

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

REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 25 MARCH 2018

Company Registered number: 3640915

Charity Registered number: 1075741

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REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 25 MARCH 2018

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REFERENCE AND ADMINISTRATIVE DETAILS

FOR THE PERIOD ENDED 25 March 2018

The Trustees present their report and consolidated financial statements for the period ended 25 March 2018.

Company Registered number: 3640915

Charity Registered number: 1075741

President/Member:

Patron – Earl Spencer
Chair – Mr S R Edmonds

Directors/Trustees/Members:

Ms J C Bloomer
Mr S R Edmonds
Cllr B Eldred
Ms F E Holloway
Ms B A Lalley
Mr R G S Martin
Ms V Miles DL – Vice-Chair
Ms H F Miller
Mr D J Murphy – retired 28 November 2017
Ms K E Roberts
Mr G Schanschieff MBE – retired 28 November 2017
Ms C S Slater
Cllr H A Smith
Cllr D V Stone
Mr C B M Wood – retired 7 February 2018

Company Secretary:

Ms J R Gordon – appointed 1 September 2018
Mr M A Sutherland – retired 1 September 2018

Key Management Personnel:

Mr R Clinton – Operations Director – resigned 8 December 2017
Mr A Bishop – Programming & Customer Experience Director
Mr J Dacre – Artistic Director
Mr C De Villiers – Operations Director – appointed 5 February 2018
Ms J Gordon – Marketing & Sales Director
Mr M A Sutherland – Chief Executive

Auditors:

haysmacintyre, 10 Queen Street Place, London, EC4R 1AG

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REFERENCE AND ADMINISTRATIVE DETAILS (continued)

FOR THE PERIOD ENDED 25 March 2018

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 Andrew Lloyd Webber Trust 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 Heart FM Lamport Hall Sir Gyles Isham Trust Leche Trust London Midland MacIntyre Hudson Marriot Hotel Northampton Michael Jones Jewellers Northampton Borough Council Northamptonshire Community Foundation Northamptonshire County Council Northamptonshire Enterprise Partnership Northampton Town Football Club Numbersmith Ltd Orchestras Live Ricoh Shoosmiths Sir Thomas White's Northampton Charity Star Digital Steffans Jewellers Tangerine Red Technical Foam Services Tool Box Group Towergate Virtual Sales Team Willowbrook Healthcare

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REPORT OF THE TRUSTEES (INCORPORATING THE STRATEGIC REPORT)

FOR THE PERIOD ENDED 25 MARCH 2018

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):

"We aim to enhance the quality of life of everyone in Northamptonshire by broadening access to excellent arts, creative learning and entertainment".

As defined within the Business Plan, refreshed in January 2018, Royal & Derngate has five principle aims:

- Growing a financially sustainable and resilient organisation
- Designing a presented programme that delivers our artistic, commercial and audience development objectives
- Producing quality theatre experiences that inspire and entertain audiences and develop artists in Northampton and beyond
- Nurturing the creativity of our community, particularly young people, including in partnership with education and arts organisations
- Improving the customer experience that we offer to encourage patron loyalty and generate increased income

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

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

FOR THE PERIOD ENDED 25 MARCH 2018

- 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
- 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 177 individuals in the year (143 in 2016/17). 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 2017/18 the Trust was supported by a dedicated team of 106 volunteers in the areas of customer service, marketing and archives. They collectively contributed 17,418 hours of volunteering to the organisation (2016/17–18,000 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 514,000 individuals in 2017/18 (compared to 475,000 in 2016/17). This is our 2nd best result in the last decade. This improved position can be linked to significantly increased cinema attendances and the growth in attendances for Made in Northampton productions on tour.

Total attendance for our live programme in Northampton was 296,000, down from 308,000 (but our 2nd best result ever). Major presented musicals, comedy and contemporary music were the most popular artforms again this year.

With an 8% increase on the previous year, more than 105,000 young people attended performances and films at Royal & Derngate in 2017/18 – equating to 28% of our local audience this year (27% in 2016/17).

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

FOR THE PERIOD ENDED 25 MARCH 2018

Total attendance in Errol Flynn Filmhouse was 82,000, up 29,000 on last year (an 55% increase); entirely attributable to the successful opening of our 2nd screen,

Participation in creative learning activity decreased by 5,000 this year; with attendances of 21,000 (compared to 26,000 in 2016/17).

This year we toured eight of our Made in Northampton productions to other theatres (compared to five in 2016/17). Consequently, more than 115,000 audience members attended productions originated in Northampton in theatres across the UK (up from 87,000 in 2016/17).

We were especially pleased that 35% of all audience members for Made in Northampton shows on tour were children and young people this year.

This year our earned income has increased by 7% to £9,173,646 from £8,569,067 in 2016/17.

Our local economic impact has increased to £28m from £26.6m, further strengthening the case we make to local stakeholders and corporate partners as they consider how to continue to support the theatres in a 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 good overhead cost controls were not good enough to counter the results in produced work (attributable to the losses on *Death of a Salesman*), the lower than expected profits in secondary areas and further grant reductions, so we reported an operating deficit of £291,195 this year.

Subsidy from Arts Council England remained at £766k (representing 7% of income compared to 9% in 2016/17) and local authority subsidy remained at £432k (representing 4% of income compared to 5% previously).

During this year we completed the building work for the second screen at Errol Flynn Filmhouse –this was the major new project, intended to improve our resilience in 2017/18. Attendances, though, were lower than hoped for with the launch of the 2nd screen, and while the cinemas actually delivered the highest levels of surplus and attendance, the final result exposes how dependent the organisation has become on ever-improving cinema results to stabilise. Growth targets related to the cinema are more modest for 2018/19 onwards, as a result.

We reviewed our succession planning risks during this year and made changes to the SMT structure accordingly. A refocussed Operations Director role enabled us to create a combined Programming and Customer Experience role, more closely aligned to the work we have been doing across the organisation to improve the welcome and increase loyalty by ticket buyers and donors. The new departments were in place by the end of 2017/18 with further changes also planned in the marketing and sales function and the development department by then.

