

Registered number: 07739274
Charity number: 1145989

HQ THEATRES TRUST
(A company limited by guarantee)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

HQ THEATRES TRUST

(A company limited by guarantee)

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HQ THEATRES TRUST

(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE TRUST, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2020

Trustees

N J Thomas MBE
D Nicholls
J H Seelig OBE
J Stalker

Company registered number

07739274

Charity registered number

1145989

Registered office

Ashcombe Court, Woolsack Way, Godalming, GU7 1LQ

Independent auditors

SRLV Audit Limited, Elsley Court, 20 - 22 Great Titchfield Street, London, W1W 8BE

Bankers

Coutts & Co, 440 Strand, London, WC2R 0QS

HQ THEATRES TRUST

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2020

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual Trustees' report together with the audited financial statements of HQ Theatres Trust (the Trust) for the year ended 31 March 2020 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

On 27 March 2021 the charity appointed the following directors:

Helen Enright
Andrew Hill
Sir Howard Panter
Alexander Schmidt
Dame Rosemary Squire

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, 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 (FRS 102) (effective 1 January 2015).

Objectives and activities

a. Policies and objectives

HQ Theatres Trust provides performing arts education and creative learning activities in theatres and concert halls managed by HQ Theatres & Hospitality Limited (HQT&H).

The object of the Trust is to advance the education and appreciation of the public in the arts in all forms and in associated theatrical activities, with a particular focus on, but not limited to, children and young people.

b. Strategies for achieving objectives

Objectives of the Trust will be achieved through performances (e.g. youth theatre productions, schools outreach programmes and youth drama workshops) as well as creative activities for adults and elderly people (e.g. dementia friendly film screenings, community choirs) and other means as the Trust may determine to best fulfil and forward its charitable objectives.

c. Activities for achieving objectives

HQ Theatres Trust will continue to support a range of arts educational and outreach activities with the aim of increasing public engagement in the arts.

The established nationwide programme of summer youth projects will continue. The Trust will continue to identify and pursue additional venues and opportunities to further education in the arts. New initiatives will be trialled in the existing venues to bring arts educational projects to new audiences.

d. Post balance sheet events

On 17 March 2020, the trustees complied with the Government ruling that all theatres should be closed as a result of the COVID-19 pandemic. Since this date all HQ Theatres Trust venues have remained closed for business. All remaining 2020 shows, events, creative learning, youth and charitable projects across the Trust estate were either cancelled, or rescheduled into 2021 or 2022 where possible.

Trustees and management eagerly await the roll out of the vaccine to be completed and are optimistic of reopening the venues to the public in the coming months, hopefully without the need for capacity and socially distant limitations. In order to mitigate the financial impact on the trust, the trustees have taken advantage of Government support where available.

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2020

Structure, governance and management

a. Constitution

HQ Theatres Trust is a charitable company limited by guarantee, with a registered charity number 1145989. The Trust's governing document is the Memorandum and Articles of Association.

b. Method of appointment or election of Trustees

New Trustees are invited to join the board on the basis of their knowledge of, and association with, HQ Theatres & Hospitality Limited, or for their technical expertise in fields which will assist in the furtherance of the objectives of the Trust. New Trustees may be appointed by Trustees and members in accordance with the Trust's Article of Association.

HQ Theatres & Hospitality Limited has the right to appoint and remove the Trustees.

c. Policies adopted for the induction and training of Trustees

The Trust provides an induction pack to newly appointed Trustees which includes the constitution, latest financial statements and the Charity Commission Booklet CC3, The Essential Trustee.

There have been no new Trustees appointed during the period.

d. Organisational structure and decision making

The Trust is governed by a Board of Trustees which is responsible for setting the strategic direction of the Trust and for establishing policy. The Trustees meet as often as required for the operation of the Trust.

e. Related party relationships

The Trustees and the related parties of its sole member HQ Theatres & Hospitality Limited have been identified as related parties of the Trust. A list of all related party transactions can be found in Note 17 of these financial statements.

f. Risk management

The Trustees have assessed the major risks to which the Trust is exposed, in particular those related to the operations and finances of the Trust, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2020

