

THE NORTHAMPTON THEATRES TRUST LIMITED
(A company limited by guarantee)

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 MARCH 2017

Company Registered number: 3640915
Charity Registered number: 1075741

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FOR THE PERIOD ENDED 26 MARCH 2017

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REFERENCE AND ADMINISTRATIVE DETAILS

FOR THE PERIOD ENDED 26 MARCH 2017

The Trustees present their report and consolidated financial statements for the period ended 26 March 2017.

Company Registered number: 3640915

Charity Registered number: 1075741

President/Member:

Patron – Earl Spencer
Chair – Mr C Heaton-Harris MP – retired 27 July 2016
Chair – Mr S R Edmonds - previously Vice-chair until 27 July 2016

Directors/Trustees/Members:

Cllr M Hallam – retired 26 May 2016
Mr C Heaton-Harris MP – retired 27 July 2016
Mr M J A Asif QC - retired 29 November 2016
Mr N Fowler - retired 29 November 2016
Ms J C Bloomer
Mr S R Edmonds
Mr R G S Martin
Ms V Miles DL – Vice-Chair
Ms H F Miller
Mr D J Murphy
Mr G Schanschieff MBE
Cllr H A Smith
Cllr D V Stone
Mr C B M Wood
Cllr B Eldred - appointed 19 September 2016
Ms F E Holloway - appointed 8 May 2017
Ms B A Lalley - appointed 8 May 2017
Ms K E Roberts - appointed 8 May 2017
Ms C S Slater - appointed 8 May 2017

Company Secretary:

Mr M A Sutherland

Key Management Personnel:

Mr R Clinton – Operations Director
Mr J Dacre – Artistic Director
Ms J Gordon – Marketing & Sales Director
Mr M A Sutherland – Chief Executive

Auditors:

haysmacintyre, 26 Red Lion Square, London WC1R 4AG

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REFERENCE AND ADMINISTRATIVE DETAILS (continued)

FOR THE PERIOD ENDED 26 MARCH 2017

Bankers:

Barclays Bank plc, 267 Wellingborough Road, Northampton NN1 4EN

Solicitors:

Shoosmiths, The Lakes, Northampton, NN4 7SH

Business and Registered office:

19-21 Guildhall Road, Northampton NN1 1DP

Sponsors & Partners:

ACS Office Solutions
A Plan Insurance
Arts Council England
Aspers Casino Northampton
Autosmart
Avery HealthCare
Bowdraper
British Film Institute
Britvic
Carlsberg
Cave & Sons
David Williams IFA
DBfB Communications
Film Audience Network
Grant Thornton
Lamport Hall Sir Gyles Isham Trust
London Midland
MacIntyre Hudson
Marriot Hotel Northampton
Michael Jones Jewellers
Northampton Borough Council
Northamptonshire Community Foundation
Northamptonshire County Council
Northamptonshire Enterprise Partnership
Numbersmith Ltd
Orchestras Live
Ricoh
Shoosmiths
Star Digital
Stephans Jewellers
Tangerine
Technical Foam Services
Towergate
Virtual Sales Team

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REPORT OF THE TRUSTEES (INCORPORATING THE STRATEGIC REPORT)

FOR THE PERIOD ENDED 26 MARCH 2017

Objectives and activities

The Trust's objects are to provide a cultural experience which will enlighten, entertain, educate and stimulate appreciation of the arts for the public at large, and in particular (but without limiting the generality of the foregoing) the residents of Northampton and the East Midlands by:

- Providing a wide range of quality arts and entertainment whether on the premises belonging to the Trust at Guildhall Road, Northampton ("the Centre") or elsewhere; and
- Providing an extensive interlinked interpretation and education programme at the Centre or elsewhere; and
- Operating the Centre as a production and performance space; and
- Such other charitable means as the Directors think fit.

The Trustees have agreed a clear vision for Northampton Theatres Trust (t/a Royal & Derngate):

Royal & Derngate inspires audiences locally in Northamptonshire and more widely across our region and the UK by creating, staging and screening excellent live performances, creative projects and films.

As defined within the Business Plan, Royal & Derngate has five principle aims:

- Maintaining a financially, sustainable and resilient organisation
- Hosting a mainstream, quality programme that makes our audiences and staff proud
- Improving the customer experience that we offer to encourage more frequent audience attendance
- Increasing engagement with young people, families and the wider community
- Producing quality theatre experiences that develop audiences and artists

To deliver these aims, which further our charity's purposes for the public benefit, we undertake activity in the following areas:

- Presenting live performances in each of our three venues that are intended to provide something for everyone within the county. Art forms featured in our programme include musical theatre, circus, popular and contemporary music, dance, comedy, children's shows, drama, classical music, spoken word and ballet
- Producing original drama and theatre productions, under the Made in Northampton banner, which are seen throughout the UK on tour. Our in-house facilities include a set construction workshop, a wardrobe department, a scenic painting workshop and a rehearsal studio. Utilising this resource enables us to continue to make award-winning, critically acclaimed new productions in Northampton.
- Programming a diverse range of films that showcase the best mainstream, independent, art house and documentary films available in the UK. Increasingly we seek to showcase the work of local film makers and encourage specialist, community led programming
- Delivering a comprehensive programme of creative learning activity within school settings as well as within our community and at Royal & Derngate. This activity is intended to support mainly children and young people develop new skills and confidence, create opportunities for all participants to share new experiences together, develop occasions where we can celebrate the diversity of our community and contribute to increased community cohesion

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REPORT OF THE TRUSTEES (INCORPORATING THE STRATEGIC REPORT) (continued)

FOR THE PERIOD ENDED 26 MARCH 2017

- Taking a leadership role in the development of arts and culture in Northamptonshire, sharing services, expertise and resources and making the case for continued investment in the sector in order to strengthen both Royal & Derngate and other arts organisations within the County
- Investing in upgrading the facilities at Royal & Derngate to improve access and comfort for all our audience members and participants. We are committed to reducing the environmental impact of the organisation and actively seek opportunities to reduce our carbon footprint through delivery of a capital and modernisation programme

The Trustees and senior management team establish, monitor and review key performance indicators for all aspects of the charity's activities. These are considered as part of the annual appraisal process. Progress is communicated at each Board meeting through written and verbal reports and through formal reporting to our key funders and partners including Arts Council England, Northampton Borough Council and Northamptonshire County Council. Each year we publish an annual report that contains key information about the charity's performance including financial results and social and economic impact results.

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's Public Benefit Guidance when reviewing the charitable company's aims and objectives and in planning future activities for the year.

The organisation employed an average of 143 individuals in the year. The organisation is also supported by 28 employees who are directly employed by Northamptonshire Arts Management Trust (NAMT) the charity established to provide shared administration, financial services, human resources, company secretarial, programming, marketing, sales and IT services to both Northampton Theatres Trust and Corby Cube Theatre Trust.

During 2016/17 the Trust was supported by a dedicated team of 116 volunteers in the areas of customer service, marketing and archives. They collectively contributed over 18,000 hours of volunteering to the organisation (2015/16 – 15,403 hours). We have continued to provide training to volunteers on an ongoing basis. We remain indebted to those members of the community who provide their time and support to the charity for free. Their support is calculated to have a financial value of in excess of £130,000 this year.

Headline achievements and performance

This year we continued to reach audiences and participants in Northampton and further afield, reaching more than 474,000 individuals in 2016/17 (compared to 516,711 in 2015/16). This is our 2nd best result since re-opening in 2006, with the reduction attributable to fewer attendees for Made in Northampton productions on tour.

Our major success this year was in developing audiences locally for our presented programme and for the Errol Flynn Filmhouse, with Northamptonshire audience members and event attendees at Royal & Derngate increasing by more than 46,000 this year, up 13% on the previous year.

Total attendance for our live programme in Northampton was 307,612, up 43,000 on last year (a 16% increase). Major presented musicals, comedy and contemporary music were the key contributors to our success this year.

We were pleased with the result for total attendance by children and young people in Northampton. With almost 25,000 more attendances by children and young people (a 35% increase on the previous year) almost 97,000 young people attended productions at Royal & Derngate in 2016/17 – equating to 27% of our total audience.

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REPORT OF THE TRUSTEES (INCORPORATING THE STRATEGIC REPORT)(continued)

FOR THE PERIOD ENDED 26 MARCH 2017

Total attendance in Errol Flynn Filmhouse was 53,467, up 3,965 on last year (an 8% increase); this result is particularly encouraging for the prospects of our 2nd screen which opened in April 2017.

Participation in creative learning activity increased by 5,000 this year; with attendances up 23% to 26,317.

This year we toured five of our Made in Northampton productions to other theatres. While predominantly visiting UK theatres this year, our productions were also seen in the USA, Turkey and Italy, reaching 87,000 additional audience members this year.

Our Made in Northampton co-production of Peter Whelan's *Herbal Bed*, first produced in Northampton in February 2016 won the UK Theatre Award for Best Touring Production in October 2016.

This year our earned income has increased by 17% to £8,569,067 from £7,146,363 in 2015/16.

