

Belgrade Theatre Trust (Coventry) Limited

Trustees report and financial statements

For the Year Ended 31 March 2017

Belgrade Theatre Trust (Coventry) Limited
(A company limited by guarantee)

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Reference and administrative details of the Theatre, its trustees and advisers
For the Year Ended 31 March 2017

Trustees	Mr S Fergusson, Chair Cllr R Bailey (resigned 20 May 2016) Mr A Bhabra Cllr L Bigham (resigned 20 May 2016) Mr G W Brooke-Taylor Mr P Carvell (appointed 20 July 2017) Mr J F Davidson Mr P Deeley (resigned 25 July 2016) Mr P Fenner ACA FCCA (resigned 20 July 2017) Mr W H Glen LLB Ms P Johnstone Cllr J Lepodievic (appointed 20 May 2016, resigned 5 June 2017) Cllr T Mayer (appointed 5 June 2017) Mr J McGuigan Mr A F Pollock Ms K J Reid BA Hons Cllr A C Skipper (appointed 20 May 2016) Mrs D Williams (resigned 7 April 2016)
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Funding Body Representatives entitled to attend Board meetings:

Arts Council England West Midlands	Ms N Ralston (Relationships Manager)
Coventry City Council	Mr D Cockcroft (Asst. Director, City Centre & Development Services)

Company registered number	00593331
Charity registered number	219163
Registered office	Belgrade Theatre Belgrade Square Coventry West Midlands CV1 1GS
Company secretary and Executive Director	Ms K J Reid BA Hons
Chief executive officer and Artistic Director	Mr W H Glen LLB
Independent auditors	Dains LLP 15 Colmore Row Birmingham B3 2BH
Bankers	National Westminster Bank plc 24 Broadgate Coventry CV1 1NE

Belgrade Theatre Trust (Coventry) Limited
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Trustees' report
For the Year Ended 31 March 2017

The Trustees present their annual report together with the audited financial statements of Belgrade Theatre Trust (Coventry) Limited (the Theatre and the Group) for the year 1 April 2016 to 31 March 2017. The Trustees confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) as amended by Update Bulletin 1 (effective 1 January 2015).

There continues to be many challenges with the financing of the theatre, notably the large reduction in grant funding over recent years. While pleased with the progress made, for the first time we report a trading deficit which is £16k

Financial

- Increased earnings to £4.32m representing an increase to 72.8% of total income (2015/16 : £3.62m representing 66.2% of total income; 2008/2009 earned income 46.4%).
- Net loss or resources expended of £347k (2016: net income received of £12k),
- Operating cash flows down 119% to (£80k) (2016 : £413k)
- Total funds of £12.2m of which unrestricted funds down 7% to £213k (2016: £229k)
- Net cash funds down 15.4% to £1,342k after expenditure of £158k on capital expenditure.
- Net current assets reduced by £86k (2016 increase £352k)

Operational

- The theatre produced and presented a record breaking 515 performances of 133 different productions (2015/16 : 531 performances of 114 productions)
- We produced 17 fully staged productions (2015/16 : 17) and 28 further sharings (2015/16 : 24)
- Record-breaking audiences of 176,180 rising to 199,855 when including Events & Conferencing attendees, plus 11,635 participation opportunities
- Successfully reaching audiences from lower social economic groupings (44% Coventry City Council priority postcodes) and playing to 40% concessions

Theatres are great institutions which we should all support. The Belgrade is no exception and always has a good variety to suit all tastes.

Trip Advisor, March 2017

This theatre presents some wonderful productions. It's fairly easily accessible, just on the edge of Coventry city centre, and very disabled friendly.

Trip Advisor, January 2017

Coventry has a rich theatre heritage - but nowhere comes close to the Belgrade, which is undoubtedly the finest theatre in the city.

Trip Advisor, August 2016

Objectives and Activities

a. The Belgrade Theatre's Vision

Now established as one of England's major producing houses, our mission is to grow the reach, excellence and engagement of all the work we produce and present.

We will provide a comprehensive performing arts service of the highest possible quality for Coventry and the surrounding regions and act as an ambassador for Coventry and the West Midlands when touring.

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b. Mission

The Belgrade Theatre is the largest producing theatre in Coventry, England's 11th most populous city and the second largest conurbation in the Midlands, and acts as the city and sub-region's commercial and producing theatre.

The Belgrade creates theatre in the belief that it can enrich its community and fundamentally change peoples' lives for the better.

This mission is expressed by presenting a vibrant programme of produced, visiting and community work in our two auditoria and other spaces. It is informed by a distinctive artistic policy designed to attract local and national attention, cater to and develop the different audiences in and around Coventry, lift the profile of the Theatre as a producing theatre, bear witness to our community's experiences, find a unique voice for the Belgrade in the context of the region and attract leading theatre artists. In short to build on the vision, radicalism and internationalism that marked the opening of the Belgrade in 1958.

The Theatre's solo produced work, co-produced work and work developed and produced with our 'in association' artists and companies, together with our Springboard companies, is presented in both auditoria and is where the Theatre can best articulate its artistic policy. Each year the Theatre seeks to achieve a good balance between the different types of work we produce, support and present in order to serve and develop a wide range of audiences.

Public benefit

The Trustees have each received copies of the Charity Commission "Guidelines on Public Benefit" and this forms part of the Induction pack for new trustees.

The Public Benefit provided by the Theatre includes

- promoting artistic appreciation
- providing facilities for recreation

The beneficiaries are all members of the public and access is enabled as follows:

- through concessionary ticket schemes for paid activity
- free access for community activity
- all public areas of the building are wheelchair accessible
- Relaxed performances, and regular Access performances are provided for those with hearing or sight impairment

c. Achievements and Performance

Winner UK Theatre Diversity Award

The ambition and excitement of the artistic policy and the quality of the Theatre's work sustains its reputation in the profession and allows the Belgrade to attract increasing numbers of co producing, Springboard and 'in association' partners. The Theatre has built up reasonable levels of reserves which gives it much needed security at this time of economic uncertainty. The Theatre also has developed a flexible business model that has demonstrated its strength under these challenging conditions.

2016/17 again saw the Theatre deliver a very high level of produced work across the professional and community spectrum, achieving a balance in professional work between produced and presented work and a lively Community & Education programme.

The Theatre produced, co-produced or supported 28 professional and professionally led pieces of work, including work from our 'Springboard' and 'In Association' companies and artists, three of which went on to tour nationally. The Belgrade's own work also played in other theatres across the UK: WIPERS coproduced with

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'Triangle' partners (Leicester Curve and Watford Palace); MADE IN INDIA, co-produced with Tamasha; and LA STRADA co-produced with Bristol Old Vic and Kenny Wax which finished its national tour with a London run.

The Belgrade produced eight of its own professional shows covering a broad range of interests. The premieres of WIPERS by Ishy Din and MADE IN INDIA by Satinder Chohan, spoke to the black and minority ethnic experience in the UK. The OSTRICH BOYS based on the popular book by Keith Gray and the British premiere of THE OWL AND THE PUSSYCAT based on Eric Idle's book, were works for young people. There was high quality drama with an adaptation after Fellini's film of LA STRADA by Sally Cookson and her associate artists. There was the feelgood musical ROLL OVER BEETHOVEN and the ever popular Christmas shows, DICK WHITTINGTON the panto in the main auditorium and the commissioned alternative Christmas show PRIVATE DICK WHITTINGTON in B2. The Theatre also produced nine shows with community participants including HERITAGE by Dafydd James, RISE a devised piece from The Young Company and TRUTH OR DARE from Belgrade LifeStage.

In addition the Belgrade also supported 11 companies through our "in association with" and Springboard models. This enabled them to make step changes in the development or scale of their work. It also enabled them to tour or put non-traditional work on the stage. The Springboard initiative supports both companies and artists who are under-represented in the theatre industry.

