
Royal Exchange Theatre Company Limited
(A company limited by guarantee)

Annual Report and Consolidated Financial Statements
for the year ended 31 August 2020

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Executive Report
for the year ended 31 August 2020

This report is prepared following the closure of theatres across the UK as a direct result of the Covid-19 pandemic. It has been written by the joint Artistic Directors Bryony Shanahan and Roy Alexander Weise, and Executive Director Stephen Freeman who together share the Chief Executive role.

The past twelve months have been extraordinarily unpredictable and here we share a narrative with two distinct acts. Yet, what continues to run through each half of the journey is a passion and determination to share great theatre across Greater Manchester and beyond. Artists, audiences, participants and communities are at the heart of the Royal Exchange Theatre and have remained so during the pandemic. Our dynamic programme continues to create space for artists to push boundaries, to make work which challenges and entertains, and in equal measure it celebrates the creativity of communities and participants by growing and embedding the work we do with our Young Company, Elders Company and Local Exchange (a programme that sees the theatre take up residency in communities across Greater Manchester).

Programme Narrative

Powerful, Entertaining Programming

The Autumn/Winter 2019 season was a celebration of strong women. We told stories of incredible and courageous women, putting their voices centre stage and amplifying them through the vision and imagination of outstanding female actors, directors and theatre makers.

We opened with a reimagined version of *MACBETH* which saw award-winning actor Lucy Ellinson take on the title role. Directed by Christopher Haydon, Shakespeare's darkest tragedy pulled the audience into an unsettling world of power and desire.

Following this classic was a new play from multi award-winning writer Simon Stephens. *LIGHT FALLS* had its world premiere in October and was directed by Sarah Frankcom with original music by Jarvis Cocker. An intricate observation of people and places, this production was shaped and developed when writer and director took a journey across the North of England. The production brought together an impressive ensemble in both cast and creative team drawing from the wealth of talent across Greater Manchester.

Continuing a tradition of producing exceptional musicals at Christmas, international theatre and opera director Jo Davies returned to the Exchange to direct *GYPSY*, the musical fable by Arthur Laurents, Jule Styne and Stephen Sondheim. Ria Jones, whose career spans over three decades as a leading lady in musical theatre, both in the West End and internationally, took on the role of Mamma Rose and was joined by Melissa James as Louise and Melissa Lowe as June.

Former Royal Exchange Assistant Director Nickie Miles-Wildin came back to direct Charlene James' fiercely brilliant play *CUTTIN' IT*. Bold and tender, harrowing and heart-breaking this contemporary story of two young women connected by a shared secret confronts the issue of FGM in Britain head-on. All performances of *CUTTIN' IT* were creatively captioned with use of BSL and spoken English throughout. Audio description was also available for every show.

An adaption of an iconic novel was celebrated in a new commission from Manchester writer and Bruntwood Prize winner Andrew Sheridan. Emily Brontë's *WUTHERING HEIGHTS* was directed by Bryony Shanahan, her first piece of work as the new Joint Artistic Director. Drawing once again from the wealth of Manchester's creative talent, this production engaged an ensemble of actors and musicians creating a ferocious exploration of passion and desire, underscored by live, original music celebrating the bold courage of novelist Emily Brontë.

While this blistering version of Brontë's novel was on stage, we went into rehearsals for the world premiere of Winsome Pinnock's astonishing new play *ROCKETS AND BLUE LIGHTS*. Winner of the 2018 Alfred Fagon Award, it explored Britain's role in the transatlantic slave trade through both a contemporary and a historical lens, creating a truly unique perspective. This play superbly juxtaposes the intimate and the epic, the personal and the political and it invites audiences to ask what is chosen to be represented and what is denied. Creating this production here in Manchester and performing it in the Royal Exchange, once one of the world's largest cotton trading halls, added another layer to the examination of the impact of historical legacy. Award-winning director Miranda Cromwell was to make her Exchange debut with this production. Sadly it played only two nights before closing due to Covid-19 restrictions.

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Executive Report (continued)
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Our Spring/Summer 2020 season should have also included the following: the return of the smash-hit WEST SIDE STORY, which closed after a single day of rehearsals; THE GLASS MENAGERIE directed by Atri Banerjee returning to the theatre following his production of Hobson's Choice; winner of a Bruntwood Prize Judges' Award ELECTRIC ROSARY by Manchester-based writer Tim Foley, directed by Elizabeth Freestone; OH MOTHER from RashDash; and Jack Thorne's LET THE RIGHT ONE IN directed by Bryony Shanahan.

Championing Artists

Throughout this period we continued to support artists as much as we could. We created opportunities for freelance artists to work on our online projects, such as MOMENTS OF CONNECTION and through INSIGHT SESSIONS. We also supported theatre company Cardboard Citizens to deliver a project here in Manchester offering free workspace, performance space and staff support for their project with people who had experienced homelessness. In addition to this, we joined forces with our peers to develop the GM Artist Hub, a network of performing arts organisations and venues working together to offer support to independent practitioners, artists and companies in the local area during the Covid-19 pandemic. From free advisory workshops to bursaries, this network has offered essential support to artists across the region.

Remaining Connected

Following the closure of theatres in March 2020, we swiftly decided to move as much of our work online as possible. Maintaining strong connections with communities and participants was a major driver in establishing an imaginative, creative and accessible programme of digital work.

Our regular Elders Company, Young Company and Local Exchange sessions moved online. We supported all participants to access Zoom®, ensuring that everyone had access to all workshops and meetings. It was vital that these sessions remained creative and that making theatre sat at the heart of this new digital offering. If we could not be in a room together, we would continue to make art together.

CONNECT FEST was our first major piece of new work, an intergenerational play developed with writer Testament, director Nickie Miles-Wildin, and our Elders and Young Companies. Because of the unique way the show was made, it opened up opportunities for more people to get involved. Over forty participants aged between 14 and 82 came together to make a brand-new piece of work, strengthened by a desire to stay connected. CONNECT FEST was a pioneering new show created by the Company - a theatre show, a music festival and a soap-opera rolled into one. Five individual online episodes were shared across all our digital platforms.

