
Royal Exchange Theatre Company Limited

Annual Report and Consolidated Financial Statements
for the year ended 31 March 2023

Royal Exchange Theatre Company Limited

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Royal Exchange Theatre Company Limited

Reference and administrative details of the Company, its Trustees and advisers for the year ended 31 March 2023

Members of the board:	Armoghan Mohammed, Chair from 15 June 2023 (appointed 17 April 2023) Kate Vokes, Deputy chair and Chair of People & Culture Committee from 15 June 2023 Joanne Taylor, Chair Finance and Scrutiny Committee from 20 October 2022 Ellen Hanlon Nicole May Robert Venable-Greaves Rachel Armstrong (appointed 16 August 2022)
Patron:	HRH The Duke of Edinburgh KG GCVO
Joint Artistic Directors:	Bryony Shanahan Roy Alexander Weise
Executive Director :	Stephen Freeman
Company registered number:	00927203
Charity registered number:	255424
Registered office:	St Ann's Square Manchester M2 7DH
Company secretary	Stephen Freeman
Independent auditors:	Hurst Accountants Limited Chartered Accountants Statutory Auditors Lancashire Gate 21 Tiviot Dale Stockport SK1 1TD
Bankers	National Westminster Bank 19 Market Street Manchester M1 1WR
Solicitors	Hempsons LLP Windmill Green 24 Mount Street Manchester M2 3NX

Royal Exchange Theatre Company Limited

**Theatrical Productions
for the year ended 31 March 2023**

Professional theatrical productions on the main stage:

Title	Writer(s)	Director	Dates
Electric Rosary	Tim Foley	Jaz Woodcock-Stewart	23 April to 14 May 2022
The Glass Menagerie	Tennessee Williams	Atri Banerjee	2 September to 8 October 2022
Let The Right One In	Jack Thorne	Bryony Shanahan	22 October to 19 November 2022
BETTY! A Sort of Musical	Maxine Peake and Seriol Davies	Sharah Frankcom	3 December to 14 Jan 2023
Beginning	David Eldridge	Bryony Shanahan	16 February to 11 March 2023
Cat on a Hot Tin Roof	Tennessee Williams	Roy Alexander-Weise	24 March to 29 April 2023

Royal Exchange Theatre Company Limited

Trustees' report for the year ended 31 March 2023

Overview

Recovery from the pandemic was a continuing theme throughout 2022-23. With a significantly smaller team than before, work on our organisation, its future plans, structure and capacity were vital. After taking time throughout the pandemic to understand our audiences better, we were able to shape an ambitious programme, renewing our commitment to showcasing the best live theatre for our audiences across our region and the development of innovative participatory work.

Throughout the financial year there were six main stage productions including two World Premieres, and audiences began to make an enthusiastic return to the theatre – which saw us achieving 65% average capacity across the year.

- Audiences of more than 27,400 delighted in our musical premiere BETTY! A SORT OF MUSICAL, marking a great return to our position of the alternative Christmas theatre offering.
- There were over 8,000 attendances in our engagement and artist development programmes.
- The Den in M8, a festival co-created with communities in Cheetham Hill and Crumpsall in North Manchester painted a new and positive picture of those communities.
- The 2022 Bruntwood Prize for Playwriting considered 1,891 entries, with winning plays moving into production with partner theatres. Since its inception in 2005, the Prize has received over 15,000 plays and we have supported 27 productions of new work in 39 venues across the UK.

Objectives 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 of who we are and what we share with the people around us. Our role in bringing joy and entertainment to people is critical.

Being an accessible world-class theatre and a thriving civic space is central to our vision. To achieve this, collaboration and partnership is paramount. 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 2023**

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. In 2022 the quality of our work was recognised with award nominations in the UK Theatre Awards (Best Play Revival, *THE MOUNTAINTOP*, directed by Alexander Weise), and the Manchester Culture Awards (Best Business Partnership for the Writers Exchange Programme in partnership with Warner Bros. Discovery; Promotion of Health and Wellbeing for *WE'LL BE IN TOUCH* – a project delivered by members of the Royal Exchange Elders Company with Elders living with dementia).

Achievements and performance

During our extensive business planning process, which included wide consultation with staff, stakeholders and audiences, we identified six strategic aims which guide our business:

1. Exceptional theatre, in a space like no other.
2. We are a sustainable charity that navigates change, balancing ambition and financial responsibility.
3. We keep our audiences close and open doors for new people to join in.
4. We understand our local communities and our civic role, to ensure we have the greatest impact for the people and partners across Greater Manchester.
5. We are an organisation that people want to work for and with.
6. Our environmental responsibility and impact are a consideration in all our decision making.

AIM 1: EXCEPTIONAL THEATRE IN A SPACE LIKE NO OTHER

Embracing the energy and power of award-winning, established and new-generation theatre artists, in 2022-23 the Royal Exchange presented theatre that journeyed through domestic settings to science fiction. We embraced a brand-new musical and celebrated modern contemporary playwriting. The programme was shaped to create opportunities for many different audiences across Greater Manchester to come and experience complex, thought-provoking stories and also to have fun.

We were thrilled to bring brilliant teams of artists together to work on huge, time-honoured stories like Tennessee Williams' *THE GLASS MENAGERIE*, to stage the international cult novel *LET THE RIGHT ONE IN* and to develop a truly original new musical inspired by Betty Boothroyd. This programme brought the old and the new together to make something fresh, reflective and relevant to our world today.

Bruntwood Prize Judges' Award winning play *ELECTRIC ROSARY* by Tim Foley was sharp, timely and funny asked what faith really means in the age of artificial intelligence and what it is to be human in tomorrow's world.

THE GLASS MENAGERIE is Tennessee Williams' poetic and bruising portrayal of a family on the brink of change. Award-winning director Atri Banerjee returned to the Exchange to reimagine, with designer Rosanna Vize, Tennessee Williams' semi-autobiographical memory play giving this intimate classic a new perspective.

Jack Thorne's adaptation of the John Ajvide Lindqvist cult novel *LET THE RIGHT ONE IN* found a new home on our unique stage. This unforgettable vampire story has gained cult status across the world; it is a sharp and reflective coming-of-age story that asks audiences to value the humanity in us all. Directed by Royal Exchange Joint Artistic Director Bryony Shanahan, we anticipated a younger audience for this on-stage horror story.