SPRING / SUMMER 2016

The completion of the early 2016 season saw our co-production of WIPERS and new work produced by three of our 'in association' companies: BRING ON THE BOLLYWOOD with Phizzical; BEYOND THE EDGE with Midland Creative; and PHYSICAL FELLOWSHIP with Highly Sprung. We supported our Springboard Companies High Time (a new Coventry based opera company) to produce CINDERELLA and physical theatre company Noctium to produce A COUNTRY DOCTOR, both to critical and public acclaim; and our South Asian Producer to deliver our July COVENTRY MELA. The season also hosted National Theatre Connections that involves 500 youth theatre companies, 41 partner theatres and engages 10,000 young people.

The season continued with a programme of visiting work that appealed to the various popular audiences in the city and region combined with quality drama and hosting work from commercial producers, regional theatres and touring companies. These included PERFECT MURDER, HEART BEAT, MENOPAUSE THE MUSICAL, ROUND THE GARDEN, REHEARSAL FOR MURDER, THE LAST TANGO, THE BIRTHDAY PARTY and THE DISHONOURED from Asian led theatre Kali. As part of our year round commitment to produce and present work for children, young people and families, there was THE GIANT'S LOO ROLL, PONGO's PARTY and Oddsocks' MUCH ADO ABOUT NOTHING.

The summer season particularly expressed our commitment to provide a creative hub for the city and region and growing the Theatre as a platform for our Springboard Companies and artists. The Season included NEW VENTURES IN THEATRE-MAKING, a showcase for the best of the work that had emerged from Coventry University's Performing Arts Dept and BLOOD AND MUSTARD hosting local band and musicians. As the city's major hub, we open up the Theatre to the city's biggest amateur companies to open and showcase their work and this included Coventry's Schools Young Entertainer with A NIGHT OF PURE LOCAL TALENT presented by Coventry Jubilee Rotary Club, THE GANG SHOW, Coventry Musical Theatre Society's production of 42ND STREET, FREEMAN DANCE SCHOOL and CELTICA Dance Academy.

AUTUMN 2016

The Autumn season opened with a main stage production of ROLL OVER BEETHOVEN by Bob Eaton, and THE OSTRICH BOYS adapted by Carl Miller, from Keith Gray's novel. Springboard company Strictly Arts returned with GREEN LEAVES FALL and a showcase of the Company's new work FREEMAN which generated great enthusiasm from Arts Council England (ACE), producers, national venues and audiences. High Time produced CINDERELLA, and our "in association with" companies Highly Sprung made FALL OUT and 4Play presented Stephen Sondheim's INTO THE WOODS.

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The Christmas season was again very successful, playing to 47,870 people: the Belgrade's pantomime was DICK WHITTINGTON by Iain Lauchlan, and as a continuation to the "alternative Christmas show" in B2, we produced a new piece PRIVATE DICK WHITTINGTON, commissioned from Nick Walker. We also mounted SANTA'S POLKA DOT PIRATE in association with Imagine Theatre, now an annual offering designed to introduce two year olds to pantomime.

The broad range of visiting programmes included Russian State Ballet, BUDDY, DEAD SHEEP, LITTLE SHOP OF HORRORS, RELATIVELY SPEAKING, PEPPA PIG, MACBETH from Volcano and our MIDDAY VARIETY.

SPRING 2017

Spring 2017 saw the three final Belgrade productions: MADE IN INDIA a co-production with Tamasha that then went on a tour throughout the UK; THE OWL AND THE PUSSY CAT a co-production with Sell A Door by Dougal Irvine from the novel by Eric Idle; LA STRADA, a main stage production, inspired by Fellini's film, a co-production with Kenny Wax and Bristol Old Vic that then went on a Number One tour before finishing its run in London.

B2 was programmed for much of the year and remains a highly popular venue for artists and audiences alike, presenting a sympathetic space for work that may be particularly challenging or likely to appeal to smaller audiences. We present several of the Theatre's own productions and all of the work produced by our young people there. This included RISE by our Young Company, and TRUTH AND DARE from Belgrade LifeStage; as well as Springboard company work including SHOOT FESTIVAL and 'In Association' company work including ULLA'S ODYSSEY from Opera Up Close.

The Belgrade continues to play an active part in touring partnerships such as the Touring Partnership, Touring Consortium Theatre Company and Children's Touring Partnership and enjoys good working relationships with many regional theatres of varying scales. This year we hosted DIARY OF A HOUNSLOW GIRL from Black Theatre Live and forged a new relationship with Theatre Royal Stratford East. We are committed to continuing to work with Leicester's Curve and Tamasha to deliver South Asian work, with Eclipse to deliver black led work and we are creating a strategic partnership with York Theatre Royal, Derby Playhouse, Pilot and the Oxford University Press to deliver quality professional work for young people.

The Spring visiting programme enjoyed some extremely high selling shows. These included THE PLAY THAT GOES WRONG, DIRTY DANCING, BLOOD BROTHERS, JASPER CARROT/ ALISTAIR MCGOWAN and the PD James thriller NOT DEAD ENOUGH alongside Michael Murpurgo's RUNNING WILD from The Children's Touring Partnership.

Community & Education Programme

During this very busy and successful year the participation programme expanded its commercial activity with a weekly programme for adults (alongside those for young people) and increased activity for young people for half terms and holidays. In total the programme involved 11,635 participants in 634 workshops, nine fully staged productions and 27 sharings, delivering 75 performances.

d. Ticket sales

The general economic climate continues to bite with large swings in attendance and an aversion to work that is new or without a high profile "brand" while work with a "brand" generally did storming business. The Theatre presented a large number of different productions (133) and continues to increase audience numbers to a record-breaking 176,180, rising to 199,855 when events and conferences attendees are taken into account. The Theatre consistently scores good for value for money from its audience surveys and these figures include a steady level in the take up of concessions at 40%, albeit this is a reduction on previous years (2015/16 45% up from 42% in 2014/15). At the same time attendance from Coventry priority postcodes has increased to 44% (from 42% in 2015/16). In the year, the Theatre presented 515 performances (531 performances in 2015/16, 421 in 2014/15) of 133 different productions, again reflecting a high number of Belgrade own productions (17). Box office sales enjoyed and suffered the usual peaks and troughs. The fourth quarter was remarkable in how much a few visiting companies earned, bringing in more net contribution in that quarter than entire years of visiting company work had previously. Overall box office income continues to rise, increasing by 18% to £2.53

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million thanks in large part to the extraordinary sales of the final quarter. The Theatre's programme of free 'post show' discussions is proving increasingly popular. Christmas at the Belgrade continues to go well and our three Christmas shows together played to over 47,800 people. 2016/17 saw the Community & Education Company deliver 11,635 participation opportunities through 634 workshops. Nine community performances and 27 sharings were seen by 4695 audience members during 75 performances on a "pay what you can" basis that encourages access.

e. Management

The Belgrade seeks to create an organisational culture of involvement, development and continuous performance improvement and used the closure and reopening period (2006-2007) to design and implement this new approach. This is a constant process but the Belgrade considers it has succeeded in its ambition and enjoys the services of a skilled, committed and motivated staff. During this period a small number of redundancies had to be made in April 2013 and another small restructuring in April 2016 because of cuts in funding. The Theatre's results speak for themselves. Continued flexibility and creative problem solving continues. High standards of performance continue to be striven for in all areas and very high standards are recognised by all staff to be essential if the Belgrade's aspirations are to be reached, particularly in such a tough economic climate as currently exists. The image – and the reality – of the Belgrade must be of an efficient and professional organisation.

The principal aims of the organisation, simply stated, are as follows:

- To develop and implement an artistic policy which furthers the objects of the organisation
- To produce and present a body of work to the highest achievable standards
- To achieve the widest possible engagement with that work from all sections of the community
- To achieve high levels of customer satisfaction and service
- To maintain financial viability and good managerial practice

f. Training and Development

The Theatre remains committed to providing training and development opportunities for entry-level posts as well as for existing staff. Through a variety of schemes we offer a broad range of experiences throughout various departments of the Theatre, as well as specialist industry-based training. During 2016/17, 39 volunteers contributed 1,382 hours. We hosted 27 work experience students who collectively completed 1,271 placement hours. Three Apprentices were recruited, in Community & Education, Operations and Catering. We continue to host one two-year traineeship post in technical theatre and eight students from the two local universities completed 206 placement hours across various departments. Through our involvement with the Regional Theatre Young Directors Scheme we hosted a three month placement for an emerging director from a BAME background; and we provided two paid trainee assistant directors to work on Autumn 2016 productions, both of whom were female.