A strong community narrative ran through the work we offered online, and keeping people connected through creativity felt more important than ever. Regular sessions such as Elders Mondays, Young Company workshops and Local Exchange ambassador meetings were still taking place over Zoom®. Each group was working towards the delivery of new pieces of work. During lockdown, our Young Company created two distinct pieces of work. Firstly, MOMENTS OF CONNECTION brought together our young writers with professional actors and directors. Nine original monologues were written by our young people each of whom was then paired with a professional director and performer to bring their piece to life on film. Julie Hesmondhalgh, Geraldine Somerville, Atri Banerjee and Katy Rudd all supported this work. The films were released online and in full on Instagram TV for free. Secondly, to replace their summer production, the Young Company created MMXX, a journey through Zoom®, inviting audience members to join them, ask questions and interrogate the new 'normal'. This virtual sharing of their work celebrated our Young Company members, their diversity and that of Greater Manchester.

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Executive Report (continued)
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Our Elders Company fully embraced this new digital world. Our initial support evolved, and a community of older people initiated daily Zoom® calls, meeting every day since March 2020. These participants or ‘Artistic Activists’, have remained arts-focused and, through these meetings, have created six films, an important archive of life in lockdown for older people. For those unable to access online sessions, we supported our Elders Leaders to develop PHONE A FRIEND. Participants were partnered with a Leader, sharing four telephone calls over a two-week period. During each call they caught up and explored creative questions and together they created a story – in total eighteen brand-new stories were created. Nine have been recorded (at home by participants learning new digital skills) and were broadcast on Sonder Radio, a community radio station. They are also available on our website for free. The work carried out with our Elders Company during lockdown was recognised by The Stage who listed Andy Barry, our Elders Programme Producer, in their Top 100 (‘The definitive guide to the most influential figures working in the UK theatre industry today’) in January 2021.

Although our Local Exchange festivals were put on hold, work continued to plan for the Summer season 2021. In the meantime, the three ambassador groups from Cheetham Hill, Tameside and Leigh joined forces with writer Chris Thorpe to create a celebratory spoken-word film called KEEP IT IN THE DAY. Shared online, and on the website I Love Manchester, this heartfelt poem expressed experiences of lockdown and hopes for our collective future.

We continue to support schools during this exceptional time, offering twelve online INSIGHT SESSIONS with professional theatre makers including writers, directors, actors and designers. Each session was designed to provide an understanding of what it is to make theatre.

We celebrated plays by releasing our recordings of THE ALMIGHTY SOMETIMES and THE HOUSE OF BERNARDA ALBA for free. ROCKETS AND BLUE LIGHTS, which closed after two performances, was recorded as part of BBC Arts’ ‘Culture in Quarantine’ project and aired on Radio 3. In response to Black Lives Matter, we created a digital reading of Katori Hall’s powerful play THE MOUNTAINTOP directed by Artistic Director Roy Alexander Weise, which was streamed for free. These productions all raised some important questions about the world in which we found ourselves. The plays were interesting catalysts for conversations about the disproportionate impact of Coronavirus on key groups within UK society. We invited a mix of artists, young people, industry specialists and some of the creatives from the original productions to join us for four live-streamed panel events called WE NEED TO TALK. Inviting questions from our digital audience we used the wider themes of these plays as a gateway into the bigger and broader issues of the day.

The Future

The Royal Exchange Theatre’s ambitions are supported by a four year business plan April 2018 to March 2022. However, the events of 2020 required the organisation to respond to the unfolding impact of the pandemic in different ways.

The financial impact of Covid-19 required the business to make difficult decisions in order to protect its long-term future and, in autumn 2020, the company entered into a redundancy consultation process, resulting in a reduction of 65% of its workforce.

The new, much smaller team, is working on remobilising the theatre and setting in place plans to recommence live activity in 2021 whilst moving towards strategic and controlled growth under a one-year Transition Plan April 2021 to 31 March 2022. The Transition Plan and changed business model will enable the organisation to remain financially sustainable, whilst testing the reaction of audiences in a new operating environment. We have taken the decision to change our financial reporting year end from 31 August to 31 March, with effect from 31 March 2021, in order to align with business plan dates.

The focus for 2021/22 will be on remobilising the business to return to full operation. Opportunities for learning and evaluation will be key to the organisation developing a new and fit for purpose business model in a changed world.

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Executive Report (continued)
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At this point, it feels important to recognise the valuable contribution of the teams of people who worked, and continue to work, at the Royal Exchange Theatre. It is also important for the theatre to acknowledge the incredible support it has received from audiences, funders, donors and supporters, who have each played a vital role in helping the theatre to navigate the challenges of this last year and helped it towards a future where it can continue to be an important cultural resource for the region and nation.

Stephen Freeman
Executive Director/Joint Chief Executive

Bryony Shanahan & Roy Alexander Weise
Joint Artistic Directors/Joint Chief Executive

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Artistic Programme
for the year ended 31 August 2020

Theatre Productions and Co-Productions:

Macbeth - By William Shakespeare, Directed by Christopher Haydon, with Lucy Ellinson

Touch – Created by the Elders Company, Directed by Steve Kirkham

Light Falls - By Simon Stephens, Directed by Sarah Frankcom, with original music by Jarvis Cocker (world premiere)

24 Hours of Peace - Created and Directed by Neil Bartlett, with Thomas Carter Projects, in partnership with the Royal Exchange Theatre & Resonance FM

Gypsy - A Musical Fable, Book by Arthur Laurents, Music by Jule Styne, Lyrics by Stephen Sondheim. Suggested by memoirs of Gypsy Rose Lee. Original production by David Merrick & Leland Hayward. Entire production originally directed and choreographed by Jerome Robbins. Directed by Jo Davies.

Cuttin' It - By Charlene James, Directed by Nickie Miles Wildin

Wuthering Heights - By Emily Brontë, in a version by Andrew Sheridan, Directed by Bryony Shanahan

Rockets and Blue Lights – By Winsome Pinnock, Directed by Miranda Cromwell (world premiere)

Studio Theatre Visiting Companies:

Status – written by Chris Thorpe, developed with and directed by Rachel Chavkin

The Witching Way – created by Ali Matthews & Leo Burtin with the Company

Ducklings – The Heard Theatre

Split/Mixed – Written and performed by Ery Nzaramba, directed by Jude Christian

Super Duper Close Up – Conceived, written and performed by Jess Latowicki, dramaturg Tim Cowbury

Augmented – written and performed by Sophie Wooley

Mother's Bloomers – Mother's Ruin and the Royal Exchange Theatre in association with Contact and Cake Tin foundation

Digital Theatre Performances:

Connect Fest – Written by Testament, directed by Nicki Miles-Wildin and created with the Royal Exchange Theatre's Elders and Young Companies

