

**The Royal Shakespeare  
Company  
Stratford-upon-Avon**

Registered charity number 212481

Report and consolidated financial  
statements

Year ended 31 March 2021

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## Trustees' Report

The Trustees are pleased to present their annual report together with the consolidated financial statements of The Royal Shakespeare Company ("RSC", "the Company" or "the Corporation") and its subsidiaries for the year ending 31 March 2021.

The financial statements comply with the Charities Act 2011, the Royal Charter and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

## Objectives and Activities

The Trustees confirm that they have referred to the Charity Commission's guidance on public benefit when reviewing the Charity's aims and objectives and in planning future activities.

The Royal Shakespeare Company is a critical national asset, front-footed, innovative, globally significant, embedded in the West Midlands with long and effective partnerships serving schools and communities across the country. It is the world's best-known theatre company and the only one of the English national performing arts companies based outside of London. We are one of the largest funded NPO's in the UK, generating economic, social and educational impact in our community in Stratford-upon-Avon, across the West Midlands, and throughout our vast national and international network of artists, audiences and partners.

We have a unique relationship with schools nationally due to the quality of our education work and our commitment to providing young people and teachers with the tools to unlock and take ownership of Shakespeare's plays.

We have a substantial record of commissioning diverse, ambitious new work including large-scale musicals for families and innovative digital projects, long-standing expertise in transferring work into the commercial West End and significant international reach. The RSC holds a unique position in the global theatre landscape and the cultural life of the country.

### **Vision:**

*For Shakespeare's plays to be enjoyed by a truly diverse audience, representative of the population of the UK and beyond.*

*To foster a culture which is confident that Shakespeare is relevant and resonant and a society which recognises that we are all richer if everyone has access to great theatre.*

### **Purpose:**

*To ensure that Shakespeare is for everyone.*

### **Mission:**

*To inspire and captivate audiences and transform lives through amazing experiences of Shakespeare's plays and of great theatre.*

*Relevant, resonant and accessible, made in Stratford-upon-Avon, shared across the UK and around the world.*

## Objectives and Activities *(continued)*

The RSC continues to strive for excellence and values integrity, inclusion, ambition and innovation. We act with respect, show leadership and build resilient ways of working in all our activities. We aim to create a welcoming, supportive environment which is happy, healthy and safe.

April 2020 saw us in the early grip of the unfolding pandemic and our period of greatest uncertainty ever as a Charity. Whilst our overarching purpose, mission and visions remained unchanged it saw us having to pivot in every area of our business to continue delivering our charitable objectives in new, inventive and resourceful ways.

When all theatres were temporarily closed, we were forced to quickly re-evaluate our plans and ask how we could continue to serve our Royal Shakespeare Community with all the constraints of the lockdown. Full productions were postponed, access to schools stopped, our exhibitions and social spaces closed, travel prevented and many of our staff were furloughed, but we continued to work with and support our communities – those groups, individuals, organisations, partners, supporters and audiences who we work with and alongside every day. Whilst young people learnt from home, people were locked down and artists lost their livelihoods, we supported them through one of the most challenging periods of our time, whilst doing everything we could to ensure our strong survival and that of the theatre industry. We retained our Royal Shakespeare Theatre acting company throughout the pandemic to help us to deliver activity for audiences, young people, teachers and communities across the UK and beyond.

Our eight strategic aims continued to guide us through this period although some were delivered in different ways, including for example ensuring our domestic, international and education audiences were served through a variety of digital solutions rather than in-person activity. Each area remained under constant review as we moved through this reporting period and were changed dynamically, often at short notice, responding to the constantly changing external environment and government advice.

- **Stratford Strategy**  
*To make an irresistible programme of theatre, events and exhibitions celebrating Stratford's unique role in the story of Shakespeare, and creating a welcoming, accessible, world-class visitor attraction and a compelling learning destination.*
- **National Engagement Strategy**  
*To work in partnership across the nation to create life-long relationships with Shakespeare and theatre by touring, co-creating opportunities to participate, building capacity, developing audiences and nurturing talent.*
- **London Strategy**  
*To have an effective base in the theatre capital of the world, including venue partners and fit-for-purpose office and rehearsal facilities, to reach new audiences, nurture our brand, influence policy and increase income.*
- **International Strategy**  
*To enhance the global artistic reputation and the long-term sustainability of the RSC by sharing our productions and practice.*
- **Education Strategy**  
*To transform the lives of children, young people, their teachers and communities through vivid first encounters with Shakespeare's work.*
- **Digital Strategy**  
*To place the craft of theatre making in new digital contexts, to create new theatrical experiences and reach audiences in new ways.*
- **Artists Strategy**  
*To play a unique role in training and inspiring the next generation of diverse theatre-makers to respond to Shakespeare's plays and spirit.*
- **Organisational Resilience Strategy**  
*To be a thriving, adaptive, efficient organisation with the structures, strategic framework, compliance, business intelligence, and environment to enable us to make the most of opportunities and minimise threats.*

These continue to be supported by a range of organisation-wide, cross-departmental, and departmental plans, project plans, delivery plans and planning tools including:

- **Artistic Plan** – what we do
- **Touring Plan** – where we do it outside of our home in Stratford-upon-Avon
- **Audience Plan** – who we do it for (both current and future audience development objectives)
- **Equality, Diversity and Inclusion Action Plan** – ensuring we are for everyone
- **Environmental Sustainability Policy and Action Plan** – playing our part
- **Digital Plan** – in its broadest sense covering both on and off stage

## Achievements and Performance

Our survival strategy meant a year like no other in terms of our output. The following narrative highlights some of our key achievements through the period, but note that due to this being such a unique year, there is a far greater degree of intersection and crossover in our eight strategic areas.

Whilst the theatre buildings remained closed to the public throughout the period, further detail is provided within the areas below, notably in our National Engagement, Education and Digital strategies, as work which originated from Stratford continued to reach audiences on a local, national, and international basis using our digital technology. The experience of the pandemic has enabled us to explore new ways of sharing our work which will help to inform our strategies going forwards.

All these were made possible with the continued support of our workforce, audiences and supporters including the loan from the Culture Recovery Fund which is explained in more detail in the financial outlook section on page 12. It has been an extraordinary time for all, and we thank everybody for their dedication, patience and commitment to the RSC.

### Stratford Strategy

In August and September 2020 we ran socially-distanced pop-up Shakespeare performances – *Shakespeare Snapshots* - every weekend in the Dell Gardens and reopened our Riverside Cafe for takeaway drinks and snacks. Over 6,000 people joined us outdoors for the short shows. Visitors also played *Comedy of Errors*, a family trail based on Shakespeare's play inviting families to pick a character from the show and act out their perilous journey across the ocean.

In December 2020 and January 2021 we returned to the Royal Shakespeare Theatre for the first time since March 2020 to perform and stream our *Tales for Winter* which included *Troy Story*, *Festive Tales*, *Young Bloods* and *Swingin' the Dream*. We had planned to invite audiences back in person, but new tier restrictions prevented this from happening. The series of stripped back events were filmed live and streamed to audiences at home, with over 80,000 people having seen them. We also worked with businesses around Stratford-upon-Avon to develop an advent trail through the town.

The RSC Nursery was able to remain open throughout the pandemic, supporting keyworker families and our local community.

### London Strategy

We remain committed to a London presence, however due to the impact of the pandemic, we were not able to perform in the West End during the period. See 'Plans for Future Periods' section below for detail on reopening activity.

### National Engagement Strategy

The RSC's 12 regional theatre partners have been hard hit by the crisis. We have made ground-breaking projects online using Shakespeare's language to build confidence and community cohesion, for example *Once More Unto the Beach*, a film made with Blackpool residents to overcome anxiety as they eased out of lockdown. We will continue to support partners to deliver learning and engagement activities in their communities before and after we open our theatres.

The below activities have been included within our National Engagement strategy as they reached audiences nationally and, in many cases, internationally.

In March 2020, we joined the BBC's *Culture in Quarantine* project, making six of our plays available for people to watch from home on BBC iPlayer. Each production was broadcast on BBC Four and had almost 1 million views across both platforms. Then during April 2020, we launched the *Royal Shakespeare Community*, inviting audiences from the local, national and global community to play their part in keeping Shakespeare's work alive through the pandemic.

We joined West Midlands arts organisations to mark the summer solstice with a free one-day festival in June 2020, with activities inspired by Shakespeare's *A Midsummer Night's Dream* and the natural world.

## Achievements and Performance *(continued)*

### National Engagement Strategy *(continued)*

In December 2020 Artistic Director Gregory Doran recorded *A Plague on All our Houses* for BBC Radio Four, exploring how outbreaks of plague affected Shakespeare's work. He said: "*As the global pandemic continues to prevent us being with one another in ways we could never have imagined, we need stories now, more than ever before. They help us to make sense of the world around us and to bring us together as a community, to celebrate, commiserate, reflect and rebuild.*"

We hosted a listen-along to the audio dramatisation of Juliet Gilkes Romero's award-winning play *The Whip* on Twitter and YouTube in February 2021. The play opened in the Swan Theatre in 2020 and was brought to an early close as Covid-19 shut down UK theatres. Using whatever devices they could get their hands on, the company created an audio recording and we added production images with music and sound from the show.

BBC Two broadcast our acclaimed 2018 production of *Romeo and Juliet* in February 2021 and made it available on iPlayer for 60 days.

### International Strategy

Our international strategy was significantly impacted by the pandemic, however we continued to maintain relationships with our international education partners online throughout and we remain committed to international tours of both Shakespeare and commercial productions such as *Matilda The Musical* as part of our long term strategy.

We also reached international audiences through curated and hosted online screenings as well as licensing deals in international territories to stream our Live From content.

### Artists' Strategy

Despite the impact on our theatres, we retained an acting company throughout the pandemic and sought to utilise their skills in a number of ways, whilst ensuring we were in a position to recommence rehearsals as soon as government restrictions allowed. Examples of this activity are provided below.

In recognition of the significant adverse impact on the sector, from May 2020 the RSC provided support through the Theatrical Professional Relief restricted fund with four waves of financial support being completed during the financial period and further waves offered in the next financial year. Applications were received from eligible artists, freelancers and employees who were suffering hardship. In total, 497 grants were awarded totalling over £1.1m, with £0.8m of this expenditure within the current financial year. Further detail on this fund is provided in note 19.

In May 2020 we began our *Sonnets in Solitude* project, releasing videos of Shakespeare's sonnets on YouTube, recorded by our actors in lockdown.

In June 2020, RSC Artists spoke up for #BlackLivesMatter, creating a short film in response to the murder of George Floyd. The film can be viewed here: [https://www.youtube.com/watch?v=meJmU6YE\\_LM&t=6s](https://www.youtube.com/watch?v=meJmU6YE_LM&t=6s). RSC representatives Leo Wan and Leigh Toney joined the national Freelance Task Force, which aims to strengthen the influence of the many freelancers who work in the performing arts sector and have been badly hit by the crisis.

During October 2020, our Acting Company created *The Othello Project*, a new writing endeavour to highlight the life and work of five forgotten Black and Asian figures. They used art to challenge racism by creating a platform to champion the legacy of their ancestors, whose voices have been largely erased from history.

For one night only on 15 October 2020 the original cast of Tom Morton-Smith's critically acclaimed *Oppenheimer* reunited for a one-off play reading on YouTube.

## Achievements and Performance *(continued)*

### Education Strategy

In response to the pandemic we immediately transferred online our unique national partnerships with schools, teachers and regional theatres to deliver transformative experiences of Shakespeare's plays to hundreds of thousands of children, young people and adults.

At the start of the financial year, our Youth Advisory Board moved online and we set up task groups with UK wide teachers, headteachers, regional theatres and community groups.

During April 2020, we developed and published activity toolkits with a series of 15-minute activities on some of Shakespeare's most frequently studied plays, to support teachers and students learning from home.

In May 2020 we launched *Homework Help*, inviting students to send us their questions about performing and studying Shakespeare. More than 100,000 young people received advice from RSC Actors and Alumni. Highlights included David Tennant talking about his favourite *Hamlet* soliloquy, Adjoa Andoh explaining why she thinks Shakespeare is relevant and speaks to us today and Paapa Essiedu's masterclass in making characters your own. A programme of activity across the country began as part of our *Shakespeare Nation Project* with actors working with young people and adults in Blackpool, Bradford, Canterbury, Hull and Nottingham.

June 2020 saw young people from more than 75 of our Associate Schools work with us and their local theatres to share their original digital responses to Shakespeare's plays in lockdown, as we partnered with Samsung to hold our annual *Playmaking Festival* online. We also worked with *BBC Bitesize* on two Shakespeare-themed weeks, publishing new lessons every day for Year 10 students studying *Macbeth* and *Romeo and Juliet*.

In July 2020 we launched *Digital Teacher Activities and Resources*, co-created with Adobe, to support online and home learning for teachers and students during lockdown. Adult communities in Blackpool produced *Once More unto the Beach* as part of our *Shakespeare Nation* project. The film marked the end of the second lockdown.

We helped University of Birmingham MA students continue their studies through the pandemic, working with them online in October 2020 to devise two short form films inspired by Shakespeare's *The Winter's Tale* and *The Comedy of Errors*. Also in October 2020 we teamed up with technology solutions provider SCC to supply laptops and a year's worth of free data to 250 young people from our Associate Schools in Birmingham and Warwickshire, who don't have regular access to online connectivity.

During November 2020 we shared with teachers socially distanced drama practice by actors and directors streaming live from Stratford, and ran *Connected*, a week-long programme of learning and participation with our Regional Partner Theatres and Associate Schools network. Teachers and students shared, connected and supported each other with daily sessions from leading creatives throughout the week. Our Youth Advisory Board and the Royal Court's Young Agitators met representatives from the exam boards to discuss extending the representation of writers in the GCSE drama and A level curriculum.

We screened Michael Morpurgo's *Tales from Shakespeare* for young people and their families in January 2021. The five retellings of Shakespeare's plays were streamed free into UK schools every Friday, then made available for anyone to buy and watch for seven days.

As part of our *Tales for Winter*, in *Young Bloods*, actors performed extracts from Shakespeare's plays selected by members of our Youth Advisory Board and Next Generation talent development programme, which showcased the voices, priorities and experiences which resonate for them today.

In February 2021 we collaborated on the BBC's *Shakespeare Week* as part of their Lockdown Learning programme. The BBC also ran Shakespeare-focussed episodes of *Bitesize Daily* and two episodes of *Shakespeare Unlocked*, a collaboration between the RSC and BBC Teach where RSC Actors explored language and characters in key scenes from *Macbeth* and *A Midsummer Night's Dream*.

## Achievements and Performance *(continued)*

### Digital Strategy

Through a number of partnerships, including with the BBC, Britbox, Marquee TV and others, we have been able to continue to reach our audiences and to generate valuable income. Much of this has been referenced above, in our other strategies, so is not repeated here. The circumstances of the pandemic enabled us to reach significant audience numbers through our filmed activity, reaching over 1m views on BBC 4, BBC iPlayer and Marquee TV between April and September 2020.

*The Winter's Tale* was reimagined for the screen, with rehearsals recommencing in February 2021 prior to being filmed in the Royal Shakespeare Theatre and broadcast in April 2021 on BBC Four, then on iPlayer, with a BSL version available. The production was originally intended to play in the Royal Shakespeare Theatre in 2020.

In March 2021 *Dream* was launched, an online production which brought performance and gaming technology together to explore new ways for audiences to experience live theatre. A pioneering collaboration with Manchester International Festival, Marshmallow Laser Feast and Philharmonia Orchestra, it was part of Audience of the Future, supported by the Government Industrial Strategy Challenge Fund which is delivered by UK Research and Innovation. *Dream* uses motion capture and is the culmination of a major piece of cutting-edge research and development. The live performances, set in a virtual midsummer forest, were inspired by Shakespeare's *A Midsummer Night's Dream* and could be experienced from anywhere in the world. Major research ran alongside the project with all findings shared with the arts sector for their own use.

Plans were also underway towards the end of the financial year for an open online rehearsal project of *Henry VI Part One*, to allow audiences access into the rehearsal process for a Shakespeare play culminating in a recording of the play in the rehearsal room.

### Organisational Resilience Strategy

#### Strategic framework, planning and delivery

The organisational strategies and key plans continued to underpin the agendas for the Board and Senior Leadership Team ('SLT') and strong communication channels were maintained to share them across the organisation, for instance in all induction sessions for new staff. Due to the pandemic, an interim strategy was developed to give clear priorities for the organisation while staged performances were not possible

#### Culture, values and working together

We continued to place emphasis on excellence, ambition and innovation. Organisational policies relating to integrity, such as the *Anti-Fraud and Bribery Policy* and *Speaking Up Policy* are part of ongoing oversight by the Audit Committee.

The RSC *Respect Policy* continued to be shared widely in the organisation and included in staff inductions. We know that it can be difficult to reach a shared view on what constitutes respectful behaviour and this was an area of ongoing focus.

#### Skills, knowledge, recruitment and retention

The organisation sought to retain staff despite the significant impact on our operations. This was achieved through maximising the opportunity to furlough eligible employees upon the Coronavirus Job Retention Scheme ('CJRS') launched in April 2020.

However, the impact of the pandemic meant that we had to find savings in workforce costs to secure the sustainability of the organisation. Employees were actively consulted on proposals, together with specially elected employee representatives and union representatives, in a process starting in October 2020 and ending in January 2021. As a result 176 colleagues accepted significant changes to their terms of employment, 54 took voluntary redundancy, 18 people left at the end of fixed term contracts and there were very few compulsory redundancies. Every single person who has left or will leave over this period will be missed and we thank everyone for their contributions to the company.



## Achievements and Performance *(continued)*

### Organisational Resilience Strategy *(continued)*

Whilst we are proud of the consistent diversity on our stages, in our creative teams & of our ground-breaking assisted performances, we recognise that we are not yet the representative & inclusive organisation we aspire to be. During the year we welcomed five new Trustees, with lived experience not currently represented on our Board and they were appointed on 25 February 2021.

We launched anti-racism training in March 2021 for managers across the organisation, working with an external consultancy and this continues to be an area of focus in our strategy going forward.

### Buildings, infrastructure and systems

The Costume Workshop building was completed in October 2020, as construction was able to continue with appropriate social distancing measures resulting in completion only a few months later than the originally expected summer date. With the closure of our buildings to the public for the year, we continued to monitor and carry out routine inspections and maintenance. In addition, we re-opened buildings with Covid-secure measures in place, including facilitating streaming from the Royal Shakespeare Theatre building.

Since March 2020, the organisation has successfully adapted its working practices to ensure critical business processes have continued to operate effectively remotely, underpinned by the IT infrastructure and networking.

### Compliance, policies and processes

We continued to review and develop organisational policies and a programme of internal audit with on-going Board oversight. With the impact of the pandemic, the internal audit programme for the year was re-evaluated with the main activity during the year being a review of the Coronavirus Job Retention Scheme process, to provide assurance over the finance and HR processes which were implemented

### Governance

The Board's work on Charity Governance Code recommendations is covered under the Constitution and Governance section below.

## Plans for Future Periods

The pandemic and our recovery are certainly not over, but as the financial year came to an end, we had firm plans to:

- Construct and open a new outdoor space in Stratford-upon-Avon within a five-month timescale from conception to opening, to stage *The Comedy of Errors*. We knew that audiences felt safer and more confident at that time returning to an outdoor setting. This was ahead of a UK tour and run at the Barbican Centre in London;
- Reopen *Matilda The Musical* at the Cambridge Theatre, London in the autumn; and restart planning for overseas productions.
- Reopen the Royal Shakespeare Theatre in Stratford with our new musical *The Magician's Elephant* including one socially distanced performance each week.
- Open our long-awaited co-production of *The Mirror and the Light*, the third part of Hilary Mantel's Tudor trilogy with Playful Productions with a September 2021 world premiere at the Gielgud Theatre in London.
- Announce our Spring 2022 Stratford Season of *Much Ado About Nothing* and *Henry VI Parts II and III*, with the remainder of 2022 being announced in January 2022.