Capital Development

We reopened in September 2007 having completed the major capital project that resulted in the creation of B2, provision of on-site rehearsal space and new improved entrances and front of house. The company works hard to maintain the fabric of the building so that it continues to hold on to its new shine.

The feasibility study for the development of an underused area of its existing footprint in order to create a rehearsal / workshop space for the community and education work was delivered but remains on hold due to the economic climate.

A new 30 year lease is now in place for the Theatre's workshops, with the Theatre being granted the option to purchase the site, should the Council look to sell it. During Summer 2013 the Board made a major investment in the fabric to make it fit for purpose, secure its use for 50 years and reduce its carbon footprint, as a result of which the Council agreed to an increased lease of 50 years.

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In 2016, the Board approved plans to deliver some essential electrical works associated with the existing building and main auditorium which was carried out in the first part of 2017. Towards the end of the financial year the Board initiated a feasibility study to examine the commercial potential of a foyer capital project that would expand the Theatre's footprint with a view to increasing its earned income opportunities and expects the report at the end of the summer. The Theatre is also in discussion with neighbouring landlords about collaborative use of adjacent space, with the view to the Theatre increasing its earned income. Any building plans will take into account the City's bid to be UK City of Culture 2021.

Achievements and performance

a. Review of activities

The Theatre continues to be on track to deliver against its National Portfolio Organisations (NPO) Agreement with Arts Council England (ACE), and 2016/17 sees the completion of the second year of its second NPO Agreement. January 2017 saw the Theatre submit its bid for NPO funding from April 2018 to March 2020. The Belgrade is supporting ACE's mission GREAT ART & MUSEUMS FOR EVERYONE and making specific contributions to its strategies in talent development, the creative case for diversity and quality professional theatre for young people. The three year business plan continues to see particularly ambitious fund raising targets and while the Theatre has recently been very successful in this area the increase in target to nearly £300k pa, necessitated by reductions in core funding, is extremely challenging. The Theatre manages this substantial risk in two main ways. It divides the target into achievable, which can thus be planned to be spent, and ambitious, which can only be spent when it is raised. It underpins this activity with its reserves, created by trading surpluses in recent years. The new theatre tax relief scheme also makes a significant contribution to income. The Theatre's application for NPO funding 2018-2022 has been successful.

Financial review

a. Year result

The Theatre increased its turnover by 3.8% to £5.935m and its earned vs grant income to 72.8% (up from £4.1m and 46.4% respectively in 2008/09). This result was due in general terms to an extraordinarily successful final quarter of trading and reaping the benefits of the decision to take catering in house from April 2016. During the year the Theatre had had to deal with late funding cuts and exceptional in-year one-off costs, the final small trading deficit of £347k should be viewed in this context. The results are evidence that the Theatre continues to work hard to increase its earnings from existing and new sources. Our commercial set building company, Belgrade Production Services (BPS) had a difficult year with changeover of key staff and a holiday pay claim both of which interrupted its steady growth and resulted in a much lower net contribution to the Theatre than had originally been budgeted. Events & Conferencing is increasingly contributing more to the Theatre's income, and now enjoys a regular hire by a Pentecostal church on Sundays. Catering had a highly successful first year both in terms of improved quality of service and customer satisfaction, achieving a turnover of £413k, more than previous licence-holders had achieved. All these elements of operation come through the Theatre's wholly owned trading subsidiary Enterprises whose turnover grew 41%, storming through the £1m mark to £1.35m (£945k in 2015/16). Despite the lower net contribution from BPS, Enterprises' net profit was £303k (£271k in 2015/16 and £274k in 2014/15) that is donated in full to the Charity. The recently introduced non voluntary contribution (NVC) that forms part of the ticket price is proving a very important income stream yielding £186k this year; and theatre tax relief likewise is an invaluable source of support at £181k which is used proportionately to support both the professional and the community activity of the Theatre by reducing the expenditure on individual artistic projects enabling an increase in artistic activity.

The principal income for the Charity was self-generated income, achieving a record 72.8% of turnover. The principal funding sources came from Arts Council England and Coventry City Council (core grants totalling £1,612,308); project funding from various sources mainly to support specific projects run by Community & Education Company; and restricted purpose grants totalling £66k. Community & Education self generated income in the year was £177k and this year earned £23k from its additional workshops that are charged for

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entry. Our project with over 50s, called Arts Gymnasium, started during the year, having won another major Esmée Fairbairn grant to support it over several years.

Although it has not proved possible to replace entirely the loss of income from statutory sources the Theatre's business model is proving its efficacy in enabling the Theatre to continue to offer a vibrant and successful programme of work on stage and through our Community & Education programme despite the obvious economic pressures we face.

Trustees feel that compliance with Charity Accounting Standards gives a potentially misleading picture of the Theatre's financial health, due to the way that the Theatre's main asset (the fully funded theatre) is unwound (showing a cost to the SOFA of in excess of £300k). This compliance means the Charity's ongoing operating activities, as reported in the SOFA, show a deficit of £347k.

b. Investment policy and performance

Cash flow is carefully managed to ensure that surplus cash is put on short or long term deposit with financial institutions having appropriate credit ratings. The Charity does not deal in equities and derivative instruments.

c. Reserves policy

The Trustees have established a level of reserves (that is, those funds that are freely available) that the Charity ought to have. Reserves are needed to bridge the funding gaps between spending on productions and events and receiving resources through admission charges and grants that provide funding. Unexpected variations in box office sales, which form a substantial part of the Theatre's income, represents the largest risks to its financial security during any one year. While every effort is made to minimise risk by setting realistic targets, the Board considers it appropriate to hold a level of reserves on the balance sheet to protect the Theatre against this eventuality. The ending of the substantial capital project and of the subsequent workshop refurbishment project have removed major financial risk.

Last year the Trustees decided to create a new designated fund of £1/2million towards the costs of essential works as part of the proposed refurbishment of the public areas anticipated to take place in 2019 or 2020 with some lead works taking place in early 2017. The Theatre's level of unrestricted reserves is £213k (2016 £229k). There is also a designated fund of £250,000 towards revenue projects, which will act as a contingency or "venture fund" in the build up to UK City of Culture over the next few years. It is the Trustees' view that it is prudent to use the funds it has available in order to give it the ability to increase its self-generated income while at the same time ensuring that there are sufficient reserves to provide financial flexibility over the course of the forthcoming challenges. The Trustees have decided that as long as the level of free reserves remains sufficient, the policy shall be to invest a proportion of future trading surpluses in revenue activity, allowing more home produced shows, particularly those with a commercial potential, B2 to be open for more of the year, the Community & Education Company to deliver more work and capital projects that will provide the Theatre with new income streams.

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Structure, governance and management

a. Constitution

The Theatre is incorporated under the Companies Act 1948 being a Company Limited by Guarantee and not having a share capital with the company number 00593331.

The Theatre is constituted dated 21 October 1957 and is a registered charity number 219163.

b. Policies adopted for the induction and training of Trustees

New trustees undergo a briefing on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision making processes, the business plan and recent financial performance of the Charity. The new Trustees also meet key employees and other Trustees. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

c. Setting the Pay and Remuneration of the Charity's Key Management Personnel

The Board approves the specific pay levels of senior staff, and the level of the general pay award to all staff.

d. Organisational structure and decision making

The Memorandum and Articles specify that the Board shall consist of not less than 11 and no more than 15 persons, two being nominated by Coventry City Council and not less than nine and no more than 13 from outside the city council, who shall be nominated by the Board. These nominations are selected to meet a balance of skills and representation in the make up of the Board. A series of committees oversee specific elements of operation and make reports, with recommendations, to the Board. The Board makes the final strategic decisions, delegating decisions regarding day to day operations to the Chief Executive and Executive Management.

