

UNIVERSITY OF DERBY THEATRE LIMITED

(A company limited by guarantee)

Trustees' Annual Report and Financial Statements

For the year ended 31 July 2022

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

UNIVERSITY OF DERBY THEATRE LIMITED
(A company limited by guarantee)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

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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 2022

REGISTERED IN ENGLAND AND WALES No. 06858792

CHARITABLE STATUS

The Company is a registered charity.

DIRECTORS AND MEMBERS

Professor Kathryn Mitchell
Lara Ratnaraja
Richard Gerver
Margaret Buddle
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

BDO LLP
Two Snowhill,
Birmingham
B4 6GA

SOLICITORS

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

Shakespeare Martineau LLP
No. 1 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

The Trustees present their Annual Report and Audited Financial Statements for the year ended 31 July 2022. The Trustees' Annual Report serves the purposes of both a Trustees' report and a Directors' report, under company law.

This Annual Report describes the main trends and factors underlying our development, performance and position during the year ended 31 July 2022, as well as those likely to affect us in the future. The financial statements have been prepared in accordance with Charities SORP (FRS 102): Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). Prior year financial statements had been prepared under Statement of Recommended Practice: accounting for further and higher education 2019 and, given this change of basis, there are significant prior period restatements in this year's financial statements.

Structure 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 charitable company's principal address is at 15, Theatre Walk, Derby.

The charitable 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 charitable company. The Trustees are also the Directors of the charitable company for the purposes of company law.

The charitable 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
Lara Ratnaraja
Richard Gerver
Margaret Buddle
Professor Keith McLay
Jill Adamson
Michael Pinchbeck
Ruchita Shaikh
Susan Ambler

The operational management of the business is delegated to the charitable 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 charitable company during the financial year. The setting of pay for key management personnel is set by the Trustees and delegated on an operational basis to the Chair, who will undertake the review on an annual basis. Increases in pay are awarded in line with meeting personal annual objectives and in line with employee pay rise percentages.

The charitable company has a close relationship with the University of Derby. The relationship 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, Humanities and Education for its Theatre Arts courses. The charitable 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 charitable 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 2022 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 charitable company's significant risks using a Corporate Risk Register. The charitable 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 (continued)

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

Objectives and Activities

The main activities of the charitable 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, Humanities and Education students.

Mission

University of 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.

Over the coming years, our programme aims to:

- Give our community agency through co-created projects.
- Entertain our city and beyond through bold, high quality, relevant entertainment.
- Support diverse artists through innovative talent development programmes.
- Support young people through formal education routes to enter the industry.
- Support young people in informal settings, helping them to achieve their potential.
- Support community cohesion through innovative community engagement.
- Showcase and develop the work with and for our deaf community.
- Disseminate our radical approach to running a theatre for the 21st Century through research and partnership.

Public benefit statement

The trustees have regard for the Charity Commission guidelines on public benefit in planning the activities of the Theatre. The Theatre 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. The learning programme went from strength to strength, with the Creative Learning team working in schools, community settings and in the Theatre itself delivering a full programme of learning activities for all ages.

Financial Review

The main sources of funding for the year ended 31 July 2022 were ticket sales income and grant funding from the University of Derby (UoD) and Arts Council England (ACE). Additional income was derived from the rent charged to the College of Arts, Humanities and Education for the use of teaching and rehearsal space along with funding from trusts and foundations, and additional fundraising (including Culture Recovery Funding from ACE, as a result of Covid-19) and other box office and commercial sources such as catering, bars and hires.

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

The Memorandum and Articles of Association govern the Trustees' investment powers, which permit the charitable company'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 charitable company.

The Statement of Financial Activities for the year ended 31 July 2022 is set out on page 14.

The total income from trading activities of the charitable company during the year was £3,663,741 (2021: £3,142,383) including grant funding of £500,000 (2021: £500,000) and £326,000 (2021: £226,000) rental income from the University of Derby. This was applied to total expenditure in the year of £4,622,938 (2021: £3,400,447).

Unrestricted funds fell modestly in the year by £154,155 (2021: increase of £937,030). There was a large outflow of restricted funds £998,749 (2021: £454,512), as the activities of two large, funded projects, Derby CAN and YPPF, were able to progress following Covid related delays. These projects are both due to conclude in 22-23. The Theatre also grew its designated reserve by £281,043 (2021: £292,631), with further funding received from a third Culture Recovery grant which included a sum for building the designated reserve to support the ongoing sustainability of the Theatre.

UNIVERSITY OF DERBY THEATRE LIMITED TRUSTEES' ANNUAL REPORT (continued)

During the financial year, both parties approved a formal loan agreement relating to the intercompany loan from the University of Derby to University of Derby Theatre Limited for a maximum of £2,500,000, details of which can be found in Note 14.

Going Concern

After making appropriate enquiries, the trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. The Theatre also has a strong cash balance that the trustees feel mitigates the current reserve position and gives a measure of safety while reserves are built up. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies (Note 1).

Fundraising

Section 162a of the Charities Act 2011 requires us to make a statement regarding fundraising activities because we have an external audit. We undertake fundraising activities such as asking for donations to support the Theatre generally or for specific activities. We do not use professional fundraisers or “commercial participators” or indeed any third parties to solicit donations. We are therefore not subject to any regulatory scheme or relevant codes of practice, although we do follow the Fundraising Regulator code of practice. We have not received any complaints in relation to fundraising activities.

Reserves Policy

In accordance with Charity Commission guidelines, the charitable company is required to ensure the sustainability of the organisation and maintain operating reserves to offset the impact of unforeseen events and operating cash flows. The total funds of the charitable company are £5,388,446 (2001: £6,537,350) and are discussed separately below.

While the trustees believe that, given the current economic and funding environment, an appropriate level of unrestricted general reserves would be approximately three months of overhead expenditure, currently the Theatre has unrestricted general reserves position of £19,639 (2001: £222,560). The Trustees are aware that this falls short of the desired position but is understanding of the reasons for this position and supportive of the position post-pandemic. In the current economic climate the Board recognises that whilst building reserves further remains a key aim, returning a surplus in each financial year is challenging.

The trustees have therefore carefully considered the Theatre’s financial position and note the Theatre has a substantial designated reserve of £573,674 (2001: £292,631), which has been established for the specific purpose of building the future sustainability of the Theatre. In 2022, £21,782 (2001: £nil) was spent to support building new audiences to drive increased future income. Any release of designated funds requires Trustee Board approval.

