

**SHAKESPEARE'S
GLOBE**

**The Shakespeare
Globe Trust**

Annual Report and Financial Statements 2018

Annual Report and Financial Statements
for the year ended 31 October 2018

Registered company number 1152238

Registered charity number 266916

Registered office:
21 New Globe Walk, London SE1 9DT

The Trustees of The Shakespeare Globe Trust ('Shakespeare's Globe', the 'Globe' or the 'Trust') present their Annual Report and Consolidated Financial Statements for the year ended 31 October 2018.

In preparing the Report, Trustees have complied with relevant legislation and best practice, including the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) or 'Charity SORP', Financial Reporting Standard 102, the Companies Act 2006 and the Charities Act 2011.

Origins and history of the Trust

In 1970 Sam Wanamaker, the American actor and director, founded The Shakespeare Globe Trust and the International Shakespeare Globe Centre with the objective of building a faithful recreation of Shakespeare's Globe theatre close to its original location on Bankside in Southwark, London.

The Trust was set up in December 1973 and was registered at that time as a charity in England and Wales (registration number 266916). Together with its subsidiary undertakings, Shakespeare Globe Trading Limited ('SGTL'), Shakespeare Globe Productions Ltd ('SGPL'), and Shakespeare's Globe NY, a company set up in the United States of America for the purposes of investing in Broadway productions originating at the Globe, together these entities under common control form the 'Group'.

TRUSTEES, EXECUTIVES AND ADVISERS

ROYAL PATRON

HRH Prince Philip, Duke of Edinburgh
KG KT OM GCVO GBE ONZ QSO AK GCL CC CMM

HONORARY PRESIDENT

Zoe Wanamaker CBE

TRUSTEES

Chair

Margaret Casely-Hayford CBE (appointed January 2018)

Deputy Chair

Iraj Ispahani

Honorary Treasurer

Daniel Witter

Alex Beard

Lord Bichard (retired February 2018)

Lord Blair of Boughton (retired February 2018)

David Butter

Dr Martin Clarke

Neil Constable (Chief Executive)

Patrick Figgis (appointed January 2019)

Lady Cynthia Hall

Dame Rachel de Souza (resigned June 2018)

Daniel Heaf

Philip Kirkpatrick

Gaurav Kripalani

Nell Leyshon

Joanna Mackle

Professor Laurie Maguire

Dame Anne Pringle

Daniel Rabinowitz (appointed March 2019)

Emma Stenning (resigned September 2018)

Jenny Topper OBE

EXECUTIVE COMMITTEE

Chief Executive

Neil Constable FGSM, CCMI

Chief Operating Officer

Ian Dixon

Director of Development

Anthony Hewitt

Director of Exhibition, Tour and Visitor Experience

Sandra Lynes-Timbrell

Director of Finance and Business Administration

David Lyon FCCA

Director of Globe Education

Patrick Spottiswoode

Director of Communications

Mark Sullivan

Artistic Director

Michelle Terry

STATUTORY AUDITORS

PricewaterhouseCoopers LLP

1 Embankment Place
London WC2N 6RH

PRINCIPAL BANKERS

Royal Bank of Scotland / Natwest PLC

280 Bishopsgate
London EC2M 4RB

LEGAL ADVISERS

Solomon Taylor & Shaw LLP

3 Coach House Yard
Hampstead High Street
London NW3 1QD

Bates Wells & Braithwaite LLP

10 Queen Street Place
London EC4R 1BE

White & Case LLP

5 Old Broad Street
London EC2N 1DW

The Shakespeare Globe Trust

(a charitable company limited by guarantee)

Registered company number 1152238

Registered charity 266916

Registered Office:

21 New Globe Walk, London SE1 9DT

Telephone

020 7902 1400

shakespearesglobe.com

info@shakespearesglobe.com

f /ShakespearesGlobe

🐦 @The_Globe

📷 @The_Globe

The Trust is a charitable company limited by guarantee incorporated in England and Wales and registered with the Charities Commission. There is no ultimate controlling entity. The principal activities of the Trust derive from theatre performances, educational workshops and exhibitions and tours. Details of the Trust's subsidiaries are set out in Note 9 to the financial statements on page 29.

Contents.

| | |
|---|-----------|
| Trustees, Executives and Advisers | 1 |
| Message from the Chair and Chief Executive | 3 |
| Trustees' Report | 5 |
| Strategic Report | 6 |
| Review of 2017/2018 – Achievements and Performance | 6 |
| Plans for 2018/2019 | 10 |
| Public Benefit | 12 |
| Financial Review | 12 |
| Structure and Governance | 15 |
| Statement of Trustees' Responsibilities | 16 |
| Independent Auditors' Report to the members of The Shakespeare Globe Trust | 18 |
| Consolidated Statement of Financial Activities | 20 |
| Balance Sheets | 21 |
| Consolidated Cash Flow Statement | 22 |
| Notes to the Financial Statements | 23 |

Message from the Chair and Chief Executive.

Our cause at Shakespeare's Globe continues to celebrate and interrogate Shakespeare's transformative impact on the world, while our two theatres allow us to experience the architectural playing conditions under which Shakespeare's plays were originally performed.

2017 / 2018 was a year of artistic leadership change and further strategic development for what is still a relatively young organisation. We saw audiences enjoy Michelle Terry's first season as Artistic Director in the Globe Theatre and the return to a theatre programme around shared light and unamplified actors.

The Globe continued its custom of offering a year-long programme of theatre performances on Bankside and on tour, combined with a programme of wide-ranging educational and cultural tourism activities, helping to make Shakespeare accessible to all and maintaining our position as the foremost destination for many first-time visitors to start a lifelong relationship with Shakespeare. 40% of tickets for the Globe Theatre season still cost only £5.

There were challenging macro-economic factors this year, including adverse domestic and overseas tourist numbers in central London and the general uncertainty around Brexit, which affected the numbers of visitors we welcomed on Bankside. Our Education activities nevertheless welcomed 139,248 students and participants and the Guided Tours received 290,405 visitors. The 2018 Globe Theatre season of 11 productions and 272 performances welcomed 364,422 theatre-goers, representing 89% of maximum capacity, with another 68,148 attending *The Winter Selection*, Emma Rice's final season of seven productions in the Sam Wanamaker Playhouse, closing in April 2018. In total, 1,005,003 people visited our two theatres, education studios and Exhibition and Tour, whilst we engaged another 4.5million digitally through our films and website.

By May 2018, it was recognised by the Executive team that the economic outlook and income levels were not as buoyant as we had expected. The annual operating plans and budgets for the second six-months of the financial year were therefore significantly revised in order to ensure that the organisation was still able to deliver a surplus budget without having to make changes to designated funds. Careful cost control and management of budgets meant we still delivered a surplus on unrestricted funds after transfers of £374,000 – funds which will be reinvested in our reserves, activities and projects for the next financial year. In developing our next five-year business plan, we will continue to determine the optimal balance between our cause-led activities and our commercial activities, including reviewing the longstanding £5 Groundling ticket price.

A first for the Globe Theatre season was the creation of a new resident Globe Ensemble who led the exploration of our working and performance practices, echoing in their own way the approach that Shakespeare's company would have taken over 400 years ago. This company explored the plays as if for the first time and brought *Hamlet* (with Michelle Terry playing the title role) and *As You Like It* to the stage. The season also included *The Two Noble Kinsmen* and a sell-out run of *Othello* with André Holland in the title role, former Artistic Director Mark Rylance as Iago, and directed by Senior Research Fellow Clare van Kampen. We also presented two newly commissioned plays: *Emilia* by Morgan Lloyd Malcolm and *Eyam* by Matt Hartley.

We aim to reflect the diversity of the UK in our work on stage and amongst our creative teams and performers. This year we achieved a 50 / 50 gender split in our acting companies and saw an increase of 5% in the Deaf and disabled audiences performing on our stages.

Farinelli and the King, first performed in the Sam Wanamaker Playhouse in 2014, written by Claire van Kampen and starring Mark Rylance as the King of Spain, enjoyed a highly successful commercial run at the Belasco Theatre on Broadway, which we commercially co-produced with Sonia Friedman Productions and Paula Marie Black. The production garnered five Tony Award nominations, including Best New Play, and for a time was the best-selling play on Broadway. *The Winter's Tale* was our second live broadcast from the Globe and was screened in over 300 cinemas across the UK, while *The Two Noble Kinsmen* and *Hamlet* were also captured on film, bringing the number of titles on the Globe Player to 68. Another small ensemble company toured 20 cities and six countries with three productions, and featured 'voters' choice' performances, offering audiences the opportunity to choose just prior to curtain-up what play out of three they wanted to see.

A number of 'One Globe' projects brought all areas of the organisation together to engage our audiences, including *Sonnet Sunday* in August, when all Shakespeare's sonnets were performed by Globe actors, alongside our volunteers, community groups and staff across the whole site. A festival

of events, including one-off performances, discussions and storytelling sessions, explored Shakespeare's response to refuge and refugees in the United Nations-led Refugee Week in June. *Shakespeare & Race*, devised in association with the Folger Library, brought international scholars to Bankside and highlighted the importance of race to the consideration of Shakespeare not only in his time, but more importantly in our own.

Our Education department had great success in widening participation, even though UK and European schools' visits were noticeably down due to ever increasing budgetary pressures and cuts to creative education. In its twelfth year, our *Playing Shakespeare with Deutsche Bank* production (of *Much Ado About Nothing*) played in March to over 24,000 students. For many, this was their first experience of a Shakespeare performance. In June, the Education team worked with 69 students from four Southwark schools and 25 adults from The People's Company, a drama group for over 25s in Southwark, to stage *As You Like It* in the Sam Wanamaker Playhouse. We also marked with a series of public events from historical, national and international viewpoints, the half-century since the Theatres Act began its official journey towards overturning censorship on the UK stage – the first time since 1737 that scripts would not need to be licensed by the Lord Chamberlain's Office.

In conjunction with activities elsewhere on Bankside, a temporary exhibition, *Othello, Shakespeare and Race*, showed the influence that the multicultural world of 17th-century Venice had on the current production in the Globe Theatre. Nevertheless, the Exhibition and Tour saw a noticeable downturn in visitors during the quieter months of the year and this decline also affected our retail and commercially earned income.

The organisation also developed behind the scenes. The launch of a new CRM system and audience database across all departments has begun to reveal new insights in understanding our audiences, visitors and supporters. It also brought about improvements in the user experience of the online booking process. A new brand and visual identity brought a new focus to the Globe's marketing activities and won a number of prestigious international awards, including a D&AD 'pencil' and two Cannes Lions.