Rockets and Blue Lights – Recorded as part of the Lockdown Theatre Festival and aired on BBC Radio 3 as part of Culture in Quarantine. OnComm 2021 winner for best Audio Show

We Need to Talk – 4 panel debates, catalysts for conversations about the disproportionate impact of Coronavirus on key groups within UK society

Keep it in the Day – Written by Chris Thorpe, created with the Royal Exchange Theatre's Local Ambassadors from Leigh

The Almighty Sometimes (archive recording) – Written by Kendall Feaver, directed by Katy Rudd, re-released for digital platforms

The House of Bernarda Alba (archive recording) - A Royal Exchange Theatre and Graeae Theatre Company co-production, Translated by Jo Clifford, Directed by Jenny Sealey. re-released for digital platforms, winner of the OnComm 2021 Award for best recorded show

The Mountaintop (a digital reading) – Written by Katori Hall, directed by Roy Alexander Weise (THE MOUNTAINTOP was originally a JMK Trust and Young Vic co-production, produced in association with Desara Bosnja.)

Moments of Connection – created by the Young Company Writers group

Phone A Friend – created by the Elders Leaders and the Royal Exchange Theatre

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Trustees' report
for the year ended 31 August 2020

The trustees present their report and the audited group and company financial statements for the year ended 31 August 2020. 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.

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 job 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.

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 below whose names are appended with an asterisk (*) are also members of the Finance and Scrutiny Committee. Trustees below 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 company 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.

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'.

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Trustees' report (continued)
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Directors, trustees and members of the company

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 year were:

Ben Caldwell * ** (Chair)
Ellen Hanlon *
Nicole May **
Jean Oglesby (resigned 31 October 2019)
Sally Penni *
Jennifer Raffle * (Chair Finance and Scrutiny Committee)
Aziz Rashid **
David Roscoe
Davina Shah ** (Chair People and Culture Committee)
Geoffrey Shindler *
Martyn Torevell *
Kate Vokes (appointed 6 February 2020).

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.

Group structure

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.

Vision and objectives

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.

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Trustees' report (continued)
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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, both in developing the organisation's objectives, and in planning its activities.

Our work is also informed by the aims of our principal public funders including the Arts Council's goal of 'Great Art and Culture for Everyone' 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.

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, and we continue to offer £10 day tickets to every performance in our theatre. We have accessible performances (audio-description, BSL-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.

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 and digital capture and distribution is taking our work, for free, to audiences across the UK and beyond.

We have an engaged and active pool of around 100 volunteers, contributing to our Visitor Experience, Costume Hire, Marketing and Development departments.

Strategic Report

The year ended 31 August 2020 saw the Royal Exchange produce and co-produce eight productions, one of which was Winsome Pinnock's *Rockets and Blue lights* which sadly closed before its press night performance due to the pandemic. Two of these pieces were world premieres. In addition to the live performances at the theatre, a number of newly commissioned works and broadcasts of previously made productions were made available digitally during the Covid-19 lockdown.

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Trustees' report (continued)
for the year ended 31 August 2020

Despite the theatre being open for only half of the financial year, 93,338 people came to see our work in Manchester (185,000 in 2018/19 – full year). This equated to 75% of available seats across the programme in the theatre module. Overall, 23.1% of tickets sold were to new bookers.

The programme of digital work, specifically curated for the period of lockdown, saw 67,979 views across a range of platforms. Of this, 18,034 views were for The Mountaintop, the theatre's response to the Black Lives Matter movement.

Please also refer to details of the artistic programme within the Executive Report above.

New Writing and Talent Development

Despite an incredibly disruptive year, the Royal Exchange continued to prioritise development of new writing and writers, as well as wider talent development initiatives. 184 individual dramaturgical meetings for writers were delivered alongside 9 formal talks for groups or educational settings which has benefitted 96 writers.

In February 2020, 105 scripts were submitted. All contributors received bespoke feedback and some met with the Royal Exchange's Dramaturg and New Work Lead.

Engagement with freelance professional writers / artists -

MANCHESTER UNIVERSITY PARTNERSHIP - 4 writers (leading workshops)

YOUNG WRITERS PROGRAMME - 1 Writer's Tutor and 4 visiting speakers

WRITERS Q&As - 4 writers (leading Q&As with about 15 writers each time)

BESEA WRITERS - 8 writers and 10 workshop leader writers

OH WOMAN – 6 audio experiences to celebrate International Women's Day. The project employed 13 freelancers

CONNECT FEST – an intergenerational show made with our Young Company and Elders Company, we employed 1 writer and 1 director to work with them

KEEP IT IN THE DAY – A poem filmed during lockdown by writer Chris Thorpe in a collaboration with a film maker

MOMENTS OF CONNECTION – 18 performers and directors

We have also made 1 full new commission to playwright Testament, for a piece of scale.

On 21 May 2020, the first Bruntwood Prize winning writer Duncan Macmillan hosted a video workshop for Manchester writers. Rebecca Jones, a local Longlisted playwright said "Mindblown from start to finish and have had a newfound optimism ever since. Mega grateful, so thanks for putting it together"

From 22 June 2020, the Royal Exchange showcased a digital archive recording of the Bruntwood Prize winning ALMIGHTY SOMETIMES by Kendall Feaver for two weeks, and an associated digital workshop on young people's mental health during the pandemic.

The Bruntwood Prize Co-ordinator supported the Local Exchange 'Local-Tale' Wigan and Leigh playwrighting Prize, providing advice and guidance. The winners received positive attention online and in the local press. They will be supported towards presenting their short plays in the Den.

37 freelance writers have received new paid commissions for writing resources on the website.

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Trustees' report (continued)
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The Exchange has also been a key-partner in setting up and running the GMAH (Greater Manchester Artist Hub) with several other creative organisations, which was launched in April 2020 as a response to the pandemic and lockdowns. Over the last year, 649 members of the Greater Manchester Creative Community have engaged with GM Artists Hub events a total of 1,135 times. The scheme has so far;

- Received 199 applications to our funds
- Employed Artists as workshop leaders and consultants 24 times
- Awarded 10 hardship bursaries
- Awarded 11 seed funding awards
- Awarded 3 joint commissions

Lastly, the Exchange hosted 3 trainee directors and 2 trainee technicians, giving them the opportunity to work in a producing theatre, be involved in the full process of mounting a production and helping to develop their skills and knowledge.