Our local economic impact has increased to £26.6m from £24.7m, strengthening the case we make to local stakeholders as they consider how to continue to support the theatres in an increasingly challenging financial climate. Each year we review how much we spend on salaries and with local suppliers. We also consider how much audiences spend in addition to their theatre tickets when coming to Royal & Derngate – including in neighbouring restaurants and bars and on transportation. The methodology we use to deliver the impact result was developed by the University of Sheffield and is widely used within the arts sector.

Organisational Resilience

Excellent results in the presented programme and cinema, coupled with very strong secondary sales and good overhead cost controls has enabled us to achieve a positive financial result for NTT, countering the £150,000 grant reduction we received from local authority partners this year.

Subsidy from Arts Council England reduced by 21% to £939k (representing 9% of income compared to 13% in 2015/16, when we recognised a significant capital grant) and local authority subsidy reduced by 24% to £494k (representing 5% of income compared to 7% previously).

During this year we introduced or completed a number of initiatives that were intended to improve our resilience including completing the building work for the second screen at Errol Flynn Filmhouse, developing a partnership with Daventry District Council to build a new two screen cinema, making progress on the new school project, upgrading our boiler and plant and investing in our websites.

We reviewed our succession planning risks during this year and agreed to invest in a comprehensive programme of management training to be delivered from April 2017 onwards in order to support more internal promotions. We also reviewed our development function and committed to appointing a new Trusts and Foundations fundraiser in the new financial year.

During this year we continued to follow the recommendations made by Baker Richards regarding pricing and scheduling for our presented programme in the Derngate, including for Christmas and large scale musical productions.

Our key audience development priorities during this year were:

- 1) Maintaining audience loyalty, through implementing pricing changes
- 2) Broadening the catchment from which we draw audiences
- 3) Developing plans to engage with the student population
- 4) Building audiences for the Errol Flynn Filmhouse

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REPORT OF THE TRUSTEES (INCORPORATING THE STRATEGIC REPORT) (continued)

FOR THE PERIOD ENDED 26 MARCH 2017

We continued to maintain loyalty, with excellent results for the pantomime and musicals in particular. While the majority of our audiences continued to be drawn from Northampton, Daventry and South Northamptonshire, we were successful at increasing attendances from key target areas of Milton Keynes, Bedford and Corby again this year.

This work enabled us to achieve the largest ever financial surplus from the presented programmed in the Derngate (£1,094,200 compared to £1,085,381 in 2015/16) and enabled us to increase audiences overall.

The Errol Flynn Filmhouse has continued to enjoy much success, surpassing our expectations with increased profitability and attendance levels. We made excellent progress towards building our second cinema screen during this year, and successfully launched this in April 2017.

We continued to seek feedback from our customers, Trustees, Arts Leaders, community groups, Ambassadors and peers and collated media responses to our work.

We encouraged customers to engage with the social media platforms on which we have a presence, including Tripadvisor, from who we received Certificates of Excellence for both Royal & Derngate and the Errol Flynn Filmhouse for the third consecutive year.

All team members participated in our appraisals process and were encouraged to review how they have delivered against our aims and demonstrated our values – creativity, collaboration, inclusion and ambition.

The Board of Trustees also participated in a performance review and was charged with monitoring progress in delivering the key aims. Their primary focus remained on delivering increasing resilience, recognising that this underpins all of our artistic and audience development ambitions.

The Board were involved in two feedback sessions with the Artistic Director to help shape the 2017/18 Made in Northampton season.

The management team worked closely with the Board to review priorities as we developed our NPO funding application to Arts Council England. This provided an opportunity to evaluate our successes to date, consider our challenges and develop a plan (and budget) that addressed key concerns about talent development and succession planning.

We continued to develop and deliver initiatives intended to reduce our environmental impact this year. We purchased our energy through the Arts Basket, where the electricity supply is from renewable sources and we continued the partnership with Northamptonshire County Council and Electric Car Club. Royal & Derngate remains home to three electric cars, which can be hired by members of the public on an ad hoc basis. In addition, the partnership also allows our staff to use the vehicles for free, thus reducing emissions and mileage charges. As part of the expansion of Errol Flynn Filmhouse we have added additional secure bike storage facilities for both audiences and team member's usage.

We completed the work to upgrade our plant and boilers in summer 2016, making these more efficient. Replacing the 32-year-old boilers removed a business continuity risk but is also expected to deliver real energy consumption reduction, reduce carbon emissions and reduce on-going maintenance costs.

Towards the end of the year we appointed four new Trustees, including Bernie Lally who is a senior civil servant for the Department of Energy and Climate Change.

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REPORT OF THE TRUSTEES (INCORPORATING THE STRATEGIC REPORT) (continued)

FOR THE PERIOD ENDED 26 MARCH 2017

Programming (Including cinema)

This year we reported our largest ever financial surplus from the presented programme, in excess of £1m for the 2nd consecutive year. An increased audience for our presented programme is the key driver behind our success this year. This year we welcomed 271,720 audience members to our presented programme of live shows and films (excludes attendances for Made in Northampton productions). This compares favourably with the 203,380 who attended such events last year. This 33% increase was achieved by presenting productions and artists such as *Priscilla Queen of the Desert*, *The James Plays*, *Chicago*, *Bill Bailey*, *Catfish and the Bottlemen*, *Sarah Millican*, *Chitty Chitty Bang Bang*, *Sue Perkins*, *Dirty Dancing*, *Catherine Tate*, *Romesh Ranganathan*, *Jack & The Beanstalk*, *Sunny Afternoon*, *The Full Monty*, *St Petersburg Ballet*, *The Woman in Black*, *Stephen K Amos* and *Sister Act*.

We were delighted to continue to host a residency by the *Royal Philharmonic Orchestra*, further embedding quality classical music into our programme.

The Errol Flynn Filmhouse has continued to enjoy much success, surpassing our expectations with increased revenue and attendance levels. This year we welcomed 53,467 audience members, compared to 49,414 last year, an increase of 8%. Such was the success of the first screen that we completed the construction of a second screen, ready for 2017/18 and announced plans to develop another cinema, in Daventry at our five year vision event in October 2016.

We continued to face challenges to deliver audiences for drama in the mid-scale Royal auditorium, and addressed the declining numbers by introducing more comedy and live music to the Royal presented programme to deliver the commercial results required. We have struggled to secure good quality, affordable middle-scale drama during 2016/17 so by including a broader range of art forms we addressed this specific financial challenge as well as being able to showcase a more diverse range of artists than before.

Customer Experience, Access and Diversity

We continued to offer concessions and discounts for all our productions to ensure that pricing was not a barrier to attendance for our audiences.

55% of our tickets for live performances were sold at full price, with 35% being sold as concessions. 10% were complimentary, marketing related, membership benefits or access tickets for audience members with disabilities.

38% of our tickets for films were sold at full price, with 55% being sold as concessions. 7% were complimentary, marketing related or access tickets.

Our Real Discounts initiative, aimed at encouraging independent theatre going by audiences aged between 16 and 25 continued to thrive, with more than 2,000 young people actively engaged with this scheme.

This year we continued to encourage Christmas show ticket buyers to consider donating £10 when finalising their transaction, providing a free ticket for a young person from a disadvantaged background to attend either *Jack & the Beanstalk* or *Peter & the Starcatcher*. Both Lamport Hall Trust and Northamptonshire Community Foundation agreed to match fund all that we raised during the ten-week "Unforgettable Gift" campaign and consequently we were able to offer more than 500 free tickets to young people who had never previously attended a live performance.

We made all of our websites mobile-friendly and revamped our desktop sites to provide increased stability and security for our online customers.

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REPORT OF THE TRUSTEES (INCORPORATING THE STRATEGIC REPORT)(continued)

FOR THE PERIOD ENDED 26 MARCH 2017

Our Made in Northampton productions provide us with the greatest opportunity to demonstrate our commitment to diversity. In the last year we have achieved 50/50 gender balance across all creative teams. We have also achieved a 50/50 gender balance across original commissions for all Made in Northampton new work.

During this year our cross-organisation working group was established and were charged with developing a comprehensive programme of work which directly responds to and delivers the Creative Case for Diversity.

We continued to monitor the diversity of our workforce, volunteers and Board during this year in an effort to influence our recruitment strategies, recognising the need to be more representative of the community we serve.

In summer 2016 we completed our External Environment review, which considered the social (and demographic) changes in Northamptonshire, providing us with data from which to further develop our ability to reach more diverse audiences and recruit more successfully from within those communities.

In January 2017 we undertook capital work in order to make our offices and meeting room accessible for wheelchair users.

Creative Learning

We continued to deliver a broad range of activities for children and young people and deepened our relationships with schools through our very effective partnerships. This year we engaged with 26,317 mainly children and young people through our Get Involved programme, an 18% increase from the previous year's result – and our best result since 2010/11.

We continued to collaborate with The Mighty Creatives during this year, and worked closely with them to deliver our Arts Award programme and have been partnering with The Core at Corby Cube on their Cultural Life Fund programme, run in conjunction with The Mighty Creatives.

This year we delivered 51 Discover Arts Awards, down from 69 the previous year. However, at time of writing, due to delivering our arts award programme in academic rather than financial years, we expect to have had at least 73 Arts Awards entrants, including 14 at Bronze and 9 at Silver level this academic year.

In 2016/17 we started a new partnership with St Andrews Healthcare, and have been working with eight young people, currently resident at St Andrews hospital in Northampton to assist them achieving their Bronze award.

