

UNIVERSITY OF DERBY THEATRE LIMITED

**(A company limited by guarantee
not having share capital)**

FINANCIAL STATEMENTS

31 July 2021

**Company Registration Number 06858792
Registered Charity Number 1129005**

UNIVERSITY OF DERBY THEATRE LIMITED
(A company limited by guarantee not having a share capital)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

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UNIVERSITY OF DERBY THEATRE LIMITED

(A company limited by guarantee not having a share capital)

MEMBERS OF BOARD, OFFICERS AND PROFESSIONAL ADVISORS AS AT 31 JULY 2021

REGISTERED IN ENGLAND AND WALES No. 06858792

CHARITABLE STATUS

The Company is a registered charity.

DIRECTORS AND TRUSTEES

Professor Kathryn Mitchell
Lara Ratnaraja
Richard Gerver
Jane Claire OBE
Professor Keith McLay
Jill Adamson
Michael Pinchbeck
Ruchita Shaikh
Susan Ambler

LEADERSHIP TEAM

Sarah Brigham – Artistic Director & Chief Executive
Jenny Langlands – Executive Director
Caroline Barth – Creative Learning Director

AUDITOR

KPMG LLP
Chartered Accountants
One Snowhill,
Snowhill,
Queensway,
Birmingham
B4 6GH

SOLICITORS

Veale Wasbrough Vizards LLP
Narrow Quay House,
Narrow Quay,
Bristol
BS41 4QA

Shakespeare Martineau LLP
No. 11 Colmore Square,
Birmingham
B4 6AA

REGISTERED OFFICE

Kedleston Road,
Derby
DE22 1GB

BANKER

HSBC Bank plc
1 St. Peter's Street,
Derby
DE1 2AE

UNIVERSITY OF DERBY THEATRE LIMITED

TRUSTEES' ANNUAL REPORT AND OPERATING AND FINANCIAL REVIEW

The trustees, who are also the directors of the company, present their Report, Operating and Financial Review and Audited Financial Statements for the year ended 31 July 2021.

Introduction

This Operating and Financial Review describes the main trends and factors underlying our development, performance and position during the year ended 31 July 2021, as well as those likely to affect us in the future. It has been prepared in line with the guidance provided in the Reporting Statement on the Operating and Financial Review issued by the UK Accounting Standards Board, the Statement of Recommended Practice: Accounting for Further & Higher Education and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).

Structure, Governance and Management

University of Derby Theatre Limited is a company limited by guarantee (registration number 06858792) and does not have share capital. It is also a registered charity. The company's principal address is at 15, Theatre Walk, Derby.

The company's governing document is the Memorandum and Articles of Association, 25 March 2011. Under the terms of the Memorandum and Articles of Association, each trustee has undertaken to contribute a maximum of £1 in the event of a winding-up of the company.

The company recruits its trustees from the artistic community and from the senior management of the University of Derby and the training and induction of new trustees is performed by both internal and external courses and advice.

The trustees who served during the year and up to the date of signature of these accounts were as follows:

| | |
|----------------------------|----------|
| Professor Kathryn Mitchell | Director |
| Lara Ratnaraja | Director |
| Richard Gerver | Director |
| Jane Claire OBE | Director |
| Professor Keith McLay | Director |
| Jill Adamson | Director |
| Michael Pinchbeck | Director |
| Ruchita Shaikh | Director |
| Susan Ambler | Director |

The operational management of the business is delegated to the company's leadership team led by the Chief Executive. The Executive Director is the day-to-day operational manager of the business. No trustee had any interests in any contract made by the company during the financial year.

The company has a close relationship with the University of Derby. The relationship, whilst conducted on an arms' length basis, realises that the operations of the two organisations are closely inter-related and therefore the impact of decisions taken in one organisation must be assessed on the other entity. There are service level agreements with the University of Derby for the provision of services to the Theatre and for the rental of space to the College of Arts for its Theatre Arts courses. The company is controlled by the University of Derby and, as such, is consolidated into the annual results of the University of Derby Group.

The trustees endeavour to identify, monitor and control the major risks faced each financial year when preparing and monitoring the annual budget. The trustees approve the annual budget, all major capital expenditure and other major financial and property matters. The trustees also set the strategy for the business, monitor the performance of the business and review health and safety in the company.

The system of internal control is designed to manage, rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives: to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2021 and up to the date of the approval of the financial statements. The trustees confirm that there is an ongoing process for identifying, evaluating and managing the Charity's significant risks using a Corporate Risk Register. The company's policy in respect of the payment of creditors is to comply with terms where payment is made 30 days after receipt of a valid invoice.

UNIVERSITY OF DERBY THEATRE LIMITED

TRUSTEES' ANNUAL REPORT AND OPERATING AND FINANCIAL REVIEW (continued)

The company's accounts are filed with the Registrar of Companies and with the Charity Commission due to its registration.

Objects and Principal Activity

The main activities of the company are the running of a learning and community theatre both through in-house produced, and received work, and for the use of the theatre space by University of Derby College of Arts students.