Creative Learning and Engagement (CLE)

During 2019/20 a range of activities and programmes was delivered. Key highlights include;

- The Royal Exchange Elders Company Performed their own show, TOUCH in the Studio; directed by Andy Barry and created with the Company.
- Partnering with Cardboard Citizens (a theatre company working predominantly to empower homeless people) to produce a show in the Studio; attended by Mayor Andy Burnham.
- Neil Bartlett's Remembrance Day durational performance "24 Hours of Peace" performed in the Module with half of the cast coming from our Creative Learning & Engagement programmes.
- A costume project was delivered with participants from the Women's Centre in Tameside, making costumes for the main stage production of Wuthering Heights, working with the theatre's wardrobe department.
- The Local Exchange programme worked with residents from a Tameside housing estate to create The Cavendish Mill poem with artist Chris Thorpe. It was projected onto the exterior of the residents' homes as a gift to residents for Christmas.
- The Culture Champions project was delivered in various wards and boroughs across Manchester; encouraging elders in a wide range of communities to Age With Ambition; a provocation to socialise, be creative, seek out and enjoy cultural offers and initiate projects within their own communities.

After the theatre's closure and lockdown restrictions came into place, all physical activity was transposed to Zoom and telephone channels. Participants were equipped with the skills and software to access Zoom. The theatre's Elders Company, Children's Company, Young Company and Local Exchange Ambassador meetings continued to take place online.

The first digital production was Connect Fest, a brand new digital, musical, intergenerational show, devised with the Company, written by Testament and directed by Nickie Miles-Wildin.

Next was Moments of Connection from the Young Company Writers. Original texts exploring extraordinary moments of connection experienced during lockdown. This project saw them collaborate with professional directors and actors for the first time.

In the background, Elders Leaders established a new telephone project "Phone A Friend" to enable better participatory access to those engaging with the Elders programme without access to Zoom.

To end the Summer, the Young Company created MMXX with director Nickie Miles-Wildin; an interactive, live theatrical experience on Zoom, exploring "the new normal" and visions of the future.

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Trustees' report (continued)
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In total 4,659 participants were engaged across 665 sessions at St Ann's Square, off-site and through digital channels. 9,958 participations were delivered.

During the year, 19 Bronze Arts Awards were achieved.

Diversity

In 2019/20, the Board of Trustees was made up 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.

In 2019/20, 54% of performers in our productions were female, 48% were Black, Asian or Ethnically Diverse and 5% were Deaf/ deaf or disabled.

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 and 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.

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Trustees' report (continued)
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Regulation and Professional Standards

We comply with current regulations and best practice set out by regulatory or professional membership bodies such as the Institute of Fundraising.

The Development team works closely with the Marketing team to ensure that in 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

Overview

RET Group made an operating deficit – being the aggregate movement in unrestricted and designated funds - of (£7k) in 2019/20 (2018/19: deficit of £355k). The restricted fund deficit was (£786k) in 2019/20 (2018/19: deficit of £1,176k) as a result of planned activity.

Net current assets were £1,742k at 31 August 2020 (31 August 2019: £679k). Net group assets were £6,117k as at 31 August 2020 (31 August 2019: £6,910) and the cash at bank and in hand balance was £1,527k (2019: £801k).

The Covid 19 pandemic had a significant effect on the Royal Exchange Theatre as it did on all performing arts venues across the UK; approximately one third of the main artistic programme for the year was cancelled as a result. The severe financial impact of lost income from box office and commercial operations was off set by cost cutting as well as fundraising including emergency funding from Manchester City Council, Arts Council England and large number of supporters of the Theatre.

KPIs and typical means of measuring financial performance are not useful in this exceptional year, due to the cancellation of a large element of the charity's activities.

Key risks and uncertainties

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.

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.

Royal Exchange Theatre Company Limited
(A company limited by guarantee)

Trustees' report (continued)
for the year ended 31 August 2020

Going Concern

We have set out above a review of our reserves position below. 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 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. Trustees therefore believe that the Royal Exchange Theatre will continue in operational existence for the foreseeable future and, based on future financial forecasts to May 2022, 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

As at the year end, our reserves policy was 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 £600k 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.

We have in recent years made good progress in building up our reserves through a successful artistic programme and careful financial management and, as at 31 August 2020, our available reserves stood at £236k. The group's net current assets/liabilities held within general Unrestricted Funds, as shown in note 26.

Our current financial plan seeks to increase our reserves further in subsequent years and this plan will, if achieved, build our available reserves up to £364k by March 2024.

Royal Exchange Theatre Company Limited
(A company limited by guarantee)

Statement of Trustees' responsibilities
for the year ended 31 August 2020

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 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 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 (May 25, 2021, 6:13pm)
Ben Caldwell
Chair

Date: 25 May 2021

Royal Exchange Theatre Company Limited
(A company limited by guarantee)

Reference and administrative details

Members of the board: Ben Caldwell, Chair
Ellen Flood
Nicole May
Sally Penni
Jennifer Raffle, Chair Finance and Scrutiny Committee
Aziz Rashid
David Roscoe
Davina Shah, Chair People and Culture Committee
Geoffrey Shindler
Martyn Torevell
Kate Vokes (appointed 6 February 2020)

Patron: HRH the Earl of Wessex

Joint Artistic Directors: Bryony Shanahan
Roy Alexander Weise

Executive Director : Stephen Freeman

Royal Exchange Theatre Company Limited
(A company limited by guarantee)

Reference and administrative details

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

Royal Exchange Theatre Company Limited
(A company limited by guarantee)

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 year ended 31 August 2020 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 August 2020 and of the Group's 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 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

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 Group's or the parent 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.

Royal Exchange Theatre Company Limited
(A company limited by guarantee)

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 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 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.

Royal Exchange Theatre Company Limited
(A company limited by guarantee)

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.

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.