January 2022 will see more details of our national writing project, 37 Plays, which will give the nation a chance to submit a play in any media to be published alongside the celebrations of Shakespeare's First Folio in 2023.

March 2022 will see the announcement of a significant global premiere at the Barbican Theatre as well as announcing our plans for the reopening of the Swan Theatre and The Other Place. Spring 2022 will also see us restart our hugely popular backstage theatre tours which will include, for the first time, access to our newly-completed Costume Workshop.

More details on all of the above will be included in next year's report.

## Fund Raising

The RSC raised just over £8 million last year in annual revenue income and for capital projects from voluntary sources. Our income includes support from major donors, trusts and foundations, public funding grants, individuals giving through our supporter schemes, sponsorship and corporate partners, education partners and legacies. The amounts are recorded within the appropriate categories of the Statement of Financial Activities.

The RSC is registered with the Fundraising Regulator and adheres to their Code of Fundraising Practice for the UK.

We undertake to comply with relevant law and regulations, including the Proceeds of Crime Act, data protection, tax and Gift Aid legislation, and Charity Commission guidance. All RSC employees are required to abide by the RSC Anti Fraud and Bribery policy.

There has been no failure to comply with the Code of Fundraising Practice for the UK.

The RSC employs a team of fundraisers based in Stratford-upon-Avon and London, working nationally and internationally with a particular focus on America. The Development Department as at 31 March 2021 was a team of 21 including an events function.

The department, led by the Development Director, is under the responsibility of the RSC Executive Director and reports on progress to the RSC Board on a bi-monthly basis. The Board takes ultimate responsibility for accepting or refusing a donation or sponsorship, guided by our Donation and Sponsorship Acceptance Policy. It is their responsibility to act in the best interest of the Charity when accepting gifts. The members of the team are provided with training and are managed and evaluated in line with the RSC policies and guidelines.

The RSC has not engaged the services of any third-party professional fundraisers nor commercial participators for the purpose of fundraising either as individuals on a freelance basis, or as a company. All fundraising activity has been carried out by the RSC Development Department.

The team fundraises through building on-going relationships with all potential donors, regardless of the route of the donation. It is through this relationship that the fundraising team ensures it manages the protection of any vulnerable people it may come into contact with.

The RSC received one complaint related to fundraising in the period from 1 April 2020 to 31 March 2021. This related to our messaging around the Covid19 pandemic emergency fundraising appeal.

The RSC upholds the highest standard of fundraising practice and abides by the Fundraising Regulator's key principles and behaviours of a fundraising organisation: to be legal, open, honest and respectful.

## Financial Review

### Overview

Net movement in funds for the year ended 31 March 2021 was £10.5m compared to £(5.9)m in the previous year. This resulted in total consolidated reserves increasing to £129.1m as at 31 March 2021 from £118.6m in the previous year.

Of this, £34.8m were 'Unrestricted funds' (defined as Operations unrestricted funds and Unrestricted designated funds per the Statement of Financial Activities on page 26) at 31 March 2021, which is £4.9m higher than the £29.9m reported in the prior year.

Restricted funds (defined as Restricted funds and Restricted Endowment funds per the Statement of Financial Activities) were £94.3m, £5.6m higher than £88.7m reported in the previous year. This includes £13.6m of Restricted endowment funds, £7.8m higher than the £5.8m reported in the previous year.

## Financial Review (*continued*)

Net income on Unrestricted funds for the year ended 31 March 2021 was £5.8m, compared to net expenditure of £(6.0)m in the previous year, before transfers to other funds. This £11.8m increase comprises £12.7m improvement from Operations unrestricted funds offset by a £0.9m reduction in Unrestricted designated funds:

- Operations unrestricted funds – the £12.7m increase in net income on Operations unrestricted funds is explained in further detail below, showing the £5.8m net income for the year ended 31 March 2021 compared to the £(6.9)m net expenditure for the prior year. There has been a significant impact of Covid-19 on the financial activities in the period, see detail below.
- Unrestricted designated funds - the £0.9m lower Unrestricted designated funds net income, of £0.1m net expenditure in the year ended 31 March 2021 compared to £0.8m in the previous year is largely due to the beneficial impact of the *Matilda UK and Ireland Tour* of which the last five months of the tour were reported in the prior year.

Transfers between funds of £0.4m during the year ended 31 March 2021 were due to the release of the designation of the Chinese Translation Fund, approved by Arts Council England, as detailed in note 19 on page 61. Following successful completion of the project in February 2021, ACE confirmed that remaining balance on the fund could be used for project costs that had not been allocated to the restricted fund (such as overheads and support costs). The balance was therefore transferred to unrestricted funds.

The valuation of the defined benefit pension scheme liability as at 31 March 2021 resulted in an actuarial loss of £0.4m being reported in the year ended 31 March 2021, as detailed in note 24 on page 68.

All of the above resulted in closing Operations unrestricted funds increasing by £5.0m in the year ended 31 March 2021 to £29.2m.

### Impact of Covid-19

From 17 March 2020 we closed all our theatres under government advice in relation to the Covid-19 pandemic. As a result, we indefinitely postponed 10 planned 2020/21 productions and temporarily closed *Matilda The Musical* in the West End. We cancelled a national and international tour and a season of work on our second stage in Stratford, the Swan Theatre.

The financial impact started to be felt towards the end of the financial year to 31 March 2020, however there was an ongoing and significant detrimental impact throughout the year to 31 March 2021.

The table below shows the impact by income type compared to the previous year:

For the year ended:	31 March 2021		31 March 2020		Movement on previous year	
	£m	%	£m	%	£m	%
<b>Total Operations unrestricted income</b>	<b>32.1</b>	<b>100%</b>	<b>58.4</b>	<b>100%</b>	<b>(26.3)</b>	<b>-45%</b>
<u>Comprising:</u>						
Performance related grant income / %	15.3	48%	15.0	26%	0.3	+2%
Coronavirus Job Retention Scheme ('CJRS')	8.5	26%	-	-	8.5	n/a
All other Operations unrestricted income	<b>8.3</b>	<b>26%</b>	<b>43.4</b>	<b>74%</b>	<b>(35.1)</b>	<b>-81%</b>
<u>Of which:</u>						
• <i>Income from productions, tours and theatre operations</i>	0.1	0%	28.8	49%	(28.7)	-99%
• <i>Donations and legacies</i>	4.1	13%	2.5	4%	1.6	+64%
• <i>Trading income from subsidiaries</i>	1.3	4%	7.5	13%	(6.2)	-83%
• <i>All other income*</i>	2.8	9%	4.6	8%	(1.8)	-39%

\* Learning and participation, Other trading activities, Investments and Licensing income have been aggregated for simplicity above.

## Financial Review *(continued)*

Whilst total Operations unrestricted income decreased by 45% year on year to £32.1m, if performance related grant income and CJRS income are excluded, the remaining total other income generated is £8.3m, a decrease of 81%, with production related income down 99% and trading income from subsidiaries lower by 83%, due to the associated income from catering and retail being impacted by the closure of the theatres.

Our ACE NPO grant income of £15.3m therefore increased as a proportion of our total income, from 26% to 48%.

The CJRS scheme enabled the furlough of up to 90% of the eligible PAYE workforce at the start of the pandemic, and due to the significance of this income, comprising 26% of the total, the £8.5m received in the year from HMRC has been shown separately on the Statement of Financial Activities.

Further detail on these movements is included in the Operations unrestricted funds section below.

### **Financial Outlook**

The impact of Covid-19 on our operations has been significant and was felt instantaneously as the theatres closed. However actions taken throughout the period to address this risk have ensured that the organisation has continued to be financially viable and able to plan for reopening performances indoors, as detailed in the Plan for Future Periods section above. However we acknowledge that uncertainty over income levels and audience behaviour due to the pandemic may continue to impact our activities. Further details on the risk management processes in response to this are outlined on page 15.

The RSC was successful in applying to the Culture Recovery Fund for £19.4m of repayable finance ('CRF Loan'), which was drawn down in February 2021. This is a twenty-year loan at 2% interest per annum, with a four-year initial repayment holiday. This was built upon a principle of being able to bridge two years of box office income risk across all our theatres and provide up front cash investment in commercial productions which will generate longer-term cash benefits alongside implementing cost reductions.

In addition our Fund Raising has continued throughout the period of theatre closure, with strong support from our donors and successful applications to Covid-19 emergency funding helping to mitigate a reduction in Corporate donations.

As at 31 March 2021 the RSC held £29.2m of Operations unrestricted reserves. £26.8m of assets are in readily available cash at bank and a further £11.4m held in readily available liquid investments, offset by the £19.4m CRF Loan. The balance of Operations unrestricted reserves consists of other net assets.

### **Operations unrestricted funds**

The year on year increase of £12.7m in net expenditure/income before transfers includes the following movements summarised from the Statement of Financial Activities on pages 26 and 27:

For the year ended:	31 March 2021 £m	31 March 2020 £m	Movement on previous year £m
<i>Charitable activities:</i>			
Performance related grant income	15.3	15.0	0.3
Net expenditure from productions, tours and theatre operations	(23.1)	(25.2)	2.1
Net learning and participation expenditure	(0.9)	(1.4)	0.5
<i>Net expenditure from Charitable Activities</i>	<i>(8.7)</i>	<i>(11.6)</i>	<i>2.9</i>
<i>Net income from Donations and legacies</i>	<i>3.2</i>	<i>1.3</i>	<i>1.9</i>
<i>Net expenditure from Other trading activities*</i>	<i>(0.8)</i>	<i>2.4</i>	<i>(3.2)</i>
<i>Net Investments income</i>	<i>0.5</i>	<i>0.7</i>	<i>(0.2)</i>
<i>Other income – licensing</i>	<i>0.8</i>	<i>1.2</i>	<i>(0.4)</i>
<i>Other income – CJRS</i>	<i>8.5</i>	<i>-</i>	<i>8.5</i>
<i>Net gain/(loss) on investment assets</i>	<i>1.5</i>	<i>(0.9)</i>	<i>2.4</i>
<b>Net expenditure before transfers</b>	<b>5.0</b>	<b>(6.9)</b>	<b>11.9</b>

\* Includes net loss from joint ventures

## Financial Review (*continued*)

### Operations unrestricted funds (*continued*)

- **Net expenditure from Charitable activities**

Charitable activities include productions, tours, theatre operations, learning and participation activity and performance-related grants. Net expenditure in this category were £8.7m, a reduction in net expenditure of £2.9m compared to the previous year. This movement comprises a reduction in income of £27.3m being offset by a decrease in expenditure of £30.2m. Both of these reductions have arisen due to the impact of the pandemic resulting in theatres being closed to the public for the 12 months ended 31 March 2021. The prior year expenditure included abandoned show costs of £1.2m as the triggering event of theatre closure was in March 2020.

- **Net income from Donations and legacies**

Net income from *Donations and legacies* increased by £1.9m to £3.2m for the 2020/21 financial year, with income £1.6m higher and a £0.3m decrease in associated expenditure. The increase in income is due to a strong response from our individual donors, with the Keep your RSC campaign, together with trusts which included specific pandemic related funding, being partly offset by lower levels of corporate donations. Note that this excludes the Costume Workshop capital campaign, included within restricted funds in both years.

- **CJRS income**

CJRS income of £8.5m was received in the year, with the RSC furloughing up to 90% of the eligible workforce at the start of the pandemic. Due to the significance of this income, the income received by both the Corporation of £7.1m and its trading subsidiary RSC Enterprise Limited of £1.4m, has been shown separately on the Statement of Financial activities for the year ended 31 March 2021. In the prior year £0.3m of CJRS income was received but disclosed within Grants under Donations and legacies.

- **Net expenditure from Other trading activities**

Net expenditure from all forms of trading reduced by £3.2m year on year, with trading income decreasing by £6.8m partly offset by expenditure being lower by £3.6m, with the pandemic significantly impacting commercial operations notably catering and retail.

- **Net Investments income**

Net investments income represents income earned on Unrestricted listed investments and cash deposits, and has decreased by £0.2m. Whilst overall levels of short term deposits have increased significantly year on year, the receipt of the CRF Loan was in the last quarter of the financial year.

- **Other income - licensing**

Other income has reduced by £0.4m to £0.8m for the 2020/21 financial year, with a £0.1m increase in royalties received for *Les Misérables* with the original production and royalty deal having come to an end being more than offset by a £0.5m decrease in royalties for productions of *Matilda The Musical*. The Asian tour ended on 12 March 2020 in Manila, resulting in the final 9 performances being cancelled due to the pandemic.

- **Net gain/loss on investment assets**

There was a net gain on investment assets in the year ended 31 March 2021 of £1.5m compared to a net loss of £(0.9)m in the previous year. This is due to the impact of Covid-19, impacting the investment assets in the last quarter of the year ended 31 March 2020, due to market volatility driven by the pandemic. This reduction then reversed during the current financial year.

### Defined Benefit Pension Scheme

As described in note 24 and note 1 (t), the Scheme valuation in accordance with FRS102 as at 31 March 2021 has resulted in a Scheme deficit of £0.4m. In the prior year, the Scheme had an irrecoverable pension surplus of £2.3m however no pension scheme asset was recognised on the Corporation balance sheet. Due to this, an actuarial loss of £0.4m has been recognised in the Corporation statement of financial activities on page 26.

The decrease of £2.7m from an irrecoverable surplus of £2.3m to a deficit of £0.4m is mainly due to the change of actuarial assumptions, set out in note 24, notably the change in the inflation assumption which increased the valuation of the Scheme liabilities, being only partially offset by the return on the Scheme's assets being higher than expected.

However, due to the Scheme being in surplus at the start of the year, the Trustees of the Scheme made a discretionary increase in respect of pensions in payment accrued on pre-1997 service of 1.9% (2020: 1.9%). The cost of this decision was borne by the pension scheme at no additional cost to the Corporation.

## Financial Review (*continued*)

### Designated funds

Income in the year was £0.1m, down from £9.1m in the prior year. The reduction is mainly due to the *Matilda UK and Ireland Tour*, which ended in August 2019.

Expenditure in the year was £0.2m, down from £8.3m in the prior year, with the reduction primarily due to the *Matilda UK and Ireland Tour ending* as noted above. Depreciation and building maintenance against capital expenditure on the Estates and General Fund totalled £0.1m in the year, compared to £0.4m in the prior year. The running costs of The Other Place were £nil in the current year, due to this venue being closed to the general public due to the pandemic, down from £0.3m in the prior year.

There were no transfers to or from designated funds during the year.

### Restricted funds

Net income on restricted funds was £5.6m after transfers and other gains and losses, compared to net income of £nil in the prior year.

Of this increase, £7.8m related to restricted endowment funds, mainly due to the receipt of a £7.0m capital grant from the Paul Hamlyn Foundation in December 2020 and a £0.8m gain on investments.

This was offset by a £2.2m decrease in restricted funds, with the most significant component continuing to be depreciation charged to the Redevelopment Fund and capital works on the Swan Wing. During the current year £0.8m of expenditure from the Theatrical Professional Relief Fund was incurred to provide support to actors, freelancers and employees in need due to the impact of the pandemic on the theatre sector. The Costume Workshop Capital Fund had net income of £0.4m, compared to £2.7m in the prior year with the completion of the capital work in October 2020. Other restricted income and expenditure related to a range of production and educational activity, notably £1.6m of both income and expenditure on the Audience of the Future Fund.

A transfer of £0.4m was made during the year from restricted funds as the restriction on use of the Chinese Translation Fund was removed by Arts Council England during the period, in recognition of the impact of the pandemic.

### Reserves policy

The policy is to hold sufficient unrestricted operational reserves to protect the company from fluctuations in income and cover exceptional operating expenditure which cannot be funded from the general contingency set aside within operational budgets.

The Trustees have historically set the target level for such reserves at £6m. This target took into account the financial risks posed by the trend for declining public funding, an uncertain economic environment which was likely to affect the organisation's income and ongoing major capital projects and was the policy in place as at 31 March 2021. At 31 March 2021 the unrestricted operating reserves held were £29.2m compared to £24.3m in the previous year, the £4.9m movement outlined earlier in the Financial Review. Restricted reserves were £80.7m compared to £82.9m in the previous year. The Trustees are therefore satisfied that the general reserves requirement is met.

After the balance sheet date, the Trustees approved a revised reserves policy in response to the significant uncertainties and income risk from the Covid 19 pandemic. The revised policy sets a target with reference to average annual expenditure levels. The revised target is higher than the existing policy, reflecting recent experience of theatre closure. The trustees expect this, combined with the expected deficit in year ending 31 March 2022, to significantly reduce the difference between unrestricted operating reserves and the target.

Designated funds are set aside by the Trustees, as required, to fund particular future projects or commitments. However, it was decided in March 2020 to release many of these designations to allow the most flexible use of the funds during the Covid 19 pandemic. The remaining designated funds comprise the Redevelopment and Capital Expenditure Funds, and the TOP Collaboration Fund, see note 19 for further details of these.

The majority of the Corporation's functional assets are the theatres and related assets. These are predominantly financed through restricted funds and there are no plans for them to be realised. See note 20 for the allocation of the fund balances between the Balance Sheet headings.

These policies will be reviewed annually.

## Financial Review *(continued)*

### Investment policy

The investment policy for listed investments balances the need for capital protection and the desire to secure investment returns. Investments (excluding those held in our expendable endowment) are managed on our behalf by professional third parties. Investments are monitored against benchmarks and are regularly compared to potential opportunities elsewhere.

Fixed asset investments are held for the long term and we do not expect to realise any gains or losses in the short term arising from the change in market value of these investments.

Objectives have been set for each fund that are tailored to the long-term objectives of the fund. The objectives for returns range from RPI plus zero in any market condition to RPI plus 4%. Performance for the year has been above the objectives set for all funds. The performance ranged from 6.6% to 24.9% positive returns and were broadly in line with the ARC Sterling Balanced Asset ACI (Charity Index). The key driver for this performance was the bounce back of global stock markets from their significant lows seen in the quarter to 31 March 2020.

### Fundraising performance

Fundraising performance is monitored through the budgetary process and objectives are set to achieve a specific level of year on year growth and return on investment in unrestricted net departmental return. Budgets are set for all income and expenditure managed by the Development Department, which is wider than "Donations and legacies" in the statutory format. These are set before the actual results for the prior year are known. Adjusting retrospectively for actual results, the performance objectives set would have been a year on year increase of 4.1% and a return on investment of 3.2 (i.e. income of 3.2 times costs) for unrestricted income. The year on year actual result was an increase of 36% on core Development income (which excludes capital income and other restricted projects) and a return on investment of 6.5. Taking into account capital income towards the Stitch in Time Campaign and other restricted projects, there is a year on year decrease of 1.5% and a return on investment of 8.7.

### Risk management

The Audit Committee reviews the effectiveness of all material internal controls, including operational, financial and compliance controls and risk management systems. It is supported in this task by an independent part time internal auditor. The internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed, to manage those risks and to provide reasonable assurance against misstatement or loss. On occasion, we enter into forward currency contracts to mitigate against the risks of exchange rate fluctuations. Established regular procedures, including budgetary controls, operate to monitor the receipt of income and both revenue and capital expenditure.

The Board has reviewed and assessed the risks to which we may be exposed. The organisational risk register identifies those risks. The risk management process is ongoing and is regularly reviewed by the RSC senior leadership team, Audit Committee and the Board.

Prior to consideration of COVID-19 impacts, the risks that are considered to be highest likelihood and impact during the financial year to 31 March 2021 were risk of income decline, risk of inadequate investment in infrastructure due to constrained budgets, the potential for workload to exceed capacity, lack of resilience in response to organisational and societal change and social justice issues and risks relating to unidentified cases of harm amongst those who work for or with us. Specific actions and responsibilities for mitigating them have been assigned to these, and all other, risks identified on the register to ensure that any residual risk is at an acceptable level. The mitigating actions include pursuing new income opportunities in conjunction with budget rebalancing to combat the risk of income decline; and the creation of a multi-disciplinary capital project team to deliver the programme and monitor and regularly report ongoing progress against key milestones. The Costume Workshop capital project was completed in October 2020, having managed the risk to the project from the pandemic with only a three-month delay to the original planned completion date.