Mission

Derby Theatre's mission is to shape, influence and transform the landscape of theatre and learning. This will be achieved by producing high quality professional theatre that unlocks learning at every level for audiences, artists, participants, students and staff.

Vision

To engage, empower, inspire and enable the widest possible audience through transformational learning and theatre.

The three-year priorities are:

- Achieving Excellence - To become an industry leader and model of excellence for artistic product with learning as our driver, attracting a diverse stakeholder base.
- Achieving Resilience - To become a financially stable and resilient organisation.
- Achieving Potential - To enable participants of all ages and abilities to discover and develop new skills, connections and confidence and to fulfil their ambitions.
- Exploring Learning - To unlock teaching and learning potential across all theatre departments and in partnership with other organisations.
- Exploring Community - To develop a relationship with our community through an excellent performance and participation programme.

Financial Review

The main source of funding for the year ended 31 July 2021 was ticket sales income and grant funding from University of Derby (UoD) and Arts Council England (ACE). Additional income was derived from the rent charged to the College of Arts for the use of teaching and rehearsal space along with trust funding and additional fundraising. Also included in income is funding from a range of government sources allocated as a result of Covid-19 including: Job Retention Scheme; rate relief; and Culture Recovery Funding from ACE. Normally, the Theatre generates income from box office and commercial sources (such as catering, bars and hires), however, this was nominal as the building was closed for the main part of the year (until May 2021). The Theatre produced some digital theatre productions, which generated some income – however, this substantially lower than a normal operating year.

The expenditure of the company is in support of Artistic Programming, including artist development, the learning programme the running, administration and maintenance of the Theatre premises.

The Memorandum and Articles of Association govern the trustees' investment powers, which permit the charity's funds to be invested in, or on, such investments, securities or property as may be thought fit. All surplus funds are invested in bank or money market deposits. No investments are made in any other securities, financial instruments, or properties not related to the primary activities of the Company.

The Statement of Financial Activities for the year ended 31 July 2021 is set out on page 14.

The total income from trading activities of the charity during the year was £3,375,411 including grant funding of £500,000 and £226,000 rental income from the University of Derby. This was applied to total expenditure of £3,400,448 and after revaluation reserve release, the net surplus transferred to unrestricted funds was £10,526.

The statement of changes in reserves shows the assets and liabilities attributable to the various funds by type and summarises the year's movements on each fund. Unrestricted funds amounted to £3,524,464 of which the Revaluation Reserve is £3,799,015. The balance on general reserves is a resulting deficit of £274,551. The plans for future reserves objectives are discussed below.

As outlined above, Derby Theatre was awarded £504,000 from CRF2 funding. This included £293,000 allocated towards creating a designated reserve fund. This purpose of this is to support the longer term sustainability and viability of the Theatre.

UNIVERSITY OF DERBY THEATRE LIMITED

TRUSTEES' ANNUAL REPORT AND OPERATING AND FINANCIAL REVIEW (continued)

Review of current performance

Derby Theatre continues to be an Arts Council England National Portfolio organisation. The Theatre has had a successful year, leading on large scale collaborative partnerships with local and national significance including: Derby's Cultural Education Partnership (DCEP); Derby CAN (ACE's Producing Hub programme); Derby Reimagine (ACE's YPPF programme); and Plus One (funded by the Esme Fairbairn Foundation). Due to the pandemic, a blended delivery approach was taken consisting of both face-to-face and online delivery.

The Theatre has been recognised as playing a lead role in driving innovation through the industry and received great recognition at The Stage Awards 2021 (Regional Theatre of the Year) and through The Stage 100.

During 20/21, despite the pandemic, the artistic programme continued to produce and present work enjoyed by audiences.

In our produced programme, we presented online two digital commissions, *All the Places We Could Travel* by Rommi Smith and *Not That Kind Of Film* by Leo Skilbeck. Both were made available for audiences to view for free.

Little Mermaid was our Christmas production. Originally planned to be in person, we had to change this due to the Government imposed lockdown. As well as being viewed by paid audiences and schools, we offered the production for free to those seeking sanctuary and care home residents. With additional funding from ESOL we hosted two Meet Your Neighbour parties in partnership with Maison Foo. These online parties for sanctuary seekers hosted music, crafts and cooking.

Derby Theatre, in co-production with Hiccup Theatre Company, undertook a period of R&D for a new commission *The Emperor's New Clothes* and continued with R&D on Kevin Fegan's *The Palace of Varieties*; both of which will now premiere in spring 2022.

We have commissioned two BSL integrated works and one audio work. These will launch online in Autumn 2021. Furthermore, we have commissioned Thick Skin to create an audio walk, co-created with arrivals to the city, again launching in Autumn 2021.

We produced Toby Hulse's *The Wind in the Willows*, directed by Trina Haldar which we presented at the Market Place and our co-production of *Marty and the Party* with Milk Presents, opening in August 2022.

Our received programme largely remained online with performances including *Uninvited Guests*, *Love Letter* and Wise Children's *Romantics Anonymous*. From May we presented a reduced received programme in person. This commenced by hosting a week of Derby Book Festival.

