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**Royal Exchange Theatre Company Limited**

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**Annual Report and Consolidated Financial Statements**

**for the year ended 31 March 2022**

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## Royal Exchange Theatre Company Limited

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## Royal Exchange Theatre Company Limited

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### Reference and Administrative Details of the Company, its Trustees and Advisers for the year ended 31 March 2022

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<b>Members of the board:</b>	Ben Caldwell, Chair Ellen Hanlon Nicole May Robert Venable-Greaves (appointed 9 February 2022) Sally Penni Jennifer Raffle, Chair Finance and Scrutiny Committee to 20 October 2022 (resigned 20 October 2022) Aziz Rashid, Chair People and Culture Committee from 14 April 2022 David Roscoe (resigned 30 August 2021) Davina Shah, Chair People and Culture Committee to 14 April 2022 (resigned 14 April 2022) Geoffrey Shindler (resigned 20 October 2022) Martyn Torevell (resigned 23 June 2022) Joanne Taylor, Chair Finance and Scrutiny Committee from 20 October 2022 (appointed 9 February 2022) Kate Vokes (appointed 10 March 2021) Rachel Armstrong (appointed 16 August 2022)
<b>Patron:</b>	HRH the Earl of Wessex
<b>Joint Artistic Directors:</b>	Bryony Shanahan Roy Alexander Weise
<b>Executive Director :</b>	Stephen Freeman
<b>Company registered number:</b>	00927203
<b>Charity registered number:</b>	255424
<b>Registered office:</b>	St Ann's Square Manchester M2 7DH
<b>Company secretary</b>	S C Freeman
<b>Independent auditors:</b>	Hurst Accountants Limited Chartered Accountants Statutory Auditors Lancashire Gate 21 Tiviot Dale Stockport SK1 1TD
<b>Bankers</b>	National Westminster Bank 19 Market Street Manchester M1 1WR

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**Royal Exchange Theatre Company Limited**

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**Reference and Administrative Details of the Company, its Trustees and Advisers (continued)  
for the year ended 31 March 2022**

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**Solicitors**

Hempsons  
100 Wood Street  
London  
EC2V 7AN

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## Royal Exchange Theatre Company Limited

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### Theatrical Productions for the year ended 31 March 2022

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#### Professional theatrical productions on the main stage:

Title	Writer	Director	Dates	No. of shows
Bloody Elle - a gig musical	Lauryn Redding	Bryony Shanahan	23 June to 17 July 2021	24
Glee and me	Stuart Slade	Nimmo Ismail	11 September to 30 October 2021	23
The Mountaintop	Katori Hall	Roy Alexander Weise	25 September to 27 October 2021	23
My White Best Friend North	Various	Various	23 October and 30 October 2021	2
The Strange Undoing of Prudencia Hart	David Greig	Debbie Hannan	4 December 2021 to 15 January 2022	43
Nora: A Doll's House	Stef Smith after Henrik Ibsen	Bryony Shanahan	4 March to 2 April 2022	32

#### Professional theatrical productions in the studio:

No professional productions were presented in the Studio during the year ended 31 March 2022.

#### Royal Exchange Young Company and Royal Exchange Elders Company productions:

Title	Writer(s)	Director	Dates	No. of shows
Wit & Wisdom	Royal Exchange Young Company and Elders Company members	Andy Barry	23 and 24 July 2021	3
The Survivors' Guide to Living	Zodwa Nyoni and the Royal Exchange Young Company members	Anna Berentzen	26 to 28 August 2021	3
When this is Over	Royal Exchange Young Company graduates	Nickie Miles-Wildin	6 November 2021	2

#### Other productions:

'The Den in Leigh' – a festival of 27 different events curated and programmed with the Leigh Ambassadors 5 to 14 August 2021 and 'Up The Hill' an audio project with the Cheetham Hill Local Exchange Ambassadors.

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## Royal Exchange Theatre Company Limited

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### Trustees' report for the year ended 31 March 2022

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The trustees, who are also directors of the charity for the purposes of the Companies Act, present their annual report and the audited financial statements for the year ended 31 March 2022, in compliance with current statutory requirements, the charity's governing document and the Statement of Recommended Practice (SORP) Accounting and Reporting by Charities (FRS 102). The trustees' report incorporates the group directors' report and strategic report.

In June 2021, the Royal Exchange Theatre re-opened its doors for live performance, following the lifting of government restrictions imposed as part of the Covid-19 global pandemic. A programme of work was devised that could be delivered whilst maintaining social distancing in the auditorium. During 2021 all participatory activity moved from Zoom to in-person and we were able to deliver a full programme of work at The Den in Leigh, Wigan as part of our Local Exchange programme.

The organisation's focus was on sustaining the delivery of live activity and increasing capacity in line with audience recovery. Like all theatres, audience return was gradual and between July 2021 and January 2022 audience capacity rose from 29% to 52%, achieving an overall average capacity of 47% during the period. Audience recovery has been slow but demonstrated marked improvements as we moved towards the end of the financial year.

#### Our purposes and activities

##### Vision

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

##### Mission

We connect, and art is our vehicle. By experiencing theatre together or taking part, we provide transformative points of connection and exchange, reminding us who we are and what we share with the people around us. Being an accessible world-class theatre and a thriving civic space is central to our vision. To achieve this, collaboration and partnership is paramount.

Especially now, our role in bringing joy and entertainment to people is critical. We will shine a light on what is good in our society and will share stories that question what a better future looks like for all of us.

#### Charitable objects

Our vision and mission have been created to enable us to further our purposes, otherwise known as our charitable objects, as set out in our governing document, our articles of association:

- 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 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.

**Trustees' report (continued)  
for the year ended 31 March 2022**

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**Activities**

We are the North West's largest and only full-time, text-based producing theatre. We present work in our unique modular theatre-in-the-round as well as spaces across Greater Manchester, in our equally unique pop-up theatre, the Den. Our exemplary engagement work with the people of Greater Manchester stands side-by-side with the theatre we produce.

Our Mission can be broken down into five strategic aims and everything that we do will directly contribute to us achieving one or more of these aims. They are:

1. Exceptional theatre, in a space like no other.
2. A sustainable charity, with evidence based financial decision making.
3. We keep our audiences close and open doors for new people to join in.
4. We are recognised for our exemplary, 21st century civic role with a clear understanding of our social impact.
5. We will navigate change balancing ambition and financial responsibility.

Our cross-cutting strategic aims will work across all of the above strategic aims & decision making, they are:

- A. We reflect the population of Greater Manchester in our workforce, audiences and participants. To do this we will be an inclusive, diverse and anti-racist organisation.
- B. Our environmental responsibility and impact are a consideration in all our decision making.
- C. We are an organisation that people want to work for, and with.

**Public benefit**

As demonstrated by the above Vision, Mission and strategic aims, the public and public benefit sits at the heart of all our activity. The trustees have considered the Charity Commission's guidance on public benefit in developing the organisation's strategic aims, planning its activities and pricing policy.

Our activity is also informed by the aims of our principal public funders Arts Council England (ACE) and the Greater Manchester Combined Authority (GMCA). ACE's "Let's Create" strategy has informed our own strategy and business planning as have the GMCA's Greater Manchester Strategic priorities.

As well as work in our theatre, we increased our reach and impact through a programme of outreach activity across Greater Manchester through the Local Exchange programme, centred around our pop-up theatre, the Den.

Digital capture and streaming takes our work, for free, to audiences across the UK and beyond.