Our People Plan objectives for the year included plans to reduce the Gender Pay Gap, new policies for Respectful Working, including a new harassment policy and clearer reporting channels, and the creation of staff-led Diversity and Inclusion forums. We also became strategic partners with PIPA (Parents in Performing Arts) and trialled new rehearsal schedules to provide better flexible working conditions for families. In order to encourage openness on the subject of mental health, we engaged staff in a programme of advice and events for Mental Health Awareness at Work, as well as recruiting our first cohort of Mental Health First Aiders. Our first apprenticeship training programme, supported by a Pathways Co-Ordinator and funding from ICAP, led to four apprentices graduating in September from the year-long programme.

The leadership team was restructured in April 2018 following the recommendations of AEA Consulting, an externally-led governance and leadership review. In response to the significant growth and scale of the organisation, the former Chief Finance and Operating Officer role was split, creating new Chief Operating Officer and Director of Finance and Business Administration roles. In addition, we created a new role of Director of Exhibition, Tour and Visitor Experience to enhance the leadership of these key front-facing visitor engagement areas. The former Senior Management / Heads of Department Team was also restructured, creating a new Senior Leadership Group. The Executive and Senior Leadership Group works more closely as part of the new Wider Leadership Group on the next five-year business plan.

Following the completion of the final integrated designs for Project Prospero, we undertook a pre-construction review with Sir Robert McAlpine Special Projects in order to minimise project risk, form a solid construction and business interruption programme and maximise cost certainty. The review recognised an increase in costs relative to the current fundraising position. In order to raise the balance of funds, Trustees agreed to delay the start of the project for not less than two years.

In January 2018 the Board of Trustees was delighted to welcome Margaret Casely-Hayford CBE as its new Chair, following the retirement of Lord Bichard, after a nine-year term. A number of Trustees also retired this year, having served their allotted times or moved from the UK, including Lord Blair, Dame Rachel de Souza and joint Deputy Chair Emma Stenning. Deputy Chair Iraj Ispahani was reappointed for a final term of one year to support the induction of our new Chair. Our independent US fundraising charity, Shakespeare Globe Centre USA, also saw Jo Weiss step down as Chair after a highly effective six years in the role. Ms Weiss was succeeded in October 2018 by current Board Director Daniel Rabinowitz.

We would like to extend our thanks to all our Trustees, volunteers and every staff member who has made this another significant year in the Globe's history. We are also hugely grateful to all our loyal supporters and partners whose generosity is crucial to our success during complex and challenging times throughout the creative industries. Although we are making some organisational and operation changes in the next financial year to ensure our future resilience and sustainability, we are confident that the Globe will continue to go from strength to strength in opening people's eyes to Shakespeare and playing a major role on the UK's cultural stage.

Margaret Casely-Hayford CBE
Chair

Neil Constable
Chief Executive

TRUSTEES' REPORT

The Trustees present their report and audited financial statements for the year ended 31 October 2018.

The information contained within the Trustees, Executives and Advisers section and the Statement of Trustees' Responsibilities form part of this report. The financial statements comply with the current statutory and regulatory requirements, including the Companies Act 2006 and Charities Act 2011, the charity's own Memorandum and Articles of Association, and the Charities' Statement of Recommended Practice (SORP) and UK Accounting Standards comprising FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

OUR CAUSE

We celebrate Shakespeare's transformative impact on the world by conducting a radical theatrical experiment.

Inspired and informed by the unique historic playing conditions of two beautiful iconic theatres our diverse programme of work harnesses the power of performance, cultivates intellectual curiosity and excites learning to make Shakespeare accessible for all.

'And let us ... on your imaginary forces work'.

Henry V, Prologue

OUR AIMS

The Charitable Aims of The Shakespeare Globe Trust, as laid down in our founding instrument are as follows:

"The Trust's primary purpose is to promote, maintain, improve and advance education, by encouraging and stimulating public appreciation and understanding of the dramatic art in all its forms, but principally in relation to the works of William Shakespeare. The Trust aims to fulfil this purpose through educational programmes, theatre performances, exhibitions and guided tours at the Globe Theatre."

Strategic Report.

Review of 2017/2018

Achievements and Performance

ONE GLOBE

We steered our transformation to 'programme as one' and continued to nurture our artistic, educational and interpretative output. We embedded our new Cause, Brand Model, Brand Visual Identity and shared Internal Values across the organisation and with our stakeholders.

GOVERNANCE & LEADERSHIP

In securing future leadership: we implemented the proposals and recommendations of the Governance & Management Leadership review with the implementation of new Executive and Senior Management Team structures and repurposed the governance arrangements of our Advisory Groups.

ARTISTIC DIRECTION

We supported the outgoing Artistic Director and the successful induction of the Artistic Director Designate as we moved through another artistic leadership transition. We ensured the new Globe Theatre lighting system delivered to the requirements of our refreshed performance practices and the development of a Conservation Management Plan.

PEOPLE PLAN

We continued implementing our over-arching Staff Engagement and Development plan including our Diversity, Inclusion & Access plans, embracing audiences, participants, visitors, volunteers, Trustees, artists and our workforce.

BUSINESS PLAN

We started to develop a new 5 – 10 Year Business Plan (2019 – 2023 / 28) that delivers to the new Cause and provides for our long-term sustainability by delivering a stronger financial surplus. We also prepared for the impact of Brexit, further external factors and changes to our international strategic priorities.

PROJECT PROSPERO

In 2018, we reached a significant stage of Project Prospero, taking the design development programme to RIBA Stage 5 and finalising our Business Interruption strategies and Higher Education Institutions and Research partnerships.

BUSINESS INTELLIGENCE

We embarked upon a significant digital infrastructure transition to support our One Globe ambition, implementing new Globe-wide CRM, website and ticketing systems, further ensuring compliance with new Data Protection statutory obligations and optimising opportunities with the Globe Player and Globe on Screen.

On Stage.

The year under review began with *The Winter Selection* in the Sam Wanamaker Playhouse, Emma Rice's final season as Artistic Director.

Romantics Anonymous was a joyous musical about romance and chocolate and was a huge hit with audiences.

The Secret Theatre was an intriguing piece of new writing exploring the dark side of political espionage.

All's Well that Ends Well was a new take on this classic which came alive in the candlelight.

The Captive Queen was a fascinating reworking of John Dryden's *Aureng-zebe*, resetting the play in a northern mill town.

The Four Seasons was a very special experience with live music and puppetry.

The Little Matchgirl and Other Happier Tales tour brought back our inventive retelling of some Hans Christian Andersen stories as a UK tour and in the Sam Wanamaker Playhouse.

The Summer season, led by our new Artistic Director, Michelle Terry, opened with *Hamlet* and *As You Like It* as the first iteration of our new Globe Ensemble, which surpassed all expectations.

The touring productions of *Twelfth Night*, *The Taming of the Shrew* and *The Merchant of Venice* tour demonstrated all that is unique about shows at the Globe. The innovative Audience Choice (where the play performed was chosen by the audience just before curtain up) was a surprise hit.

The Two Noble Kinsmen and *The Winter's Tale* struggled to find an audience in one of the hottest summers on record, but despite this enjoyed some excellent reviews.

Eyam, a commissioned piece set during an outbreak of plague in the seventeenth century struggled critically, but was a bold production that found new ways to extend the playing space.

Othello (which brought Mark Rylance back to the Globe stage to play Iago) carried the weight of expectation and managed to live up to it and exceed all targets.

Emilia was the proudest moment of the season. The production transfers to the West End in March 2019 for a limited run, opening up this acclaimed new work to a wider audience.

Love's Labour's Lost was our summer production in the Sam Wanamaker Playhouse, and was a musical box of delights as well as a true example of ensemble playing bespoke to the candlelight.

Other performance work included Refugee Week, a moving and timely tribute by the Globe (which was itself founded by a refugee), and which is only the start of a long conversation. *Sonnet Sunday* was a local, national and international celebration of Shakespeare, the Globe and the people who make it what it is, and *Voices in the Dark* was the beginning of a conversation where voices of today collude and collide with Shakespeare and truly interrogate and celebrate his transformative impact on the world.

Education and Learning.

Education sought to support Michelle Terry's first season and to extend its programme to engage audiences of all ages and nationalities from pre-school to pensioner, from Bankside to Beijing.

The Harris Foundation for Lifelong Learning enabled us to renew and refashion our 20 year-old *Our Theatre* project for Southwark. Four Southwark schools and the People's Company presented *As You Like It* in the Sam Wanamaker Playhouse having also played it to their own communities. The rehearsals were photographed by BA students from London Southbank University who created a beautiful welcoming exhibition in the Shakespeare's Globe foyer.

The *Playing Shakespeare with Deutsche Bank* production of *Much Ado About Nothing* was affected by bad weather but was still extremely popular. School closures meant that for one performance only 20 students from Birmingham turned up. The cast performed just for them.

The third *Shakespeare's Telling Tales* festival included a haunting performance of Michael Morpurgo's *The Elephant in the Garden* as well as a storytelling version of *Othello*.

Shakespeare and Censorship was a chosen theme for public events throughout the year and was supported by the Index on Censorship. It informed the choice of plays for the *Read Not Dead* series. They included *Sir Thomas More*, which also launched the Shakespeare's Globe contribution to Refugee Week.

A *Shakespeare and Race* festival was a significant contribution to the debate around representation of race in Shakespeare's plays and issues around bias and casting in productions. Professor Kim Hall (Barnard College, Columbia University) was the Sam Wanamaker Fellow. The festival attracted significant support from the Shakespeare's Globe USA Board and from the Folger Shakespeare Library. A temporary exhibition about *Othello* in performance was mounted in the Shakespeare's Globe Exhibition.

Workshops for teachers in a number of cities in China were very well received. They formed the basis of an on-going teacher training initiative and a research project to be undertaken by a professor at Beijing University.

Access.

In 2018, we undertook to dramatically increase the assistance we offered to Deaf and disabled people in our theatre programming and education events.

We saw an increase in participation in all quarters, including an increase from 0% to 5% of Deaf and disabled artists performing on our stages from 2017 to 2018.

Assisted performances for those with sensory requirements increased from 18 (2017) to 38 (2018), and the Education department's *Shakespeare's Telling Tales* literary festival was supported with sign language for the first time.

Sales for Relaxed Performances continued to be slower than for other performances, though work is going forward to build firm relationships with those groups who would benefit from such assistance.

Shakespeare's Globe still relies on external providers for much of its access provision, which currently limits the quantity of access work we can do. We had a number of minor setbacks due to the curtailed capacity of our providers throughout the year.

Investing in our Spaces.