We continue to work with NMPAT, our Music Education Hub, in the delivery of our schools' partnerships and through our youth theatre and community performances. NMPAT presented a number of concerts throughout the year in the Derngate, hiring at a significantly discounted rate and Chief Executive Martin Sutherland continued to be an Ambassador for the Music Education Hub. We also partnered with NMPAT on delivering foyer performances, prior to the Royal Philharmonic Orchestra concerts in the Derngate and have been working with them and Orchestras Live to develop a concert series for young people with Special Educational Needs for 2017/18.

This year we worked with five schools to assist them to achieve their Arts Mark. Thorplands Primary School, Cogenhoe Primary School and Upton Meadows Primary School all developed a partnership programme that focused on attending our Under 7s Christmas show *Second Star to the Right*, in addition to participating in Puppetry, Storytelling and Shakespeare-focused workshops. Turvey Lower School engaged in WW1 workshops and Kingsley Primary School participated in an afterschool theatre hub.

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FOR THE PERIOD ENDED 26 MARCH 2017

Additionally, we provided three professional development sessions for teachers, including an Education Forum Event for teachers across primary and secondary schools, a creative learning methodology CPD workshop with primary school teachers and teacher training workshop in partnership with the University of Northampton.

We strived to raise the standard of work being produced by, with and for children and young people and during this year have worked with a range of artists and companies. This included collaborating with Matthew Bourne's New Adventures on A Project for Jonny youth dance project, a new co-commissioned play written by Laura Lomas for Young Company in association with Derby Theatre, Dundee Rep and Theatre Royal Plymouth, and a dance initiative with Richard Alston Dance and Two Thirds Sky.

We continued to expand our community collaborations which included developing the Creative Minds arts project at St. Andrew's Hospital with adolescent in-patients.

Our Arts Leaders programme enabled young people to lead on arts-based social action initiatives, including the award-nominated Mothertongue Tales diverse community storybook project.

In addition, our Assistant Practitioner Training Programme continued to provide comprehensive training opportunities to develop the next generation of Theatre Assistants.

We continued to strengthen our relationship with the National Theatre through the Connections Festival, delivering one the largest festivals in the UK. 19 groups of young people from across Northamptonshire, Cambridgeshire and Lincolnshire performed one of nine titles, and attended workshops at the festival led by Adele Thomas, Jonathan Humphreys and James Blakey.

This year we announced our plans to develop a free school for Northampton, a secondary school that places the cultural and creative industries at the heart of the curriculum. We have made excellent progress on developing a bid, working with the New School Network and David Ross Educational Trust.

Productions, Made in Northampton

In 2016/17 we produced 21 weeks of Made in Northampton shows in Northampton (27 in 2015/16). In addition to these professional productions we supported and produced a further three weeks of community and youth theatre productions.

Our productions in 2016/17 were a revival of our UK Theatre Award winning production of *A Tale of Two Cities*, restaged prior to a national tour; a new touring production of *King Lear* starring Michael Pennington; a co-production with Liverpool Everyman and Peepolykus of *Madame Bovary*; the European premiere of Tony award winning play *Peter & The Starcatcher*; a devised show for under 5's at Christmas, *Second Star to the Right*; the World Premiere of Roy Williams's *Soul*; Spymonkey's *Complete Deaths* project – which staged all the death scenes in all of Shakespeare's plays; and a new version of *The Tempest*, our first partnership with The National Youth Theatre.

With our focus upon ensemble acting and encouraging collaboration in our Made in Northampton productions, we maintained the size of our acting companies and creative teams with an average of 15 freelance artists and actors employed on every production.

Our Made in Northampton productions provide us with the greatest opportunity to demonstrate our commitment to diversity. In the last year we have achieved 50/50 gender balance across all creative teams. We have also achieved a 50/50 gender balance across original commissions for all Made in Northampton new work. This year, 30% of our casts class themselves as BAME.

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REPORT OF THE TRUSTEES (INCORPORATING THE STRATEGIC REPORT)(continued)

FOR THE PERIOD ENDED 26 MARCH 2017

We continued to commission and support the development of new work from artists including Barney Norris, April de Angelis, Jessica Swale, Nick Barnes, Joe Stilgoe, Lizzi Gee, Kuljit Bhambra, Lucy Bailey, Douglas Hodge, Bryony Lavery, Joel Horwood, Maria Aberg, Torben Betts, Seven Sisters Group, simple8, Alistair Beaton, Matt Regan, Laura Lomas, Christopher Haydon and Wardrobe Ensemble.

During this year we supported Birkbeck Trainee Director Fay Lomas during a six month residency and continued to work with the JMK Trust to deliver regular directing workshops for local artists and practitioners, including two extended training residencies.

We continue to work with Oxford University Fellow Ros Ballaster, who, alongside her colleagues, contributes towards the research and development of all Made in Northampton productions and have together devised a joint Doctoral Programme that we will host from 2019.

Through our Generate programme, we hosted local artist networking events, audition coaching sessions and supported an emerging company, Querencia Theatre, to develop a Theatre In Education play showcased at our Fun Palaces weekend. In addition, we provided both Professional Practitioner and Assistant Practitioner training programmes enabling young artists aged 16+ to acquire theatre assisting skills and professional artists to enhance their workshop delivery skills across our extensive Creative Learning provision. We also launched our award-nominated Arts Leaders programme for 13-24 year olds, mentoring young people to develop creative leadership and entrepreneurial skills by designing and delivering arts-led social action projects that make a difference to their local community.

We remained committed to providing opportunities for community members and acting students to participate in our professional productions with acting roles provided in a *Tale of Two Cities* and singing/choir roles offered for *Soul*. Our production of *The Tempest* employed an acting company all aged below 25 years old, providing the first professional role for many of the ensemble members.

Our relationship with the University was maintained this year. We continued to host the 2nd and 3rd year acting course productions as well as the Fresher's Ball, Summer Ball and Graduation events. We jointly ran the monthly Cult Film Club with the School of the Arts and have continued with a regular speakers programme, welcoming academics from the University to lead lectures or presentations on topics related to the film programme. We continued to undertake recruitment activity for staff and volunteers from the University at the start of each term, in an effort to diversify our workforce.

We continued to run workshops with the JMK Trust with young directors, to support the development of artists from a wide range of backgrounds. As with last year, more than 50% of those taking part were women.

Next Period 2017/18

The Trustees remain committed to delivering the vision and aims as outlined above and within the organisation's three-year Business Plan, and commenced the work to develop a new Business Plan during 2017/18. This will incorporate the projects we announced in October 2016, which include ambitious plans to expand our cinema operations elsewhere in the County, to radically revamp our approach to education and creative learning by developing a Free School, and to launch a nationally significant initiative that supports the development of contemporary music theatre and opera.

Our 2017/18 Made in Northampton production of *The Death of a Salesman* proceeded following the tragic passing of leading actor Tim-Pigott Smith during rehearsals. The company has incurred considerable financial losses as a result, which will be acknowledged in the 2017/18 accounts, as an exceptional item. Further to this terrible event, the organisation has reviewed its approach to understudies and insurance and is confident that its plans for the remainder of 2017/18 and beyond will minimise further risks related to producing.

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REPORT OF THE TRUSTEES (INCORPORATING THE STRATEGIC REPORT)(continued)

FOR THE PERIOD ENDED 26 MARCH 2017

There is no major capital project planned for 2017/18 beyond maintaining the building as a safe and welcoming environment. The project to complete the 2nd Errol Flynn Filmhouse screen was completed in spring 2017.

During 2017/18 the Trust received positive news from Arts Council England regarding funding from 2018/19 onwards. In this year, the team will be working with colleagues from ACE to finalise the funding agreement which will result in a 10% increase in funding for the four years from 2018/19.

Financial Review

The Trust's key financial objective is to ensure that the Trust has the necessary resources to deliver the vision and aims of Royal & Derngate. For the financial year ended 26 March 2017 we reported an operating surplus of £45,353 before actuarial losses on pension schemes of £283,000. This is in contrast to the financial year ended 31 March 2016 when we reported an operating surplus of £69,011 before actuarial gains of £752,000.

This year our total income was £10,349,549 compared to £9,189,182 in 2015/16, a 13% increase.

This year we achieved our financial target by delivering another operating surplus. This enables us to continue to reduce the carried forward deficit and adhere to the three year deficit eradication plan that was adopted by Trustees at the beginning of 2015/16. Strong results in the presented programme (live performances and cinema in particular), success at securing Theatre Tax relief, ongoing cost controls and profitability within our trading areas (bars in particular) has enabled us to report another strong year for Northampton Theatres Trust.

The policy of the trustees is to designate the net book value of assets funded by capital grants and donations. At 26 March 2017, this would result in designated funds of £8,966,080. Although the charity achieved an operating surplus for the year of £45,353, the impact of the pension scheme revaluation has resulted in an overall deficit for the year for accounting purposes of £237,647. As our policy has been to designate all available funds to match, as far as we are able to, the investment in the fabric of the theatre and infrastructure of the charity, we have reduced the designation by the net result for the year to reflect £nil unrestricted funds after designations.