Through Derby CAN we successfully delivered a large-scale event in September, *Derby Rises*, and continued to support the 12 artists from the training programme to co-create commissioned work with the community. From the group, Jamie Thrasivoulou was commissioned to create a work *Extra Time* for Derby Theatre's main stage that celebrates the city of Derby and the 75th Anniversary of Derby County Football Club winning the FA Cup. This production will premiere in Autumn 2021. Other commissions include Daniel Ellis creating *A Derby Ditty* in association with Derby Universal Carers and presenting the show on people's doorsteps and Emily Howlett creating a BSL Integrated work, *The Offering*, which was presented at Timber Festival.

In addition, we continued to provide vital support to the freelance artistic companies across the region through *In Good Company (IGC)*. We delivered advice and guidance sessions, online artist events and we continued to support on project planning and provide producing support. We also delivered the annual Departure Lounge Festival. A blended approach was taken on this festival, and both online and in person talks, workshops performances and installations took place.

We continue to deliver our innovative learning programme. This year was a hybrid year in terms of online and face-to-face delivery. We were able to give live performances, co-created by young people and we secured additional funding across a number of areas of delivery.

Our Young Artist Training Programme included the delivery of:

- Eight youth theatre groups (over a 36 week period), to 110 young people. 17 bursaries were provided and ten students took part in work experience placements total
- 12 artists attended Practitioners Skills Share
- Digital Youth Theatre Festival
- Connections Festival in person and on Zoom with six performances and six workshops. Derby Theatre's piece was chosen to represent at a national level.

- Connections Festival, attended by 300 audience members. 185 young people involved as performers/behind the scenes. 20 young people involved in workshops.
- Digital Easter School to young people in and around Derby.

Additionally, eight additional artists were employed to deliver work over this period.

Derby's Cultural Education Partnership (DCEP) and Reimagine programmes continued (Reimagine is the £1.1m investment from ACE through the YPPF programme and building on the legacy of the OA funded activity last year). Derby Theatre manages this project with other partners from DCEP, delivering and coordinating Hubs in areas of deprivation. Through this programme young people were recruited from diverse backgrounds to become Future Creatives for *Home Girl*, the production at Derby Theatre which was an adaptation of Alex Wheatle's novel. Young people were working across all the roles from marketing to production to performance, alongside professional mentors and with professional actors in the show. Unfortunately, the show was cancelled late on due to cases of Covid-19 and of isolation in the cast and crew. It will be remounted next year as part of the Reimagine Festival.

We also provided six training sessions for teachers linked to the Reimagine Project.

Our award-winning Plus One programme which works with care experienced young people, in partnership with DCEP organisations, continued to develop. Strands include: Creative Mentoring, Creative Projects, Free tickets and Training and Employability. Through this innovative programme:

- Eight young people engaged in *Home Girl* animation film x six sessions.
- 30 young people were referred to the Creative Mentoring programme since January x 12 sessions.
- Ten young people received creative therapy sessions through Catharsis.
- 13 young people received mental wellbeing care packages since January.
- Five Plus One families watched the online performance of Little Mermaid.
- We provided a training package to our creative mentors.
- Eight young people were involved in a range of creative projects.

We are also in the process of planning for our Culture Cares Conference in November 2021.

Additionally, during this period, Derby Theatre has also been developing new initiatives including:

- **Connect Up:** 14 organisations from across Europe have joined together in this project funded by the Creative Europe Programme. Together, we are creating work informed by young people and for young audiences. Our national show was due to be *Home Girl* but this was curtailed due to the recent Covid-19 outbreak in the young company. We have supported the planning and delivery of the CPD programme for artists and teachers.
- **Homeless Project:** Ten drama sessions were delivered for people in crisis and homeless at the Derby City Mission.
- **Young People's Voice:** We have delivered 58 sessions in total across ten different groups in the city to help unlock unheard voices and share young people's thoughts and concerns through creative and digital outputs.

In terms of our work with the University of Derby, we have continued to work very closely with the academic team and students, embedding their theatre courses in the vision and mission of the Theatre and supporting students on their degree courses to access the opportunities that come from being based in a professional producing theatre. This year a blended approach of teaching and learning took place. We worked hard to provide teaching space where possible, and offered the main house theatre space to enable social distanced teaching and learning to continue.

We have been operating in an uncertain and volatile environment and were forced to close our doors, as a result of the global pandemic - Covid-19. The implications of being forced to cease trading meant that swift action was needed to ensure the business remains financially viable. To achieve resilience, we took a range of measures: furloughing of staff and accessing the Coronavirus Job Retention Scheme (CJRS); securing discretionary business support from the local authority; accessing additional funds through trusts and foundations; benefitting from rent / rate relief; making philanthropic requests; applying and securing funds through DCMS' Culture Recovery Fund (CRF); reducing budgets to a bare minimum; and reducing operational overhead costs, thus ensuring a more flexible business model.