## **Financial Review** *(continued)*

### **Risk management** *(continued)*

However, the closure of our theatre operations from 17 March 2020 due to COVID-19 pandemic resulted in a new significant risk that a prolonged period of closure and uncertainty over reopening would lead to cash flow difficulties and ultimately, the financial viability of the organisation becoming uncertain. In response to this, mitigating actions included seeking to maximise all forms of eligible government support, predominantly the Coronavirus Job Retention Scheme ('CJRS') and the Culture Recovery Fund ('CRF'), the setting up of a new committee of trustees to allow regular oversight of the cash position and ensure effective decision making, and taking action to reduce levels of staff and supplier expenditure. This included an employee consultation commencing in October 2020 and completing in January 2021.

During the year, the risk management processes were adapted for the specific requirements of COVID-19 Health and Safety and adapted operations.

The Audit Committee aims to meet at least three times a year, and at other times as required, and reports to the full Board.

The Investment Committee reviews quarterly investment performance and adherence to the investment policy and reports formally to the full Board at least once a year.

### **Pay policy for senior staff**

Remuneration is set at a level to attract and retain senior managers of the quality required to run the organisation. We consider pay in relation to other similar organisations and use benchmark data when available.

Remuneration for the most senior roles requires Board approval and no senior manager is involved in deciding his or her own remuneration.

Salaries are reviewed annually at the end of the financial year and any increases applied consistently to managers and staff. The budgeted level of any annual pay award is approved by the Board and is set in relation to market inflation and the organisation's financial position.

Due to the impact of COVID 19, no pay increases were applied in the financial year ended 31 March 2021. Reductions in senior pay have been effected to respond to the need for cost savings and to meet the requirements of the CRF repayable finance application.

### **Use of volunteers**

The Corporation benefits from the valuable contributions of volunteers in the areas of audience counting, preparing exhibition material as part of the Swan Wing project and events organised by Friends of the RSC. In accordance with FRS 102 and the Charities SORP (FRS 102) the economic contribution of general volunteers is not recognised in the financial statements.



## Reference and Administrative Details

Principal Office	Waterside Stratford-upon-Avon Warwickshire CV37 6BB
Telephone	+44 1789 296655
Fax	+44 1789 294810
Email	<a href="mailto:info@rsc.org.uk">info@rsc.org.uk</a>
Website	<a href="http://www.rsc.org.uk">www.rsc.org.uk</a>
Registered Charity Number	212481

The Artistic Director, Executive Director and other senior staff to whom day to day management of the charity is delegated by the Governors are:

Gregory Doran	Artistic Director
Catherine Mallyon	Executive Director

Other members of the Senior Leadership Team:

Erica Whyman	Deputy Artistic Director (Acting Artistic Director since September 2021)
Stephen Eames	Chief Operating Officer
Geraldine Collinge	Director of Creative Placemaking and Public Programmes
Chris Hill	Director for Audiences and Marketing
Jacqui O'Hanlon	Director of Learning and National Partnerships
Joanne Pitman	Director of Human Resources (resigned December 2020)
Rebecca Preston	Director of Development
Stephen Rebbeck	Technical Director (left the RSC in October 2021)
Griselda Yorke	Executive Producer
Sarah Ellis	Director of Digital Development (joined the team January 2021)

## Professional Advisers

External Auditors	BDO LLP	Two Snowhill, Birmingham, B4 6GA
Bankers	Barclays Bank plc	Charities Team, Floor 28, 1 Churchill Place, London, E14 5HP
Investment Management	Cazenove Capital Management	1 London Wall Place, London, EC2Y 5AU
	Sarasin & Partners	Juxon House, 100 St Paul's Churchyard, London EC4M 8BU
Solicitors	Foot Anstey LLP	Salt Quay House, 4 North East Quay, Sutton Harbour, Plymouth, PL4 0BN
	Jonathan Hull Associates	Amadeus House, 27b Floral Street, London, WC2E 9DP
	Mills & Reeve LLP	Botanic House, 100 Hills Road, Cambridge, CB2 1PH

## Governors, Board and Sub Committee membership

### Patron

Her Majesty The Queen

### President

His Royal Highness The Prince of Wales

Name	Governor	Board	Committee Membership
Nigel Hugill	✓ Chair Retired <sup>*4</sup>	✓ Chair Retired <sup>*4</sup>	NC <sup>*EO</sup> , PB - Retired <sup>*4</sup>
Shriti Vadera	✓ Chair Appointed <sup>*4</sup>	✓ Chair Appointed <sup>*4</sup>	NC <sup>*EO</sup> , PB - Appointed <sup>*4</sup>
Miranda Curtis	✓ Retired <sup>*4</sup>	✓ Deputy Chair Retired <sup>*4</sup>	NC Retired <sup>*4</sup>
Baroness McIntosh of Hudnall	✓ Retired <sup>*4</sup>	✓ Deputy Chair Retired <sup>*4</sup>	NC <sup>*C</sup> Retired <sup>*4</sup>
Lord Andrew Adonis	✓		
George Alagiah OBE	✓		NC
Sir William Atkinson	✓ Retired <sup>*4</sup>	✓ Retired <sup>*4</sup>	
Sir David Bell KBE	✓		
Anita Bhalla OBE	✓		
Elizabeth Boissevain	✓		
Lord Carrington DL	✓		
Michael Clasper CBE	✓ Retired <sup>*4</sup>		
Gregory Doran	✓	✓	NC, PB
Paapa Essiedu	✓ Retired <sup>*1</sup>	✓ Retired <sup>*1</sup>	
Bruce Kovner	✓		
Professor Ruru Li	✓		
Dame Hilary Mantel DBE	✓		
Andrew Miller MBE	✓ Appointed <sup>*3</sup>	✓ Appointed <sup>*3</sup>	
Catherine Mallyon	✓	✓	AC <sup>*IA</sup> , NC, PB
Paul Morrell OBE	✓ Retired <sup>*4</sup>		PB <sup>*C</sup> - Retired <sup>*4</sup>
Sandie Okoro	✓		
Patsy Rodenburg OBE	✓		
Amanda Parker	✓ Appointed <sup>*3</sup>	✓ Appointed <sup>*3</sup>	
Winsome Pinnock	✓ Appointed <sup>*3</sup>	✓ Appointed <sup>*3</sup>	
Clare Reddington	✓	✓	
Sir Simon Russell Beale CBE	✓ Retired <sup>*2</sup>	✓ Retired <sup>*2</sup>	
Sir Anthony Seldon	✓ Retired <sup>*2</sup>	✓ Retired <sup>*2</sup>	NC - Retired <sup>*2</sup>
Professor James Shapiro	✓ Retired <sup>*4</sup>	✓ Retired <sup>*4</sup>	
Mark Smith	✓	✓	AC <sup>*C</sup> , IC <sup>*C</sup>
Ian Squires	✓	✓	PB
Sue Stapely	✓		
David Tennant	✓		
Justine Thermen	✓ Appointed <sup>*3</sup>	✓ Appointed <sup>*3</sup>	
Ayanna Thompson	✓ Appointed <sup>*3</sup>	✓ Appointed <sup>*3</sup>	
Mark Thompson	✓	✓ Deputy Chair Appointed <sup>*4</sup>	
Dame Harriet Walter DBE	✓		
Liz Vernon	✓	✓	
Lucy Williams	✓	✓	AC
Mike Wright	✓		NC
Andrew Clayton			AC
John Hornby			IC
David Loudon			IC
Jane Whitlock			AC

Dates retired or appointed: <sup>\*1</sup> – 21 July 2020, <sup>\*2</sup> – 6 November 2020, <sup>\*3</sup> – 25<sup>th</sup> February 2021, <sup>\*4</sup> – 29<sup>th</sup> October 2021

Committee Membership Key AC - Audit Committee, IC - Investment Committee

NC - Nominations Committee, PB – Project Board

<sup>\*IA</sup> - In Attendance, <sup>\*C</sup> - Chair, <sup>\*EO</sup> - Ex Officio

### Emeritus Chairman

Sir Geoffrey Cass

### Honorary Emeritus Governors

Lady Anderson  
Charles Flower  
Sir Stanley Wells

### Honorary Governors

Neil Benson OBE  
Philip Birmingham  
David Burbidge CBE  
Michael Crystal QC  
Tony Hales CBE  
Sara Harrity MBE  
Martin Iredale  
Ian Laing CBE

Roger Pringle  
Telfer Saywell  
Lord Willoughby de Broke  
Director, Shakespeare Institute  
Director, Shakespeare Birthplace Trust  
Chairman, Stratford District Council  
Town Mayor  
Charlotte Heber-Percy

### Artists' Associate

Lady Sainsbury of Turville CBE

## Structure, Governance and Management

### Constitution and Governance

The Royal Shakespeare Company is incorporated under Royal Charter originally dated 31 October 1925 (as last amended on 6 March 2007) as “The Royal Shakespeare Company, Stratford-upon-Avon”, and it is a registered charity.

Our Members consist of a President and the Governors. The management of our property and affairs is delegated to our Board whose members are drawn from, and elected by, our Governors. The Board has the power to appoint our officers and employees. Board members receive regular updates about our activities and are invited to attend Company management meetings. In addition, the Nominations Committee regularly reviews to maintain a suitable range of skills and experience amongst Board members. Our Royal Charter gives authority for investment in property and securities of any description and for the appointment of investment managers.

Our President chairs the Company’s Annual General Meeting. The RSC is led by the Board which is made up of people chosen for their skills and experience and including our Artistic Director, Gregory Doran, and our Executive Director, Catherine Mallyon. They work closely with the RSC Senior Leadership Team in leading and steering the company. Details of membership of the Governors, Board, Sub committees and senior leadership team are shown on pages 17 and 18. These Sub-committees advise on specific issues such as investments and capital projects.

All Board members are selected from a wider group of RSC Governors. New Governors are elected by the Governors following nomination by the Nominations Committee (a committee of the Board) and by the Board. The Governors delegate the responsibility for running the RSC to members of the Board. Governors act as ambassadors and advocates for us and are drawn from a wide range of disciplines, bringing their experience and skills to the life of the Company. Newly appointed members of the Board receive an induction programme covering general responsibilities and detailed information about the structure, governance and management of the RSC and attend an induction day involving meetings with members of the senior leadership team. All Governors are kept up to date with key developments via updates from the Chairman of the Board.

The artistic leadership and the day to day management of the RSC are the responsibility of our Artistic Director and our Executive Director. They are supported by a group of senior managers who make up the Senior Leadership Team.

The Board meet regularly and review their governance arrangements periodically. The Board supports the recommendations of the Charity Governance Code and has assessed itself against the new requirements. The Board will be implementing relevant measures over the next year, principally in the areas of documenting role descriptions, more regular reviews of terms of reference, formal self-assessment measures and enhancing Board recruitment practices.

### Group structure

The RSC’s subsidiary companies and their financial performance are shown in note 11(c) to the accounts.

RSC Enterprise Ltd is a wholly owned subsidiary of the RSC that operates the commercial activities of the Company which include the merchandising of goods relating to the Royal Shakespeare Company, catering and the operation of the nursery.

RSC Estates Limited is a wholly owned subsidiary of the RSC that holds a 50% share in a joint venture called Arden Hotel Waterside LLP. This joint venture operates the Arden Hotel in Stratford-upon-Avon.

RSC Pre-Productions Limited is responsible for producing, running and closing productions providing operational, technical, production and artistic services to the Corporation.

The Corporation controls a company based in the USA called Matilda North America LLC. The remaining interest is held by Dodgers Properties LLC. Matilda North America LLC is the general partner of two limited partnerships based in the USA: Matilda on Broadway LP, the entity producing the Broadway production of Matilda and Matilda Acrobat Tour LP, the entity producing the North American Tour. Both these tours finished in the year ended 31 March 2018.

## Structure, Governance and Management (*continued*)

### Group structure (*continued*)

One of the subsidiary companies, RSC Matilda US Limited, holds investments in Matilda on Broadway LP and Matilda Acrobat Tour LP.

RSC Productions Limited, a wholly owned subsidiary of the RSC, has a co-production agreement with Louise Withers Productions PTY Limited, to produce the *Matilda the Musical* Australian Tour, the two companies forming an unincorporated joint venture. Both parties endeavour to agree on all major decisions but in the absence of agreement, the determination of the Corporation will prevail. The Corporation is therefore considered to control the unincorporated entity. Another wholly owned subsidiary, RSC Matilda Australasia Limited, also invested in the tour. The tour finished in the year ended 31 March 2018 and the joint venture was deregistered by the Australian authorities on 31 March 2019.

RSC Touring Limited is a wholly owned subsidiary responsible for producing, running and closing productions, which include *Matilda the Musical* in the United Kingdom and Ireland, and providing operational, technical, production and artistic services to the Corporation.

During the year ended 31 March 2018, the Company set up two new joint ventures with co-producers, Toga Productions Limited and Don and Sancho Limited. These entities were solely incorporated to facilitate the commercial transfers of *Imperium I and II*, and *Don Quixote* respectively. Both shows ended during the year ended 31 March 2019. Following settlement of all liabilities, Toga Productions Limited was dissolved on 1 December 2020 and Don and Sancho Limited was dissolved on 17 August 2021.

### Going Concern

Notwithstanding our position as a recipient of a Cultural Recovery Fund (CRF) loan, we continue to work in a financial and operational context which we know can quickly change, and where there are risks because of the pandemic. To date the organisation has been swift to implement changes when needed to manage the cost base and the CRF loan of £19.4m received in February 2021 allows us to restart activity within the reduced income available to us in the short term because of the impact of Covid. This continues to be reflected in the financial expectations for 2021/22 and 2022/23. The combination of reduced income targets, contingencies and reserves gives us the ability to weather some further variability in income over the coming months, but we will monitor how the pandemic unfolds and respond decisively where necessary.

#### *An assessment of liquidity*

The RSC continues to be in a strong cash and reserves position at 31 March 2021. Unrestricted funds, including both Operations unrestricted and Unrestricted designated funds, totalled £34.7m. Readily available cash at bank and in hand, together with fixed asset investments, which are readily available liquid investments, totalled c.£37.6m.

Throughout the period, the RSC has managed the cash flow risk in a number of ways, as further explained in the Risk Management section of the Financial review on page 15. These actions minimised the depletion of cash and investments whilst longer-term funding was applied for. This included a successful application to the Culture Recovery Fund for £19.4m of repayable finance ('CRF Loan'), which was drawn down in February 2021, and further details are within the Financial outlook section of the Financial review on page 12 and in note 16 on page 54.

Detailed cash flow forecasts have been prepared which show that a strong opening cash position, including the cash injection of the CRF Loan, along with prudent re-opening assumptions give sufficient headroom to mitigate the potential income risk. Key sensitivities in the forecast included the likely impact on cash capacity for our productions, along with the associated income risk on our related trading income, depending on the nature of reopening and how the pandemic unfolds over the coming 12 months. In addition, the level of grant income funding from Arts Council England for the extension year 2022/23 is not yet approved, with a decision expected by 20 December 2021.

The model has been stress tested with a worst-case scenario that there is a short-term return to government restrictions in the financial year to March 2022 and base case modelling has used assumptions which are felt to be robust, given the past experience of cash flows since closure in March 2020 and the actions taken during this time. In this scenario, the RSC continues to have significant headroom to be able to continue as a going concern.

## Structure, Governance and Management (*continued*)

### Going Concern (*continued*)

#### *An assessment of performance*

Since March 2020, the organisation has successfully adapted its working practices to ensure critical business processes have continued to operate effectively remotely, underpinned by the IT infrastructure and networking. The organisation has also completed an employee consultation during this time, with changes to staff structures and terms and conditions leading to cost savings, including in the Senior Leadership Team.

Whilst the impact upon box office and associated trading income has been significant, the organisation has adapted its approach to providing virtual fundraising events, online education tools and developing live streaming of performances. Limited operations have been possible on site, notably reopening a small scale catering offering on a takeaway only basis in July and August 2020 and the continued operation of our Nursery to support Key Workers throughout. Our Digital project, Audience of the Future also continued. It is management's view that knowledge gained, and the resilience shown, from this difficult period will help our organisation continue to adapt in the future.

Detailed planning activity has been undertaken and progress made in opening key buildings in a covid secure way, alongside continued replanning of the artistic programme to ensure that we are able to respond positively as and when we are able. Detailed work has been completed during the year on the decision making timelines to reopening to understand in detail the production and operational processes which require a lead time between the decision and the reopening date.

The organisation adopted a prudent approach to reopening in the period after the balance sheet date, including building an outdoor theatre in Stratford-upon-Avon in summer 2021 to perform *Comedy of Errors*. This helped to build audience confidence and test operational processes with new covid-secure protocols. The Royal Shakespeare Theatre reopened to the general public indoors in October 2021 and *Matilda the Musical* reopened in London in September 2021. The ongoing impact of the pandemic in terms of audience confidence but also any future potential restrictions continues to be a key risk in our planning processes.

#### *Arts Council England funding*

Part of the funding for the Corporation is received from Arts Council England. A one year extension to the current funding cycle for 2022/23 has been agreed as part of the response measures to the pandemic. The timing of this process is such that the final decision on funding levels for the year to 31 March 2023 is expected by 20 December 2021, after the date of approval of this report. The expectation of the Board is that our funding levels will not be significantly impacted for the 2022/23 financial year. This is due to our having submitted a viable business plan for 2022/23 and having subsequently had confirmation of being low risk for ACE.

The Trustees' Report was approved by the Board on 14<sup>th</sup> December 2021, authorised for issue and signed on its behalf by:



**Shriti Vadera**

**RSC Chair of the Board**

## **Statement of the Board's responsibilities in respect of the Trustees' report and the financial statements**

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

Charity 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 charity 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 group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group and 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 charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Independent Auditor's Report to The Board of Trustees of The Royal Shakespeare Company

### Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charity's affairs as at 31 March 2021 and of the Group's and Parent Charity's 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 Charities Act 2011.

We have audited the financial statements of The Royal Shakespeare Company ("the Parent Charity") and its subsidiaries ("the Group") for the year ended 31 March 2021 which comprise the consolidated statement of financial activities, the corporation statement of financial activities, the consolidated balance sheet, the consolidated cash flow statement 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)<sup>1</sup>.

#### 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 Group and the Parent Charity in accordance with the ethical requirements 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 Group and the Parent Charity'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 Annual Report, other than the financial statements and our auditor's report thereon. The other information comprises: the Trustees Report. 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

*Our audit reporting is subject to our opinion*

## **Independent Auditor's Report to The Board of Trustees of The Royal Shakespeare Company** *(continued)*

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion;

- the information contained in the financial statements is inconsistent in any material respect with the Trustees' Annual Report; or
- adequate/proper accounting records have not been kept by the Parent Charity; or
- the Parent Charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of Trustees**

As explained more fully in the Trustees' responsibilities statement, the Trustees 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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the Parent Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the parent Charity 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 section 144 of the Charities Act 2011 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 Audit Committee and the Trustees. 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 Charity. These include, but are not limited to, UK GAAP, Charities SORP, employment law, fundraising regulations and data protection. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and management and inspection of regulatory and legal correspondence if any.

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.



## Independent Auditor's Report to The Board of Trustees of The Royal Shakespeare Company (*continued*)

### Auditor's responsibilities for the audit of the financial statements (*continued*)

Audit response to risks identified:

- We reviewed the financial statement disclosures and sample tested to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- We made enquiries of the Audit Committee, management and the Trustees;
- We reviewed the minutes of those charged with governance which includes instances of any fraud and non-compliance with laws and regulations;
- 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 evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- We challenged assumptions made by management in their significant accounting estimates in particular in relation to the assumptions applied in valuing the pension scheme assets and liabilities and the determination of the useful economic lives of operational fixed assets.