What followed, in contrast, was *BETTY! A SORT OF MUSICAL* - a celebration of the human spirit, a joyful and uplifting reflection of bravery and strength. This was a return to our big Christmas musical but a brand-new commission which was new for us at Christmas.

Royal Exchange Theatre Company Limited

Trustees' report (continued) for the year ended 31 March 2023

Seen in Manchester for the first time following its hugely successful National Theatre and West End run, the contemporary comedy BEGINNING was a celebration of the unexpected.

Finally we closed 2023 with a Pulitzer Prize winning classic CAT ON A HOT TIN ROOF directed by our Co-Artistic Director & Joint CEO Roy Alexander Weise.

Engagement

Side-by-side with our main theatre programme, our extensive Engagement programme continued to impact on Greater Manchester schools, young people, artists and communities.

From 1 April 2022 to 31 March 2023 we delivered 964 workshops working with 7,928 people, providing 12,421 participations.

As part of a year long programme of skills development, our Young Company presented ASTRONAUGHTS in the Royal Exchange Theatre Studio and at East Manchester Academy in Beswick. Performed by 14 of the Young Company Performers, assistant directed and designed by members of the Makers group and engaging Young Company alumni as part of the professional creative team, the production was seen by over 400 people including beneficiaries from Manchester Deaf Centre and Mustard Tree (a homelessness charity).

Our Elders Company presented DOMINOES AND DAHLIAS (+OWARE!) in the Royal Exchange Theatre Studio and in the Den before being revived for a performance at Castlefield Viaduct (in partnership with the National Trust) in the current year.

AIM 2: WE ARE A SUSTAINABLE CHARITY THAT NAVIGATES CHANGE, BALANCING AMBITION AND FINANCIAL RESPONSIBILITY

Financial Review

New three-year grant agreements for 2023 to 2026 were confirmed with Arts Council England and Greater Manchester Combined Authority within the year. This revenue grant funding continues to be critical to support the risks within our programming and our wider charitable aims. Creative Industries tax credits/relief are also increasingly critical to our financial sustainability.

Income during the year amounted to £6m. £1.7m was received from operation of the theatre, which was significantly higher than the £0.5m generated in 2021/22 when the theatre was still impacted by closure due to the pandemic. This continues to be below pre-pandemic levels, though we saw encouraging signs of audience return during the autumn/winter season. Secondary income from events, hires, fundraising and trading continued to grow totalling £0.7m in 2022/23 (2021/22: £0.3m)

Expenditure during the year amounted to £6.8m with £6.2m being spent on charitable activities. The balance of £0.6m was expenditure from commercial, trading and RET Trustees activities.

During 2021/22 we continued to benefit from the culture recovery funding from the Arts Council and, as a result, made an unrestricted surplus of £1.63m in 2021/22. With the withdrawal of that funding, the unrestricted surplus in 2022/23 reduced to a more normal level of £0.3m.

Net current assets were £3.75m as at 31 March 2023 (2022: £3.43m) and total net assets were £5.86m as at 31 March 2023 (2022: £6.68m). Unrestricted reserves were £3.76m at 31 March 2023 (2022: £3.42m).

**Trustees' report (continued)
for the year ended 31 March 2023**

AIM 3: WE KEEP OUR AUDIENCES CLOSE AND OPEN DOORS FOR NEW PEOPLE TO JOIN IN

In 2022/23 the Royal Exchange Theatre's 33 productions, events and festivals (2022: 24) generated attendances of over 80,000 (2022: 35,000).

We continue to make our work accessible with captioned, BSL interpreted, audio described and relaxed performances available for each production, providing 26 performances across the year. 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 30 provides access to discounted tickets; our Arts Pot fund subsidises workshops 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 on every performance; 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 a first come, first served basis.

We continued creating connections and partnerships with specific groups and communities to support our aim to ensure our audience is representative of Greater Manchester, providing 790 free tickets to schools and community groups. We were also pleased that LET THE RIGHT ONE IN enabled us to reach both a younger audience and a high proportion of first time Royal Exchange attenders (over 50%).

Towards the end of 2022, and after several months of research and development we commenced our new Audience Strategy – laying out a plan of how we will re-engage and build a loyal and connected audience and also diversify our audiences over the next five years.

AIM 4: WE UNDERSTAND OUR LOCAL COMMUNITIES AND OUR CIVIC ROLE, TO ENSURE WE HAVE THE GREATEST IMPACT FOR THE PEOPLE AND PARTNERS ACROSS GREATER MANCHESTER

Our Local Exchange programme, funded by the Oglesby Charitable Trust and the Esmée Fairbairn Foundation, underpins our work with Greater Manchester communities. It is an ambitious, long-term programme that sees the theatre take up residency in communities across Greater Manchester. In each location it builds upon existing partnerships, develops new connections and brings together people, places and artists to cement long-lasting relationships with the communities on our doorstep.

Each year we begin a new residency, developing close relationships with local partners such as housing associations, libraries, foodbanks and arts organisations to find out what's happening on the ground in each area. Alongside these initial partnerships, we also recruit a group of local ambassadors, people who are passionate about the place they live in and excited by everything that arts and culture have to offer. Together with professional artists and the team at the Royal Exchange, we develop projects, workshops, performances and events that are tailor-made for each individual community.

In 2022/23 Local Exchange was resident in the following communities:

Rochdale: We started a new residency in Rochdale, consulting with groups and finding partners such as Deeplish Community Centre, Awakening Minds (specialist Punjabi mental health service) and Soul Sisters (empowering those with lived experience of domestic abuse). We recruited a team of Community Ambassadors who will co-create The Den Festival for the area in 2024.

Beswick, Openshaw and Clayton: Preparations took place for The Den Festival in August 2023. Chatty craft cafes in ASDA and in Beswick Library on the Grey Mare Lane Estate encouraged conversations with residents and generated interest in the Ambassadors programme. Led by artist Samantha Edwards, the sessions have been a creative way to spark conversations about the area. We also delivered a range of workshops and courses for almost 200 children and young people in Beswick in the lead up to the delivery of a Satellite Young Company.