STRATEGIC REPORT

Achievements and performance

a. Review of activities

In 2019 / 2020, HQ Theatres Trust continued to contribute to the work of the regional theatres and concert halls under the management of HQ Theatres & Hospitality, each of which presented a programme of live theatrical and musical entertainment: Southend Theatres (comprising Cliffs Pavilion and Palace Theatre in Southend-on-Sea); Churchill Theatre, Bromley; G Live, Guildford; Orchard Theatre, Dartford; Wycombe Swan and Town Hall, High Wycombe; White Rock Theatre, Hastings; Swindon Theatres (comprising Wyvern Theatre and Swindon Arts Centre); Lyceum Theatre, Crewe; Beck Theatre, Hayes, Middlesex. The core programmes of these venues provided opportunities for the enjoyment and appreciation of live performance in a wide range of genres: drama, dance, music (orchestral, popular, traditional, jazz / blues, world), musical theatre, pantomime, opera and comedy. Under the aegis of HQ Theatres Trust, local people's experience of these comprehensive programmes was supplemented by associated talks before and after performances, enhancing the audience experience with the insights of those involved creatively.

Additionally, each venue arranged and presented substantial programmes of performing arts education and creative learning not directly related to shows and concerts on stage at the venue, but all providing professionally-guided opportunities for individual and group participation in creative arts activity related to the live performance of theatre, music and comedy.

Creative learning activities were developed and presented as key features of each venue's work in its local community, and through them, the Trust was delighted to support HQT&H's commitment to local distinctiveness in its venues. The content of the programmes was determined in accordance with local priorities and opportunities, and so although there were similar activities presented in many venues, there were also specialist local programmes, developed to respond to specific local circumstances. All creative learning activities were led by professional teachers and practitioners whose work is managed by the local Theatre Director and the Creative Learning Manager, and monitored and governed in accordance with HQ Theatres Trust's Safeguarding Policy.

In line with the Trust's key objective, each venue prioritised encouraging arts appreciation by, and arts education of, young people, and their development through the performing arts. Most venues organised a youth theatre programme of performing arts-based participation and training. The content of the various components of the programmes was chosen to appeal to older teenagers, or to younger teenagers, or to children. Several venues continued to offer opportunities at all these age and interest levels, often resulting in periodic showcase sessions or even a performance for an audience of parents and friends. In some venues, the programme for the young was completed by storytelling-based sessions or sensory play activities for small children and babies. In addition to youth theatre, young people's programmes embraced an eclectic range of genre and activity, including, as examples, Hip Hop Dance, Shadow Puppetry Play, Jazz Workshops, Open Mic events, Stage Make-Up, Circus Skills, and Magic.

The majority of venues presented a major Summer Youth Project in which large numbers of young people received intensive coaching, training and rehearsal, culminating in a run of performances of a major stage musical in the venue's main auditorium. The Trust's objective was to offer high-quality opportunities for the development of performing arts skills (acting, dance, and singing) as well as stimulus for personal development via group participation and co-operation, in a working context closely resembling that of the professional theatre. The young participants benefitted from the leadership of professional directors, choreographers, and musical directors, and from the opportunity to perform on a professionally-constructed stage set and with full orchestra.

The Trust promoted knowledge of career opportunities in the performing arts in a number of ways. Venue staff participated in or organised careers fairs for local school and college students. Venues offered high-quality Work Experience opportunities and (in conjunction with colleges and training providers) formal Apprenticeships in a number of their departments. Summer Youth Projects offered participatory experience to aspiring technicians. Masterclasses were offered for students in the technical activities of presenting stage shows. Some venues encouraged creativity through Young Producers / Creative Company projects, in which young people received support to develop their new performance ideas. In their studio theatres,

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2020

some venues also fostered the early development of local talent, making the spaces available to people aspiring to make careers as actors, directors and independent producers.

The Trust presented a number of activities designed to encourage family groups to find out about, enjoy, and participate in theatre and the performing arts. These activities included Family Open Days in most venues, as well as backstage tours, and Family Fun Days.

Links with formal education providers were developed and strengthened through projects such as Forums for Teachers highlighting the ways in which the local theatre was able and available to support teachers in fostering the imaginative and linguistic development of young people.

In all venues programmes for adults supplemented this core of work for the young. The considerable range of the adult programmes across the venues embraced Tap Dance, SloMo (Slow Motion) Dance for the over-50s, Creative Writing and Playwriting, Community Choirs and Singing sessions, Ukulele Orchestras, Relaxed Dance Classes for the Mobility-Impaired, and Drama Therapy (in conjunction with Mind). Some venues cultivated programmes for those living with Dementia (and their carers) which included regular Memory Café and Memory Cinema events.