The support Derby Theatre received from the CRF, and other sources including CJRS has enabled us to successfully navigate the transition: supporting an organisational change programme; ensuring the building is Covid-19 secure and safe; protecting our artistic and learning programmes and ensuring work is still able to take place either in research and development phases or digitally; continuing with our pioneering learning work and providing resources to staff to work from home. In May 2021, the Theatre reopened its doors to the public.

UNIVERSITY OF DERBY THEATRE LIMITED

TRUSTEES' ANNUAL REPORT AND OPERATING AND FINANCIAL REVIEW (continued)

Fundraising

During 20/21 we focused our fundraising efforts on ensuring a successful survival and transition back to reopening during the Covid-19 pandemic. Although Derby Theatre never stopped working, the lack of audiences and activity being delivered in our building posed challenges for the Development department. Many donation streams such as donations at point of sale in the box office and our Friends scheme were unable to grow as they had been doing in previous years.

However, as a department we refocused our efforts into ensuring we accessed available schemes, ensuring we were able to build a more sustainable future for the Theatre and continue to deliver work to those who had been impacted most by the pandemic. Key highlights include the securing of Cultural Recovery Funds in both round one and round two. These grants, together, equated to over £869k of vital support for the Theatre. The funds allowed us to firstly weather the initial period of the pandemic and then provide us with support to create and produce work and support independent artists and smaller companies during the second lockdown. We also were able to create a designated reserve fund of circa £293,000, providing us with funds to draw upon if there is future need. Another highlight was the securing of an £86,000 grant from Derby City Councils ARG Culture fund to support in operational costs for the organisation, ringfenced for next financial year. This, alongside the Local Restrictions Grants has allowed us to plan with more confidence into the next financial year. In relation to our funded projects we were able to secure a £32,000 grant from Big Lottery as part of their Covid-19 response fund to support Plus One. These vital funds allowed us to continue our work during the lockdown and provide more therapeutic support than would have been previously possible.

In May we were able to reopen our Friends scheme and are now focusing again on other areas of our fundraising strategy as we aim to return to pre-pandemic income targets.

Plans for future periods and risks

We have built strong foundations, and are confident that we will successfully recover from the pandemic. As outlined above in May 2021 the Theatre reopened its building, when it returned to live performance and reopened its catering/bar functions. This was achieved on a social distance basis.

Key areas for future consideration include: understanding that the pandemic will have changed audience behaviour and patterns; recognising the impact on promoters and producers for touring; recognising the impact the pandemic has had on working patterns and acknowledging the impact on secondary spend (such as the catering function).

Planning in the current context is difficult, however, we have worked hard to ensure that we are fit for purpose and Covid-19 secure. It has also been working on various contingency plans, allowing for work to be created in different settings, such as outdoor and online contexts. As part of our commitment to accessibility, we will also be continuing to offer reduced capacity shows for our produced work. Whilst the government has set out its roadmap, the Theatre is aware that the external environment can change rapidly and has a model which is able to deal with this. The progress of the vaccination programme is encouraging, however, we continue to monitor developments.

Moving forward, the primary objective of Derby Theatre is to ensure it continues to pioneer its innovative model, which sees learning and community placed at the heart of its role as a producing theatre, as part of a unique relationship with the University of Derby. It will continue to deliver high quality theatre productions, innovative learning programmes and transformational artist development schemes.

Achieving this in the current climate, and with the issues facing both the Theatre and wider industry will be challenging, however, we are confident that with our flexible business model we are able to ensure the continued success of the Theatre which complements both the University of Derby and Arts Council England's strategies (including Let's Create).

Our plans for the next financial year include continuing to build on our two strategic initiatives, funded through Arts Council England (Producing Hubs & YPPF) and to support the University in providing professional activity for students to shadow and learn from and deliver professional work. We will also be developing our future strategy, building on the success of the Theatre and ensuring we successfully enter our next phase in development.

Risks are considered at quarterly board meetings in the risk register and this is regularly updated. A separate risk register has also been created in relation to the impact of the Covid-19 pandemic.

Operating performance

The trustees take a close interest in the operating results of the company and the variance from the budgets and forecasts. The monthly management accounts are discussed in detail and significant variances from budget analysed and explained. A rolling forecast has been introduced. Trading and cash flow forecasts have been prepared for the medium term based on

UNIVERSITY OF DERBY THEATRE LIMITED

TRUSTEES' ANNUAL REPORT AND OPERATING AND FINANCIAL REVIEW (continued)

current assumptions and show a modestly improving position. On this basis, the accounts have been prepared on a going concern basis, with the on-going support of the University of Derby.

Public benefit

We continued to produce and present a diverse range of theatre, dance, music, comedy and circus across our main stage and studio spaces by professional companies and artists and local amateur talent. Our learning programme went from strength to strength, with our Creative Learning team working in schools, community settings and in the Theatre itself delivering a full programme of learning activities for all ages.

Disclosure of information to auditor

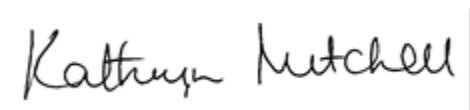
The trustees who held office at the date of approval of this trustees' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each trustee has taken all the steps that ought to have been taken as a trustee to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Re-appointment of Auditor

KPMG LLP was not re-appointed as Derby Theatre's auditors. Following a tender process in June 2021, BDO LLP was appointed to commence following professional clearance from KPMG LLP after the conclusion of the 20/21 audit.