Project Prospero is our next major capital development, realising the final stage of Sam Wanamaker's vision for Shakespeare's Globe. Our ambition is to build a vibrant new facility on the bank of the River Thames, transforming the Globe campus.

A new Library will house the Globe's unique collection of rare books, archive material and special collections, creating a dedicated repository specialising in Shakespeare in performance.

A new Exhibition will maintain a lively dialogue between performance and the historical and scholarly context in which that performance is made.

The new building will be a hub for theatrical exploration, creating a suite of rehearsal rooms onsite and world-class backstage production facilities to support the current operation.

It will provide up to six additional education studio spaces, increasing our Education offering with more Lively Action workshops, conservatory courses and Continuing Professional Development courses.

Finally, it will provide additional commercial income with new events spaces to balance the additional mission-led costs and help us to maintain our financial independence and resilience.

Stage 4 of the RIBA design process is now complete and full planning permission has been received from Southwark Council.

Since last year's report we have made great strides towards the realisation of the project with £10.4 million pledged by external funders to which the Globe has allocated £5 million of its own funds. Our heartfelt thanks are due to all who have given their support to date.

We commissioned a pre-construction review with our partners Sir Robert McAlpine. This review aimed to ensure that, as far as possible, construction will take place with a minimal impact on the Globe's ability to continue to operate and to confirm that the project was possible within the planned timeline. We were delighted that all of this was confirmed. The review also tested the build specification and sought savings through value engineering where these were available.

The Trustees and Executive have reviewed these revised plans and remain committed to the project.

Although the review reinforced the feasibility and benefits of the project, it also identified a higher total cost than had previously been anticipated. We have therefore delayed commencement of any further work until such time as we have secured the higher level of funds required. Unlike many other UK charitable arts organisations, the Globe receives no annual Government subsidy; therefore we will rely heavily on individual philanthropists and leading cultural grant-makers as well as our devoted audiences, visitors, friends, patrons and volunteers for support.

We believe that Project Prospero, the most transformative project envisaged since the creation of the Globe itself, will enable audiences, young learners, scholars and the general public to engage at all levels with the world's greatest writer.

Plans for 2018 / 2019.

Although the financial position of the Globe remains secure, the organisation faces significant financial challenges, not least the macro-economic environment. London's experience of terrorism in 2017 (with a major incident within walking distance of the Globe) combined with the uncertainty created by the prospect of Brexit have depressed footfall of British and international visitors to the South Bank. The charity finds itself at the start of the 2019 season with a much reduced surplus, reduced income from audiences and visitors, and increased costs.

Having examined a wide range of options, the Executive team took the decision that a number of income-generating and cost-saving measures should be implemented in order to secure the Globe's future financial stability. The most significant among those is the proposed closure of the current exhibition component of the Exhibition & Theatre Tour. This would include repurposing the space currently occupied by the exhibition so that it can be used for a range of alternative commercial and cause-led activities. The tours of both the Globe Theatre and Sam Wanamaker Playhouse will continue as normal. We are currently in consultation with affected staff on this proposal which is expected to complete in the near future.

ARTISTIC VISION

True to the new brand, and the desire to operate as One Globe, we will further the collaboration with all departments to embed the core values of Diversity, Equality and Access in our work.

We will continue to co-create and co-curate projects across the entire Globe site, maximising on talent, resources and expertise, to increase income, footfall and the diversity of our audiences, and thus extend the reach of all that the Globe has to offer.

With a broad and eclectic programme we aim to produce work that is provocative and entertaining in equal measure. Based around our rich, diverse and vibrant 'scepter'd isle', we will work to put ourselves at the heart of the artistic, cultural, social and political landscape with a programme that includes *Henry IV, parts 1 & 2*, (the next instalment of the history cycle begun by *Richard II* in the Sam Wanamaker Playhouse), *The Merry of Windsor*, *A Midsummer Night's Dream* and *Bartholomew Fair*. In keeping with this celebration of theatre and the theme of 'this scepter'd isle' our joyous production of *As You Like It* will return for a limited run. With festivals, events, debates and discussions, this will be as much a celebration as an interrogation of our national and multinational island, bespoke to the unique architectural playing conditions of our two theatres.

Our multinational touring ensemble will offer, as closely as possible, the unique experience that the Globe provides with three plays based around the ideas of refuge, home and belonging. We will develop our voters' choice nights and this year's audience will be able to choose from *Twelfth Night*, *The Comedy of Errors* and *Pericles*.

The ambition for a resident ensemble will have been realised; an ensemble of artists, including writers, all creating bespoke work to the players and the playhouses.

We will work towards realistic targets to ensure that Shakespeare is having a transformative impact on our local community as much as the rest of the world. This will include finding ways to engage anyone living in the borough of Southwark and the diverse communities living here.

We will continue to promote access through affordable ticket prices, making our theatres as accessible as we can.

We will maintain the already healthy relationship with More2Screen and improve on lessons learnt from live screenings in 2017 and 2018.

EDUCATION AND LEARNING

We will continue to develop work within our own borough of Southwark. Our Southwark Youth Theatre will participate in the annual *Our Theatre* production with three local school groups and an Elders Company from Southwark Playhouse. We will support the Southwark Teachers' Alliance in an important two-year project funded by Paul Hamlyn for Southwark Primary Schools and teachers.

Romeo and Juliet will be our 13th *Playing Shakespeare with Deutsche Bank* production and promises to attract over 25,000 people with 18,000 free tickets given to state secondary schools in London and Birmingham.

Outreach programmes will take our work across the world. Work with teachers in China will culminate with a conference in Beijing. The Center for Teaching Shakespeare in Diverse Classrooms will be launched at UC Davis in California.

We will build on our popular family programme of half-term and summer activities. The *Shakespeare's Telling Tales* festival will include story-telling performances of *The Merry Wives of Windsor* – a co-production with Windsor Castle Education. Our first children's book, an illustrated re-telling of *The Tempest*, will be published by Walker Books.

Our *Read Not Dead* series will stage six plays featuring Robin Hood to complement the Theatre season. A *Women and Power* festival will spotlight the work and voices of women of all backgrounds. Shakespeare and Poland will explore Poland's fascination with Shakespeare and include two world premieres.

We will mark the centenary of Sam Wanamaker's birth and the 400th anniversary of the death of the actor Richard Burbage with two programmes of special events and talks.

Our Lively Action schools programme and our undergraduate and graduate courses will continue to underpin the Education programme that will work with 140,000 people throughout the year.

ACCESS

In 2017 we experimented with training programmes in house for various forms of access provision, the use of which will be rolled out in 2019 starting with the integrated sign language performances of *Playing Shakespeare with Deutsche Bank's Romeo and Juliet*.

We also aim to triple the number of neurodivergent patrons in our database by the end of the calendar year 2019.

Alongside access work for Deaf and disabled people, we have begun a programme of training to make a more inclusive environment for transgender and gender non-binary people. Much of this will be supported by planning future capital campaign projects.

In 2019, we hope to start a dedicated project to assist young people from various socio-economic backgrounds to access Shakespeare, and to generate a group of dedicated patrons who will, through invited input, help us increase accessibility to our work.

OUR UNIQUE SPACES

In preparation for Project Prospero the Trustees and Executive have been exploring ways to ensure that the backstage production and support arrangements can be managed while the site is under development. To this end, we will seek additional offsite space for rehearsals and some other backstage operational and support spaces. We will also carry out necessary remedial work to backstage areas within the West Block to ensure continued asset life until the Prospero works can begin.

Additionally, works have been commissioned to ensure that our unique performance spaces remain safe and compliant with fire legislation, and the Trustees have sought to ensure that sufficient reserves have been put aside for asset maintenance under a quinquennial renewal.

Public Benefit.

Members of the general public, and particularly children and young people and students, benefit from the charitable activities of the Globe.

In shaping the charity's objectives the Trustees have taken into consideration the Charity Commission's guidance on Public Benefit. The Globe receives no direct funding from government and is therefore reliant on income from fees and charges in respect of its charitable activities, grants and donations, and from ancillary income, as well as from gift aid contributions from its trading subsidiary to cover its operating costs and provide the necessary funding for future development.

The Globe's ticket pricing strategy reflects this strategy and the aim of enabling all members of the public, irrespective of means, the opportunity to attend theatrical performances and benefit from educational activities. There has been no change to the price of £5 for standing tickets since our opening over 20 years ago.

Financial Review.

A surplus of £820k (2017: £1,408k) was achieved for the year, which was a decrease of £588k on the previous year.

The past two years have been challenging for the Globe; there has been a falling off of sales of tickets for theatrical performances, and this reduction in surplus is reflective of this trend. We believe that much of this falling off is attributable to macro-economic uncertainty due to the UK's upcoming departure from the European Union. The terrorist attacks at London Bridge in 2017 also affected numbers of overseas visitors.

INCOME

The Globe is funded from a variety of sources and receives no public subsidy. Total income for the year was £24,176k (2017: £24,605k), of which £22,756k (2017: £22,516k) was unrestricted.

The majority of our income during 2017 / 18 was from our charitable activities (£18,583k; 2017: £18,347k), predominantly income from theatre and performance (£12,694k; 2017: £12,877k) but also income from our Exhibition and Tour (£3,057k; 2017: £3,168k) and income from our Education activities (£2,832k; 2017: £2,302k).

A further £3,533k (2017: £3,509k) derived from trading both in our shop and as a contribution from our catering partner, Swan, Shakespeare's Globe.

We also receive substantial funding, restricted and unrestricted, through our membership programme and other fundraising activities (£1,928k; 2017: £2,732k).

EXPENDITURE

Total expenditure was £23,409k (2017: £23,197k).

Unrestricted expenditure was £22,769k (2017: £22,118k) meaning that an unrestricted deficit of £13k was generated before unrealised gains and transfers. Net transfers of £334k were made into the unrestricted fund, and an unrealised gain on cash balances held in foreign currencies of £53k were also recorded, meaning that a net increase of £374k was recorded in unrestricted reserves at year end. Details of movements in restricted and unrestricted fund balances are shown in note 13 to the financial statements.

BALANCE SHEET

Despite trends in reducing income and increasing expenditure which is placing pressure on unrestricted reserves, the assets and liabilities of the Group remain largely unchanged. The net book value of the Group's physical estate remains largely unchanged at £30,150k (2017: £31,206k) with variations largely due to ongoing depreciation. Debtors have decreased slightly to £2,156k (2017: £2,637k) but cash balances have increased by £2,440k.

RESERVES POLICY

The Globe adopts a risk-based approach to setting a minimum level of free reserves which the Trustees consider to be appropriate to maintain at any time. Factors taken into account include working capital requirements, budgets, cash flow forecasts, long term financial plans, key risks, the timing of major incoming and outgoing cash flows, cash flows not included in the budget process and estimated wind-up costs.