Lastly, unrestricted funds include a revaluation reserve of £3,566,739 (2021: £3,799,016) which will only be realised upon the disposal of the theatre building lease. Management has no intention of disposing of the theatre building in the foreseeable future.

The restricted funds position at the year-end was £1,228,394 (2001: £2,223,143) and were not available for general purposes.

Principal Risks and Uncertainties

The Theatre faces two principal risks in the medium term. These are the continued difficulty in rebuilding audience numbers post Covid and an increasingly competitive funding raising environment. Both of these are exacerbated by the cost of living crisis with the public having less discretionary spending available. In order to mitigate, the Theatre is utilising its designated reserve to fund an audience development post to help engage audiences.

The current inflationary environment has also introduced a higher degree of uncertainty in the budgeting cycle. While some funders have awarded uplifts to grants to mitigate this, these are not guaranteed, so careful planning is needed to ensure early sight of increases is known where possible.

Risks are considered at quarterly board meetings in the risk register and this is regularly updated.

Achievements and performance

Derby Theatre continues to be an Arts Council England National Portfolio organisation. The Theatre has had a successful year, continuing to produce, co-produce and co-create high quality artistic product for the main stage. We continued to work on large scale collaborative partnerships with local and national significance including: Derby Reimagine (ACE’s YPPF programme), Derby CAN (ACE’s Producing Hub programme, match funded by the Paul Hamlyn Foundation); and Plus One (funded by the Esmée Fairbairn Foundation). Derby Theatre is the lead partner for Derby’s Cultural Education Partnership, which is chaired by the Director of Learning and Skills for Derby City Council. Last year the board was developed with new members joining. The partnership led five events for young people to help understand young people’s interests in culture.

UNIVERSITY OF DERBY THEATRE LIMITED TRUSTEES' ANNUAL REPORT (continued)

In Summer 2021 we produced *The Wind in the Willows*. This was presented in partnership with Derby City Council as part of their outdoor programme of work in Market Square. We also co-produced a new under 5's show, *Marty and the Party with Milk Presents*. Both played to reduced capacities due to Government restrictions in place at the time.

In Autumn 2021, we co-produced *Extra Time* with Derby CAN - a football themed production, created by the people of Derby and for the people of Derby. This highly successful production saw 49% of new people come to Derby Theatre. Engagement work took place around this production, which saw teams working with community members – gathering their stories which were woven into the play and celebrating the 1946 FA Cup win and highlighting the City of Derby.

Over the Christmas period, the Theatre remounted its BSL Integrated production of *Treasure Island* following its postponement in 2020 due to the Covid-19 pandemic. In the studio we co-produced *The Snow Dragon* with Tall Stories. January 2022 saw us present *Palace of Varieties* - a locally relevant political story around the life of Dennis Skinner; and for Easter 2022 a new BSL Integrated production of *The Emperor's New Clothes* was co-produced with Polka Theatre, London and Hiccup Theatre Company. Our last co-produced show for 21/22 was *Home Girl*, which was part of our Derby Reimagine programme.

Our received programme continued to be successful, presenting a varied programme for diverse audiences across a range of artforms including dance, comedy, drama and family work. Highlights included *Zog*, *Three Musketeers* and *Blood Brothers*. Additionally, a variety of new works were presented in the studio – many of which will be performed in the Edinburgh Festival Fringe 2022.

Derby Theatre has continued to provide vital support to the freelance artistic community. In 21/22, it appointed 11 new Associate Artists. Through this scheme artists receive a financial contribution, mentoring support from the team, as well as creation space.

The Theatre also supported artistic companies across the region through In Good Company (IGC), delivering advice and guidance sessions to support on project planning and production. This year IGC delivered its 10th annual Departure Lounge Festival. This hugely successful, in person event saw many industry professionals, artists and national critics (Lyn Gardner) attend a range of workshops, panel discussions and performances (71 artists were supported and performed at the Festival). More Midlands based artists were supported and programmed, upholding IGC's mission to ensure a thriving independent sector here in the Midlands.

Recognising the urgency of the climate crisis, Departure Lounge programmed *The Endling* (created by Strange Futures), a theatre piece that discusses the environmental crisis and species extinction and engaged Pigfoot Theatre to deliver workshops on making environmentally sustainable theatre. It also programmed queer-led work including *Bonfire*, *Utopian*, and *Cocoa Butter Club*.

Over the year, the Theatre continued to deliver its pioneering learning and community work, including:

- Delivering nine weekly youth theatre groups, including a group for deaf young people. Eight of these groups performed a fully designed and produced show in the main house or studio; and approximately 120 participants attended around 40 sessions a year each. The Derby Theatre Ambassadors group also continued to help shape the future direction for the young people's programme.
- Working in partnership with artist Nicky Bellinger and Universal Services for Carers in Derby to launch the Carers Café. The Café is a creative space for those living with dementia and their carers to come together once a month. Parallel to this, Nicky is working with the group to write a play for youth theatre groups around dementia and the stigmatisation.
- Continuing to work with Maison Foo to host Meet Your Neighbour events and we were awarded Theatre of Sanctuary status in recognition of our work with and for new arrivals.
- Building on Reimagine, a partnership project for which Derby Theatre is the main partner. Five hubs are led and coordinated by different cultural partners. Work takes place in schools and in community groups and responds to local needs and stories, creating performance work that performs both locally and in the Reimagine Festival that took place in venues across the city. Last year approximately 850 young people took part in the project. This year a central group of around 50 young people developed their leadership skills as "Future Creatives" and helped produce the central festival, doing everything from the venue transformation to marketing and evaluation.

UNIVERSITY OF DERBY THEATRE LIMITED

TRUSTEES' ANNUAL REPORT (continued)

- Delivering Plus One, the programme which works with care experienced young people and partners across the city to help develop their confidence, ability to build relationships and employability skills. 121 creative mentoring sessions support those least able to get involved in bigger projects. This year we hosted the Culture Cares conference with care experienced speakers Ashley John Baptiste and Sophie Willan delivering key notes. Young people co-created a VR project throughout the year. Approximately 150 young people and families have taken part.
- A new initiative, Making and Believing. This is a project for nurseries and early years settings where artists deliver long-term interventions and then shows tour to the settings and the theatre. Around 120 children were involved.
- Delivering the Inclusion Project, which worked with five schools and delivered a series of practical workshops that captured the ideas of young people in terms of how their school could reduce the number of student exclusions.