During the year no Extraordinary General Meetings were held

The company is limited by guarantee so the Directors have no interest in any shares. The company is a registered charity. The Directors are Trustees of the charity and, except for the Chairman there is no power for them to receive remuneration for their service as Directors. The senior officers remain employees of the company while also acting as Directors. Approval was granted by the Charity Commission on 11 August 2005 to pay the Chairman a limited sum under specific circumstances and to pay the Artistic Director/Chief Executive and Executive Director, and on 3 August 2006 to make payment to a Director's company in return for professional services.

Stewart Fergusson was appointed as Chairman September 2012. The Theatre is very fortunate to have a very able and committed Board. The composition includes a good cross section of experience and representation.

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Detailed work is delegated to committees in the following areas:

Arts Policy – chaired by Jonathan Davidson
Audit – chaired by Paul Fenner
Development – chaired by Geoff Brooke Taylor
Capital Development – committee restarted, chaired by the Chairman of the Board
Community & Education – chaired by Pat Johnstone
Communications – chaired by Alan Pollock
Nominations & Governance – chaired by the Chairman of the Board

Each committee is made up of at least one or two Board members and a number of additional members with appropriate expertise. The Chairman of the Board, the Artistic Director/Chief Executive and the Executive Director are ex officio members of all committees to provide communication and overall cohesion.

e. Related parties

The Charity has a wholly owned trading subsidiary, Belgrade Theatre Enterprises Limited, a company incorporated in England. Its nature of business is to carry out the trading activities of the company and it "gift aids" all profits to the Charity.

The Charity also has created two other wholly-owned trading subsidiaries Belgrade Theatre Productions Ltd and Belgrade Theatre Commercial Ltd, companies incorporated in England. Their nature of business is to carry out production activities as agreed with the Charity, to claim Theatre Tax Relief and to gift aid any income to the Charity.

The Charity had an interest in the ordinary shares of a joint venture company, Belgrade Ventures Limited. These shares had a nominal value of £1 each. This company was wound down in 2010.

The Charity co operates with other charities (including theatres) and non-charities (including commercial theatre companies, governmental and non governmental organisations, businesses) in the pursuit of its charitable objectives.

f. Risk management

As part of the Stabilisation Technical Assistance programme awarded by Arts Council England prior to the 2006 start of the major capital project, a review was undertaken of the major risks facing the Theatre in implementing its strategy for change and a risk register drawn up.

The severity and likelihood of the risks are regularly assessed and measures to mitigate them are identified. These are reviewed at each Board Meeting. A separate review was undertaken of the risks associated with the major capital scheme and these were regularly reviewed throughout the project and the same pattern would be adopted for new capital schemes.

Plans for future periods

a. Future developments

The key challenge facing the Theatre is continuing adaptation to a climate of declining core funding. 2015/16 saw Coventry City Council needing to pass on a second substantial cut of £250k that is to be phased over 2016/17 and 2017/18. January 2017 also saw the Theatre making its new bid to ACE for its third NPO Agreement, as the current grant expires in April 2018. This bid has been successful securing funding until 2022.

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We have been relatively successful to date in dealing with this drastic reduction in core funding through a combination of increasing ticket prices, increasing earnings from new and existing sources, increasing fund raising and two small restructurings (April 2013 and April 2016) to reduce overhead costs. There has also been a small reduction in artistic output and of sharing more artistic costs through co-production. At the same time we have maximised opportunities of additional funding streams such as the Catalyst Grant and Theatre Tax Relief to boost our artistic activity so that to date we have exceeded obligations under our NPO agreement in this regard. In recent years the Board has confirmed that the Theatre should plan to continue to maximise the Theatre's output and if necessary use reserves as venture funding to enable this. This approach enabled the Theatre to produce another very busy year in 2016/17 with a minimum draw on reserves. In preparation for the cuts, the Theatre reviewed its ticketing pricing and took the decision to introduce booking fees from Autumn 2016. Plans continue to be based on the Theatre at least meeting its producing obligations under the NPO Agreement while programming B2 for most weeks and expanding the Community & Education programmes. The Theatre is only able to do this because of the health of the Theatre's reserves combined with the proven ability of the staff and executive to manage and control costs and maximise income opportunities. The critical need of the Theatre is to maintain a reasonable balance between in-house and presented work and to deliver on its funding obligations, even in the face of declining levels of public funding.

Looking forward we are confident in our ability to earn more and in recent years we have appointed additional staff to our development and communications teams and during this year appointed permanent staff to our BPS team, all with the charge that these teams must increase income in all of these areas. However despite our success in earning and raising more of our own income we will always remain reliant on a reasonable level of core revenue funding to enable us to operate. If Coventry City Council funding continues to decline, even with the Theatre's current income generating success, the Theatre's future as a producing theatre with a big community and education programme will be under severe threat. Our main auditorium is just not big enough to allow us to generate sufficient income to replace public funding. Both our chief funders recognise the crucial creative and community work of the Belgrade, and the important role we play in the economy of the City and region and in the City's bid to be UK City of Culture 2021.

The Theatre will however continue to make the case for sustained revenue funding from ACE and CCC and will continue to make the case to the public and to government for subsidy for the arts because of the economic and social benefits the arts bring cities and their citizens, particularly in times of stress such as these. The Belgrade Theatre's vision does not exist in isolation from the City of Coventry strategic vision and latterly the West Midlands Combined Authority's "mini-industrial" vision, and indeed it supports both. This means the Belgrade is and must remain a major contributor to Coventry's main targets within its current Community Plan, as well as strategic targets within economic development, including the growth agenda for the City and wider region. Evidence from around the UK demonstrates conclusively that cities can regenerate and reinvent themselves through the success of their cultural institutions because those institutions not only help to project the city's profile nationally, they also serve the city's needs locally. The Belgrade is excited by Coventry's support for the bid to become UK City of Culture in 2021 and has been working with key partners in submitting the bid in April 2017, and if successful, looks to play a leading part in its delivery in 2021.

The Theatre has an excellent recent track record of successful adaptation and we believe we are in an excellent position to continue to secure our future core funding. The Company believes this because of our robust business model driving our current successful trajectory in serving wider audiences, increasing engagement from a wide range of audiences, increasing our earnings from non-grant income to the impressive 72.8% this year and because of the fact that the Belgrade Theatre is Coventry's only producing and commercial theatre and is critical to the City's Community Plan and crucial to the City's and West Midlands Combined Authority's desire for Coventry to be UK City of Culture 2021.

During 2016/17, the Trustees and the senior management team developed Belgrade 2020, a vision for the future of the theatre. Its main thrust was to develop our role in four main areas:

- Audiences
- As a cultural hub
- Young People
- Enterprise

Belgrade Theatre Trust (Coventry) Limited
(A company limited by guarantee)

Trustees' report (continued)
For the Year Ended 31 March 2017

It is designed to ensure that the Belgrade remains an innovative organisation.

Artistically speaking we believe that we are meeting the key challenge of continuing to articulate a bold artistic policy intended to differentiate the Belgrade. On a national level, we aim to contribute to the Arts Council's strategic plan GREAT ART & MUSEUMS FOR EVERYONE. On a regional level to the City's strategic plans, while responding to a more conservative audience attitude toward new and challenging work. Our success at delivering on the second NPO Award and being key players in the City's bid for UK City of Culture supports those beliefs but we recognise that there is no room for complacency and we will continue to be ambitious in how we make our contribution to the City, region and nation's cultural health.

Trustees' responsibilities statement

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

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the Group and of the incoming resources and application of resources, including the income and expenditure, of the charitable Group 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 in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable Group will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the Group 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 corporate and financial information included on the charitable Group'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

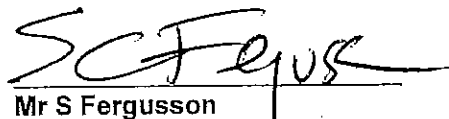
Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

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

Belgrade Theatre Trust (Coventry) Limited
(A company limited by guarantee)

Trustees' report (continued)
For the Year Ended 31 March 2017

This report was approved by the Trustees on 14 September 2017 and signed on their behalf by:


Mr S Fergusson
Chair

Belgrade Theatre Trust (Coventry) Limited
(A company limited by guarantee)

Independent auditors' report to the members of Belgrade Theatre Trust (Coventry) Limited

We have audited the financial statements of Belgrade Theatre Trust (Coventry) Limited for the year ended 31 March 2017 which comprise the consolidated statement of financial activities, the consolidated and Theatre balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 opinion we have formed.