In setting the level of ticket prices and concessions, we give particular consideration to accessibility to our theatre for those on low incomes and with specific needs: a targeted scheme for young people under 26 provides them with access to discounted tickets; our Arts Pot fund subsidises workshop fees, access provision and travel for those most in need of financial assistance to see our work or participate in our programmes; "pay what you can" tickets were offered for several shows; and we continue to offer a limited number of £10 tickets for the best seats in the house to every performance in the theatre, made available on the day on a first come, first served basis.

We have a range of accessible performances including audio description, sign language interpretation, captioned performances and relaxed performances for many of our productions. We also offer free tickets to our programme to groups and partners working with us in some of the most disadvantaged parts of Greater Manchester.

There is free public access most days to our historic building, the Great Hall, Manchester's former cotton exchange, in which the theatre module and our café are situated.

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## Royal Exchange Theatre Company Limited

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### Trustees' report (continued) for the year ended 31 March 2022

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#### Volunteers

Volunteering activities ceased during the Covid-19 pandemic. In 2021-22 we remobilised volunteers, on a smaller scale, offering social drop-ins and opportunities to volunteer on projects and productions as Visitor Experience Volunteers. It is hoped that we can continue to grow the volunteering offer throughout the current year, with a new pool of volunteers recruited in January 2023.

During the year we worked with over 100 volunteers in various roles which saw over 800 volunteering hours.

#### Structure, Governance and Management

##### Structure

The Royal Exchange Theatre Company Limited is a charitable company limited by guarantee governed by its articles of association. The charitable company has a number of subsidiary undertakings and branches, full details of which are given in the notes to the financial statements. One of these subsidiary undertakings, Royal Exchange Theatre Trading Limited, houses various commercial trading activities including catering services, commercial sponsorship, room hire and costume hire. Profits from these activities are gift-aided annually to the parent charity.

##### Governance

The governing body of the Royal Exchange Theatre Company Limited is its board of trustees whose members are non-executive and unpaid. The trustees of the charitable company are also directors 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.

The trustees who served during the year ended 31 March 2022 were as follows:

Ben Caldwell (Chair)  
Ellen Hanlon  
Nicole May  
Sally Penni  
Jennifer Raffle (resigned 20 October 2022)  
Aziz Rashid  
David Roscoe (resigned 30 August 2021)  
Davina Shah  
Geoffrey Shindler (resigned 20 October 2022)  
Martyn Torevell  
Kate Vokes  
Joanne Taylor (appointed 9 February 2022)  
Robert Venable-Greaves (appointed 9 February 2022)

Trustees are recruited and appointed when required to maintain or enhance the expertise of the board. They are appointed for an initial term of three years which may be extended for a further three years. This ensures that the composition of the board is regularly refreshed. Opportunities for trusteeship are advertised publicly and all new trustees are given appropriate induction into the organisation.

##### Management

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.



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## Royal Exchange Theatre Company Limited

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### Trustees' report (continued) for the year ended 31 March 2022

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Day to day management of the company is delegated to the Executive. The Executive is a partnership between the joint artistic directors and the executive director. "Director" is a traditional title for these senior posts within our sector but these individuals are not directors under the Companies Act, nor are any other members of the senior management team whose title includes the term "Director".

The board is responsible for appointing members of the Executive and determining their contracts of employment. The board monitors the performance and pay of the Executive. Pay is determined by reference to benchmarks within the theatre sector.

#### Reference and administrative details

Reference and administrative details of the organisation and its leadership as at the date of approval of the trustees' report are listed at the beginning of this annual report.

#### Fundraising activities

Royal Exchange Theatre is a registered charity and complies with current regulations and best practice set out by the Fundraising Regulator.

Our main fundraising income comes from institutional funders including Arts Council England and Greater Manchester Combined Authority. Additional fundraising comes through the generous support of individuals, followed by charitable trusts and foundations and businesses. Fundraised income supports all aspects of our programme including our creative learning and engagement programme, our talent development strands of work, new writing as well as contributing towards core costs.

Responsibility for fundraising is delegated by RET's trustees to the Executive team who manage the operational delivery of activity. In 2021/22 we had a small specialist fundraising team of two full-time staff, who worked alongside colleagues to carry out our fundraising. RET did not engage any freelance or commercial fundraisers to deliver fundraising initiatives. If we do engage with external fundraisers in the future, we will require them to comply with the Code of Fundraising Practice and ensure that the correct safeguards are in place to protect donors and members of the public as well as the reputation of the charity.

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 targets are reported quarterly to the Board by the Executive Director.

The Development team works closely with the Marketing team to ensure that all communications with those registered on our database (be they active supporters or not) are compliant with the requirements of the UK 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. Our Privacy Policy, which outlines how personal information will be used, is available on the website and in all e-mail communications. We ensure there are no intrusions on a person's privacy, no unreasonable persistence and no undue pressure on any persons to give money or other property.

We comply with best practise in our fundraising. Our contact details are clearly listed on our website should any person wish to raise complaints or concerns about our fundraising activity. Should a complaint be raised, it will be responded to within 14 days by the Director of Development/Deputy Executive Director. Any serious complaint would be escalated to the Leadership Team and Trustees so they can consider lessons learnt.

#### Achievements and Performance

Theatrical productions are listed separately at the beginning of this annual report.

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## Royal Exchange Theatre Company Limited

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### Trustees' report (continued) for the year ended 31 March 2022

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#### Programme

Live performance re-commenced at the theatre in July 2021, following the lifting of government restrictions in connection with the Covid-19 global pandemic. Prior to this, we commissioned and delivered new pieces of digital work to maintain engagement with audiences and deliver an artistic output.

During the period 21 June 2021 – 31 March 2022 the theatre delivered a programme of work that saw two world premieres, Bloody Elle and Glee & Me, together with revivals of existing work: The Mountaintop, The Strange Undoing of Prudencia Hart and Nora: A Dolls House. This programme attracted audiences of 30,000 and The Mountaintop went on to be nominated for a UK Theatre award in the year to date.

During 2021 we launched the latest iteration of the biennial Bruntwood Playwriting Prize. This partnership between property company Bruntwood and the Royal Exchange Theatre is recognised as a launch-pad for some of the country's most respected and produced playwrights and screen writers and is the largest of its kind in Europe. This round of the competition saw the introduction of a new Category: the North West Original New Voice Award and Residency, in recognition of the Prize's Manchester home. We received 1,890 submissions, which is comparable with previous competitions and the winners were announced on 14 November 2022.

#### Audiences

We focused our attention on encouraging audiences to return to the theatre during this period. Measures were put into place to ensure that visitors felt safe, which included maintaining social distancing in our auditorium during 2021. Alongside our programme in the theatre, we delivered an extensive programme in communities including The Den in Leigh, which offers an opportunity for people to engage with the Royal Exchange in their own neighbourhoods (more below).

Alongside encouraging existing audiences to return, we targeted engagement with new audiences and used the programming to attract new people to the theatre. During the 2021 programme, an average of 50% of audiences were first-timers. 332 ticketed events were delivered.

The theatre introduced a new segmentation tool to learn more about the existing audience profile. This enabled the organisation to understand who was returning to the theatre, and who was not. During the year, a new Audience Re-Engagement and Development Strategy was developed, for roll-out during 2022/23. This will provide key metrics for the organisation to measure its performance against.

At the beginning of 2022 the Royal Exchange took part in the National Lottery and UK Theatre 'Love Your Local Theatre' scheme, providing two-for-one tickets for audiences considering returning. This saw £16,500 worth of tickets provided by funds from the National Lottery.

#### Engagement

From April 2021 to March 2022 we delivered 648 workshops working with 3,139 people, providing 5,612 participations.