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with component auditors included the following:

- Issuing detailed Group reporting instructions which set out key aspects of the audit such as component materiality, significant audit and accounting issues from a Group perspective and the key audit procedures to be performed in order to address these; and
- Reviewing the group reporting documents submitted by the component auditors to ensure the work performed was sufficient for our purposes and consistent with Group instructions.

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 Charity's trustees, as a body, in accordance with the Charities Act 2011. Our audit work has been undertaken so that we might state to the Charity's trustees 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 Charity and the Charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
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Kyla Bellingall  
BDO LLP, statutory auditor  
Birmingham, UK  
Date 16 December 2021

BDO LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

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

## Consolidated statement of financial activities for the year ended 31 March 2021

	Note	Operations/ unrestricted funds £'000	Unrestricted designated funds £'000	Restricted funds £'000	Restricted Endowment funds £'000	Total funds 2021 £'000	Total funds 2020 £'000
<b>Income and endowments from:</b>							
<i>Charitable activities</i>							
Performance related grants	2	15,260	-	-	-	15,260	15,134
Income from productions, tours and theatre operations	3	105	109	-	-	214	37,420
Learning and participation income		293	14	461	-	768	1,611
<i>Donations and legacies</i>	4	4,092	-	1,691	7,000	12,783	5,729
<i>Other trading activities</i>							
Trading income from subsidiaries	11(c)	1,234	-	1,646	-	2,880	8,375
Other trading activities		1,301	-	-	-	1,301	1,789
<i>Investments</i>	5	596	-	50	-	646	770
<i>Other</i>							
Licensing of rights		773	-	-	-	773	1,233
Coronavirus Job Retention Scheme		8,474	-	-	-	8,474	-
<b>Total</b>		<b>32,128</b>	<b>123</b>	<b>3,848</b>	<b>7,000</b>	<b>43,099</b>	<b>72,061</b>
<b>Expenditure on:</b>							
<i>Charitable activities</i>							
Productions, tours and theatre operations	3	(23,203)	(143)	(3,724)	-	(27,070)	(63,955)
Learning and participation expenditure		(1,227)	(25)	(574)	-	(1,826)	(3,216)
<i>Raising funds</i>							
Expenditure on raising donations and legacies		(919)	-	-	-	(919)	(1,212)
Trading expenditure of subsidiaries	11(c)	(2,657)	-	(1,646)	-	(4,303)	(7,062)
Share of net loss in joint ventures	11(a)	(311)	-	-	-	(311)	(122)
Expenditure on other trading activities		(316)	-	-	-	(316)	(581)
Investment management costs		(40)	-	(3)	(45)	(88)	(95)
<b>Total</b>	7	<b>(28,673)</b>	<b>(168)</b>	<b>(5,947)</b>	<b>(45)</b>	<b>(34,833)</b>	<b>(76,243)</b>
<i>Net gains / (loss) on investment assets</i>	11(b)	1,549	-	248	870	2,667	(1,825)
<b>Net income / (expenditure)</b>		<b>5,004</b>	<b>(45)</b>	<b>(1,851)</b>	<b>7,825</b>	<b>10,933</b>	<b>(6,007)</b>
Transfers between funds	19	370	-	(370)	-	-	-
<b>Net income / (expenditure) after transfers</b>		<b>5,374</b>	<b>(45)</b>	<b>(2,221)</b>	<b>7,825</b>	<b>10,933</b>	<b>(6,007)</b>
<b>Other recognised gains</b>							
Actuarial (losses) / gains on defined benefit pension scheme	24	(411)	-	-	-	(411)	65
<b>Net movement in funds</b>		<b>4,963</b>	<b>(45)</b>	<b>(2,221)</b>	<b>7,825</b>	<b>10,522</b>	<b>(5,942)</b>
<b>Reconciliation of funds</b>							
Total funds brought forward	19	24,266	5,594	82,909	5,823	118,592	124,534
<b>Total funds carried forward</b>	19	<b>29,229</b>	<b>5,549</b>	<b>80,688</b>	<b>13,648</b>	<b>129,114</b>	<b>118,592</b>

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities. The notes on pages 32 to 73 form part of these accounts.

Prior year comparatives are shown in detail on page 27.

## Comparative consolidated statement of financial activities for the year ended 31 March 2020

	Note	Operations/ unrestricted funds £'000	Unrestricted designated funds £'000	Restricted funds £'000	Restricted Endowment funds £'000	Total funds 2020 £'000
<b>Income and endowments from:</b>						
<i>Charitable activities</i>						
Performance related grants	2	14,994	-	140	-	15,134
Income from productions, tours and theatre operations	3	28,750	8,670	-	-	37,420
Learning and participation income		905	439	267	-	1,611
<i>Donations and legacies</i>	4	2,521	-	3,208	-	5,729
<i>Other trading activities</i>						
Trading income from subsidiaries	11(c)	7,521	-	854	-	8,375
Other trading activities		1,789	-	-	-	1,789
<i>Investments</i>	5	715	-	55	-	770
<i>Other</i>						
Licensing of rights		1,233	-	-	-	1,233
<b>Total</b>		<b>58,428</b>	<b>9,109</b>	<b>4,524</b>	<b>-</b>	<b>72,061</b>
<b>Expenditure on:</b>						
<i>Charitable activities</i>						
Productions, tours and theatre operations	3	(53,921)	(7,964)	(2,070)	-	(63,955)
Learning and participation expenditure		(2,275)	(304)	(637)	-	(3,216)
<i>Raising funds</i>						
Expenditure on raising donations and legacies		(1,206)	-	(6)	-	(1,212)
Trading expenditure of subsidiaries	11(c)	(6,208)	-	(854)	-	(7,062)
Share of net loss in joint ventures	11(a)	(122)	-	-	-	(122)
Expenditure on other trading activities		(581)	-	-	-	(581)
Investment management costs		(44)	-	(4)	(47)	(95)
<b>Total</b>	7	<b>(64,357)</b>	<b>(8,268)</b>	<b>(3,571)</b>	<b>(47)</b>	<b>(76,243)</b>
<i>Net gains / (loss) on investment assets</i>		(942)	-	(151)	(732)	(1,825)
<b>Net income / (expenditure)</b>		<b>(6,871)</b>	<b>841</b>	<b>802</b>	<b>(779)</b>	<b>(6,007)</b>
Transfers between funds	19	23,790	(23,790)	-	-	-
<b>Net income / (expenditure) after transfers</b>		<b>16,919</b>	<b>(22,949)</b>	<b>802</b>	<b>(779)</b>	<b>(6,007)</b>
<b>Other recognised gains</b>						
Actuarial gains on defined benefit pension scheme	24	65	-	-	-	65
<b>Net movement in funds</b>		<b>16,984</b>	<b>(22,949)</b>	<b>802</b>	<b>(779)</b>	<b>(5,942)</b>
<b>Reconciliation of funds</b>						
Total funds brought forward	19	7,282	28,543	82,107	6,602	124,534
<b>Total funds carried forward</b>	19	<b>24,266</b>	<b>5,594</b>	<b>82,909</b>	<b>5,823</b>	<b>118,592</b>

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities. The notes on pages 32 to 73 form part of these accounts.

## Corporation statement of financial activities for the year ended 31 March 2021

	Note	Operations/ unrestricted funds £'000	Unrestricted designated funds £'000	Restricted funds £'000	Restricted Endowment funds £'000	Total funds 2021 £'000	Total funds 2020 £'000
<b>Income and endowments from:</b>							
<i>Charitable activities</i>							
Performance related grants	2	15,260	-	-	-	15,260	15,134
Income from productions, tours and theatre operations	3	1,753	109	-	-	1,862	56,499
Learning and participation income		293	14	461	-	768	1,611
<i>Donations and legacies</i>	4	4,092	-	1,691	7,000	12,783	5,729
<i>Other trading activities</i>							
Trading income from subsidiaries	11(c)	1	-	-	-	1	1,095
Other trading activities		1,301	-	-	-	1,301	1,789
<i>Investments</i>	5	596	-	50	-	646	770
<i>Other</i>							
Licensing of rights		773	-	-	-	773	1,233
Coronavirus Job Retention Scheme		7,051	-	-	-	7,051	-
<b>Total</b>		<b>31,120</b>	<b>123</b>	<b>2,202</b>	<b>7,000</b>	<b>40,445</b>	<b>83,860</b>
<b>Expenditure on:</b>							
<i>Charitable activities</i>							
Productions, tours and theatre operations	3	(24,541)	(143)	(3,724)	-	(28,408)	(81,916)
Learning and participation expenditure		(1,227)	(25)	(574)	-	(1,826)	(3,216)
<i>Raising funds</i>							
Expenditure on raising donations and legacies		(919)	-	-	-	(919)	(1,226)
Expenditure on other trading activities		(316)	-	-	-	(316)	(581)
Investment management costs		(40)	-	(3)	(45)	(88)	(95)
<b>Total</b>	7	<b>(27,043)</b>	<b>(168)</b>	<b>(4,301)</b>	<b>(45)</b>	<b>(31,557)</b>	<b>(87,034)</b>
<i>Net gains / (losses) on investment assets</i>	11(b)	1,549	-	248	870	2,667	(1,825)
<b>Net income / (expenditure)</b>		<b>5,626</b>	<b>(45)</b>	<b>(1,851)</b>	<b>7,825</b>	<b>11,555</b>	<b>(4,999)</b>
Transfers between funds	19	370	-	(370)	-	-	-
<b>Net income / (expenditure) after transfers</b>		<b>5,996</b>	<b>(45)</b>	<b>(2,221)</b>	<b>7,825</b>	<b>11,555</b>	<b>(4,999)</b>
<b>Other recognised gains</b>							
Actuarial (losses) / gains on defined benefit pension scheme	24	(411)	-	-	-	(411)	65
<b>Net movement in funds</b>		<b>5,585</b>	<b>(45)</b>	<b>(2,221)</b>	<b>7,825</b>	<b>11,144</b>	<b>(4,934)</b>
<b>Reconciliation of funds</b>							
Total funds brought forward	19	23,231	5,594	82,909	5,823	117,557	122,491
<b>Total funds carried forward</b>	19	<b>28,816</b>	<b>5,549</b>	<b>80,688</b>	<b>13,648</b>	<b>128,701</b>	<b>117,557</b>

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities. The notes on pages 32 to 73 form part of these accounts.

Prior year comparatives are shown in detail on page 29.

## Corporation statement of financial activities for the year ended 31 March 2020

	Note	Operations/ unrestricted funds £'000	Unrestricted designated funds £'000	Restricted funds £'000	Restricted Endowment funds £'000	Total funds 2020 £'000
<b>Income and endowments from:</b>						
<i>Charitable activities</i>						
Performance related grants	2	14,994	-	140	-	15,134
Income from productions, tours and theatre operations	3	47,829	8,670	-	-	56,499
Learning and participation income		905	439	267	-	1,611
<i>Donations and legacies</i>	4	2,521	-	3,208	-	5,729
<i>Other trading activities</i>						
Trading income from subsidiaries	11(c)	1,095	-	-	-	1,095
Other trading activities		1,789	-	-	-	1,789
<i>Investments</i>	5	715	-	55	-	770
<i>Other</i>						
Licensing of rights		1,233	-	-	-	1,233
<b>Total</b>		<b>71,081</b>	<b>9,109</b>	<b>3,670</b>	<b>-</b>	<b>83,860</b>
<b>Expenditure on:</b>						
<i>Charitable activities</i>						
Productions, tours and theatre operations	3	(72,051)	(7,795)	(2,070)	-	(81,916)
Learning and participation expenditure		(2,275)	(304)	(637)	-	(3,216)
<i>Raising funds</i>						
Expenditure on raising donations and legacies		(1,220)	-	(6)	-	(1,226)
Expenditure on other trading activities		(581)	-	-	-	(581)
Investment management costs		(44)	-	(4)	(47)	(95)
<b>Total</b>	7	<b>(76,171)</b>	<b>(8,099)</b>	<b>(2,717)</b>	<b>(47)</b>	<b>(87,034)</b>
<i>Net gains / (loss) on investment assets</i>		(942)	-	(151)	(732)	(1,825)
<b>Net income / (expenditure)</b>		<b>(6,032)</b>	<b>1,010</b>	<b>802</b>	<b>(779)</b>	<b>(4,999)</b>
Transfers between funds	19	24,245	(24,245)	-	-	-
<b>Net income / (expenditure) after transfers</b>		<b>18,213</b>	<b>(23,235)</b>	<b>802</b>	<b>(779)</b>	<b>(4,999)</b>
<b>Other recognised gains</b>						
Actuarial gains on defined benefit pension scheme	24	65	-	-	-	65
<b>Net movement in funds</b>		<b>18,278</b>	<b>(23,235)</b>	<b>802</b>	<b>(779)</b>	<b>(4,934)</b>
<b>Reconciliation of funds</b>						
Total funds brought forward	19	4,953	28,829	82,107	6,602	122,491
<b>Total funds carried forward</b>	19	<b>23,231</b>	<b>5,594</b>	<b>82,909</b>	<b>5,823</b>	<b>117,577</b>

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities. The notes on pages 32 to 73 form part of these accounts.

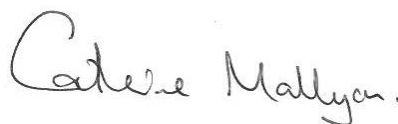
## Balance sheets at 31 March 2021

	Note	Consolidated 2021 £'000	2020 £'000	Corporation 2021 £'000	2020 £'000
<b>Fixed assets</b>					
Intangible assets	9	-	-	-	-
Tangible assets	10	92,461	91,977	92,461	91,973
Investments:					
Investment in joint ventures	11(a)	3,132	3,443	-	-
Other investments	11	26,255	16,992	29,255	19,992
		<u>29,387</u>	<u>20,435</u>	<u>29,255</u>	<u>19,992</u>
<b>Total fixed assets</b>		<b>121,848</b>	<b>112,412</b>	<b>121,716</b>	<b>111,965</b>
<b>Current assets</b>					
Stock and work in progress	12	1,288	1,462	584	1,241
Debtors	13	6,391	5,746	6,921	5,059
Cash at bank and in hand	14	26,976	10,033	25,636	9,409
		<u>34,655</u>	<u>17,241</u>	<u>33,141</u>	<u>15,709</u>
<b>Total current assets</b>		<b>34,655</b>	<b>17,241</b>	<b>33,141</b>	<b>15,709</b>
<b>Creditors: amounts falling due within one year</b>	15	<b>(7,290)</b>	<b>(10,689)</b>	<b>(6,057)</b>	<b>(9,745)</b>
		<u>27,365</u>	<u>6,552</u>	<u>27,084</u>	<u>5,964</u>
<b>Net current assets</b>		<b>27,365</b>	<b>6,552</b>	<b>27,084</b>	<b>5,964</b>
<b>Total assets less current liabilities</b>		<b>149,213</b>	<b>118,964</b>	<b>148,800</b>	<b>117,929</b>
<b>Creditors: amounts falling due after more than one year</b>	16	<b>(19,400)</b>	<b>-</b>	<b>(19,400)</b>	<b>-</b>
<b>Provisions for liabilities</b>	17	<b>(288)</b>	<b>(372)</b>	<b>(288)</b>	<b>(372)</b>
		<u>129,525</u>	<u>118,592</u>	<u>129,112</u>	<u>117,557</u>
Net assets excluding pension liability		129,525	118,592	129,112	117,557
<b>Defined benefit pension scheme liability</b>	24	<b>(411)</b>	<b>-</b>	<b>(411)</b>	<b>-</b>
		<u>129,114</u>	<u>118,592</u>	<u>128,701</u>	<u>117,557</u>
<b>Total net assets</b>		<b>129,114</b>	<b>118,592</b>	<b>128,701</b>	<b>117,557</b>
<b>The funds of the Charity:</b>					
<b>Endowment funds</b>	19	<b>13,648</b>	<b>5,823</b>	<b>13,648</b>	<b>5,823</b>
<b>Restricted funds</b>	19	<b>80,688</b>	<b>82,909</b>	<b>80,688</b>	<b>82,909</b>
<b>Unrestricted funds</b>					
General operating fund	19	29,640	24,266	29,227	23,231
Pension reserve	19	(411)	-	(411)	-
Designated funds	19	5,549	5,594	5,549	5,594
		<u>34,778</u>	<u>29,860</u>	<u>34,365</u>	<u>28,825</u>
<b>Total unrestricted funds</b>		<b>34,778</b>	<b>29,860</b>	<b>34,365</b>	<b>28,825</b>
<b>Total funds of the charity</b>		<b>129,114</b>	<b>118,592</b>	<b>128,701</b>	<b>117,557</b>
<b>Non-controlling Interest</b>	11(d)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
		<u>129,114</u>	<u>118,592</u>	<u>128,701</u>	<u>117,557</u>
<b>Total funds</b>		<b>129,114</b>	<b>118,592</b>	<b>128,701</b>	<b>117,557</b>

The notes on pages 32 to 73 form part of these accounts. These accounts were approved by the Board on 14<sup>th</sup> December 2021 authorised for issue and signed on its behalf by:



**Shriti Vadera – Chair of the Board of Trustees**



**Catherine Mallyon – Executive Director**

## Consolidated statement of cash flows for the year ended 31 March 2021

	Note	Consolidated 2021 £'000	2020 £'000
<b>Cash flows from operating activities:</b>			
<b>Net cash (used in) operating activities</b>		<b>(1,063)</b>	<b>(1,591)</b>
<b>Cash flow from investing activities</b>			
Interest and dividend income received		646	770
Purchase of tangible fixed assets		(2,440)	(3,349)
Movement in cash in investment portfolio		(65)	153
Purchase of investments		(10,956)	(3,217)
Sale of investments		4,425	3,117
<b>Net cash (used in) investing activities</b>		<b>(8,390)</b>	<b>(2,526)</b>
<b>Cash flows from financing activities</b>			
Obligations under finance leases		(4)	(4)
Cash receipt of endowment		7,000	-
Loan receipt	22	19,400	-
<b>Net cash provided by / (from) financing activities</b>		<b>26,396</b>	<b>(4)</b>
<b>Change in cash and cash equivalents in the year</b>		<b>16,943</b>	<b>(4,121)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>10,033</b>	<b>14,154</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	21	<b>26,976</b>	<b>10,033</b>

## Reconciliation of net income to net cash flow from operating activities

	Consolidated 2021 £'000	2020 £'000
Net income / (expenditure) for the reporting period (as per the Statement of Financial Activities)	10,933	(6,007)
<b>Adjustments for:</b>		
Depreciation charges	1,956	1,989
Share of joint venture	311	122
(Gains) / losses on investments	(2,667)	1,825
Dividends and interest	(646)	(770)
Decrease in stock	174	1,530
(Increase) / decrease in debtors	(645)	1,079
(Decrease) in creditors	(3,395)	(1,520)
Decrease / (increase) in provisions	(84)	96
Receipt of endowment	(7,000)	-
Defined benefit pension scheme past service cost	-	65
<b>Net cash (used in) operating activities</b>	<b>(1,063)</b>	<b>(1,591)</b>

## Notes

### *(forming part of the accounts)*

#### **1 Accounting policies**

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

##### **(a) Legal status**

The Royal Shakespeare Company is incorporated under Royal Charter originally dated 31 October 1925 (as last amended on 6 March 2007) as “The Royal Shakespeare Company, Stratford-upon-Avon”, and it is a registered charity in England and Wales with registration number 212481. Its registered office is Royal Shakespeare Theatre, Waterside, Stratford-upon-Avon, Warwickshire, CV37 6BB.

##### **(b) Basis of preparation**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective January 2019) – (“Charities SORP (FRS 102)”), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The Royal Shakespeare Company meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historic cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The financial statements are presented in sterling which is also the functional currency of the Corporation.

The Corporation has taken advantage of the exemption under FRS 102 paragraph 1.12(b) from preparing a statement of cash flows on the basis that it is an ultimate parent undertaking which prepares a consolidated statement of cash flows.