**Trustees' report (continued)
for the year ended 31 March 2023**

Cheetham Hill and Crumpsall: The Den in M8 took place at the Ukrainian Cultural Centre. The festival was made up of performances from local community members as well as professional artists and a community performance of Cold Chips and Pick N Mix - written in collaboration with local residents, featuring a cast of professional and non-professional performers. A Visitor Experience Assistant (VEA) training programme in partnership with the Manchester Adult Education Service enabled local people who are currently unemployed to develop customer service skills and increase their confidence and team working. A design/costume making course was developed in partnership with the Manchester Jewish Museum and Cheetham Hill residents worked with our wardrobe department to create set design for Cold Chips and Pick N Mix. Over 1,200 people engaged over the course of the festival.

Leigh, Atherton and Tyldesley: The area Ambassadors commissioned Joe Gilmour to develop BEST PLACE EVER – a play developed through workshops with non-professional groups across Leigh, which was performed by local people in Leigh Spinners Mill in July 2022.

Alongside this extensive programme of work in communities, we also opened The Lounge, a public living room in our Great Hall. This warm and welcoming space is for community groups and families to take some time out from the hustle and bustle of the city, there are books to read and games to play.

AIM 5: WE ARE AN ORGANISATION THAT PEOPLE WANT TO WORK FOR AND WITH

Our existing and future workforce are the most important asset to our business. With the return to full-time programming in the main theatre, alongside our extensive engagement programme, we increased staffing capacity in this period to 51 FTE (2021/22: 38). To support this growth in the team and ensure we have a healthy and vibrant workplace and the skills and expertise to drive the organisation forward, we have introduced new initiatives including becoming a Real Living Wage Employer, a Manchester Good Employment Charter Supporter and providing enhanced training for staff and VEAs throughout the year.

We have continued to work closely with many partner organisations to offer routes into the industry including our Associate Company – The Regional Theatre Young Director Scheme, The JMK Trust, and Birkbeck. Alongside placements and projects with these partners, we offered other opportunities for early careers artists including the Hodgkiss Collective - an opportunity for a Director / Designer / Lighting or Sound Designer (3 artists in total) to be resident at the Exchange during the making of LET THE RIGHT ONE IN; and Writers Exchange in partnership with Warner Bros. Discovery. Writers Exchange was designed to support writers in Greater Manchester whose voices are currently under-represented in both industries, and who have experienced barriers to forging sustainable careers. Participants received a unique package of workshops and bespoke development opportunities created with the support of expert professional mentors.

AIM 6: OUR ENVIRONMENTAL RESPONSIBILITY AND IMPACT ARE A CONSIDERATION IN ALL OUR DECISION MAKING

Initiatives undertaken this year include:

- Commencing a heating, ventilation and air conditioning optimisation project looking at our consumption data to give an all-round view of the current position and abilities.
- Furthering our energy efficiency through effective programming of lighting and use of our building management system.
- Replacing old units and equipment with more energy efficient units.
- Introducing the Theatre Green Book.
- Promoting public transport to the venue for audiences with public transport listed first.
- Signed up to Act Green to build our understanding of audience attitudes towards the climate crisis and the role of venues/organisations and their audiences in tackling it.

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Trustees' report (continued) for the year ended 31 March 2023

Plans for future periods

In April 2023 it was announced that, having led the organisation since November 2019, Co-Artistic Directors & Joint CEOs Bryony Shanahan and Roy Alexander Weise would step down from their roles in September 2023. From October 2023, the current Executive Director and Joint CEO will assume the role of sole Chief Executive, and he will continue to forefront our necessary and exciting ambitions to reengage and rebuild audiences and develop deeper relationships with communities in Greater Manchester. The structure for the delivery of our artistic programmes will see us bring a range of creative minds to the Royal Exchange, led by a new Creative Director. Recruitment will commence in Autumn 2023, with the new team in place by Spring 2024.

As part of our ongoing plans for Board succession, in June 2023 trustees appointed a new Chair and Deputy Chair. Recruitment for additional trustees to expand the skills and experience of the board will take place in Autumn 2023.

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.

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 2023 were as follows:

Armoghan Mohammed (Chair) (appointed 17 April 2023)
Ben Caldwell (Chair) (resigned 15 June 2023)
Ellen Hanlon
Nicole May
Sally Penni (resigned 15 June 2023)
Jennifer Raffle (resigned 20 October 2022)
Aziz Rashid (resigned 15 June 2023)
Davina Shah (resigned 14 April 2022)
Geoffrey Shindler (resigned 20 October 2022)
Martyn Torevell (resigned 15 June 2023)
Kate Vokes (appointed 14 April 2022)
Joanne Taylor
Robert Venable-Greaves
Rachel Armstrong (appointed 16 August 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.

Royal Exchange Theatre Company Limited

Trustees' report (continued) for the year ended 31 March 2023

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.

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.

Public benefit

As demonstrated by the 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). Arts Council's "Let's Create" strategy has informed our own strategy and business planning as have the GMCA's Greater Manchester Strategic priorities.

Our programme is planned to engage a broad audience and deliver targeted audience development activities around productions to help us build an audience that is reflective of Greater Manchester. The Engagement programme provides extensive learning and participation opportunities each year, both at the theatre and in communities across Great 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, public living room and our café is situated.

Volunteers

A team of over 90 volunteers supports the theatre in various roles including marketing, fundraising and front of house. In 2022/23 they provided over 760 volunteering hours.

Fundraising activity

Royal Exchange Theatre is a registered charity and is registered with 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, 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. During the first half of 2022/23 we had a sole fundraiser, who worked alongside colleagues to carry out our fundraising. We engaged a freelance fundraiser to carry out an internal audit and make recommendations about next steps in terms of developing the fundraising strategy, this did not include any public facing fundraising. When we do engage with external fundraisers, we 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.

Royal Exchange Theatre Company Limited

Trustees' report (continued) for the year ended 31 March 2023

We have a detailed fundraising plan, with targets benchmarked against Arts Council England research into performance within the sector, and we monitor progress against these targets on a regular basis. Fundraising activity and performance against target are reported quarterly to the Board by the Development Director (Deputy 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' Newsletter) 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.