The Trust's programmes provided broad access to the performing arts and continued to foster the enduring value of the performing arts, not only for the development of young people and families but more broadly as a creative and cohesive force within the community served by regional theatres in the UK operated by HQ Theatres & Hospitality.

Financial review

a. Reserves policy

The Trustees have considered the risks and opportunities facing the Trust and have identified the level of net current asset reserve it would be prudent to maintain. This level was set at circa £35,000 for 2019/20 and takes account of the requirements of future investments and risk management of increased levels of business. At the end of 2020, the company is meeting this target level.

As at 31 March 2020, there were unrestricted reserves of £55,054 (2019: £48,521) and £2,250 restricted reserves (2019: £2,390). The unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Trust and which have not been designated for other purposes. The restricted reserves are designated for funding specific projects as deemed by the donor.

b. Principal funding

The principal funding sources of the Trust were from local authority grants and from ticket sales for Summer Youth Project productions and the primary expenditure was on delivering arts and education projects which is in line with the key objectives of the Trust.

Plans for future periods

a. Future developments

All 'HQ' Youth Projects that took place in the year ending 31 March 2020 will again take place in the 22/23 financial year with the addition of Orchard Theatre in Dartford which was closed for an auditorium refurbishment in the summer of 2019.

The Trust continues to look to increase its number of management agreements through tendering for Council Theatre Contracts around the UK.

Members' liability

The Members of the Trust guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up.

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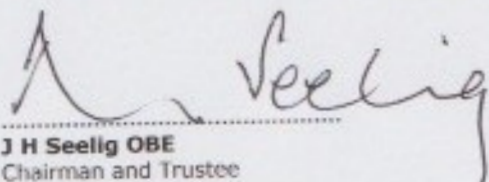
**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2020**

Disclosure of information to auditors

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

This report was approved by the Trustees, on 11/06/2021 and signed on their behalf by:



.....

J H Seelig OBE
Chairman and Trustee

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TRUSTEES' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

The Trustees (who are also directors of HQ Theatres Trust 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 year. 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HQ THEATRES TRUST

Opinion

We have audited the financial statements of HQ Theatres Trust (the 'Trust') for the year ended 31 March 2020 set out on pages 11 to 22, which comprise the statement of financial activities, the balance sheet, the 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 the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 charitable company 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

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.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HQ THEATRES TRUST

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 year 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 the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a Strategic report.

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable Trust 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 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 charitable company or to cease operations, or have no realistic alternative but to do so.

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.

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.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HQ THEATRES TRUST

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.

SRLV Audit Limited

SRLV Audit Limited

Chartered Accountants
Statutory Auditor

Elsley Court
20-22 Great Titchfield Street
London
W1W 8BE

14/06/2021

HQ THEATRES TRUST

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STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2020

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income from:					
Donations and subsidies	2	347,101	4,720	351,821	349,606
Other charitable activities	3	528,658	-	528,658	562,082
Total income		<u>875,759</u>	<u>4,720</u>	<u>880,479</u>	<u>911,688</u>
Expenditure on:					
Charitable costs	3	497,059	4,860	501,919	523,352
Support and governance	4,5	372,167	-	372,167	372,395
Total expenditure	6	<u>869,226</u>	<u>4,860</u>	<u>874,086</u>	<u>895,747</u>
Net income / (expenditure) before other recognised gains and losses		6,533	(140)	6,393	15,941
Net movement in funds		6,533	(140)	6,393	15,941
Reconciliation of funds:					
Total funds brought forward		48,521	2,390	50,911	34,970
Total funds carried forward		<u><u>55,054</u></u>	<u><u>2,250</u></u>	<u><u>57,304</u></u>	<u><u>50,911</u></u>

The notes on pages 14 to 22 form part of these financial statements.