##### **(c) Preparation of the accounts on a going concern basis**

The preparation and completion of this Report and Financial Statements has been delayed due to the Covid-19 pandemic, which has had a significant impact on the RSC and its subsidiaries. The £19.4m Culture Recovery Fund Repayable Finance was received in February 2021, which facilitated the approval of the prior year report in April 2021, a significant delay, which then also impacted the current year process.

Since the closure of our theatres to the public in March 2020, the Board of Trustees together with the Executive and Senior Leadership Team, have been working on flexible plans, both operational and financial, to ensure the continued viability of the organisation. Reopening activity has been underway since the last quarter of the current financial year and ongoing into the year ending 31 March 2022, notably the re-opening of the Royal Shakespeare Theatre indoors with *The Magician’s Elephant* in October 2021 and *Matilda The Musical* at the Cambridge Theatre in London from September 2021.

In preparing the financial statements, the Trustees have considered whether the going concern basis of preparation remains appropriate. To make this assessment cash forecasts have been prepared on a monthly basis through to December 2022, which is a period of 12 months from the date of approval of these financial statements, as well as a longer-term outlook through to 31 March 2023.

The Trustees have considered the current financial position of the company and its future cash flows on both a base case and a worst case basis for a period of at least 12 months from the date of signing these accounts. In preparing the base case assessment management and the Trustees have applied significant judgement particularly in relation to the assumed box office income achievable upon reopening during the second half of the financial year ending 31 March 2022. There remains risk of both audience confidence levels towards indoor performances but also the risk of potential restrictions being re-imposed by the government.

There is uncertainty, but not material uncertainty that casts doubt on the ability to continue as a going concern for the foreseeable future, a period of at least 12 months from the date of signing the financial statements. The Trustees therefore consider it appropriate for the financial statements to be prepared on the going concern basis.



## Notes (continued)

### Accounting policies (continued)

#### (d) Basis of consolidation

The consolidated financial statements of the Corporation comprise the financial statements of the charity and its subsidiary companies for the period from 1 April 2020 to 31 March 2021 (2020: year ended 31 March 2020). The consolidation has been prepared using the purchase method of accounting on a line by line basis. Under this method acquired subsidiaries are included from the date of acquisition.

The results of the trading companies are disclosed in note 11.

The consolidated accounts include the 50% share in Arden Hotel Waterside LLP acquired during the year ended 31 March 2010 by RSC Estates Ltd, a wholly owned subsidiary of the Corporation, accounting for the joint venture using the equity method.

The consolidated financial statements include the group share of Matilda on Broadway LP, which is the entity producing *Matilda The Musical* on Broadway in New York and Matilda Acrobat Tour LP, which is the entity producing the North American touring production of *Matilda The Musical* (together “the LPs”). Whilst Matilda North America LLC is a general partner of the LPs and RSC Matilda US Limited has investments in the LPs, the RSC does not have control of them due to restrictions around the operation of the LPs and rights of other investors. However, the RSC is considered to have an interest in both LPs and has therefore recognised the income due from the LPs measured according to the terms of the Limited Partnership agreements and associated agreements. Both these tours have now finished and once the final costs have been settled, the entities will become dormant.

#### (e) Income

All income is accounted for at the fair value of the consideration received or receivable when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met and it is probable that the income will be received, and the amounts can be measured reliably. Income is deferred if it is received in advance of the accounting period in which services would be rendered (for example in advance of a theatrical performance) and if a donor has specified that the income must be used in future accounting periods.

##### *Income from Government and other grants*

Income from Government and other grants, whether capital or revenue, is credited to the Statement of Financial Activities 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. Income is deferred only if these criteria are not met or when the provider specifies that the grant must be used in future periods.

##### *Income from charitable activities*

Income from charitable activities comprises income from box office and publications, education, partnerships and hire of costumes and props and is accounted for on an accruals basis excluding VAT. This category also includes grants specifically for the provision of services provided as part of charitable activities, which are recognised in line with the income from Government and other grants policies.

## Notes (continued)

### Accounting policies (continued)

#### (e) *Income (continued)*

##### *Donations and legacy income*

Donations are included in the Statement of Financial Activities when the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably. Tax recoverable under the Gift Aid scheme is accrued on donations, where this is an entitlement. For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted or, the estate has been finalised and notification has been made by the executors to the Corporation that a distribution will be made. Receipt of a legacy, in whole or part, is only considered probable when the amount can be measured reliably, and the charity has been notified of the executors' intention to make a distribution. Where legacies have been notified to the Corporation or the Corporation is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

##### *Donations in kind*

Donations in kind are recognised as income when the Corporation has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the Corporation of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102) the general volunteer time of the Friends is not recognised. On receipt, donations in kind are recognised on the basis of the value of the gift to the Corporation which is the amount the Corporation would have been willing to pay to obtain items of equivalent economic benefit on the open market.

##### *Trading income from subsidiary undertakings, licensing of rights, sponsorship, royalty and property letting income*

All income is accounted for on an accruals basis, net of VAT when the charity has entitlement to the funds, any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably.

##### *Income from Investments*

Income from investments comprises the returns receivable on investments for the year, including recoverable tax and interest receivable on cash balances. Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity. This is normally on notification of the interest paid or payable by the bank or financial institution.

##### *Endowment fund income*

Any income earned from a capital endowment fund may be used for general purposes unless specifically restricted by the endowment.

#### (f) *Fund accounting*

The Corporation has various types of funds for which it is responsible, and which require separate disclosure. These are as follows:

##### *Endowment funds*

Such funds are given to the Corporation where the income may be used for general or specific purposes, but the capital must be retained. Where the donor has permitted the Corporation to use the capital for general or specific purposes at a future date, these are disclosed separately as expendable endowments.

##### *Restricted funds*

These are earmarked by the donor for specific purposes within the overall aims of the organisation. The donation must be utilised in accordance with the specific purposes.

##### *Unrestricted funds*

These are funds which are expendable at the discretion of the Board in furtherance of the objects of the Corporation.

##### *Designated funds*

The Corporation may at its discretion set aside unrestricted funds for specific purposes. If no longer required, designated funds are reclassified as undesignated unrestricted funds.

## Notes (continued)

### 1 Accounting policies (continued)

#### (g) Expenditure and irrecoverable VAT

All 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:

- Expenditure on raising funds comprises the costs of staff members and consultants who are directly engaged in fundraising and the costs of specific publicity campaigns for the raising of donations, the costs of commercial trading, including the bars, cafés, restaurant and nursery and their associated support costs.
- Expenditure on charitable activities includes the costs of productions including marketing costs, theatre running costs, redevelopment costs relating to the depreciation of the Corporation's theatres and office accommodation, other costs expendable in the year as part of the redevelopment project and the costs of the Corporation's educational activities. Pre-production costs are held on the balance sheet until the press night is held. Where income for a show is expected to cover the costs, the pre-production costs are released over time. For fixed run shows, this is over the run of the show to which they relate. For indefinite run shows, this is over the foreseeable future of the show. Where income from a show is not expected to cover the costs, the pre-production costs are written off on press night.
- Other expenditure represents those items not falling into any other heading.

Any VAT incurred which is irrecoverable is recognised as a cost against the activity for which the expenditure was incurred or allocated on the same basis.

#### (h) Allocation of support costs

Support costs are those functions that assist the work of the Corporation but do not directly undertake charitable activities. Support costs include back office costs, finance, HR, IT and governance costs which support the Corporation's artistic programme and activities. These costs have been allocated between raising funds and expenditure on charitable activities. The basis on which support costs have been allocated is set out in note 8.

#### (i) Foreign currencies

Transactions denominated in foreign currencies are translated into Sterling and recorded using the exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the exchange rates ruling at the relevant balance sheet date and the gains and losses on translation are included in the Statement of Financial Activities in the category to which the cost and income relates. The assets and liabilities of subsidiary foreign enterprises are translated into Sterling at the exchange rate ruling at the relevant balance sheet date, whilst income and expenditure is translated using an average exchange rate for the period. Gains and losses on translation of foreign enterprises are included in the Statement of Financial Activities.

## Notes (continued)

### 1 Accounting policies (continued)

#### (j) Leases

An asset and corresponding liability are recognised for leasing arrangements that transfer to the group substantially all the risks and rewards incidental to ownership ("finance leases"). The amount capitalised is the fair value of the leased asset or, if lower, the present value of the minimum lease payments payable during the lease term, both determined at inception of the lease. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the Statement of Financial Activities so as to produce a constant periodic rate of interest on the remaining balance of the liability.

All other leases are operating leases and the annual rentals are charged to the Statement of Financial Activities on a straight-line basis over the term of the lease.

#### (k) Tangible fixed assets

Fixed assets are stated at historical cost. The amount included under freehold theatres (see note 10) includes the original cost of construction and fitting out of The Royal Shakespeare Theatre, Swan Theatre and The Other Place together with the subsequent capital cost of improvements. With the exception of motor vehicles, assets purchased with a value below £50,000 are not capitalised.

Depreciation is provided in order to write off the cost less residual value evenly over the estimated lives of the assets. The rates of depreciation are as follows:

Asset Category	Annual Rate
Freehold theatres	1%
Other properties	1 - 20%
Motor vehicles	25%
Touring and other equipment	4 - 33%
Assets under the course of construction	0%

Freehold land is not depreciated.

Assets under the course of construction represent the costs incurred on the redevelopment of theatres and workshops and equipment within those buildings. These assets are transferred to the appropriate category upon completion and depreciated in accordance with this policy.

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Corporation estimates the recoverable amount of the asset. Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in the Statement of Financial Activities. Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in the Statement of Financial Activities. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

#### (l) Intangible fixed assets

Intangible fixed assets represented the development costs of the RSC Lightlock, for which royalties were due to be received over the period of five years to March 2015. These costs were therefore deferred as intangible fixed assets written off over those five years. The costs relating to RSC Lightlock were fully written down in the year to 31 March 2015. There are no other intangible fixed assets recognised within the Corporation.

## Notes (continued)

### 1 Accounting policies (continued)

#### (m) Investments

Current asset investments comprise short term investments that can be readily converted into cash and other readily convertible cash funds and unlisted investments in joint ventures that are not held for the continuing long-term benefit of the Corporation.

The group holds investments in subsidiaries and joint ventures as well as listed investments. Investments in subsidiaries and joint ventures in the form of equity are stated in the Corporation's accounts at cost less any impairment provisions and are accounted for using the equity method of accounting in the consolidated financial statements.

Listed investments are stated at their fair value as at the balance sheet date by reference to their bid value. All movements in value arising from a change in the fair value of an investment are shown in the Statement of Financial Activities.

#### (n) Stocks and work in progress

Stocks and work in progress which represent goods for resale or direct costs of projects in progress are stated at the lower of cost and net realisable value. Where a show is expected to make a surplus, pre-production costs are included in work in progress and charged to the Statement of Financial Activities over the run of the show to which they relate.

#### (o) Debtors

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

#### (p) Cash and cash equivalents

Cash and cash equivalents include cash and short term highly liquid assets with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar accounts held as part of the Corporation's treasury management activities. They exclude any such assets held as part of fixed asset and endowment asset investments.

#### (q) Creditors and provisions

Creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Provisions are recognised where the group has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

Creditors are normally recognised at their settlement amount after allowing for any trade discounts due and in the case of provisions after discounting to present value to reflect the time value of money and risks specific to the obligation where material.

## Notes (continued)

### 1 Accounting policies (continued)

#### (r) Financial Instruments

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument and are offset only when the charity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

##### Financial assets

###### *Debtors, amounts due from subsidiary undertakings and other receivables*

Those which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. They are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in the Statement of Financial Activity for the excess of the carrying value over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in the Statement of Financial Activities.

###### *Current asset investments and short term deposits*

Unlisted investments are measured at fair value. The group has concluded that recoupment of these instruments is imminent and therefore that due to their short-term nature their fair value is not materially different from their settlement amount. Accordingly, these financial instruments are carried at their settlement amount.

##### Financial liabilities and equity

###### *Creditors, amounts due to subsidiaries and other payables*

Those payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

###### *Borrowings*

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Financial Activities over the period of the borrowings using the effective interest method.

###### *Derecognition of financial assets and liabilities*

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

## Notes (continued)

### 1 Accounting policies (continued)

#### (s) Taxation

In accordance with Section 505 Income and Corporation Taxes Act 1988 the Corporation is exempt from the requirement to pay corporation tax on activities carried out for charitable purposes.

In the subsidiaries the policy is to pay all taxable profits to The Royal Shakespeare Company by way of Gift Aid. No deferred tax liability arises in the financial statements. Deferred tax assets are not recognised in the financial statements.

The Group receives creative industries tax credits from HMRC. These are shown as trading income from subsidiaries.

#### (t) Pensions

##### *Defined benefit scheme*

The Corporation operates a defined benefit pension scheme under which benefits are based on final pensionable pay. The assets of the scheme are held separately from those of the Corporation in separate trustee administered funds.

Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years and updated to reflect current conditions at each balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the rate of return on a high-quality corporate bond of equivalent term and currency.

The difference between the fair value of assets and the present value of accrued liabilities is shown as an asset or liability in the balance sheet. A pension scheme asset is recognised on the balance sheet to the extent that the Corporation has the ability to recover the surplus either through reduced contributions in the future or through refunds from the scheme. A pension scheme liability is recognised to the extent that the Corporation has a legal or constructive obligation to settle the liability.

Changes relating to current or past service costs, gains and losses on settlements and curtailments and pension finance costs are allocated to appropriate expenditure categories in the Statement of Financial Activities. Actuarial gains and losses arising are included in the Statement of Financial Activities under the heading "Actuarial gains on defined benefit pension scheme".

Net interest on the defined benefit asset/liability comprises the interest cost on the defined benefit obligation and interest income on the plan assets, calculated by multiplying the fair value of the plan assets at the beginning of the period by the rate used to disclose the benefit obligation and is recognised as net income/expenditure.

##### *Defined contribution schemes*

The pension costs charged in the Statement of Financial Activities represent the amount of contributions payable to the scheme in respect of the year and to individuals' personal pension schemes.

## Notes (continued)

### 1 Accounting policies (continued)

#### (u) Judgements and key sources of estimation uncertainty

Critical judgements in applying the group and Corporation's accounting policies are as follows:

##### *Overseas tours*

The Corporation has entered into joint venture arrangements in respect of the production of *Matilda the Musical* in North America and Australia. The degree of control and appropriate accounting for these joint venture arrangements requires judgement due to their different legal forms and the contractual arrangements involved.

In the judgement of the Corporation, it has a controlling interest in Matilda North America LLC, but does not have a controlling interest in Matilda on Broadway LP and Matilda Acrobat Tour LP. Matilda North America LLC is therefore treated as a subsidiary. The reasons for concluding that control is held are explained in note 11c. The Corporation has concluded that it does not have a controlling interest in Matilda on Broadway LP and Matilda Acrobat Tour LP for the reasons set out in accounting policy (d).

##### *Defined benefit pension scheme*

The Corporation operated a funded defined benefit pension scheme, the Royal Shakespeare Theatre Pension Scheme, providing benefits based on final pensionable pay. The latest actuarial valuation took place on 31 March 2020 and was updated for FRS 102 purposes to 31 March 2021 by a qualified independent actuary. Judgement is required in assessing the appropriateness of actuarial assumptions used by the actuary. The assumptions have been reviewed by management and they are considered reasonable.

##### *General*

The Corporation makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. However, there are no estimates and assumptions that are considered to have significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### *WIP*

Live From costs are held on the Balance Sheet in WIP until broadcasting of the production takes place. These costs are then released to the Statement of Financial Activities.



## Notes (continued)

### 2 Performance related grants

Consolidated and Corporation	Unrestricted £'000	Total 2021 £'000	Total 2020 £'000
<b>Income from charitable activities</b>			
Arts Council England Revenue grant	15,260	15,260	15,134
	<u>15,260</u>	<u>15,260</u>	<u>15,134</u>

### 3 Income from productions, tours and theatre operations

Consolidated	Unrestricted £'000	Designated £'000	Restricted £'000	Total 2021 £'000	Total 2020 £'000
Income from productions, tours and theatre operations:					
Box office (including London)	94	-	-	94	27,776
Touring income	-	-	-	-	9,132
Other income from theatre operations	11	109	-	120	512
	<u>105</u>	<u>109</u>	<u>-</u>	<u>214</u>	<u>37,420</u>

	Unrestricted £'000	Designated £'000	Restricted £'000	Total 2021 £'000	Total 2020 £'000
Productions and theatre operations expenditure:					
Productions	(14,835)	-	(869)	(15,704)	(48,781)
Theatre operations	(6,190)	(143)	(2,855)	(9,188)	(9,297)
Sales and marketing costs	(2,178)	-	-	(2,178)	(5,877)
	<u>(23,203)</u>	<u>(143)</u>	<u>(3,724)</u>	<u>(27,070)</u>	<u>(63,955)</u>

Corporation	Unrestricted £'000	Designated £'000	Restricted £'000	Total 2021 £'000	Total 2020 £'000
Income from productions, tours and theatre operations:					
Box office (including London)	94	-	-	94	27,776
Touring income	-	-	-	-	9,132
Other income from theatre operations	1,659	109	-	1,768	19,591
	<u>1,753</u>	<u>109</u>	<u>-</u>	<u>1,862</u>	<u>56,499</u>

	Unrestricted £'000	Designated £'000	Restricted £'000	Total 2021 £'000	Total 2020 £'000
Productions and theatre operations expenditure:					
Productions	(16,173)	-	(869)	(17,042)	(66,742)
Theatre operations	(6,190)	(143)	(2,855)	(9,188)	(9,297)
Sales and marketing costs	(2,178)	-	-	(2,178)	(5,877)
	<u>(24,541)</u>	<u>(143)</u>	<u>(3,724)</u>	<u>(28,408)</u>	<u>(81,916)</u>

## Notes (continued)

### 4 Donations and legacies

Consolidated and Corporation	Unrestricted £'000	Restricted £'000	Endowment £'000	Total 2021 £'000	Total 2020 £'000
Donations and legacies	4,092	147	-	4,239	3,162
Grants	-	1,544	7,000	8,544	2,567
	<u>4,092</u>	<u>1,691</u>	<u>7,000</u>	<u>12,783</u>	<u>5,729</u>

### 5 Investment income

Consolidated and Corporation	Unrestricted £'000	Restricted £'000	Total 2021 £'000	Total 2020 £'000
Income from listed investments	586	50	636	693
Interest on short term deposits	10	-	10	77
	<u>596</u>	<u>50</u>	<u>646</u>	<u>770</u>

### 6 Staff and performing artists' numbers and costs, Trustee remuneration and expenses, and the cost of key management personnel

The average number of staff and performing artists engaged by the Corporation during the period was as follows:

	2021 Number	2020 Number
Productions and theatre operations	805	1,019
Learning and participation	14	17
Raising donations and legacies	19	24
Support staff	63	64
	<u>901</u>	<u>1,124</u>

The total emoluments, including benefits in kind, of these persons was as follows:

	2021 £'000	2020 £'000
Total emoluments	20,407	32,091
Social security costs	1,546	2,050
Defined contribution and other pension costs	1,532	1,430
FRS 102 s28 charge for past service costs	-	65
	<u>23,485</u>	<u>35,636</u>

During the year redundancy payments totalling £1,307,204 (2020: £164,391) were made. This included ex-gratia payments of £14,559 (2020: £40,233).

Defined contribution pension costs are allocated directly to the related fund or charitable activity.