During this year we started working with TRG, a US based consultancy specialising in working with theatres to increase customer loyalty and improve financial performance, while also being mindful of ensuring that the theatre's activities remain accessible to everyone. The financial benefits will begin to be felt within 2018/19, but in this year the Board approved additional expenditure for the consultancy work and for new team members needed to implement the recommendations from TRG, in due course.

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

FOR THE PERIOD ENDED 25 MARCH 2018

This year we refreshed our Audience Engagement Strategy, setting six objectives:

- 1) Increase frequency of attendance and loyalty
- 2) Increase numbers of new attenders
- 3) Development of attenders for non-ticketed related activity including Creative Learning
- 4) Remain committed to families being engaged with all aspects of the organisation
- 5) Improving the customer journey
- 6) Increasing access points for new audiences through improved digital content

By taking actions related to these objectives we achieved the largest ever financial surplus from the live presented programmed (£1.26m compared to £1.09m in 2016/17), enabling us to invest in an expanded marketing, sales and audience development team and to begin our collaboration with TRG this year.

We continued to provide our data to the Audience Agency, using the report they generate to assist in our audience development activity. We have also provided our data to the Audience Agency as part of our membership of the Big 13 and also British Association of Concert Halls.

We were especially pleased that 35% of all audience members for Made in Northampton shows on tour were children and young people this year. Additionally, *The Singing Mermaid* enjoyed a long run in London, reaching another 7,238 audience members. Overall, more than 115,000 audience members saw Made in Northampton productions on tour this year.

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 fourth 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 a feedback session with the Artistic Director to help shape the 2018/19 Made in Northampton season. A new Board sub-committee was also formed during this year, to support the Artistic Director develop plans and undertake a more detailed review of results and achievements.

The management team worked closely with the Board to review priorities as we developed a new four year Business Plan.

We continue to purchase our energy through the Arts Basket, where the electricity supply is from renewable sources. Our total carbon emissions result for 2017/18 was 689.1 tonnes CO₂e compared to 692.9 tonnes CO₂e in 2016/17. We also showed very good results against comparative organisations using 16kWh more electricity but 26kWh less gas and 36 000L less water. The improved result is a consequence of our continued partnership with Collingwood Lighting, who design and produce LED lighting fixtures.

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FOR THE PERIOD ENDED 25 MARCH 2018

Over the past eight years, the organisation has replaced traditional fixtures with LED technology. This has benefited the organisation through reduced demand on energy and a reduction in maintenance associated with traditional lighting fixtures. In addition, we have installed a 'Power Perfecter' that has further reduced our demand on energy. We continue to benefit from the three energy efficient compressors that replaced four low efficiency units in 2016/17. These operate under a management control system, ensuring efficient and graded operation.

In the last two years we have replaced our very old inefficient boiler system, with a new modular boiler system, and we have also refurbished our building management system to ensure greater efficiency.

We continue to develop organisational awareness of the need to care for the environment, the measures that can be taken and encourage employee involvement. With that in mind we are still reducing our waste output and minimise waste to landfill by recycling all paper waste, including shredded confidential documents, cardboard, metals, glass, plastics, suppliers packaging, and by separating organic materials for composting.

Across our production departments we have continued to assess where we have the potential to salvage set and to re-use set materials in future productions. We aim to salvage about 75% of wood and 90% of metal from Made in Northampton sets which should lead to a reduction in waste as well as materials purchased.

Programming (including cinema)

This year we reported our largest ever financial surplus from the presented programme, in excess of £1m for the 3rd consecutive year. An increased audience for our film programme is the key driver behind our success this year, with increased attendances for Made in Northampton productions reversing the decline experienced during the previous two years.

This year we welcomed 334,000 audience members to our presented programme of live shows, events and films (excluding attendances for Made in Northampton productions – see below). This compares favourably with the 271,720 who attended such events last year.

This 23% increase was achieved by presenting productions and artists such as *Mamma Mia*, *Shrek*, *Cilla*, *The Addams Family*, *Legally Blonde*, *Aladdin*, *The Play That Goes Wrong*, *RSC's Hamlet*, *Shirley Valentine*, *Rita Sue and Bob Too*, *Paul Weller*, *KT Tunstall*, *Beverley Knight*, *Matthew Bourne*, *Russell Brand*, *Derren Brown*, *Jonathan Pie*, *Joe Lycett* and *Daliso Chaponda*.

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 success, particularly linked to the opening of a second screen this year. We welcomed 82,000 audience members, compared to 53,000 last year, an increase of 55%. The introduction of the 2nd screen enabled us to remain committed to our mission to screen the best of world, independent, mainstream and documentary films and to increase the amount of community-led programming undertaken by the Filmhouse. This year, with support from the BFI Film Audience Network we launched the first Qfilm weekend – celebrating the best in LGBTQ films from around the world.

Our relationship with the University was maintained this year. We continued to host the 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. We continued to undertake recruitment activity for staff and volunteers from the University at the start of each term, to diversify our workforce.

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

FOR THE PERIOD ENDED 25 MARCH 2018

Productions, Made in Northampton

In 2017/18 we produced 27 weeks of Made in Northampton shows in Northampton (21 in 2016/17). Additionally, our production of *The Twelfth Player* was presented at Northampton Town Football club at weekends for 7 weeks.

Audiences for Made in Northampton productions in Northampton improved this year, with 43,647 attending 409 performances, up from 35,892 in 2016/17. Positive results for our Christmas shows and for *Love from a Stranger* were the key contributor to this increase.

This year nine of our Made in Northampton productions toured to other venues in reaching 115,000 audience members across the UK (compared to 87,000 in 2016/17).