Respective responsibilities of Trustees and auditors

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable Theatre 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Theatre's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs and the Group's affairs as at 31 March 2017 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.

Opinion on other matter 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 those financial statements and such reports have been prepared in accordance with applicable legal requirements.

Belgrade Theatre Trust (Coventry) Limited
(A company limited by guarantee)

Independent auditors' report to the members of Belgrade Theatre Trust (Coventry) Limited

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Group and the parent Theatre and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustee's Report.

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

- the parent charitable Theatre has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable Theatre 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.



Andrew Morris FCA (Senior statutory auditor)

for and on behalf of

Dains LLP

Statutory Auditor
Chartered Accountants

Birmingham
14 September 2017

Belgrade Theatre Trust (Coventry) Limited

(A company limited by guarantee)

Consolidated statement of financial activities

(Incorporating income and expenditure account) for the year ended 31 March 2017

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Designated funds 2017 £	Total funds 2017 £	Total funds 2016 £
Income and endowments from:						
Donations and legacies	2	1,630,662	66,129	-	1,696,791	2,319,025
Charitable activities	3	2,976,863	-	-	2,976,863	2,727,001
Other trading activities	4	1,339,967	-	-	1,339,967	944,784
Investments	5	4,810	-	-	4,810	5,429
Total income and endowments		5,952,302	66,129	-	6,018,431	5,996,239
Expenditure on:						
Raising funds		1,044,168	-	-	1,044,168	754,970
Charitable activities		4,913,927	368,450	38,842	5,321,219	5,229,614
Total expenditure	10	5,958,095	368,450	38,842	6,365,387	5,984,584
Net income / (expenditure) before transfers		(5,793)	(302,321)	(38,842)	(346,956)	11,655
Transfers between Funds	19	(10,000)	-	10,000	-	-
Net income / (expenditure) before other recognised gains and losses		(15,793)	(302,321)	(28,842)	(346,956)	11,655
Net movement in funds		(15,793)	(302,321)	(28,842)	(346,956)	11,655
Reconciliation of funds:						
Total funds brought forward		228,775	10,169,832	2,147,966	12,546,573	12,534,918
Total funds carried forward		212,982	9,867,511	2,119,124	12,199,617	12,546,573

The notes on pages 21 to 41 form part of these financial statements.

Belgrade Theatre Trust (Coventry) Limited
(A company limited by guarantee)
Registered number: 00593331

Consolidated balance sheet
As at 31 March 2017

	Note	£	2017 £	£	2016 £
Fixed assets					
Tangible assets	13		11,945,027		12,220,964
Current assets					
Stocks	15	90,513		57,696	
Debtors	16	508,951		344,397	
Cash at bank and in hand		1,341,856		1,585,757	
			1,941,320	1,987,850	
Creditors: amounts falling due within one year	17	(1,449,213)		(1,409,905)	
Net current assets			492,107		577,945
Total assets less current liabilities			12,437,134		12,798,909
Creditors: amounts falling due after more than one year	18		(237,517)		(252,336)
Net assets			12,199,617		12,546,573
Charity Funds					
Designated funds	19		2,119,124		2,147,966
Restricted funds	19		9,867,511		10,169,832
Unrestricted funds	19		212,982		228,775
Total funds			12,199,617		12,546,573

The financial statements were approved and authorised for issue by the Trustees on 14 September 2017 and signed on their behalf, by:


Mr S Fergusson, Chair
Trustee

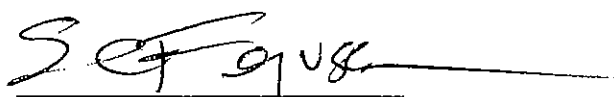
The notes on pages 21 to 41 form part of these financial statements.

Belgrade Theatre Trust (Coventry) Limited
(A company limited by guarantee)
Registered number: 00593331

Theatre balance sheet
As at 31 March 2017

	Note	£	2017 £	£	2016 £
Fixed assets					
Tangible assets	13		11,945,027		12,220,964
Investments	14		4		4
			<u>11,945,031</u>		<u>12,220,968</u>
Current assets					
Stocks	15	21,017		38,027	
Debtors	16	1,111,447		782,224	
Cash at bank and in hand		681,391		1,064,227	
		<u>1,813,855</u>		<u>1,884,478</u>	
Creditors: amounts falling due within one year	17	(1,321,752)		(1,304,291)	
Net current assets			<u>492,103</u>		<u>580,187</u>
Total assets less current liabilities			<u>12,437,134</u>		<u>12,801,155</u>
Creditors: amounts falling due after more than one year	18		(237,517)		(252,336)
Net assets			<u>12,199,617</u>		<u>12,548,819</u>
Charity Funds					
Designated funds	19		2,119,124		2,147,966
Restricted funds	19		9,867,511		10,169,832
Unrestricted funds	19		212,982		231,021
Total funds			<u>12,199,617</u>		<u>12,548,819</u>

The financial statements were approved and authorised for issue by the Trustees on 14 September 2017 and signed on their behalf, by:



Mr S Fergusson, Chair
Trustee

The notes on pages 21 to 41 form part of these financial statements.

Belgrade Theatre Trust (Coventry) Limited
(A company limited by guarantee)

Consolidated statement of cash flows
For the Year Ended 31 March 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	21	<u>(79,585)</u>	<u>412,702</u>
Cash flows from investing activities:			
Interest received / paid		5,582	(8,750)
Proceeds from the sale of tangible fixed assets		2,700	416
Purchase of tangible fixed assets		<u>(158,495)</u>	<u>(76,380)</u>
Net cash used in investing activities		<u>(150,203)</u>	<u>(84,714)</u>
Cash flows from financing activities:			
Repayments of borrowings		<u>(14,113)</u>	<u>(13,441)</u>
Net cash used in financing activities		<u>(14,113)</u>	<u>(13,441)</u>
Change in cash and cash equivalents in the year		(243,901)	314,547
Cash and cash equivalents brought forward		<u>1,585,757</u>	<u>1,271,210</u>
Cash and cash equivalents carried forward	22	<u>1,341,856</u>	<u>1,585,757</u>

The notes on pages 21 to 41 form part of these financial statements.

Belgrade Theatre Trust (Coventry) Limited
(A company limited by guarantee)

Theatre cash flow statement
For the Year Ended 31 March 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	21	<u>(218,523)</u>	<u>335,289</u>
Cash flows from investing activities:			
Interest received / paid		5,595	4,691
Proceeds from the sale of tangible fixed assets		2,700	416
Purchase of tangible fixed assets		<u>(158,495)</u>	<u>(76,380)</u>
Net cash used in Investing activities		<u>(150,200)</u>	<u>(71,273)</u>
Cash flows from financing activities:			
Repayments of borrowings		<u>(14,113)</u>	<u>(13,441)</u>
Net cash used in financing activities		<u>(14,113)</u>	<u>(13,441)</u>
Change in cash and cash equivalents in the year		(382,836)	250,575
Cash and cash equivalents brought forward		<u>1,064,227</u>	<u>813,652</u>
Cash and cash equivalents carried forward	22	<u>681,391</u>	<u>1,064,227</u>

The notes on pages 21 to 41 form part of these financial statements.

Belgrade Theatre Trust (Coventry) Limited
(A company limited by guarantee)

Notes to the financial statements
For the Year Ended 31 March 2017

1. Accounting policies

Belgrade Theatre Trust (Coventry) Limited is a charitable company incorporated under the Companies Act in England and Wales. The address of the registered office is given in the reference and administration section. The nature of the charity and group's activities are given in the Trustees' report.