The Globe aspires to having reserves that would cover three to six months of expenditure. The current reserves cover is 1.5 months. The value of free reserves at 31 October 2018 was £2.4m (2017: £2.3m).

In addition to the unrestricted reserves as detailed above, the Globe holds designated cash reserves of £8.5 million (2017: £7.5 million) for the following purposes:

- Preservation of the Theatre Fund (£3.8m) set aside for estimated building maintenance expenditure and emergency facilities for uninsured and unforeseen events.
- Prospero Fund (£3.1m).
- Artistic Support Fund (£292k) to provide against risks associated with commissioning, developing and programming new work.
- Film fund (£7k) towards the Globe's commitment to filming and investing in digital performance archives.
- Remedial works fund (£800k) created by Trustees to enable the Globe to maintain its buildings pending implementation of the Prospero project and to provide additional working space.
- £525k is set aside to meet the costs of strategic projects across the Globe's estate and activities.

For this reason the Trustees are satisfied that sufficient reserves are being held; should they be required designated reserves could be released by the Trustees to meet an additional 1.5 months of expenditure.

INVESTMENT POLICY

The Globe's primary objective with regard to its funds is to preserve the capital value, and has always interpreted this by holding all of its reserves in bank deposits. In June 2018 the Board amended its approach to capital preservation, understanding that with inflation running at a higher rate than cash deposit interest rates, capital value will be eroded unless steps are taken to match the erosion with capital growth.

Trustees therefore took the decision to invest a proportion of these cash balances in lower risk investments with the aim to preserve the value of reserves. The investments had not been made at the balance sheet date. Throughout the year all such balances were held as bank deposits.

FUNDRAISING

We raise a small percentage of our funds from the public and our aim is always to ensure we do this in a respectful and compelling way that is consistent with our values.

The Trust is a member of the Fundraising Regulator and supports its purpose and activities. All fundraising conducted on behalf of the Globe, whether by committees, volunteers or staff must comply with the Fundraising Regulator's Code of Fundraising Practice and all relevant legislation.

The Trust does not engage in unsolicited approaches to the public, whether by use of external agencies or otherwise for the purposes of raising funds. Donation boxes are present throughout the site but the public are not solicited for donations.

INTERNAL CONTROL AND RISK MANAGEMENT

Trustees are responsible for ensuring that the Globe has effective systems to identify, manage and control risks across the organisation. The primary tool of risk management is the risk register, which records and assesses all significant risks, controls and other measures in place to mitigate those risks, and ensures that those measures are effective.

The Trustees review the Globe's risk register in full once each year, and, in addition, will review significant risks on a regular basis either as full board or in committees. Within these reviews they will ensure that any internal controls are commensurate, economic and effective.

The Trustees are satisfied that appropriate risk management and internal control systems are in place.

PRINCIPAL RISKS AND UNCERTAINTIES

The Globe faces the following principal risks and challenges:

- Ensuring an appropriate balance between the creative and educational objectives on the one hand, and commercial viability and sustainability on the other hand, particularly in the absence of any government subsidy.
- Ensuring that surpluses generated from operations and fundraising are sufficient to fund the operating assets (human and physical) of the Globe.
- Risks associated with the proposed closure of the Exhibition in terms of feasibility, human resource and reputation.
- Securing funding for Project Prospero, given the highly competitive fundraising environment; retaining existing pledges and securing new pledges in the light of the extended timeline and increase in total cost.
- Identifying temporary and permanent additional working space to host our programmes of work and support staff: including additional rehearsal, education and general office space.
- The decision of the United Kingdom to leave the European Union will have far-reaching and, as yet, uncertain impacts on our ability to attract audiences and other visitors, and to secure the services of a diverse and engaging staff team.

THE GLOBE'S PEOPLE AGENDA

The Globe remains committed to its people agenda, initiated in 2017, which aims to establish a clear employer brand at the Globe and continue to make the Globe a great place to work. To this end we changed our payroll provider during the year and improved privacy arrangements around the sharing of payroll data with our staff.

We also began to review our internal policies in order to ensure that they are appropriate, and cover as completely as possible the breadth of experience at the Globe.

We continue to convene our Staff Consultative Group which meets several times each year to discuss matters that impact on our people. Publication of our Gender Pay Gap figures led to the creation of More Space forums, which gave an opportunity for staff to reflect on the perception and reality of the experience of women seeking advancement at the Globe. We also started to train all staff, starting with the Executive team on unconscious bias.

PAY POLICY FOR SENIOR STAFF

The Executive Committee comprise the key management personnel of the Globe in charge of directing and controlling, running and operating the Globe on a day to day basis.

The pay of senior staff is reviewed annually and normally increased in accordance with average earnings. Pay levels have been benchmarked against similar roles in other organisations with a view to remunerate at the median rate for comparable roles. Pay proposals are presented to and agreed by the Remuneration and Human Resources Committee.

TRANSACTIONS INVOLVING TRUSTEES

Trustees declare any and all actual and potential conflicts of interest and duty and these are held as a matter of record. An annual declaration is made in accordance with the Conflicts Policy adopted by the Board in 2009. Furthermore, each Board agenda includes an opportunity for Trustees to declare any conflicts in connection with items to be discussed or resolved.

No Trustee had a material interest in any contract or matter of significance to the Globe's business during the period or subsequently; immaterial interests are detailed in Note 18 to the financial statements.

VOLUNTEERS

A significant contribution was made from volunteers during the year, enabling the Globe to carry out its activities. Most of this volunteer resource derived from a pool of nearly 700 enthusiastic and dedicated volunteer stewards who provided essential house management support throughout both theatre seasons and at other public events from time to time, as well as offering time to support the Education department and our Archives.

Volunteers have given 67,000 hours of their time over the whole organisation. Over the summer season each steward volunteered an average of 15.4 shows.

Other volunteers worked on the Friends' desk in the foyer, helping to accept donations from tour groups and other visitors across the year.

We would like to extend our heartfelt thanks to all volunteers who helped the Globe achieve its objectives this year.

EMPLOYMENT OF DISABLED PERSONS AND DISABILITY AWARENESS

The Globe will consider all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned. If an existing employee becomes disabled every effort is made to ensure continued employment at the Globe. The Globe's policy is to provide training, career development and opportunities for promotion in a manner identical to those for other employees.

The Globe seeks to achieve the objectives set down in the Equality Act 2010 and regularly reviews its operational policies and procedures to ensure that equality of access to the Globe's facilities and services is offered to each individual, in accordance with legislation and best practice, and in the furtherance of the Globe's aims to be accessible, open and welcoming to people from all sections of society.

Structure and Governance.

LEGAL STATUS

The Shakespeare Globe Trust is a company limited by guarantee governed by its Memorandum and Articles of Association dated December 1973, and amended most recently in 2016. The guarantee is an amount not exceeding £10 for each member. There were 16 members as at 31 October 2018 (2017:19).

The Trustees have due regard to the Charity Commission's guidance on public benefit when exercising their powers and duties to which that guidance refers, and take the view that the contents of this Report demonstrate that its requirements are met.

TRUSTEES AND DIRECTORS

Trustees, who are directors under company law, are elected by the Board. The Trustees have control of and responsibility for the affairs of the Globe. The Trustee Board comprises the Chair, the Chief Executive and other Trustees.

RECRUITMENT AND APPOINTMENT OF TRUSTEES

Trustees are recruited through the operation of the Nominations Committee. This Committee acts on guidelines agreed by the Board and aims to ensure that the Board and its committees represent an appropriate mix of skills, experience, background and diversity relevant to the scope of activities carried on by the Trust. The Committee also seeks to ensure continuity of these attributes in the light of Trustee retirement and oversees succession arrangements. The committee recruits and selects potential Trustees and recommends candidates for appointment by the Board.

TRUSTEE INDUCTION AND TRAINING

The Nominations Committee also oversees induction for new Trustees and training across the whole Board, based on individual and group need. On appointment each new Trustee receives an induction pack and is briefed by the Chair, Chief Executive and members of the Executive Committee. They are also given an opportunity to tour the Globe site and observe its activities.

THE BOARD AND ITS COMMITTEES

There are four Trustee Board Committees: The Chair Committee, the Nominations Committee, the Remuneration and Human Resources Committee and the Audit and Risk Committee. The Chair of each Committee is a Trustee who reports to the Trustee Board on that Committee's activities.

Chair Committee

The function of this committee is to oversee the business of the Globe between meetings of the Board, in accordance with principles, policies and decisions as laid down by the Board. All major decisions particularly with regard to major financial matters are reserved to the Board. The Committee is chaired by the Chair of the Board and includes the Deputy Chair, Chairs of other committees and other Trustees as required by the Chair from time to time.

Nominations Committee

This Committee is chaired by the Deputy Chair and includes two other members of the Board. The purpose of the Nominations Committee is:

- (i) To review the size, structure and composition of the Board and its committees
- (ii) To identify and nominate candidates for the Board and Board committees having regard to the Globe's need for a requisite set of skills expertise and diversity as well as to fill vacancies and have regard to succession
- (iii) To put forward candidates to the Board for approval

Remuneration and Human Resources Committee

Considers remuneration strategy, policies, structure and other issues regarding the workforce, particularly with regard to the Executive Committee and senior staff, and advise the Board accordingly. The committee is chaired by the Deputy Chair and includes two other members of the Board. The committee met twice in 2017 / 18 (2016 / 17: 2)

Audit and Risk Committee

This committee has special responsibility to review, assess and monitor the risks to which the Globe is exposed; and to ensure that the organisation has a robust framework of internal controls in place to minimise the occurrence and impact of adverse events arising from those risks, and ensuring that

these controls are operating effectively. This committee is also responsible for the production of the Trustees' Annual Report and Financial Statements as well as overseeing the relationship with the Globe's external auditors.

The Committee is chaired by the Honorary Treasurer and membership includes at least three other members of the Board. Meetings of the Committee are usually attended by the Chief Executive, the Chief Operating Officer, the Director of Finance and Business Administration and from time to time the external auditor by invitation. The Committee met three times during 2017 / 18 (2016 / 17: 3).

OTHER COMMITTEES

The Development Committee assists the Trustees in developing strategies for fundraising and aid their implementation, particularly with regard to the Globe's capital strategy. Advisory Committees provide advice on Creative Programming, Architectural Research, Higher Education and International Relations.

There is also an independent US charity, Shakespeare Globe Centre USA, that supports fundraising activities in the USA.

