module theatre written by Zodwa Nyoni. Sixty participants joined our Young Company in January 2021 in groups of Performers, Writers and Makers (Designers, Directors and Technicians) and took part in 22 weekly sessions leading towards rehearsals for the summer production.

The Young Company will also be invited to take part in an intergenerational production with the Elders Company, directed by Andy Barry. Both shows will take place in the module, our main space, handing over the space to participants and encouraging their creativity. The Young Company Collective, an open-access membership scheme for young people aged 14-21 continued to flourish through weekly one-off workshops, as well as longer half-term holiday courses and programmes. Alumni of the Young Company 2019-2020 had the opportunity to take part in a Company Three partnership production entitled When This is Over, directed by Nickie Miles- Wildin, a former Regional Theatre Young Directors Scheme Associate Director.

We recognise that the Young Company cohort did not manage to have a live performance opportunity at the theatre in 2020 and so we offered this group the chance to take part in Research and Development sessions from early 2021 leading to a performance in our Studio theatre in November 2021.

Children's Company

The Children's Company is for children aged 5 – 13 to take part in weekly sessions, holiday programmes and one-off drop-in workshops. Due to the impact of COVID-19 we did not begin our Children's Company programme during this period and used the time instead to evaluate our offer and understand how we can continue to develop the programme to ensure that we are reaching the most diverse group of children possible. We hope to re-establish the Children's Company with some taster events over the summer for families, and to reinstate the main programme of work in the Theatre from September 2021.

Schools

Similarly, we also spent time consulting with teachers from our partner schools to ensure that our schools programme is as relevant as possible. We are committed to continuing our Associate Schools programme for education providers within our Local Exchange areas to offer them deeper access and partnership with us in the form of free tickets, workshops and the chance to perform on stage in the theatre. We continued our schools workshop offer from the summer term to offer schools the opportunity to book a Royal Exchange Theatre workshop.

Work Experience

Our previous work experience scheme, Behind the Scenes Work Week, offering young people the chance to experience off-stage roles within theatre, was hugely popular, and was reinstated from the new academic year to ensure we continue to be a place for learning and opportunities for young people across Greater Manchester. In the meantime, we developed our digital careers programme giving insight into jobs at the theatre and how young people can develop a career in the arts.

ELDERS COMPANY

During this seven-month period, we decided not to recruit for a core Elders Company, but instead focused on developing targeted work for those who are vulnerable or under-represented. As a result, we developed a Dementia Phone a Friend project that involved Elders Company graduates phoning participants living with dementia to create a poem with them over a series of weeks. This project will continue to be delivered with a range of partners over the course of the next year. We also initiated an Older Black History Month project to take place from May 2021 for 12 months. We began the project by consulting with older Black people who have previously engaged with our Elders programme to understand the barriers they face and how best to approach the project. We hope that we will deliver an outcome of the project, however we will be led by the participants.

Elders Mondays drop-in sessions continued, taking place every other Monday to take part in writing, drama or script-reading workshops. The Elders Network, established in partnership with Leeds Playhouse, continued throughout the period offering both support for practitioners and participants to learn and develop their understanding of the breadth of work on offer and what other companies across the country are doing.

Our Elders Company was re-established in September 2021 in the theatre, having recruited for new members over the summer.

AUDIENCES & PARTICIPANT LED DEVELOPMENT

During this time of reflection and evaluation, we took the opportunity to consult with our participants about what they want from our theatre and how we can be a civic space for everyone. Alongside researching our current audience demographic compared to the demographic of Greater Manchester, we established a cohort of people from across our engagement programmes to form this consultation group who join us for the next 12 months to offer their feedback, thoughts and ideas and to shape the direction of the Royal Exchange Theatre.

Local Exchange

In our Local Exchange areas, we continued to work with communities in Leigh, Tameside, and Cheetham Hill.

Planning for the people in Leigh commenced, working towards theatre performances, employment and participation opportunities for the area. Programmed by our Leigh Ambassadors, a group of people who live, work and play in the area, we created work for the community culminating in a festival, ensuring that the festival was relevant and responded to the needs of the area. This festival was delivered in August 2021.

Now in our legacy year in Tameside, we finished work with Jigsaw Homes, residents of the Dukinfield estate, and children from Lyndhurst Primary School to develop a family fun day in the summer showcasing the work of the Tameside Women's Centre, craft activity packs that have been delivered to residents, and the primary school course.

In Cheetham Hill, we developed an audio tour for residents to walk around the area listening to stories from people in the community. The tour has been available from June 2021 for groups and people from the area to celebrate the diversity within Cheetham Hill.

Championing artists/artist development

Despite our building being closed and our team significantly reduced, we worked hard to ensure that we were still connected to the artists in our region and were supporting them throughout this period. In collaboration with other cultural organisations in the region, we continued to run the Greater Manchester Artists Hub (GMAH). This included free mentoring, open forums to share information and provide transparency, seed commissions, project funding, support with funding bids and industry workshops.

Additionally, our Joint Artistic Directors held "Town Hall" meetings with over 100 freelancers who have relationships with RET and who were feeling disconnected due to the pandemic. This was an open space to discuss the future, concerns, and opportunities, and work together to create more equitable spaces. They also held workshops with local Equity branches, universities and drama schools in the northwest, meeting cohorts of students who were having a particularly challenging time.

A national Freelance Task Force was formed to articulate the needs of freelancers in our industry at this time, and Lighting Designer Louise Anderson was engaged to be a part of this. She attended weekly sessions and fed back the highlights of the discussions, in order for the theatre to recognise the most urgent needs of the workforce, and to implement best practice going forward. This informed our decision making around care for artists in our re-opening programme.

Following our digital project Oh Woman, we invited all applicants (over 100) into an online meeting with our Artistic Directors, producers and engagement team. This was done to open up lines of communication, allow them to network with each other and find new collaborators, and to broker relationships and identify opportunities through our organisation. Furthermore, we offered two artists who had applied but not been successful, seed commissions to develop their ideas further with our support. From September 2020 we were joined by a Birkbeck trainee director, Maria Zemlinskaya, offering her hands on experience. She will be with us until the end of 2021 and we have designed a programme of activity that sees her working across all of our various strands. The programme includes a week of research and development to develop her own work.

After collaboration with New Earth theatre company, a company making theatre led by British East and South East Asians, we recognised a lack of representation in this area in our programme and we formed the BESEA (British East and South East Asian) Writers' group. This is made up of ten writers based in Greater Manchester, and they take part in weekly sessions run by industry leaders including Jude Christian and Kimber Lee. Our Dramaturg Suzanne Bell curates the programme and supports the group, as they are encouraged to work towards completing a new play.

We were successful applicants to the Weston Jerwood Creative Bursary fund, which saw us recruit a Digital Content creator for a year. The bursary supports artists specifically facing financial/socioeconomic barriers, and after a process which saw us meeting everyone who applied, we employed Duncan Butcher.

We have set-up a successful partnership with Warner Brothers, which is about supporting writers, and providing them with opportunities in theatre, television and film. We were awarded £20,000 as the first part of our partnership, to deliver our inaugural DISRVPT event. DISRVPT is a programme of work designed to throw open our spaces and address the complex history of the former cotton trading hall that houses the theatre module. We have commissioned Manchester poet/performer/producer Keisha Thompson to write a poem which looks at the history of the space, asks for us to hold complexity, and invites everyone to occupy it differently now. Keisha will work with a local designer to create a year-long exhibition of the poem, that will take residency in our Great Hall. Alongside the poem, we have given Keisha a commission to develop a new play with us, and she will start forming relationships with the team at Warner Brothers, to provide her with the skills and opportunity to work in TV and film. We hope to keep developing this partnership and are currently discussing the second DISRVPT and how it can grow to help support more writers in the region.