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 Development Director/Deputy Executive Director. Any serious complaint would be escalated to the Leadership Team and Trustees so they can consider lessons learnt.

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:

Risk	Action/mitigation
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.
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.
Change key personnel (sudden or planned) results in inability to deliver programme, failure to achieve mission	Regular trustee contact with joint Chief Executive. Interim plans in place to ensure continuity when the Artistic Directors leave. Chair of People & Culture Committee holds oversight.

Reserves Policy

Our reserves policy is designed to provide available financial reserves for the following reasons:

- To absorb potential box office shortfalls
- To cover significant unbudgeted costs
- 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 normal trading conditions.

Royal Exchange Theatre Company Limited

Trustees' report (continued) for the year ended 31 March 2023

As at 31 March 2023, our free reserves were £3.8m (£1.9m designated and £1.9m general), substantially in excess of our target figure of £800k. Our free reserves were boosted by receipt of the government's Cultural Recovery Fund, not all of which was spent by the year ended 31 March 2023. We anticipate needing to use reserves on various items of capital expenditure not replaced during the year ended 31 March 2023, 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.

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 2026. 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.

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



Armoghan Mohammed
Chair

Date: 12 Dec 2023

Royal Exchange Theatre Company Limited

Statement of Trustees' responsibilities for the year ended 31 March 2023

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 . 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:



Armoghan Mohammed
Chair

Date: 12 Dec 2023

Royal Exchange Theatre Company Limited

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

Opinion

We have audited the financial statements of Royal Exchange Theatre Company Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2023 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 2023 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.

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

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)

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.

Royal Exchange Theatre Company Limited

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

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

- Testing the appropriateness of journal entries and other adjustments. We have used data analytics software to identify accounting transactions which may pose a heightened risk of material misstatement, whether due to fraud or error.
- Challenging assumptions made by management in their significant accounting estimates, and assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
- Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

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: 12 Dec 2023

Royal Exchange Theatre Company Limited

Consolidated Statement of financial activities (incorporating income and expenditure account)
for the year ended 31 March 2023

	Note	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Total funds 2023 £000	Total funds 2022 £000
Income from:					
Donations and legacies	4	2,832	207	3,039	5,142
Charitable activities	6	1,711	7	1,718	525
Trading activities	7	651	57	708	293
Investments	8	17	-	17	-
Theatre tax relief income		521	-	521	131
Total income		5,732	271	6,003	6,091
Expenditure on:					
Raising funds	9	612	9	621	445
Charitable activities	10	4,785	1,420	6,205	5,213
Total expenditure		5,397	1,429	6,826	5,658
Net movement in funds		335	(1,158)	(823)	433
Reconciliation of funds:					
Total funds brought forward		3,422	3,262	6,684	6,251
Net movement in funds		335	(1,158)	(823)	433
Total funds carried forward		3,757	2,104	5,861	6,684

The Consolidated statement of financial activities includes all gains and losses recognised in the year.

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

The notes on pages 21 to 47 form part of these financial statements.

Royal Exchange Theatre Company Limited
Registered number: 00927203

**Consolidated balance sheet
as at 31 March 2023**

	Note	2023 £000	2022 £000
Fixed assets			
Tangible assets	17	2,113	3,252
Current assets			
Stocks	20	8	-
Debtors	21	1,124	1,256
Cash at bank and in hand	26	4,139	3,706
		<u>5,271</u>	<u>4,962</u>
Creditors: amounts falling due within one year	22	(1,523)	(1,530)
Net current assets		<u>3,748</u>	<u>3,432</u>
Total net assets		<u><u>5,861</u></u>	<u><u>6,684</u></u>
Charity funds			
Restricted funds:			
Artistic projects	23	477	659
Long term projects / other	23	1,627	2,603
Total restricted funds	23	<u>2,104</u>	<u>3,262</u>
Unrestricted funds:			
Designated Funds	23	1,906	1,056
General Funds	23	1,851	2,366
Total unrestricted funds	23	<u>3,757</u>	<u>3,422</u>
Total funds		<u><u>5,861</u></u>	<u><u>6,684</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:



Armoghan Mohammed
Chair

Date: 12 Dec 2023

The notes on pages 21 to 47 form part of these financial statements.

Royal Exchange Theatre Company Limited
Registered number: 00927203

**Company balance sheet
as at 31 March 2023**

	Note	2023 £000	2022 £000
Fixed assets			
Tangible assets	17	2,113	3,252
Investments	18	-	-
Current assets			
Debtors	21	1,340	1,158
Cash at bank and in hand		3,854	3,704
		<u>5,194</u>	<u>4,862</u>
Creditors: amounts falling due within one year	22	(1,444)	(1,509)
Net current assets		<u>3,750</u>	<u>3,353</u>
Total net assets		<u><u>5,863</u></u>	<u><u>6,605</u></u>
Charity funds			
Restricted funds:			
Artistic projects	23	477	656
Long term projects / other	23	1,627	2,603
Total restricted funds	23	<u>2,104</u>	<u>3,259</u>
Unrestricted funds:			
Designated funds	23	1,006	1,056
General funds	23	2,753	2,290
Total unrestricted funds	23	<u>3,759</u>	<u>3,346</u>
Total funds		<u><u>5,863</u></u>	<u><u>6,605</u></u>

The Company's net movement in funds for the year was £-742,000 (2022: £373,000).

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:



Armoghan Mohammed
Chair

Date: 12 Dec 2023

The notes on pages 21 to 47 form part of these financial statements.

Royal Exchange Theatre Company Limited

Consolidated statement of cash flows
for the year ended 31 March 2023

	2023 £000	2022 £000
Cash flows from operating activities		
Net cash used in operating activities	449	1,335
Cash flows from investing activities		
Interest recieved	17	-
Purchase of tangible fixed assets	(33)	-
Net cash (used in)/provided by investing activities	(16)	-
Change in cash and cash equivalents in the year	433	1,335
Cash and cash equivalents at the beginning of the year	3,706	2,371
Cash and cash equivalents at the end of the year	4,139	3,706

The notes on pages 21 to 47 form part of these financial statements

Royal Exchange Theatre Company Limited

Notes to the financial statements for the year ended 31 March 2023

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) and in accordance with FRS102. The basis of preparation of these financial statements has taken due account of the Companies Act 2006 and Charities Act 2011.