EXECUTIVE MANAGEMENT

Executive management of the Globe is delegated to the Chief Executive who is accountable to the Trustees. He holds all powers not expressly reserved to the Board or delegated by the Board to committees and these powers may be exercised on his behalf by such members of staff as he determines. He convenes an Executive Committee which deals with strategic, financial and operational decision-making and receives reports from representatives of the Globe's operations. This committee is not a formal committee of the Board.

The Executive Committee met 17 times in 2017 / 18 (2016 / 17: 24).

GLOBE COUNCIL

The purpose of the Council is to serve as an advisory group for the Trustees with respect to the overall strategies and activities of the Globe and is chaired by the Chair of Trustees.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of The Shakespeare Globe Trust for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with applicable law and regulation.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the group for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (2015);
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards, comprising FRS 102, 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 Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

QUALIFYING THIRD PARTY INDEMNITY

The Articles of Association provide the directors with a qualifying third party indemnity which was in force throughout the period. The indemnity remains in force at the date of approval of this report and the financial statements.

AUDITORS

PricewaterhouseCoopers LLP have indicated their willingness to continue in office as statutory auditors to The Shakespeare Globe Trust and its subsidiaries, and it is the intention of the Trustees that they do so.

INFORMATION PROVIDED TO THE AUDITORS

The Trustees who held office at the date of approval of this Trustees' report confirm, so far as they are aware, there is no relevant audit information of which the group's auditors are unaware and each Trustee has taken all the steps that he or she ought to have taken as a Trustee to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

APPROVAL AND SIGNATURE

This Trustees' Report (including the Strategic Report) as set out on pages 5 to 17 was approved by the Trustees and signed on their behalf by:

Margaret Casely-Hayford CBE
Chair

Date 30 April 2019

INDEPENDENT AUDITORS' REPORT

To the Members of The Shakespeare Globe Trust

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, The Shakespeare Globe Trust's group financial statements and parent charitable company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 October 2018 and of the group's incoming resources and application of resources, including its income and expenditure, and of the group's cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheets as at 31 October 2018; the consolidated statement of financial activities and the consolidated cash flow statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and parent 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and parent company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to

evaluate all of the potential implications on the group's and parent charitable company's activities, beneficiaries, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Trustees' Report

In our opinion, based on the work undertaken in the course of the audit the information given in the Trustees' Report, including the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Strategic Report and the Trustees' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Trustees' Report. We have nothing to report in this respect.

Responsibilities for the financial statements and the audit

Responsibilities of the trustees for the financial statements

As explained more fully in the Statement of Trustees' Responsibilities set out on page 16, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING**Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent charitable company or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Andrew Lowe (Senior Statutory Auditor) LLP

For and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
London

30 April 2019

Year ended 31 October 2018

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

| | | 2018 | | | 2017 | | |
|--|------|---------------|--------------|---------------|---------------|--------------|---------------|
| | NOTE | £000 | £000 | £000 | £000 | £000 | £000 |
| | | Unrestricted | Restricted | Total Funds | Unrestricted | Restricted | Total Funds |
| Income from: | | | | | | | |
| Donations and legacies | 2 | 957 | 971 | 1,928 | 643 | 2,089 | 2,732 |
| Other trading activities | 3 | 3,533 | – | 3,533 | 3,509 | – | 3,509 |
| Charitable activities | 4 | 18,134 | 449 | 18,583 | 18,347 | – | 18,347 |
| Interest receivable | | 132 | – | 132 | 17 | – | 17 |
| Total income | | 22,756 | 1,420 | 24,176 | 22,516 | 2,089 | 24,605 |
| Expenditure on: | | | | | | | |
| Raising funds | 5 | 688 | – | 688 | 755 | – | 755 |
| Other trading activities | 5 | 2,118 | – | 2,118 | 2,251 | – | 2,251 |
| Charitable activities | 5 | 19,963 | 640 | 20,603 | 19,112 | 1,079 | 20,191 |
| Total expenditure | | 22,769 | 640 | 23,409 | 22,118 | 1,079 | 23,197 |
| Unrealised foreign exchange gains | | 53 | – | 53 | – | – | – |
| Net income before transfers | | 40 | 780 | 820 | 398 | 1,010 | 1,408 |
| Transfers between funds | 13 | 334 | (334) | – | (130) | 130 | – |
| Net movement in funds | | 374 | 446 | 820 | 268 | 1,140 | 1,408 |
| Accumulated funds brought forward at 1 November | | 35,237 | 8,186 | 43,423 | 34,969 | 7,046 | 42,015 |
| Accumulated funds carried forward at 31 October | 13 | 35,611 | 8,632 | 44,243 | 35,237 | 8,186 | 43,423 |

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above. There is no difference between the Statement of Financial Activities and the Income and Expenditure Account and therefore a separate statement of recognised gains and losses has not been prepared.

The notes on pages 23 to 36 form part of these financial statements.

As at 31 October 2018

BALANCE SHEETS

| | NOTE | Group | | Charity | |
|--|------|----------------|---------|----------------|---------------|
| | | 2018 | 2017 | 2018 | 2017 |
| | | £000 | £000 | £000 | £000 |
| Fixed assets | | | | | |
| Tangible fixed assets | 8 | 30,150 | 31,206 | 30,150 | 31,206 |
| Current assets | | | | | |
| Stocks | | 227 | 225 | – | – |
| Short term investments | 9 | – | 184 | – | 184 |
| Debtors | 10 | 2,156 | 2,637 | 5,668 | 5,993 |
| Cash at bank and in hand | | 14,808 | 12,368 | 11,209 | 8,731 |
| Total current assets | | 17,191 | 15,414 | 16,877 | 14,908 |
| Current liabilities | | | | | |
| Creditors: amounts falling due within one year | 11 | (3,098) | (3,197) | (2,937) | (2,837) |
| Net current assets | | 14,093 | 12,217 | 13,940 | 12,071 |
| Total assets less current liabilities | | 44,243 | 43,423 | 44,090 | 43,277 |
| Creditors: amounts falling due after one year | 12 | – | – | (3,481) | (3,481) |
| Total net assets | | 44,243 | 43,423 | 40,609 | 39,796 |

| | | | | | |
|---------------------------------|----|---------------|---------------|---------------|---------------|
| Funds of the charity | | | | | |
| Unrestricted funds | 13 | 2,376 | 2,323 | – | – |
| Designated funds | 13 | 8,539 | 7,518 | 7,451 | 6,384 |
| Fixed asset reserve | 13 | 24,526 | 25,226 | 24,526 | 25,226 |
| Capital redemption reserve | 13 | 170 | 170 | – | – |
| Total unrestricted funds | | 35,611 | 35,237 | 31,977 | 31,610 |
| Restricted income funds | 13 | 8,632 | 8,186 | 8,632 | 8,186 |
| Total charity funds | | 44,243 | 43,423 | 40,609 | 39,796 |

The notes on pages 23 to 36 form part of these financial statements. The Trust's net income was £813k (2017: £1,408k).

These financial statements were approved by the Trustees and signed on their behalf by

Daniel Witter
Treasurer

Date 30 April 2019

Year ended 31 October 2018

CONSOLIDATED CASH FLOW STATEMENT

| | NOTE | 2018 £000 | 2017 £000 |
|--|------|---------------|----------------|
| Net cash inflow from operating activities | 17 | 2,749 | 3,135 |
| Cash flows from investing activities | | | |
| Interest received | | 132 | 17 |
| Purchases of tangible fixed assets | 8 | (678) | (1,138) |
| Purchases of short term investments | 9 | – | (184) |
| Disposal of short term investments | 9 | 184 | – |
| Net cash utilised by investing activities | | (362) | (1,322) |
| Net increase in cash and cash equivalents | | 2,387 | 1,830 |
| Cash and cash equivalents at beginning of year | | 12,368 | 10,538 |
| Effect of unrealised foreign exchange gains | | 53 | – |
| Cash and cash equivalents at end of year | | 14,808 | 12,368 |
| Cash and cash equivalents comprise: | | | |
| Cash at bank and in hand | | 14,808 | 12,368 |

The notes on pages 23 to 36 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

The following principal accounting policies have been applied consistently in respect of all material items within the financial statements:

1.1 General information

The consolidated financial statements incorporate the results and financial position of The Shakespeare Globe Trust (the 'Trust') and its subsidiary undertakings. The consolidated entity is referred to as the 'Group'.

The Trust is a charitable company limited by guarantee and is incorporated in England. The Trust's registered office is: 21 New Globe Walk, London, SE1 9DT

1.2 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 financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), as well as the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Charities Act 2011.

The financial statements have been prepared in accordance with the historical cost convention. The financial statements have been prepared on a going concern basis. The Trust is a public benefit entity.

1.3 Basis of consolidation

All subsidiaries (which are all beneficially owned and controlled) have been consolidated on a line by line basis. Intra-group transactions, profits and balances have been eliminated on consolidation. No separate Statement of Financial Activities has been prepared for the Trust as permitted by s408 of the Companies Act 2006.

1.4 Cash flow statement

The Group prepares a consolidated cash flow statement and the consolidated financial statements in which the Trust's results are included, are available to the public. The Charity has therefore taken advantage of the exemption conferred by FRS102 not to prepare a separate cash flow statement for the Trust.

1.5 Reserves and fund structure

Unrestricted funds comprise accumulated surpluses on general funds which the Trustees are free to use for any purpose in furtherance of the Trust's charitable objectives.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. Amounts are transferred between designated and unrestricted funds as determined by the Trustees.

Restricted funds are monies or other assets which are to be used in accordance with specific restrictions imposed by donors or grantmakers or which have been given to the Trust for particular purposes.

A transfer between funds takes place where there is a deficit on a restricted fund and the shortfall is met from unrestricted funds. When all or part of a restriction on the use of a fund no longer applies, then the funds are transferred to unrestricted funds (see Note 13).

1.6 Income

Donation and grant income is recognised when the Group has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably. Where a donor specifies that income must be used in a specific manner, but does not imply a performance condition, then the income is recognised as restricted income.

For legacies entitlement is taken as the earlier of the date on which either the Group is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) that a distribution will be made, or when a distribution is received. Receipt of a legacy in whole or in part is considered to be probable when the amount due can be measured reliably and the Group has been notified of the executor's intention to make a distribution. Where legacies have been notified to the Group or the Group is aware of the granting of probate, and the criteria for income recognition have not been met, the legacy is treated as a contingent asset and disclosed but not accrued if material.

Retail income is recognised when sales take place.

Theatre box office income is recognised when performances have taken place. Income received in advance of a theatrical performance or provision of other specified service is deferred until the criteria for income recognition are met. Tickets income for visits to the exhibition and tours is recognised when the ticketholder visits the Globe. Education income is recognised when the education event takes place.