Environmental sustainability

We have continued our sector-leading role and commitment to environmental sustainability. The carbon footprint of our organisation, as reported to Arts Council England and defined by water, waste and energy, has halved since 2010.

We continue to participate in and support the Manchester Arts Sustainability Team which won Manchester Culture Award for Promotion of Environmental Sustainability in 2018. The MAST network continues to lead an EU URBACT project 'C- Change' with Manchester City Council, which sees the very successful model shared with five other European cities. This project was completed in December 2020.

Fundraising

Responsibility for fundraising is delegated by RET's trustees to the Executive team who manage the operational delivery of activity. We have a detailed fundraising plan, with targets benchmarked against Arts Council England research into performance within the sector, and we monitor progress against these targets on a regular basis. Fundraising activity and performance against target is reported quarterly to the Board by the Executive Director.

We raise money in a variety of ways from three main income streams – philanthropy, corporate partnerships and grants. Our fundraised income goes to support primarily our creative learning and engagement programme, our talent development strands of work, new writing as well as contributing towards core costs.

No complaints regarding fundraising were received during the year.

We comply with current regulations and best practice set out by The Institute of Fundraising.

The Development team works closely with the Marketing team to ensure that all communications with those registered on our database (be they active supporters or not) are compliant with the requirements of the General Data Protection Regulation (2018). Specific Direct Mail fundraising communications (such as the Members' magazine "Backstage") are distributed on an "opt-in" basis with the way to opt out prominently positioned.

Financial review and pricing policy

RET Group made an unrestricted surplus of £450k in 2020/21 (2019/20 £111k).

Net current assets were £1,799k as at 31 March 2021 (31 August 2020: £1,742k).

Net group assets were £6,251k as at 31 March 2021 (31 August 2020: £6,117k).

The COVID-19 pandemic had a significant effect on the Royal Exchange Theatre as it did on all performing arts venues across the UK. The severe financial impact of lost income from box office and commercial operations was offset by cost cutting as well as fundraising including emergency funding from Manchester City Council, Arts Council England and a large number of supporters of the theatre.

Going concern

We have set out below a review of our reserves position. We currently have adequate financial resources for ongoing operations, and our planning process, which includes financial projections, has taken into account the current economic climate and likely levels of funding support. The Royal Exchange Theatre places significant reliance on Arts Council (NPO) England grant funding in order to balance income and expenditure on an annual basis, and National Portfolio Organisation funding from the Arts Council is now confirmed through to March 2023. The Trustees therefore believe that the Royal Exchange Theatre will continue in operational existence for the foreseeable future and, based on future financial forecasts to March 2023, will be in a position to continue to meet its liabilities as they fall due for at least twelve months from signing these financial statements. The accounts have therefore been prepared on the basis that the charity is a going concern.

Reserves policy

As at the year end, our reserves policy is designed to provide available financial reserves for the following reasons;

- To absorb potential box office shortfalls;
- To cover significant unbudgeted costs (e.g. investment in new areas of artistic activity, one-off costs of organisational change);
- To ensure that we had sufficient resources for capital replacement as our likely annual capital expenditure over the next few years is expected to exceed our annual depreciation charge.

We have quantified the sums needed for each reason (box office shortfalls, significant additional costs and capital expenditure) whilst also considering that these needs are unlikely to all occur simultaneously. Overall, we believe that a figure of £800k of available reserves (defined as Unrestricted funds not already invested in fixed assets, or irrevocably committed for other purposes) should be sufficient to cover these requirements; this is equivalent to approximately 1.5 to 2 months' expenditure in typical (non-pandemic) trading conditions.

We have in recent years made good progress in building up our reserves through careful financial management and emergency COVID-19 funding from our core funders. As at 31 March 2021, our general unrestricted reserves stood at £686k (31 August 2020: £236k). The group's net current assets/liabilities held within general Unrestricted Funds, are shown in note 26.

Directors, trustees and members

The trustees of the charity are also directors of the company for the purposes of the Companies Act and are also the only members of the company. Each member undertakes to contribute £1 to the assets of the company in the event of a winding up.

Trustees in office during the period were:

Ben Caldwell * ** (Chair)

Ellen Hanlon *

Nicole May **

Sally Penni

Jennifer Raffle * (Chair Finance and Scrutiny Committee)

Aziz Rashid **

David Roscoe (resigned 30 August 2021)

Davina Shah ** (Chair People and Culture Committee)

Geoffrey Shindler *

Martyn Torcveall *

Kate Vokes (appointed 10 March 2021)

The Company Secretaries in office in the year were:

Stephen Freeman (appointed 4 November 2020)

Barry James (resigned 4 November 2020)

Appointment and induction of trustees

Trustees are recruited and appointed as and when required to maintain or enhance the range of expertise of the Board. They are appointed on an initial fixed term of three years, which may be extended. This ensures that the composition of the Board is refreshed on a regular basis. Opportunities for trusteeship are advertised publicly, and all new trustees are given appropriate induction into the Royal Exchange.

Diversity

At the period end the board of trustees was of 55% Female and 45% Male. 9% of trustees were aged 20-34, 18% aged 35-49, 64% aged 50-64 and 9% aged 65+.

Of the Board, 18% identified as deaf, disabled or having a long-term health condition, 64% as non-disabled and 18% preferred not to say.

The ethnicity of trustees was made up of 18% Asian British, 9% Black British, 55% White British and 18% preferred not to say.

9% of trustees identified as bisexual, 9% gay male, 64% heterosexual and 18% prefer not to say.

Our Executive, which is made up of the joint Artistic Directors and Executive Director comprised two male and one female. Two were aged between 20-34 and one 35-49. One member of the Executive identified as deaf, disabled or having a long-term health condition and two as non-disabled. The ethnicity of our Executive was made up of one Black British and two White British individuals. The sexual orientation of our Executive was made up of one heterosexual, one gay female/ lesbian and one gay male.

Structure, governance and management

The Royal Exchange Theatre Company Limited, whose registered office is situated at St Ann's Square, Manchester is a charitable company limited by guarantee and governed by its Articles of Association. The Governing Body of the Royal Exchange Theatre Company is the Board whose members are non-executive and unpaid. The Board retains full and effective control of the company, with approval for all major strategic decisions and has ultimate responsibility for the conduct of the company and its financial stability. Leadership and management of the company is delegated to the Executive.

The Executive is a partnership between the Joint Artistic Directors¹ Bryony Shanahan and Roy Alexander Weise and the Executive Director¹ Stephen Freeman. Each of these individuals (Bryony Shanahan, Roy Alexander Weise and Stephen Freeman) has the title of Joint Chief Executive. The Executive reports to the Board, and it is the Executive's responsibility to ensure that the work of the company supports the vision of the company and objects of the charity and that the management of the company is efficient, effective and compliant with regulation and run in accordance with good business practice.

The Board monitors the organisation's performance, and reviews the quality, effectiveness and timeliness of all information provided to it. The Board appoints the Executive and determines the contracts of employment of its three members. Review of Executive performance, pay and remuneration is delegated to the Chair of the Board and Chair of the Finance and Scrutiny Committee. The remuneration of the staff is set by the Executive with reference to benchmarks within the theatre sector.

Note 1: 'Director' is a traditional title for the above senior posts in our sector but these individuals are not statutory directors under the Companies Act nor are any other members of the SMT whose title includes the word 'Director'.

The Board meets at least four times each year and is supported by two standing sub-committees; the Finance and Scrutiny Committee and the People and Culture Committee, both of which also meet at least quarterly. Trustees above whose names are appended with an asterisk (*) are also members of the Finance and Scrutiny Committee. Trustees above whose names are appended with a double asterisk (**) are also members of the People and Culture Committee. Both the Board and its sub-committees receive agendas and papers in advance. Terms of reference set out the key decisions which must be approved by the Board, including approval thresholds for any large or exceptional items of expenditure. The Board has access to independent professional advice should it be required, at the company's expense.