Board Approval

Approved by the board of trustees on 10 November 2021 and signed on their behalf by

A handwritten signature in black ink, reading 'Kathryn Mitchell', is enclosed within a thin black rectangular border.

K Mitchell
Trustee

UNIVERSITY OF DERBY THEATRE LIMITED

TRUSTEES' ANNUAL REPORT AND OPERATING AND FINANCIAL REVIEW (continued)

Statement of Trustees' Responsibilities

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 of the income and expenditure for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

KPMG LLP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS of University of Derby Theatre Limited

Opinion

We have audited the financial statements of University of Derby Theatre Limited ("the charitable company") for the year ended 31 July 2021 which comprise the Statement of Financial activities, the Balance Sheets, Statement of Change in Reserves and Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the charitable company or to cease its operations, and as they have concluded that the charitable company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the trustees' conclusions, we considered the inherent risks to the charitable company's business model and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the trustees' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the charitable company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Board, the Audit and Risk Committee, internal audit and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and Audit and Risk Committee minutes.

- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that income is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included unusual journals posted to revenue accounts, journal entries posted at period end, journal entries made to unrelated accounts and unusual journal entries to cash and borrowings.
- For transactions related to revenue in the period prior to 31 July 2021, we assessed whether revenue had been recognized in the appropriate period by inspecting a sample of transactions and agreeing to supporting evidence.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies and charities legislation), distributable profits legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The trustees are responsible for the other information, which comprises the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Trustees' Annual Report, is consistent with the financial statements; and

- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- the charitable company has not kept adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Trustees' responsibilities

As explained more fully in their statement set out on page 10, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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



Sarah Brown (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

One Snow Hill
 Snowhill
 Queensway
 Birmingham
 B4 6GH

14 December 2021

UNIVERSITY OF DERBY THEATRE LIMITED
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 JULY 2021

| | Note | Revaluation reserve £ | Unrestricted income funds £ | 2021 Total £ | 2020 Total £ |
|--|------|-----------------------------|-----------------------------------|--------------------|--------------------|
| Income | | | | | |
| Operating income from theatre activity | 1 | - | 939,854 | 939,854 | 1,955,964 |
| Catering | 1 | - | 9,592 | 9,592 | 221,776 |
| Sponsorship and fundraising | 1 | - | 52,923 | 52,923 | 532,895 |
| Grant funding | 1 | - | 2,016,663 | 2,016,663 | 1,351,698 |
| Other income | 1 | - | 356,379 | 356,379 | 216,530 |
| Total income | | - | 3,375,411 | 3,375,411 | 4,278,863 |
| Expenditure | | | | | |
| Cost of theatre productions | 2&4 | - | (2,150,344) | (2,150,344) | (3,050,902) |
| Management and administration | 3&4 | - | (1,152,032) | (1,152,032) | (1,027,695) |
| Marketing costs | 4 | - | (87,664) | (87,664) | (139,166) |
| Catering costs | 4 | - | (10,408) | (10,408) | (70,538) |
| Total expenditure | | - | (3,400,448) | (3,400,448) | (4,288,301) |
| Net deficit for the year | | - | (25,037) | (25,037) | (9,438) |
| Transfer between reserves | | (35,563) | 35,563 | - | - |
| Revaluation in year | | 740,582 | - | 740,582 | 19,484 |
| Net income and net movement in funds for the year | | 705,019 | 10,526 | 715,545 | 10,046 |
| Total funds brought forward | | 3,093,996 | (285,077) | 2,808,919 | 2,798,873 |
| Total funds carried forward | | 3,799,015 | (274,551) | 3,524,464 | 2,808,919 |

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

All the activities of the charitable company are classed as continuing.

Notes to the financial statements are shown on pages 18 to 23.

UNIVERSITY OF DERBY THEATRE LIMITED
BALANCE SHEET AS AT 31 JULY 2021

| | Note | 2021 £ | 2020* £ |
|--|-------------|--------------------|-------------------|
| Fixed assets | | | |
| Tangible fixed assets | 8 | 5,382,464 | 4,818,537 |
| Current assets | | | |
| Stocks | | 4,737 | 6,389 |
| Debtors | 9 | 240,784 | 266,922 |
| Cash at bank | | 2,213,820 | 1,565,351 |
| | | 2,459,341 | 1,838,662 |
| Creditors: amounts falling due within one year | 10 | (4,082,975) | (3,565,425) |
| Net current liabilities | | (1,626,634) | (1,726,763) |
| Total assets less current liabilities | | 3,758,830 | 3,091,774 |
| Creditors: amounts falling due after more than one year | 11 | (234,366) | (282,855) |
| Net assets | | 3,524,464 | 2,808,919 |
| Funds: | | | |
| Unrestricted income funds | | (274,551) | (285,077) |
| Revaluation reserve | | 3,799,015 | 3,093,996 |
| Total funds | | 3,524,464 | 2,808,919 |