All other income is recognised on the accruals basis, once there is reasonable probability of receipt and the amount can be measured reliably.

1.7 Expenditure

Expenditure is recognised on the accruals basis as a liability is incurred.

Irrecoverable VAT is included within expenditure or capitalised as appropriate.

Costs of raising funds include the salaries and direct expenditure of staff whose primary function is to raise funds.

Support costs include central functions and have been allocated to activities on bases consistent with the utilisation of those resources by the various operations of the Group. Buildings-related expenditure has been allocated based on comparative square footage occupied; administration and equipment related expenditure has been allocated based on comparative staff costs of each function; indirect marketing costs have been apportioned in line with each area's marketing budget; and visitor experience costs have been allocated based on footfall.

1.8 Pensions

The Group offers an autoenrolment defined contribution pension scheme to all its employees and additionally offers alternative defined contribution scheme arrangements to eligible employees. The amounts charged to the Consolidated Statement of Financial Activities represent the total of contributions payable in respect of these schemes during the year. As such they represent the total cost to the Group of such arrangements.

1.9 Transactions in foreign currencies

The Group's functional and presentational currency is GB pounds sterling. Transactions in other currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities held in other currencies and existing at year end are translated using the rate prevailing at the balance sheet date, and any resulting gains or losses on those balances are shown as income or expenditure in the Consolidated Statement of Financial Activities.

1.10 Tangible fixed assets

The Group's long leasehold theatres and offices at New Globe Walk and the freehold property at Bear Gardens are held at cost and depreciated on a straight-line basis over 50 years. Land where held is not depreciated.

Short leasehold properties held by the Group are accounted for as operating leases, but any initial or other major expenditure on improvements is capitalised and written off on a straight line basis less residual value over the remaining life of any lease arrangements (subject to a maximum term of 50 years).

Group policy is to capitalise equipment with a value of £5k or more.

Assets subject to a period of construction are depreciated from the date they are brought into operational use. Other tangible fixed assets are depreciated on a straight line basis less residual value over their estimated useful life as follows:

| | |
|--------------------------------|--------------------|
| Freehold buildings | – 2% per annum |
| Leasehold buildings | – 2% per annum |
| Leasehold improvements | – 10% per annum |
| Leasehold plant and machinery | – 5–25% per annum |
| Computer equipment | – 25% per annum |
| Fixtures and fittings | – 25% per annum |
| Exhibition & theatre artefacts | – 10–25% per annum |

The carrying value of fixed assets is reviewed each year for indicators of impairment. Where there is a material difference between the net book value and the recoverable amount (being the higher of the value in use or disposal value) an impairment charge reduces the carrying value to the lower of net book value and recoverable amount.

1.11 Capital works – assets under construction

Expenditure in relation to work in progress capital projects is capitalised only where the likelihood of the asset's eventual construction and utilisation is probable. No depreciation is charged until the asset is brought into operational use.

Management reviews costs capitalised in this way and considers carefully any indicators of impairment such as changes to the scope of works and expected future service potential of assets under construction.

1.12 Stocks

Valuation of stock for resale, primarily comprising books and gifts, is determined using the first in first out method and stocks are stated at the lower of cost and net realisable value.

1.13 Taxation

The Shakespeare Globe Trust is a charity within the meaning of Paragraph 1 Schedule 6 Finance Act 2010. Accordingly, it is exempt from taxation in respect of income or chargeable gains within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 and Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied exclusively to charitable purposes.

Trading subsidiaries provide for tax at amounts expected to be paid or recovered using tax rates and laws that have been enacted or substantially enacted at the balance sheet date. The Trust's UK trading subsidiaries pay any taxable profits to the Trust under Gift Aid.

The Trust is a culturally exempt organisation under Schedule 9 of the VAT Act 1994 and during the year VAT returns have been submitted on a culturally exempt basis. Irrecoverable VAT is charged against the cost of operational or support activities as incurred. Irrecoverable VAT on capital expenditure has been capitalised and will be written off over the life of the associated fixed assets.

1.14 Cash at bank and in hand

Cash at bank and in hand includes short term deposits held at banks with original maturities of three months or less.

1.15 Operating leases and leased assets

Rental charges applicable to operating leases are charged to the Consolidated Statement of Financial Activities on an accruals basis.

1.16 Investments

Investments in subsidiary companies are shown at cost in the Trust, less provisions where appropriate.

1.17 Financial Instruments

The Group holds financial assets and liabilities that qualify as basic financial instruments. These are recognised at transaction value on acquisition and subsequently measured at cost less impairment where applicable. The Group does not hold any asset which would qualify as a complex financial instrument.

1.18 Development costs

Development of new products including play commissions has many inherent uncertainties, the future ability to recover costs and generate a surplus being a key risk. The Group mitigates such risks through the use of analytical and tracking tools such as regular market research and box office advance bookings information. As at the balance sheet date, the Trustees consider that the likelihood of these risks being realised is remote.

The Group also has a prudent policy of immediately recognising all such costs and incurred pre-production expenditure when incurred instead of matching expenditure to associated income flows, unless clear evidence of subsequent full cost recovery can be demonstrated.

2. Donations and legacies

| | | | 2018 | | | 2017 |
|---------------------|--------------|------------|--------------|--------------|--------------|--------------|
| | Unrestricted | Restricted | Total Funds | Unrestricted | Restricted | Total Funds |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Donations and gifts | 823 | 971 | 1,794 | 539 | 2,089 | 2,628 |
| Legacies | 134 | – | 134 | 104 | – | 104 |
| | 957 | 971 | 1,928 | 643 | 2,089 | 2,732 |

The Group benefits greatly from the involvement and enthusiastic support of its many volunteers, details of whom are given in the annual report. In accordance with FRS102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the financial statements.

3. Other trading activities

| | 2018 | 2017 |
|--------------------------|--------------|--------------|
| | £000 | £000 |
| Retail | 2,015 | 1,955 |
| Catering and hospitality | 767 | 782 |
| Venue hire | 391 | 485 |
| Corporate memberships | 206 | 149 |
| Corporate sponsorships | 75 | 68 |
| Other trading income | 79 | 70 |
| | 3,533 | 3,509 |

4. Charitable activities

| | 2018 | 2017 |
|--------------------------------|---------------|---------------|
| | £000 | £000 |
| Theatre and performance | 12,694 | 12,877 |
| Education activities | 2,832 | 2,302 |
| Exhibition and tour activities | 3,057 | 3,168 |
| | 18,583 | 18,347 |

Income from charitable activities includes theatre tax credit of £679k (2017: £473k) and film tax credit of £nil (2017: £243k).

Income from charitable activities includes £449k (2017: nil) of restricted funds relating to grants to provide education activities.

5. Expenditure

(a) Analysis of total expenditure

| FY18 | | | | | | | |
|--|----------------|------------------|-------------------|--------------------|----------------|----------------|---------------|
| Cost Centre | Theatre | Education | Exhibition | Fundraising | Trading | Support | Total |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Staff Costs | 5,465 | 1,237 | 1,060 | 265 | 311 | 2,677 | 11,015 |
| Operational Costs | 3,814 | 914 | 307 | 164 | 1,377 | – | 6,576 |
| Visitor Experience | – | – | – | – | – | 424 | 424 |
| Communications | – | – | – | – | – | 507 | 507 |
| Building Operations | – | – | – | – | – | 1,924 | 1,924 |
| Administration | – | – | – | – | – | 1,229 | 1,229 |
| Depreciation and Impairments (Equipment) | – | – | – | – | – | 1,043 | 1,043 |
| Depreciation (Buildings) | – | – | – | – | – | 691 | 691 |
| Indirect Cost Allocation | 4,435 | 1,550 | 1,821 | 259 | 430 | (8,495) | – |
| Total Cost | 13,714 | 3,701 | 3,188 | 688 | 2,118 | – | 23,409 |

| FY17 | | | | | | | |
|--|----------------|------------------|-------------------|--------------------|----------------|----------------|---------------|
| Cost Centre | Theatre | Education | Exhibition | Fundraising | Trading | Support | Total |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Staff Costs | 4,948 | 950 | 1,097 | 315 | 333 | 2,313 | 9,956 |
| Operational Costs | 3,978 | 1,190 | 253 | 159 | 1,469 | – | 7,049 |
| Visitor Experience | – | – | – | – | – | 435 | 435 |
| Communications | – | – | – | – | – | 296 | 296 |
| Building Operations | – | – | – | – | – | 2,629 | 2,629 |
| Administration | – | – | – | – | – | 1,010 | 1,010 |
| Depreciation and Impairments (Equipment) | – | – | – | – | – | 1,131 | 1,131 |
| Depreciation (Buildings) | – | – | – | – | – | 691 | 691 |
| Indirect Cost Allocation | 3,877 | 1,692 | 2,206 | 281 | 449 | (8,505) | – |
| Total Cost | 12,803 | 3,832 | 3,556 | 755 | 2,251 | – | 23,197 |

(b) Cost analysis

Included within total expenditure are the following individual items

| | 2018 | 2017 |
|-------------------------------|-------------|------|
| | £000 | £000 |
| Group auditors' remuneration: | | |
| Audit fees | 47 | 42 |
| Tax compliance services | 11 | 22 |
| Operating lease rentals: | | |
| Land and buildings | 271 | 270 |
| Plant and equipment | 80 | 105 |

6. Staff costs

| | 2018 | 2017 |
|--|---------------|--------------|
| | £000 | £000 |
| Monthly wages and salaries | 6,237 | 6,014 |
| Weekly theatre production actors, musicians and associated workers | 3,864 | 3,131 |
| Social security costs | 674 | 642 |
| Other pension costs | 240 | 169 |
| | 11,015 | 9,956 |

| Average weekly / monthly number of staff during the year | 2018 | 2017 |
|---|------------|------------|
| Theatre and performance | 155 | 131 |
| Education activities | 39 | 40 |
| Exhibition and tours | 34 | 34 |
| Visitor experience | 24 | 23 |
| Finance, Human Resources, Information Technology and Administration | 24 | 21 |
| Communications | 21 | 18 |
| Retail | 10 | 11 |
| Development | 10 | 10 |
| | 317 | 288 |

| Number of staff whose gross salaries fell within the following bands | 2018 | 2017 |
|---|----------|----------|
| £60,001 – £70,000 | 2 | 2 |
| £70,001 – £80,000 | 2 | 1 |
| £80,001 – £90,000 | 1 | 1 |
| £90,001 – £100,000 | 3 | 3 |
| £120,001 – £130,000 | 1 | 1 |
| | 9 | 8 |

The Group considers its key management personnel to be the Executive Committee. The total employment benefits including employer pension contributions of the key personnel were £858k (2017: £761k).