The affairs of the group are subject to continuous external scrutiny by Arts Council England, which may attend board meetings as observer, and undertakes an annual review of our work. Similarly, the company's other major revenue grant funder (Greater Manchester Combined Authority) also appraises the theatre's work annually.

Organisation and related parties

Royal Exchange Theatre Company Limited has two subsidiary companies. Royal Exchange Theatre Trading Limited is responsible for the operation of the theatre's bars and café/restaurant, and gift-aids profits made to its parent company. Exchange Productions Limited acts as a production company for the Royal Exchange Theatre's productions.

Royal Exchange Theatre Company Limited also has two branches: The Royal Exchange Theatre Appeal Fund, a trust which undertakes fundraising activities and uses these funds to make grants to the theatre charity, and Royal Exchange Theatre Trustees Limited, which holds the leases for the theatre's properties.

The financial climate is challenging as a result of the COVID-19 pandemic. However, with the support of Arts Council England through the Culture Recovery Fund and that of other funders and donors, RET is in a stable financial position at this time of uncertainty.

Risk management

The board is very alive to the major risks to which we are exposed and an extensive risk register is maintained and reviewed and systems established to mitigate those risks. We assess all risks, and quantify the likelihood of these risks occurring, and the potential impact of these risks.

Key risks:

- Financial and practical considerations of reopening following Covid-19.
- Uncertainty regarding audience numbers and preferences after a substantial period with no main programme.
- Ensuring operational effectiveness following a significant restructure.
- Macroeconomic factors affecting consumer behaviour and public finances.

The business modelling exercise that is currently underway, forecasting through to March 2027, will seek to address and mitigate the key areas of risk in order to provide greater sustainability and provide the necessary capacity and flexibility for the organisation to deliver on its vision and mission.

Plans for future periods

In July 2021 the theatre re-opened with a world premiere of Bloody Elle- a Gig Musical. This marked the beginning of a re-mobilisation and testing phase, enabling the organisation to learn how the new operating model works and to understand changed audience behaviour. Autumn/winter 2021 saw us deliver three more main stage productions, including a new version of The Mountaintop, a world premiere of the Bruntwood Prize-winning play Glee & Me and a Christmas production of The Strange Undoing of Prudencia Hart. Alongside this programme of produced work, our engagement activity had a phased migration from online to in person delivery, working with our Elders and Young Company to deliver a new intergenerational production of Wit & Wisdom and a Young Company production of The Survivors Guide both taking place on our main stage. August 2021 was Year two of the Local Exchange programme in Leigh. The Den arrived at Spinners Mill in Leigh in August 2021 for a two-week festival of work, co-curated with the Leigh Ambassadors and a cohort of new Leigh-based partners.

Royal Exchange Theatre Company Limited

2022/2023 will see the theatre continue to test the market for work of scale on the main stage with a programme of six produced works. There is much still to learn about audience behaviour and confidence during this time, and we will continue to review and evaluate the impact of our work, understanding who is returning to the theatre and importantly, who is not. As part of this testing period we will continue to investigate and test digital versions of the work produced on the main stage to enable access for those who continue to find in-person attendance challenging.

In order to deliver our programmes in 2022/23, we will need to scale up our core staffing structure, enhancing it with additional posts on a fixed-term basis. This will address the capacity issues raised by our new, reduced staffing structure.

Approved by order of the members of the board of Trustees and signed on their behalf by:

Ben Caldwell

Date: 21 December 2021

**Statement of Trustees' responsibilities
for the period ended 31 March 2021**

The Trustees (who are also the directors of the Company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial period. Under company law, the Trustees 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 Group and the Company and of their incoming resources and application of resources, including their income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Disclosure of information to auditors

Each of the persons who are trustees at the date of approval of this report confirms that:

- (a) so far as the trustee is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) he/she has taken all the steps that he/she ought to have taken as a trustee to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by order of the members of the board of Trustees and signed on its behalf by:

Ben Caldwell
Chair

Date: 21 December 2021

Independent auditors' report to the Members of Royal Exchange Theatre Company Limited

Opinion

We have audited the financial statements of Royal Exchange Theatre Company Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the period ended 31 March 2021 which comprise the consolidated statement of financial activities, the consolidated balance sheet, the company balance sheet, the consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent charitable company's affairs as at 31 March 2021 and of the Group's incoming resources and application of resources, including its income and expenditure for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Trustees' 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 Group's or the parent charitable 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 Trustees with respect to going concern are described in the relevant sections of this report.

Independent auditors' report to the Members of Royal Exchange Theatre Company Limited (continued)

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditors' 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 this regard.

Opinion 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 Trustees' report for the financial period for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

We have nothing to report in respect of the following matters in relation to which Companies Act 2006 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) 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 Trustees 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 Trustees are responsible for assessing the Group's and the parent charitable 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 Trustees either intend to liquidate the Group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report to the Members of Royal Exchange Theatre Company Limited (continued)

Auditors' 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 auditors' 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.

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:

Identifying and assessing potential risks related to irregularities

In identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- The nature of the industry and sector in which the company operates; the control environment and business performance including key drivers for directors' remuneration, bonus levels and performance targets.
- The outcome of enquiries of local management and parent company management, including whether management was aware of any instances of non-compliance with laws and regulations, and whether management had knowledge of any actual, suspected, or alleged fraud.
- Supporting documentation relating to the Company's policies and procedures for:
 - Identifying, evaluating, and complying with laws and regulations
 - Detecting and responding to the risks of fraud
- The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- The outcome of discussions amongst the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.
- The legal and regulatory framework in which the Company operates, particularly those laws and regulations which have a direct effect on the financial statements, such as the Companies Act 2006, Charities SORP, Charities Act 2011, Charities Commission, pensions and tax legislation, or which had a fundamental effect on the operations of the Company, including General Data Protection requirements, and Anti-bribery and Corruption.

Audit response to risks identified

Our procedures to respond to the risks identified included the following:

- Reviewing the financial statements disclosures and testing to supporting documentation to assess compliance with the provisions of those relevant laws and regulations which have a direct effect on the financial statements.
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud.
- Evaluation and testing of the operating effectiveness of management's controls designed to prevent and detect irregularities.
- Enquiring of management about any actual and potential litigation and claims.
- Performing analytical procedures to identify any unusual or unexpected relationships which may indicate risks of material misstatement due to fraud.

Independent auditors' report to the Members of Royal Exchange Theatre Company Limited (continued)

We have also considered the risk of fraud through management override of controls by:

- Testing the appropriateness of journal entries and other adjustments.
- Challenging assumptions made by management in their significant accounting estimates, and assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
- Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

There are inherent limitations in the audit procedures described above, and the further removed non-compliance with laws and regulations are from the events and transactions reflected in the financial statements, the less likely we would become aware of them. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of our report

This report is made solely to the charitable 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 charitable company's members those matters we are required to state to them in an auditors' 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Helen Besant-Roberts (senior statutory auditor)

for and on behalf of

Hurst Accountants Limited

Chartered Accountants

Statutory Auditors

Lancashire Gate

21 Tiviot Dale

Stockport

SK1 1TD

22 December 2021

Royal Exchange Theatre Company Limited

Consolidated Statement of Financial Activities
as at 31 March 2021

	Note	Unrestricted (general) funds 7 Months ended 31 March 2021 £000	Unrestricted (designated) funds 7 Months ended 31 March 2021 £000	Restricted funds 7 Months ended 31 March 2021 £000	Total funds 7 Months ended 31 March 2021 £000	Total funds 12 months ended 31 August 2020 £000
Income						
Donations and legacies	4	65	-	246	311	896
Income from public sector grants	5	1,725	-	644	2,369	4,995
Theatre tax relief income		-	-	-	-	356
Income from charitable activities						
Operation of theatre	6	42	-	-	42	2,624
Income from trading activities						
Commercial and trading operations	7	50	-	-	50	837
Investment income	8	-	-	-	-	2
Total income		1,882	-	890	2,772	9,710
Expenditure						
Cost of raising funds:						
From commercial and trading operations and donations/legacies	9	(147)	-	-	(147)	(935)
Expenditure on charitable activities	10	(1,285)	(29)	(1,177)	(2,491)	(9,568)
Total expenditure		(1,432)	(29)	(1,177)	(2,638)	(10,503)
Net income/ (expenditure)		450	(29)	(287)	134	(793)
Net movement in funds		450	(29)	(287)	134	(793)