The Financial Statements on pages 14 to 23 were approved by the board of trustees on 10 November 2021 and were signed on its behalf by



K Mitchell
Trustee

*restated

Restatement of the prior year (2020) balance sheet at 31 July 2020 relates to the reclassification of an intercompany loan of £2,002,546 at 31 July 2020 from the University of Derby. This loan is repayable on demand and the company did not have the unconditional right to defer settlement of the creditor for at least 12 months at the reporting date and therefore should have been presented within Creditors: amounts falling due within one year. This restatement moved the liability from creditors falling due after more than one year to creditors falling due within one year. The changes in the specific items on the balance sheet at 31 July 2020 are shown below. There is no overall impact of this reclassification on net assets at 31 July 2020.

| | 2020 restated | 2020 as reported | Restatement impact |
|--|--------------------------------|-----------------------------------|-------------------------------------|
| Creditors: amounts falling due within one year | (3,565,425) | (1,562,879) | (2,002,546) |
| Net current liabilities | (1,726,763) | 275,783 | (2,002,546) |
| Total assets less current liabilities | 3,091,774 | 5,094,320 | (2,002,546) |
| Creditors: amounts falling due after more than one year | (282,855) | (2,285,401) | 2,002,546 |
| Net assets | 2,808,919 | 2,808,919 | - |

UNIVERSITY OF DERBY THEATRE LIMITED
STATEMENT OF CHANGES IN RESERVES AS AT 31 JULY 2021

| | Income and expenditure account Unrestricted | Revaluation reserve | Total |
|--|--|--------------------------------|--------------|
| | £ | £ | £ |
| Balance on 1 August 2020 | (285,077) | 3,093,996 | 2,808,919 |
| Deficit from the income and expenditure statement | (25,037) | - | (25,037) |
| Transfers between revaluation and income and expenditure reserve | 35,563 | (35,563) | - |
| Revaluation in year | - | 740,582 | 740,582 |
| Total comprehensive income for the year | 10,526 | 705,019 | 715,545 |
| Balance on 31 July 2021 | (274,551) | 3,799,015 | 3,524,464 |

| | Income and expenditure account Unrestricted | Revaluation reserve | Total |
|--|--|--------------------------------|--------------|
| | £ | £ | £ |
| Balance on 1 August 2019 | (311,389) | 3,110,262 | 2,798,873 |
| Deficit from the income and expenditure statement | (9,438) | - | (9,438) |
| Transfers between revaluation and income and expenditure reserve | 35,750 | (35,750) | - |
| Revaluation in year | - | 19,484 | 19,484 |
| Total comprehensive income for the year | 26,312 | (16,266) | 10,046 |
| Balance on 31 July 2020 | (285,077) | 3,093,996 | 2,808,919 |

UNIVERSITY OF DERBY THEATRE LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2021

| | 2021 | 2020 |
|--|-----------|-----------|
| | £ | £ |
| Cash flow from operating activities | 648,019 | 580,271 |
| Cash flow from financing activities | - | - |
| Cash flow from investing activities | 450 | (92,367) |
| | <hr/> | <hr/> |
| Cash inflow | 648,469 | 487,904 |
| | <hr/> | <hr/> |
| Cash and cash equivalents at beginning of year | 1,565,351 | 1,077,447 |
| | <hr/> | <hr/> |
| Cash and cash equivalents at end of year | 2,213,820 | 1,565,351 |
| | <hr/> | <hr/> |
| Cash flow from operating activities | | |
| Net deficit for year | (25,037) | (9,438) |
| Depreciation on fixed assets | 176,655 | 165,687 |
| Interest income | (450) | (6,560) |
| Deferred capital grants | (48,489) | (48,489) |
| Decrease in stocks | 1,652 | 3,077 |
| Decrease in debtors | 26,138 | 250,059 |
| Increase in creditors | 517,550 | 225,935 |
| | <hr/> | <hr/> |
| | 648,019 | 580,271 |
| | <hr/> | <hr/> |
| Cash flow from financing activities | - | - |
| | <hr/> | <hr/> |
| Cash flow from investing activities | | |
| Interest received | 450 | 6,560 |
| Payments to acquire fixed assets | - | (98,927) |
| | <hr/> | <hr/> |
| | 450 | (92,367) |
| | <hr/> | <hr/> |

UNIVERSITY OF DERBY THEATRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements except as noted below.

Accounting convention

The financial statements of the charity have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) – Higher Education & Further Education SORP (FRS102) and the Companies Act 2006. While the company is a registered charity, paragraph 15 of the Charities SORP and paragraph 1.22 of the Higher Education and Further Education SORP requires that the charity should adhere to the most applicable industry SORP and any reporting requirements placed on charities by charity law. Financial statements are drawn up on the historical cost accounting basis, modified to include the revaluation of certain fixed assets.