During the year the Group paid total severance benefits of £126k (2017: £166k) to five employees (2017: 8).

| | 2018 | 2017 |
|--|------|------|
| Pension costs | £000 | £000 |
| Defined contributions pension costs outstanding at end of year | 87 | 63 |

7. Trustees' emoluments and expenses

No remuneration was paid to any trustee, other than the Chief Executive, during the year nor did they receive any other benefits from employment with the Trust or its subsidiaries during the year. The Chief Executive was remunerated for his services as Chief Executive, and not in his capacity as Trustee. This is permitted under Article 3.3.2(c) of the Articles of Association. He was paid £139k (2017: £136k), including pension contributions of £11k (2017: £11k).

None of the Trustees, who are also Directors for the purposes of the Companies Act, received emoluments in respect of services provided in their capacity as Trustees or Directors during the year (2017: the same). A total of £2k (2017: £1k) was reimbursed to three Trustees (2017: five) in respect of expenditure incurred by them in the course of Trustee activities in the year. The Trustees are entitled to the same discounts enjoyed by staff in the restaurant and café. Third party indemnity insurance cover is provided for Trustees.

8. Tangible fixed assets

| Group and Charity | Freehold Property | Long Leasehold Property | Leasehold Improvements | Plant & Machinery | Fixtures, Fittings & Equipment | Assets under Construction | Total |
|---------------------------|-------------------|-------------------------|------------------------|-------------------|--------------------------------|---------------------------|---------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Cost | | | | | | | |
| At beginning of the year | 4,244 | 29,687 | 247 | 13,308 | 5,359 | 2,432 | 55,277 |
| Additions | – | – | 9 | 96 | 165 | 408 | 678 |
| Disposals | – | – | – | (48) | (173) | – | (221) |
| At end of the year | 4,244 | 29,687 | 256 | 13,356 | 5,351 | 2,840 | 55,734 |
| Depreciation | | | | | | | |
| At beginning of the year | 458 | 10,178 | 95 | 8,885 | 4,455 | – | 24,071 |
| Charge for the year | 67 | 598 | 26 | 545 | 356 | – | 1,592 |
| Disposals | – | – | – | (36) | (168) | – | (204) |
| Impairment | – | – | – | 98 | 27 | – | 125 |
| At end of the year | 525 | 10,776 | 121 | 9,492 | 4,670 | - | 25,584 |
| Net Book Values | | | | | | | |
| At 31 October 2018 | 3,719 | 18,911 | 135 | 3,864 | 681 | 2,840 | 30,150 |
| At 31 October 2017 | 3,786 | 19,509 | 152 | 4,423 | 904 | 2,432 | 31,206 |

Assets under construction mainly relate to enabling costs of Project Prospero. The capital commitments as at 31 October 2018 are £nil (2017: £103k).

9. Short term investments

a) Subsidiary undertakings

The Group's net movement in funds, a surplus of £820k (2017: £1,408k), includes the results of the following two 100% beneficially owned subsidiaries, which are incorporated in the UK, and registered at the same address as the Charity:

Shakespeare Globe Trading Limited ('SGTL'), a limited company which undertakes commercial activities on behalf of the Group. Trustees resolved in November 2018 to seek closure of this company and transfer the business and net assets of SGTL to a new trading entity within twelve months of the balance sheet.

Shakespeare Globe Productions Ltd ('SGPL'), a limited company that has the principal activities of producing, running and closing productions on behalf of the Group.

The carrying value as well as the financial performance of these two subsidiaries is summarised below:

| | Company Number | | Total Income | Total Expenditure | Surplus/ (Deficit) before tax | Assets | Liabilities |
|--|----------------|------|--------------|-------------------|-------------------------------|--------|-------------|
| | | | £000 | £000 | £000 | £000 | £000 |
| Shakespeare Globe Trading Limited | 997433 | 2018 | 3,571 | (2,152) | 1,419 | 7,716 | (7,046) |
| | | 2017 | 3,585 | (2,310) | 1,275 | 7,895 | (7,225) |
| Shakespeare Globe Productions Ltd | 9288721 | 2018 | 5,603 | (6,282) | (679) | 679 | (679) |
| | | 2017 | 5,590 | (6,063) | (473) | 907 | (907) |

In prior years, the Charity has been gifted a cumulative total of 2,958,000 redeemable preference shares in SGTL (see note 16). The Charity owns 100% of the redeemable preference shares held in its subsidiary undertaking. These shares are held in the Trust at £nil value due to the extended period of capital redemption.

b) Short term investments

In 2017, the Charity set up and owns the single share in the Shakespeare's Globe NY Limited Liability Company (registered at 165 West 46th Street, Suite 700, New York, NY 10036, USA), a company, which invested \$225k (£184k) in the Farinelli Broadway Limited Partnership (registered at 230 West 41st Street, Suite 1703, New York, NY 10036, USA). During 2018 this investment was recouped in full with a surplus of £155k. The single share in the LLC remains at a cost of \$1. At 31 October 2018, the value of the Charity's share of the net assets and liabilities is £36k (2017: net liability of £93k).

10. Debtors

| | Group | | Charity | |
|---|--------------|-------|--------------|-------|
| | 2018 | 2017 | 2018 | 2017 |
| Amounts falling due within one year | £000 | £000 | £000 | £000 |
| Trade debtors | 682 | 636 | 310 | 156 |
| Other debtors | 127 | 101 | 92 | 48 |
| Tax credit recoverable | 679 | 1,150 | – | 243 |
| Amounts owed by subsidiary undertakings | – | – | 4,606 | 4,814 |
| Prepayments and accrued income | 668 | 750 | 660 | 732 |
| | 2,156 | 2,637 | 5,668 | 5,993 |

11. Creditors: amounts falling due within one year

| | Group | | Charity | |
|------------------------------|--------------|-------|--------------|-------|
| | 2018 | 2017 | 2018 | 2017 |
| | £000 | £000 | £000 | £000 |
| Trade creditors | 568 | 810 | 526 | 754 |
| Taxes and social security | 299 | 241 | 252 | 60 |
| Other creditors | 75 | 345 | 75 | 310 |
| Accruals and deferred income | 2,156 | 1,801 | 2,084 | 1,713 |
| | 3,098 | 3,197 | 2,937 | 2,837 |

| Deferred income | Group | | Charity | |
|--|---------|---------|---------|---------|
| | 2018 | 2017 | 2018 | 2017 |
| | £000 | £000 | £000 | £000 |
| At 1 November | 1,261 | 1,623 | 1,194 | 1,554 |
| Deferred income recognised in the year | (1,261) | (1,623) | (1,194) | (1,554) |
| Deferred in year | 1,456 | 1,261 | 1,388 | 1,194 |
| At 31 October | 1,456 | 1,261 | 1,388 | 1,194 |

12. Creditors: amounts falling after one year

| | Group | | Charity | |
|--|-------|------|---------|-------|
| | 2018 | 2017 | 2018 | 2017 |
| | £000 | £000 | £000 | £000 |
| Amounts owed to subsidiary undertaking | – | – | 3,481 | 3,481 |

The long term creditor was established on acquisition of the net assets of the SGTL in 2005. This amount is unsecured, non-interest bearing and has no fixed date for repayment.

13. Movement in funds

| 2018 Restricted Funds | As at 1 November 2017 £000 | Income and other gains £000 | Expenditure £000 | Transfers £000 | As at 31 October 2018 £000 |
|-----------------------------------|----------------------------------|-----------------------------------|---------------------|-------------------|----------------------------------|
| Globe building grant | 5,980 | – | – | (356) | 5,624 |
| Prospero capital campaign | 1,539 | 922 | – | – | 2,461 |
| Globe Education China | 442 | – | (45) | – | 397 |
| Education Projects | 64 | 423 | (427) | 22 | 82 |
| Performance & Theatre | 1 | 26 | (24) | – | 3 |
| Access & Apprenticeship | 160 | 6 | (101) | – | 65 |
| Other | – | 43 | (43) | – | – |
| | 8,186 | 1,420 | (640) | (334) | 8,632 |
| Unrestricted Funds | | | | | |
| Preservation of the Theatres | 2,970 | – | – | 800 | 3,770 |
| Prospero capital campaign | 2,965 | – | (402) | 582 | 3,145 |
| Strategic Projects | 1,041 | – | (626) | 110 | 525 |
| Film Fund | 250 | – | (243) | – | 7 |
| Remedial Works Fund | – | – | – | 800 | 800 |
| Artistic Support Fund | 292 | – | – | – | 292 |
| Designated Funds | 7,518 | – | (1,271) | 2,292 | 8,539 |
| Capital redemption reserve | 170 | – | – | – | 170 |
| Fixed assets reserve | 25,226 | – | (1,056) | 356 | 24,526 |
| General free reserve | 2,323 | 22,809 | (20,442) | (2,314) | 2,376 |
| Total | 35,237 | 22,809 | (22,769) | 334 | 35,611 |

| 2017 Restricted Funds | As at | Income | Expenditure | Transfers | As at 31 |
|-----------------------------------|-----------------|---------------|-----------------|----------------|---------------|
| | 1 November 2016 | | | | October 2017 |
| | £000 | £000 | £000 | £000 | £000 |
| Globe building grant | 6,336 | – | – | (356) | 5,980 |
| Prospero capital campaign | 80 | 1,459 | – | – | 1,539 |
| Globe Education China | 493 | – | (51) | – | 442 |
| Education Projects | 38 | 366 | (489) | 149 | 64 |
| Performance & Theatre | 29 | (6) | (241) | 219 | 1 |
| Access & Apprenticeship | 36 | 203 | (79) | – | 160 |
| Sam Wanamaker Playhouse | – | 22 | (131) | 109 | – |
| Other | 34 | 45 | (88) | 9 | – |
| | 7,046 | 2,089 | (1,079) | 130 | 8,186 |
| Unrestricted Funds | | | | | |
| Preservation of the Theatres | 2,700 | – | (153) | 423 | 2,970 |
| Prospero capital campaign | 2,907 | – | (792) | 850 | 2,965 |
| Strategic Projects | 1,034 | – | (681) | 688 | 1,041 |
| Film Fund | – | – | – | 250 | 250 |
| Artistic Support Fund | 242 | – | – | 50 | 292 |
| Designated Funds | 6,883 | – | (1,626) | 2,261 | 7,518 |
| Capital redemption reserve | 170 | – | – | – | 170 |
| Fixed assets reserve | 25,554 | – | (684) | 356 | 25,226 |
| General free reserve | 2,362 | 22,516 | (19,808) | (2,747) | 2,323 |
| | 3,4969 | 22,516 | 22,118 | (130) | 35,237 |

FIXED ASSETS RESERVE

The fixed assets reserve is a permanent fund matched to the best value of fixed assets recognising that, in the event that cash is required, these assets cannot be readily liquidated and their realisable value may be negligible. There are two funds held, the **Globe Building Grant** (£5,624k) reflecting a restricted Arts Council England grant received in 1995 that was used to build the Globe, and the Fixed Assets Reserve (£24,526k) reflecting the balance of non-liquid assets held within tangible fixed assets (Note 8).