## Notes (continued)

### 6 Staff and performing artists' numbers and costs, Trustee remuneration and expenses, and the cost of key management personnel (continued)

The number of staff and performing artists whose total emoluments, including benefits in kind, exceeded £60,000 was as follows:

	2021 Number	2020 Number
£60,001 - £70,000	11	23
£70,001 - £80,000	7	8
£80,001 - £90,000	5	7
£90,001 - £100,000	3	10
£100,001 - £110,000	2	1
£110,001 - £120,000	-	2
£120,001 - £130,000	1	-
£130,001 - £140,000	1	1
£140,001 - £150,000	-	1
£150,001 - £160,000	-	-
£160,001 - £170,000	-	-
£170,001 - £180,000	1	1
£180,001 - £190,000	-	-
£190,001 - £200,000	-	-
£200,001 - £210,000	-	-
£210,001 - £220,000	-	-
£220,001 - £230,000	-	1

	Artistic Director 2021 £'000	2020 £'000	Executive Director 2021 £'000	2020 £'000
Basic pay	146	198	128	162
Benefits in Kind and other payments	26	30	10	14
	172	228	138	176
Pension contributions	7	16	9	19
Total remuneration	179	244	147	195

Remuneration was paid in respect of the Artistic Director and Executive Director's duties in accordance with the Corporation's Royal Charter. The appointment of these paid Directors to the Board is to create a mix of executive and non-executive Board members who share responsibility for the strategic and business planning of the Corporation. No other Board members received any remuneration from the Corporation in respect of their role as Board members (2020: £Nil). During the year, Artistic Director and Executive Director pay was reviewed and reduced from their pre-COVID-19 levels.

Included within expenditure are expenses reimbursed to, or incurred on behalf, of 18 members of the Board (2020: 17) totalling £5,190 (2020: £22,197). These related to travel, subsistence and meeting expenses. See note 27 in respect of other payments to Board members.

The key management personnel of the Corporation comprise the Board of Governors and the Senior Leadership Team. The total remuneration (including employer's pension contributions and termination payments) of the key management personnel was £1,149,039 (2020: £1,294,615).

## Notes (continued)

### 7 Total expenditure

<b>Consolidated</b>	<b>Direct Costs 2021 £'000</b>	<b>Support Costs 2021 £'000</b>	<b>Total 2021 £'000</b>	<b>Total 2020 £'000</b>
<b>Expenditure on raising funds</b>				
Expenditure on raising donations and legacies	819	100	919	1,212
Expenditure on other trading activities	316	-	316	581
Trading expenditure of subsidiaries	4,303	-	4,303	7,062
Share of net loss in joint ventures	311	-	311	122
Investment management costs	88	-	88	95
<b>Charitable activities</b>				
Production and theatre operations	22,245	4,825	27,070	63,955
Learning and participation	1,748	78	1,826	3,216
	<u>29,830</u>	<u>5,003</u>	<u>34,833</u>	<u>76,243</u>

Support costs have been allocated across activities on the basis of staff numbers.

<b>Total expenditure includes:</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
Depreciation	1,956	1,989
Auditor's remuneration:		
Statutory audit of parent and consolidated accounts	59	64
Audit of subsidiaries pursuant to legislation	20	23
Other services relating to taxation	16	19
Operating lease charges:		
Land and buildings	395	536
Other than land and buildings	74	74
Net exchange losses / (profit) on foreign currency transactions	1	10

<b>Corporation</b>	<b>Direct Costs 2021 £'000</b>	<b>Support Costs 2021 £'000</b>	<b>Total 2021 £'000</b>	<b>Total 2020 £'000</b>
<b>Expenditure on raising funds</b>				
Expenditure on raising donations and legacies	819	100	919	1,226
Expenditure on other trading activities	316	-	316	581
Investment management costs	88	-	88	95
<b>Charitable activities</b>				
Production and theatre operations	23,583	4,825	28,408	81,916
Learning and participation	1,748	78	1,826	3,216
	<u>26,554</u>	<u>5,003</u>	<u>31,557</u>	<u>87,034</u>

Support costs have been allocated across activities on the basis of staff numbers.

<b>Total expenditure includes:</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
Depreciation	1,952	1,984
Auditor's remuneration:		
Statutory audit of parent and consolidated accounts	59	64
Other services relating to taxation	4	4
Operating lease charges:		
Land and buildings	395	536
Other than land and buildings	74	74
Net exchange losses / (profit) on foreign currency transactions	1	10

## Notes (continued)

### 8 Support costs

	2021 £'000	2020 £'000
Staff costs	3,660	2,556
Professional fees	292	317
Information technology	481	633
Human resources	114	204
Other expenditure	456	333
	<hr/> 5,003 <hr/>	<hr/> 4,043 <hr/>

Staff costs relate to administrative functions including finance, management, IT and human resources.

Governance costs totalled £101,376 (2020: £128,490).

### 9 Intangible fixed assets

#### Consolidated and Corporation

This represented the development costs of the RSC Lightlock, for which royalties were due to be received over the five years to 31 March 2015. These costs were therefore deferred as intangible fixed assets and written off over the five years. During the year, development costs totalling £Nil were charged to the Statement of Financial Activities (2020: £Nil).

	Total £'000
<b>Cost</b>	
At beginning and end of year	73
<b>Amortisation</b>	
At beginning of year and end of year	(73)
<b>Net book value</b>	
At 31 March 2021 and 31 March 2020	-

## Notes (continued)

### 10 Tangible fixed assets

#### Consolidated

	Freehold theatres	Other properties	Touring and other equipment	Motor vehicles	Assets under course of construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
At beginning of year	97,609	12,095	13,844	108	5,607	129,263
Additions	-	-	-	-	2,440	2,440
Transfer	-	6,011	2,036	-	(8,047)	-
Disposals	-	-	(30)	-	-	(30)
At end of year	97,609	18,106	15,850	108	-	131,673
<b>Depreciation</b>						
At beginning of year	18,039	9,125	10,019	103	-	37,286
Charge for the year	899	197	855	5	-	1,956
Eliminated on disposal	-	-	(30)	-	-	(30)
At end of year	18,938	9,322	10,844	108	-	39,212
<b>Net book value</b>						
At 31 March 2021	78,671	8,784	5,006	-	-	92,461
At 31 March 2020	79,570	2,970	3,825	5	5,607	91,977

#### Corporation

<b>Cost</b>						
At beginning of year	97,609	12,095	13,818	81	5,607	129,210
Additions	-	-	-	-	2,440	2,440
Transfers	-	6,011	2,036	-	(8,047)	-
Disposals	-	-	(30)	-	-	(30)
At end of year	97,609	18,106	15,824	81	-	131,620
<b>Depreciation</b>						
At beginning of year	18,039	9,125	9,992	81	-	37,237
Charge for the year	899	197	856	-	-	1,952
Eliminated on disposal	-	-	(30)	-	-	(30)
At end of year	18,938	9,322	10,818	81	-	39,159
<b>Net book value</b>						
At 31 March 2021	78,671	8,784	5,006	-	-	92,461
At 31 March 2020	79,570	2,970	3,826	-	5,607	91,973

All tangible fixed assets owned by the Corporation are held for charitable purposes.

Other properties are freehold apart from six (2020: six) leasehold properties with net book value at 31 March 2021 of £93,521 (2020: £110,319). The movement in the year of £16,798 relates to depreciation (2020: depreciation £16,798). Assets with a net book value of £356 (2020: £4,632) are held under finance leases. Legal charges granted over fixed assets of the Corporation are shown in Note 29.

## Notes (continued)

### 11 Fixed asset investments

#### Consolidated and Corporation

		2021 £'000	2020 £'000
Joint ventures	(a)	3,132	3,443
Listed investments	(b)	26,255	16,992
<b>Consolidated fixed asset investments</b>		<b>29,387</b>	<b>20,435</b>
Investment in subsidiary undertakings	(c)	3,000	3,000
Less joint ventures		(3,132)	(3,443)
<b>Corporation fixed asset investments</b>		<b>29,255</b>	<b>19,992</b>

All investments are held primarily to provide an investment return.

#### (a) Joint ventures

	Share of Joint Ventures 2021 £'000	2020 £'000
Carrying value at beginning of year	3,443	3,565
Share of net (loss) of joint ventures	(311)	(122)
Carrying value at end of year	3,132	3,443
Historic cost	3,000	3,000

As at 31 March 2021 the Corporation had an interest in the following joint ventures:

Organisation Name	Country of Incorporation	Principal Activity	Class of Share Capital Held	Parent Corporation Interest	Consolidation Method
Arden Hotel Waterside LLP <sup>1</sup>	UK	Operating the Arden Hotel	N/A	50% (Indirect)	Equity accounting
Don and Sancho Limited	UK	Dormant	N/A	50%	Equity accounting

<sup>1</sup> Joint venture interest in Arden Hotel Waterside LLP is held by RSC Estates Limited. The Corporation has a legal charge over the assets of RSC Estates Limited.

#### Don and Sancho Ltd

Don and Sancho Limited was incorporated on 11 May 2018 for the purpose of running *Don Quixote* in London in conjunction with NB Productions Limited. The last performance was on 2 February 2019. The company was wound down and dissolved on 17 August 2021.

## Notes (continued)

### 11 Fixed asset investments (continued)

#### (a) Joint ventures (continued)

A summary of the Corporation's share of results is shown below:

<b>Profit and loss account</b>	<b>Arden Hotel Waterside LLP</b>	
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Turnover	<b>227</b>	1,265
Cost of sales	<b>(178)</b>	(837)
	<hr/>	<hr/>
<b>Gross profit</b>	<b>49</b>	428
Administration expenses	<b>(504)</b>	(539)
Other operating income	<b>161</b>	-
	<hr/>	<hr/>
<b>Operating (loss)</b>	<b>(294)</b>	(111)
Interest payable and similar charges	<b>(17)</b>	(11)
	<hr/>	<hr/>
<b>(Loss) for the financial period</b>	<b>(311)</b>	(122)
	<hr/> <hr/>	<hr/> <hr/>

The Corporation's share of the assets and liabilities is as follows:

	<b>Arden Hotel Waterside LLP</b>	
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Fixed Assets	<b>3,933</b>	4,039
Current Assets	<b>110</b>	38
	<hr/>	<hr/>
<b>Total Assets</b>	<b>4,043</b>	4,077
Liabilities	<b>(911)</b>	(634)
	<hr/>	<hr/>
	<b>3,132</b>	3,443
	<hr/> <hr/>	<hr/> <hr/>

Details of transactions with group undertakings and balances at 31 March 2021 are shown in note 26.



## Notes (continued)

### 11 Fixed asset investments (continued)

#### (b) Listed investments

	Unrestricted 2021 £'000	Restricted 2021 £'000	Endowment 2021 £'000	Total 2021 £'000	Total 2020 £'000
<b>Listed investments:</b>					
United Kingdom fixed interest unit trusts	1,049	-	428	<b>1,477</b>	1,204
United Kingdom property funds	206	-	1,047	<b>1,253</b>	1,366
United Kingdom equities and equity unit trusts	10,015	1,185	12,045	<b>23,245</b>	14,218
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Listed investments	11,270	1,185	13,520	<b>25,975</b>	16,788
Cash held in investment portfolio	113	12	155	<b>280</b>	204
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fixed asset investments at fair value	11,383	1,197	13,675	<b>26,255</b>	16,992
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

#### Reconciliation of movements in investments

	<b>Listed Investments</b>	
	2021 £'000	2020 £'000
Fair value at beginning of year	<b>16,992</b>	18,870
Movement in cash held in investment portfolio	<b>65</b>	(153)
Additions	<b>10,956</b>	3,217
Disposals	<b>(4,425)</b>	(3,117)
Net gains / (losses) on revaluation	<b>2,667</b>	(1,825)
	<hr/>	<hr/>
Fair value at end of year	<b>26,255</b>	16,992
	<hr/>	<hr/>
Historic cost	<b>23,815</b>	17,524
	<hr/>	<hr/>

All listed investments are held indirectly via UK investment and unit trusts with the exception of shares in Hansard Global plc donated to the Corporation during 2008 and retained in accordance with the wishes of the donor. At the year end the Corporation held the following investments, which represented material investments within the total portfolio of the Corporation:

	<b>2021</b>		<b>2020</b>	
	Value £'000	Portfolio %	Value £'000	Portfolio %
Cazenove Capital Charity Multi-Asset Fund	<b>9,640</b>	<b>36.7</b>	8,323	49
Sarasin Climate Active Endowments Fund	<b>6,988</b>	<b>26.6</b>	-	-

With the exception of shares in Hansard Global plc and the Climate Active Endowment Fund managed by Sarasin, all the investments were managed by the Charities division of Cazenove Capital Management.

## Notes (continued)

### 11 Fixed asset investments (continued)

#### (c) Subsidiaries

As at 31 March 2021 the Corporation had an interest in the following subsidiary undertakings:

Organisation Name	Country of Incorporation and registration number	Principal Activity	Class of Share Capital Held	Parent Corporation Interest	Consolidation (Method)
Matilda North America LLC <sup>1</sup>	US	General Manager of <i>Matilda the Musical</i> in the US	N/A	N/A	Yes (Line by Line)
RSC Enterprise Limited	UK 2360172	Commercial activities relating to The Royal Shakespeare Company including retail, catering and trading operations.	Ordinary	100%	Yes (Line by Line)
RSC Estates Limited	UK 6977192	Investment in the joint venture, Arden Hotel Waterside LLP	Ordinary	100%	Yes (Line by Line)
RSC Matilda Australasia Limited <sup>2</sup>	UK 9477058	Investment in the unincorporated entity to co-produce Matilda Miracle Tour in Australia.	Ordinary	100%	Yes (Line by Line)
RSC Matilda US Limited	UK 8417755	Investment in <i>Matilda The Musical</i> on Broadway LP and Matilda Acrobat Tour LP	Ordinary	100%	Yes (Line by Line)
RSC Pre-Productions Limited	UK 09227641	To produce, supply and fit the set and equipment necessary for the production of live theatre on behalf of the RSC.	Ordinary	100%	Yes (Line by Line)
RSC Productions Limited <sup>2</sup>	UK 7565512	Co-producer of the Matilda Miracle Tour in Australia	Ordinary	100%	Yes (Line by Line)
RSCA Limited	UK 2215521	Dormant	Ordinary	100%	Yes (Line by Line)
RSC Touring Limited	UK 10776856	Produces and manages certain touring productions on behalf of the RSC	Ordinary	100%	Yes (Line by Line)

<sup>1</sup> The Corporation has an interest in Matilda North America LLC alongside Dodgers Properties LLC. The co-production agreement provides that the Corporation and Dodger Properties LLC will endeavour to agree on all major decisions but in the absence of agreement, the determination of the Corporation will prevail. The Corporation is therefore considered to control the entity. Matilda North America LLC is the sole general partner of Matilda on Broadway LP.

<sup>2</sup> These entities are exempt from audit of the individual financial statements by virtue of a guarantee provided under section 479c of the Companies Act 2006. The guarantee covers all liabilities of the subsidiary concerned at the reporting date until such time as they are satisfied in full.

There are no restrictions on the ability of subsidiaries to transfer their funds to the charity.

Details of transactions with subsidiaries and balances at 31 March 2021 are shown in note 26.

## Notes (continued)

### 11 Fixed asset investments (continued)

#### (c) Subsidiaries (continued)

The financial results for the period were:

#### Profit and loss account

	RSC Estates Limited		RSC Enterprise Limited	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Turnover/income	-	-	3,990	7,568
Cost of sales	-	-	(3,579)	(6,240)
Gross profit	-	-	411	1,328
Selling and distribution costs	-	-	(36)	(60)
Administration	(4)	(3)	(670)	(1,210)
Other operating (losses)	-	-	-	-
Operating (loss) / profit	(4)	(3)	(295)	58
Interest payable and similar charges	-	-	(9)	(9)
Tax credit	-	-	-	233
(Loss) / profit for the financial period	(4)	(3)	(304)	282

	RSC Pre- Productions Limited		RSC Productions Limited		RSC Matilda Australasia Limited	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Turnover/income	1,319	17,406	-	-	-	-
Cost of sales	(1,643)	(19,017)	-	-	-	-
Gross (loss)	(324)	(1,611)	-	-	-	-
Administration	(5)	(9)	-	(7)	-	(2)
Operating (loss)	(329)	(1,620)	-	(7)	-	(2)
Tax credit	329	1,620	-	14	-	-
Profit / (loss) for the financial period	-	-	-	7	-	(2)

## Notes (continued)

### 11 Fixed asset investments (continued)

#### (c) Subsidiaries (continued)

The financial results for the period were:

#### Profit and loss account

	RSC Matilda US Limited		RSC Touring Limited	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Turnover/income	1	7	-	6,506
Cost of sales	-	-	-	(6,660)
	<hr/>	<hr/>	<hr/>	<hr/>
Gross profit / (loss)	1	7	-	(154)
Administration	(3)	(4)	-	(245)
	<hr/>	<hr/>	<hr/>	<hr/>
Operating profit/(loss)	(2)	3	-	(399)
Tax credit	-	-	-	399
	<hr/>	<hr/>	<hr/>	<hr/>
Profit/(loss) for the financial period	(2)	3	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

Matilda North American LLC had no transactions in either the current or prior financial year.

The results above have been adjusted on consolidation for intra-group transactions.

## Notes (continued)

### 11 Fixed asset investments (continued)

#### (c) Subsidiaries (continued)

The aggregate of the assets and liabilities is as follows:

	<b>RSC Pre-Productions Limited</b>		<b>RSC Estates Limited</b>		<b>RSC Enterprise Limited</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Assets	<b>1,949</b>	1,620	<b>3,002</b>	3,002	<b>2,677</b>	1,554
Liabilities	<b>(1,949)</b>	(1,620)	<b>(20)</b>	(15)	<b>(2,350)</b>	(922)
	<b>-</b>	-	<b>2,982</b>	2,987	<b>327</b>	632

	<b>RSC Matilda US Limited</b>		<b>RSC Productions Limited</b>		<b>RSC Matilda Australasia Limited</b>		<b>RSC Touring Limited</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Assets	-	-	<b>2</b>	2	<b>2</b>	2	<b>855</b>	855
Liabilities	<b>(28)</b>	(26)	<b>(2)</b>	(2)	<b>(2)</b>	(2)	<b>(855)</b>	(855)
	<b>(28)</b>	(26)	-	-	-	-	-	-

Matilda North American LLC had assets and liabilities of £nil at 31<sup>st</sup> March 2021 (2020: £nil).

The historic cost and carrying value of these investments at 31 March 2021 was £3,000,310 (2020: £3,000,310), comprising £100 RSC Enterprise Limited, £100 RSCA Limited, £3,000,002 RSC Estates Limited (further details are in note 25), £100 RSC Matilda US Limited, £2 RSC Pre-Productions Limited, £2 RSC Matilda Australasia Limited, £nil Matilda North America LLC, £2 RSC Productions Limited and £2 RSC Touring Limited.

#### (d) Non-Controlling Interest

The Corporation jointly controls Matilda North America LLC with Dodgers Properties LLC and the asset allocation to each of the parties follows the allocation of royalties as determined in the co-production agreement. This allocation specifies 60% in favour of Dodgers Properties LLC and 40% for the RSC. There are no net assets/liabilities and no profit or loss as at the balance sheet date. Therefore, there are no non-controlling interests relating to this entity shown in the consolidated financial statements. The carrying value of this interest at 31 March 2021 was £nil (2020: £nil).

## Notes (continued)

### 12 Stocks and work in progress

	Consolidated		Corporation	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Work in progress	1,159	1,281	584	1,241
Goods for resale	129	181	-	-
	<u>1,288</u>	<u>1,462</u>	<u>584</u>	<u>1,241</u>

### 13 Debtors

	Consolidated		Corporation	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
<b>Amounts falling due within one year</b>				
Trade debtors	44	1,151	12	621
Amounts due from subsidiary undertakings	-	-	3,925	2,445
Other debtors	3,880	2,743	870	224
Prepayments	1,269	1,229	916	1,146
Accrued income	1,198	623	1,198	623
	<u>6,391</u>	<u>5,746</u>	<u>6,921</u>	<u>5,059</u>

Amounts due from subsidiary undertakings include loans as noted in note 25.