Royal Exchange Theatre Company Limited

Consolidated Statement of Financial Activities
as at 31 March 2021

	Unrestricted (general) funds	Unrestricted (designated) funds	Restricted funds	Total funds	Total funds
	7 Months ended 31 March 2021	7 Months ended 31 March 2021	7 Months ended 31 March 2021	7 Months ended 31 March 2021	12 months ended 31 August 2020
	£000	£000	£000	£000	£000
Reconciliation of funds:					
Total funds brought forward	236	1,135	4,746	6,117	6,910
Net movement in funds	450	(29)	(287)	134	(793)
Total funds carried forward	686	1,106	4,459	6,251	6,117

The statement of financial activities includes all gains and losses recognised in the current or previous period.

There is no difference between the results for the financial years stated above and their historical cost equivalents.

All incoming resources and resources expended above relate to continuing operations.

The notes on pages 28 to 54 form part of these financial statements.

Royal Exchange Theatre Company Limited
Registered number: 00927203

Consolidated balance sheet
as at 31 March 2021

	Note	31 March 2021 £000	31 August 2020 £000
Fixed assets			
Tangible assets	17	4,452	5,158
Current assets			
Debtors	20	578	1,529
Cash at bank and in hand	26	2,371	1,527
		<u>2,949</u>	<u>3,056</u>
Creditors: amounts falling due within one year	21	(1,150)	(1,314)
Net current assets		<u>1,799</u>	<u>1,742</u>
Total assets less current liabilities		<u>6,251</u>	<u>6,900</u>
Provisions for liabilities	22	-	(783)
Total net assets		<u><u>6,251</u></u>	<u><u>6,117</u></u>
Charity funds			
Restricted funds	23	4,459	4,746
Unrestricted funds:			
Designated Funds	23	1,106	1,135
General Funds	23	686	236
		<u>1,792</u>	<u>1,371</u>
Total funds		<u><u>6,251</u></u>	<u><u>6,117</u></u>

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:

Ben Caldwell

Chair

Date: 21 December 2021

The notes on pages 22 to 47 form part of these financial statements.

Royal Exchange Theatre Company Limited
Registered number: 00927203

Company balance sheet
as at 31 March 2021

	Note	31 March 2021 £000	31 August 2020 £000
Fixed assets			
Tangible assets	17	4,452	5,158
Investments		-	-
		<u>4,452</u>	<u>5,158</u>
Current assets			
Debtors	20	580	1,488
Cash at bank and in hand		2,360	1,527
		<u>2,940</u>	<u>3,015</u>
Creditors: amounts falling due within one year	21	(1,160)	(1,321)
Net current assets		<u>1,780</u>	<u>1,694</u>
Total assets less current liabilities		<u>6,232</u>	<u>6,852</u>
Provisions for liabilities		-	(783)
Total net assets		<u><u>6,232</u></u>	<u><u>6,069</u></u>
Charity funds			
Restricted funds		4,486	4,741
Unrestricted funds			
Designated funds		1,107	1,136
General funds		639	192
		<u>1,746</u>	<u>1,328</u>
Total funds		<u><u>6,232</u></u>	<u><u>6,069</u></u>

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:

Ben Caldwell

Chair

Date: 21 December 2021

The notes on pages 22 to 47 form part of these financial statements.

Royal Exchange Theatre Company Limited

Consolidated statement of cash flows
for the period ended 31 March 2021

		7 months ended 31 March 2021 £000	<i>12 months ended 31 August 2020 £000</i>
	Note		
Cash flows from operating activities			
Net cash provided by operating activities	25	845	842
		<hr/>	<hr/>
Cash flows from investing activities			
Dividends, interest and rents from investments		-	2
Purchase of tangible fixed assets		(1)	(118)
		<hr/>	<hr/>
Net cash used in investing activities		(1)	(116)
		<hr/>	<hr/>
Change in cash and cash equivalents in the period		844	726
Cash and cash equivalents at the beginning of the period		1,527	801
		<hr/>	<hr/>
Cash and cash equivalents at the end of the period	26	<u>2,371</u>	<u>1,527</u>

The notes on pages 22 to 47 form part of these financial statements

**Notes to the financial statements
for the period ended 31 March 2021**

1. General information

Royal Exchange Theatre Company Limited is a company limited by guarantee, registered number 00927203. It is incorporated in England, and the registered address is St Ann's Square, Manchester, M2 7DH.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, in accordance with applicable accounting standards in the United Kingdom and on a going concern basis, which follows the recommendations in Charities SORP (FRS102) 2015 and in accordance with FRS102. The basis of preparation of these financial statements has taken due account of the Companies Act 2006 and Charities Act 2011.

The financial statements for the period ended 31 March 2021 are for a 7 month period. The period end changed

from 31 August to 31 March and therefore the comparative amounts are not entirely comparable.

The principal accounting policies of the group have remained unchanged from the previous year. The key accounting policies are set out below.

2.2 Going concern

In deciding to prepare the financial statements on a going concern basis, the trustees have considered all available information about the future for a period of at least 12 months from the date of approval. The information includes financial forecasts which are underpinned by a level of guaranteed funding from key stakeholders Arts Council England and, to a lesser extent, the Greater Manchester Combined Authority. These forecasts take into account the current economic climate and likely levels of funding support. The Royal Exchange Theatre places significant reliance on Arts Council England grant funding in order to balance income and expenditure on an annual basis, and NPO funding from the Arts Council is now confirmed through to March 2023. Other funding sources are assumed in the forecasts that are not yet guaranteed but the trustees believe that there is a realistic prospect of securing them. Based on these forecasts, the trustees believe that the theatre can continue in operational existence for at least the next 12 months.

2.3 Basis of consolidation

The financial statements of the charitable company incorporate those of all funds and branches as required by the Charities SORP on a line by line basis. Therefore this shows the financial affairs of the Royal Exchange Theatre Company Limited, together with its branches Royal Exchange Theatre Appeal Fund, and Royal Exchange Theatre Trustees Limited.

The group financial statements consolidate those of the charitable company and of its subsidiary undertakings drawn up to 31 March 2021 on a line by line basis. These subsidiaries are Royal Exchange Theatre Trading Limited (formerly Royal Exchange Theatre Catering Limited) and Exchange Productions Limited.

All intra-group balances and transactions are eliminated on consolidation.

Accounting policies are consistent throughout the group.

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Income and Expenditure account. The Charity has taken advantage of the paragraph 1.11 Section 1, Cash flows, of FRS 102 and as such has not shown an individual charity cash flow statement within these financial statements on the basis that it is a qualifying entity and the Consolidated Statement of Cash Flows included within these financial statements includes the Charity's own cash flows.

Notes to the financial statements
for the period ended 31 March 2021

2. Accounting policies (continued)

2.4 Charity status

The members of the charity are the trustees named on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

2.5 Income from government grants

Revenue grants are credited as incoming resources when they are receivable provided the conditions for receipt have been complied with, unless they relate to a specified future period, in which case they are deferred.

Grants for the purchase of fixed assets are credited to restricted incoming resources when receivable. Depreciation of the fixed assets purchased with such grants is charged against the restricted fund.

Grants and related income subject to pre-conditions for use have been deferred to be released to the statement of financial activities as the pre-conditions are satisfied.