Our productions in 2017/18 included a revival of Arthur Miller's *Death of a Salesman*, which was due to star Tim Piggott-Smith. Tragically Tim died during rehearsals and the run in Northampton and the touring dates were curtailed. However, Nicholas Woodeson stepped into the role, with great success, securing a UK Theatre Best Actor nomination. Other Made in Northampton productions this year included a co-production with Wardrobe Ensemble's *Education Education Education* which won a Fringe First award in Edinburgh; a national touring production of Agatha Christie's *Love from a Stranger* directed by Lucy Bailey; a revival of Sam Holcroft's *Rules for Living* in a co-production with ETT; a revival of Harold Pinter's *The Caretaker*, in a co-production with Bristol Old Vic; a co-production of *The Grapes of Wrath* in a new stage version of the classic Steinbeck novel, another partnership with Nuffield Southampton; a musically vibrant and culturally diverse production for Christmas, *The Jungle Book*, which due to our relationship with Fiery Angel enjoyed one of our longest national tours. Partnering this for Christmas was our co-production with Little Angel Theatre, an exquisite telling of Julia Donaldson's *The Singing Mermaid* story for our youngest audiences.

We continued to offer a series of post-show discussions for all Made in Northampton productions and continued to collaborate with the University of Oxford to publish a series of programme texts, which are intended to enrich the experience of our Made in Northampton audience members.

With our focus upon ensemble acting and encouraging collaboration in our Made in Northampton productions, we increased the size of our acting companies and creative teams with an average of 18 freelance artists employed on every production in The Royal. We engaged Assistant Directors on every production, employed a dozen musicians and engaged Understudies on four of our touring productions.

We remained committed to providing opportunities for community members, emerging actors and acting students to work with professional artists on productions and events including *Great Expectations*, *A Day to Remember*, *The Blue Road*, *Club Wonderland*, *Mothertongue Tales*, *Bugsy Malone*, *Lia's Guide to Winning the Lottery*, *The Crucible*, *Love Will and My Town*.

We continued to commission and support the development of new work from artists including Graeae, DC Moore, Spymonkey, Hydrocracker, Laura Lomas, Diverse City, Dancing Brick, Improbable, April De Angelis, Lucy Rivers, Maria Aberg, Joel Horwood, Talawa Theatre Company, Hubbub, Torben Betts, Toby Thompson, Melanie Spencer, Joshua Val Martin, Roy Williams, Mike Poulton, Bryony Lavery, Douglas Hodge, and Vikki Stone.

We supported trainee directors Saul Reid, Fay Lomas, Katherine Gurnos-Davies, Neil Bull, Chino Odimba and Antonia Thomas on residencies and delivered regular directing workshops to our Directors Group.

We hosted Generate, a new artist development scheme to support the creation of new work, hosting regular workshops and networking opportunities and supporting over 45 local artists to develop original work including Andy Routledge, Jo Blake-Cave, Frank Wurzinger, Warts and All, Ryan Leder, Munchkins and Monsters, Two Thirds Skye, Joshua Val Martin and Querencia Theatre Company.

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

FOR THE PERIOD ENDED 25 MARCH 2018

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.

60% of our tickets for live performances were sold at full price, with 31% being sold as concessions. 9% were complimentary, marketing related, membership benefits or access tickets for audience members with disabilities.

34% of our tickets for films were sold at full price, with 59% 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 continues to thrive, with more than 3,000 joined to the scheme (1,000 more than 2016/17) and 10% actively engaging as regular attenders this year.

We launched our new Access Ticketing Scheme this year to enable an improved welcome for all our disabled audience members.

We provided audio described, captioned and signed performances for all Made in Northampton productions and introduced Dementia Friendly screenings in the Filmhouse, including for those with early onset dementia. Our work in this area was acknowledged by the University of Northampton, as we won the inaugural Dementia Friendly organisation award. We also introduced English language subtitled screenings in the Filmhouse, to further increase access for our Hard of Hearing customers.

We continued to encourage Christmas show ticket buyers to donate £10 when finalising their transaction, providing a free ticket for a young person from a disadvantaged background to attend either Aladdin or The Jungle Book. Both Lamport Hall Trust and Northamptonshire Community Foundation agreed to match fund all that we raised during the ten-week "Unforgettable Gift" campaign.

Our Made in Northampton productions provide us with the greatest opportunity to demonstrate our commitment to diversity. In 2017/18 we achieved a 51:49 male:female gender ratio across all creative teams for our Made in Northampton productions for the second year running and commissioned 7 female writers and 3 male writers.

Of those freelance team members who provided results, 4% identified as LGBTQIA – down from 8% last year. This year just 2% of our freelance colleagues had a disability, down from 5% last in the previous year.

Our BAME representation onstage increased to 36%, including our staging of the first all BAME cast production of Harold Pinter's *The Caretaker* and a major touring production of *A Passage to India* and work with Kuljit Bhambra and Chino Odimba.

This year 5% of all our activity had a BAME focus, the same as the previous year. We increased the amount of activity aimed at our LGBTQIA audience members and participants. The increase to 5% (from 3%) was due to film programming which this year included the first Qfilm Festival.

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 January 2017 we undertook capital work in order to make our offices and meeting room accessible for wheelchair users. We collaborated with our ACE Changemaker Andrew Miller, who joined the senior management team and worked with colleagues who delivered an organisation wide training programme and make policy adjustments in order to ensure that the theatres are as accessible as possible.

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

FOR THE PERIOD ENDED 25 MARCH 2018

Creative Learning

We continued to deliver a broad range of activities for children and young people and deepened our relationships with schools through our effective partnerships.

This year we engaged with over 21,000 mainly children and young people through our Get Involved programme. This year we are reporting a reduction in the number of participations in activity devised and delivered by the Creative Learning/Arts team. In 2016/17 we undertook a number of community-focussed projects, often made possible due to additional external funding, which have not been repeated in 2017/18, including our Shakespeare Trail Community Project, the National Youth Theatre The Tempest project as well as activities for the community ensembles involved in Made in Northampton productions.

In 2017/18 we had to scale-back our Fun Palaces activities, due to lack of funding opportunities and a desire to maintain "free access" to this weekend.

This year has also seen a reduction in levels of engagement in schools at primary and college level owing to education cuts. Northampton College has increased partnership levels but are spending much more of this on show tickets than workshop provision.

We continued to collaborate with The Mighty Creatives during this year, and worked closely with them to deliver our Arts Award programme. This year we delivered 49 Discover Arts Awards, down from 51 the previous year. We also delivered 9 Bronze and 6 Silver Awards. We worked within St Andrews Healthcare throughout the year supporting young people with mental health issues achieve their Arts Awards. These will be moderated in 2018/19.