HABesantRoberts

Helen Besant Roberts (May 25, 2021)

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

Date: 25 May 2021

Royal Exchange Theatre Company Limited
(A company limited by guarantee)

Consolidated Statement of Financial Activities
as at 31 August 2020

	Note	Unrestricted (general) funds 2020 £000	Unrestricted (designated) funds 2020 £000	Restricted funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Income						
Donations and legacies	4	493	-	403	896	855
Income from public sector grants	5	4,212	-	783	4,995	2,648
Theatre tax relief income		356	-	-	356	465
Income from charitable activities		-	-	-	-	-
Operation of theatre	6	2,602	-	22	2,624	5,147
Income from trading activities						-
Commercial and trading operations	7	714	-	123	837	1,733
Investment income	8	2	-	-	2	2
Other income	9	-	-	-	-	110
Total income		8,379	-	1,331	9,710	10,961
Expenditure						
Cost of raising funds:						
From commercial and trading operations and donations/legacies	10	(885)	(2)	(48)	(935)	(1,616)
Expenditure on charitable activities	11	(7,483)	(48)	(2,037)	(9,568)	(9,734)
Total expenditure		(8,368)	(50)	(2,085)	(10,503)	(11,350)
Net income/ (expenditure)		11	(50)	(754)	(793)	(389)
Transfer between funds		(652)	684	(32)	-	-
Net movement in funds		(641)	634	(786)	(793)	(389)

Royal Exchange Theatre Company Limited
(A company limited by guarantee)

Consolidated Statement of Financial Activities
as at 31 August 2020

	Unrestricted (general) funds 2020 £000	Unrestricted (designated) funds 2020 £000	Restricted funds 2020 £000	Total funds 2020 £000	<i>Total funds 2019 £000</i>
Reconciliation of funds:					
Total funds brought forward	877	501	5,532	6,910	7,299
Net movement in funds	(641)	634	(786)	(793)	(389)
Total funds carried forward	<u>236</u>	<u>1,135</u>	<u>4,746</u>	<u>6,117</u>	<u>6,910</u>

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
(A company limited by guarantee)
Registered number: 00927203

Consolidated balance sheet
as at 31 August 2020

	Note	2020 £000	2019 £000
Fixed assets			
Tangible assets	18	5,158	6,231
		<u>5,158</u>	<u>6,231</u>
Current assets			
Stocks	21	-	45
Debtors	22	1,529	1,792
Cash at bank and in hand	28	1,527	801
		<u>3,056</u>	<u>2,638</u>
Creditors: amounts falling due within one year	23	(1,314)	(1,959)
Net current assets		<u>1,742</u>	<u>679</u>
Total assets less current liabilities		<u>6,900</u>	<u>6,910</u>
Provisions for liabilities	24	(783)	-
Total net assets		<u><u>6,117</u></u>	<u><u>6,910</u></u>
Charity funds			
Restricted funds	25	4,746	5,532
Unrestricted funds			
Designated Fund	25	1,135	501
General Funds - all funds	25	236	877
		<u>1,371</u>	<u>1,378</u>
Total unrestricted funds		<u>1,371</u>	<u>1,378</u>
Total funds		<u><u>6,117</u></u>	<u><u>6,910</u></u>

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



Ben Caldwell (May 25, 2021, 6:13pm)

Chair

Date: 25 May 2021


The notes on pages 25 to 51 form part of these financial statements.

Royal Exchange Theatre Company Limited
(A company limited by guarantee)
Registered number: 00927203

Company balance sheet
as at 31 August 2020

	Note	2020 £000	2019 £000
Fixed assets			
Tangible assets	18	5,158	6,231
Investments	19	-	-
		<u>5,158</u>	<u>6,231</u>
Current assets			
Stocks	21	-	45
Debtors	22	1,488	1,307
Cash at bank and in hand		1,527	765
		<u>3,015</u>	<u>2,117</u>
Creditors: amounts falling due within one year	23	(1,321)	(1,482)
Net current assets		<u>1,694</u>	<u>635</u>
Total assets less current liabilities		<u>6,852</u>	<u>6,866</u>
Provisions for liabilities	24	(783)	-
Total net assets		<u><u>6,069</u></u>	<u><u>6,866</u></u>
Charity funds			
Restricted funds		4,741	5,526
Unrestricted funds			
Designated funds		1,136	502
General funds		192	838
		<u>1,328</u>	<u>1,340</u>
Total funds		<u><u>6,069</u></u>	<u><u>6,866</u></u>

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



Ben Caldwell
 Chair

Date: 25 May 2021

The notes on pages 25 to 51 form part of these financial statements.

Royal Exchange Theatre Company Limited
(A company limited by guarantee)

Consolidated statement of cash flows
for the year ended 31 August 2020

	Note	2020 £000	2019 £000
Cash flows from operating activities			
Net cash provided by operating activities	27	842	456
Cash flows from investing activities			
Dividends, interest and rents from investments	8	2	2
Proceeds from the sale of tangible fixed assets		-	195
Purchase of tangible fixed assets	18	(118)	(345)
Net cash used in investing activities		(116)	(148)
Change in cash and cash equivalents in the year		726	308
Cash and cash equivalents at the beginning of the year		801	493
Cash and cash equivalents at the end of the year	28	1,527	801

The notes on pages 25 to 51 form part of these financial statements

Royal Exchange Theatre Company Limited
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2020

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 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. 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 August 2020 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.

2.4 Charity status

The members of the charity are the trustees named on page 18. 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.

Royal Exchange Theatre Company Limited
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2020

2. Accounting policies (continued)

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.

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.

Royal Exchange Theatre Company Limited
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2020

2. Accounting policies (continued)

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.

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.

Royal Exchange Theatre Company Limited
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2020

2. Accounting policies (continued)

2.16 Stocks

Stocks consist of goods for re-sale and are valued at the lower of cost and net realisable value.

2.17 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.

2.18 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.

2.19 Liabilities

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.

2.20 Provisions

Provisions are recognised when the Group has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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.

2.21 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.

Royal Exchange Theatre Company Limited
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2020

2. Accounting policies (continued)

2.22 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.

2.23 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.

2.24 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.

2.25 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.

2.26 Operating leases

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

Royal Exchange Theatre Company Limited
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2020

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 August 2020 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 £36,000 (2019: £103,000).

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 £5,159,000 (2019: £6,231,000).