RESTRICTED FUNDS

The **Project Prospero** fund £2,461k (2017: £1,539k) is restricted to the development of the Globe's West Block incorporating a new library, archive, exhibition, workshops and rehearsal studios and an upgrading of its production departments. The project is currently expected to commence in the autumn of 2019 on raising sufficient funds for the capital project. These funds are expected to be utilised by 2023.

The **Globe Education China** fund £397k (2017: £442k) is a restricted Arts Council England grant to promote Shakespeare in China through workshops and performances planned for 2019.

Other **Education Projects** funds totalling £82k (2017: £64k) are restricted for use in specific education activities. The most significant of these funds relates to the *Playing Shakespeare with Deutsche Bank* project (£nil balance as at 31 October 2018) funded by Deutsche Bank whereby performances are created for young people and designed to support teaching of English in the UK National Curriculum at Key Stages 3, 4, and 5 as well as being suitable for those teaching international curricula. The Globe has a long-standing relationship with Deutsche Bank, with a similar project planned to take place next year.

The **Performance & Theatre** fund £3k (2017: £1k) is restricted for use in specific Theatre projects. Some funds were utilised in the research and development of new writes such as *Emilia*, which was performed on the Globe stage in 2018.

The **Access & Apprenticeships** fund £65k (2017: £160k) is restricted to the improvement of access and diversity to the Globe. The majority of the fund comprises a significant donation from ICAP of £203k received in 2017 which has allowed the Globe to fund a new apprenticeship and to kick start a drive through significant investment in new digital technologies, to upskill the Globe team to welcome access patrons and to deliver activities that enable those from diverse backgrounds to engage with the Creative and Cultural Industries. The remaining balance will be spent on continuing to sponsor these activities in 2019.

The **Sam Wanamaker Playhouse** fund £nil (2017: £nil) was restricted to the build and completion of the Sam Wanamaker Playhouse. This project being complete, the fund has been closed.

Other funds £nil (2017: £nil) is for the support of the Globe's general facilities. The largest of these funds were to support educational promotional activities in the year. Additional funds were donated to promote Shakespeare and the Globe in the USA.

DESIGNATED FUNDS

Preservation of the Theatres fund £3,770k (2017: £2,970k) was set up for the estimated quinquennial building and theatres maintenance requirements. In addition there is a fund set aside for emergency facilities for any uninsured and unforeseen circumstances.

Project Prospero £3,145k (2017: £2,965k) is the fund set up to support Project Prospero. It is predominantly derived from the Globe's contribution from annual surpluses over recent years.

Strategic projects fund £525k (2017: £1,041k) supports capital and other one-off projects planned for the next financial year. This year the funds have been used to carry out large scale remedial work across our estate and to implement a new customer relations database.

Film fund £7k (2017: £250k) was set up to fund the Globe's commitment to filming and investing in its digital assets. The fund is expected to be fully utilised in 2019.

The **Remedial Works** fund £800k (2017: £nil) was set up in 2018 to fund essential maintenance and repair works to the West Block buildings of the Globe site.

Artistic Support fund £292k (2017: £292k) provides for the inherent risk in programming, and will be used in the event that box office income does not meet research and development commitments in the year.

The Trust's restricted funds balance and fixed asset reserve, and movement on these funds is as per the Group's movement on these funds. The trust's designated funds was £7,451k (2017: £6,384k) and the Trust's unrestricted fund had a balance of £nil (2017: £nil).

14. Analysis of net assets between funds

| Group | Restricted | Unrestricted | 2018 | Restricted | Unrestricted | 2017 |
|---------------------------------|--------------|---------------|---------------|--------------|---------------|---------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Fixed Assets | 5,624 | 24,526 | 30,150 | 5,980 | 25,226 | 31,206 |
| Net Current Assets | 3,008 | 11,085 | 14,093 | 2,206 | 10,011 | 12,217 |
| Net Assets at 31 October | 8,632 | 35,611 | 44,243 | 8,186 | 35,237 | 43,423 |

| Trust | Restricted | Unrestricted | 2018 | Restricted | Unrestricted | 2017 |
|---|--------------|---------------|---------------|--------------|---------------|---------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Fixed Assets | 5,624 | 24,526 | 30,150 | 5,980 | 25,226 | 31,206 |
| Net Current Assets | 3,008 | 10,932 | 13,940 | 2,206 | 9,865 | 12,071 |
| Creditors: amounts falling due after one year | – | (3,481) | (3,481) | – | (3,481) | (3,481) |
| Net Assets at 31 October | 8,632 | 31,977 | 40,609 | 8,186 | 31,610 | 39,796 |

15. Operating leases

Minimum payments due under non-cancellable operating leases:

| | Group | | Trust | |
|------------------------------|------------|--------------|------------|--------------|
| | 2018 | 2017 | 2018 | 2017 |
| | £000 | £000 | £000 | £000 |
| Land and buildings: | | | | |
| Payable within one year | 258 | 271 | 258 | 271 |
| Payable in two to five years | 258 | 774 | 258 | 774 |
| Plant and equipment: | | | | |
| Payable within one year | 74 | 80 | 74 | 80 |
| Payable in two to five years | 128 | 53 | 128 | 53 |
| | 718 | 1,178 | 718 | 1,178 |

16. Redeemable preference shares

| | 2018 | 2017 |
|----------------------|--------------|--------------|
| | £000 | £000 |
| Issued (note 9) | | |
| At 1 November | 2,958 | 2,958 |
| At 31 October | 2,958 | 2,958 |

The redeemable preference shares issued by SGTL have a nominal value of £1 (2017: £1). Holders of these redeemable preference shares are entitled to receive an annual dividend of 0.01 pence per share. Otherwise, they are not entitled to any profits available for distribution.

The preference shares are redeemable at par, subject to the requirements of the Companies Act 2006, out of annual trading surpluses of the Charity's subsidiary undertaking, up to a maximum of 5% of the annual trading surplus (2017: 5%).

A matching transfer is made to a capital redemption reserve in accordance with the provision of the Companies Act 2006. The Charity owns 100% of these shares and has waived its right to its annual dividend and capital redemption for the year ended 31 October 2018.

All of these shares have been donated to the Charity during prior periods; on consolidation, therefore, the Group has a net liability of £nil (2017: £nil).

17. Reconciliation of changes in resources to net cash inflow from operating activities

| | 2018 | 2017 |
|--|--------------|--------------|
| | £000 | £000 |
| Net income | 820 | 1,408 |
| Interest receivable | (132) | (17) |
| Unrealised foreign exchange gains | (53) | – |
| Depreciation | 1,592 | 1,822 |
| Impairment | 125 | – |
| Loss on disposal fixed assets | 17 | – |
| (Increase) / Decrease in stocks | (2) | 4 |
| Decrease in debtors | 481 | 296 |
| Decrease in creditors | (99) | (378) |
| Net cash inflow from operating activities | 2,749 | 3,135 |

18. Related party transactions

Related parties comprise subsidiaries and those charged with governance, being Trustees and Executives

| | 2018 | | 2017 | |
|-------------------------------------|-----------------------|---------------------|-----------------------|---------------------|
| | Amounts due from £000 | Amounts due to £000 | Amounts due from £000 | Amounts due to £000 |
| The Shakespeare Globe Trust: | | | | |
| Subsidiary undertakings: | | | | |
| Shakespeare Globe Productions Ltd | 679 | – | 907 | – |
| Shakespeare Globe Trading Limited | 3,927 | 3,481 | 3,907 | 3,481 |
| Total | 4,606 | 3,481 | 4,814 | 3,481 |

Unless specified otherwise, amounts due from and to subsidiary undertakings are unsecured, non-interest bearing and repayable on demand. Transactions with subsidiary undertakings are primarily for intra-group services and cross company recharges.

Trustees

The total amount donated by 12 Trustees and Executives (2017: 16) amounted to £7k (2017: £47k).

In addition, the following Trustees have relationships with organisations that have engaged with the Group:

Philip Kirkpatrick is a Trustee of the Globe and a partner with Bates, Wells & Braithwaite LLP, one of the Group's legal advisers. Total income received from Bates, Wells & Braithwaite LLP during the financial year amounted to £nil (2017: £7k). No amounts were outstanding at year end (2017: the same).

Cynthia Hall is a Trustee of the Globe and a partner at Saxton Bampfylde. In 2017 and 2018, the Globe engaged Saxton Bampfylde in a contract, after competitive tender, to appoint a new Chair. The services received in the year amounted to £21k (2017: £7k).

Martin Clarke is a Trustee of the Globe who holds a minority share (less than 1%) equity stake in Digital Theatre Limited. Total income received from Digital Theatre Limited during the financial year amounted to £10k (2017: £1k).

Emma Stenning is a Trustee of the Globe and the executive director of Bristol Old Vic. During the year, the Globe co-produced a touring production with Bristol Old Vic of *The Little Matchgirl (and Other Happier Tales)*. The Group's share of production costs in 2018 was £29k (2017: £nil).

Neil Constable a Trustee and Chief Executive at the Globe, is also a Trustee of Shakespeare Birthplace Trust. Total income received from Shakespeare Birthplace Trust during the financial year amounted to £8k (2017: £4k).

Daniel Witter is a Trustee of the Globe and CEO of Work for Good Limited, a fundraising platform for charities of which the Group is a member. During the financial year, the Group received £1k (2017: £1k).

19. Financial Instruments

| Group | 2018 | 2017 |
|---|--------------|--------------|
| | £000 | £000 |
| Financial assets that are debt instruments measured at amortised cost | | |
| Short term investments | – | 184 |
| Trade debtors | 682 | 636 |
| Accrued income | 342 | 422 |
| Total | 1,024 | 1,242 |
| Financial liabilities measured at amortised cost | | |
| Trade creditors | 568 | 810 |
| Accruals | 700 | 540 |
| Total | 1,268 | 1,350 |

The Charity has taken advantage of the disclosure exemption granted by FRS102 from disclosing an analysis of the Charity's financial instruments.