We also worked closely with the Mighty Creatives team to develop a bid to produce and tour work for children and young people with special needs. This partnership includes venues from across the East Midlands and has engendered an improved level of cooperation. The *Splash* project has recently secured Strategic Touring funding from ACE and will be realised in 2019/20.

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.

This year we have worked with five schools to achieve their Arts Mark and through us becoming an Arts Mark Partner organisation, have been able to focus our work with schools on developing bespoke delivery that supports enrichment and curriculum areas whilst aligning with Arts Mark priority areas for individual schools.

Thorplands Primary, Cedar Road Primary, Upton Meadows Primary, Cogenhoe Primary and Kings Heath Primary all developed a partnership programme that focused primarily on text-based creative learning, including attending the Under 7s Christmas show *The Singing Mermaid*, Shakespeare workshops and Key Stage 1 & 2 workshops exploring drama-inspired writing outcomes.

In addition, we designed and delivered targeted Arts Award programmes including Year 5 Discover Arts Award as part of Shakespeare Play in a Day and an after school project involving children entitled to Free School Meals, providing theatre workshops, Explore Arts Award and visits to the theatre to discuss arts careers and see *The Jungle Book* in rehearsal and performance. We also provided four professional development sessions for teachers specialising in active learning methods for Key Stage 1 Shakespeare teaching and first steps in Arts Mark development.

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

FOR THE PERIOD ENDED 25 MARCH 2018

We strive to deliver outstanding opportunities for children and young people to experience working with a range of artists and companies in order to access professional practice. This includes collaborating with Richard Alston Dance Company and Two Thirds Sky on the *Alston Inspired* initiative, Young Company working with writer Laura Lomas and regional co-commission partners on *The Blue Road*, engaging with the Royal Shakespeare Company on *Hamlet* education activities and expanding our relationship with Matthew Bourne's New Adventures through their Young Cast Talent Search.

We developed our emerging artist and community collaborations with University of Northampton Acting & Creative Practice with workshops and directing projects, enabled our Youth Theatre and Young Company groups to work with a range of professional artists and expanded of our Creative Minds Arts Project at St. Andrew's Hospital with adolescent in-patients.

Our Arts Leaders programme enabled young people to work with professional directors, an emerging playwright and local schools to develop their *Mothertongue Tales* diversity project into an education initiative engaging with 75 young people with links to 16 different countries of origin. In addition, our Assistant Practitioner Training Programme continues to provide comprehensive training opportunities for the next generation of Theatre Assistants.

We continued our relationship with the National Theatre through the Connections Festival, delivering one the largest festivals in the UK.

This year our planning to develop a free school for Northampton, a secondary school that places the cultural and creative industries at the heart of the curriculum has stalled as the Department of Education failed to confirm details of the next application before the end of the year.

Next Period 2018/19

The Trustees remain committed to delivering the vision and aims as outlined above and within the organisation's new Business Plan, which started from 2018/19.

Key projects include the delivery of an ambitious new programme of musical theatre and opera production, funded by Arts Council England as well as capital projects intended to improve the security of the building and replace the Derngate stage.

In the short term, plans to develop a Free School are on hold and the Trustees are reviewing their appetite for expanding the cinema operations elsewhere.

After more than 10 years in post, Chief Executive Martin Sutherland resigned from the organisation in August 2018. The process to find a successor got underway in summer 2018/19, with Jo Gordon, Marketing & Sales Director appointed Chief Executive from November 2018.

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 25 March 2018 we reported an operating deficit of £320,613 before actuarial gains on pension schemes of £135,000. This is in contrast to the financial year ended 26 March 2017 when we reported an operating surplus of £45,333 before actuarial losses of £283,000.

In last year's report we had communicated that we were anticipating an operating deficit in 2017/18 due to the £206,172 loss incurred on the production of *Death of a Salesman*. The pensions result was better than anticipated.

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

FOR THE PERIOD ENDED 25 MARCH 2018

This year our total income was £10,796,941 compared to £10,349,549 in 2016/17, a 4% increase.

This year we missed our financial target by incurring a larger than anticipated deficit. The Board had agreed to invest in new team members to assist with longer term sustainability, and therefore had agreed a one-year deficit budget; however the *Death of a Salesman* loss increased the end of year deficit beyond what was originally projected.

The result is particularly disappointing as it follows two surplus making years and reverses the excellent work undertaken to reduce the carried forward deficit. The result also conceals the outcome for both the presented programme and the cinema, with these areas delivering the highest profit levels ever.

The policy of the trustees is to designate the net book value of assets funded by capital grants and donations. At 25 March 2018, this would result in designated funds of £6,362,580 (compared to £7,040,523 in 2016/17). Although the charity returned an operating deficit for the year of £320,613, the impact of the positive pension scheme revaluation has resulted in an overall deficit for the year for accounting purposes of £185,613 (compared to £237,647 in 2016/17). 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 pension deficit based on the last actuarial evaluation at 25 March 2018 is £1,880,000 (compared to £1,991,000 in 2016/17).

The overall accumulated fund balance at the year-end amounted to £4,794,683 (compared to £5,405,931 in 2016/17).

Based on our cash-flow projections, 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 generates the majority of income from its own sources, with 85% of the Trust's income being earned through ticket sales, bars, café and fundraising (compared to 83% in 2016/17). The principal funder Arts Council England has confirmed the amount they will be funding during 2018/19 and for a further three year period from 2018/19. Northampton Borough Council confirmed that their grant will remain at standstill in 2018/19 and 2019/20. Northamptonshire County Council confirmed a 100% reduction in their grant funding from 2018/19. All of these figures have been included in our budget for 2018/19. 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 £265k by the end of the Business Plan period (31 March 2022). 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 is unlikely to be met during this next Business Plan period. The organisation is currently developing a revised budget for the remaining period, with a key focus on delivering an appropriate reserves level by the end of 2021/22.

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

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

FOR THE PERIOD ENDED 25 MARCH 2018

The Trust seeks donations and grants from a variety of sources but does not actively fundraise from the general public. We do not employ any third party fundraisers. However, we do seek donations from audience members and ticket buyers. No complaints have been received in respect of fundraising activity.