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 August 2020 is £994,000 (2019: £1,106,000)

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Notes to the financial statements
for the year ended 31 August 2020

4. Income from donations and legacies

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Total funds 2020 £000	<i>Total funds 2019 £000</i>
Donations and legacies	493	403	896	855
Total 2020	493	403	896	855
<i>Total 2019</i>	227	629	855	

5. Income from public sector grants

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Total funds 2020 £000	<i>Total funds 2019 £000</i>
Grants receivable				
Arts Council England (ACE) revenue funding	2,332	-	2,332	2,332
Greater Manchester Combined Authority (GMCA) revenue funding	238	-	238	219
Cultural Recovery Fund	-	783	783	-
Coronavirus Job Retention Scheme Income	1,071	-	1,071	-
ACE - Changemakers	-	-	-	60
Regional Theatre Young Director Scheme	571	-	571	15
ACE - Capital Grant	-	-	-	22
Total 2020	4,212	783	4,995	2,648
<i>Total 2019</i>	2,551	97	2,648	

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Notes to the financial statements
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6. Income from charitable activities

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Total funds 2020 £000	<i>Total funds 2019 £000</i>
Box office income from performances				
Box office income - own productions & co-productions	2,284	-	2,284	4,349
Box office income - visiting companies and special events	48	-	48	156
	2,332	-	2,332	4,505
Creative Learning and Engagement income	20	22	42	121
New writing activities income	-	-	-	6
Co-production income	9	-	9	114
Costume hire, theatre shop & programmes	205	-	205	350
Income from other artistic activities	36	-	36	51
	270	22	292	642
Total 2020	2,602	22	2,624	5,147
<i>Total 2019</i>	5,062	85	5,147	

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Notes to the financial statements
for the year ended 31 August 2020

7. Income from trading activities

Commercial and trading operations

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Total funds 2020 £000	<i>Total funds 2019 £000</i>
Sponsorship and fundraising	3	123	126	146
Corporate members	18	-	18	52
Miscellaneous income	130	-	130	267
Operations of trading subsidiaries (note 15)	563	-	563	1,268
Total 2020	714	123	837	1,733
<i>Total 2019</i>	<i>1,610</i>	<i>123</i>	<i>1,733</i>	

Miscellaneous income includes hire income.

8. Investment income

	Unrestricted funds 2020 £000	Total funds 2020 £000	<i>Total funds 2019 £000</i>
Income from bank deposits	2	2	2

9. Other income

	Unrestricted (general) funds 2020 £000	Unrestricted (designated) funds 2020 £000	Total funds 2020 £000	<i>Total funds 2019 £000</i>
Profit on disposal of property	-	-	-	110
<i>Total 2019</i>	<i>10</i>	<i>100</i>	<i>110</i>	

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Notes to the financial statements
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10. Costs of raising funds from commercial and trading operations and donations/legacies

	Unrestricted (general) funds	Unrestricted (designated) funds	Restricted funds	Total funds	<i>Total funds</i>
	2020	2020	2020	2020	<i>2019</i>
	£000	£000	£000	£000	<i>£000</i>
Commercial trading (note 15)	507	-	-	507	<i>1,141</i>
Sponsorship and corporate members	207	-	-	207	<i>229</i>
Other costs	65	-	-	65	<i>73</i>
Total before support costs	779	-	-	779	<i>1,443</i>
Support costs reallocated (note 13)	106	2	48	156	<i>173</i>
Total 2020	885	2	48	935	<i>1,616</i>
<i>Total 2019</i>	<i>1,588</i>	<i>2</i>	<i>26</i>	<i>1,616</i>	

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11. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted (general) funds 2020 £000	Unrestricted (designated) funds 2020 £000	Restricted funds 2020 £000	Total funds 2020 £000	<i>Total funds 2019 £000</i>
Artistic and creative	798	-	68	866	961
Performers and stage management	1,100	-	-	1,100	1,219
Production costs	2,319	-	-	2,319	2,568
Customer services	496	-	-	496	550
Creative learning and engagement	179	-	142	321	356
New writing and development	241	-	91	332	368
Other artistic activities	59	-	-	59	65
Costume hire, theatre shop and programmes	260	-	-	260	288
Change (Local) Exchange	24	-	40	64	71
Redundancy costs	-	-	783	783	-
Total before support costs	5,476	-	1,124	6,600	6,446
Support costs reallocated (note 13)	2,007	48	913	2,968	3,288
Total 2020	7,483	48	2,037	9,568	9,734
<i>Total 2019</i>	<i>8,199</i>	<i>53</i>	<i>1,482</i>	<i>9,734</i>	

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Notes to the financial statements
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12. Analysis of expenditure on charitable activities

Summary by activity

	Cost of performances	Other charitable activities	Total	<i>Total</i>
	2020	2020	2020	<i>2019</i>
	£000	£000	£000	<i>£000</i>
Artistic and creative	866	-	866	<i>961</i>
Performers and stage management	1,100	-	1,100	<i>1,219</i>
Production costs	2,319	-	2,319	<i>2,568</i>
Customer services	496	-	496	<i>550</i>
Creative learning and engagement	-	321	321	<i>356</i>
New writing and development	-	332	332	<i>368</i>
Other artistic activities	-	59	59	<i>65</i>
Costume hire, theatre shop and programmes	-	260	260	<i>288</i>
Change (Local) Exchange	-	64	64	<i>71</i>
Redundancy costs	-	783	783	<i>-</i>
Total before support costs	4,781	1,819	6,600	<i>6,446</i>
Support costs reallocated (note 13)	2,654	314	2,968	<i>3,288</i>
Total 2020	7,435	2,133	9,568	<i>9,734</i>
<i>Total 2019</i>	<i>8,239</i>	<i>1,495</i>	<i>9,734</i>	

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Notes to the financial statements
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13. Analysis of support costs

	Support costs	Total	<i>Total</i>
	2020	funds	<i>funds</i>
	£000	2020	<i>2019</i>
		£000	<i>£000</i>
Cost of raising funds (note 10)	156	156	<i>173</i>
Cost of performances (note 12)	2,654	2,654	<i>2,941</i>
Other charitable activities (note 12)	314	314	<i>347</i>
Total 2020	<u>3,124</u>	<u>3,124</u>	<u><i>3,461</i></u>
<i>Total 2019</i>	<u>3,461</u>	<u><i>3,461</i></u>	

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 5% (2019: 5%) to costs of raising funds, 85% (2019: 85%) to costs of performances and 10% (2019: 10%) to other charitable activities.