### 14 Cash at bank and in hand

	Consolidated		Corporation	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Short term deposits	21,535	8,141	21,535	8,141
Cash at bank and in hand	5,441	1,892	4,101	1,268
	<u>26,976</u>	<u>10,033</u>	<u>25,636</u>	<u>9,409</u>

## Notes (continued)

### 15 Creditors: amounts falling due within one year

	Consolidated		Corporation	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Ticket advances	2,142	3,696	2,142	3,696
Trade creditors	1,236	2,260	884	2,114
Amounts due to subsidiary undertakings	-	-	-	25
Obligations under finance leases	-	4	-	-
Taxation and social security	368	634	344	499
Other creditors	185	402	159	330
Accruals	2,331	2,796	2,073	2,574
Deferred income	1,028	897	455	507
	<b>7,290</b>	<b>10,689</b>	<b>6,057</b>	<b>9,745</b>

The finance lease related to an electric vehicle which was leased over a 5 year term ending in March 2021.

Deferred income comprises cash received for which the related service, project or expenditure occurs in a future financial year.

	Consolidated		Corporation	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Deferred income and ticket advances at 1 April	4,593	5,442	4,203	5,377
Released in the year	(2,912)	(5,442)	(2,040)	(5,377)
Deferred in the year	1,489	4,593	434	4,203
Deferred income and ticket advances at 31 March	<b>3,170</b>	<b>4,593</b>	<b>2,597</b>	<b>4,203</b>

All patrons who held tickets for cancelled shows, were all given the option of either a cash refund, to convert the tickets into gift vouchers or to donate their refund to the charity.

### 16 Creditors: amounts falling due after more than one year

	Consolidated		Corporation	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Repayable finance from Culture Recovery Fund	19,400	-	19,400	-
	<b>19,400</b>	<b>-</b>	<b>19,400</b>	<b>-</b>

The Company successfully applied for repayable finance of £19.4m from the government's Culture Recovery Fund. This was drawn down in February 2021 and is a twenty-year loan at 2% interest per annum, with a four year initial repayment holiday.

## Notes (continued)

### 17 Provisions for liabilities

	Consolidated		Corporation	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
1 April 2020	372	276	372	276
(Reduced) / additional provision in year	(84)	96	(84)	96
31 March 2021	<u>288</u>	<u>372</u>	<u>288</u>	<u>372</u>

Provision has been made for VAT that may become payable under the Capital Goods Scheme relating to capital works. This will be payable over a 10-year period from first use of the buildings and the amount due will depend on the taxable use of the buildings over that 10-year period and the VAT partial exemption rate at that time.

### 18 Financial Instruments

	Note	Consolidated		Corporation	
		2021	2020	2021	2020
		£'000	£'000	£'000	£'000
Financial assets:					
Financial assets at fair value through net income/expenditure					
- Listed Investments	11(b)	26,255	16,992	26,255	16,992
Debt instruments measured at amortised cost					
- Trade debtors	13	44	1,151	12	621
- Amounts due from subsidiary undertakings	13	-	-	3,925	2,445
- Accrued income	13	1,198	623	1,198	623
- Cash and short-term deposits		26,976	10,033	25,636	9,409
Total		<u>54,473</u>	<u>28,799</u>	<u>57,026</u>	<u>30,090</u>
Financial liabilities:					
Measured at amortised cost					
- Trade creditors	15	1,236	2,260	884	2,114
- Amounts due to subsidiary undertakings	15	-	-	-	25
- Other creditors	15	185	402	159	330
- Accruals	15	2,331	2,796	2,073	2,574
- Cultural recovery fund repayable finance	16	19,400	-	19,400	-
Total		<u>23,152</u>	<u>5,458</u>	<u>22,516</u>	<u>5,043</u>



## Notes (continued)

### 19 Funds

<b>Consolidated</b>	Balance at 1 April 2020 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains/(losses) on investments and other gains/(losses) £'000	<b>Balance at 31 March 2021 £'000</b>
<b>Unrestricted</b>						
General Operating Fund	24,266	32,128	(28,673)	370	1,549	<b>29,640</b>
Pension reserve	-	-	-	-	(411)	<b>(411)</b>
	<b>24,266</b>	<b>32,128</b>	<b>(28,673)</b>	<b>370</b>	<b>1,138</b>	<b>29,229</b>
<b>Unrestricted Designated Funds</b>						
Capital Expenditure Fund	1,122	109	(143)	-	-	<b>1,088</b>
Redevelopment Fund	4,167	-	-	-	-	<b>4,167</b>
TOP Collaboration Fund	305	14	(25)	-	-	<b>294</b>
<b>Total unrestricted designated funds</b>	<b>5,594</b>	<b>123</b>	<b>(168)</b>	<b>-</b>	<b>-</b>	<b>5,549</b>
<b>Total unrestricted funds</b>	<b>29,860</b>	<b>32,251</b>	<b>(28,841)</b>	<b>370</b>	<b>1,138</b>	<b>34,778</b>
<b>Endowment funds</b>						
Expendable Endowment Fund	109	-	-	-	61	<b>170</b>
Actors' Fund	4,378	-	(35)	-	638	<b>4,981</b>
Catalyst Fund	1,336	-	(10)	-	210	<b>1,536</b>
Paul Hamlyn Endowment Fund	-	7,000	-	-	(39)	<b>6,961</b>
<b>Total endowment funds</b>	<b>5,823</b>	<b>7,000</b>	<b>(45)</b>	<b>-</b>	<b>870</b>	<b>13,648</b>
<b>Restricted</b>						
Sir Fordham Flower Fund	8	-	-	-	-	<b>8</b>
Fanny Bradshaw Fund	231	-	(1)	-	42	<b>272</b>
Theatrical Profession Relief Fund	1,235	52	(765)	-	206	<b>728</b>
Swan Auditorium Fund	569	-	(19)	-	-	<b>550</b>
Redevelopment Fund	69,163	-	(796)	-	-	<b>68,367</b>
Collection Fund	80	-	-	-	-	<b>80</b>
Artist Development Fund	-	461	(461)	-	-	<b>-</b>
Creative Fellowship Fund	14	-	-	-	-	<b>14</b>
Swan Wing Capital Fund	748	-	(541)	-	-	<b>207</b>
TOP Capital Fund	6,082	-	(225)	-	-	<b>5,857</b>
Chinese Translation Fund	432	-	(62)	(370)	-	<b>-</b>
New York Residency Fund	87	-	-	-	-	<b>87</b>
Technology Development Fund	80	27	(107)	-	-	<b>-</b>
Costume Workshop Capital Fund	3,913	1,662	(1,274)	-	-	<b>4,301</b>
Audience of the Future Fund	-	1,646	(1,646)	-	-	<b>-</b>
Literary Writing Programme Fund	267	-	(50)	-	-	<b>217</b>
<b>Total restricted income funds</b>	<b>82,909</b>	<b>3,848</b>	<b>(5,947)</b>	<b>(370)</b>	<b>248</b>	<b>80,688</b>
<b>Total restricted/endowment funds</b>	<b>88,732</b>	<b>10,848</b>	<b>(5,992)</b>	<b>(370)</b>	<b>1,118</b>	<b>94,336</b>
<b>Total funds</b>	<b>118,592</b>	<b>43,099</b>	<b>(34,833)</b>	<b>-</b>	<b>2,256</b>	<b>129,114</b>

## Notes (continued)

### 19 Funds (continued)

Consolidated	Balance at 1 April 2019	Income	Expenditure	Transfers	(Losses) on investments and other gains/(losses)	Balance at 31 March 2020
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Unrestricted</b>						
General Operating Fund	7,282	58,428	(64,357)	23,790	(877)	24,266
	<b>7,282</b>	<b>58,428</b>	<b>(64,357)</b>	<b>23,790</b>	<b>(877)</b>	<b>24,266</b>
<b>Unrestricted Designated Funds</b>						
Capital Expenditure Fund	1,372	45	(295)	-	-	1,122
Redevelopment Fund	4,167	-	-	-	-	4,167
Estates and General Fund	4,161	5	(111)	(4,055)	-	-
Pension Deficit Recovery Plan Fund	200	-	-	(200)	-	-
TOP Collaboration Fund	170	439	(304)	-	-	305
Strategic Investment Fund	18,473	8,620	(7,558)	(19,535)	-	-
<b>Total unrestricted designated funds</b>	<b>28,543</b>	<b>9,109</b>	<b>(8,268)</b>	<b>(23,790)</b>	<b>-</b>	<b>5,594</b>
<b>Total unrestricted funds</b>	<b>35,825</b>	<b>67,537</b>	<b>(72,625)</b>	<b>-</b>	<b>(877)</b>	<b>29,860</b>
<b>Endowment funds</b>						
Expendable Endowment Fund	138	-	-	-	(29)	109
Actors' Fund	4,952	-	(36)	-	(538)	4,378
Catalyst Fund	1,512	-	(11)	-	(165)	1,336
<b>Total endowment funds</b>	<b>6,602</b>	<b>-</b>	<b>(47)</b>	<b>-</b>	<b>(732)</b>	<b>5,823</b>
<b>Restricted</b>						
Sir Fordham Flower Fund	8	-	-	-	-	8
Fanny Bradshaw Fund	251	1	(7)	-	(14)	231
Theatrical Profession Relief Fund	1,323	52	(3)	-	(137)	1,235
Swan Auditorium Fund	587	-	(18)	-	-	569
Redevelopment Fund	69,958	-	(795)	-	-	69,163
Collection Fund	79	1	-	-	-	80
Artist Development Fund	-	268	(268)	-	-	-
Apprenticeships Fund	4	-	(4)	-	-	-
Creative Fellowship Fund	32	14	(32)	-	-	14
Swan Wing Capital Fund	1,385	-	(637)	-	-	748
TOP Capital Fund	6,308	-	(226)	-	-	6,082
Chinese Translation Fund	546	140	(254)	-	-	432
New York Residency Fund	87	-	-	-	-	87
Technology Development Fund	283	140	(343)	-	-	80
Costume Workshop Capital Fund	1,234	2,698	(19)	-	-	3,913
Audience of the Future Fund	-	854	(854)	-	-	-
Literary Writing Programme Fund	19	356	(108)	-	-	267
Other Restricted Funds	3	-	(3)	-	-	-
<b>Total restricted income funds</b>	<b>82,107</b>	<b>4,524</b>	<b>(3,571)</b>	<b>-</b>	<b>(151)</b>	<b>82,909</b>
<b>Total restricted/endowment funds</b>	<b>88,709</b>	<b>4,524</b>	<b>(3,618)</b>	<b>-</b>	<b>(884)</b>	<b>88,731</b>
<b>Total funds</b>	<b>124,534</b>	<b>72,061</b>	<b>(76,243)</b>	<b>-</b>	<b>(1,760)</b>	<b>118,592</b>

## Notes (continued)

### 19 Funds (continued)

Corporation	Balance at 1 April 2020 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains/(losses) on investments and other gains/(losses) £'000	Balance at 31 March 2021 £'000
<b>Unrestricted</b>						
General Operating Fund	23,231	31,120	(27,043)	370	1,549	29,227
Pension reserve	-	-	-	-	(411)	(411)
	<b>23,231</b>	<b>31,120</b>	<b>(27,043)</b>	<b>370</b>	<b>1,138</b>	<b>28,816</b>
<b>Unrestricted Designated Funds</b>						
Capital Expenditure Fund	1,122	109	(143)	-	-	1,088
Redevelopment Fund	4,167	-	-	-	-	4,167
TOP Collaboration Fund	305	14	(25)	-	-	294
<b>Total unrestricted designated funds</b>	<b>5,594</b>	<b>123</b>	<b>(168)</b>	<b>-</b>	<b>-</b>	<b>5,549</b>
<b>Total unrestricted funds</b>	<b>28,825</b>	<b>31,243</b>	<b>(27,211)</b>	<b>370</b>	<b>1,138</b>	<b>34,365</b>
<b>Endowment funds</b>						
Expendable Endowment Fund	109	-	-	-	61	170
Actors' Fund	4,378	-	(35)	-	638	4,981
Catalyst Fund	1,336	-	(10)	-	210	1,536
Paul Hamlyn Endowment Fund	-	7,000	-	-	(39)	6,961
<b>Total endowment funds</b>	<b>5,823</b>	<b>7,000</b>	<b>(45)</b>	<b>-</b>	<b>870</b>	<b>13,648</b>
<b>Restricted</b>						
Sir Fordham Flower Fund	8	-	-	-	-	8
Fanny Bradshaw Fund	231	-	(1)	-	42	272
Theatrical Profession Relief Fund	1,235	52	(765)	-	206	728
Swan Auditorium Fund	569	-	(19)	-	-	550
Redevelopment Fund	69,163	-	(796)	-	-	68,367
Collection Fund	80	-	-	-	-	80
Artist Development Fund	-	461	(461)	-	-	-
Creative Fellowship Fund	14	-	-	-	-	14
Swan Wing Capital Fund	748	-	(541)	-	-	207
TOP Capital Fund	6,082	-	(225)	-	-	5,857
Chinese Translation Fund	432	-	(62)	(370)	-	-
New York Residency Fund	87	-	-	-	-	87
Technology Development Fund	80	27	(107)	-	-	-
Costume Workshop Capital Fund	3,913	1,662	(1,274)	-	-	4,301
Literary Writing Programme Fund	267	-	(50)	-	-	217
<b>Total restricted income funds</b>	<b>82,909</b>	<b>2,202</b>	<b>(4,301)</b>	<b>(370)</b>	<b>248</b>	<b>80,688</b>
<b>Total restricted/endowment funds</b>	<b>88,732</b>	<b>9,202</b>	<b>(4,346)</b>	<b>(370)</b>	<b>1,118</b>	<b>94,336</b>
<b>Total funds</b>	<b>117,557</b>	<b>40,445</b>	<b>(31,557)</b>	<b>-</b>	<b>2,256</b>	<b>128,701</b>

## Notes (continued)

### 19 Funds (continued)

Corporation	Balance at 1 April 2019 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains/(losses) on investments and other gains/(losses) £'000	Balance at 31 March 2020 £'000
<b>Unrestricted</b>						
General Operating Fund	4,953	71,081	(76,171)	24,245	(877)	23,231
	<b>4,953</b>	<b>71,081</b>	<b>(76,171)</b>	<b>24,245</b>	<b>(877)</b>	<b>23,231</b>
<b>Unrestricted Designated Funds</b>						
Capital Expenditure Fund	1,372	45	(295)	-	-	1,122
Redevelopment Fund	4,167	-	-	-	-	4,167
Estates and General Fund	4,161	5	(111)	(4,055)	-	-
Pension Deficit Recovery Plan Fund	200	-	-	(200)	-	-
TOP Collaboration Fund	170	439	(304)	-	-	305
Strategic Investment Fund	18,759	8,620	(7,389)	(19,990)	-	-
<b>Total unrestricted designated funds</b>	<b>28,829</b>	<b>9,109</b>	<b>(8,099)</b>	<b>(24,245)</b>	<b>-</b>	<b>5,594</b>
<b>Total unrestricted funds</b>	<b>33,783</b>	<b>80,190</b>	<b>(84,270)</b>	<b>-</b>	<b>(877)</b>	<b>28,825</b>
<b>Endowment funds</b>						
Expendable Endowment Fund	138	-	-	-	(29)	109
Actors' Fund	4,952	-	(36)	-	(538)	4,378
Catalyst Fund	1,512	-	(11)	-	(165)	1,336
<b>Total endowment funds</b>	<b>6,602</b>	<b>-</b>	<b>(47)</b>	<b>-</b>	<b>(732)</b>	<b>5,823</b>
<b>Restricted</b>						
Sir Fordham Flower Fund	8	-	-	-	-	8
Fanny Bradshaw Fund	251	1	(7)	-	(14)	231
Theatrical Profession Relief Fund	1,323	52	(3)	-	(137)	1,235
Swan Auditorium Fund	587	-	(18)	-	-	569
Redevelopment Fund	69,958	-	(795)	-	-	69,163
Collection Fund	79	1	-	-	-	80
Artist Development Fund	-	268	(268)	-	-	-
Apprenticeships Fund	4	-	(4)	-	-	-
Creative Fellowship Fund	32	14	(32)	-	-	14
Swan Wing Capital Fund	1,385	-	(637)	-	-	748
TOP Capital Fund	6,308	-	(226)	-	-	6,082
Chinese Translation Fund	546	140	(254)	-	-	432
New York Residency Fund	87	-	-	-	-	87
Technology Development Fund	283	140	(343)	-	-	80
Costume Workshop Capital Fund	1,234	2,698	(19)	-	-	3,913
Literary Writing Programme Fund	19	356	(108)	-	-	267
Other Restricted Funds	3	-	(3)	-	-	-
<b>Total restricted income funds</b>	<b>82,107</b>	<b>3,670</b>	<b>(2,717)</b>	<b>-</b>	<b>(151)</b>	<b>82,909</b>
<b>Total restricted/endowment funds</b>	<b>88,709</b>	<b>3,670</b>	<b>(2,764)</b>	<b>-</b>	<b>(883)</b>	<b>88,732</b>
<b>Total funds</b>	<b>122,491</b>	<b>83,860</b>	<b>(87,034)</b>	<b>-</b>	<b>(1,760)</b>	<b>117,557</b>

## Notes (continued)

### 19 Funds (continued)

#### Endowment Funds

The Expendable Endowment Fund represents a capital donation to be retained in accordance with the wishes of the donor, which may be transferred to income at a future date to be agreed. The income arising from this fund may be used for general or restricted purposes in accordance with the donor's wishes, as agreed from time to time.

The income from the Actors' Fund must be used to support the Corporation's actors.

The Catalyst Fund is an Arts Council England match funded permanent endowment fund, the income from which will support major projects additional to those supported by other Arts Council funding agreements.

A capital grant of £7m was received in December 2020 to enable the setup of The Paul Hamlyn Foundation Endowment Fund. The purpose of the fund is to support the future of the company's work in schools across the UK with annual income generated by it used solely to support its charitable educational work about Shakespeare in schools, with children, young people, their families and local communities as well as staff and teachers.

#### Restricted Income Funds

The Sir Fordham Flower and Fanny Bradshaw Funds provide bursaries to theatre employees for travelling abroad to strengthen the Corporation's contact with overseas theatres and theatrical organisations.

The Theatrical Profession Relief Fund exists to assist and relieve poor and necessitous persons who are either members of the theatrical profession or are, or have been, employees of, or have done service for, the Corporation.

The Swan Auditorium Fund represents the original donation received for the creation of the Swan Auditorium. The depreciation of the capitalised cost, which is included in fixed assets, is charged against this fund.

The Redevelopment Fund represents contributions from Arts Council England, Advantage West Midlands and private donors to fund the redevelopment of the Royal Shakespeare Theatre site in Stratford-upon-Avon.

The Collection Fund represents the sale proceeds from items sold from the RSC Collection to fund future acquisitions to the Collection. Income received also includes interest earned on sale proceeds.

The Artist Development Fund represents funding received towards the Artist Development Programme.

The Creative Fellowship Fund was created to enable the development and enrichment of the role of assistant directors and design assistants, past, present and future.

The Swan Wing Capital Fund represents contributions from the Heritage Lottery Fund and private donors to fund the redevelopment of a new exhibition space within the Swan Wing of the theatre.

The Other Place (TOP) Capital Fund represents contributions from Arts Council England and private donors to fund the redevelopment of the former Courtyard Theatre into a re-purposed multi-function building incorporating a new studio theatre, rehearsal spaces and commercial spaces.

The Chinese Translation Fund represents funding granted by the DCMS via Arts Council England (ACE) to develop a series of projects to further strengthen cultural relationships with China. The funding which is £1.8m over five years, is to allow the translation of the First Folio into Mandarin, certain Chinese classic plays into English and to support a tour in China to commemorate the 400<sup>th</sup> anniversary of Shakespeare's death in 2016. The project was completed in February 2021 and ACE confirmed that remaining balance on the fund could be used for project costs that had not been allocated to the restricted fund (such as overheads and support costs). The balance was therefore transferred to unrestricted funds.

## Notes (continued)

### 19 Funds (continued)

#### Restricted Income Funds (continued)

The New York Residency Fund represents partnership funding provided by JP Morgan to fund a future residency in New York.

Technology Development Fund represents funding from Intel and other donors to develop new technologies for use in theatrical productions as a unique collaboration between art and technology. The funding was initially used to develop ground-breaking technology to be used in the RSC production of *The Tempest* in 2016, and the subsequent residency at the Barbican in 2017. New projects part funded by Intel have been forthcoming in subsequent years to develop new social virtual reality experiences and research into this continues.