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. Increased investment in fundraising planned in 2019/20.
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, though losses in 2017/18 undermined progress. A four year budget was developed for 2018/19 onwards.
Vital capital fundraising unsuccessful	Developed a 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 a major 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 25 MARCH 2018

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. New Chief Executive to be in post from April 2019.
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.

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.

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.

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 NORTHAMPTON THEATRES TRUST LIMITED
(A company limited by guarantee)

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

FOR THE PERIOD ENDED 25 MARCH 2018

The directors below are members of the sub-committees as at the end of March 2018:

Finance Committee:	Ms J C Bloomer Mr S R Edmonds Cllr B Eldred Ms F E Holloway – Chair
Development Committee:	Mr R G S Martin Ms V Miles DL
Arts Committee:	Ms H F Miller Ms C S Slater
New School Committee	Mr R G S Martin Ms K E Roberts Cllr D V Stone

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 2017/18 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 25 MARCH 2018

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.

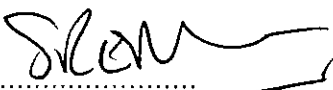
The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding 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


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Trustee

Date: 30 NOVEMBER 2018

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

Opinion

We have audited the financial statements of The Northampton Theatres Trust Limited for the period ended 25 March 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 25 March 2018 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 17, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

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

- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other Information

The trustees are responsible for the other information. The other information comprises the information included in the Report of the Trustees. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Report of the Trustees, (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Report of the Trustees have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the 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 Report of the Trustees (which incorporates the strategic report and the directors' report).

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

- adequate accounting records have not been kept by the charitable company, 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; or

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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.



Richard Weaver (Senior Statutory Auditor)
For and on behalf of haysmacintyre, Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

Date: 10 December 2018

THE NORTHAMPTON THEATRES TRUST LIMITED

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

FOR THE PERIOD ENDED 25 MARCH 2018

	Note	Unrestricted Funds - General £	Designated Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
INCOME FROM						
Grants and donations	3	1,201,848	-	421,447	1,623,295	1,780,482
Other trading activities	4	958,498	-	-	958,498	965,604
Charitable activities	5	8,007,273	-	-	8,007,273	7,412,383
Other income		207,875	-	-	207,875	191,079
Total income		10,375,494	-	421,447	10,796,941	10,349,549
EXPENDITURE ON						
Raising funds	6	745,506	-	6,193	751,699	948,472
Charitable activities						
- Presented work	6	6,434,367	-	53,456	6,487,823	6,430,059
- Produced work	6	2,395,252	-	19,899	2,415,151	1,747,777
- Creative projects	6	216,653	-	70,848	287,501	286,072
- Cinema	6	853,329	-	18,743	872,072	434,375
- Redevelopment depreciation	6	-	677,943	-	677,943	694,550
Other -- finance costs	6, 19	51,000	-	-	51,000	41,000
Total expenditure		10,696,107	677,943	169,139	11,543,189	10,582,305
Net income/(expenditure)		(320,613)	(677,943)	252,308	(746,248)	(232,757)
Actuarial gains / (losses)	19	135,000	-	-	135,000	(283,000)
Transfers between funds	18	185,613	(159,220)	(26,393)	-	-
Net movement in funds		-	(837,163)	225,915	(611,248)	(515,757)
TOTAL FUNDS AT 26 MARCH 2017	18	-	4,989,490	416,441	5,405,931	5,921,687
TOTAL FUNDS AT 25 MARCH 2018	18	-	4,152,327	642,356	4,794,683	5,405,931

As disclosed on page 12 of the report of the trustees, the charity incurred exceptional losses of £206,172 in connection with the Death of a Salesman production. Income of £315,036 and expenditure of £521,208 is included in the figures above.

The statement of financial activities has been prepared on the basis that all operations are continuing operations. The notes on pages 23 to 41 form part of these financial statements. A full comparative Statement of Financial Activities is included at note 26.

THE NORTHAMPTON THEATRES TRUST LIMITED

Company Registered Number: 3640915


Charity Registered Number: 1075741

BALANCE SHEET

AT 25 MARCH 2018

	Note	Total 2018 £	Total 2017 £
FIXED ASSETS			
Tangible assets	10	8,608,820	8,966,080
Investments	11	2	2
		<u>8,608,822</u>	<u>8,966,082</u>
CURRENT ASSETS			
Stocks	12	37,736	41,602
Debtors	13	616,395	1,068,641
Cash at bank and in hand		1,037,888	276,178
		<u>1,692,019</u>	<u>1,386,421</u>
CREDITORS: Amounts falling due within one year	14	<u>(3,626,158)</u>	<u>(2,934,172)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>(1,934,139)</u>	<u>(1,547,751)</u>
CREDITORS: amounts falling due after more than one year	15	-	(21,400)
Pension liability		<u>(1,880,000)</u>	<u>(1,991,000)</u>
NET ASSETS	17	<u><u>4,794,683</u></u>	<u><u>5,405,931</u></u>
FUNDS OF THE CHARITY			
Unrestricted funds - General	18	-	-
Designated funds	18	4,152,327	4,989,490
Restricted funds	18	642,356	416,441
TOTAL FUNDS	18	<u><u>4,794,683</u></u>	<u><u>5,405,931</u></u>

The financial statements were approved by the board of directors on 30 November 2018 and signed on its behalf by:


 Mr S R Edmonds
 Trustee

The notes on pages 23 to 41 form part of these financial statements.

THE NORTHAMPTON THEATRES TRUST LIMITED

CASH FLOW STATEMENT

FOR THE PERIOD ENDED 25 MARCH 2018

	Note	2018 £	2017 £
NET CASH PROVIDED BY OPERATING ACTIVITIES	22	1,268,414	310,599
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(485,304)	(1,072,076)
CASH FLOWS FROM FINANCING ACTIVITIES			
INVESTMENT			
Capital elements of hire purchase agreements		(21,400)	(37,377)
CHANGE IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD		761,710	(798,854)
		<u> </u>	<u> </u>
Cash and cash equivalents at the beginning of the period		276,178	1,075,032
Cash and cash equivalents at the end of the period		<u>1,037,888</u>	<u>276,178</u>

The notes on pages 23 to 41 form part of these financial statements.