Workshops were delivered at RET including our Young Company and Elders programme, and in community settings and schools in Leigh, Tameside, Beswick and Cheetham Hill.

Partners included community and housing organisations including One Manchester, Jigsaw Homes, Together Dementia Support, Khizra Mosque, New Testament of God Church, The Booth Centre, Beswick Library, and The Pantry Foodbank. We also worked with other arts organisations including Company Three, Scottish Ballet, National Youth Theatre and Imperial War Museum.

The Den in Leigh saw us partner with Spinners Mill to deliver a 10-day festival 5 August – 14 August 2021. There was a total of 27 different performances/events/workshops/talks. This included a transfer for Bloody Elle from RET, a newly commissioned play by a local writer, an interactive children's play commissioned by the Ambassadors, and 2 performances of plays written by local residents that were selected through an Ambassador playwrighting competition.

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## Royal Exchange Theatre Company Limited

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### Trustees' report (continued) for the year ended 31 March 2022

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We had 751 audience members (194 bookers), 123 of whom were first time bookers which is roughly 63.4%. 81% of bookers were from Leigh or Tyldesley.

#### Environmental

RET was a founding member of the Manchester Arts Sustainability Team (MAST) which we continue to participate in. The carbon footprint of our organisation, as reported to Arts Council England and defined by water, waste and energy, was 343 tonnes CO<sub>2</sub>e (2019/20 473 tonnes CO<sub>2</sub>e). We use Julie's Bicycle Creative Green Reporting to support this measurement.

RET's environmental strategy working group made up of staff representatives from across the organisation met throughout the year. Practical steps taken in 2021/22 included moving to suppliers with stated carbon reduction goals, and our continued roll out of low energy alternatives in lighting and electrical renewal.

#### Financial Review

Income during the year amounted to £6.1m with the majority coming from public sector grants due to recovering from the COVID pandemic. £0.5m was receiving from operation of the theatre, which was significantly higher than the previous 7 months when the theatre was closed. However it is below pre-pandemic levels due to not being open for the full year and rebuilding our audiences post-pandemic.

Expenditure during the year amounted to £5.7m with £5.2m being spend on charitable activities. The balance of £0.5m was expenditure on commercial and trading activities. Both were higher than the previous 7 months.

Overall the RET group made an unrestricted surplus of £1.680m in 2021/22 (2020/21 £450k). Net current assets were £3.432m as at 31 March 2022 (31 March 2021: £1.799m) and net group assets were £6.684m as at 31 March 2022 (31 March 2021: £6.251m). Unrestricted reserves were £3.422m at 31 March 2022 (31 March 2021: £1.792m)

#### Principal risks and uncertainties

A risk register setting out risks and steps taken to mitigate those risks is maintained. The risk register is reviewed quarterly at board meetings. The following is a summary of the key risks and steps taken to avoid or mitigate them:

<b>Risk</b>	<b>Action/mitigation</b>
Box Office - failure of programme to attract sufficient audiences	Balance approach to programming, ensuring sufficient offer for existing and new audiences. Engage in audience consultation, evaluation and feedback. Establish relationship with high-profile creatives/ actors. Extensive marketing & audience research undertaken. Increased investment in marketing and "above-the-line" activity.
Resurgence of Covid-19	Implement response plans tested in practice previously.
High unplanned capital expenditure	Capital replacement plan revisited. Move to more planned maintenance using outsourced service. Board to approve use of reserves for high priority items not completed in previous financial year.
Potential issues arising from bringing the food and beverage offer back in-house, resulting in loss of trading income	New Director of Operations & Commercial Activity appointed who will oversee the operation. Regular reporting on actual results compared to plan.

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## Royal Exchange Theatre Company Limited

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### Trustees' report (continued) for the year ended 31 March 2022

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#### Reserves

We maintain reserves for the following reasons:

- To absorb potential box office shortfalls.
- To cover significant unbudgeted costs.
- To ensure we have sufficient resources for any non-planned capital replacement.

We have quantified the sums needed for each reason whilst recognising that these are unlikely to occur simultaneously. Overall we believe that a figure of £800k of free reserves (unrestricted funds not invested in fixed assets or irrevocably committed for other purposes) is reasonable. This is equivalent to approximately two months' fixed costs in non-pandemic trading conditions.

As at 31 March 2022, our free reserves were £3.4m, (£1.0m designated and £2.4m general) which is substantially in excess of our target figure of £800k. Our free reserves were boosted by receipt of the government's Culture Recovery Fund, not all of which was spent by 31 March 2022. We anticipate needing to use these funds on various items of capital expenditure not replaced during the year ended 31 March 2022, and also as a cushion against potential box office shortfalls in the coming year when rebuilding audiences will be a priority. The reserves policy is also due to be reviewed and updated.

#### Going concern

We have set out above a review of our reserves position. We currently have adequate financial resources for ongoing operations and our planning process, which includes financial projections, has taken into account the current economic climate and likely levels of funding support. In addition we have also performed a reserve stress test.

The Royal Exchange Theatre places significant reliance on Arts Council (NPO) England grant funding in order to balance income and expenditure on an annual basis and National Portfolio Organisation funding from the Arts Council is now confirmed through to March 2026. The trustees therefore believe that the Royal Exchange Theatre will continue in operational existence for the foreseeable future, and based on future financial forecasts to March 2024, will be in a position to continue to meet its liabilities as they fall due for at least twelve months from signing these financial statements. The accounts have therefore been prepared on the basis that the charity is a going concern.

#### Reserves Policy

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

- To absorb 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 have 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 shortfall, significant additional costs and capital expenditure) whilst also considering that these needs are unlikely to all occur simultaneously. Overall we believe that a figure of £800k of available reserves (defined as unrestricted funds not already invested in fixed assets, or irrevocably committed for other purposes) should be sufficient to cover these requirements.

We have in recent years made good progress in building up our reserves through careful financial management and emergency COVID-19 funding from our core funders. As at 31 March 2022, our general unrestricted reserves stood at £2,367k (31 March 2021: £686k). The groups net current assets/liabilities held within general unrestricted funds are shown in note 22.

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## Royal Exchange Theatre Company Limited

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### Trustees' report (continued) for the year ended 31 March 2022

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#### Plans for Future Periods

- Rebuilding audiences post Covid-19 pandemic is a priority for the organisation. Central to this will be the launch of the 2022/23 season programme.
- As stated previously, ACE is one of our major funders. We submitted our application for ACE National Portfolio Organisation funding in May 2022 and this was confirmed in October 2022.
- We initiated a formal process to recruit a new Chair which is currently ongoing. We hope to make an appointment later in the calendar year.
- Negotiations to renew our lease within Manchester's Royal Exchange building have been ongoing for some time and we expect to sign a new lease later in the calendar year.

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



**Ben Caldwell**  
Chair

Date: 16 Dec 2022

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## Royal Exchange Theatre Company Limited

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### Statement of Trustees' responsibilities for the year ended 31 March 2022

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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**  
Chair

Date: 16 Dec 2022

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## Royal Exchange Theatre Company Limited

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### Independent Auditors' Report to the Members of Royal Exchange Theatre Company Limited

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#### 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 March 2022 which comprise the consolidated statement of financial activities, the consolidated balance sheet, the company balance sheet, the consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent charitable company's affairs as at 31 March 2022 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

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

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

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

**Independent Auditors' Report to the Members of Royal Exchange Theatre Company Limited (continued)**

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**Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditors' report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**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.