In addition to the above, the learning team has continued to deliver a workshop programme for schools and teachers. Last year was quieter than usual as we emerged from lockdown, however approximately 500 students engaged with the Theatre either on site or in schools. A work experience programme was also delivered in which 15 year 10 students participated. It also continued to develop Connect Up, an international project in which 12 partners from across Europe create new work for 12+ along with learning programmes for artists and teachers.

All departments across the Theatre delivered the 'Spotlight On' modules for all theatre-based programmes across all year groups. The MA students are fully integrated into the Learning Theatre delivery model. The Theatre supported all student shows and the MA symposium. The Theatre also works with a number of other programmes and initiatives across the University for example the Creative Expressive Therapy programme and Civic Lab Research Group.

Derby CAN has continued to thrive and supported artists' professional development – working with 310 participants, engaging 3,773 as audiences and general engagement of 699. This included:

- One professional co-production main stage show, Extra Time, and another which is in development - 4 Walls. When producing these shows, the project prioritises castings for local actors, as well as engaging community members in joining the team in the ensemble. It also commissioned three mid-scale shows out in community settings like open spaces, social clubs and public buildings.
- Continuing our support to previously commissioned artists to bring their projects to completion on stage, in art galleries and out in public spaces – the programme awarded seven new commissions to local artists who are from the Global Majority, with online training from top industry professionals of colour, to work with community members to co-create their own work and increase diversity in the artistic ecology of the city.
- Setting up three hubs in the city of Derby and producing a variety of morning, afternoon and evening events selected by the community from family storytelling, interactive theatre to music & rap evenings.
- Supporting the local community in giving space, time and resources to enable community groups like Age UK, Derby Refugee Solidarity and Open Door Derby to develop skills, produce their own events and engage with the community.

Derby CAN also strengthened partnership working with other local NPOs, national partners and associate companies by sharing best practice and cross-collaboration in supporting events, artists and wider communications to help increase the growth of opportunities and quality for the communities of Derby and the wider social mobility of arts and culture.

Post Covid-19, Derby Theatre has made positive steps in terms of the impact of fundraising, positive signs of sales growth and staff working with renewed energy. It has also benefited from increased levels of Theatre Tax Relief. Additionally, the Theatre is continuing to support professional development across the team, and a range of training has been delivered including safeguarding, anti-racism and deaf awareness training.

Over the past year, whilst recovering from the Covid-19 pandemic, Derby Theatre has continued to place emphasis on fundraising, and has been successful in securing key grants such as the third round of the Culture Recovery Funds, where the Theatre was awarded £504,631. Existing funders, such as the Esmée Fairbairn Foundation increased their support to the Theatre through their Reinventing Performing Arts Fund (£60,000), and the Theatre was also successful in securing funding from the ARG Culture Fund, which provided vital funding, supporting the Theatre's continued sustainability. Other successful funding secured includes: the Jerwood Foundation, to provide support for a new Assistant Producers Placement Scheme (£60,000), Derby City Council funding to support the delivery of schools' holiday projects (£7,385), and the Mighty Creatives, to provide support towards DCEP and Young Peoples Voice work. Additionally, our valued Friends Scheme has continued to provide support in this area of work.

UNIVERSITY OF DERBY THEATRE LIMITED TRUSTEES' ANNUAL REPORT (continued)

Over the coming year, the Theatre's priority will be to continue to secure core funding and will be increasing resource in this area. A new Development Officer post is being created to support this vital strand of work.

Future Plans

As outlined above, Derby Theatre has been working hard to continue to deliver a bold and brilliant programme of work, which meets its vision and mission. The Theatre has also returned to full live performances and reopened its catering and bar functions. As it continues to recover from the Covid-19 pandemic, a sharp focus will remain on financial management and income generation.

Covid-19 continues to pose a risk, with the emergence of possible new variants, as well as positive cases, still impacting on both creative, administrative and operational functions. Other areas for continued consideration include: changes in audience patterns, increased cost of living which could impact on spending behaviours, the impact from Covid-19 on promoters and producers (particularly in relation to touring) and any resultant impact on secondary spend.

Throughout the Covid-19 pandemic Derby Theatre has demonstrated an ability to respond quickly to different situations and implement contingency plans at short notice. Disruption has significantly reduced since the introduction of the vaccination programme, and the Theatre remains stable and sustainable.

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. It will also be aiming to embed practice learned from both Derby Reimagine, and Derby CAN, ensuring this work becomes part of the Theatre's core programme of work.

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). Whilst fundraising will be difficult in the current climate, and there will be increased competition for funding, the Theatre has addressed this and will be allocating additional resource to this function.

Derby Theatre also applied and was successful in securing Arts Council England's National Portfolio Scheme funding for a further three years. The programme outlined created aligns closely with ACE's Let's Create Strategy.

Trustees' responsibilities statement

The Trustees are responsible for preparing the 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 in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 incoming resources and application of resources, including the income and expenditure, of the charity 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

UNIVERSITY OF DERBY THEATRE LIMITED TRUSTEES' ANNUAL REPORT (continued)

Disclosure of information to auditor

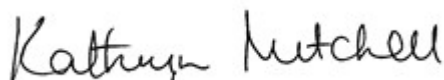
The trustees who held office at the date of approval of this trustees' report confirm that, so far as they are each aware, there is no relevant audit information of which the charitable company's auditor is unaware; and each trustee has taken all the steps that ought to have been taken as a trustee to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

Appointment of Auditor

On 9 February 2022, KPMG LLP resigned as the charitable company's auditor. BDO LLP were appointed to fill the resulting vacancy. BDO LLP have expressed their willingness to continue in office as auditor and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Board Approval

Approved by the board of trustees on 24 April 2023 and signed on their behalf by

A handwritten signature in black ink that reads "Kathryn Mitchell". The signature is written in a cursive, flowing style.

Professor Kathryn Mitchell
Chair of Trustees

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIVERSITY OF DERBY THEATRE LIMITED

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 31 July 2022 and of incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of University of Derby Theatre Limited ("the Charitable Company") for the year ended 31 July 2022 which comprise the statement of financial activities (incorporating the income and expenditure account), the balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

We remain independent of the Charitable Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions related to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating 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 a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report, which includes the Directors' Report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report, which is included in the Trustees' Report, has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Trustees' report.

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

- adequate accounting records have not been kept by the Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Charitable Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We made enquiries of management, the Directors and the Audit and Risk Committee. This included the following:

- how they have identified, evaluated and complied with laws and regulations and whether they were aware of any instances of non-compliance;
- their process for detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and

- which internal controls have been established to mitigate risks related to fraud or non-compliance with laws and regulations.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Charitable Company. These include, but are not limited to, compliance with Companies Act 2006, Charities Act 2011, UK Generally Accepted Accounting Practice, employment law and data protection.