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

2.2 Going concern

In deciding to prepare the financial statements on a going concern basis, the trustees have considered all available information about the future for a period of at least 12 months from the date of approval. The information includes financial forecasts which are underpinned by a level of guaranteed funding from key stakeholders Arts Council England and, to a lesser extent, the Greater Manchester Combined Authority. 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 2026. Other funding sources are assumed in the forecasts that are not yet guaranteed but the trustees believe that there is a realistic prospect of securing them. Based on these forecasts, the trustees believe that the theatre can continue in operational existence for at least the next 12 months.

2.3 Basis of consolidation

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

The group financial statements consolidate those of the charitable company and of its subsidiary undertakings drawn up to 31 March 2023 on a line by line basis. These subsidiaries are Royal Exchange Theatre Trading Limited and Exchange Productions Limited.

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

Accounting policies are consistent throughout the group.

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

Notes to the financial statements
for the year ended 31 March 2023

2. Accounting policies (continued)

2.4 Charity status

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

2.5 Income from grants

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

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

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

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

2.6 Income from donations and legacies

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

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

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

2.7 Income from charitable activities

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

2.8 Income from trading activities

Income from trading activities comprises income from catering, sponsorship and corporate membership plus income from other ancillary or non-primary purpose trading activities (programme sales, theatre shop, costume hire and room hires). 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.

Royal Exchange Theatre Company Limited

Notes to the financial statements for the year ended 31 March 2023

2. Accounting policies (continued)

2.10 Theatre tax relief

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

2.11 Cost of raising funds

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

2.12 Expenditure on charitable activities: costs of performances

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

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

2.13 Expenditure on other charitable activities

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

All expenditure is accounted for on an accruals basis.

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

2.14 Tangible fixed assets and depreciation

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

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

Depreciation is provided on the following bases:

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

Notes to the financial statements
for the year ended 31 March 2023

2. Accounting policies (continued)

2.15 Investments

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

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

2.16 Stocks

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

2.17 Debtors

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

2.18 Cash at bank and in hand

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

2.19 Liabilities 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.

2.20 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.

2.21 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.

Royal Exchange Theatre Company Limited

Notes to the financial statements for the year ended 31 March 2023

2. Accounting policies (continued)

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 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.

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

2.24 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.

Royal Exchange Theatre Company Limited

Notes to the financial statements for the year ended 31 March 2023

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 2023 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 £189,000 (2022: £174,000).

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 £2,113,000 (2022: £3,252,000). The depreciation rates are shown in note 2.14 above.

Accruals and deferred income

Accruals and deferred income are entered into the financial statements based on management expectations. The group recognised accruals and deferred income at 31 March 2023 of £1,178,000 (2022: £1,373,000)

4. Income from donations and legacies

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Total funds 2023 £000	Total funds 2022 £000
Donations and legacies	238	207	445	514
Income from public sector grants (note 5)	2,594	-	2,594	4,628
	<u>2,832</u>	<u>207</u>	<u>3,039</u>	<u>5,142</u>
<i>Total 2022</i>	<u>3,005</u>	<u>2,137</u>	<u>5,142</u>	

Royal Exchange Theatre Company Limited

**Notes to the financial statements
for the year ended 31 March 2023**

5. Income from public sector grants

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Total funds 2023 £000	<i>Total funds 2022 £000</i>
Grants receivable				
Arts Council England (ACE)	2,375	-	2,375	2,332
Greater Manchester Combined Authority (GMCA)	219	-	219	219
Culture Recovery Fund	-	-	-	2,070
Coronavirus Job Retention Scheme income	-	-	-	7
Total 2023	2,594	-	2,594	4,628
<i>Total 2022</i>	2,558	2,070	4,628	

6. Income from charitable activities

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Total funds 2023 £000	<i>Total funds 2022 £000</i>
Box office income - own productions & co-productions	1,666	-	1,666	485
Creative Learning and Engagement income	27	7	34	19
Costume hire, theatre shop & programmes	18	-	18	21
Total 2023	1,711	7	1,718	525
<i>Total 2022</i>	525	-	525	

Royal Exchange Theatre Company Limited

**Notes to the financial statements
for the year ended 31 March 2023**

7. Income from trading activities

Income from non charitable trading activities

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Total funds 2023 £000	<i>Total funds 2022 £000</i>
Miscellaneous income	109	57	166	65
Operation of trading subsidiaries	542	-	542	228
Total 2023	<u>651</u>	<u>57</u>	<u>708</u>	<u>293</u>
<i>Total 2022</i>	<u>293</u>	<u>-</u>	<u>293</u>	

Miscellaneous income includes sponsorship income.

8. Investment income

	Unrestricted funds 2023 £000	Total funds 2023 £000	<i>Total funds 2022 £000</i>
Interest receivable	<u>17</u>	<u>17</u>	<u>-</u>

Royal Exchange Theatre Company Limited

**Notes to the financial statements
for the year ended 31 March 2023**

9. Costs of raising funds

Fundraising trading expenses

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Total funds 2023 £000	<i>Total funds 2022 £000</i>
Sponsorship and corporate members	60	9	69	<i>137</i>
Other costs	-	-	-	<i>45</i>
	<u>60</u>	<u>9</u>	<u>69</u>	<u><i>182</i></u>
<i>Total 2022</i>	<u><u>182</u></u>	<u><u>-</u></u>	<u><u>182</u></u>	

Commercial trading

	Unrestricted funds 2023 £000	Total funds 2023 £000	<i>Total funds 2022 £000</i>
Cost of sales	179	179	<i>151</i>
Administration expenses	4	4	<i>9</i>
Cost of sales - Staff costs	171	171	<i>-</i>
Support costs reallocated (note 12)	198	198	<i>103</i>
	<u>552</u>	<u>552</u>	<u><i>263</i></u>
<i>Total 2022</i>	<u><u>263</u></u>	<u><u>263</u></u>	