**Independent Auditors' Report to the Members of Royal Exchange Theatre Company Limited (continued)**

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**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

**Identifying and assessing potential risks related to irregularities**

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

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

**Audit response to risks identified**

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

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

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## Royal Exchange Theatre Company Limited

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### Independent Auditors' Report to the Members of Royal Exchange Theatre Company Limited (continued)

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

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

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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 (Senior Statutory Auditor)**

for and on behalf of

**Hurst Accountants Limited**

Chartered Accountants

Statutory Auditors

Lancashire Gate

21 Tiviot Dale

Stockport

SK1 1TD

Date: 16 Dec 2022

Royal Exchange Theatre Company Limited

Consolidated Statement of Financial Activities  
as at 31 March 2022

	Note	Unrestricted (general) funds 12 Months ended 31 March 2022 £000	Unrestricted (designated) funds 12 Months ended 31 March 2022 £000	Restricted funds 12 Months ended 31 March 2022 £000	Total funds 12 Months ended 31 March 2022 £000	Total funds 7 months ended 31 March 2021 £000
<b>Income</b>						
Donations and legacies	4	447	-	67	514	311
Income from public sector grants	5	2,558	-	2,070	4,628	2,369
Theatre tax relief income		131	-	-	131	-
<b>Income from charitable activities</b>						
Operation of theatre	6	525	-	-	525	42
<b>Income from trading activities</b>						-
Commercial and trading operations	7	293	-	-	293	50
<b>Total income</b>		<b>3,954</b>	<b>-</b>	<b>2,137</b>	<b>6,091</b>	<b>2,772</b>
<b>Expenditure</b>						
<b>Cost of raising funds:</b>						
From commercial and trading operations and donations/legacies	8	(445)	-	-	(445)	(147)
Expenditure on charitable activities	9	(2,429)	(50)	(2,734)	(5,213)	(2,491)
<b>Total expenditure</b>		<b>(2,874)</b>	<b>(50)</b>	<b>(2,734)</b>	<b>(5,658)</b>	<b>(2,638)</b>
<b>Net income/ (expenditure)</b>		<b>1,080</b>	<b>(50)</b>	<b>(597)</b>	<b>433</b>	<b>134</b>
Transfer between funds		600	-	(600)	-	-
<b>Net movement in funds</b>		<b>1,680</b>	<b>(50)</b>	<b>(1,197)</b>	<b>433</b>	<b>134</b>

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Royal Exchange Theatre Company Limited

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Consolidated Statement of Financial Activities  
as at 31 March 2022

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	Unrestricted (general) funds 12 Months ended 31 March 2022 £000	Unrestricted (designated) funds 12 Months ended 31 March 2022 £000	Restricted funds 12 Months ended 31 March 2022 £000	Total funds 12 Months ended 31 March 2022 £000	Total funds 7 months ended 31 March 2021 £000
<b>Reconciliation of funds:</b>					
Total funds brought forward	686	1,106	4,459	6,251	6,117
Net movement in funds	1,680	(50)	(1,197)	433	134
<b>Total funds carried forward</b>	<b>2,366</b>	<b>1,056</b>	<b>3,262</b>	<b>6,684</b>	<b>6,251</b>

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

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

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

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

**Royal Exchange Theatre Company Limited**  
Registered number: 00927203

**Consolidated balance sheet**  
**as at 31 March 2022**

	Note	2022 £000	2021 £000
<b>Fixed assets</b>			
Tangible assets	16	3,252	4,452
<b>Current assets</b>			
Debtors	19	1,256	578
Cash at bank and in hand	24	3,706	2,371
		<u>4,962</u>	<u>2,949</u>
Creditors: amounts falling due within one year	20	(1,530)	(1,150)
<b>Net current assets</b>		<u>3,432</u>	<u>1,799</u>
<b>Total assets less current liabilities</b>		<u>6,684</u>	<u>6,251</u>
<b>Total net assets</b>		<u><u>6,684</u></u>	<u><u>6,251</u></u>
<b>Charity funds</b>			
Restricted funds	21	3,262	4,459
Unrestricted funds:	21		
Designated Funds	21	1,056	1,106
General Funds	21	2,366	686
		<u>3,422</u>	<u>1,792</u>
<b>Total unrestricted funds</b>		<u>3,422</u>	<u>1,792</u>
<b>Total funds</b>		<u><u>6,684</u></u>	<u><u>6,251</u></u>

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

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



**Ben Caldwell**  
Chair

Date: 16 Dec 2022

The notes on pages 22 to 48 form part of these financial statements.

**Royal Exchange Theatre Company Limited**  
Registered number: 00927203

**Company balance sheet  
as at 31 March 2022**

	Note	2022 £000	2021 £000
<b>Fixed assets</b>			
Tangible assets	16	3,252	4,452
Investments	17	-	-
		<u>3,252</u>	<u>4,452</u>
<b>Current assets</b>			
Debtors	19	1,158	580
Cash at bank and in hand		3,704	2,360
		<u>4,862</u>	<u>2,940</u>
Creditors: amounts falling due within one year	20	(1,509)	(1,160)
<b>Net current assets</b>		<u>3,353</u>	<u>1,780</u>
<b>Total assets less current liabilities</b>		<u>6,605</u>	<u>6,232</u>
<b>Total net assets</b>		<u><u>6,605</u></u>	<u><u>6,232</u></u>
<b>Charity funds</b>			
Restricted funds		3,259	4,486
Unrestricted funds:			
Designated funds		1,057	1,107
General funds		2,289	639
		<u>3,346</u>	<u>1,746</u>
<b>Total funds</b>		<u><u>6,605</u></u>	<u><u>6,232</u></u>

The Company's net movement in funds for the year was £405,000 (2021: £163,000).

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

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



**Ben Caldwell**  
Chair

Date: 16 Dec 2022

The notes on pages 22 to 48 form part of these financial statements.

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**Royal Exchange Theatre Company Limited**

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**Consolidated statement of cash flows  
for the year ended 31 March 2022**

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	<b>12 months ended 31 March 2022 £000</b>	<i>7 months ended 31 March 2021 £000</i>
<b>Cash flows from operating activities</b>		
Net cash used in operating activities	<b>1,335</b>	<i>845</i>
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	-	<i>(1)</i>
	<hr/>	<hr/>
<b>Net cash provided by/(used in) investing activities</b>	<b>-</b>	<i>(1)</i>
	<hr/>	<hr/>
<b>Cash flows from financing activities</b>		
	<hr/>	<hr/>
<b>Net cash provided by financing activities</b>	<b>-</b>	<i>-</i>
	<hr/>	<hr/>
<b>Change in cash and cash equivalents in the year</b>	<b>1,335</b>	<i>844</i>
Cash and cash equivalents at the beginning of the year	<b>2,371</b>	<i>1,527</i>
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the year</b>	<b>3,706</b>	<i>2,371</i>
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 22 to 48 form part of these financial statements

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## Royal Exchange Theatre Company Limited

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### Notes to the financial statements for the year ended 31 March 2022

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#### 1. General information

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

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

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

The financial statements for the period ended 31 March 2022 are for a 12 month period. In the prior year, the period end changed from 31 August to 31 March and was a 7 month period. Therefore, the comparative amounts are not entirely comparable.

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

##### 2.2 Going concern

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



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## Royal Exchange Theatre Company Limited

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### Notes to the financial statements for the year ended 31 March 2022

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#### 2. Accounting policies (continued)

##### 2.3 Basis of consolidation

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

The group financial statements consolidate those of the charitable company and of its subsidiary undertakings drawn up to 31 March 2022 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 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

##### 2.5 Income from government grants

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

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

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

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

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## Royal Exchange Theatre Company Limited

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### Notes to the financial statements for the year ended 31 March 2022

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#### 2. Accounting policies (continued)

##### 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.

##### 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.

Notes to the financial statements  
for the year ended 31 March 2022

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**2. Accounting policies (continued)**

**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

**2.15 Investments**

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

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

**2.16 Debtors**

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

**2.17 Cash at bank and in hand**

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

Notes to the financial statements  
for the year ended 31 March 2022

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2. Accounting policies (continued)

2.18 Liabilities and provisions

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

2.19 Financial instruments

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

2.20 Fund accounting

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

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

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

2.21 Taxation

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

2.22 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.