We considered management's incentives and opportunities for fraudulent manipulation of the financial statements (including revenue recognition and the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

Audit response to risks identified

We designed and executed procedures in line with our responsibilities to detect material misstatements in respect of irregularities, including fraud. These procedures, together with the extent to which they are capable of detecting irregularities, including fraud, are detailed below:

- Discussions with management, the Trustees and the Audit and Risk Committee, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility;
- Challenging assumptions made by management in their significant accounting estimates and judgements particularly in relation to the assumptions related to the useful economic lives of tangible fixed assets, valuation of land and buildings and impairment considerations;
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; considered completeness of related party transactions; and
- In addressing the risk of fraud through improper income recognition, we tested the appropriateness of certain journals and tested the application of cut-off and revenue recognition.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

DocuSigned by:

Samantha Lifford

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Samantha Lifford (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

Birmingham, UK

Date: 26 April 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

UNIVERSITY OF DERBY THEATRE LIMITED
STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE INCOME AND
EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 JULY 2022

		Unrestricted funds 2022	Restricted Funds 2022	Total funds 2022	Restated Unrestricted funds 2021	Restated Restricted funds 2021	Restated Total funds 2021
	Note	£	£	£	£	£	£
Income							
Donations and legacies	2	1,709,067	261,120	1,970,187	2,475,454	273,109	2,748,563
Charitable activities	3	1,523,877	-	1,523,877	383,665	-	383,665
Other trading activities	4	162,296	-	162,296	9,706	-	9,706
Investment income	5	7,381	-	7,831	449	-	449
Total income		3,402,621	261,120	3,663,741	2,869,274	273,109	3,142,383
Expenditure							
Raising funds	6	(277,229)	-	(277,229)	(224,338)	-	(224,338)
Charitable activities	6	(3,089,841)	(1,255,869)	(4,354,710)	(2,448,488)	(727,621)	(3,176,109)
Total expenditure		(3,367,070)	(1,255,869)	(4,622,939)	(2,672,826)	(727,621)	(3,400,447)
Net income/(expenditure) before transfers and revaluation		35,551	(994,749)	(959,198)	196,448	(454,512)	(258,064)
Revaluation in year	15	(189,706)	-	(189,706)	740,582	-	740,582
Net (expenditure) / income and net movement in funds for the year		(154,155)	(994,749)	(1,148,904)	937,030	(454,512)	482,518
Reconciliation of funds							
Total funds brought forward		4,314,207	2,223,143	6,537,350	3,377,177	2,677,655	6,054,832
Net movement in funds		(154,155)	(994,749)	(1,148,904)	937,030	(454,512)	482,518
Total funds carried forward		4,160,052	1,228,394	5,388,446	4,314,207	2,223,143	6,537,350

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

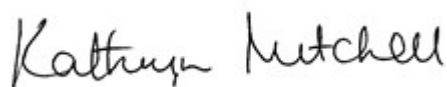
All the activities of the charitable company are classed as continuing.

Notes to the financial statements are shown on pages 16 to 31.

UNIVERSITY OF DERBY THEATRE LIMITED
BALANCE SHEET AS AT 31 JULY 2022
COMPANY NUMBER 06858792

	Note	2022 £	Restated 2021 £
Fixed assets			
Tangible fixed assets	11	5,032,123	5,382,464
Current assets			
Stocks		9,048	4,737
Debtors	12	1,048,994	1,775,557
Cash at bank		2,344,856	2,213,820
		<u>3,402,898</u>	<u>3,994,114</u>
Creditors: amounts falling due within one year	13	(976,818)	(2,839,228)
Net current assets		<u>2,426,080</u>	<u>1,154,886</u>
Total assets less current liabilities		<u>7,458,203</u>	<u>6,537,350</u>
Creditors: amounts falling due after more than one year	14	(2,069,757)	-
Net assets		<u>5,388,446</u>	<u>6,537,350</u>
Funds:			
Designated funds	15	573,674	292,631
Restricted funds	15	1,228,394	2,223,143
Unrestricted funds	15	19,639	222,560
Revaluation reserve	15	3,566,739	3,799,016
		<u>5,388,446</u>	<u>6,537,350</u>
Total funds		<u>5,388,446</u>	<u>6,537,350</u>

The Financial Statements on pages 16 to 31 were approved by the board of trustees on 24 April 2023 and were signed on its behalf by



Professor Kathryn Mitchell
Chair of Trustees

UNIVERSITY OF DERBY THEATRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

1 Accounting policies

University of Derby Theatre Limited is a charitable company, limited by guarantee, incorporated in England under the Companies Act 2006. The address of the registered office is shown on the 'Members of Board, Officers and Professional Advisors' page and the nature of the Charitable company's principal activity is shown in the Trustees' Report.

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 Charities SORP (FRS 102) – Accounting and Reporting by Charities: Statement of Recommended Practice applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. Prior year accounts had been prepared under the Statement of Recommended Practice: accounting for Further and Higher Education 2019 and, given this change of basis, there are significant prior period restatements in this year's accounts (see note 21).

University of Derby Theatre Limited meets the definition of a public benefit entity under FRS 102. Financial statements are drawn up on the historical cost accounting basis, modified to include the revaluation of certain fixed assets.

Exemptions

The charitable company's ultimate parent undertaking, the University of Derby, includes the charitable company in its consolidated financial statements. The consolidated financial statements of The University of Derby are prepared in accordance with FRS 102 and are available to the public and may be obtained from the University of Derby, in these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- cash flow statement and related notes

Going Concern

The trustees carefully review the financial and cash plans of the charitable company 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 three years to July 2026. This has enabled management to prepare a going concern forecast to April 2024, 12 months from the date of signing the financial statements. 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 consistent funding via the approval by its Governing Council of its five-year financial plan. The Theatre was also successful in renewing its NPO funding for a further three-year period to 31 March 2026. Therefore, 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.

Income

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

Income received in advance of a theatrical performance or provision of other specified service is deferred until the criteria for income recognition are met.

Income in respect of rental income is recognised on a straight-line basis over the period in which the theatre hall is rented.

UNIVERSITY OF DERBY THEATRE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 JULY 2022 (continued)

1 Accounting policies (continued)

Income (continued)

Income from Government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred. In respect of the furlough grant; all conditions, with respect to the eligible costs being claimed, need to be met.