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the Charities SORP (FRS 102) published on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

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

The Statement of financial activities (SOFA) and Balance sheet consolidate the financial statements of the Theatre and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the Theatre alone as permitted by section 408 of the Companies Act 2006.

1.2 Going concern

The financial statements have been prepared on a going concern basis, the validity of which is dependent upon the charitable company continuing to receive adequate financial support from Coventry City Council and Arts Council England. Coventry City Council support is agreed on a one year rolling agreement and Arts Council England support has been agreed until March 2021.

The Trustees have prepared cash flow forecasts through to March 2018, incorporating the confirmed financial support from Coventry City Council and Arts Council England, which demonstrates that the group continues to be able to meet its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements. The Trustees therefore feel that it is appropriate to prepare the financial statements on a going concern basis.

1.3 Company status

The Theatre is a company limited by guarantee incorporated under the Companies Act in England and Wales. The members of the company are the Trustees named on page 1. In the event of the Theatre being wound up, the liability in respect of the guarantee is limited to £1 per member of the Theatre.

Belgrade Theatre Trust (Coventry) Limited
(A company limited by guarantee)

Notes to the financial statements
For the Year Ended 31 March 2017

1. Accounting policies (continued)

1.4 Fund accounting

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

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

1.5 Income

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

1.6 Expenditure

All expenditure is inclusive of irrecoverable VAT.

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long leasehold property	-	50 years
Furniture and fittings	-	3 to 10 years
Computer equipment	-	3 to 5 years
Event programme equipment	-	10 years
Sundry equipment	-	3 to 10 years
Motor vehicles	-	5 years
Theatre refurbishment	-	2 - 50 years

1.8 Investments

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

1.9 Interest receivable

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

1.10 Operating leases

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

Belgrade Theatre Trust (Coventry) Limited
(A company limited by guarantee)

Notes to the financial statements
For the Year Ended 31 March 2017

1. Accounting policies (continued)

1.11 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.12 Debtors

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

1.13 Cash at Bank and in hand

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

1.14 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 Theatre anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.15 Financial Instruments

The Theatre 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.

1.16 Taxation

The Theatre 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 Theatre 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.

1.17 Pensions

The Theatre pays pension contributions into individual pension schemes on behalf of certain employees. The assets of each scheme are held separately from those of the Theatre in independently administered funds. Contributions are charged to the income and expenditure account as they become payable in accordance with the rules of the schemes.

Belgrade Theatre Trust (Coventry) Limited
(A company limited by guarantee)

Notes to the financial statements
For the Year Ended 31 March 2017

1. Accounting policies (continued)

1.18 Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Theatre makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical areas of judgement:

Management have exercised their judgements on the depreciation rates used on tangible fixed assets.

2. Income from donations and legacies

	Unrestricted funds 2017 £	Restricted funds 2017 £	Designated funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	18,354	-	-	18,354	455,366
Coventry City Council	669,918	-	-	669,918	844,918
Arts Council England	942,215	-	-	942,215	942,215
Arts Council England - Catalyst Arts	175	-	-	175	44,611
ERDF Capital Development income	-	-	-	-	19,915
Esmée Fairbairn funding	-	66,129	-	66,129	12,000
Total donations and legacies	1,630,662	66,129	-	1,696,791	2,319,025
Total 2016	1,925,524	31,915	361,586	2,319,025	

Belgrade Theatre Trust (Coventry) Limited
(A company limited by guarantee)

Notes to the financial statements
For the Year Ended 31 March 2017

3. Income from charitable activities

	Unrestricted funds 2017 £	Restricted funds 2017 £	Designated funds 2017 £	Total funds 2017 £	Total funds 2016 £
Box office	2,555,846	-	-	2,555,846	2,130,281
Grant and other income	421,017	-	-	421,017	596,720
	<u>2,976,863</u>	<u>-</u>	<u>-</u>	<u>2,976,863</u>	<u>2,727,001</u>
<i>Total 2016</i>	<u>2,727,001</u>	<u>-</u>	<u>-</u>	<u>2,727,001</u>	

4. Commercial trading operations and investment in trading subsidiaries

The charity has three wholly owned trading subsidiaries Belgrade Theatre Enterprises Limited, Belgrade Theatre Productions Limited and Belgrade Theatre Commercial Limited which are incorporated in England and Wales.

The financial results for Belgrade Theatre Enterprises Limited are shown below.

	2017 £	2016 £
Income		
Ice cream and merchandise	107,764	119,862
Conferencing	96,543	61,450
BPS	685,399	714,175
Drama classes	33,014	17,440
Royalty receivable	-	31,857
Catering	412,855	-
	<u>1,335,575</u>	<u>944,784</u>
Total income		
Expenditure		
Cost of sales	987,824	623,257
Administrative expenses	44,382	49,833
Gift aid to parent	303,369	271,694
	<u>-</u>	<u>-</u>
Profit for the financial year		

Belgrade Theatre Trust (Coventry) Limited
(A company limited by guarantee)

Notes to the financial statements
For the Year Ended 31 March 2017

The assets and liabilities of the subsidiary were:

	2017 £	2016 £
Current assets	620,569	512,603
Creditors: amounts falling due within one year	(620,567)	(512,601)
	<u>2</u>	<u>2</u>
Total net assets	<u><u>2</u></u>	<u><u>2</u></u>

Represented by:

	2017 £	2016 £
Called up share capital	2	2
	<u>2</u>	<u>2</u>
Shareholders funds	<u><u>2</u></u>	<u><u>2</u></u>

The financial results for Belgrade Theatre Productions Limited are shown below:

	2017 £	2016 £
Sales	946,192	1,132,051
Cost of sales	(946,192)	(1,132,051)
Administrative expenses	(2,149)	(2,244)
Theatre tax relief	181,129	67,705
Gift aid to parent	(176,736)	(67,705)
	<u>2,244</u>	<u>(2,244)</u>
Profit/(Loss) for the year	<u><u>2,244</u></u>	<u><u>(2,244)</u></u>

The assets and liabilities of the subsidiary were:

	2017 £	2016 £
Current assets	181,180	67,675
Creditors: amounts falling due within one year	(181,180)	(69,918)
	<u>-</u>	<u>(2,243)</u>
Total	<u><u>-</u></u>	<u><u>(2,243)</u></u>

Represented by:

	2017 £	2016 £
Called up share capital	1	1
Profit and loss account	-	(2,244)
	<u>1</u>	<u>(2,243)</u>
Total	<u><u>1</u></u>	<u><u>(2,243)</u></u>

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5. Investment income

	Unrestricted funds 2017 £	Restricted funds 2017 £	Designated funds 2017 £	Total funds 2017 £	Total funds 2016 £
Interest receivable	4,810	-	-	4,810	5,429
<i>Total 2016</i>	5,429	-	-	5,429	

6. Expenditure on raising funds

	Unrestricted funds 2017 £	Restricted funds 2017 £	Designated funds 2017 £	Total funds 2017 £	Total funds 2016 £
Fundraising cost of grants and donations	11,962	-	-	11,962	81,880
<i>Total 2016</i>	81,880	-	-	81,880	

7. Direct costs

	Operational Theatre Total 2017 £	Operational Theatre Total 2016 £
Production costs	3,060,279	3,023,380
Community education projects	136,658	197,378
Front of house costs	14,796	12,449
Production/activity marketing and advertising	314,608	329,755
Premises costs	102,933	94,224
Interest Payable	13,327	13,999
Wages and salaries	620,321	590,312
Depreciation	411,112	370,537
	4,674,034	4,632,034
<i>At 31 March 2016</i>	4,632,034	

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8. Support costs

	Operational Theatre Total 2017 £	Operational Theatre Total 2016 £
Administration overheads	170,056	145,828
IT costs	80,906	67,237
Legal and professional charges	18,369	7,580
Wages and salaries	344,106	341,009
Depreciation	22,206	22,149
	635,643	583,803
<i>At 31 March 2016</i>	583,803	

During the year ended 31 March 2017, the Theatre incurred the following Support costs:

£635,647 (2016 - £583,803) included within the table above in respect of Operational Theatre from unrestricted funds.