2.23 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.

Notes to the financial statements  
for the year ended 31 March 2022

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**2. Accounting policies (continued)**

**2.24 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.

**2.25 Operating leases**

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

**3. Critical accounting estimates and areas of judgement**

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

**Critical accounting estimates and assumptions:**

**Recoverable value of trade debtors**

The recoverability of trade debtors is regularly reviewed in the light of the available economic information specific to each debtor and specific provisions are recognised for balances considered to be at risk or irrecoverable. At the year end, the value of trade debtors totalled £174,000 (2021: £45,000).

**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 £3,252,000 (2021: £4,452,000).

**Accruals and deferred income**

Accruals and deferred income are entered into the financial statements based on management expectations. The charity recognised accruals and deferred income at 31 March 2022 of £1,373,000 (2021: £921,000)

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**Royal Exchange Theatre Company Limited**

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**Notes to the financial statements  
for the year ended 31 March 2022**

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**4. Income from donations and legacies**

	<b>Unrestricted funds 12 Months ended 31 March 2022 £000</b>	<b>Restricted funds 12 Months ended 31 March 2022 £000</b>	<b>Total funds 12 Months ended 31 March 2022 £000</b>	<i>Total funds 7 months ended 31 March 2021 £000</i>
Donations and legacies	447	67	514	311
<b>Total 2022</b>	<b>447</b>	<b>67</b>	<b>514</b>	<b>311</b>
<i>Total 2021</i>	<i>65</i>	<i>246</i>	<i>311</i>	

**5. Income from public sector grants**

	<b>Unrestricted funds 12 Months ended 31 March 2022 £000</b>	<b>Restricted funds 12 Months ended 31 March 2022 £000</b>	<b>Total funds 12 Months ended 31 March 2022 £000</b>	<i>Total funds 7 months ended 31 August 2021 £000</i>
<b>Grants receivable</b>				
Arts Council England (ACE) revenue funding	2,332	-	2,332	1,387
Greater Manchester Combined Authority (GMCA) revenue funding	219	-	219	128
Cultural Recovery Fund	-	2,070	2,070	644
Coronavirus Job Retention Scheme Income	7	-	7	162
Regional Theatre Young Director Scheme	-	-	-	-
MCC Revenue funding	-	-	-	48
<b>Total 2022</b>	<b>2,558</b>	<b>2,070</b>	<b>4,628</b>	<b>2,369</b>
<i>Total 2021</i>	<i>4,212</i>	<i>783</i>	<i>4,995</i>	

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**Royal Exchange Theatre Company Limited**

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**Notes to the financial statements  
for the year ended 31 March 2022**

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**6. Income from charitable activities**

	<b>Unrestricted funds 12 Months ended 31 March 2022 £000</b>	<b>Restricted funds 12 Months ended 31 March 2022 £000</b>	<b>Total funds 12 Months ended 31 March 2022 £000</b>	<i>Total funds 7 months ended 31 March 2021 £000</i>
<b>Box office income from performances</b>				
Box office income - own productions & co-productions	485	-	<b>485</b>	-
	<u>485</u>	<u>-</u>	<u><b>485</b></u>	<u>-</u>
	<u><u>485</u></u>	<u><u>-</u></u>	<u><u><b>485</b></u></u>	<u><u>-</u></u>
Creative Learning and Engagement income	19	-	<b>19</b>	40
Costume hire, theatre shop & programmes	21	-	<b>21</b>	-
Income from other artistic activities	-	-	-	2
	<u>40</u>	<u>-</u>	<u><b>40</b></u>	<u>42</u>
	<u><u>40</u></u>	<u><u>-</u></u>	<u><u><b>40</b></u></u>	<u><u>42</u></u>
<b>Total 2022</b>	<b>525</b>	-	<b>525</b>	42
	<u><u>525</u></u>	<u><u>-</u></u>	<u><u><b>525</b></u></u>	<u><u>42</u></u>
<i>Total 2021</i>	<i>42</i>	-	<i>42</i>	
	<u><u>42</u></u>	<u><u>-</u></u>	<u><u><i>42</i></u></u>	

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Royal Exchange Theatre Company Limited

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Notes to the financial statements  
for the year ended 31 March 2022

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7. Income from trading activities

Income from non charitable trading activities

	Unrestricted funds 12 months ended 31 March 2022 £000	Total funds 12 months ended 31 March 2022 £000	Total funds 7 months ended 31 March 2021 £000
Sponsorship and fundraising	-	-	30
Miscellaneous income	65	65	20
Operation of trading subsidiaries	228	228	-
<b>Total 2022</b>	<b>293</b>	<b>293</b>	<b>50</b>
<i>Total 2021</i>	<i>50</i>	<i>50</i>	

Miscellaneous income includes hire income.



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**Royal Exchange Theatre Company Limited**

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**Notes to the financial statements  
for the year ended 31 March 2022**

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**8. Costs of raising funds**

	<b>Unrestricted (general) funds</b>	<b>Unrestricted (designated) funds</b>	<b>Restricted funds</b>	<b>Total funds</b>	<i>Total funds</i>
	<b>12 Months ended 31 March 2022</b>	<b>12 Months ended 31 March 2022</b>	<b>12 Months ended 31 March 2022</b>	<b>12 Months ended 31 March 2022</b>	<i>7 Months ended 31 March 2021</i>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<i>£000</i>
Commercial trading (note 14)	161	-	-	<b>161</b>	29
Sponsorship and corporate members	137	-	-	<b>137</b>	57
Other costs	44	-	-	<b>44</b>	18
<b>Total before support costs</b>	<b>342</b>	-	-	<b>342</b>	104
Support costs reallocated (note 11)	103	-	-	<b>103</b>	43
<b>Total 2022</b>	<b>445</b>	-	-	<b>445</b>	147
<i>Total 2021</i>	<i>147</i>	-	-	<i>147</i>	

Royal Exchange Theatre Company Limited

Notes to the financial statements  
for the year ended 31 March 2022

9. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted (general) funds 12 Months ended 31 March 2022 £000	Unrestricted (designated) funds 12 Months ended 31 March 2022 £000	Restricted funds 12 Months ended 31 March 2022 £000	Total funds 12 Months ended 31 March 2022 £000	Total funds 7 Months ended 31 March 2021 £000
Artistic and creative	231	-	262	493	80
Performers and stage management	311	-	349	660	65
Production costs	672	-	757	1,429	212
Customer services	129	-	146	275	151
Creative learning and engagement	100	-	112	212	88
New writing and development	104	-	116	220	91
Other artistic activities	18	-	21	39	16
Costume hire, theatre shop and programmes	81	-	91	172	71
Change (Local) Exchange	20	-	22	42	18
Organisational change	-	-	-	-	838
<b>Total before support costs</b>	<b>1,666</b>	<b>-</b>	<b>1,876</b>	<b>3,542</b>	<b>1,630</b>
Support costs reallocated (note 11)	763	50	858	1,671	861
<b>Total 2022</b>	<b>2,429</b>	<b>50</b>	<b>2,734</b>	<b>5,213</b>	<b>2,491</b>
<i>Total 2021</i>	<i>1,285</i>	<i>29</i>	<i>1,177</i>	<i>2,491</i>	