While the pension scheme liability is, on first look, of concern, the charitable company is not required to pay off the deficit directly but will, and is able, to pay into the fund the required contributions as recommended by the scheme's actuary. Financial Reporting Standard 102 requires us to show the current pension liability that arises from our membership of the Local Government Pension Scheme (LGPS). This scheme was closed to new entrants in 2007, but the liability for those who joined prior to 2007 is ongoing. The pension scheme is administered as a multi-employer scheme by Northamptonshire County Council. The Trustees accept that the reported liability disclosure is an accounting requirement of FRS102 but note that the true underlying deficit based on the last actuarial evaluation at 31 March 2017 is £1,991,000 (compared to £1,733,000 in 2015/16).

The overall accumulated fund balance at the year-end amounted to £5,405,931 (compared to £5,921,687 in 2015/16).

Cash-flow projections disclose that the charitable company has sufficient liquidity to continue carrying out its charitable activities for at least twelve months and the Trustees are therefore of the opinion that the financial statements should be prepared on a going concern basis. The review of our financial position, reserves levels and future plans gives Trustees confidence the charity remains a going concern for the foreseeable future.

The Trust generate the majority of income from its own sources, with 83% of the Trusts income being generated through ticket sales, bars, café and fundraising. Our principal funder Arts Council England has confirmed the amount they will be funding during 2017/18 and for a four year period from 2018/19. Both Northampton Borough Council and Northamptonshire County Council have confirmed the amounts they intend to provide as funding in 2017/18.

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REPORT OF THE TRUSTEES (INCORPORATING THE STRATEGIC REPORT)(continued)

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All of these figures have been included in our budget for 2017/18. The Trustees are satisfied that the charitable company's assets attributable to each of its individual funds, when viewed in conjunction with the finance plans of the Trust, are available and adequate to fulfil its obligations in relation to those funds.

Our reserves policy aims to build a minimum reserves level of £162k by the end of the Business Plan period (31 March 2018). However, given circumstances encountered in 2017/18, in relation to the loss-making touring production of *Death of a Salesman*, Trustees are now anticipating that the reserves target will not be met by March 2018. The organisation is currently developing a new Business Plan and five year budget, with a key focus on delivering an appropriate reserves level by the end of 2019/20.

Risk Management

The charity has a formal risk management process through which the senior management identifies the major risks to which the organisation may be exposed and has ranked these by likelihood and impact, culminating in a risk register which is updated on a regular basis. All significant risks, together with current mitigation actions, are reviewed regularly throughout the year by the Trustees. The Trustees are satisfied that systems have been developed and are in place to mitigate identified risks to an acceptable level.

The principal risks and uncertainties identified by the charity are as follows:

| Risk Identified | Action taken to mitigate the risk |
|---|--|
| Sustainability of key funding sources | Regular discussions with principal funders; cooperating to identify new ways to collaborate; seeking alternative income sources. A four year funding agreement is now in place with Arts Council England, with a 10% increase agreed. |
| Ticket sales and bar café/targets being met | Continued to invest in audience development and marketing team, to ensure that colleagues are equipped to deliver comprehensive campaigns that enable sales targets to be achieved. |
| Reserves policy not met | Established a budget priority that endeavoured to achieve a surplus annually over the business plan period in order to build up unrestricted reserves and allow us to designate an appropriate element of our fixed assets. A surplus was achieved in 2015/16 and 2016/17. A new five year budget is currently being developed for 2018/19 onwards. |
| Vital capital fundraising unsuccessful | Developed a fully costed programme of capital repairs and upgrades to ensure that fundraising can be undertaken in a coordinated manner. This approach enabled the successful completion of the Derngate auditorium upgrade in summer 2015, removing the key operating risk to the business as a result. Looking ahead we need to continue a programme of investment in our building to improve access for colleagues and audiences with disabilities and to improve our environmental sustainability. |

THE NORTHAMPTON THEATRES TRUST LIMITED
(A company limited by guarantee)

REPORT OF THE TRUSTEES (INCORPORATING THE STRATEGIC REPORT) (continued)

FOR THE PERIOD ENDED 26 MARCH 2017

| | |
|---|---|
| Failure to recruit and retain key staff | Increased the training budget to ensure continued investment in team development was possible. Reviewed the strategic management team structure in order to ensure that talents were being used most effectively. Board and strategic management team considered issues related to succession planning at an away day. New positions in development and project management filled this year, with plans for a new SMT team member from 2019/20 to reduce succession planning risks. |
| Managing the pension scheme deficit | The Trust closed the Local Government Pension Scheme to new entrants in 2007. The Trust is able to pay into the fund the required contributions and is in regular contact with the fund administrators to ensure that the valuation correctly corresponds with the nature of our business and the profile of our employees. A new payment profile was negotiated and implemented this year, to reduce the annual amount paid. |

Structure, governance and management

The Northampton Theatres Trust Limited ("The Trust") is registered with the Charity Commission and is constituted as a company limited by guarantee, governed by Memorandum and Articles of Association. The Trustees confirm that the financial statements comply with statutory requirements and with the Memorandum and Articles of Association.

During this year The Trust actively recruited new Trustees. The process to do so involved the Board and senior management team completing a skills audit to establish areas of expertise that were unfilled and then advertising locally and regionally for candidates to apply for the advertised vacancies. For each vacancy The Trust developed a detailed role description and person specification, to which all candidates were invited to respond. The Trustees formed a sub-committee to consider all applications. All those short-listed were invited to an interview with their appointments ratified by the full board and also by the Board of Northamptonshire Arts Management Trust, as per our Memorandum and Articles of Association.

This year one of the two Trustees nominated by Northampton Borough Council was replaced, with the appointment of Brandon Eldred ratified by the full Board and also by the Board of Northamptonshire Arts Management Trust, as per our Memorandum and Articles of Association.

Key decisions within the charitable company are made at Strategic Management Team level then cascaded across the charitable company. Where relevant, decisions are ratified by Board Sub-committees.

The Trust has robust policies and procedures regarding safeguarding, whistle-blowing, harassment, bullying and child protection in place. These are devised by the management team through consultation with industry bodies including Equity and UK Theatre. The Board of Trustees will participate in a review of these in 2017.

Management of the charitable company is by a Board of Directors who also act as Trustees for the charitable activities of The Northampton Theatres Trust Limited.

THE NORTHAMPTON THEATRES TRUST LIMITED
(A company limited by guarantee)

REPORT OF THE TRUSTEES (INCORPORATING THE STRATEGIC REPORT) (continued)

FOR THE PERIOD ENDED 26 MARCH 2017

No directors had, during or at the end of the year, a material interest in any contract, which was significant in relation to the charitable company's business.

The directors below are members of the sub-committees as at the end of March 2017:

Finance Committee: Ms J C Bloomer
Mr S R Edmonds – Chair
Cllr B Eldred

Development Committee: Ms V Miles DL
Mr G Schanschieff MBE

Marketing Committee: Mr R Martin
Mr G Schanschieff MBE

Directors are elected to the Board on approval of Board members. The Board may also, at its discretion, elect Honorary Members, patrons and vice patrons who shall have no vote at general meetings. Northampton Borough Council has the right to nominate two members to the Board except that such right of nomination is limited so that not more than 49% of the members of the Board may be members who are associated with Northampton Borough Council. Northamptonshire County Council has the right to nominate one member to the Board except that such right of nomination is limited so that not more than 49% of the members of the Board may be members who are associated with Northamptonshire County Council.

The minimum number of directors is five and the maximum fifteen.

During the prior year, Derngate Enterprise Limited, a subsidiary of Northampton Theatres Trust continued to trade. Its primary function was to undertake production activity, as commissioned by Northampton Theatres Trust, in particular the Made in Northampton theatre productions.

The trustees consider the board of trustees and the senior management team to comprise the key management personnel of the charity in charge of directing and controlling, running and operating the Charity on a day to day basis. All trustees give of their time freely and no director received remuneration in the year. Details of directors' expenses and related party transactions are disclosed in note 16 to the accounts.

The pay of the Strategic Management Team and all staff is reviewed annually. As part of the annual budget process the Strategic Management Team make a recommendation to the Board finance sub-committee and the Board with regards pay and remuneration for the charity's key personnel. At the end of 2016/17 all staff received the same pay increase. This figure was calculated once comparisons with other regional theatres were sought, once affordability was assessed and following the conclusion of the annual appraisal (and six month follow-up) process. In view of the nature of the charity, the Trustees benchmark against pay levels in other charities. The remuneration benchmark is at the lower end of the range paid for similar roles in similar charities and sizes.

As set out above, the parent charity Northamptonshire Arts Management Trust (NAMT) provides a number of shared services to Northampton Theatres Trust, trading as Royal & Derngate and Corby Cube Theatre Trust, trading as The Core at Corby Cube.

THE NORTHAMPTON THEATRES TRUST LIMITED
(A company limited by guarantee)

REPORT OF THE TRUSTEES (INCORPORATING THE STRATEGIC REPORT) (continued)

FOR THE PERIOD ENDED 26 MARCH 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Directors are responsible for keeping proper accounting records that 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Directors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

In approving this report the trustees also approve the Strategic Report in their capacity as company directors.