Grants of a revenue nature are recognised in the Consolidated statement of financial activities in the same period as the related expenditure.

2.6 Income from donations and legacies

All monetary donations and gifts are included in full in the statement of financial activities when receivable, provided that there are no donor-imposed restrictions as to the timing of the related expenditure, in which case recognition is deferred until the pre-condition has been met.

Investments donated to the company during the year are included in income at the mid-market value at the date of the donation. Subsequent unrealised and realised gains or losses on the value of the investments are shown separately in the Statement of Financial Activities. Donations made under Gift Aid together with the associated income tax recoveries are credited as income when the donations are received.

Donated services and facilities are included at the value to the charity where this can be quantified. No amounts are included in the financial statements for time donated by volunteers.

2.7 Income from charitable activities

Income from charitable activities comprises ticket sales for performances at the Royal Exchange, co-production income in respect of Royal Exchange productions, income for Royal Exchange tours, plus ancillary and non primary purpose income and income from other artistic activities including Creative Learning and Engagement activities. Income relating to productions is deferred until the relevant performances have taken place.

2.8 Income from trading activities

Income from trading activities comprises income from catering, sponsorship and corporate membership. Membership and sponsorship income is recognised on a receivable basis.

2.9 Investment income

Investment income comprises interest receivable on cash balances held in interest-bearing accounts and is recognised on an accruals basis.

Notes to the financial statements
for the period ended 31 March 2021

2. Accounting policies (continued)

2.10 Theatre tax relief

Theatre tax relief represents income due from HMRC in respect of Theatre Tax Relief relating to productions that took place during the year. This income is recognised on a receivable basis.

2.11 Cost of raising funds from commercial and trading operations and donations/legacies

Cost of raising funds from commercial and trading operations and donations/legacies comprises costs relating to income generated from catering, sponsorship and corporate membership.

2.12 Expenditure on charitable activities: costs of performances

Cost of performances comprises the costs of all Royal Exchange productions and those of visiting companies presented in the Main House, the Studio and on tour.

Costs incurred in relation to scenery materials, costumes and props and production costs for future productions are prepaid and released to the Statement of Financial Activities in the year in which the first night of the related production takes place.

2.13 Expenditure on other charitable activities

Expenditure on other charitable activities consists of costs relating to other artistic activities including Creative Learning and Engagement activities, new writing, and customer services. Expenditure on ancillary and non-primary purpose trading activities is included here.

All expenditure is accounted for on an accruals basis.

Provision has been made, where appropriate, for relevant expenses where a present obligation exists at the balance sheet date in accordance with the requirements of FRS 102.

2.14 Tangible fixed assets and depreciation

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives.

Depreciation is provided on the following bases:

Freehold property	-	Over the period of the lease
Long-term leasehold property	-	50 years straight line
Short-term leasehold property	-	Over the period of the lease
Fixtures and fittings	-	4-10 years straight line

Expenditure on tangible fixed assets in excess of £2,000 is capitalised.

Notes to the financial statements
for the period ended 31 March 2021

2. Accounting policies (continued)

2.15 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

Mixed motive investments are measured at their fair value, or if fair value cannot be reliably measured, at cost less impairment.

2.16 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

2.17 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.18 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

2.19 Financial instruments

The Group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.20 Fund accounting

Unrestricted (general) funds are donations and other incoming resources received or generated for expenditure on the general objectives of the charity.

Unrestricted (designated) funds are unrestricted funds which have been designated for specific purposes by the trustees.

Restricted funds are to be used for specified purposes laid down by the donor. Expenditure for those purposes is charged to the fund.

Notes to the financial statements
for the period ended 31 March 2021

2. Accounting policies (continued)

2.21 Pensions

The Royal Exchange Theatre Company Limited operates two defined contribution schemes. The assets of the schemes are held in separately administered funds. The pension costs charged to the Statement of Financial Activities represent the amount of contributions payable to the schemes by the charitable company in respect of the accounting period. The liability and expenses for defined contribution plans are allocated to unrestricted funds and restricted funds on the same basis as other employee-related costs.

2.22 Taxation

The Charity is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

2.23 VAT (Value added tax)

Income is stated net of VAT where applicable. Expenditure is stated net of any recoverable VAT. Any irrecoverable VAT is recognised as a cost against the activity for which the expenditure was incurred.

2.24 Operating leases

Rents payable under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

3. Critical accounting estimates and areas of judgement

Preparation of the financial statements requires management to make significant judgements and estimates that affect amounts recognised for assets and liabilities at the reporting date and the amounts of revenue and expenses incurred during the reporting period. Actual outcomes may differ from these judgements, estimates and assumptions. The judgements, estimates and assumptions that have the most significant effect on the carrying value of assets and liabilities of the charity at 31 March 2021 are discussed below.

Critical accounting estimates and assumptions:

Recoverable value of trade debtors

The recoverability of trade debtors is regularly reviewed in the light of the available economic information specific to each debtor and specific provisions are recognised for balances considered to be at risk or irrecoverable. At the year end, the value of trade debtors totalled £45,000 (31 August 2020: £37,000).

Property, plant and equipment

Management exercises judgement in estimating the useful life of property, plant and equipment. At the year end, the net book value of property, plant and equipment is £4,452,000 (31 August 2020: £5,158,000).

Accruals and deferred income

Accruals and deferred income are entered into the financial statements based on management expectations. The charity recognised accruals and deferred income at 31 March 2021 is £921,000 (31 August 2020: £1,013,000)

Royal Exchange Theatre Company Limited

Notes to the financial statements
for the period ended 31 March 2021

4. Income from donations and legacies

	Unrestricted funds	Restricted funds	Total funds	Total funds
	7 Months ended 31 March 2021	7 Months ended 31 March 2021	7 Months ended 31 March 2021	12 months ended 31 August 2020
	£000	£000	£000	£000
Donations and legacies	65	246	311	896
Total 2021	65	246	311	896
<i>Total 2020</i>	<i>493</i>	<i>403</i>	<i>896</i>	

5. Income from public sector grants

	Unrestricted funds	Restricted funds	Total funds	Total funds
	7 Months ended 31 March 2021	7 Months ended 31 March 2021	7 Months ended 31 March 2021	12 months ended 31 August 2020
	£000	£000	£000	£000
Grants receivable				
Arts Council England (ACE) revenue funding	1,387	-	1,387	2,332
Greater Manchester Combined Authority (GMCA) revenue funding	128	-	128	238
Cultural Recovery Fund	-	644	644	783
Coronavirus Job Retention Scheme Income	162	-	162	1,071
Regional Theatre Young Director Scheme	-	-	-	571
MCC Revenue funding	48	-	48	-

Royal Exchange Theatre Company Limited

Notes to the financial statements
for the period ended 31 March 2021

6. Income from charitable activities

	Unrestricted funds	Restricted funds	Total funds	Total funds
	7 Months ended	7 Months	7 Months	12 months ended
	31 March 2021	ended 31 March 2021	ended 31 March 2021	31 August 2020
	£000	£000	£000	£000
Box office income from performances				
Box office income - own productions & co-productions	-	-	-	2,284
Box office income - visiting companies and special events	-	-	-	48
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,332</u>
Creative Learning and Engagement income	40	-	40	42
Co-production income	-	-	-	9
Costume hire, theatre shop & programmes	-	-	-	205
Income from other artistic activities	2	-	2	36
	<u>42</u>	<u>-</u>	<u>42</u>	<u>292</u>
Total 2021	<u>42</u>	<u>-</u>	<u>42</u>	<u>2,624</u>
<i>Total 2020</i>	<u><i>2,602</i></u>	<u><i>22</i></u>	<u><i>2,624</i></u>	

Royal Exchange Theatre Company Limited

Notes to the financial statements
for the period ended 31 March 2021

7. Income from trading activities

Income from non charitable trading activities

	Unrestricted funds 7 months ended 31 March 2021 £000	Restricted funds 7 months ended 31 March 2021 £000	Total funds 7 months ended 31 March 2021 £000	Total funds 12 months ended 31 August 2020 £000
Sponsorship and fundraising	30	-	30	126
Corporate members	-	-	-	18
Miscellaneous income	20	-	20	130
Operations of trading subsidiaries (note 14)	-	-	-	563
Total 2021	50	-	50	837
<i>Total 2020</i>	<i>714</i>	<i>123</i>	<i>837</i>	

Miscellaneous income includes hire income.