THE NORTHAMPTON THEATRES TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 25 MARCH 2018

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 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 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 June 2018 is in place covering the four year period to March 2022.

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 25 MARCH 2018

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 25 MARCH 2018

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 25 MARCH 2018

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	2018 £	2017 £
Grants		
Arts Council England	766,417	766,417
Arts Council England – Capital Funding	-	100,000
Northampton Borough Council	331,776	571,682
Northamptonshire County Council	100,000	100,000
Other grants	376,632	197,335
Donations	48,470	45,048
	<u>1,623,295</u>	<u>1,780,482</u>
4. INCOME FROM OTHER TRADING ACTIVITIES	2018 £	2017 £
Café income	69,978	71,926
Bar income	594,602	589,392
Other trading activities (confectionary, programmes)	293,918	304,286
	<u>958,498</u>	<u>965,604</u>
5. INCOME FROM CHARITABLE ACTIVITIES	2018 £	2017 £
Ticket sales and auditorium fees	6,054,926	5,777,571
Cinema income	509,640	326,874
Touring and Co-Production Income	319,942	340,562
Hire of facilities	159,248	157,006
Recharges	816,914	697,355
Memberships and sponsorships	146,603	113,015
	<u>8,007,273</u>	<u>7,412,383</u>

THE NORTHAMPTON THEATRES TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 25 MARCH 2018

6. ANALYSIS OF EXPENDITURE

	Direct Costs	Overheads: Staff Costs	Overheads: Other costs	Support Costs	Total 2018
	£	£	£	£	£
Cost of raising funds:					
- Development	744	34,992	3,050	13,964	52,750
- Café & bar	303,288	167,410	43,221	185,030	698,949
Charitable activities:					
- Presented work	4,159,558	582,421	28,351	1,717,493	6,487,823
- Produced work	1,371,737	390,766	13,288	639,360	2,415,151
- Creative projects	119,203	92,189	-	76,109	287,501
- Cinema	515,267	133,733	-	223,072	872,072
Other – redevelopment depreciation	-	-	677,943	-	677,943
Other – finance costs	-	-	51,000	-	51,000
	<u>6,469,797</u>	<u>1,401,511</u>	<u>816,853</u>	<u>2,855,028</u>	<u>11,543,189</u>

Expenditure stated above includes £521,208 on the production of Death of a Salesman. As disclosed on page 12 of the Trustees' Report, this production incurred exceptional losses of £206,172 due to the death of the lead actor prior to the production starting.

PRIOR YEAR COMPARATIVE

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

THE NORTHAMPTON THEATRES TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 25 MARCH 2018

6. ANALYSIS OF EXPENDITURE (continued)

	2018 £	2017 £
Support costs consist of the following:		
Marketing	469,762	466,214
Operations	250,967	135,213
Direct support services	728,853	685,834
Central support services (NAMT)	1,003,014	951,902
Premises costs (cleaning, maintenance, utilities)	402,432	352,712
	<u>2,855,028</u>	<u>2,591,875</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 £100,451 (2017: £106,646).

7. NET MOVEMENT IN FUNDS

	2018 £	2017 £
Auditors' remuneration (net of VAT)	14,900	17,500
Auditors' non-audit fees (net of VAT)	775	750
Depreciation of fixed assets	799,756	790,998
Operating lease rentals	76,786	80,007
Loss on disposal of fixed assets	-	8,801
	<u></u>	<u></u>

THE NORTHAMPTON THEATRES TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 25 MARCH 2018

8. STAFF COSTS	2018 £	2017 £
Wages and salaries	2,158,799	2,016,593
Social security costs	122,433	123,771
Other pension costs		
- Contribution to defined benefit pension scheme	96,244	84,366
- Contribution to defined contribution pension scheme	15,392	14,641
- Actuarial adjustment for defined benefit pension scheme	(27,000)	(66,000)
Staff costs recharged from NAMT	756,591	725,793
	<u>3,122,459</u>	<u>2,899,164</u>

The average number of employees during the period was 177 (2017: 143).

No remuneration was paid during the period to any member of the Board of Directors (2017: £nil).

During the period the Trust did not reimburse any travelling expenses of the Board of Directors (2017: £nil).

In the period ended 25 March 2018, there were no employees earning in excess of £60,000 (2017: none).

The aggregate remuneration paid to key management personnel in the period ended 25 March 2018 was £285,522 (2017: £306,191). Of the total, £177,887 relates to recharges from the parent charitable company Northamptonshire Arts Management Trust in relation to members of the Senior Management Team (2017: £192,561).

THE NORTHAMPTON THEATRES TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 25 MARCH 2018

9. SUBSIDIARIES

At 25 March 2018, 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	2018 £	2017 £
Turnover	1,053,359	798,582
Cost of sales	(1,187,091)	(929,412)
Gross loss	(133,732)	(130,830)
Administrative expenses	(30)	-
Theatre Tax Relief	133,732	130,830
Interest receivable and similar income	30	-
Profit on ordinary activities after taxation	-	-
Current assets	133,899	210,969
Current liabilities	(133,898)	(210,968)
Reserves	1	1

THE NORTHAMPTON THEATRES TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 25 MARCH 2018

9. SUBSIDIARIES (continued)

Northampton Theatres Enterprises Limited

	2018	2017
	£	£
Turnover	70,902	152,548
Cost of sales	-	(72,923)
	<u>70,902</u>	<u>79,625</u>
Gross profit	70,902	79,625
Administrative expenses	(27,614)	(182,528)
Interest receivable and similar income	-	-
	<u>43,288</u>	<u>(102,903)</u>
Loss for the financial period	43,288	(102,903)
Current assets	65,137	17,187
Current liabilities	(124,751)	(120,089)
Reserves	(59,614)	(102,902)

THE NORTHAMPTON THEATRES TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 25 MARCH 2018