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**Royal Exchange Theatre Company Limited**

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**Notes to the financial statements  
for the year ended 31 March 2022**

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**10. Analysis of expenditure on charitable activities**

Summary by activity

	<b>Cost of performances</b>	<b>Other charitable activities</b>	<b>Total</b>	<i>Total</i>
	<b>12 Months ended 31 March 2022</b>	<b>12 Months ended 31 March 2022</b>	<b>12 Months ended 31 March 2022</b>	<i>7 Months ended 31 March 2021</i>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<i>£000</i>
Artistic and creative	493	-	<b>493</b>	80
Performers and stage management	660	-	<b>660</b>	65
Production costs	1,429	-	<b>1,429</b>	212
Customer services	275	-	<b>275</b>	151
Creative learning and engagement	-	212	<b>212</b>	88
New writing and development	-	220	<b>220</b>	91
Other artistic activities	-	39	<b>39</b>	16
Costume hire, theatre shop and programmes	-	172	<b>172</b>	71
Change (Local) Exchange	-	42	<b>42</b>	18
Organisational change	-	-	<b>-</b>	838
<b>Total before support costs</b>	<b>2,857</b>	<b>685</b>	<b>3,542</b>	1,630
Support costs reallocated (note 11)	1,420	251	<b>1,671</b>	861
<b>Total 2022</b>	<b>4,277</b>	<b>936</b>	<b>5,213</b>	2,491
<i>Total 2021</i>	<i>1,240</i>	<i>1,251</i>	<i>2,491</i>	

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**Royal Exchange Theatre Company Limited**

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**Notes to the financial statements  
for the year ended 31 March 2022**

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**11. Analysis of support costs**

	<b>Support costs 12 months ended 31 March 2022 £000</b>	<b>Total funds 12 months ended 31 March 2022 £000</b>	<i>Total funds 7 months ended 31 March 2021 £000</i>
Cost of raising funds (note 8)	103	<b>103</b>	43
Cost of performances (note 10)	1,420	<b>1,420</b>	732
Other charitable activities (note 10)	251	<b>251</b>	129
<b>Total 2022</b>	<u>1,774</u>	<u><b>1,774</b></u>	<u>904</u>
<i>Total 2021</i>	<u>904</u>	<u>904</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 6% (7 months ending 31 March 2021: 13%) to costs of raising funds, 82% (7 months ending 31 March 2021: 77%) to costs of performances and 12% (7 months ending 31 March 2021: 9%) to other charitable activities.

**12. Auditors' remuneration**

	<b>12 months ended 31 March 2022 £000</b>	<i>7 months ended 31 March 2021 £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	<b>18</b>	14
Fees payable to the Company's auditor in respect of:		
All taxation advisory services not included above	<b>2</b>	2
All other services not included above	<u><b>1</b></u>	<u>1</u>

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Royal Exchange Theatre Company Limited

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Notes to the financial statements  
for the year ended 31 March 2022

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13. Operations of trading subsidiaries

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

**Royal Exchange Theatre Trading Limited**

	<b>12 Months ended 31 March 2022 £000</b>	<i>7 months ended 31 March 2021 £000</i>
<b>The income and expenditure of the subsidiary were</b>		
Turnover	228	-
Cost of sales	(152)	(29)
	<hr/>	<hr/>
<b>Gross profit</b>	76	(29)
Administrative expenses	(11)	-
	<hr/>	<hr/>
<b>Operating profit</b>	65	(29)
Donation to parent	(36)	-
	<hr/>	<hr/>
<b>Retained in subsidiary</b>	29	(29)
	<hr/> <hr/>	<hr/> <hr/>
<b>The net assets and liabilities of the subsidiary were</b>		
Current assets	55	15
Creditors due within one year	(55)	(44)
	<hr/>	<hr/>
<b>Total net assets/(liabilities)</b>	-	(29)
	<hr/> <hr/>	<hr/> <hr/>
<b>Share capital and reserves</b>	-	(29)
	<hr/> <hr/>	<hr/> <hr/>

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Royal Exchange Theatre Company Limited

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Notes to the financial statements  
for the year ended 31 March 2022

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13. Operations of trading subsidiaries (continued)

Exchange Productions Limited

	<b>12 Months ended 31 March 2022</b>	<i>7 months ended 31 March 2021</i>
	<b>£000</b>	<i>£000</i>
<b>The income and expenditure of the subsidiary were</b>		
Turnover	<b>322</b>	-
Cost of sales	<b>(453)</b>	-
	<hr/>	<hr/>
<b>Gross loss</b>	<b>(131)</b>	-
Theatre tax relief	<b>131</b>	-
	<hr/>	<hr/>
<b>Retained in subsidiary</b>	<b>-</b>	-
	<hr/>	<hr/>
<b>The net assets and liabilities of the subsidiary were</b>		
Current assets	<b>131</b>	357
Creditors due within one year	<b>(133)</b>	(359)
	<hr/>	<hr/>
<b>Total net liabilities</b>	<b>(2)</b>	(2)
	<hr/>	<hr/>
<b>Share capital and reserves</b>	<b>(2)</b>	(2)
	<hr/>	<hr/>

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**Royal Exchange Theatre Company Limited**

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**Notes to the financial statements  
for the year ended 31 March 2022**

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**14. Staff costs**

	<b>Group 12 months ended 31 March 2022 £000</b>	<i>Group 7 months ended 31 March 2021 £000</i>	<b>Company 12 months ended 31 March 2022 £000</b>	<i>Company 7 months ended 31 March 2021 £000</i>
Wages and salaries	<b>1,808</b>	<i>1,070</i>	<b>1,808</b>	<i>1,070</i>
Social security costs	<b>139</b>	<i>121</i>	<b>139</b>	<i>121</i>
Contribution to defined contribution pension schemes	<b>53</b>	<i>31</i>	<b>53</b>	<i>31</i>
	<b>2,000</b>	<i>1,222</i>	<b>2,000</b>	<i>1,222</i>

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

	<b>Group 12 months ended 31 March 2022 No.</b>	<i>Group 7 months ended 31 March 2021 No.</i>
Full time employees	<b>38</b>	<i>45</i>
Part time employees	<b>58</b>	<i>32</i>
	<b>96</b>	<i>77</i>

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**Royal Exchange Theatre Company Limited**

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**Notes to the financial statements  
for the year ended 31 March 2022**

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**14. Staff costs (continued)**

	<b>Group 2022 No.</b>	<b>Group 2021 No.</b>
The number of full time equivalent employees was:	38	45
The average number of employees fell into the following categories:		
	<b>Group 12 months ended 31 March 2022 No.</b>	<i>Group 7 months ended 31 March 2021 No.</i>
Generating funds	5	4
Artistic / education / literary	9	12
Production and stage operations	25	20
Other theatre operations	12	21
Support activities	3	11
Management and administration	7	5
Ushers	35	4
	<u>96</u>	<u>77</u>

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

	<b>Group 12 months ended 31 March 2022 No.</b>	<i>Group 7 months ended 31 March 2021 No.</i>
In the band £70,001 - £80,000	1	1

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

The total emoluments and employee benefits of the key management personnel for the 12 months ended 31 March 2022 were £195,283 (7 months ended 31 March 2021: £110,577).

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

No trustees received any remuneration during the year or in the previous year. Expenses for travel and entertainment totalling £nil (7 months ended 31 March 21: £NIL) were incurred by trustees.