Income from the sale of goods or services including catering is recognised when the goods or services are supplied to the external customers, or the terms of the contract have been satisfied.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the costs of catering services provided by the theatre and their associated support costs.
- Expenditure on charitable activities includes the costs of performances, exhibitions and other educational activities undertaken to further the purposes of the charity and their associated support costs.
- Other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include administration costs, finance, personnel, payroll and governance costs which support the Charitable Company's artistic programmes and activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. Support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources.

Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charitable company. This is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

Taxation

Corporation tax

The charitable 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 charitable 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 charitable company'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.

Tangible fixed assets

It is the policy of the charitable company to carry out a full revaluation of its buildings every three years. In the intervening years, a desktop revaluation exercise is conducted. The valuations are carried out by Gerald Eve LLP, with a full valuation being carried out at 31 July 2022.

All other tangible fixed assets are stated at cost. Items of equipment costing less than £10,000 are recorded in the Statement of Financial Activities as premises costs in the year of purchase.

UNIVERSITY OF DERBY THEATRE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 JULY 2022 (continued)

1 Accounting policies (continued)

Tangible fixed assets (continued)

Depreciation for all assets is provided to depreciate the cost or valuation of fixed assets, over their estimated useful lives on a straight-line basis, at the following annual rates:

Leasehold buildings	Over the term of the lease
Plant and equipment	Between 10% and 33.3%
IT infrastructure and computer equipment	Between 20% and 33.3%

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

Debtors

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

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the charitable company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Financial Instruments

All loans, investments and short-term deposits held by the charitable company are classified as basic financial instruments in accordance with FRS102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost; however, the charitable company has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the Balance Sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the term of the lease.

Post-retirement benefits

The charitable company participates in the National Employment Savings Trust (NEST) defined contribution pension scheme. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. The amount charged to the statement of financial activities represents the contributions payable to the scheme in respect of the accounting period.

Fund Accounting

Unrestricted funds are those which are available for use at the discretion of the trustees in furtherance of the general objectives of the charitable company and which have not been designated for other purposes.

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

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

UNIVERSITY OF DERBY THEATRE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 JULY 2022 (continued)

1 Accounting policies (continued)

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.

Valuation of buildings

The fair value of the buildings of the Charitable Company have been provided to management by an independent valuation expert, Gerald Eve LLP, at the reporting date, as instructed. They have made assumptions in the determination of the fair value of the property in respect of the condition of the property, health of the property market in the location where the property is situated and in respect of the range of reasonable fair value estimates of the asset.

Impairment

Management make judgement as to whether the Theatre is appropriately valued at each Balance Sheet date and whether any indicators of impairment exist. Discussions are held prior to year-end to assess market movements, planned changes and any other indicators which might warrant a change in the carrying value of an asset. Should an impairment be indicated, a third-party valuer would be contracted to estimate the change in carrying value at the Balance Sheet date.

2 Income from donations and legacies

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Restated Total funds 2021 £
Donations	16,504	10,518	27,022	23,001
Grants	1,692,563	250,602	1,943,165	2,725,562
Total	1,709,067	261,120	1,970,187	2,748,563

Restricted funds of £2,475,454 and unrestricted funds of £273,109 were received in 2021.

UNIVERSITY OF DERBY THEATRE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 JULY 2022
(continued)

3 Income from charitable activities

	Unrestricted funds 2022 £	Total funds 2022 £	Restated Total funds 2021 £
Theatre activities	1,111,964	1,111,964	91,808
Rental income	328,659	328,659	231,699
Other income	10,377	10,377	-
Theatre tax credit	72,877	72,877	60,158
Total	1,523,877	1,523,877	383,665

Restricted funds of £nil and unrestricted funds of £383,665 were received in 2021.

4 Income from other trading activities

	Unrestricted funds 2022 £	Total funds 2022 £	Restated Total funds 2021 £
Catering	162,296	162,296	9,706
Total	162,296	162,296	9,706

Restricted funds of £nil and unrestricted funds of £9,706 were received in 2021.

5 Investment income

	Unrestricted funds 2022 £	Total funds 2022 £	Restated Total funds 2021 £
Interest receivable	7,381	7,381	449
Total	7,381	7,381	449

Restricted funds of £nil and unrestricted funds of £449 were received in 2021.

UNIVERSITY OF DERBY THEATRE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 JULY 2022
(continued)

6 Expenditure by activity

	Direct costs 2022 £	Support costs 2022 £	Total costs 2022 £	Direct costs 2021 £	Support costs 2021 £	Total costs 2021 £
Cost of raising funds						
Donations and fundraising	41,124	16,980	58,104	39,055	38,015	77,070
Other trading	155,091	64,034	219,125	74,628	72,640	147,268
	<u>196,215</u>	<u>81,014</u>	<u>277,229</u>	<u>113,683</u>	<u>110,655</u>	<u>224,338</u>
Cost of charitable activities						
Theatre activities	1,951,504	808,554	2,760,058	941,590	915,912	1,857,502
Creative learning	146,951	60,673	207,624	155,593	151,449	307,042
Funded Projects	1,342,330	35,698	1,378,028	871,494	140,071	1,011,565
	<u>3,440,785</u>	<u>904,925</u>	<u>4,345,710</u>	<u>1,968,677</u>	<u>1,207,432</u>	<u>3,176,109</u>
Total expenditure	<u>3,637,000</u>	<u>985,939</u>	<u>4,622,939</u>	<u>2,082,360</u>	<u>1,318,087</u>	<u>3,400,447</u>

7 Support costs by activity – Current Year

	Raising funds 2022 £	Theatre activities 2022 £	Creative learning 2022 £	Funded projects 2022 £	Total costs 2022 £
Support cost allocation					
Premises costs	40,157	400,790	30,075	17,695	488,717
Management and staff costs	26,125	260,736	19,565	11,511	317,937
Legal, professional and finance costs	4,024	40,164	3,014	1,773	48,975
Audit and taxation	1,774	17,702	1,328	782	21,586
Office costs	8,934	89,162	6,691	3,937	108,724
Total support costs	<u>81,014</u>	<u>808,554</u>	<u>60,673</u>	<u>35,698</u>	<u>985,939</u>

Support costs by activity – Prior Year

	Raising funds 2021 £	Theatre activities 2021 £	Creative learning 2021 £	Funded projects 2021 £	Total costs 2021 £
Support cost allocation					
Premises costs	60,487	500,992	82,787	76,567	720,833
Management and staff costs	30,725	254,484	42,052	38,893	366,154
Legal, professional and finance costs	7,525	62,324	10,299	9,524	89,672
Audit and taxation	2,233	18,495	3,056	2,827	26,611
Office costs	9,685	79,617	13,255	12,260	114,817
Total support costs	<u>110,655</u>	<u>915,912</u>	<u>151,449</u>	<u>140,071</u>	<u>1,318,087</u>

No governance costs were incurred by the Theatre (2021: £nil).