HQ THEATRES TRUST

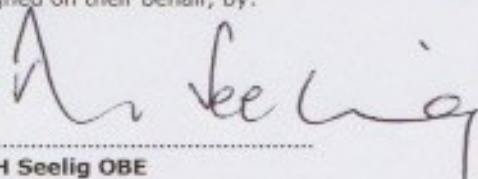
(A company limited by guarantee)
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BALANCE SHEET AS AT 31 MARCH 2020

	Note	£	2020 £	£	2019 £
Current assets					
Debtors	10	774,170		661,090	
Cash at bank and in hand		80,409		82,927	
		<u>854,579</u>		<u>744,017</u>	
Creditors: amounts falling due within one year					
	11	<u>(797,275)</u>		<u>(693,106)</u>	
Net current assets			<u>57,304</u>		50,911
Net assets			<u>57,304</u>		<u>50,911</u>
Charity Funds					
Restricted funds	12		2,250		2,390
Unrestricted funds	12		<u>55,054</u>		<u>48,521</u>
Total funds			<u>57,304</u>		<u>50,911</u>

The Trust's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees on 11/06/2021 and signed on their behalf, by:



.....
J H Seelig OBE

The notes on pages 14 to 22 form part of these financial statements.

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	14	(2,518)	61,463
Change in cash and cash equivalents in the year		(2,518)	61,463
Cash and cash equivalents brought forward		82,927	21,464
Cash and cash equivalents carried forward	15	80,409	82,927

The notes on pages 14 to 22 form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. GENERAL INFORMATION

The principal objective of the Trust is to advance the education and appreciation of the public in the arts in all forms and in associated theatrical activities, including but not limited to, children and young people.

HQ Theatres Trust is a private company limited by guarantee and is registered in England and Wales. The address of its principal place of business is 33 Southampton Street, London, WC2E 7HE.

ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with 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 (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

HQ Theatres Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

1.2 Company status

The Trust is a private company limited by guarantee, incorporated under the Companies Act 2006 and is registered with the Charity Commission under the Charities Act 2011. The company's sole member is HQ Theatres & Hospitality Limited.

1.3 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Trust and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Trust for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

1.4 Income

All income is recognised once the Trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Donated services or facilities are recognised when the Trust has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the Trust of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time of the Friends of the Trust is not recognised.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the Trust which is the amount the Trust would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. GENERAL INFORMATION (continued)

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Support costs are those costs incurred directly in support of expenditure on the objects of the Trust and include project management carried out at Headquarters. Governance costs are those incurred in connection with administration of the Trust and compliance with constitutional and statutory requirements.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities and governance costs are costs incurred on the Trust's educational operations, including support costs and costs relating to the governance of the Trust apportioned to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

1.6 Going concern

The HQ Theatres Trust venues have remained closed for business since March 2020 as a result of the coronavirus pandemic. All remaining 2020 shows, events, creative learning, youth and charitable projects across the Trust estate, were either cancelled or rescheduled into 2021 or 2022 where possible. Trustees and management eagerly await the roll out of the vaccine to be completed and are optimistic of remobilising the venues in the coming months in readiness to open up to the public, hopefully without the need for capacity and socially distant limitations.

In planning for a new trading environment, enhanced efficiencies and savings opportunities will be identified and incorporated into business plans, in the interests of boosting longer-term sustainability following the impact that the coronavirus pandemic will have had on the 2020/21 financial year.

The trustees have complete confidence in the trust's ability to manage and control the course of recovery and on this basis, are satisfied that the trust will be able to fulfil its financial obligations for at least 12 months from the date of the signature of the financial statements, which have been prepared on a going concern basis.

1.7 Grants receivable

Grants are credited to the statement of financial activities incorporating income and expenditure account as the related expenditure is incurred.

1.8 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Trust; this is normally upon notification of the interest paid or payable by the Bank.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. GENERAL INFORMATION (continued)

1.9 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.

1.10 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.

1.11 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 Trust 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.

1.12 Pensions

The Trust operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Trust to the fund in respect of the year.

2. GRANT INCOME

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Grants receivable	347,101	4,720	351,821	349,606
		8,500		

3. CHARITABLE ACTIVITIES

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income from charitable activities				
Education	528,658	-	528,658	562,082
Expenses in respect of charitable activities				
Charitable costs	497,059	4,860	501,919	523,352
Net income from charitable activities	31,599	(4,860)	26,739	38,730

HQ THEATRES TRUST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

4. Governance costs

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Governance costs	13,500	-	13,500	11,500
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

5. Support costs

	Education £	Total 2020 £	Total 2019 £
Administration costs	132,811	132,811	160,482
Wages and salaries	203,493	203,493	181,546
National insurance	17,735	17,735	15,180
Pension cost	4,628	4,628	3,687
	<u> </u>	<u> </u>	<u> </u>
	358,667	358,667	360,895
	<u> </u>	<u> </u>	<u> </u>

6. Analysis of Expenditure by expenditure type

	Staff costs 2020 £	Other costs 2020 £	Total 2020 £	Total 2019 £
Provision of education	-	501,919	501,919	523,352
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Costs of raising funds	-	501,919	501,919	523,352
Support costs	225,856	132,811	358,667	360,895
Governance costs	-	13,500	13,500	11,500
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	225,856	648,230	874,086	895,747
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The total expenditure on charitable activities related to unrestricted funds.