10. TANGIBLE FIXED ASSETS

	Short and long leasehold refurbishment £	Motor vehicles £	Technical catering and office equipment £	Assets under constru- ction £	Total £
Cost					
At 26 March 2017	12,903,291	49,066	3,515,515	578,025	17,045,897
Additions	37,658	-	116,772	330,874	485,304
Transfer from WIP	656,324	-	252,575	(908,899)	-
Disposals	(2,841)	-	(379,070)	-	(381,911)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 25 March 2018	13,594,432	49,066	3,505,794	-	17,149,290
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation					
At 26 March 2017	6,435,470	49,066	1,595,281	-	8,079,817
Charge for the year	640,147	-	202,417	-	842,564
Disposals	(2,841)	-	(379,070)	-	(381,911)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 25 March 2018	7,072,776	49,066	1,418,628	-	8,540,470
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value					
At 25 March 2018	6,521,656	-	2,743,490	-	8,608,820
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 26 March 2017	6,467,821	-	1,920,234	578,025	8,966,080
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

11. INVESTMENTS

	2018 £	2017 £
Shares in subsidiary undertakings at cost	<u>2</u>	<u>2</u>

12. STOCK

	2018 £	2017 £
Carrying value as at 25 March 2018	<u>37,736</u>	<u>41,602</u>
	<u>37,736</u>	<u>41,602</u>

Stock expensed in the period ended 25 March 2018 amounted to £352,713 (2017: £356,713)

THE NORTHAMPTON THEATRES TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 25 MARCH 2018

13. DEBTORS

	2018	2017
	£	£
Amounts owed by group undertakings	230,534	247,327
Trade debtors	154,242	404,262
Other debtors	60,466	64,505
Prepayments and accrued income	171,153	352,547
	<u>616,395</u>	<u>1,068,641</u>

14. CREDITORS: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	332,287	429,897
Amounts owed to group undertakings	-	24,722
Other creditors	920,010	670,349
Accruals	332,590	214,511
Social security and other taxes	141,030	90,654
Advance ticket income	1,878,841	1,484,680
Hire purchase agreements	21,400	19,359
	<u>3,626,158</u>	<u>2,934,172</u>

Advance ticket income represents income deferred for shows and screenings which had not occurred by 25 March 2018. All income deferred at 26 March 2017 was released in the period ended 25 March 2018.

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

	2018	2017
	£	£
Hire purchase agreements	-	21,400
	<u>-</u>	<u>21,400</u>

16. RELATED PARTY TRANSACTIONS

The parent charitable company, Northamptonshire Arts Management Trust, provides management services on behalf of the Trust. A total of £1,003,014 was recharged in the period ended 25 March 2018 (2017: £951,902).

Details of key management remuneration is included in note 8.

There were no other related party transactions in the periods ended 25 March 2018 or 26 March 2017.

THE NORTHAMPTON THEATRES TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 25 MARCH 2018

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

	Unrestricted Funds - General £	Designated Funds £	Restricted Funds £	Total 2018 £
Fixed assets	1,576,537	6,389,002	643,283	8,608,822
Current assets	1,635,133	-	56,886	1,692,019
Current liabilities	(1,331,670)	(2,236,675)	(57,813)	(3,626,158)
Non-current liabilities	-	-	-	-
Pension scheme liability	(1,880,000)	-	-	(1,880,000)
		4,152,327	642,356	4,794,683

PRIOR YEAR COMPARATIVE

	Unrestricted Funds - General £	Designated Funds £	Restricted Funds £	Total 2017 £
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)
	-	4,989,490	416,441	5,405,931

THE NORTHAMPTON THEATRES TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 25 MARCH 2018

18. MOVEMENT OF FUNDS IN THE PERIOD

	Balance at 26 March 2017	Transfers	Desired balance at 26 March 2017 under Trust policy	Income	Expenditure	Actuarial Gains/ (losses)	Desired balance at 25 March 2018 under Trust policy	Transfers	Balance at 25 March 2018
	£	£	£	£	£	£	£	£	£
Unrestricted funds – General	-	(2,051,033)	(2,051,033)	10,375,494	(10,696,107)	135,000	(2,236,646)	2,236,646	-
Designated Funds	4,989,490	2,051,033	7,040,523	-	(677,943)	-	6,362,580	(2,210,253)	4,152,327
Restricted Funds	416,441	-	416,441	421,447	(169,139)	-	668,749	(26,393)	642,356
	<u>5,405,931</u>	<u>-</u>	<u>5,405,931</u>	<u>10,796,941</u>	<u>(11,543,189)</u>	<u>135,000</u>	<u>4,794,683</u>	<u>-</u>	<u>4,794,683</u>

PRIOR YEAR COMPARATIVE

	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 25 MARCH 2018

EXPLANATION OF FUNDS AND TRANSFERS

Restricted funds

Restricted funds received in the period represent the following:

Revenue grant funding of £10,000 from Arts Council England in relation to the Ambition for Excellence Musical Theatre project. This is a three year project that will include four original productions, a festival showcasing a range of new touring musicals, a symposium focussing upon musical theatre and a variety of artist development programmes.

Invoiced Cinema build costs of £273,427. 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. This has been deemed to be the completion of the cinema build in April 2018.

Revenue grant funding of £57,741 in relation to the Changemaker project which has been recognised in full during the period. Expenditure of £88,860 has been incurred in relation to this project and allocated against this fund, leaving unspent funds of £15,466 to be carried forward in reserves to be utilised in future periods.

Revenue grant funding of £11,800 from Film Hub Midlands and BFI in relation to Cinema projects within the financial year. This was expensed in full in the period.

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 £68,479. 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 25 March 2018 would be £6,362,580 (2017: £7,040,523). 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	7,040,523
Depreciation	(677,943)
	<hr/>
Intended level of designated fund	6,362,580
Designation of restricted funds	26,393
Transfer to unrestricted funds	(2,236,646)
	<hr/>
Designated funds at 25 March 2018	<u>4,152,327</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 25 MARCH 2018

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 25 March 2018, approximately £81,000 (2017: £73,000) were borne by the parent charity, Northamptonshire Arts Management Trust.