Going Concern

The trustees carefully review the financial and cash plans of the Charity on a regular basis. In doing so, this enables them to plan and proactively prepare for events which might otherwise cause significant impact on the business. The trustees have also worked hard to evaluate the financial impact of the changing scenarios over the last 5 years. Projections show modest improvement over the medium term with the continued support of the University of Derby. The University has provided grant funding of £500,000 during the year and has indicated its willingness to continue to provide financial support. Regular funding from ACE has now begun again with NPO status from April 2015.

The trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

Exemptions

The entity has applied the key management personnel exemption of FRS 102, which exempts the entity from disclosing the compensation of key management personnel. This exemption has been applied on the basis that directors and key management personnel are the same individuals.

Income

Income represents trade income, rents receivable from theatre activity, and grant income which is included in the financial statements at the amount receivable for the year.

Tangible fixed assets

Leasehold land and buildings are carried at cost or valuation as of 31 July 2021. All other tangible fixed assets are carried at cost.

Depreciation is calculated to write off the cost or value of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Depreciation is provided on leasehold buildings over the term of the lease.

Depreciation is provided on plant and equipment at annual rates ranging between 10% and 33% on a straight-line basis (3 to 10 years).

Plant and equipment costing more than £10,000 is capitalised and shown in the balance sheet at historical cost.

UNIVERSITY OF DERBY THEATRE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 JULY 2021 (continued)

1 Accounting policies (continued)

Post-retirement benefits

The Company participates in the National Employment Savings Trust defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Taxation

Corporation tax

The Company is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes

Value added tax

The Charity's income is exempt from Value Added Tax (VAT) except as regards its commercial undertakings and certain consultancy activities, which are at standard rate. Irrecoverable input VAT is included in the relevant expenditure categories.

Investment income

Bank and other interest are included in the income and expenditure account on a receivable basis.

2 Cost of charitable activities

| | 2021 | 2020 |
|-----------------------------|-------------|-------------|
| | £ | £ |
| Cost of Theatre productions | 882,382 | 1,556,563 |
| Premises costs | 884,767 | 627,342 |
| Salary costs | 380,137 | 853,814 |
| Bank/card charges | 3,058 | 13,183 |
| | <hr/> | <hr/> |
| | 2,150,344 | 3,050,902 |
| | <hr/> | <hr/> |

3 Management and administration

| | | |
|------------------------|-----------|-----------|
| Staff costs | 1,013,633 | 915,630 |
| Legal and professional | 7,812 | 1,645 |
| Audit and taxation | 26,611 | 13,818 |
| Office costs | 103,976 | 96,602 |
| | <hr/> | <hr/> |
| | 1,152,032 | 1,027,695 |
| | <hr/> | <hr/> |

UNIVERSITY OF DERBY THEATRE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 JULY 2021
(continued)

4 Total resources expended

| | Staff costs | Depreciation | Other costs | 2021 | 2020 |
|-------------------------------------|--------------------|---------------------|--------------------|-------------|-------------|
| | £ | £ | £ | £ | £ |
| Direct charitable expenditure | 380,137 | 176,655 | 1,593,552 | 2,150,344 | 3,050,902 |
| Marketing costs | - | - | 87,664 | 87,664 | 139,166 |
| Catering costs | - | - | 10,408 | 10,408 | 70,538 |
| Management and administration costs | 1,013,633 | - | 138,399 | 1,152,032 | 1,027,695 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| | 1,393,770 | 176,655 | 1,830,023 | 3,400,448 | 4,288,301 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |

5 Payroll costs

| | | |
|----------------------------------|-------------|-------------|
| The aggregate payroll costs were | 2021 | 2020 |
| | £ | £ |
| Wages and salaries | 1,257,004 | 1,613,705 |
| Social security costs | 95,438 | 103,635 |
| Pension costs | 41,328 | 52,104 |
| | <hr/> | <hr/> |
| | 1,393,770 | 1,769,444 |

Particulars of employees:

The average number of full-time equivalent staff employed by the charity during the financial year amounted to:

| | 2021 | 2020 |
|--------------------|-------------|-------------|
| | No. | No. |
| Theatre operations | 37 | 37 |

One employee earned between £60,000 and £70,000 for the current financial year (2020: One employee earned between £60,000 and £70,000). No trustee received remuneration from the company during the year. Expenses of £nil (2020: £nil) were paid in the year. The company paid £nil (2020: £nil) during the year in respect of Directors and Officers liability insurance.

The pension cost charge for the period represents contributions payable by the Company to the NEST scheme and private defined contribution schemes and amounted to £41,328 (2020: £52,104).

Contributions amounting to £9,086 (2020: £8,520) were payable to the scheme and are included in creditors.