9. Governance costs

	Unrestricted funds 2017 £	Restricted funds 2017 £	Designated funds 2017 £	Total funds 2017 £	Total funds 2016 £
Auditors' remuneration	6,450	-	-	6,450	6,300
Legal and professional services	5,092	-	-	5,092	7,477
	11,542	-	-	11,542	13,777

The amount of administration support costs in connection with governance matters is considered insignificant.

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10. Analysis of Expenditure by expenditure type

	Staff costs 2017 £	Depreciation 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on raising voluntary income	-	-	11,962	11,962	81,880
Expenditure on fundraising trading	177,896	-	854,310	1,032,206	673,090
Costs of generating funds	177,896	-	866,272	1,044,168	754,970
Operational Theatre	964,427	433,318	3,911,932	5,309,677	5,215,837
Expenditure on governance	-	-	11,542	11,542	13,777
	1,142,323	433,318	4,789,746	6,365,387	5,984,584
<i>Total 2016</i>	<i>945,077</i>	<i>429,240</i>	<i>4,610,267</i>	<i>5,984,584</i>	

11. Net income/(expenditure)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the charitable group	433,318	392,686
Auditors' remuneration	6,450	6,300
Operating lease costs	37,408	62,540

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12. Staff costs

	2017 £	2016 £
Wages and salaries (including actors)	2,650,374	2,543,583
Social security and pension costs	185,877	167,160
	<u>2,836,251</u>	<u>2,710,743</u>
Total		

Trustees' emoluments including pension contributions

	2017 £	2016 £
Senior officers' emoluments	150,523	146,032

All other members of the board of management act in an unpaid capacity.

The senior officers were appointed directors / trustees on 6 October 2005; Ms K J Reid and Mr W H Glen Glen. They are paid in respect of their duties as employees, notwithstanding that they may also be directors / trustees of the Charity. Following approval from the Charity Commission the Charity's Memorandum & Articles of Association have been altered accordingly.

The two senior officers named above received reimbursement of expenses of £3,624 (2016: £2,963). These expenses related to expenses paid on behalf of the Charity. They did not relate to expenses incurred in acting as a Trustee of the Charity.

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Staff costs were as follows:

	2017	2016
	£	£
Wages and salaries	<u>1,142,323</u>	<u>945,077</u>

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

	2017	2016
	No.	No.
Actors and production	42	41
Front of house, catering and cleaning	70	50
Marketing	6	7
Administration	11	10
	<u>129</u>	<u>108</u>

Average headcount expressed as a full time equivalent:

	2017	2016
	No.	No.
Actors and production	34	36
Front of house, box office and clearing	33	26
Marketing	6	7
Administration	10	9
	<u>83</u>	<u>78</u>

The number of higher paid employees was:

	2017	2016
	No.	No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	1	1

During the year, the key management personnel of the Charity received total compensation of £150,523.

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13. Tangible fixed assets

Group and Theatre	Theatre refurbishment £	Long leasehold property £	Events equipment £	Furniture, equipment & vehicles £	Total £
Cost					
At 1 April 2016	15,065,303	740,026	505,920	1,567,006	17,878,255
Additions	69,330	-	-	89,165	158,495
Disposals	-	-	-	(19,909)	(19,909)
At 31 March 2017	15,134,633	740,026	505,920	1,636,262	18,016,841
Depreciation					
At 1 April 2016	3,812,077	137,620	505,920	1,201,674	5,657,291
Charge for the year	324,378	14,801	-	94,139	433,318
On disposals	-	-	-	(18,795)	(18,795)
At 31 March 2017	4,136,455	152,421	505,920	1,277,018	6,071,814
Net book value					
At 31 March 2017	10,998,178	587,605	-	359,244	11,945,027
At 31 March 2016	11,253,226	602,406	-	365,332	12,220,964

Secured assets

The fixed assets of the charity are secured by way of a legal charge, made on 16 November 2005, securing all monies and obligations should it be necessary to repay a grant made by the Arts Council England to the Charity for the purposes of the acquisition, re-development, extending and equipping of The Belgrade Theatre, Coventry.

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14. Fixed asset investments

	Shares in group undertakings	
	£	
Theatre		
Cost		
At 1 April 2016 and 31 March 2017		4
		<u><u>4</u></u>
Theatre investments at cost comprise:		
	2017	2016
	£	£
Group undertakings	4	4
	<u><u>4</u></u>	<u><u>4</u></u>

Investments in group undertakings are in the following subsidiaries:

- Belgrade Theatre Enterprises Limited
- Belgrade Theatre Productions Limited
- Belgrade Theatre Commercial Limited (dormant)

15. Stocks

	Group		Theatre	
	2017	2016	2017	2016
	£	£	£	£
Materials and goods for resales	39,270	55,306	21,017	38,027
Work in progress	51,243	2,390	-	-
	<u><u>90,513</u></u>	<u><u>57,696</u></u>	<u><u>21,017</u></u>	<u><u>38,027</u></u>

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16. Debtors

	Group		Theatre	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	69,637	53,016	16,476	15,602
Amounts owed by group undertakings	-	-	674,285	476,906
Other debtors	125,163	49,927	115,591	48,262
Prepayments and accrued income	314,151	241,454	305,095	241,454
	508,951	344,397	1,111,447	782,224

The amount due from group undertakings represents the gift aid payment due together with normal commercial recharges.

17. Creditors:
Amounts falling due within one year

	Group		Theatre	
	2017	2016	2017	2016
	£	£	£	£
Coventry City Council loan	14,819	14,113	14,819	14,113
Trade creditors	237,828	220,725	211,528	198,974
Other taxation and social security	44,811	41,643	44,811	7,481
Deferred income	751,871	732,494	665,578	689,616
Accruals	399,884	400,930	385,016	394,107
	1,449,213	1,409,905	1,321,752	1,304,291

	Group		Theatre	
	£	£	£	£
Deferred income				
Deferred income at 1 April 2016	732,494	684,596	689,616	648,183
Resources deferred during the year	751,870	732,494	665,578	689,616
Amounts released from previous years	(732,494)	(684,596)	(689,616)	(648,183)
Deferred income at 31 March 2017	751,870	732,494	665,578	689,616

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18. Creditors:
Amounts falling due after more than one year

	Group		Theatre	
	2017	2016	2017	2016
	£	£	£	£
Coventry City Council loan	237,517	252,336	237,517	252,336

Included within the above are amounts falling due as follows:

	Group		Theatre	
	2017	2016	2017	2016
	£	£	£	£
Between one and two years				
Other loans	15,545	14,805	15,545	14,805
Between two and five years				
Other loans	51,504	49,051	51,504	49,051
Over five years				
Other loans	170,468	188,480	170,468	188,480

Creditors include amounts not wholly repayable within 5 years as follows:

	Group		Theatre	
	2017	2016	2017	2016
	£	£	£	£
Repayable by instalments	170,468	188,480	170,468	188,480

The Coventry City Council loan is repayable in annual repayments of £27,440 from 1 April 2010 to 31 March 2029 and the sum of £17,310 from 1 April 2029 to 31 March 2030. Interest on the loan is calculated at 5%.