On behalf of the board



Mr S R Edmonds
Trustee

Date: 30 November 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF THE NORTHAMPTON THEATRES TRUST LIMITED

We have audited the financial statements of The Northampton Theatres Trust Limited for the period ended 26 March 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the 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 including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (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 auditor's 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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 16, 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.

We have been appointed auditor under the Companies Act 2006. 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 as at 26 March 2017 and of the charitable company's net movement in funds, including the income and expenditure, for the period 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.

Opinions 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' Annual Report (which incorporates the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Trustees' Annual Report (which incorporates the strategic report and the directors' report) has been prepared in accordance with applicable legal requirements.

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' Annual Report (which incorporates the strategic report and the directors' report).

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF
THE NORTHAMPTON THEATRES TRUST LIMITED (Continued)**

Matters on which we are required to report by exception

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 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 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.



**Richard Weaver (Senior statutory auditor)
for and on behalf of haysmacintyre, Statutory Auditor**

**26 Red Lion Square
London
WC1R 4AG**

Date: 30 November 2017

NORTHAMPTON THEATRES TRUST LIMITED

STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income and Expenditure Account)

FOR THE PERIOD ENDED 26 MARCH 2017

| | Note | Unrestricted Funds - General £ | Designated Funds £ | Restricted Funds £ | Total 2017 £ | Total 2016 £ |
|-------------------------------------|-------|---|--------------------------|--------------------------|--------------------|--------------------|
| INCOME FROM | | | | | | |
| Grants and donations | 3 | 1,316,269 | - | 464,213 | 1,780,482 | 2,042,819 |
| Other trading activities | 4 | 965,604 | - | - | 965,604 | 1,008,466 |
| Charitable activities | 5 | 7,354,128 | - | 58,255 | 7,412,383 | 6,060,461 |
| Other income | | 191,079 | - | - | 191,079 | 77,436 |
| Total income | | <u>9,827,081</u> | <u>-</u> | <u>522,468</u> | <u>10,349,549</u> | <u>9,189,182</u> |
| EXPENDITURE ON | | | | | | |
| Raising funds | 6 | 948,472 | - | - | 948,472 | 917,140 |
| Charitable activities | | | | | | |
| - Presented work | 6 | 6,430,059 | - | - | 6,430,059 | 5,044,570 |
| - Produced work | 6 | 1,747,777 | - | - | 1,747,777 | 1,820,994 |
| - Creative projects | 6 | 191,245 | - | 94,827 | 286,072 | 323,660 |
| - Cinema | 6 | 423,175 | - | 11,200 | 434,375 | 451,065 |
| - Redevelopment depreciation | 6 | - | 694,550 | - | 694,550 | 670,313 |
| Other – finance costs | 6, 19 | 41,000 | - | - | 41,000 | 78,000 |
| Total expenditure | | <u>9,781,728</u> | <u>694,550</u> | <u>106,027</u> | <u>10,582,305</u> | <u>9,305,742</u> |
| Net income/(expenditure) | | <u>45,353</u> | <u>(694,550)</u> | <u>416,441</u> | <u>(232,757)</u> | <u>(116,560)</u> |
| Actuarial (losses)/gains | 19 | (283,000) | - | - | (283,000) | 752,000 |
| Transfers between funds | 18 | 237,647 | (237,647) | - | - | - |
| Net movement in funds | | <u>-</u> | <u>(932,197)</u> | <u>416,441</u> | <u>(515,757)</u> | <u>635,440</u> |
| TOTAL FUNDS AT 27 MARCH 2016 | 18 | <u>-</u> | <u>5,921,687</u> | <u>-</u> | <u>5,921,687</u> | <u>5,286,247</u> |
| TOTAL FUNDS AT 26 MARCH 2017 | 18 | <u>-</u> | <u>4,989,490</u> | <u>416,441</u> | <u>5,405,931</u> | <u>5,921,687</u> |

The statement of financial activities has been prepared on the basis that all operations are continuing operations. The notes on pages 22 to 38 form part of these financial statements.

A full comparative Statement of Financial Activities is included at note 25.

THE NORTHAMPTON THEATRES TRUST LIMITED

Company Registered Number: 3640915
Charity Registered Number: 1075741

BALANCE SHEET

AT 26 MARCH 2017

| | Note | Total 2017 £ | Total 2016 £ |
|--|-------------|-----------------------------|-----------------------------|
| FIXED ASSETS | | | |
| Tangible assets | 10 | 8,966,080 | 8,730,865 |
| Investments | 11 | 2 | 2 |
| | | <u>8,966,082</u> | <u>8,730,867</u> |
| CURRENT ASSETS | | | |
| Stocks | 12 | 41,602 | 32,785 |
| Debtors | 13 | 1,068,641 | 963,875 |
| Cash at bank and in hand | | 276,178 | 1,075,032 |
| | | <u>1,386,421</u> | <u>2,071,692</u> |
| CREDITORS: Amounts falling due within one year | 14 | <u>(2,934,172)</u> | <u>(3,146,711)</u> |
| NET CURRENT ASSETS/(LIABILITIES) | | <u>(1,547,751)</u> | <u>(1,075,019)</u> |
| CREDITORS: amounts falling due after more than one year | 15 | (21,400) | (1,161) |
| Pension liability | | <u>(1,991,000)</u> | <u>(1,733,000)</u> |
| NET ASSETS | 17 | <u><u>5,405,931</u></u> | <u><u>5,921,687</u></u> |
| FUNDS OF THE CHARITY | | | |
| Unrestricted funds - General | 18 | - | - |
| Designated funds | 18 | 4,989,490 | 5,921,687 |
| Restricted funds | 18 | 416,441 | - |
| TOTAL FUNDS | 18 | <u><u>5,405,931</u></u> | <u><u>5,921,687</u></u> |

The financial statements were approved by the board of directors on 30 November 2017 and signed on its behalf by:



Mr S R Edmonds
Trustee

The notes on pages 22 to 38 form part of these financial statements.

THE NORTHAMPTON THEATRES TRUST LIMITED

CASH FLOW STATEMENT

FOR THE PERIOD ENDED 26 MARCH 2017

| | Note | 2017 £ | 2016 £ |
|--|-------------|-------------------|-------------------|
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 22 | 310,599 | 1,331,252 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of fixed assets | | (1,072,076) | (722,968) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| INVESTMENT | | | |
| Capital elements of hire purchase agreements | | (37,377) | (13,929) |
| CHANGE IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD | | (798,854) | 594,355 |
| | | <u> </u> | <u> </u> |
| Cash and cash equivalents at the beginning of the period | | 1,075,032 | 480,677 |
| Cash and cash equivalents at the end of the period | | <u>276,178</u> | <u>1,075,032</u> |

The notes on pages 22 to 38 form part of these financial statements.

THE NORTHAMPTON THEATRES TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 26 MARCH 2017

1. ACCOUNTING POLICIES

Basis of preparation

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 2016) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Northampton Theatres Trust 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 note(s).

In line with other comparable theatres and arts charities, the accounts have been prepared on a 52 week reporting basis.

Preparation of accounts on a going concern basis

The trustees consider there are no material uncertainties about the Charity's ability to continue as a going concern. The review of our financial position, reserves levels and future plans gives Trustees confidence the charity remains a going concern for the foreseeable future. A detailed business plan last updated December 2016 is in place covering the three year period to March 2018.

Critical accounting judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the charities accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the financial statements. 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.

Subsidiary undertakings

The charitable company has not prepared group financial statements on the basis that The Northampton Theatre Trust Limited and its subsidiary undertakings are included in the group accounts of the ultimate parent undertaking, Northamptonshire Arts Management Trust. These financial statements therefore exclude the results of the charitable company's subsidiary companies.

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 charity and which have not been designated for other purposes. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose.

Restricted funds are funds that are to be used in accordance with specific restrictions imposed by donors that have been raised by the charity for particular purposes.

Income

Income primarily represents ticket sales and related fees for performances conducted in the period. Gift vouchers and tickets sold in advance are included in creditors as deferred income.

Donations and legacies are included where there is entitlement, receipt is probable and the amount can be measured with sufficient reliability.

Amounts due to the charity in respect of the Theatre Tax Credit is included in the financial period to which the claim relates.

THE NORTHAMPTON THEATRES TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 26 MARCH 2017

1. ACCOUNTING POLICIES (continued)

Grants

Grants are recognised where there is entitlement, receipt is probable and the amount can be measured with sufficient reliability. Such income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions that must be met before the Trust has unconditional entitlement.

Expenditure

Costs of raising funds are those costs incurred in trading activities that raise funds and the raising of sponsorship and donations within the Trust.

Charitable activities include expenditure associated with the staging of shows and cinema screenings and include both the direct costs and support costs relating to these activities. Charitable activities are reported across the following areas:

- Produced work
- Presented work
- Creative projects
- Cinema
- Redevelopment

Redevelopment relates to work undertaken to redevelop the Royal & Derngate site funded from capital grants and donations. Costs charged against this area relate entirely to depreciation.

Irrecoverable VAT is included within the items of expense to which it relates. All costs in relation to presented and produced work are accounted for when the production ends.

Lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against the Statement of Financial Activities on a straight line basis over the period of the lease. A significant part of the Royal & Derngate theatre occupied by the Northampton Theatre Trust Limited is provided on a rent free basis as part of Northampton Borough Council's overall support to the Trust.