Royal Exchange Theatre Company Limited

**Notes to the financial statements
for the year ended 31 March 2023**

10. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Total 2023 £000	<i>Total 2022 £000</i>
Artistic and creative	479	172	651	493
Performers and stage management	708	256	964	660
Production costs	1,038	375	1,413	1,429
Front of House	91	-	91	275
Creative learning and engagement	402	250	652	212
New writing and development	77	191	268	220
Other artistic activities	-	-	-	39
Costume hire, theatre shop and programmes	-	-	-	172
Local Exchange	-	165	165	42
Support costs reallocated (note 12)	1,990	11	2,001	1,671
Total 2023	<u>4,785</u>	<u>1,420</u>	<u>6,205</u>	<u>5,213</u>
<i>Total 2022</i>	<u>2,479</u>	<u>2,734</u>	<u>5,213</u>	

Royal Exchange Theatre Company Limited

**Notes to the financial statements
for the year ended 31 March 2023**

11. Analysis of expenditure by activities

	Cost of performances 2023 £000	Other charitable activities 2023 £000	Total funds 2023 £000	<i>Total funds 2022 £000</i>
Artistic and creative	651	-	651	493
Performers and stage management	964	-	964	660
Production costs	1,413	-	1,413	1,429
Customer services	91	-	91	275
Creative learning and engagement	-	652	652	212
New writing and development	-	268	268	220
Other artistic activities	-	-	-	39
Costume hire, theatre shop and programmes	-	-	-	172
Local Exchange	-	165	165	42
Support costs reallocated (note 12)	1,561	440	2,001	1,671
Total 2023	4,680	1,525	6,205	5,213
<i>Total 2022</i>	<i>4,277</i>	<i>936</i>	<i>5,213</i>	

Royal Exchange Theatre Company Limited

**Notes to the financial statements
for the year ended 31 March 2023**

12. Analysis of support costs

	Cost of generating funds 2023 £000	Cost of performances 2023 £000	Other charitable activities 2023 £000	Total funds 2023 £000	<i>Total funds 2022 £000</i>
Administration	25	197	55	277	224
Building Management & Maintenance	73	577	163	813	656
Depreciation	16	124	35	175	140
Finance	38	300	84	422	340
Governance	3	27	8	38	31
HR	7	56	16	79	64
IT	9	72	20	101	83
Marketing	27	208	59	294	236
	<u>198</u>	<u>1,561</u>	<u>440</u>	<u>2,199</u>	<u>1,774</u>
<i>Total 2022</i>	<u>1,420</u>	<u>251</u>	<u>103</u>	<u>1,774</u>	

All support costs have been allocated based upon a management review of the estimated usage, split 9% (2022: 6%) to costs of raising funds, 71% (2022: 82%) to costs of performances and 20% (2022: 12%) to other charitable activities.

13. Auditors' remuneration

	2023 £000	<i>2022 £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	22	18
Fees payable to the Company's auditor in respect of:		
All taxation advisory services not included above	2	2
All other services not included above	1	1
	<u>2</u>	<u>1</u>

Royal Exchange Theatre Company Limited

Notes to the financial statements for the year ended 31 March 2023

14. Operations of trading subsidiaries

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

Royal Exchange Theatre Trading Limited

	2023	2022
	£000	£000
The income and expenditure of the subsidiary were		
Turnover	542	228
Cost of sales	(350)	(151)
	<hr/>	<hr/>
Gross profit	192	77
Administrative expenses	(4)	(9)
	<hr/>	<hr/>
Operating profit	188	68
Interest payable		(3)
Retained earnings at the beginning of the year		(29)
Donation to parent	(188)	(36)
	<hr/>	<hr/>
Retained in subsidiary	-	-
	<hr/> <hr/>	<hr/> <hr/>
The net assets and liabilities of the subsidiary were		
Current assets	395	55
Creditors due within one year	(395)	(55)
	<hr/>	<hr/>
Total net assets/(liabilities)	-	-
	<hr/> <hr/>	<hr/> <hr/>
Share capital and reserves	-	-
	<hr/> <hr/>	<hr/> <hr/>

Royal Exchange Theatre Company Limited

Notes to the financial statements
for the year ended 31 March 2023

14. Operations of trading subsidiaries (continued)

Exchange Productions Limited

	2023	2022
	£000	£000
The income and expenditure of the subsidiary were		
Turnover	926	322
Cost of sales	(1,447)	(453)
Gross loss	(521)	(131)
Theatre tax relief	521	131
Retained in subsidiary	-	-
The net assets and liabilities of the subsidiary were		
Current assets	653	131
Creditors due within one year	(655)	(133)
Total net liabilities	(2)	(2)
Share capital and reserves	(2)	(2)

Royal Exchange Theatre Company Limited

**Notes to the financial statements
for the year ended 31 March 2023**

15. Staff costs

	Group 2023 £000	<i>Group 2022 £000</i>	Company 2023 £000	<i>Company 2022 £000</i>
Wages and salaries	2,370	<i>1,808</i>	2,209	<i>1,808</i>
Social security costs	156	<i>139</i>	149	<i>139</i>
Contribution to defined contribution pension schemes	47	<i>53</i>	44	<i>53</i>
	2,573	<i>2,000</i>	2,402	<i>2,000</i>

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

	Group 2023 No.	<i>Group 2022 No.</i>
Full time employees	62	<i>38</i>
Part time employees	55	<i>58</i>
	117	<i>96</i>

The average number of employees fell into the following categories:

	Group 2023 No.	<i>Group 2022 No.</i>
Connecting	15	<i>13</i>
Funded Projects	7	<i>6</i>
Facilitating	15	<i>13</i>
Making	13	<i>13</i>
Productions	54	<i>51</i>
Rivals	13	<i>-</i>
	117	<i>96</i>

Royal Exchange Theatre Company Limited

Notes to the financial statements for the year ended 31 March 2023

15. Staff costs (continued)

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

	Group 2023 No.	<i>Group 2022 No.</i>
In the band £60,001 - £70,000	2	-
In the band £70,001 - £80,000	1	<i>1</i>

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 2023 were £191,316 (2022: £195,283).

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

No trustees received any remuneration or reimbursement for expense during the year or in the previous year.

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

16. Results of the charitable company

The company has taken advantage of Section 408 of the Companies Act 2006 and not included its own income and expenditure account in these financial statements. The net outgoing resources for the company (including its branches) for the year was £742,000 (2022: net incoming resources of £373,000).