7. Auditors' remuneration

Auditors' remuneration was borne by the ultimate parent company of the sole member.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

8. Staff costs

Staff costs were as follows:

	2020	2019
	£	£
Wages and salaries	203,493	181,546
Social security costs	17,735	15,180
Other pension costs	4,628	3,687
	225,856	200,413

The average number of persons (including casual and part-time staff) employed by the Trust during the year was as follows:

	2020	2019
	No.	No.
Employees	10	10

No employee received remuneration amounting to more than £60,000 in either year.

The key management personnel of the Trust comprise the Trustees. The total employee benefits of the key management personnel of the Trust were £NIL (2019 - £NIL).

9. Taxation

Factors affecting tax charge for the year

HQ Theatres Trust is considered to pass the tests set out in paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Charitable Gains act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

10. Debtors

	2020	2019
	£	£
Trade debtors	119	-
Amounts owed by group undertakings	748,349	654,729
Other debtors	12,102	386
Prepayments and accrued income	13,600	5,975
	774,170	661,090

HQ THEATRES TRUST

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

11. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	5,574	-
Amounts owed to group undertakings	636,944	554,112
Other taxation and social security	4,136	3,882
Other creditors	2,925	1,767
Accruals and deferred income	147,696	133,345
	<u>797,275</u>	<u>693,106</u>

12. Statement of funds

Statement of funds - current year

	Balance at 1 April 2019 £	Income £	Expenditure £	Balance at 31 March 2020 £
Unrestricted funds				
General Funds - all funds	48,521	870,605	(864,072)	55,054
Other General funds	-	5,154	(5,154)	-
	<u>48,521</u>	<u>875,759</u>	<u>(869,226)</u>	<u>55,054</u>
Restricted funds				
Restricted Funds - all funds	2,390	4,720	(4,860)	2,250
Total of funds	<u>50,911</u>	<u>880,479</u>	<u>(874,086)</u>	<u>57,304</u>

Statement of funds - prior year

	Balance at 1 April 2018 £	Income £	Expenditure £	Balance at 31 March 2019 £
Unrestricted funds				
General Funds - all funds	34,970	903,188	(889,637)	48,521
Restricted Funds - all funds	-	8,500	(6,110)	2,390
	<u>34,970</u>	<u>911,688</u>	<u>(895,747)</u>	<u>50,911</u>
Restricted funds				
Restricted Funds - all funds	-	8,500	(6,110)	2,390

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

13. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Current assets	852,330	2,250	854,580
Creditors due within one year	(797,276)	-	(797,276)
	<u>55,054</u>	<u>2,250</u>	<u>57,304</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Current assets	741,627	2,390	744,017
Creditors due within one year	(693,106)	-	(693,106)
	<u>48,521</u>	<u>2,390</u>	<u>50,911</u>

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

	2020 £	2019 £
Net income for the year (as per Statement of financial activities)	6,393	15,941
Adjustment for:		
Increase in debtors	(107,506)	(203,555)
Increase in creditors	98,595	249,077
Net cash (used in)/provided by operating activities	<u>(2,518)</u>	<u>61,463</u>

15. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash in hand	80,409	82,927
Total	<u>80,409</u>	<u>82,927</u>

16. Pension commitments

Contributions payable by the Trust to the pension scheme for the year amounted to £4,628 (2019: £3,687). At the balance sheet date contributions of £2,840 were outstanding (2019: £1,686).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

17. Related party transactions

During the year under review the following transactions took place with related parties:

The Trust made the following sales to related party companies:

- Beck Theatre Limited - £34,929 (2019: £33,765)
- HQ Theatres Bromley Limited - £129,859 (2019: £121,876)
- HQ Theatres Guildford Limited - £23,864 (2019: £21,915)
- Lyceum Theatre Crewe Limited - £8,938 (2019: £430)
- Orchard Theatre Dartford Limited - £14,251 (2019: £74,888)
- Southend Theatres Limited - £70,952 (2019: £71,516)
- White Rock Theatre Hastings Limited - £95,683 (2019: £84,983)
- Wycombe Arts Management Limited - £96,409 (2019: £99,210)
- Wyvern Theatre Limited - £58,401 (2019: £57,134)