Where substantially all of the risks and rewards of leases are transferred to the charity, the lease is treated as a finance lease. The net book value of minimum lease payments is capitalised, with an equal and opposite creditor, and released over the term of the lease using the Effective Interest Method.

Rentals payable in respect of hire purchase agreements are apportioned between the finance element, which is charged to the Statement of Financial Activities on a straight line basis, and the capital element which reduced the outstanding obligation for future instalments.

THE NORTHAMPTON THEATRES TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 26 MARCH 2017

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, being purchase price, less accumulated depreciation. The charity's policy is that assets are capitalised either if they are an individual asset with an initial cost greater than £1,000 or a collection of assets costing more than £250 each which collectively form a single asset.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset starting from the commencement of the accounting period after purchase spread evenly over its expected useful life, as follows:

| | | |
|-------------------------------|---|-----------------------------|
| Long leasehold refurbishment | - | 5 to 20 years straight line |
| Short leasehold refurbishment | - | 5 to 10 years straight line |
| Motor vehicles | - | 4 years straight line |
| Technical equipment | - | 3 to 20 years straight line |
| Office equipment | - | 3 to 5 years straight line |
| Catering equipment | - | 3 to 5 years straight line |

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments, including trade and other debtors and creditors are initially recognised at transaction value and subsequently measured at their settlement value.

Stocks

Stock is valued at the lower of cost, being purchase price, and net realisable value, after making allowance due for obsolete and slow moving items.

Debtors

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

Cash at bank and in hand

Cash at bank and cash 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.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Pension costs

The charitable company operates defined contribution pension schemes for employees. The assets of the scheme are held separately from those of group companies. The annual contributions payable are charged to the Statement of Financial Activities.

In addition, the charitable company participates in a local government pension scheme. This closed to new members on 30 September 2008. The net liability of the scheme, as calculated by the actuary, is shown within the balance sheet. Actuarial gains and losses are reported in the Statement of Financial Activities, along with the current service cost and costs from settlements and curtailments. Further details are provided in note 19.

THE NORTHAMPTON THEATRES TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 26 MARCH 2017

2. STATUS

The Northampton Theatres Trust Limited is a company limited by guarantee, registered in England and Wales at 19-21 Guildhall Road, Northampton NN1 1DP, and not having share capital.

3. GRANTS AND DONATIONS

| | 2017 | 2016 |
|--|------------------|------------------|
| | £ | £ |
| Grants | | |
| Arts Council England | 766,417 | 766,417 |
| Arts Council England – Capital Funding | 100,000 | 423,514 |
| Northampton Borough Council | 571,682 | 431,756 |
| Northamptonshire County Council | 100,000 | 203,765 |
| Other grants | 197,335 | 169,861 |
| Donations | 45,048 | 47,506 |
| | <u>1,780,482</u> | <u>2,042,819</u> |

4. INCOME FROM OTHER TRADING ACTIVITIES

| | 2017 | 2016 |
|--|----------------|------------------|
| | £ | £ |
| Café income | 71,926 | 142,167 |
| Bar income | 589,392 | 574,544 |
| Other trading activities (confectionary, programmes) | 304,286 | 291,755 |
| | <u>965,604</u> | <u>1,008,466</u> |

5. INCOME FROM CHARITABLE ACTIVITIES

| | 2017 | 2016 |
|----------------------------------|------------------|------------------|
| | £ | £ |
| Ticket sales and auditorium fees | 5,777,571 | 4,868,870 |
| Cinema income | 326,874 | 282,810 |
| Hire of facilities | 497,568 | 395,556 |
| Recharges | 697,355 | 396,732 |
| Memberships and sponsorships | 113,015 | 116,493 |
| | <u>7,412,383</u> | <u>6,060,461</u> |

THE NORTHAMPTON THEATRES TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 26 MARCH 2017

6. ANALYSIS OF EXPENDITURE

| | Direct Costs £ | Overheads: Staff Costs £ | Overheads: Other costs £ | Support Costs £ | 2017 £ | 2016 £ |
|---------------------------------------|----------------------|-----------------------------------|-----------------------------------|-----------------------|-------------------|------------------|
| Cost of raising funds: | | | | | | |
| - Development | 12,570 | 20,355 | 3,087 | 12,866 | 48,878 | 41,252 |
| - Café & bar | 385,685 | 239,554 | 37,563 | 236,792 | 899,594 | 875,888 |
| Charitable activities: | | | | | | |
| - Presented work | 4,234,959 | 473,629 | 28,943 | 1,692,528 | 6,430,059 | 5,044,570 |
| - Produced work | 833,156 | 433,381 | 21,188 | 460,052 | 1,747,777 | 1,820,994 |
| - Creative projects | 110,888 | 98,884 | 1,000 | 75,300 | 286,072 | 323,660 |
| - Cinema | 231,699 | 88,339 | - | 114,337 | 434,375 | 451,065 |
| Other – redevelopment depreciation | - | - | 694,550 | - | 694,550 | 670,313 |
| Other – finance costs | - | - | 41,000 | - | 41,000 | 78,000 |
| | <u>5,808,957</u> | <u>1,354,142</u> | <u>827,331</u> | <u>2,591,875</u> | <u>10,582,305</u> | <u>9,305,742</u> |

**Allocation of support
costs:**

| | 2017 £ | 2016 £ |
|-------------------------|------------------|------------------|
| Costs of raising funds: | | |
| - Development | 12,866 | 11,081 |
| - Café & bar | 236,792 | 235,298 |
| Charitable activities: | | |
| - Presented work | 1,692,528 | 1,355,168 |
| - Produced work | 460,052 | 489,190 |
| - Creative projects | 75,300 | 86,948 |
| - Cinema | 114,337 | 121,174 |
| | <u>2,591,875</u> | <u>2,298,859</u> |

| | 2017 £ | 2016 £ |
|---|------------------|------------------|
| Support costs consist of the following: | | |
| Marketing | 466,214 | 253,563 |
| Operations | 135,213 | 218,623 |
| Direct support services | 685,834 | 389,554 |
| Central support services (NAMT) | 951,902 | 927,586 |
| Premises costs (cleaning, maintenance, utilities) | 352,712 | 509,533 |
| | <u>2,591,875</u> | <u>2,298,859</u> |

Operations include front of house, box office and IT. Support service include management and administration, finance and human resources. Support costs have been allocated on the basis of estimated usage. Included in the above costs are governance costs of £109,746 (2016: £114,002).

THE NORTHAMPTON THEATRES TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 26 MARCH 2017

| 7. NET MOVEMENT IN FUNDS | 2017 £ | 2016 £ |
|---|-------------------|-------------------|
| Auditors' remuneration (net of VAT) | 17,500 | 15,500 |
| Auditors' non-audit fees (net of VAT) | 750 | - |
| Depreciation of fixed assets | 790,998 | 776,244 |
| Operating lease rentals | 80,007 | 100,095 |
| Loss on disposal of fixed assets | 8,801 | - |
| | <u> </u> | <u> </u> |
| 8. STAFF COSTS | 2017 £ | 2016 £ |
| Wages and salaries | 2,016,593 | 1,864,504 |
| Social security costs | 123,771 | 109,599 |
| Other pension costs | | |
| - Contribution to defined benefit pension scheme | 84,366 | 80,363 |
| - Contribution to defined contribution pension scheme | 14,641 | 14,243 |
| - Actuarial adjustment for defined benefit pension scheme | (66,000) | (43,000) |
| Staff costs recharged from NAMT | 725,793 | 668,052 |
| | <u> </u> | <u> </u> |
| | <u>2,899,164</u> | <u>2,693,761</u> |

The average number of employees during the period was 143 (2016: 138).

No remuneration was paid during the period to any member of the Board of Directors (2016: £nil).

During the period the Trust did not reimburse any travelling expenses of the Board of Directors (2016: £nil).

In the period ended 26 March 2017, there were no employees earning in excess of £60,000. (2016: none).

The aggregate remuneration paid to key management personnel in the period ended 26 March 2017 was £306,191 (2016: £320,006). Of the total, £192,561 relates to recharges from the parent charitable company Northamptonshire Arts Management Trust in relation to members of the Senior Management Team (2016: £208,658).

THE NORTHAMPTON THEATRES TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 26 MARCH 2017

9. SUBSIDIARIES

At 26 March 2017, The Northampton Theatres Trust Limited had the following subsidiary undertakings:

| | Class of share capital | Directly | Indirectly | Company number | Nature of business |
|--|-------------------------------|-----------------|-------------------|-----------------------|-----------------------------------|
| Derngate Enterprises Limited | Ordinary | 100% | - | 02794900 | Production of shows |
| Northampton Theatres Enterprises Limited | Ordinary | 100% | - | 09755418 | Operation and licensing of a bar. |

As set out in note 1 to the financial statements, the results of the subsidiary companies are excluded from these financial statements on the basis that The Northampton Theatre Trust Limited and its subsidiary undertakings are consolidated in the accounts of the ultimate parent undertaking, Northamptonshire Arts Management Limited.