Pension costs are assessed in accordance with the advice of a qualified actuary using the projected unit method. The most recent actuarial valuation of the scheme was at 31 March 2018. The actuary has estimated that projected contributions by the Trust will be £197,000 for the year ending 31 March 2018 (2017: £212,000).

The actuary has prepared their annual report up to 31 March 2018. The trustees have taken in to consideration the possible impact of the difference in position between the reported date of 31 March 2018 and the accounting period end of 26 March 2018. 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 2018.

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

	2018	2017
Discount rate	2.7%	2.6%
Rate of increase in pensionable salaries	2.7%	2.7%
Rate of increase in payments	2.4%	2.4%
Life expectancy: current male pensioners who have reached pensionable age	22.1 years	22.1 years
Life expectancy: current female pensioners who have reached pensionable age	24.2 years	24.2 years
Life expectancy: future male pensioners who have reached pensionable age	23.9 years	23.9 years
Life expectancy: future female pensioners who have reached pensionable age	26.1 years	26.1 years

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

	2018 £'000	2017 £'000
Actuarial (gain)/loss	(135)	283
(Credit)/charge within net income	24	(25)
	<u>(111)</u>	<u>258</u>

THE NORTHAMPTON THEATRES TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 25 MARCH 2018

19. PENSION COMMITMENTS (Continued)

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

	2018 £'000	2017 £'000
Fair value of plan assets at 1 April 2017	5,478	4,330
Interest income on plan assets	144	152
Employees contributions	26	24
Employers contributions	178	157
Benefits paid	(91)	(164)
Return on assets excluding amounts included in net interest	(28)	979
	<u>5,707</u>	<u>5,478</u>
Fair value of plan assets at 31 March 2018	<u>5,707</u>	<u>5,478</u>

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

	2018 £'000	2017 £'000
Fair value of plan liabilities at 1 April 2017	7,469	6,063
Current service cost	151	91
Interest cost on defined benefit obligation	195	193
Employees contributions	26	24
Benefits paid	(91)	(164)
Changes in demographic assumptions	-	(93)
Changes in financial assumptions	(163)	1,084
Other experience	-	271
	<u>7,587</u>	<u>7,469</u>
Fair value of plan liabilities at 31 March 2018	<u>7,587</u>	<u>7,469</u>

The fair value of the plan assets and liabilities as at 31 March 2018 are as follows:

	2018 £'000	2017 £'000
Fair value of plan assets	5,707	5,478
Fair value of plan liabilities	(7,587)	(7,469)
	<u>(1,880)</u>	<u>(1,991)</u>

THE NORTHAMPTON THEATRES TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 25 MARCH 2018

19. PENSION COMMITMENTS (Continued)

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

	2018 £'000	2017 £'000
Equities	73%	74%
Bonds	16%	17%
Property	8%	7%
Cash	3%	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	
	2018	2017
	£	£
In one year or less	60,680	60,680
Between one and five years	215,220	205,220
In five years or more	50,680	101,360
	<u> </u>	<u> </u>
	Other	
	2018	2017
	£	£
In one year or less	44,928	45,037
Between one and five years	57,255	95,890
In five years or more	-	-
	<u> </u>	<u> </u>

In the period ended 25 March 2018, operating lease payments of £80,007 were charged to expenses in the Statement of Financial Activities (2017: £80,007).

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 25 MARCH 2018

21. CAPITAL COMMITMENTS

At 25 March 2018 there were capital commitments of £nil. The total commitment at the 2017 period end was £nil.

22. NET CASH INFLOW FROM OPERATING ACTIVITIES

	2018	2017
	£	£
Net movement in funds	(611,248)	(515,757)
Interest receivable	-	-
Depreciation	842,564	828,060
Loss on disposal of fixed assets	-	8,801
(Increase)/decrease in debtors	452,246	(104,766)
Increase/(decrease) in creditors	691,986	(154,925)
Decrease/(increase) in stock	3,866	(8,817)
Movement in pension liability	(111,000)	258,000
	<u>1,268,414</u>	<u>310,599</u>

23. FINANCIAL INSTRUMENTS

	2018	2017
	£	£
Financial assets measured at amortised cost	<u>445,242</u>	<u>716,093</u>
Financial liabilities measured at amortised cost	<u>1,252,296</u>	<u>1,144,327</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 25 MARCH 2018

25. CONTINGENT ASSET & LIABILITY

In 2018 the Trust has partnered with 26 other theatres and submitted a claim to HMRC for input tax under-recovered in respect of fees paid by the Trust to visiting promoters, based on changes in case-law regarding the determination of direct and immediate link between an input and an output. The claim forms a contingent asset in the amount of £660,300 and associated fees at 15% form a contingent liability of £99,045 as at the 2018 period end. Neither have been provided for at the period end

26. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES (PERIOD ENDED 26 MARCH 2017)

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 2017 £
INCOME FROM					
Grants and donations	3	1,316,269	-	464,213	1,780,482
Other trading activities	4	965,604	-	-	965,604
Charitable activities	5	7,354,128	-	58,255	7,412,383
Other income		191,079	-	-	191,079
Total income		<u>9,827,081</u>	<u>-</u>	<u>522,468</u>	<u>10,349,549</u>
EXPENDITURE ON					
Raising funds	6	948,472	-	-	948,472
Charitable activities					
- Presented work	6	6,430,059	-	-	6,430,059
- Produced work	6	1,747,777	-	-	1,747,777
- Creative projects	6	191,245	-	94,827	286,072
- Cinema	6	423,175	-	11,200	434,375
- Redevelopment depreciation	6	-	694,550	-	694,550
Other – finance costs	6, 19	41,000	-	-	41,000
Total expenditure		<u>9,781,728</u>	<u>694,550</u>	<u>106,027</u>	<u>10,582,305</u>
Net income/(expenditure)		45,353	(694,550)	416,441	(232,757)
Actuarial (losses)/gains	19	(283,000)	-	-	(283,000)
Transfers between funds	18	<u>237,647</u>	<u>(237,647)</u>	<u>-</u>	<u>-</u>
Net movement in funds		-	(932,197)	416,441	(515,757)