UNIVERSITY OF DERBY THEATRE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 JULY 2021
(continued)

6 Net deficit for the year

Net deficit for the year is stated after charging:

| | 2021 | 2020 |
|---|-------------|-------------|
| | £ | £ |
| Auditor's remuneration - as auditors | 4,159 | 4,000 |
| Auditor's remuneration - non audit services | 6,459 | 6,350 |
| Depreciation on tangible fixed assets | 176,655 | 165,687 |
| | <hr/> | <hr/> |
| and after crediting: | | |
| Interest receivable | 450 | 6,560 |
| | <hr/> | <hr/> |

7 Taxation

As a charity, the company is exempt from Corporation Tax on its charitable activities. No provision for deferred taxation has been made by the company.

| 8 Tangible fixed assets | Leasehold property | Plant and equipment | Total |
|--------------------------------|---------------------------|----------------------------|--------------|
| | £ | £ | £ |
| Cost or valuation | | | |
| On 1 August 2020 | 4,006,000 | 1,454,799 | 5,460,799 |
| Additions | - | - | - |
| Revaluation | 694,000 | - | 694,000 |
| | <hr/> | <hr/> | <hr/> |
| On 31 July 2021 | 4,700,000 | 1,454,799 | 6,154,799 |
| | <hr/> | <hr/> | <hr/> |
| Depreciation | | | |
| On 1 August 2020 | - | 642,262 | 642,262 |
| Charge for the year | 46,582 | 130,073 | 176,655 |
| Revaluation | (46,582) | - | (46,582) |
| | <hr/> | <hr/> | <hr/> |
| On 31 July 2021 | - | 772,335 | 772,335 |
| | <hr/> | <hr/> | <hr/> |
| Net book value | | | |
| On 31 July 2021 | 4,700,000 | 682,464 | 5,382,464 |
| | <hr/> | <hr/> | <hr/> |
| On 31 July 2020 | 4,006,000 | 812,537 | 4,818,537 |
| | <hr/> | <hr/> | <hr/> |

UNIVERSITY OF DERBY THEATRE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 JULY 2021
(continued)

Fixed asset valuation

The freehold and leasehold properties comprising the University of Derby's estate were valued as of 31 July 2021 by an external valuer, Gerald Eve LLP, a regulated firm of Chartered Surveyors. The valuation was prepared in accordance with the requirements of the RICS Valuation - Global Standards 2017 and RICS Valuation – Global Standards 2017 UK National Supplement, Financial Reporting Standard 102 and the 2019 Statement of Recommended Practice 'Accounting for Further and Higher Education'. The valuation was undertaken on a Fair Value basis, with specialised properties valued by reference to Depreciated Replacement Cost. The valuation of operational properties is reported under the special assumptions to exclude any value of development opportunities for which planning permission would be required and has not been granted or where development has not yet commenced.

| 9 Debtors | 2021 | 2020 |
|--------------------------------|----------------|----------------|
| | £ | £ |
| Trade debtors | 5,017 | 1,934 |
| Prepayments and accrued income | 208,541 | 247,189 |
| Other debtors | 27,226 | 17,799 |
| | <u>240,784</u> | <u>266,922</u> |

10 Creditors: amounts falling due within one year

| | 2021 | 2020 |
|---|------------------|----------------------|
| | £ | restated £ |
| Trade creditors | 69,573 | 42,930 |
| Social Security and Other Taxes | 27,227 | 25,606 |
| Deferred capital grants | 48,489 | 48,489 |
| Accruals and income received in advance | 1,869,613 | 1,445,854 |
| Amounts due to group companies | 2,068,073 | 2,002,546 |
| | <u>4,082,975</u> | <u>3,565,425</u> |

The Theatre is in receipt of a loan from the University as shown within amounts due to group companies. The balance at 31 July 2020 has been restated – see page 15. This loan is repayable on demand. Although included in current liabilities, the University has issued a letter of support indicating its intention to not request repayment of this loan within the next twelve months. No interest is currently payable on the loan from University of Derby.

Trade creditors are 31 July 2020 within this note was presented as £41,930 in the prior year financial statements, rather than the correct figure of £42,930, due to a typographical oversight and this has been restated. There is no impact on the balance sheet at 31 July 2020 from this.

11 Creditors: amounts falling due after one year

| | | |
|-------------------------|----------------|----------------|
| Deferred capital grants | 234,366 | 282,855 |
| | <u>234,366</u> | <u>282,855</u> |

Amounts falling due after one year at 31 July 2020 have been restated – see page 15.

UNIVERSITY OF DERBY THEATRE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 JULY 2021
(continued)

12 Ultimate parent undertaking

The company's ultimate controlling party is the University of Derby. Copies of the ultimate parent company's consolidated accounts can be obtained from the Secretary at Kedleston Road, Derby DE22 1GB. The University has indicated that it does not intend to require repayment of any intercompany balance or other loan within twelve months from the signature date of these accounts.

13 Related party disclosures

As the company is a wholly owned subsidiary of the University of Derby, it has taken advantage of the exemption available under paragraph 33.1a) (related Party Disclosures) of the provisions of FRS 102 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated accounts of the University of Derby, within which the company is consolidated, can be obtained from the address given in note 12 of these accounts.

14 Accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates and assumptions. It also requires management to exercise its judgment in the process of applying accounting policies. Estimates, assumptions and judgements are continually evaluated based on available information and experience. Estimates based on assumptions and judgements could differ significantly from actual results. The areas most affected using estimates and judgements are described below:

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives considering residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on several factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are considered. Residual values assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Further details can be found in note 8.