8. Investment income

	Unrestricted funds 7 months ended 31 March 2021 £000	Total funds 7 months ended 31 March 2021 £000	Total funds 12 months ended 31 August 2020 £000
Income from bank deposits	-	-	2
<i>Total 2020</i>	<i>2</i>	<i>2</i>	

Royal Exchange Theatre Company Limited

Notes to the financial statements
for the period ended 31 March 2021

9. Costs of raising funds from commercial and trading operations and donations/legacies

	Unrestricted (general) funds	Unrestricted (designated) funds	Restricted funds	Total funds	Total funds
	7 Months ended 31 March 2021	7 Months ended 31 March 2021	7 Months ended 31 March 2021	7 Months ended 31 March 2021	12 months ended 31 August 2020
	£000	£000	£000	£000	£000
Commercial trading (note 14)	29	-	-	29	506
Sponsorship and corporate members	57	-	-	57	207
Other costs	18	-	-	18	66
Total before support costs	104	-	-	104	779
Support costs reallocated (note 12)	43	-	-	43	156
Total 2021	147	-	-	147	935
<i>Total 2020</i>	<i>887</i>	-	48	935	

Royal Exchange Theatre Company Limited

Notes to the financial statements
for the period ended 31 March 2021

10. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted (general) funds 7 Months ended 31 March 2021 £000	Unrestricted (designated) funds 7 Months ended 31 March 2021 £000	Restricted funds 7 Months ended 31 March 2021 £000	Total funds 7 Months ended 31 March 2021 £000	Total funds 12 months ended 31 August 2020 £000
Artistic and creative	40	-	40	80	866
Performers and stage management	35	-	30	65	1,100
Production costs	74	-	138	212	2,319
Customer services	136	-	15	151	496
Creative learning and engagement	41	-	47	88	321
New writing and development	72	-	19	91	332
Other artistic activities	16	-	-	16	59
Costume hire, theatre shop and programmes	71	-	-	71	260
Change (Local) Exchange	15	-	3	18	64
Redundancy costs	-	-	-	-	783
Organisational change	-	-	838	838	-
Total before support costs	500	-	1,130	1,630	6,600
Support costs reallocated (note 12)	785	29	47	861	2,968
Total 2021	1,285	29	1,177	2,491	9,568

Total 2020

7,483

48

2,037

9,568

Royal Exchange Theatre Company Limited

Notes to the financial statements
for the period ended 31 March 2021

11. Analysis of expenditure on charitable activities

Summary by activity

	Cost of performances	Other charitable activities	Total	Total
	7 Months ended	7 Months ended 31	7 Months ended 31	12 months ended
	31 March 2021	March 2021	March 2021	31 August 2020
	£000	£000	£000	£000
Artistic and creative	80	-	80	866
Performers and stage management	65	-	65	1,100
Production costs	212	-	212	2,319
Customer services	151	-	151	496
Creative learning and engagement	-	88	88	321
New writing and development	-	91	91	332
Other artistic activities	-	16	16	59
Costume hire, theatre shop and programmes	-	71	71	260
Change (Local) Exchange	-	18	18	64
Redundancy costs	-	-	-	783
Organisational change	-	838	838	-
Total before support costs	508	1,122	1,630	6,600
Support costs reallocated (note 12)	732	129	861	2,968
Total 2021	1,240	1,251	2,491	9,568

Total 2020

7,435

2,133

9,568

Notes to the financial statements
for the period ended 31 March 2021

12. Analysis of support costs

	Support costs 7 months ended 31 March 2021 £000	Total funds 7 months ended 31 March 2021 £000	Total funds 12 months ended 31 August 2020 £000
Cost of raising funds (note 9)	43	43	156
Cost of performances (note 11)	732	732	2,654
Other charitable activities (note 11)	129	129	314
Total 2021	904	904	3,124
<i>Total 2020</i>	<i>3,124</i>	<i>3,124</i>	

Support costs include building management and maintenance, cleaning, security, related premises overheads (e.g. rates, electricity), depreciation, marketing, finance, IT and other administrative services.

All support costs have been allocated based upon a management review of the estimated usage, split 13% (12 months ending 31 August 2020: 5%) to costs of raising funds, 77% (12 months ending 31 August 2020: 85%) to costs of performances and 9% (12 months ending 31 August 2020: 10%) to other charitable activities.

13. Auditors' remuneration

	7 months ended 31 March 2021 £000	12 months ended 31 August 2020 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts and those of its subsidiaries and branches	14	14
Fees payable to the Company's auditor in respect of:		
All taxation advisory services not included above	2	2
All other services not included above	1	-

Royal Exchange Theatre Company Limited

**Notes to the financial statements
for the period ended 31 March 2021**

14. Operations of trading subsidiaries

A summary of the results of the company's trading subsidiaries are as follows:

Royal Exchange Theatre Trading Limited

	7 Months ended 31 March 2021 £000	<i>12 months ended 31 August 2020 £000</i>
The income and expenditure of the subsidiary were		
Turnover	-	563
Cost of sales	(29)	(507)
	<hr/>	<hr/>
Gross profit	(29)	56
	<hr/>	<hr/>
Operating profit	(29)	56
Donation to parent	-	(56)
	<hr/>	<hr/>
Retained in subsidiary	<u>(29)</u>	<u>-</u>
 The net assets and liabilities of the subsidiary were		
Current assets	15	4
Creditors due within one year	(44)	(4)
	<hr/>	<hr/>
Total net assets/(liabilities)	<u>(29)</u>	<u>-</u>
	<hr/>	<hr/>
Share capital and reserves	<u>-</u>	<u>-</u>

Royal Exchange Theatre Company Limited

**Notes to the financial statements
for the period ended 31 March 2021**

14. Operations of trading subsidiaries (continued)

Exchange Productions Limited

	7 Months ended 31 March 2021 £000	<i>12 months ended 31 August 2020 £000</i>
The income and expenditure of the subsidiary were		
Turnover	-	2,830
Cost of sales	-	(3,186)
	<hr/>	<hr/>
Gross loss	-	(356)
Theatre tax relief	-	356
	<hr/>	<hr/>
Retained in subsidiary	<hr/> <hr/>	<hr/> <hr/>
The net assets and liabilities of the subsidiary were		
Current assets	357	357
Creditors due within one year	(359)	(359)
	<hr/>	<hr/>
Total net liabilities	<hr/> <hr/>	<hr/> <hr/>
Share capital and reserves	<hr/> <hr/>	<hr/> <hr/>

Royal Exchange Theatre Company Limited

Notes to the financial statements
for the period ended 31 March 2021

15. Staff costs

	Group	<i>Group</i>	Company	<i>Company</i>
	7 months ended	<i>12 months ended</i>	7 months ended	<i>12 months ended</i>
	31 March	<i>31 August</i>	31 March	<i>31 August</i>
	2021	<i>2020</i>	2021	<i>2020</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Wages and salaries	1,070	4,532	1,070	4,532
Social security costs	121	286	121	286
Contribution to defined contribution pension schemes	31	115	31	115
Termination payments	-	783	-	783
	<u>1,222</u>	<u>5,716</u>	<u>1,222</u>	<u>5,716</u>

During the period, the charity incurred redundancy costs totalling £Nil (12 months ended 31 August 2020: £783,042). At the year end date, there are amounts totalling £Nil relating to redundancy costs on the balance sheet (31 August 2020: £783,042).