The income, expenditure, assets and liabilities of each subsidiary is summarised as follows:

| Derngate Enterprises Limited | 2017 £ | 2016 £ |
|--|-------------------|-------------------|
| Turnover | 798,582 | 423,340 |
| Cost of sales | (929,412) | (493,543) |
| Gross loss | (130,830) | (70,203) |
| Theatre Tax Relief | 130,830 | 70,137 |
| Interest receivable and similar income | - | 66 |
| Profit on ordinary activities after taxation | - | - |
| Current assets | 211,019 | 130,068 |
| Current liabilities | (211,018) | (120,067) |
| Reserves | 1 | 1 |

THE NORTHAMPTON THEATRES TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 26 MARCH 2017

9. SUBSIDIARIES (continued)

Northampton Theatres Enterprises Limited

| | 2017 | 2016 |
|--|------------------|-------------|
| | £ | £ |
| Turnover | 152,548 | - |
| Cost of sales | (72,923) | - |
| Gross profit | <u>79,625</u> | <u>-</u> |
| Administrative expenses | (182,528) | - |
| Interest receivable and similar income | <u>-</u> | <u>-</u> |
| Loss for the financial period | <u>(102,903)</u> | <u>-</u> |
| Current assets | 17,187 | 1 |
| Current liabilities | (120,089) | - |
| Reserves | (102,902) | 1 |

THE NORTHAMPTON THEATRES TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 26 MARCH 2017

10. TANGIBLE FIXED ASSETS

| | Short and long leasehold refurbishment £ | Motor vehicles £ | Technical catering and office equipment £ | Assets under constru- ction £ | Total £ |
|----------------------------|--|------------------------|---|---|------------|
| Cost | | | | | |
| At 31 March 2016 | 12,833,317 | 49,066 | 3,136,063 | - | 16,018,446 |
| Additions | 98,522 | - | 395,528 | 520,718 | 1,014,768 |
| Transfer from WIP | - | - | - | 57,307 | 57,307 |
| Disposals | (28,548) | | (16,076) | | (44,624) |
| At 26 March 2017 | 12,903,291 | 49,066 | 3,515,515 | 578,025 | 17,045,897 |
| Depreciation | | | | | |
| At 31 March 2016 | 5,821,924 | 49,066 | 1,416,591 | - | 7,287,581 |
| Provided during the period | 639,241 | - | 188,819 | - | 828,060 |
| Disposals | (25,695) | - | (10,129) | - | (35,824) |
| At 26 March 2017 | 6,435,470 | 49,066 | 1,595,281 | - | 8,079,817 |
| Net book value | | | | | |
| At 26 March 2017 | 6,467,821 | - | 1,920,234 | 578,025 | 8,966,080 |
| At 31 March 2016 | 7,011,393 | - | 1,719,472 | - | 8,730,865 |

11. INVESTMENTS

| | 2017 £ | 2016 £ |
|---|-----------|-----------|
| Shares in subsidiary undertakings at cost | 2 | 2 |

12. STOCK

| | 2017 £ | 2016 £ |
|-------------------------------|-----------|-----------|
| Carrying value as at 26 March | 41,602 | 32,785 |
| | 41,602 | 32,785 |

Stock expensed in the period ended 26 March 2017 amounted to £356,713 (2016: £348,239)

THE NORTHAMPTON THEATRES TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 26 MARCH 2017

13. DEBTORS

| | 2017 £ | 2016 £ |
|------------------------------------|------------------|----------------|
| Amounts owed by group undertakings | 247,327 | 517,236 |
| Trade debtors | 404,262 | 91,766 |
| Other debtors | 64,505 | 60,629 |
| Prepayments and accrued income | 352,547 | 294,244 |
| | <u>1,068,641</u> | <u>963,875</u> |

14. CREDITORS: amounts falling due within one year

| | 2017 £ | 2016 £ |
|------------------------------------|------------------|------------------|
| Trade creditors | 429,897 | 181,784 |
| Amounts owed to group undertakings | 24,722 | 261,786 |
| Other creditors | 670,349 | 884,955 |
| Accruals | 214,511 | 305,770 |
| Social security and other taxes | 90,654 | 84,837 |
| Advance ticket income | 1,484,680 | 1,412,690 |
| Hire purchase agreements | 19,359 | 14,889 |
| | <u>2,934,172</u> | <u>3,146,711</u> |

Advance ticket income represents income deferred for shows and screenings which had not occurred by 26 March 2017. All income deferred at 27 March 2016 was released in the period ended 26 March 2017.

15. CREDITORS: amounts falling due after more than one year

| | 2017 £ | 2016 £ |
|--------------------------|---------------|--------------|
| Hire purchase agreements | <u>21,400</u> | <u>1,161</u> |

16. RELATED PARTY TRANSACTIONS

The parent charitable company, Northamptonshire Arts Management Trust, provides management services on behalf of the Trust. A total of £951,902 was recharged in the period ended 26 March 2017 (2016: £927,586).

Details of key management remuneration is included in note 8.

There were no other related party transactions in the periods ended 26 March 2017 or 27 March 2016.

THE NORTHAMPTON THEATRES TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 26 MARCH 2017

**17. ANALYSIS OF NET ASSETS
BETWEEN FUNDS**

| | Unrestricted Funds - General £ | Designated Funds £ | Restricted Funds £ | Total £ |
|--------------------------|---|--------------------------|--------------------------|------------------|
| Fixed assets | 3,976,593 | 4,989,490 | - | 8,966,082 |
| Current assets | 936,917 | - | 449,504 | 1,386,421 |
| Current liabilities | (2,901,190) | - | (33,063) | (2,934,172) |
| Non-current liabilities | (21,400) | - | - | (21,400) |
| Pension scheme liability | (1,991,000) | - | - | (1,991,000) |
| | <u>-</u> | <u>4,989,490</u> | <u>416,441</u> | <u>5,405,931</u> |

18. MOVEMENT OF FUNDS IN THE PERIOD

| | Balance at 28 March 2016 £ | Transfers £ | Desired balance at 28 March 2016 under Trust policy £ | Income £ | Expenditure £ | Actuarial Gains/ (losses) £ | Desired balance at 26 March 2017 under Trust policy £ | Transfers £ | Balance at 26 March 2017 £ |
|---------------------------------|-------------------------------------|----------------|--|-------------------|---------------------|--------------------------------------|--|----------------|-------------------------------------|
| Unrestricted funds - General | - | (1,813,386) | (1,813,386) | 9,827,081 | (9,781,728) | (283,000) | (2,051,033) | 2,051,033 | - |
| Designated Funds | 5,921,687 | 1,813,386 | 7,735,073 | - | (694,550) | - | 7,040,523 | (2,051,033) | 4,989,490 |
| Restricted Funds | - | - | - | 522,468 | (106,027) | - | 416,441 | - | 416,441 |
| | <u>5,921,687</u> | <u>-</u> | <u>5,921,687</u> | <u>10,349,549</u> | <u>(10,582,305)</u> | <u>(283,000)</u> | <u>5,405,931</u> | <u>-</u> | <u>5,405,931</u> |

THE NORTHAMPTON THEATRES TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 26 MARCH 2017

EXPLANATION OF FUNDS AND TRANSFERS

Restricted funds

Restricted funds received in the period represent the following:

Capital grant funding of £100,000 from Arts Council England in relation to the cinema, together with invoiced out cinema build costs of £269,856. These have been recognised in full in the period and are to be transferred to designated funds once the funding restrictions in place have been fully satisfied, which has been deemed to be the completion of the cinema build in April 2017.

Revenue grant funding of £72,176 in relation to the Changemaker project which has been recognised in full during the period. Expenditure of £25,591 has been incurred in relation to this project and allocated against this fund, leaving unspent funds of £46,585 to be carried forward in reserves to be utilised in future periods.

Advance payments to provide a specific service or activity to an entity such as a school, college or university. The Trustees have concluded that under the terms and conditions of the funding, it is only once expended that the Trust fulfils the criteria for income recognition, namely entitlement. The total amount expended and therefore recognised in the period was £80,436. Any unspent funding continues to be deferred until the recognition criteria are satisfied, and is shown as a restricted creditor in the breakdown of net assets by fund shown in note 17.

Designated funds

Designated funds represent the intentions of the trustees to build up a designated fund to reflect the value of assets acquired with restricted funding. The policy of the charity is to reflect the full value of such assets in a designated fund, which at 26 March 2017 would be £7,040,523 (2016: £7,735,073). As this would lead to a negative general fund balance, a transfer has been made in order to designate the maximum amount available to designate towards this aim.

| | |
|--|------------------|
| Opening designated fund desired under Trust policy | 7,735,073 |
| Depreciation | (694,550) |
| | <hr/> |
| Intended level of designated fund | 7,040,523 |
| Transfer to unrestricted funds | (2,051,033) |
| | <hr/> |
| Designated funds at 26 March 2017 | <u>4,989,490</u> |

In certain instances, the assets held as part of this fund must be held by the Trust for a certain period of time. However, it is the view of the trustees that the assets are not restricted at the point of purchase because the Trust intends to continue in operation for the foreseeable future and in doing so the trustees intend to use the assets for the purposes set out in the relevant funding agreements.