Royal Exchange Theatre Company Limited

**Notes to the financial statements
for the year ended 31 March 2023**

17. Tangible fixed assets

Group and Company

	Freehold property and long leasehold buildings £000	Leasehold improvements £000	Short-term leasehold property £000	Fixtures and fittings £000	Total £000
Cost or valuation					
At 1 April 2022	177	26,240	1,500	1,012	28,929
Additions	-	-	-	33	33
Disposals	-	-	-	(62)	(62)
Transfers between classes	-	(16)	-	16	-
At 31 March 2023	<u>177</u>	<u>26,224</u>	<u>1,500</u>	<u>999</u>	<u>28,900</u>
Depreciation					
At 1 April 2022	84	23,487	1,485	621	25,677
Charge for the year	4	1,006	15	120	1,145
On disposals	-	-	-	(35)	(35)
At 31 March 2023	<u>88</u>	<u>24,493</u>	<u>1,500</u>	<u>706</u>	<u>26,787</u>
Net book value					
At 31 March 2023	<u><u>89</u></u>	<u><u>1,731</u></u>	<u><u>-</u></u>	<u><u>293</u></u>	<u><u>2,113</u></u>
<i>At 31 March 2022</i>	<u><u>93</u></u>	<u><u>2,753</u></u>	<u><u>15</u></u>	<u><u>391</u></u>	<u><u>3,252</u></u>

Royal Exchange Theatre Company Limited

**Notes to the financial statements
for the year ended 31 March 2023**

18. Investments

Company

	2023	<i>2022</i>
	£	£
Shares in subsidiary undertakings (note 19)	101	<i>101</i>
Mixed motive investments	1	<i>1</i>
	102	<i>102</i>

Mixed motive investments:

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

19. Subsidiaries

The following were subsidiary undertakings of the Company:

Names	Company number	Registered office	Principal activity	Class of shares	Holding
Royal Exchange Theatre Trading Limited	01265513	St Ann's Square, Manchester, M2 7DH	Operation of theatre bars and cafe and other non-primary purpose trading	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 14.

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

Royal Exchange Theatre Company Limited

**Notes to the financial statements
for the year ended 31 March 2023**

20. Stocks

	Group 2023 £000	<i>Group 2022 £000</i>
Stock	8	<i>-</i>

21. Debtors

	Group 2023 £000	<i>Group 2022 £000</i>	Company 2023 £000	<i>Company 2022 £000</i>
Trade debtors	189	<i>174</i>	162	<i>150</i>
Amounts owed by group undertakings	-	<i>-</i>	915	<i>85</i>
Other debtors	98	<i>103</i>	78	<i>76</i>
Prepayments and accrued income	185	<i>848</i>	185	<i>847</i>
Theatre tax relief income due	652	<i>131</i>	-	<i>-</i>
	1,124	<i>1,256</i>	1,340	<i>1,158</i>

Within prepayments and accrued income is an amount of £71,000 (2022: £58,000) relating to pre-production costs for 4 (2022: 2) shows.

Royal Exchange Theatre Company Limited

**Notes to the financial statements
for the year ended 31 March 2023**

22. Creditors: Amounts falling due within one year

	Group 2023 £000	<i>Group 2022 £000</i>	Company 2023 £000	<i>Company 2022 £000</i>
Trade creditors	211	97	205	97
Amounts owed to group undertakings	-	-	-	9
Other taxation and social security	98	43	38	36
Other creditors	36	17	36	17
Accruals	382	668	369	666
Deferred income	796	705	796	684
	<u>1,523</u>	<u>1,530</u>	<u>1,444</u>	<u>1,509</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 2023, no amounts fall due to be repaid in respect of the grants.

	Group 2023 £000	<i>Group 2022 £000</i>	Company 2023 £000	<i>Company 2022 £000</i>
Deferred income brought forward	705	572	684	572
Net movement in year	96	133	117	112
Deferred income carried forward	<u>801</u>	<u>705</u>	<u>801</u>	<u>684</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 previous 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 2023**

23. Statement of funds

Statement of funds - current year

	Balance at 1 April 2022 £000	Income £000	Expenditure £000	Transfers in/out £000	Balance at 31 March 2023 £000
Unrestricted funds					
Designated funds					
Theatre refurbishment project 1997	82	-	(40)	-	42
Capital project 2013	190	-	(10)	-	180
Fixed asset fund	684	-	-	100	784
Investment fund	100	-	-	(100)	-
Programme Reserves	-	-	-	900	900
	<u>1,056</u>	<u>-</u>	<u>(50)</u>	<u>900</u>	<u>1,906</u>
General funds					
General Funds	<u>2,366</u>	<u>5,732</u>	<u>(5,347)</u>	<u>(900)</u>	<u>1,851</u>
Total Unrestricted funds	<u>3,422</u>	<u>5,732</u>	<u>(5,397)</u>	<u>-</u>	<u>3,757</u>
Restricted funds - Artistic projects					
Creative Learning and Engagement	53	133	(64)	-	122
New writing and talent development	38	131	(191)	48	26
Local Exchange	520	7	(198)	-	329
Other	48	-	-	(48)	-
	<u>659</u>	<u>271</u>	<u>(453)</u>	<u>-</u>	<u>477</u>

Royal Exchange Theatre Company Limited

**Notes to the financial statements
for the year ended 31 March 2023**

23. Statement of funds (continued)

	Balance at 1 April 2022 £000	Income £000	Expenditure £000	Transfers in/out £000	Balance at 31 March 2023 £000
Restricted funds - Long term projects / other					
Theatre refurbishment project 1997	2,150	-	(956)	-	1,194
Capital project 2013	269	-	(20)	-	249
Other restricted funds	184	-	-	-	184
	<u>2,603</u>	<u>-</u>	<u>(976)</u>	<u>-</u>	<u>1,627</u>
Total Restricted funds	<u>3,262</u>	<u>271</u>	<u>(1,429)</u>	<u>-</u>	<u>2,104</u>
Total of funds	<u><u>6,684</u></u>	<u><u>6,003</u></u>	<u><u>(6,826)</u></u>	<u><u>-</u></u>	<u><u>5,861</u></u>