The average number of persons employed by the Company during the period was as follows:

	Group	<i>Group</i>
	7 months ended	<i>12 months ended</i>
	31 March	<i>31 August</i>
	2021	<i>2020</i>
	No.	<i>No.</i>
Full time employees	45	89
Part time employees	32	47
	<u>77</u>	<u>136</u>

Notes to the financial statements
for the period ended 31 March 2021

15. Staff costs (continued)

	Group	Group
	2020	2020
	No.	No.

The number of full time equivalent employees was: 45 107

Full time equivalent employees fell into the following categories:

	Group 7 months ended 31 March 2021 No.	Group 12 months ended 31 August 2020 No.
Generating funds	4	5
Artistic / education / literary	12	16
Production and stage operations	20	35
Other theatre operations	21	23
Support activities	11	13
Management and administration	5	7
Ushers	4	8
	<u>77</u>	<u>107</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	Group 7 months ended 31 March 2021 No.	Group 12 months ended 31 August 2020 No.
In the band £70,001 - £80,000	1	1

During the year, the key management personnel of the parent charity comprised the trustees, the Artistic Directors and Executive Director.

The total emoluments and employee benefits of the key management personnel for the 7 months ended 31 March 2021 were £110,577 (12 months ending 31 August 2020: £210,672).

The key management personnel of the group are the same as those of the parent charity.

No trustees of the company received any remuneration during the year or in the previous year. Expenses for travel and entertainment totalling £nil (12 months ending 31 August 2020: £558) were incurred by no trustees (12 months ending 31 August 2020: one trustee) wholly and necessarily on RET's business and were reimbursed during the year.

Trustees are offered two tickets on Press Night for each main production to enable them to carry out their duties.

Notes to the financial statements
for the period ended 31 March 2021

16. Results of the charitable company

The company has taken advantage of Section 408 of the Companies Act 2006 and not included its own income and expenditure account in these financial statements. The net incoming resources for the company (including its branches) for the year was £163,000 (2020: *net outgoing resources of £797,000*).

17. Tangible fixed assets

Group and Company

	Freehold property and long leasehold buildings £000	Leasehold improvements £000	Short-term leasehold property £000	Fixtures and fittings £000	Total £000
Cost or valuation					
At 1 September 2020	177	26,240	1,500	4,799	32,716
Additions	-	-	-	1	1
Disposals	-	-	-	(3,788)	(3,788)
At 31 March 2021	177	26,240	1,500	1,012	28,929
Depreciation					
At 1 September 2020	77	21,788	1,390	4,303	27,558
Charge for the period	2	593	35	77	707
On disposals	-	-	-	(3,788)	(3,788)
At 31 March 2021	79	22,381	1,425	592	24,477
Net book value					
At 31 March 2021	98	3,859	75	420	4,452
At 31 August 2020	100	4,452	110	496	5,158

Royal Exchange Theatre Company Limited

**Notes to the financial statements
for the period ended 31 March 2021**

18. Investments

Company

	31 March 2021 £	<i>31 August 2020 £</i>
Shares in subsidiary undertakings (note 19)	101	<i>101</i>
Mixed motive investments	1	<i>1</i>
	102	<i>102</i>

Mixed motive investments:

	Class of shares	Proportion of NV held	Nature of business
Lear the Film Limited	£1 ordinary	33.3%	Film production company

19. Subsidiaries

The following were subsidiary undertakings of the Company:

Names	Company number	Registered office	Principal activity	Class of shares	Holding
Royal Exchange Theatre Trading Limited	01265513	St Ann's Square, Manchester, M2 7DH	Operation of theatre bars and cafe	Ordinary	100%
Exchange Productions Limited	02413667	St Ann's Square, Manchester, M2 7DH	Presentation of productions	Ordinary	100%

One share of Exchange Productions Limited is held by a nominee on behalf of the Royal Exchange Theatre Company Limited.

Royal Exchange Theatre Company Limited

Notes to the financial statements
for the period ended 31 March 2021

20. Debtors

	Group	<i>Group</i>	Company	<i>Company</i>
	31 March	<i>31 August</i>	31 March	<i>31 August</i>
	2021	<i>2020</i>	2021	<i>2020</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Trade debtors	45	37	45	36
Amounts owed by group undertakings	-	-	359	318
Other debtors	79	297	79	294
Prepayments and accrued income	98	56	97	57
Theatre tax relief income due	356	356	-	-
Culture Recovery Fund receivable	-	783	-	783
	<u>578</u>	<u>1,529</u>	<u>580</u>	<u>1,488</u>

21. Creditors: Amounts falling due within one year

	Group	<i>Group</i>	Company	<i>Company</i>
	31 March	<i>31 August</i>	31 March	<i>31 August</i>
	2021	<i>2020</i>	2021	<i>2020</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Trade creditors	42	101	42	101
Other taxation and social security	37	79	37	79
Other creditors	150	121	160	125
Accruals	349	340	349	343
Deferred income	572	673	572	673
	<u>1,150</u>	<u>1,314</u>	<u>1,160</u>	<u>1,321</u>

Arts Council England has a legal charge over one leasehold property held by the Royal Exchange. This is in relation to any amounts due to that body in respect of capital grants made by Arts Council England to the Royal Exchange Theatre Company Limited pre-2000. At 31 March 2021, no amounts fall due to be repaid in respect of the grants.

Royal Exchange Theatre Company Limited

Notes to the financial statements
for the period ended 31 March 2021

21. Creditors: Amounts falling due within one year (continued)

	Group	<i>Group</i>	Company	<i>Company</i>
	31 March	<i>31 August</i>	31 March	<i>31 August</i>
	2021	<i>2020</i>	2021	<i>2020</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Deferred income brought forward	673	749	673	749
Released in the year	(101)	(749)	(101)	749
Deferred in the year	-	673	-	673
				<u>2,171</u>
Deferred income carried forward	<u>572</u>	<u><i>673</i></u>	<u>572</u>	

Deferred income consists largely of box office income in respect of future performances. This is released to the income and expenditure account when these performances occur.

22. Provisions

Group and Company

	Redundancy provision £000
At 1 September 2020	783
Amounts used	(783)
	<u>-</u>

A provision has been utilised in the year relating to redundancy costs as disclosed in note 15.

Royal Exchange Theatre Company Limited

Notes to the financial statements
for the period ended 31 March 2021

23. Analysis of charitable funds

Group statement of funds - current year

	Balance at 1 September 20	Income	Expenditure	Transfers in/(out)	Balance at 31 March 21
	£000	£000	£000	£000	£000
Restricted funds					
Artistic projects					
Creative Learning and Engagement	28	164	(47	-	145
)			
New writing and talent development	60	1	(19	-	42
)			
Local (Change) Exchange	549	-	(3	-	546
)			
Other	75	70	(97	-	48
)			
Total - artistic projects	<u>712</u>	<u>235</u>	<u>(166</u>	<u>-</u>	<u>781</u>
)			
Long term projects					
Theatre refurbishment project 1997	3,745	-	(599	-	3,146
)			
Capital project 2013	289	-	-	-	289
)			
Total - long term projects	<u>4,034</u>	<u>-</u>	<u>(599</u>	<u>-</u>	<u>3,435</u>
)			
Other restricted funds	-	655	(412	-	243
)			
Total restricted funds	<u>4,746</u>	<u>890</u>	<u>(1,177</u>	<u>-</u>	<u>4,459</u>
)			
Unrestricted funds					