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Notes to the financial statements
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19. Statement of funds

Statement of funds - current year

	Balance at 1 April 2016 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2017 £
Unrestricted funds					
General fund	228,775	5,952,302	(5,958,095)	(10,000)	212,982
Designated funds					
Leasehold office buildings	259,678	-	(7,638)	-	252,040
Renewals reserve	69,473	-	-	-	69,473
Lighting & sound desks 2013	45,107	-	(5,653)	-	39,454
Capital development project 2007	610,000	-	-	10,000	620,000
Revenue projects/ UK City of Culture	250,000	-	-	-	250,000
E-Marketing project	25,000	-	-	-	25,000
Red Lane improvement 2013	242,156	-	(7,163)	-	234,993
Alr cooling project 2012	62,427	-	(10,918)	-	51,509
TiE festival celebration reserve	4,395	-	-	-	4,395
CNC router project 2015	79,730	-	(7,470)	-	72,260
Auditorium refurbishment	500,000	-	-	-	500,000
	<u>2,147,966</u>	<u>-</u>	<u>(38,842)</u>	<u>10,000</u>	<u>2,119,124</u>
Restricted funds					
Capital development project	10,151,910	-	(300,329)	-	9,851,581
ERDF - Capital grant	17,922	-	(1,992)	-	15,930
Esmée Fairbairn Foundation funding	-	66,129	(66,129)	-	-
	<u>10,169,832</u>	<u>66,129</u>	<u>(368,450)</u>	<u>-</u>	<u>9,867,511</u>
Total of funds	<u>12,546,573</u>	<u>6,018,431</u>	<u>(6,365,387)</u>	<u>-</u>	<u>12,199,617</u>

Statement of funds - prior year

	Balance at 1 April 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2016 £
Unrestricted funds						
General fund	370,732	5,602,739	(5,596,282)	(148,414)	-	228,775
	<u>370,732</u>	<u>5,602,739</u>	<u>(5,596,282)</u>	<u>(148,414)</u>	<u>-</u>	<u>228,775</u>

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19. Statement of funds (continued)

Designated funds

Leasehold office buildings	267,316	-	(7,638)	-	-	259,678
Renewals reserve	69,473	-	-	-	-	69,473
Lighting & sound desks 2013	50,832	-	(5,725)	-	-	45,107
Capital development project 2007	600,000	-	-	10,000	-	610,000
Revenue projects/ UK City of Culture	250,000	-	-	-	-	250,000
E-Marketing project	25,000	-	-	-	-	25,000
Red Lane improvement 2013	249,319	-	(7,163)	-	-	242,156
Air cooling project 2012	73,345	-	(10,918)	-	-	62,427
TiE festival celebration reserve	30,000	-	(25,605)	-	-	4,395
CNC router project 2015	87,200	-	(7,470)	-	-	79,730
Auditorium refurbishment	-	361,586	-	138,414	-	500,000
	<u>1,702,485</u>	<u>361,586</u>	<u>(64,519)</u>	<u>148,414</u>	<u>-</u>	<u>2,147,966</u>

Restricted funds

Capital development project	10,461,702	-	(309,792)	-	-	10,151,910
ERDF - Capital grant	-	19,914	(1,992)	-	-	17,922
Esmée Fairbairn Foundation funding	-	12,000	(12,000)	-	-	-
	<u>10,461,702</u>	<u>31,914</u>	<u>(323,784)</u>	<u>-</u>	<u>-</u>	<u>10,169,832</u>
Total of funds	<u>12,534,919</u>	<u>5,996,239</u>	<u>(5,984,585)</u>	<u>-</u>	<u>-</u>	<u>12,546,573</u>

Designated funds

Leasehold office buildings

This designated fund represents the capital element of the asset less the loan from Coventry City Council. The loan has now been repaid hence the outstanding amount is the capital element.

Renewals reserve

This designated fund is being built up to cover any required renewals, repairs or maintenance on the Theatre and its equipment.

Lighting & sound desks 2013

This designated fund represents the cost of renewals made in 2013.

Capital development project 2007

This designated fund represents the element of the capital development project which the charity is to fund itself.

19. Statement of funds (continued)

Revenue projects

This designated fund is being created from trading surpluses to allow the Theatre to increase its core activity of producing shows, the Community & Education programme and programming the new B2 auditorium.

E-Marketing projects

This designated fund has been created to cover known and anticipated web and new media marketing projects.

Red Lane improvement project 2013

This designated fund has been created to cover known and anticipated improvements to the leased property.

Air cooling rectification project 2012

This designated fund represents rectifications made to the air cooling system within the Theatre. It is represented by fixed assets.

TiE festival celebration reserve

This designated fund has been created to fund a celebration in 2015 on the occasion of the 50th Anniversary of the birth of TiE.

CNC Project

This designated fund has been created to fund the installation of a CNC router for set making.

Auditorium refurbishment

This designated fund has been created towards known and anticipated costs for a future Front of House refurbishment project.

Restricted funds

Capital development projects

This fund was established out of the various grants and donation awarded for the above projects. It is represented by fixed assets.

ERDF funding

Part funding for the CNC Router and associated capital works at Red Lane, applied for through the Growth Hub

Esmée Fairbairn funding

1st annual instalment for a three-year project "Arts Gymnasium", working with older people, using theatre as a way to improve physical and emotional health & well being.

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Summary of funds - current year

	Balance at 1 April 2016 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2017 £
General funds	228,775	5,952,302	(5,958,095)	(10,000)	212,982
Designated funds	2,147,966	-	(38,842)	10,000	2,119,124
Restricted funds	10,169,832	66,129	(368,450)	-	9,867,511
	<u>12,546,573</u>	<u>6,018,431</u>	<u>(6,365,387)</u>	<u>-</u>	<u>12,199,617</u>

Summary of funds - prior year

	Balance at 1 April 2015 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2016 £
General funds	370,732	5,602,739	(5,596,282)	(148,414)	228,775
Designated funds	1,702,485	361,586	(64,519)	148,414	2,147,966
Restricted funds	10,461,702	31,914	(323,784)	-	10,169,832
	<u>12,534,919</u>	<u>5,996,239</u>	<u>(5,984,585)</u>	<u>-</u>	<u>12,546,573</u>

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20. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2017 £	Restricted funds 2017 £	Designated funds 2017 £	Total funds 2017 £
Tangible fixed assets	807,261	9,867,511	1,270,256	11,945,028
Current assets	1,054,167	38,285	848,868	1,941,320
Creditors due within one year	(1,410,929)	(38,285)	-	(1,449,214)
Creditors due in more than one year	(237,517)	-	-	(237,517)
	<u>212,982</u>	<u>9,867,511</u>	<u>2,119,124</u>	<u>12,199,617</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2016 £	Restricted funds 2016 £	Designated funds 2016 £	Total funds 2016 £
Tangible fixed assets	839,234	10,169,832	1,211,898	12,220,964
Current assets	983,782	68,000	936,068	1,987,850
Creditors due within one year	(1,341,905)	(68,000)	-	(1,409,905)
Creditors due in more than one year	(252,336)	-	-	(252,336)
	<u>228,775</u>	<u>10,169,832</u>	<u>2,147,966</u>	<u>12,546,573</u>

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

	2017 £	Group 2016 £	2017 £	Theatre 2016 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(346,956)	11,655	(344,809)	13,899
Adjustment for:				
Depreciation charges	433,318	429,240	433,318	429,240
Interest received	(4,810)	-	(4,810)	-
Interest paid	13,327	8,750	13,327	8,750
(Gain)/Loss on the sale of fixed assets	(1,586)	1,406	(1,586)	1,406
Increase in stocks	(32,817)	(16,762)	17,010	(19,300)
Increase in debtors	(164,549)	(157,831)	(333,614)	(174,079)
Increase in creditors	24,488	136,244	2,641	75,373
Net cash (used in)/provided by operating activities	<u>(79,585)</u>	<u>412,702</u>	<u>(218,523)</u>	<u>335,289</u>

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22. Analysis of cash and cash equivalents

	2017	Group	2017	Theatre
	£	2016	£	2016
		£		£
Cash in hand	680,729	522,795	20,264	1,265
Cash held in deposit accounts	661,127	1,062,962	661,127	1,062,962
Total	1,341,856	1,585,757	681,391	1,064,227

23. Operating lease commitments

At 31 March 2017 the total of the Group's future minimum lease payments under non-cancellable operating leases for land and buildings was:

Group and Charity	2017	2016
Amounts payable:	£	£
Within 1 year	25,000	53,520
Between 1 and 5 years	100,000	214,080
After more than 5 years	1,490,000	1,803,160
Total	1,615,000	2,070,760

24. Related party transactions

The Charity has claimed the exemption not to disclose transactions with companies within the group under Section 33 of Financial Reporting Standard 102 on the basis that consolidated financial statements are produced.