UNIVERSITY OF DERBY THEATRE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 JULY 2022
(continued)

8 Net movement in funds for the year

Net movement in funds for the year is stated after charging:

	2022	2021
	£	£
Auditor's remuneration - as auditors	15,920	4,159
Auditor's remuneration - non audit services	-	6,459
Depreciation on tangible fixed assets	177,561	176,655

9 Staff costs

	2022	2021
	£	£
Wages and salaries	1,645,849	1,257,004
Social security costs	102,322	95,438
Pension costs	55,741	41,328
	<u>1,803,912</u>	<u>1,393,770</u>

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 £55,741 (2021: £41,328). Contributions amounting to £8,529 (2021: £9,086) were payable to the scheme and are included in creditors.

Particulars of employees:

The average number of staff employed by the charitable company during the financial year amounted to:

	2022	2021
	No.	No.
Employees	97	92

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2022	2021
	No.	No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	1	1

These 2 employees received employers pension contributions in year of £5,408 (2021: £5,408).

The key management personnel of the company comprises 3 staff members of the Senior Leadership Team. The total employee benefits of the key management personnel, including National Insurance contributions were £192,455 (2021: £191,980).

10 Trustees' remuneration and expenses

No trustee received remuneration from the charitable company during the year. Expenses of £nil (2021: £nil) were paid in the year. The company paid £nil (2021: £nil) during the year in respect of Directors and Officers liability insurance.

UNIVERSITY OF DERBY THEATRE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 JULY 2022
(continued)

11 Tangible fixed assets

	Leasehold buildings	Plant and equipment	Total
	£	£	£
Cost or valuation			
On 1 August 2021	4,700,000	1,454,799	6,154,799
Additions	-	17,132	17,132
Disposals	-	(290,460)	(290,460)
Revaluation	(245,000)	-	(245,000)
On 31 July 2022	4,455,000	1,181,471	5,636,471
Depreciation			
On 1 August 2021	-	772,335	772,335
Charge for the year	55,294	122,267	177,561
Disposals	-	(290,254)	(290,254)
Revaluation	(55,294)	-	(55,294)
On 31 July 2022	-	604,348	604,348
Net book value			
On 31 July 2022	4,455,000	577,123	5,032,123
On 1 August 2021	4,700,000	682,464	5,382,464

Fixed asset valuation

In accordance with FRS102, a valuation of the leasehold building was performed independently by Gerald Eves LLP, Chartered Surveyors, as of 31 July 2022. The valuation was performed in accordance with the Statement of Asset Valuation and Guidance Notes, published by the Royal Institute of Chartered Surveyors

The historic cost and accumulated depreciation of properties held at fair value is as follows:

	2022	2021
	£	£
Historic cost	1,011,677	1,011,677
Depreciation	(131,409)	(120,124)
Net book value	880,268	891,553

12 Debtors

	2022	Restated 2021
	£	£
Trade debtors	138,972	5,017
Other debtors	55,462	27,226
Prepayments and accrued income	854,560	1,743,314
	1,048,994	1,775,557

UNIVERSITY OF DERBY THEATRE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 JULY 2022
(continued)

13 Creditors: amounts falling due within one year

	2022	Restated 2021
	£	£
Trade creditors	165,090	69,573
Amounts due to group companies	32,242	2,068,073
Social Security and other taxes	23,660	27,227
Accruals	641,613	569,459
Deferred income	114,213	104,896
	<u>976,818</u>	<u>2,839,228</u>

	2022	Restated 2021
	£	£
Deferred income at 1 August	104,896	146,772
Income deferred during the year	114,213	104,896
Amounts released from prior periods	<u>(104,896)</u>	<u>(146,772)</u>
Deferred income at 31 July	<u>114,213</u>	<u>104,896</u>

Deferred income consists of amounts received for future shows which have not taken place at year end, and for delivery of services which have not been completed at year end.

14 Creditors: amounts falling due after one year

	2022	2021
	£	£
Amounts due to group companies	<u>2,069,757</u>	<u>-</u>
	<u>2,069,757</u>	<u>-</u>

The Theatre has received a loan from the University of up to £2.5m. This loan is repayable (in part or full) 18 months following a demand from the University. No interest is charged on this loan. In 2021 this loan was classified as due within one year, prior to the formal agreement governing repayment terms being in place.

UNIVERSITY OF DERBY THEATRE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 JULY 2022
(continued)

15 Statement of funds – current year

	Restated Balance at 1 Aug 2021 £	Income £	Expenditure £	Transfers in/(out) £	Revaluation in year £	Balance at 31 Jul 2022 £
Unrestricted funds						
General Funds	136,560	1,770,238	(1,887,159)	-	-	19,639
Arts Council – NPO grant	-	798,656	(798,656)	-	-	-
University of Derby grant	-	500,000	(500,000)	-	-	-
Derby City Council grant	86,000	30,902	(116,902)	-	-	-
Culture Recovery Fund 3	-	302,825	-	(302,825)	-	-
	222,560	3,402,621	(3,302,717)	(302,825)	-	19,639
Designated funds						
Designated fund	292,631	-	(21,782)	302,825	-	573,674
Revaluation Reserve						
Revaluation reserve	3,799,016	-	(42,571)	-	(189,706)	3,566,739
Restricted funds						
Arts Council - Derby CAN	1,459,699	25,061	(591,652)	-	-	893,108
Arts Council - YPPF	591,925	11,500	(312,725)	-	-	290,700
Esmee Fairburn	83,914	-	(64,467)	-	-	19,447
Plus One	7,821	10,518	(10,200)	-	-	8,139
Big House	-	12,235	(12,235)	-	-	-
Culture Recovery Fund 2	79,784	-	(79,784)	-	-	-
Culture Recovery Fund 3	-	201,806	(201,806)	-	-	-
	2,223,143	261,120	(1,272,869)	-	-	1,228,394
Total of funds	6,537,350	3,663,741	(4,639,939)	-	(189,706)	5,388,446

UNIVERSITY OF DERBY THEATRE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 JULY 2022
(continued)