General funds	<u>236</u>	<u>1,882</u>	<u>(1,432)</u>	<u>-</u>	<u>686</u>
Designated funds					
Theatre refurbishment project 1997	144	-	(23	-	121
Capital project 2013	207	-	(6	-	201
Fixed asset fund	684	-	-	-	684
Investment fund	100	-	-	-	100
Total designated funds	<u>1,135</u>	<u>-</u>	<u>(29)</u>	<u>-</u>	<u>1,106</u>
Total unrestricted funds	<u>1,371</u>	<u>1,882</u>	<u>(1,461)</u>	<u>-</u>	<u>1,792</u>
Total funds	<u>6,117</u>	<u>2,772</u>	<u>(2,638)</u>	<u>-</u>	<u>6,251</u>

Royal Exchange Theatre Company Limited

Notes to the financial statements
for the period ended 31 March 2021

23. Analysis of charitable funds (continued)

Group statement of funds - prior year

	<i>Balance at 1 September 19</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/(out)</i>	<i>Balance at 31 August 20</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Restricted funds					
Artistic projects					
	79		(141		
Creative Learning and Engagement		90)	-	28
	60		(91		
New writing and talent development		123)	(32)	60
	335		(40		
Local (change) exchange		254)	-	549
			(6		
Other		81)		75
Total - artistic projects	<u>474</u>	<u>548</u>	<u>(278</u>	<u>(32)</u>	<u>712</u>
Long term projects					
	4,749		(1,004		
Theatre refurbishment project 1997		-)	-	3,745
	309		(20		
Capital project 2013		-)	-	289
	5,058		(1,024		
Total - long term projects	<u>5,058</u>	<u>-</u>	<u>(1,024</u>	<u>-</u>	<u>4,034</u>
			(783		
Other restricted funds		783)		
Total restricted funds	<u>5,532</u>	<u>1,331</u>	<u>(2,085</u>	<u>(32)</u>	<u>4,746</u>
Unrestricted funds					
General funds	<u>877</u>	<u>8,379</u>	<u>(8,368</u>	<u>(652)</u>	<u>236</u>
Designated funds					
	183		(39		
Theatre refurbishment project 1997		-)	-	144
	218		(11		
Capital project 2013		-)	-	207
	-		-		
Fixed asset fund		-		684	684
	100		-		
Investment fund		-		-	100

	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total designated funds	<u>501</u>	<u>-</u>	<u>(50)</u>	<u>684</u>	<u>1,135</u>
Total unrestricted funds	<u>1,378</u>	<u>8,379</u>	<u>(8,418)</u>	<u>32</u>	<u>1,371</u>
Total funds	<u>6,910</u>	<u>9,710</u>	<u>(10,503)</u>	<u>-</u>	<u>6,117</u>

Notes to the financial statements
for the period ended 31 March 2021

23. Analysis of charitable funds (continued)

Restricted funds

Artistic project funds represent restricted funding and related expenditure in respect of our Creative Learning and Engagement work, new writing programmes, talent development initiatives and other artistic activities.

Long term project funds represent restricted funding and related expenditure in respect of two capital projects.

The Theatre refurbishment project 1997 relates to the major capital project undertaken after the IRA bomb blast in 1996 and covers ongoing depreciation in respect of this.

The capital project 2013 represents funds raised and expended on the Royal Exchange's capital project, financed with the support of Arts Council England.

The Local Exchange project is an ambitious and long-term programme which sees the theatre take up residency in communities across Greater Manchester, build upon existing partnerships, develop new connections and bring together people, places and artists to cement long-lasting relationships with the communities right outside our doors.

Designated Funds

Designated funds include funds set aside for the theatre refurbishment project and capital project 2013 referred to above. Designated funds also relate to a capital replacement fund with reference to funds previously spent on capital items which are now being depreciated.

The investment fund represents funds set aside for capital items or other one-off investment expenditure which cannot be met from within the operating budget but which will provide ongoing savings or benefits for the charity.

24. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted (general) funds	Unrestricted (designated) funds	Restricted funds	Total funds
	31 March 2021	31 March 2021	31 March 2021	31 March 2021
	£000	£000	£000	£000
Tangible fixed assets	-	615	3,837	4,452
Current assets	1,836	491	622	2,949
Creditors due within one year	(1,150)	-	-	(1,150)
Net current assets	686	491	622	1,799
Net assets	686	1,106	4,459	6,251

Royal Exchange Theatre Company Limited

Notes to the financial statements
for the period ended 31 March 2021

24. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	<i>Unrestricted (general) funds</i>	<i>Unrestricted (designated) funds</i>	<i>Restricted funds</i>	<i>Total funds</i>
	<i>31 August 2020</i>	<i>31 August 2020</i>	<i>31 August 2020</i>	<i>31 August 2020</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Tangible fixed assets	-	1,036	4,122	5,158
Current assets	1,550	99	1,407	3,056
Creditors due within one year	(1,314)	-	-	(1,314)
Net current assets	236	99	1,407	1,742
Provisions	-	-	(783)	(783)
Net assets	236	1,135	4,746	6,117

25. Reconciliation of net movement in funds to net cash flow from operating activities

	Group 7 months ended 31 March 2021 £000	<i>Group 12 months ended 31 August 2020 £000</i>
Net income/expenditure for the period (as per Statement of Financial Activities)	134	(793)
Adjustments for:		
Depreciation charges	707	1,191
Decrease in stocks	-	45
Decrease in debtors	951	263
Decrease in creditors	(164)	(645)
Interest received	-	(2)
Increase/(decrease) in provisions	(783)	783
Net cash provided by operating activities	845	842

Royal Exchange Theatre Company Limited

Notes to the financial statements
for the period ended 31 March 2021

26. Analysis of cash and cash equivalents

	Group 31 March 2021 £000	Group 31 August 2020 £000
Cash at bank and in hand	<u>2,371</u>	<u>1,527</u>

27. Analysis of changes in net debt

	At 1 September 2020 £000	Cash flows £000	At 31 March 2021 £000
Cash at bank and in hand	1,527	844	2,371
	<u>1,527</u>	<u>844</u>	<u>2,371</u>

28. Pension commitments

The group operates two defined contribution pension schemes for the benefit of its employees. The assets of the schemes are held in independently administered funds. The contributions paid by the group during the period were £31,000 (12 months ending 31 August 2020: £115,000). At 31 March 2021, £1,000 (31 August 2020: £16,000) was owed to the scheme.

29. Branches

The branches as defined by the Statement of Recommended Practice: Accounting by Charities, incorporated into the company financial statements are as follows:

	Net incoming/(outgoing) resources	Capital reserves and income funds		
	7 months ended 31 March 2021 £000	12 months ended 31 August 2020 £000	7 months ended 31 March 2021 £000	12 months ended 31 August 2020 £000
Royal Exchange Theatre Appeal Fund	6	11	102	97
Royal Exchange Theatre Trustees Limited	(40)	(68)	332	372
)			

30. Indemnity insurance

The group has purchased qualifying third party indemnity insurance for the trustees and officers of the group against liability arising for wrongful acts in relation to the group.

Notes to the financial statements
for the period ended 31 March 2021

31. Related party transactions

The company did not receive a donation from its subsidiary, Royal Exchange Theatre Trading Limited, (12 months ended 31 August 2020: £56,000). At the year end, Royal Exchange Theatre Trading Limited owed £44,000 (31 August 2020: £4,000).

Exchange Productions Limited, a subsidiary, acts as a production company for the charity. Exchange Productions Limited, in turn, subcontracts the production of its shows to the charity. The costs incurred by Royal Exchange Theatre Company Limited are recharged to Exchange Productions Limited; these totalled £nil (12 months ended 31 August 2020: £3,186,165) in the year. Amounts due from Exchange Productions Limited in relation to these costs at the year end totalled £nil (31 August 2020: £355,543).

Amounts invoiced by Exchange Productions Limited to Royal Exchange Theatre Company Limited totalled £nil (12 months ended 31 August 2020: £2,829,765).

Donations from trustees amounted to £1,858 (12 months ended 31 August 2020: £452,250). This amount includes both donations from individuals and donations from trusts and companies related to trustees.

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