Royal Exchange Theatre Company Limited

**Notes to the financial statements
for the year ended 31 March 2023**

23. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 April 2021 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Transfers in/out £000</i>	<i>Balance at 31 March 2022 £000</i>
Unrestricted funds					
Designated funds					
Theatre refurbishment project 1997	121	-	(39)	-	82
Capital project 2013	200	-	(10)	-	190
Fixed asset fund	684	-	-	-	684
Investment fund	100	-	-	-	100
	<u>1,105</u>	<u>-</u>	<u>(49)</u>	<u>-</u>	<u>1,056</u>
General funds					
General Funds	686	3,954	(2,874)	600	2,366
	<u>686</u>	<u>3,954</u>	<u>(2,874)</u>	<u>600</u>	<u>2,366</u>
Total Unrestricted funds	<u>1,791</u>	<u>3,954</u>	<u>(2,923)</u>	<u>600</u>	<u>3,422</u>
Restricted funds - Artistic projects					
Creative Learning and Engagement	145	-	(92)	-	53
New writing and talent development	42	67	(71)	-	38
Local Exchange	546	-	(26)	-	520
Other	48	-	-	-	48
	<u>781</u>	<u>67</u>	<u>(189)</u>	<u>-</u>	<u>659</u>

Royal Exchange Theatre Company Limited

**Notes to the financial statements
for the year ended 31 March 2023**

23. Statement of funds (continued)

	<i>Balance at 1 April 2021 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Transfers in/out £000</i>	<i>Balance at 31 March 2022 £000</i>
Restricted funds - Long term projects / other					
Theatre refurbishment project 1997	3,146	-	(996)	-	2,150
Capital project 2013	289	-	(20)	-	269
Other restricted funds	243	2,070	(1,529)	(600)	184
	<u>3,678</u>	<u>2,070</u>	<u>(2,545)</u>	<u>(600)</u>	<u>2,603</u>
Total Restricted funds	<u>4,459</u>	<u>2,137</u>	<u>(2,734)</u>	<u>(600)</u>	<u>3,262</u>
Total of funds	<u><u>6,250</u></u>	<u><u>6,091</u></u>	<u><u>(5,657)</u></u>	<u><u>-</u></u>	<u><u>6,684</u></u>

Restricted funds

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

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

The Theatre refurbishment project 1997 fund 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 fund represents funds raised and expended on the Royal Exchange's capital project, financed with the support of Arts Council England

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 fixed asset 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. The programme reserve has been designated to support the artistic programme while audiences continue to recover audiences following the pandemic.

Royal Exchange Theatre Company Limited

**Notes to the financial statements
for the year ended 31 March 2023**

24. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2023 £000	Restricted funds - Artistic projects 2023 £000	Restricted funds - Long term projects / other 2023 £000	Total funds 2023 £000
Tangible fixed assets	670	-	1,443	2,113
Current assets	4,610	477	184	5,271
Creditors due within one year	(1,523)	-	-	(1,523)
Total	3,757	477	1,627	5,861

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2022 £000</i>	<i>Restricted funds - Artistic projects 2022 £000</i>	<i>Restricted funds - Long term projects / other 2022 £000</i>	<i>Total funds 2022 £000</i>
Tangible fixed assets	833	-	2,419	3,252
Current assets	4,119	659	184	4,962
Creditors due within one year	(1,530)	-	-	(1,530)
Total	3,422	659	2,603	6,684

Royal Exchange Theatre Company Limited

**Notes to the financial statements
for the year ended 31 March 2023**

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

	Group 2023 £000	<i>Group 2022 £000</i>
Net income/expenditure for the year (as per Statement of Financial Activities)	(823)	433
Adjustments for:		
Depreciation charges	1,145	1,200
(Profit)/loss on disposal of fixed assets	27	-
Decrease/(increase) in stocks	(8)	-
Decrease/(increase) in debtors	134	(714)
Increase/(decrease) in creditors	(9)	416
Interest received	(17)	-
Net cash provided by operating activities	449	1,335

26. Analysis of cash and cash equivalents

	Group 2023 £000	<i>Group 2022 £000</i>
Cash at bank and in hand	4,139	3,706

27. Analysis of changes in net debt

	At 1 April 2022 £000	Cash flows £000	At 31 March 2023 £000
Cash at bank and in hand	3,706	433	4,139

28. Pension commitments

The group operates two defined contribution pension schemes for the benefit of its employees. The assets of the schemes are held in independently administered funds. The contributions paid by the group during the year were £47,000 (2022: £53,000). At 31 March 2023, £26,000 (2022: £13,000) was owed to the schemes.

Royal Exchange Theatre Company Limited

Notes to the financial statements for the year ended 31 March 2023

29. Branches

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

	Net incoming/(outgoing) resources		Capital reserves and income funds	
	2023 £000	2022 £000	2023 £000	2022 £000
Royal Exchange Theatre Appeal Fund	8	9	119	111
Royal Exchange Theatre Trustees Limited	(24)	(66)	242	266

30. Indemnity insurance

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

31. Related party transactions

The company received a donation from its subsidiary, Royal Exchange Theatre Trading Limited of £188,000 (2022: £36,000). At the year end, Royal Exchange Theatre Trading Limited owed Royal Exchange Theatre Company Limited £324,000 (2022: £40,000).

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 £1,447,000 (2022: £453,000) in the year. Amounts due from Exchange Productions Limited in relation to these costs at the year end totalled £655,000 (2022: £132,000).

Amounts invoiced by Exchange Productions Limited to Royal Exchange Theatre Company Limited totalled £926,000 (2022: £322,000).

Donations from trustees amounted to £146,074 (2022: £21,435). This amount includes both donations from individuals and donations from trusts and companies related to trustees.

During the prior year, payments totalling £31,801 were made to TEAM Shah Limited, trading as TEAM 2020, a company controlled by a Trustee in the prior period, for supplying artists. All contracts were entered into on normal commercial terms. No payments were made to the Trustee directly. The transactions were approved by the Board as being for the benefit of the Charity. There were no such transactions during the year ended 31 March 2023.



Issuer HURST Accountants

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Parties involved with this document

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Tue, 12th Dec 2023 11:55:30 UTC	Helen Besant Roberts - Signer (36b98c9cb75e433205937957fc22d747)

Audit history log

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