14. Auditors' remuneration

	2020	<i>2019</i>
	£000	<i>£000</i>
Fees payable to the Company's auditor for the audit of the Company's annual accounts and those of its subsidiaries and branches	14	<i>14</i>
Fees payable to the Company's auditor in respect of:		
All taxation advisory services not included above	<u>2</u>	<u><i>2</i></u>

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Notes to the financial statements
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15. Operations of trading subsidiaries

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

Royal Exchange Theatre Trading Limited

	2020	<i>2019</i>
	£000	<i>£000</i>
The income and expenditure of the subsidiary were		
Turnover	563	<i>1,268</i>
Cost of sales	(507)	<i>(1,141)</i>
	<hr/> 56	<hr/> <i>127</i>
Gross profit		
	<hr/> 56	<hr/> <i>127</i>
Operating profit	(56)	<i>(127)</i>
Donation to parent	<hr/> (56)	<hr/> <i>(127)</i>
	<hr/> -	<hr/> <i>-</i>
Retained in subsidiary	<hr/> -	<hr/> <i>-</i>
	<hr/> -	<hr/> <i>-</i>
The net assets and liabilities of the subsidiary were		
Current assets	4	<i>511</i>
Creditors due within one year	(4)	<i>(511)</i>
	<hr/> -	<hr/> <i>-</i>
Total net assets	<hr/> -	<hr/> <i>-</i>
	<hr/> -	<hr/> <i>-</i>
Share capital and reserves	<hr/> -	<hr/> <i>-</i>

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**Notes to the financial statements
for the year ended 31 August 2020**

15. Operations of trading subsidiaries (continued)

Exchange Productions Limited

	2020	<i>2019</i>
	£000	<i>£000</i>
The income and expenditure of the subsidiary were		
Turnover	2,830	<i>3,973</i>
Cost of sales	(3,186)	<i>(4,438)</i>
	<hr/>	<hr/>
Gross loss	(356)	<i>(465)</i>
Theatre tax relief	356	<i>465</i>
	<hr/>	<hr/>
Retained in subsidiary	-	<i>-</i>
	<hr/> <hr/>	<hr/> <hr/>
The net assets and liabilities of the subsidiary were		
Current assets	357	<i>540</i>
Creditors due within one year	(359)	<i>(542)</i>
	<hr/>	<hr/>
Total net liabilities	(2)	<i>(2)</i>
	<hr/> <hr/>	<hr/> <hr/>
Share capital and reserves	(2)	<i>(2)</i>
	<hr/> <hr/>	<hr/> <hr/>

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Notes to the financial statements
for the year ended 31 August 2020

16. Staff costs

	Group 2020 £000	<i>Group 2019 £000</i>	Company 2020 £000	<i>Company 2019 £000</i>
Wages and salaries	4,532	<i>3,451</i>	4,532	<i>3,451</i>
Social security costs	286	<i>282</i>	286	<i>282</i>
Contribution to defined contribution pension schemes	115	<i>74</i>	115	<i>74</i>
Termination payments	783	<i>53</i>	783	<i>53</i>
	5,716	<i>3,860</i>	5,716	<i>3,860</i>

During the year, the charity incurred redundancy costs totalling £783,042 (2019: £53,000). At the year end date, there are amounts totalling £783,042 relating to redundancy costs on the balance sheet (2019: £Nil)

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

	Group 2020 No.	<i>Group 2019 No.</i>
Full time employees	89	<i>89</i>
Part time employees	47	<i>59</i>
	136	<i>148</i>

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Notes to the financial statements
for the year ended 31 August 2020

16. Staff costs (continued)

	Group 2020 No.	Group 2019 No.
The number of full time equivalent employees was:	107	105
Full time equivalent employees fell into the following categories:		
	Group 2020 No.	<i>Group 2019 No.</i>
Generating funds	5	5
Artistic / education / literary	16	17
Production and stage operations	35	32
Other theatre operations	23	22
Support activities	13	13
Management and administration	7	8
Ushers	8	8
	<hr/> 107 <hr/>	<hr/> <i>105</i> <hr/>

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

	Group 2020 No.	<i>Group 2019 No.</i>
In the band £70,001 - £80,000	1	-
In the band £90,001 - £100,000	-	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 were £210,672 (2019: £212,608).

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 £558 (2019: £335) were incurred by one trustee (2019: 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.

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17. 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 outgoing resources for the company (including its branches) for the year was £797,000 (2019: 391,000).

18. 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 2019	177	26,240	1,500	4,681	32,598
Additions	-	-	-	118	118
At 31 August 2020	177	26,240	1,500	4,799	32,716
Depreciation					
At 1 September 2019	73	20,778	1,330	4,186	26,367
Charge for the year	4	1,010	60	117	1,191
At 31 August 2020	77	21,788	1,390	4,303	27,558
Net book value					
At 31 August 2020	100	4,452	110	496	5,158
At 31 August 2019	104	5,462	170	495	6,231

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**Notes to the financial statements
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19. Investments

Company

	2020	<i>2019</i>
	£	£
Shares in subsidiary undertakings (note 20)	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

20. 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 (formerly Royal Exchange Theatre Catering Limited)	01265513	St Ann's Square, Manchester, M2 7DH	Operation of theatre bars and cafe and other non-primary purpose trading	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.

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21. Stocks

	Group 2020 £000	<i>Group 2019 £000</i>	Company 2020 £000	<i>Company 2019 £000</i>
Theatre shop stock	-	44	-	44
Confectionery stock	-	1	-	1
	<u>-</u>	<u>45</u>	<u>-</u>	<u>45</u>

An impairment loss of £45,000 (2019: £nil) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

22. Debtors

	Group 2020 £000	<i>Group 2019 £000</i>	Company 2020 £000	<i>Company 2019 £000</i>
Trade debtors	37	579	36	103
Amounts owed by group undertakings	-	-	318	531
Other debtors	297	341	294	266
Prepayments and accrued income	56	407	57	407
Theatre tax relief income due	356	465	-	-
Culture Recovery Fund receivable	783	-	783	-
	<u>1,529</u>	<u>1,792</u>	<u>1,488</u>	<u>1,307</u>

23. Creditors: Amounts falling due within one year

	Group 2020 £000	<i>Group 2019 £000</i>	Company 2020 £000	<i>Company 2019 £000</i>
Trade creditors	101	605	101	177
Other taxation and social security	79	78	79	75
Other creditors	120	170	125	124
Accruals	341	357	343	357
Deferred income	673	749	673	749
	<u>1,314</u>	<u>1,959</u>	<u>1,321</u>	<u>1,482</u>

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

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 August 2020, no amounts fall due to be repaid in respect of the grants.

	Group	<i>Group</i>	Company	<i>Company</i>
	2020	<i>2019</i>	2020	<i>2019</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Deferred income brought forward	749	718	749	718
Released in the year	(749)	(718)	(749)	(718)
Deferred in the year	673	749	673	749
Deferred income carried forward	673	<i>749</i>	673	<i>749</i>

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.