Statement of funds – prior year

	Restated Balance at 1 Aug 2020 £	Restated Income £	Expenditure £	Transfers in/out £	Revaluation in year £	Restated Balance at 31 Jul 2021 £
Unrestricted funds						
General Funds	283,180	784,492	(966,675)	35,563	-	136,560
Arts Council – NPO grant	-	799,766	(799,766)	-	-	-
University of Derby grant	-	500,000	(500,000)	-	-	-
Derby City Council grant	-	126,740	(40,740)	-	-	86,000
Culture Recovery Fund 2	-	292,631	-	(292,631)	-	-
Culture Recovery Fund 1	-	365,645	(365,645)	-	-	-
	<u>283,180</u>	<u>2,869,274</u>	<u>(2,672,826)</u>	<u>(257,068)</u>	<u>-</u>	<u>222,560</u>
Designated funds						
Designated fund	-	-	-	292,631	-	292,631
Revaluation Reserve						
Revaluation reserve	<u>3,093,997</u>	<u>-</u>	<u>-</u>	<u>(35,563)</u>	<u>740,582</u>	<u>3,799,016</u>
Restricted funds						
Arts Council - Derby CAN	1,722,322	460	(263,083)	-	-	1,459,699
Arts Council - YPPF	855,980	-	(264,055)	-	-	591,925
Esmee Fairburn	82,620	1,750	(456)	-	-	83,941
Plus One	16,733	23,208	(32,120)	-	-	7,821
Big House	-	35,691	(35,691)	-	-	-
Culture Recovery Fund 2	-	212,000	(132,216)	-	-	79,784
	<u>2,677,655</u>	<u>273,109</u>	<u>(727,621)</u>	<u>-</u>	<u>-</u>	<u>2,223,143</u>
Total of funds	<u>6,054,832</u>	<u>3,142,383</u>	<u>(3,400,447)</u>	<u>-</u>	<u>740,582</u>	<u>6,537,350</u>

Description of funds

Derby CAN

Restricted funding received for the Derby CAN (Derby Creative Arts Network) project in which organisations come together to create theatre and live events in partnership with people who live in Derby and the surrounding areas.

YPPF (Reimagine)

Restricted funding received for the Young People's Performance project which has developed five Reimagine hubs to provide opportunities for Derby youth to be involved in Theatre.

Esmee Fairburn

Restricted funding to support the Theatre's ongoing work with care-experienced young people.

Plus One

Restricted funding from public donations following a campaign by local cultural providers to give free opportunities for looked after young people, care leavers and their families to take part in cultural events and a range of creative workshops and projects.

UNIVERSITY OF DERBY THEATRE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 JULY 2022
(continued)

Big House

Restricted funding received for the Big House project which helped creative and digital businesses to grow across the Nottingham and Derbyshire areas. The project was part-funded by the EU and is delivered through a partnership of business support organisations.

Culture Recovery Fund 2&3

Restricted funding received from Arts Council England to ensure that the Theatre remains sustainable in the long term via the rebuilding of reserves following the COVID-19 pandemic and closure of the Theatre.

Designated Fund

This designated fund has been established from Culture Recovery funding (grants 2 and 3) received from Arts Council England. Both grants had some elements that were ringfenced for specific purposes, and that portion of the funding has been recorded as restricted. The remainder of each grant was given to establish a designated fund supporting the sustainability of the Theatre over the longer term.

Revaluation Reserve

This reserve is created following the revaluation of the fixed asset property portfolio. The reserve is amortised over the lease of the property resulting in a transfer between revaluation reserve and unrestricted reserves.

16 Analysis of net assets between funds – current year

	Unrestricted funds 2022 £	Designated funds 2022 £	Restricted funds 2022 £	Revaluation reserve 2022 £	Total funds 2022 £
Tangible fixed assets	1,465,384	-	-	3,566,739	5,032,123
Current assets	1,486,617	573,674	1,342,607	-	3,402,898
Creditors due within one year	(862,605)	-	(114,213)	-	(976,818)
Creditors due over one year	(2,069,757)	-	-	-	(2,069,757)
Total	19,639	573,674	1,228,394	3,566,739	5,388,446

Analysis of net assets between funds – prior year

	Restated Unrestricted funds 2021 £	Restated Designated funds 2021 £	Restated Restricted funds 2021 £	Restated Revaluation reserve 2021 £	Restated Total funds 2021 £
Tangible fixed assets	1,583,448	-	-	3,799,016	5,382,464
Current assets	1,478,340	292,631	2,223,143	-	3,994,114
Creditors due within one year	(2,839,228)	-	-	-	(2,839,228)
Creditors due over one year	-	-	-	-	-
Total	222,560	292,631	2,223,143	3,799,016	6,537,350

UNIVERSITY OF DERBY THEATRE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 JULY 2022
(continued)

17 Operating lease commitments

At 31 July 2022, the theatre had commitments to make future minimum lease payments under non-cancellable operating leases for leased properties as follows:

	2022	2021
	£	£
Amounts payable:		
Not later than 1 year	50,006	56,302
Later than 1 year and not later than 5 years	16,042	66,048
Later than 5 years	-	-
	<u>66,048</u>	<u>122,350</u>

18 Company Status

The charitable company is a company limited by guarantee. At the year end, there were nine trustees, each of whom, under the terms of the Memorandum and Articles of Association, has undertaken to contribute a maximum of £1 in the event of a winding up of the charitable company.

19 Related party transactions

During the year, the charitable company transacted with its parent, University of Derby and fellow subsidiary, In Good Company Limited as follows:

	Income Received 2022 £	Expenditure incurred 2022 £	Balance at 31 July 22 £
University of Derby	828,659	102,131	(2,069,757)
In Good Company Limited	-	85,000	(32,242)
	Income Received 2021 £	Expenditure Incurred 2021 £	Balance at 31 July 21 £
University of Derby	731,699	119,343	(2,061,196)
In Good Company Limited	-	24,500	(6,877)

20 Ultimate parent undertaking

The charitable 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.

UNIVERSITY OF DERBY THEATRE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 JULY 2022
(continued)

21 Prior period adjustment

Five prior year adjustments, as summarised below, have been applied in these financial statements to correct the balances previously reported as of 1 August 2020 and 31 July 2021. The adjustments include those required as a consequence of correcting the basis of preparation of the financial statements from the Statement of Recommended Practice: accounting for further and higher education 2019 to the Charities SORP (FRS 102) – Accounting and Reporting by Charities: Statement of Recommended Practice applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019) as described in the accounting policies at note 1.