THE NORTHAMPTON THEATRES TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 26 MARCH 2017

19. PENSION COMMITMENTS

The charitable company is a participating member in the Northamptonshire County Council *Superannuation fund*. The assets of the scheme are administered by the pension fund Trustees in a fund independent from the funds of the charitable company. Of the total contributions to the scheme for the period ended 26 March 2017, approximately £73,000 (2016: £69,000) were borne by the parent charity, Northamptonshire Arts Management Trust.

Pension costs are assessed in accordance with the advance of a qualified actuary using the projected unit method. The most recent actuarial valuation of the scheme was at 31 March 2016. The actuary has estimated that projected contributions by the Trust will be £212,000 for the year ending 31 March 2018 (2017: £209,000).

The actuary has prepared their annual report up to 31 March 2017. The trustees have taken in to consideration the possible impact of the difference in position between the reported date of 31 March 2017 and the accounting period end of 26 March 2017. They are satisfied that the impact is immaterial and have therefore concluded that it is appropriate to incorporate the position and movement per the actuary's report as at 31 March 2017.

The principal actuarial assumptions used by the actuary were as follows:

| | 2017 | 2016 |
|---|------------|------------|
| Discount rate | 2.6% | 3.5% |
| Rate of increase in pensionable salaries | 2.7% | 2.0% |
| Rate of increase in payments | 2.4% | 2.2% |
| Life expectancy: current male pensioners who have reached pensionable age | 22.1 years | 22.3 years |
| Life expectancy: current female pensioners who have reached pensionable age | 24.2 years | 24.3 years |
| Life expectancy: future male pensioners who have reached pensionable age | 23.9 years | 24.0 years |
| Life expectancy: future female pensioners who have reached pensionable age | 26.1 years | 26.6 years |

The amounts (credited) or charged in the Statement of Financial Activities were as follows:

| | 2017 £'000 | 2016 £'000 |
|-----------------------------------|---------------|---------------|
| Actuarial (gain)/loss | 283 | (752) |
| (Credit)/charge within net income | (25) | 35 |
| | <u>258</u> | <u>(717)</u> |

THE NORTHAMPTON THEATRES TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 26 MARCH 2017

19. PENSION COMMITMENTS (Continued)

The changes in the fair value of plan assets were as follows:

| | 2017 £'000 | 2016 £'000 |
|---|-----------------------|-----------------------|
| Fair value of plan assets at 1 April | 4,330 | 4,232 |
| Interest income on plan assets | 152 | 136 |
| Employees contributions | 24 | 23 |
| Employers contributions | 157 | 148 |
| Benefits paid | (164) | (106) |
| Return on assets excluding amounts included in net interest | 979 | (103) |
| Fair value of plan assets at 31 March | <u>5,478</u> | <u>4,330</u> |

The changes in the fair value of plan liabilities were as follows:

| | 2017 £'000 | 2016 £'000 |
|---|-----------------------|-----------------------|
| Fair value of plan liabilities at 1 April | 6,063 | 6,682 |
| Current service cost | 91 | 105 |
| Interest cost on defined benefit obligation | 193 | 214 |
| Employees contributions | 24 | 23 |
| Benefits paid | (164) | (106) |
| Changes in demographic assumptions | (93) | - |
| Changes in financial assumptions | 1,084 | (740) |
| Other experience | 271 | (115) |
| Fair value of plan liabilities at 31 March | <u>7,469</u> | <u>6,063</u> |

The fair value of the plan assets and liabilities as at 31 March 2017 are as follows:

| | 2017 £'000 | 2016 £'000 |
|--------------------------------|-----------------------|-----------------------|
| Fair value of plan assets | 5,478 | 4,330 |
| Fair value of plan liabilities | (7,469) | (6,063) |
| | <u>(1,991)</u> | <u>(1,733)</u> |

THE NORTHAMPTON THEATRES TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 26 MARCH 2017

19. PENSION COMMITMENTS (Continued)

The major categories of plan assets as a percentage of plan assets were as follows:

| | 2017 £'000 | 2016 £'000 |
|----------|-----------------------------|-----------------------------|
| Equities | 74% | 70% |
| Bonds | 17% | 19% |
| Property | 7% | 9% |
| Cash | 2% | 2% |

The Trustees agreed to close the scheme to new members after 30 April 2008.

Defined contribution schemes

The charitable company began contributing to the Equity Pension Scheme (EPS) for actors and stage managers employed on short term contracts from April 2006. The charitable company contributes 3% of the actors fee if the person concerned is a member of the EPS, which is a Personal Pension approved under Chapter IV Part XIV Income & Corporation Taxes Act 1988. The charitable company also operates a Group Personal Pension Plan with Scottish Widows, administered by Johnson Fleming, which has replaced the defined benefit scheme with effect from 1 May 2008.

20. FINANCIAL COMMITMENTS

At the period end, the charitable company had total commitments under non-cancellable operating leases as follows:

| | Land and buildings | |
|----------------------------|---------------------------|-------------------|
| | 2017 | 2016 |
| | £ | £ |
| In one year or less | 60,680 | 60,680 |
| Between one and five years | 205,220 | 215,220 |
| In five years or more | 101,360 | 152,040 |
| | <u> </u> | <u> </u> |
| | Other | |
| | 2017 | 2016 |
| | £ | £ |
| In one year or less | 45,037 | 7,296 |
| Between one and five years | 95,890 | 18,701 |
| In five years or more | - | - |
| | <u> </u> | <u> </u> |

In the period ended 26 March 2017, operating lease payments of £80,007 were charged to expenses in the Statement of Financial Activities (2016: £100,095).

A significant part of the Royal & Derngate theatre occupied by the Northampton Theatre Trust Limited is provided on a rent free basis as part of Northampton Borough Council's overall support to the Trust

THE NORTHAMPTON THEATRES TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 26 MARCH 2017

21. CAPITAL COMMITMENTS

At 26 March 2017 there were capital commitments of £nil. The total commitment at the 2016 period end was £154,000, which is no longer outstanding.

22. NET CASH INFLOW FROM OPERATING ACTIVITIES

| | 2017 | 2016 |
|----------------------------------|----------------|------------------|
| | £ | £ |
| Net movement in funds | (515,757) | 635,440 |
| Interest receivable | - | - |
| Depreciation | 828,060 | 776,243 |
| Loss on disposal of fixed assets | 8,801 | - |
| (Increase)/decrease in debtors | (104,766) | (328,004) |
| Increase/(decrease) in creditors | (154,925) | 954,523 |
| Decrease/(increase) in stock | (8,817) | 10,050 |
| Movement in pension liability | 258,000 | (717,000) |
| | <u>310,599</u> | <u>1,331,252</u> |

23. FINANCIAL INSTRUMENTS

| | 2017 | 2016 |
|--|------------------|------------------|
| | £ | £ |
| Financial assets measured at amortised cost | <u>716,093</u> | <u>669,631</u> |
| Financial liabilities measured at amortised cost | <u>1,144,327</u> | <u>1,343,414</u> |

Financial assets include trade, intercompany and other debtors.

Financial liabilities include trade, intercompany, hire purchase and other creditors.

24. CONTROL

The ultimate controlling party is Northamptonshire Arts Management Trust Limited, a charitable company registered in England and Wales. Consolidated accounts for this charitable company are available from Companies House and the Charity Commission.

THE NORTHAMPTON THEATRES TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 26 MARCH 2017

25. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES (PERIOD ENDED 27 MARCH 2016)

The purpose of the note below is to show the fund-by-fund comparatives included in the Statement of Financial Activities.

| | Note | Unrestricted Funds - General £ | Designated Funds £ | Restricted Funds £ | Total 2016 £ |
|-------------------------------------|-------|---|--------------------------|--------------------------|--------------------|
| INCOME FROM | | | | | |
| Donations and legacies | 3 | 1,558,077 | - | 484,742 | 2,042,819 |
| Other trading activities | 4 | 1,008,466 | - | - | 1,008,466 |
| Charitable activities | 5 | 6,060,461 | - | - | 6,060,461 |
| Other income | | 77,436 | - | - | 77,436 |
| Total income | | 8,704,440 | - | 484,742 | 9,189,182 |
| EXPENDITURE ON | | | | | |
| Raising funds | 6 | 917,140 | - | - | 917,140 |
| Charitable activities | | | | | |
| - Produced work | 6 | 5,044,570 | - | - | 5,044,570 |
| - Presented work | 6 | 1,820,994 | - | - | 1,820,994 |
| - Creative projects | 6 | 323,660 | - | - | 323,660 |
| - Cinema | 6 | 451,065 | - | - | 451,065 |
| - Redevelopment | | - | 670,313 | - | 670,313 |
| Other – finance costs | 6, 19 | 78,000 | - | - | 78,000 |
| Total expenditure | | 8,635,429 | 670,313 | - | 9,305,742 |
| Net income/(expenditure) | | 69,011 | (670,313) | 484,742 | (116,560) |
| Actuarial (losses)/gains | 19 | 752,000 | - | - | 752,000 |
| Transfers between funds | | 1,813,386 | (1,328,644) | (484,742) | - |
| Net movement in funds | | 2,634,397 | (1,998,957) | - | 635,440 |
| TOTAL FUNDS AT 28 MARCH 2015 | | (2,634,397) | 7,920,644 | - | 5,286,247 |
| TOTAL FUNDS AT 27 MARCH 2016 | 18 | - | 5,921,687 | - | 5,921,687 |

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