24. Provisions

Group and Company

	Redundancy provision £000
Redundancy provision	783
	783

A provision has been recognised in the year relating to redundancy costs as disclosed in note 16.

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Notes to the financial statements
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25. Analysis of charitable funds

Group statement of funds - current year

	Balance at 1 September 19 £000	Income £000	Expenditure £000	Transfers in/(out) £000	Balance at 31 August 20 £000
Restricted funds					
Artistic projects					
Creative Learning and Engagement	79	90	(141)	-	28
New writing and talent development	60	123	(91)	(32)	60
Local (Change) Exchange	335	254	(40)	-	549
Other	-	81	(6)	-	75
Total - artistic projects	474	548	(278)	(32)	712
Long term projects					
Theatre refurbishment project 1997	4,749	-	(1,004)	-	3,745
Capital project 2013	309	-	(20)	-	289
Total - long term projects	5,058	-	(1,024)	-	4,034
Other restricted funds	-	783	(783)	-	-
Total restricted funds	5,532	1,331	(2,085)	(32)	4,746
Unrestricted funds					
General funds	877	8,379	(8,368)	(652)	236
Designated funds					
Theatre refurbishment project 1997	183	-	(39)	-	144
Capital project 2013	218	-	(11)	-	207
Fixed asset fund	-	-	-	684	684
Investment fund	100	-	-	-	100
Total designated funds	501	-	(50)	684	1,135
Total unrestricted funds	1,378	8,379	(8,418)	32	1,371
Total funds	6,910	9,710	(10,503)	-	6,117

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**Notes to the financial statements
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25. Analysis of charitable funds (continued)

Group statement of funds - prior year

	<i>Balance at 1 September 18</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/(out)</i>	<i>Balance at 31 August 19</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Restricted funds					
Artistic projects					
Creative Learning and Engagement	48	163	(132)	-	79
New writing and talent development	54	341	(335)	-	60
Local (change) exchange	-	406	(71)	-	335
Total - artistic projects	<u>102</u>	<u>910</u>	<u>(538)</u>	<u>-</u>	<u>474</u>
Long term projects					
Theatre refurbishment project 1997	5,686	-	(937)	-	4,749
Capital project 2013	329	24	(33)	(11)	309
Total - long term projects	<u>6,015</u>	<u>24</u>	<u>(970)</u>	<u>(11)</u>	<u>5,058</u>
Total restricted funds	<u>6,117</u>	<u>934</u>	<u>(1,508)</u>	<u>(11)</u>	<u>5,532</u>
Unrestricted funds					
General funds	<u>737</u>	<u>9,927</u>	<u>(9,787)</u>	<u>-</u>	<u>877</u>
Designated funds					
Theatre refurbishment project 1997	223	-	(40)	-	183
Capital project 2013	217	-	(10)	11	218
Capital replacement fund	5	-	(5)	-	-
Investment fund	-	100	-	-	100
Total designated funds	<u>445</u>	<u>100</u>	<u>(55)</u>	<u>11</u>	<u>501</u>
Total unrestricted funds	<u>1,182</u>	<u>10,027</u>	<u>(9,842)</u>	<u>11</u>	<u>1,378</u>
Total funds	<u>7,299</u>	<u>10,961</u>	<u>(11,350)</u>	<u>-</u>	<u>6,910</u>

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25. 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.

26. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted (general) funds 2020 £000	Unrestricted (designated) funds 2020 £000	Restricted funds 2020 £000	Total funds 2020 £000
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

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Notes to the financial statements
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26. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	<i>Unrestricted (general) funds 2019 £000</i>	<i>Unrestricted (designated) funds 2019 £000</i>	<i>Restricted funds 2019 £000</i>	<i>Total funds 2019 £000</i>
Tangible fixed assets	695	402	5,134	6,231
Current assets	2,141	99	398	2,638
Creditors due within one year	(1,959)	-	-	(1,959)
Net current assets	182	99	398	679
Net assets	877	501	5,532	6,910

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

	Group 2020 £000	<i>Group 2019 £000</i>
Net expenditure for the year (as per Statement of Financial Activities)	(793)	<i>(389)</i>
Adjustments for:		
Depreciation charges	1,191	<i>1,190</i>
Profit on the sale of fixed assets	-	<i>(110)</i>
Decrease/(increase) in stocks	45	<i>(12)</i>
Decrease/(increase) in debtors	263	<i>(558)</i>
Increase/(decrease) in creditors	(645)	<i>337</i>
Interest received	(2)	<i>(2)</i>
Increase in provisions	783	<i>-</i>
Net cash provided by operating activities	842	<i>456</i>

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28. Analysis of cash and cash equivalents

	Group	<i>Group</i>
	2020	<i>2019</i>
	£000	<i>£000</i>
Cash at bank and in hand	1,527	<i>801</i>

29. Analysis of Net Debt

	At 1		At 31 August
	September	Cash flows	2020
	2019	£000	£000
	£000		
Cash at bank and in hand	801	726	1,527
	801	726	1,527

30. 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 year were £115,000 (2019: £96,377). At 31 August 2020, £16,000 (2019: £15,363) was owed to the scheme.

31. 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)		Capital reserves and	
	resources		income funds	
	2020	<i>2019</i>	2020	<i>2019</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Royal Exchange Theatre Appeal Fund	11	<i>12</i>	97	<i>86</i>
Royal Exchange Theatre Trustees Limited	(68)	<i>41</i>	372	<i>440</i>

32. 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.

Royal Exchange Theatre Company Limited
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2020

33. Capital commitments

At 31 August 2020, the group and company had no capital commitments for fixtures and fittings (2019: £22,595).

34. Related party transactions

The company received a donation from its subsidiary, Royal Exchange Theatre Trading Limited of £56,000 (2019: £127,000). At the year end, Royal Exchange Theatre Trading Limited owed £4,000 (2019: £80,000).

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 £3,186,165 (2019: £4,437,715) in the year. Amounts due from Exchange Productions Limited in relation to these costs at the year end totalled £355,543 (2019: £495,289).

Amounts invoiced by Exchange Productions Limited to Royal Exchange Theatre Company Limited totalled £2,829,765 (2019: £3,973,075).

Donations from trustees amounted to £452,250 (2019: £473,932). This amount includes both donations from individuals and donations from trusts and companies related to trustees.



Issuer HURST Accountants

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