The Trust made the following purchases from related party companies:

- Adverset Media Solutions Limited - £nil (2019: £200)
- Beck Theatre Limited - £3,969 (2019: £8,400)
- HQ Theatres Bromley Limited - £8,889 (2018: £20,563)
- HQ Hospitality Limited - £nil (2019: £110)
- Orchard Theatre Dartford Limited - £nil (2019: £8,433)
- Southend Theatres Limited - £8,464 (2019: £7,204)
- White Rock Theatre Hastings Limited - £12,270 (2019: £12,580)
- Wycombe Arts Management Limited - £14,137 (2019: £14,989)
- Wyvern Theatre Limited - £11,106 (2019: £11,914)
-

The Trust received the following recharges from related party companies:

- Beck Theatre Limited - £30,960 (2019: £25,364)
- HQ Theatres Bromley Limited - £107,031 (2019: £79,107)
- HQ Theatres Guildford Limited - £3,576 (2019: £12,610)
- Lyceum Theatre Crewe Limited - £7,016 (2019: £473)
- Orchard Theatre Dartford Limited - £21,071 (2019: £5,963)
- Qdos Entertainment Limited - £nil (2019: £240)
- Southend Theatres Limited - £53,917 (2019: £60,114)
- White Rock Theatre Hastings Limited - £71,721 (2019: £65,716)
- Wycombe Arts Management Limited - £76,972 (2019: £66,807)
- Wyvern Theatre Limited - £48,588 (2019: £49,428)

The following management charges were charged to the Trust:

- HQ Hospitality Limited - £10,000 (2019: £13,000)
- HQ Theatres Limited - £40,000 (2019: £60,000)
- Qdos Entertainment Limited - £10,000 (2019: £12,000)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

17. Related party transactions (continued)

At the balance sheet date the following balances were owed by/(to) the Trust:

- Adverset Media Solutions Limited - £1,084 (2019: £1,084)
- Beck Theatre Limited - £38,457 (2019: £38,457)
- HQ Theatres Bromley Limited - £49,981 CR (2019: £36,042 CR)
- HQ Hospitality Limited - £44,898 (2019: £28,981)
- HQ Theatres Limited - £482,151 (2019: £405,552)
- HQ Theatres Guildford Limited - £40,739 CR (2019: £20,710 CR)
- Lyceum Theatre Crewe Limited - £306,230 CR (2019: £306,012 CR)
- Orchard Theatre Dartford Limited - £242,828 CR (2019: £174,295 CR)
- Qdos Entertainment Limited - £36,070 CR (2019: £50,470 CR)
- Southend Theatres Limited - £64,812 (2019: £72,736)
- Colosseum Theatre Watford Limited - £5,543 (2019: £5,543)
- White Rock Theatre Hastings Limited - £9,933 (2019: £1,759)
- Wycombe Arts Management Limited - £34,210 CR (2019: £37,550 CR)
- Wyvern Theatre Limited - £28,358 CR (2019: £29,650 CR)

18. Post balance sheet events

On 17 March 2020, the trustees complied with the Government ruling that all theatres should be closed as a result of the COVID-19 pandemic. Since this date all HQ Theatres Trust venues have remained closed for business. All remaining 2020 shows, events, creative learning, youth and charitable projects across the Trust estate were either cancelled, or rescheduled into 2021 or 2022 where possible.

Trustees and management eagerly await the roll out of the vaccine to be completed and are optimistic of reopening the venues to the public in the coming months, hopefully without the need for capacity and socially distant limitations. In order to mitigate the financial impact on the trust, the trustees have taken advantage of Government support where available.

19. Ultimate parent undertaking and controlling party

The sole member of the Trust is HQ Theatres & Hospitality Limited, a company registered in England and Wales. The ultimate parent company of the sole member is HQ Theatres & Hospitality Holdings Limited, a company registered in England and Wales.

HQ Theatres & Hospitality Holdings Limited prepares group financial statements, copies of which can be obtained at Qdos House, Queen Margaret's Road, Scarborough, North Yorkshire, YO11 2YH.

The ultimate controlling party of the sole member is N J Thomas MBE.