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



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**Royal Exchange Theatre Company Limited**

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**Notes to the financial statements  
for the year ended 31 March 2022**

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**15. Results of the charitable company**

The company has taken advantage of Section 408 of the Companies Act 2006 and not included its own income and expenditure account in these financial statements. The net incoming resources for the company (including its branches) for the year was £405,000 (7 months ending 31 March 2021: £163,000).

**16. Tangible fixed assets**

**Group and Company**

	<b>Freehold property and long leasehold buildings £000</b>	<b>Leasehold improvements £000</b>	<b>Short-term leasehold property £000</b>	<b>Fixtures and fittings £000</b>	<b>Total £000</b>
<b>Cost or valuation</b>					
At 1 April 2021	177	26,240	1,500	1,012	28,929
At 31 March 2022	177	26,240	1,500	1,012	28,929
<b>Depreciation</b>					
At 1 April 2021	79	22,381	1,425	592	24,477
Charge for the year	5	1,106	60	29	1,200
At 31 March 2022	84	23,487	1,485	621	25,677
<b>Net book value</b>					
At 31 March 2022	93	2,753	15	391	3,252
<i>At 31 March 2021</i>	98	3,859	75	420	4,452

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Royal Exchange Theatre Company Limited

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Notes to the financial statements  
for the year ended 31 March 2022

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17. Investments

Company

	2022 £	2021 £
Shares in subsidiary undertakings (note 18)	101	101
Mixed motive investments	1	1
	<u>102</u>	<u>102</u>

Mixed motive investments:

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

18. Subsidiaries

The following were subsidiary undertakings of the Company:

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

The financial results of the subsidiaries for the year are disclosed in note 13.

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

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Royal Exchange Theatre Company Limited

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Notes to the financial statements  
for the year ended 31 March 2022

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19. Debtors

	<b>Group 2022 £000</b>	<i>Group 2021 £000</i>	<b>Company 2022 £000</b>	<i>Company 2021 £000</i>
Trade debtors	174	45	150	45
Amounts owed by group undertakings	-	-	85	359
Other debtors	103	79	76	79
Prepayments and accrued income	848	98	847	97
Theatre tax relief income due	131	356	-	-
	<b>1,256</b>	<i>578</i>	<b>1,158</b>	<i>580</i>

Within prepayments and accrued income is an amount of £58,000 (2021: £nil) relating to pre-production costs for 2 shows.

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**Royal Exchange Theatre Company Limited**

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**Notes to the financial statements  
for the year ended 31 March 2022**

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**20. Creditors: Amounts falling due within one year**

	<b>Group 2022 £000</b>	<i>Group 2021 £000</i>	<b>Company 2022 £000</b>	<i>Company 2021 £000</i>
Trade creditors	97	42	97	42
Amounts owed to group undertakings	-	-	9	-
Other taxation and social security	43	37	36	37
Other creditors	17	150	17	160
Accruals	668	349	666	349
Deferred income	705	572	684	572
	<u>1,530</u>	<u>1,150</u>	<u>1,509</u>	<u>1,160</u>

Arts Council England has a legal charge over one leasehold property held by the Royal Exchange. This is in relation to any amounts due to that body in respect of capital grants made by Arts Council England to the Royal Exchange Theatre Company Limited pre-2000. At 31 March 2022, no amounts fall due to be repaid in respect of the grants.

	<b>Group 2022 £000</b>	<i>Group 2021 £000</i>	<b>Company 2022 £000</b>	<i>Company 2021 £000</i>
Deferred income brought forward	572	673	572	673
Released in the year	(31)	(101)	(40)	(101)
Deferred in the year	164	-	152	-
<b>Deferred income carried forward</b>	<u>705</u>	<u>572</u>	<u>684</u>	<u>572</u>

Deferred income consists largely of box office income in respect of future performances and refunds and credits not yet claimed for shows that were cancelled due to the Covid-19 lockdowns. Box office advances are released to the income and expenditure account when these performances occur and refunds and credits are either claimed or allowed to lapse after 2 years.

Royal Exchange Theatre Company Limited

Notes to the financial statements  
for the year ended 31 March 2022

21. Analysis of charitable funds

Group statement of funds - current year

	Balance at 1 April 21 £000	Income £000	Expenditure £000	Transfers in/(out) £000	Balance at 31 March 22 £000
<b>Restricted funds</b>					
<b>Artistic projects</b>					
Creative Learning and Engagement	145	-	(92)	-	53
New writing and talent development	42	67	(71)	-	38
Local (Change) Exchange	546	-	(26)	-	520
Other	48	-	-	-	48
<b>Total - artistic projects</b>	<b>781</b>	<b>67</b>	<b>(189)</b>	<b>-</b>	<b>659</b>
<b>Long term projects</b>					
Theatre refurbishment project 1997	3,146	-	(996)	-	2,150
Capital project 2013	289	-	(20)	-	269
<b>Total - long term projects</b>	<b>3,435</b>	<b>-</b>	<b>(1,016)</b>	<b>-</b>	<b>2,419</b>
Other restricted funds	243	2,070	(1,529)	(600)	184
<b>Total restricted funds</b>	<b>4,459</b>	<b>2,137</b>	<b>(2,734)</b>	<b>(600)</b>	<b>3,262</b>
<b>Unrestricted funds</b>					
<b>General funds</b>	<b>686</b>	<b>3,954</b>	<b>(2,874)</b>	<b>600</b>	<b>2,366</b>
<b>Designated funds</b>					
Theatre refurbishment project 1997	121	-	(39)	-	82
Capital project 2013	201	-	(10)	-	191
Fixed asset fund	684	-	-	-	684
Investment fund	100	-	-	-	100
<b>Total designated funds</b>	<b>1,106</b>	<b>-</b>	<b>(50)</b>	<b>-</b>	<b>1,056</b>
<b>Total unrestricted funds</b>	<b>1,792</b>	<b>3,954</b>	<b>(2,924)</b>	<b>600</b>	<b>3,422</b>
<b>Total funds</b>	<b>6,251</b>	<b>6,091</b>	<b>(5,658)</b>	<b>-</b>	<b>6,684</b>

Royal Exchange Theatre Company Limited

Notes to the financial statements  
for the year ended 31 March 2022

21. Analysis of charitable funds (continued)

Group statement of funds - prior year

	<i>Balance at 1 September 20</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/(out)</i>	<i>Balance at 31 March 21</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<b>Restricted funds</b>					
<b>Artistic projects</b>					
Creative Learning and Engagement	28	164	(47)	-	145
New writing and talent development	60	1	(19)	-	42
Local (change) exchange	549	-	(3)	-	546
Other	75	70	(97)	-	48
<b>Total - artistic projects</b>	<u>712</u>	<u>235</u>	<u>(166)</u>	<u>-</u>	<u>781</u>
<b>Long term projects</b>					
Theatre refurbishment project 1997	3,745	-	(599)	-	3,146
Capital project 2013	289	-	-	-	289
<b>Total - long term projects</b>	<u>4,034</u>	<u>-</u>	<u>(599)</u>	<u>-</u>	<u>3,435</u>
Other restricted funds		655	(412)		243
<b>Total restricted funds</b>	<u>4,746</u>	<u>890</u>	<u>(1,177)</u>	<u>-</u>	<u>4,459</u>
<b>Unrestricted funds</b>					
<b>General funds</b>	<u>236</u>	<u>1,882</u>	<u>(1,432)</u>	<u>-</u>	<u>686</u>
<b>Designated funds</b>					
Theatre refurbishment project 1997	144	-	(23)	-	121
Capital project 2013	207	-	(6)	-	201
Fixed asset fund	684	-	-	-	684
Investment fund	100	-	-	-	100
<b>Total designated funds</b>	<u>1,135</u>	<u>-</u>	<u>(29)</u>	<u>-</u>	<u>1,106</u>
<b>Total unrestricted funds</b>	<u>1,371</u>	<u>1,882</u>	<u>(1,461)</u>	<u>-</u>	<u>1,792</u>
<b>Total funds</b>	<u>6,117</u>	<u>2,772</u>	<u>(2,638)</u>	<u>-</u>	<u>6,251</u>

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Royal Exchange Theatre Company Limited

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Notes to the financial statements  
for the year ended 31 March 2022

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21. 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.

22. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted (general) funds 2022 £000	Unrestricted (designated) funds 2022 £000	Restricted funds 2022 £000	Total funds 2022 £000
Tangible fixed assets	152	294	2,806	3,252
Current assets	3,744	762	456	4,962
Creditors due within one year	(1,530)	-	-	(1,530)
Net current assets	2,214	762	456	3,432
Net assets	2,366	1,056	3,262	6,684

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**Royal Exchange Theatre Company Limited**

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**Notes to the financial statements  
for the year ended 31 March 2022**

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**22. Analysis of net assets between funds (continued)**

Analysis of net assets between funds - prior year

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

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

	<b>Group 12 months ended 31 March 2022 £000</b>	<i>Group 7 months ended 31 March 2021 £000</i>
Net income for the year (as per Statement of Financial Activities)	<b>433</b>	<i>134</i>
<b>Adjustments for:</b>		
Depreciation charges	<b>1,200</b>	<i>707</i>
Decrease/(increase) in debtors	<b>(714)</b>	<i>951</i>
Increase/(decrease) in creditors	<b>416</b>	<i>(164)</i>
Increase/(decrease) in provisions	<b>-</b>	<i>(783)</i>
<b>Net cash provided by operating activities</b>	<b>1,335</b>	<i>845</i>



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**Royal Exchange Theatre Company Limited**

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**Notes to the financial statements  
for the year ended 31 March 2022**

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**24. Analysis of cash and cash equivalents**

	<b>Group 2022 £000</b>	<i>Group 2021 £000</i>
Cash at bank and in hand	<b>3,706</b>	<i>2,371</i>

**25. Analysis of changes in net debt**

	<b>At 1 April 2021 £000</b>	<b>Cash flows £000</b>	<b>At 31 March 2022 £000</b>
Cash at bank and in hand	<b>2,371</b>	<b>1,335</b>	<b>3,706</b>

**26. 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 £53,000 (7 months ending 31 March 2021: £31,000). At 31 March 2022, £13,000 (2021: £1,000) was owed to the scheme.

**27. Branches**

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

	<b>Net incoming/(outgoing) resources</b>		<b>Capital reserves and income funds</b>	
	<b>12 months ended 31 March 2022 £000</b>	<i>7 months ended 31 March 2021 £000</i>	<b>12 months ended 31 March 2022 £000</b>	<i>7 months ended 31 March 2021 £000</i>
Royal Exchange Theatre Appeal Fund	9	6	111	102
Royal Exchange Theatre Trustees Limited	(66)	(40)	266	332

**28. 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.

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## Royal Exchange Theatre Company Limited

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### Notes to the financial statements for the year ended 31 March 2022

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#### 29. Related party transactions

The company received a donation from its subsidiary, Royal Exchange Theatre Trading Limited of £36,000 (7 months ending 31 March 2021: £nil). At the year end, Royal Exchange Theatre Trading Limited owed Royal Exchange Theatre Company Limited £31,000 (2021: £44,000).

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 £455,000 (7 months ended 31 March 2021: £nil) in the year. Amounts due from Exchange Productions Limited in relation to these costs at the year end totalled £132,000 (2021: £nil).

Amounts invoiced by Exchange Productions Limited to Royal Exchange Theatre Company Limited totalled £322,000 (7 months ended 31 March 2021: £nil).

Donations from trustees amounted to £21,435 (7 months ended 31 March 2021: £1,858). This amount includes both donations from individuals and donations from trusts and companies related to trustees.

During the year payments totalling £31,801 (7 months ended 31 March 2021: £nil) were made to TEAM Shah Limited, trading as TEAM 2020, a company controlled by Davina Shah, for supplying artists. All contracts were entered into on normal commercial terms. No payments were made to Davina Shah directly. The transactions were approved by the Board as being for the benefit of the Charity.



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#### Parties involved with this document

Document processed	Party + Fingerprint
Fri, 16th Dec 2022 11:03:18 UTC	Ben Caldwell - Signer (1e4aa1dd69df21ec8b3003f31af48ae9)
Fri, 16th Dec 2022 11:57:29 UTC	Helen Besant Roberts - Signer (4ab16dd704eb9bb2dde41cd9ff78848a)
Fri, 16th Dec 2022 11:57:29 UTC	Joanne flynn - Copied In (a26651ad76534957785a4f6a12dc13ef)

#### Audit history log

Date	Action
Fri, 16th Dec 2022 11:57:29 UTC	The envelope has been signed by all parties. (185.20.130.146)
Fri, 16th Dec 2022 11:57:29 UTC	Sent a copy of the envelope to Joanne flynn (joanne.flynn@hurst.co.uk). (185.20.130.146)
Fri, 16th Dec 2022 11:57:29 UTC	Helen Besant Roberts signed the envelope. (185.20.130.146)
Fri, 16th Dec 2022 11:57:15 UTC	Helen Besant Roberts viewed the envelope. (185.20.130.146)
Fri, 16th Dec 2022 11:46:40 UTC	Ben Caldwell opened the document email. (104.28.89.88)
Fri, 16th Dec 2022 11:03:22 UTC	Document emailed to hbr@hurst.co.uk (3.8.233.94)
Fri, 16th Dec 2022 11:03:20 UTC	Ben Caldwell viewed the envelope. (81.155.80.211)
Fri, 16th Dec 2022 11:03:18 UTC	Sent the envelope to Helen Besant Roberts (hbr@hurst.co.uk) for signing. (81.155.80.211)
Fri, 16th Dec 2022 11:03:18 UTC	Ben Caldwell signed the envelope. (81.155.80.211)
Fri, 16th Dec 2022 11:02:20 UTC	Ben Caldwell viewed the envelope. (81.155.80.211)
Fri, 16th Dec 2022 11:02:07 UTC	Ben Caldwell opened the document email. (104.28.89.76)
Fri, 16th Dec 2022 10:52:43 UTC	Document emailed to bencaldwell5@gmail.com (3.8.233.94)
Fri, 16th Dec 2022 10:52:39 UTC	Sent the envelope to Ben Caldwell (bencaldwell5@gmail.com) for signing. (94.0.134.177)
Fri, 16th Dec 2022 10:50:54 UTC	Joanne flynn has been assigned to this envelope (94.0.134.177)
Fri, 16th Dec 2022 10:50:54 UTC	Helen Besant Roberts has been assigned to this envelope (94.0.134.177)
Fri, 16th Dec 2022 10:50:54 UTC	Ben Caldwell has been assigned to this envelope (94.0.134.177)

Fri, 16th Dec 2022 10:50:28 UTC

Document generated with fingerprint 5284c98b26f0f93e709e1fb83ad80013  
(94.0.134.177)

Fri, 16th Dec 2022 10:50:25 UTC

Document generated with fingerprint 6a3312a0abc2907f44b2cd5bf587bb6f  
(94.0.134.177)

Fri, 16th Dec 2022 10:50:11 UTC

Envelope generated by Samantha Tingey (94.0.134.177)