As part of correctly stating the financial statements under Charities SORP (FRS 102) – Accounting and Reporting by Charities: Statement of Recommended Practice applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019), the University of Derby Theatre Limited have assessed the classification of transactions in the Statement of financial activities and have added additional disclosure notes to ensure compliance.

The adjustments are as follows:

		Net assets as at 1 August 2020	Net assets as at 31 July 2021	Surplus / (Deficit) for the year ended 31 July 2021
Balance Sheet		£	£	£
As previously stated		2,808,919	3,524,464	715,545
Adjustment to release deferred income for grants previously accounted for under accruals model	1	1,468,413	1,478,113	9,700
Adjustment to accrue grant income to recognise income at point of entitlement	2	1,777,500	1,534,773	(242,727)
Adjustment to reclassify restricted funds previously included within unrestricted funds	3	-	-	-
As restated		6,054,832	6,537,350	482,518

		Unrestricted reserve	Restricted reserve	Surplus / (deficit) for the year ended 31 July 2021
Statement of financial activities – prior year		£	£	£
As previously stated at 1 August 2020		2,808,919	-	-
Adjustment to release deferred income for grants previously accounted for under accruals model	1	1,468,413	-	-
Adjustment to accrue grant income to recognise income at point of entitlement	2	1,777,500	-	-
Adjustment to reclassify restricted funds previously included within unrestricted funds	3	(2,677,655)	2,677,655	-
Adjustment to reclassify restricted income previously included within unrestricted income	4	-	-	-
Adjustment to reclassify restricted expenditure previously included within unrestricted expenditure	5	-	-	-
As restated at 1 August 2020		3,377,177	2,677,655	-

UNIVERSITY OF DERBY THEATRE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 JULY 2022
(continued)

21 Prior period adjustment (continued)

		Unrestricted reserve	Restricted reserve	Surplus / (deficit) for the year ended 31 July 2021
Statement of financial activities – prior year		£	£	£
Adjustment to release deferred income for grants previously accounted for under accruals model	1	1,478,113	-	9,700
Adjustment to accrue grant income to recognise income at point of entitlement	2	1,534,773	-	(242,727)
Adjustment to reclassify restricted funds previously included within unrestricted funds	3	(2,677,655)	2,677,655	-
Adjustment to reclassify restricted income previously included within unrestricted income	4	(273,109)	273,109	-
Adjustment to reclassify restricted expenditure previously included within unrestricted expenditure	5	727,621	(727,621)	-
As restated at 31 July 2021		4,314,207	2,223,143	482,518

1) Adjustment to release deferred income for grants previously accounted for under accruals model

An error was identified with the recognition of grant income as the accruals model of accounting for grants is not permitted under the Charities SORP. As a consequence of reversing the grant income identified for the prior year, accrued income and deferred income have both been adjusted in the Balance Sheet to ensure they are also accurate.

The impact of the prior year adjustment has decreased the opening deferred income balance as at 1 August 2020 from £1,151,341 to £14,272 within the Balance Sheet. It has also decreased deferred capital grants within one year of £48,489, and due after one year of £282,855, to £nil. Finally, it has increased unrestricted reserves as at 1 August 2020 from £2,808,919 to £4,277,332 within the Balance Sheet and the statement of funds.

The impact of the prior year adjustment on the movement of the grant income within the year to 31 July 2021 has increased income from £3,375,411 to £3,385,111 in the Statement of Financial Activities. The closing deferred income balance as at 31 July 2021 has decreased from £1,300,154 to £104,896 within the Balance Sheet. It has also decreased deferred capital grants within one year of £48,489, and due after one year of £234,366, to £nil.

2) Adjustment to accrue grant income to recognise income at point of entitlement

Following on from the previous adjustment, grant income has been recorded in the financial statements at the point of entitlement. As a consequence of adjusting the grant income identified for the prior year, accrued income and deferred income in the Balance Sheet have both been adjusted to ensure they are also accurate.

The impact of the prior year adjustment has increased the opening prepayments and accrued income balance as at 1 August 2020 from £247,189 to £2,024,689 within the Balance Sheet. It has also increased unrestricted reserves as at 1 August 2020 from £4,277,332 to £6,054,832 within the Balance Sheet and the statement of funds.

UNIVERSITY OF DERBY THEATRE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 JULY 2022
(continued)

21 Prior period adjustment (continued)

The impact of the prior year adjustment on the movement of the grant income within the year to 31 July 2021 has decreased income from £3,385,111 to £3,142,383 in the Statement of Financial Activities. The closing prepayments and accrued income balance as at 31 July 2021 has increased from £208,541 to £1,743,314 within the Balance Sheet.

3) Adjustment to reclassify restricted funds previously included within unrestricted funds

An error was identified that the grants recorded previously to the prior year have restrictions of use associated with the income and had been incorrectly recorded within the unrestricted reserve. A reclassification is required to correct the opening fund position at 1 August 2020 on the Balance Sheet and within the statement of funds note to the financial statements.

The impact of the prior year adjustment has increased the opening restricted reserve as at 1 August 2020 from £nil to £2,677,655 within the Balance Sheet and the statement of funds and has decreased the unrestricted reserve from £6,054,832 to £3,377,177.

4) Adjustment to reclassify restricted income previously included within unrestricted income

An error was identified that the grants recorded in the prior year have restrictions of use associated with the income and had been incorrectly recorded within the unrestricted income in the Statement of Financial Activities. A reclassification has been recorded to correct the restricted income received during the year to 31 July 2021 within the Statement of Financial Activities and within the statement of funds note to the financial statements.

The impact of the prior year adjustment on the movement of the grant income within the year to 31 July 2021 has decreased unrestricted income from £2,996,384 to £2,723,275 in the Statement of Financial Activities and has increased restricted income from £nil to £273,109.

5) Adjustment to reclassify restricted expenditure previously included within unrestricted expenditure

An error was identified that the expenditure spent from the restricted grants recorded in the prior year have been incorrectly recorded within unrestricted expenditure in the Statement of Financial Activities. A reclassification is required to correct the restricted expenditure spent during the year to 31 July 2021 within the Statement of Financial Activities and within the statement of funds note to the financial statements.

The impact of the prior year adjustment on the movement of the restricted expenditure within the year to 31 July 2021 has decreased unrestricted direct charitable activity costs from £3,400,448 to £2,672,827 in the Statement of Financial Activities and has increased restricted direct charitable activity costs income from £nil to £727,621.