The Costume Workshop fund represents the funding raised towards the Stitch in Time project to improve facilities, open the workshop up to the public for the first time and allow new apprenticeships. The income in this fund during the year includes £1,113,783 (2020: £1,033,467) of Arts Council Capital Grant funding, all of which has been spent during the year (2020: £Nil unspent). This balance remains restricted due to charges given to funders, in accordance with the terms of the grant funding agreement.

The Audience of the Future Fund represents grant funding from Innovate UK and partnership funding from other commercial partners for a two-year project researching the use of immersive technologies to enhance the audience experience during live performances. The project is being run through RSC Enterprise Limited, a wholly owned subsidiary of the Corporation.

The Literary Writing Programme Fund represents funding received for the literary writing programme and is to be spent over the next four years.

#### Designated funds

The Capital Expenditure Fund is designated to fund depreciation from capital expenditure in previous years, and anticipated capital expenditure during the year ending 31 March 2019. The fund is represented by fixed assets.

The Redevelopment Fund represents funds designated in support of depreciation charges relating to the redevelopment programme for The Other Place and The Swan. The fund is represented by fixed assets.

The TOP Collaboration Fund represents the funding received from the University of Birmingham under a five-year agreement to pursue the mutual aspiration to develop TOP as a unique hub for rehearsal, training, learning and creativity. The collaboration enables artists and academics to work together creatively and further both organisations' principal charitable objects and purpose.

#### Unrestricted funds

The General Operating Fund represents the total unrestricted undesignated reserves held by the Corporation.

## Notes (continued)

### 19 Funds (continued)

#### Transfers between funds

The transfers between funds consist of:

- Transfer of £Nil (2020: £1,768,798) from the General Operating Fund to the Strategic Investment Fund to cover the costs of specific projects which the Board agreed would be met from this fund.
- Transfer of £370,000 from the Chinese Translation Fund to the General Operating Fund to cover project costs that had not been allocated to the restricted fund (such as overheads and support costs).
- In March 2020, the Board agreed to undesignate the remaining balances on the Estates and General Fund, the Pension Deficit Recovery Plan Fund and the Strategic Investment Fund and transfer this back to the General Operating Fund. This was to enable these funds to be used as flexibly as required given the uncertainty regarding the length of closure of the theatres.

### 20 Analysis of net assets between funds

#### Consolidated

At 31 March 2021	Tangible fixed assets £'000	Other fixed asset investments £'000	Net current assets £'000	Provisions, creditors due after more than one year and pension deficit £'000	Total £'000
<b>Endowment Funds</b>					
Expendable Endowment Fund	-	170	-	-	170
Actors' Fund	-	4,985	(4)	-	4,981
Catalyst Fund	-	1,531	5	-	1,536
Paul Hamlyn Endowment Fund	-	6,988	(27)	-	6,961
<b>Restricted funds</b>					
Sir Fordham Flower Fund	-	-	8	-	8
Fanny Bradshaw Fund	-	207	65	-	272
Theatrical Profession Relief Fund	-	990	(262)	-	728
Swan Auditorium Fund	550	-	-	-	550
Redevelopment Fund	68,367	-	-	-	68,367
Collection Fund	-	-	80	-	80
Creative Fellowship Fund	-	-	14	-	14
Swan Wing Capital Fund	207	-	-	-	207
TOP Capital Fund	5,857	-	-	-	5,857
New York Residency Fund	-	-	87	-	87
Costume Workshop Fund	4,301	-	-	-	4,301
Literary Writing Programme Fund	-	-	217	-	217
<b>Unrestricted and designated funds</b>	13,179	14,516	27,182	(20,099)	34,778
	<b>92,461</b>	<b>29,387</b>	<b>27,365</b>	<b>(20,099)</b>	<b>129,114</b>

## Notes (continued)

### 20 Analysis of net assets between funds (continued)

#### Consolidated

At 31 March 2020	Tangible fixed assets £'000	Other fixed asset investments £'000	Net current assets £'000	Provisions and creditors due after more than one year £'000	Total £'000
<b>Endowment Funds</b>					
Expendable Endowment Fund	-	109	-	-	109
Actors' Fund	-	4,380	(2)	-	4,378
Catalyst Fund	-	1,336	-	-	1,336
<b>Restricted funds</b>					
Sir Fordham Flower Fund	-	-	8	-	8
Fanny Bradshaw Fund	-	166	65	-	231
Theatrical Profession Relief Fund	-	1,136	99	-	1,235
Swan Auditorium Fund	569	-	-	-	569
Redevelopment Fund	69,163	-	-	-	69,163
Collection Fund	-	-	80	-	80
Creative Fellowship Fund	-	-	14	-	14
Swan Wing Capital Fund	748	-	-	-	748
TOP Capital Fund	6,082	-	-	-	6,082
Chinese Translation Fund	-	-	432	-	432
New York Residency Fund	-	-	87	-	87
Intel Technology Development Fund	-	-	80	-	80
Costume Workshop Fund	3,913	-	-	-	3,913
Literary Writing Programme Fund	-	-	267	-	267
<b>Unrestricted and designated funds</b>	11,502	13,308	5,422	(372)	29,860
	<b>91,977</b>	<b>20,435</b>	<b>6,552</b>	<b>(372)</b>	<b>118,592</b>



## Notes (continued)

### 20 Analysis of net assets between funds (continued)

#### Corporation

At 31 March 2021

	Tangible fixed assets £'000	Other fixed asset investments £'000	Net current assets £'000	Provisions, creditors due after more than one year and pension deficit £'000	Total £'000
<b>Endowment Funds</b>					
Expendable Endowment Fund	-	170	-	-	170
Actors' Fund	-	4,985	(4)	-	4,981
Catalyst Fund	-	1,531	5	-	1,536
Paul Hamlyn Endowment Fund	-	6,988	(27)	-	6,961
<b>Restricted funds</b>					
Sir Fordham Flower Fund	-	-	8	-	8
Fanny Bradshaw Fund	-	207	65	-	272
Theatrical Profession Relief Fund	-	990	(262)	-	728
Swan Auditorium Fund	550	-	-	-	550
Redevelopment Fund	68,367	-	-	-	68,367
Collection Fund	-	-	80	-	80
Creative Fellowship Fund	-	-	14	-	14
Swan Wing Capital Fund	207	-	-	-	207
TOP Capital Fund	5,857	-	-	-	5,857
New York Residency Fund	-	-	87	-	87
Costume Workshop Fund	4,301	-	-	-	4,301
Literary Writing Programme Fund	-	-	217	-	217
<b>Unrestricted and designated funds</b>	13,287	14,384	26,793	(20,099)	34,365
	<b>92,569</b>	<b>29,255</b>	<b>26,976</b>	<b>(20,099)</b>	<b>128,701</b>

## Notes (continued)

### 20 Analysis of net assets between funds (continued)

#### Corporation

At 31 March 2020	Tangible fixed assets £'000	Other fixed asset investments £'000	Net current assets £'000	Provisions £'000	Total £'000
<b>Endowment Funds</b>					
Expendable Endowment Fund	-	109	-	-	109
Actors' Fund	-	4,380	(2)	-	4,378
Catalyst Fund	-	1,336	-	-	1,336
<b>Restricted funds</b>					
Sir Fordham Flower Fund	-	-	8	-	8
Fanny Bradshaw Fund	-	166	65	-	231
Theatrical Profession Relief Fund	-	1,136	99	-	1,235
Swan Auditorium Fund	569	-	-	-	569
Redevelopment Fund	69,163	-	-	-	69,163
Collection Fund	-	-	80	-	80
Creative Fellowship Fund	-	-	14	-	14
Swan Wing Capital Fund	748	-	-	-	748
TOP Capital Fund	6,082	-	-	-	6,082
Chinese Translation Fund	-	-	432	-	432
New York Residency Fund	-	-	87	-	87
Intel Technology Development Fund	-	-	80	-	80
Costume Workshop Fund	3,913	-	-	-	3,913
Literary Writing Programme Fund	-	-	267	-	267
<b>Unrestricted and designated funds</b>	11,498	12,865	4,834	(372)	28,825
	<b>91,973</b>	<b>19,992</b>	<b>5,964</b>	<b>(372)</b>	<b>117,557</b>

## Notes (continued)

### 21 Analysis of cash and cash equivalents

	<b>Consolidated</b>		<b>Corporation</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash in hand	<b>5,441</b>	1,892	<b>4,101</b>	1,268
Notice deposits (less than 3 months)	<b>21,535</b>	8,141	<b>21,535</b>	8,141
<b>Total cash and cash equivalents</b>	<b>26,976</b>	10,033	<b>25,636</b>	9,409

### 22 Analysis of changes in net debt

	1 April 2020	Cash flows	Non-cash flows	At 31 March 2021
	£'000	£'000	£'000	£'000
Cash in hand	1,892	3,549	-	<b>5,441</b>
Notice deposits (less than 3 months)	8,141	13,394	-	<b>21,535</b>
<b>Total cash and cash equivalents</b>	10,033	16,943	-	<b>26,976</b>
Finance lease obligations due in one year	(4)	4	-	-
Repayable finance from Culture Recovery Fund	-	(19,400)	-	<b>(19,400)</b>
	10,029	(2,453)	-	<b>7,576</b>

### 23 Financial and capital commitments

#### Consolidated and Corporation

Total commitments under operating leases are payable:

	<b>2021</b>		<b>2020</b>	
	<b>Land and buildings</b>	<b>Other</b>	<b>Land and buildings</b>	<b>Other</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Within one year	<b>499</b>	<b>84</b>	499	79
In the second to fifth years inclusive	<b>782</b>	<b>23</b>	1,054	89
After five years	<b>1,055</b>	-	1,242	-
	<b>2,336</b>	<b>107</b>	2,795	168

At 31 March 2021, capital expenditure contracted but not provided for was £Nil (2020: £3,029,484).

## Notes (continued)

### 24 Pensions

#### Consolidated and Corporation

The Corporation operates three pension schemes; two defined contribution schemes and one defined benefit scheme.

#### Defined contribution schemes

A defined contribution scheme was introduced with effect from 1 April 2003. The Corporation pays contributions at the rate of 6% (2020: 6%) on earnings up to the Upper Accrual Point (UAP) and 7.5% (2020: 7.5%) on earnings above the UAP to an insurance company for the benefit of members and such contributions vest immediately. Contributions are invested in a range of funds administered by the insurance company, and such funds are independent to those of the Corporation.

The pension cost charge for the year in respect of the scheme was £543,787 (2020: £629,149). The unpaid contributions outstanding at the year end, included in other creditors (note 15) were £35,568 (2020: £53,160).

An auto-enrolment compliant defined contribution scheme replaced the 2003 scheme from 2014 for new entrants. The Corporation pays contributions at the rate of 5.4% (2020: 5.4%) on earnings to an insurance company for the benefit of members and such contributions vest immediately. Members can choose to increase their contributions to benefit from an increased rate of 6% (2020: 6%) paid by the Corporation. Contributions are invested in a range of funds administered by the insurance company, and such funds are independent to those of the Corporation.

The pension cost charge for the Corporation's auto-enrolment scheme was £988,548 (2020: £793,618). The unpaid contributions outstanding at the year end, included in other creditors (note 15) were £78,099 (2020: £103,029).

#### Defined benefit scheme

The Corporation operated a funded defined benefit pension scheme, the Royal Shakespeare Theatre Pension Scheme, providing benefits based on final pensionable pay. The assets of the scheme were held separately from those of the Corporation. Since 1 December 2006, the scheme has been closed to new members and following consultation with members was closed to future accrual on 30 June 2012.

Over the year to 31 March 2021 the Corporation did not make any contributions into the scheme (2020: £Nil), in line with the independent actuary's recommendations. The Scheme made a discretionary increase in respect of pensions accrued pre-1997 of 1.9% (2020: 1.9%). The Corporation anticipates making no additional contributions as none were identified as being required following the actuarial valuation as at 31 March 2020 but will be funding all future administration costs of the scheme.

There was a deficit in the scheme for the year to 31 March 2021 of £411,000 (2020: *irrecoverable surplus* £2,388,000).

There were no unpaid contributions outstanding at the year-end (2020: £Nil).

The latest actuarial valuation took place on 31 March 2020 and was updated for FRS 102 purposes to 31 March 2021 by a qualified independent actuary. The principal actuarial assumptions used are shown below:

	2021 % per Annum	2020 % per Annum
<b>Main financial assumptions - Liabilities</b>		
Discount rate	2.00	2.30
Rate of inflation (RPI)	3.10	2.50
Rate of inflation (CPI)	2.70	1.60
Rate of increase to pensions in payment		
CPI inflation up to a maximum of 5%	2.70	1.60
CPI Inflation up to a maximum of 2.5%	2.20	1.50

## Notes (continued)

### 24 Pensions (continued)

#### Mortality assumptions

	2021	2020
Assumed life expectancies on retirement at age 65 are:		
Males retiring immediately	22.1	22.1
Females retiring immediately	24.5	24.4
Males retiring in 20 years' time	23.5	23.4
Females retiring in 20 years' time	25.9	25.9

	2021 £'000	2020 £'000
The assets in the Scheme were:		
Equity	15,091	13,349
Fixed interest	11,933	12,328
Cash	(75)	77
	<hr/>	<hr/>
Fair value of scheme assets	26,949	25,754
	<hr/>	<hr/>
	2021	2020
	£'000	£'000
Actual return on assets over the period	1,948	361
	<hr/>	<hr/>

The Scheme does not hold any ordinary shares issued or property owned by the Royal Shakespeare Company.

The assumptions for discount rate and RPI inflation at 31 March 2021 have been estimated with reference to yield curves as these are a close match for the Scheme's liability cash flows.

As the Scheme is closed to future accrual and there are no refunds to the Corporation, it was considered that there was no scope for recovery of the pension scheme asset and it was therefore appropriate to exclude it from the Balance Sheet at 31 March 2020. The liability at 31 March 2021 has been shown on the Balance Sheet.

#### The amounts recognised in the Statement of Financial Activities are:

	2021 £'000	2020 £'000
Service cost	-	65
	<hr/>	<hr/>
Total expense	-	65
	<hr/>	<hr/>
Actuarial loss / (gain) on liabilities	4,219	(914)
Return on assets, excluding interest income	(1,365)	244
Change in effect of the asset ceiling, excluding interest income	(2,443)	605
	<hr/>	<hr/>
Other recognised losses / (gains)	411	(65)
	<hr/>	<hr/>
Total amount recognised in the Statement of Financial Activities	(411)	-
	<hr/>	<hr/>

## Notes (continued)

### 24 Pensions (continued)

#### Reconciliation of opening and closing balances of the present value of the defined benefit obligations

	2021 £'000	2020 £'000
Benefit obligation at the beginning of the year	(23,366)	(24,401)
Interest cost	(528)	(564)
Actuarial (loss) / gain on scheme liabilities *	(4,219)	914
Net benefits paid out	753	750
Past service cost	-	(65)
	<hr/>	<hr/>
Benefit obligation at the end of year	(27,360)	(23,366)
	<hr/>	<hr/>

\* Includes changes to the actuarial assumptions

#### Reconciliation of opening and closing balances of the fair value of the scheme assets:

	2021 £'000	2020 £'000
Opening fair value of scheme assets	25,754	26,143
Interest income on scheme assets	583	605
Return on assets, excluding interest income	1,365	(244)
Benefits paid	(753)	(750)
	<hr/>	<hr/>
Fair value of scheme assets at the end of year	26,949	25,754
	<hr/>	<hr/>

### 25 Loans to subsidiary companies

In November 2015, a loan was issued by the Corporation to RSC Matilda US Limited for £333,388 on normal commercial terms. The loan was required to enable the subsidiary to make an investment in Matilda Acrobat Tour LP. The balance outstanding at 31 March 2021 was £1,521 (2020: £3,028).

Interest on the loan is paid annually on 31 March and is payable at the lower of the annual profits less brought forward losses in RSC Matilda US Limited or a rate of 4.5% over Bank of England base rate. During the year, interest was due to the Corporation from RSC Matilda US Limited of £Nil (2020: £ Nil). The loan is included in amounts due from subsidiary undertakings in note 13.

All loans were made on normal commercial terms, are secured by floating charges over the assets of the subsidiary undertakings and they have been approved by HM Revenue and Customs as qualifying loans for tax purposes.

## Notes (continued)

### 26 Transactions with group and related undertakings

Transactions between the Corporation and group and related undertakings during the year and balances outstanding at 31 March 2021 were:

Organisation Name	Nature of transaction	2021 £	2020 £
<i>Subsidiary undertakings</i>			
RSC Enterprise Limited	Rental, utilities recharges and management charges from parent undertaking	7,314	171,014
	Charges to parent undertaking for programmes, catering and theatre tours	(19,218)	(1,215,313)
RSC Productions Ltd	Gift Aid	295	941,758
RSC Matilda Australasia Ltd	Gift Aid	295	60,136
RSC Pre-Productions Limited	Commissioning fee	(1,314,538)	(17,406,157)
	Pre-production costs	1,643,172	19,016,758
RSC Touring Limited	Commissioning fee	-	(6,505,995)
<i>Joint ventures</i>			
Arden Hotel Waterside LLP	Accommodation charges	(633)	(37,567)
	Sale of / (commission) on tickets and catering charges	(341)	10,210

All transactions were completed on normal commercial terms and balances outstanding are repayable on demand.

Organisation Name	Balance due from Corporation at 31 March 2021 £	Balance due to Corporation at 31 March 2021 £	Balance due from Corporation at 31 March 2020 £	Balance due to Corporation at 31 March 2020 £
RSC Enterprise Limited	-	1,156,974	25,233	-
RSC Productions Ltd	-	295	275	-
RSC Matilda Australasia Ltd	-	295	-	-
RSC Pre-Productions Limited	-	1,934,836	-	1,610,601
RSC Estates Limited	-	2,500	-	2,500
RSC Matilda US Limited	-	1,521	-	3,028
RSC Touring Limited	-	828,758	-	828,758
Arden Hotel Waterside LLP	-	-	1,950	1,569

## Notes (continued)

### 27 Transactions with connected persons

It is normal practice for members of the Board, or organisations with which they are connected, to help raise donations or sponsorship for the Corporation. Such receipts can come from members directly or from organisations in which members have controlling interests. No material benefits arise to members as a result of such transactions and they are therefore not detailed below.

The following transactions took place with related parties:

- The Shakespeare Birthplace Trust of which Professor Stanley Wells, Sir Geoffrey Cass and Michael Wood have been Trustees during the year, invoiced £97,500 in the year (2020: £116,617) for various items, such as the care of the collection, use of images and salary recharges. These were on the Shakespeare Birthplace Trust's normal commercial terms. The balance owed at the end of the year was £Nil (2020: £Nil). The Shakespeare Birthplace Trust were invoiced £42 (2020: £50,727) in the year for various items including ticket sales and costume hire. The balance owing at the end of the year was £Nil (2020: £Nil).
- Catherine Mallyon and Andrew Miller are national council members of Arts Council England. During the year, the Corporation received a National Portfolio Organisation grant of £15,259,706 (2020: £14,984,000). Other grants totalling £1,156,443 (2020: £1,183,879) were receivable by the Corporation.
- During the year, the Artistic Director and the Executive Director used RSC freehold properties in Stratford Upon Avon rent-free, creating a taxable Benefit in Kind. See note 6 for further details.
- Antony Sher, the Artistic Director's late husband, was engaged as a member of the acting company during the prior year on normal commercial terms and received gross remuneration (excluding VAT) totalling £Nil (2020: £21,972). The balance owed at the year-end was £Nil (2020: £Nil).
- A proportion of the indemnity insurance equating to £5,400 (2020: £5,400) covers Board members. The Charity Commission has indicated its approval of this arrangement.

### 28 VAT Group Liability

The Corporation entered into a group arrangement for Value Added Tax (VAT) on 1 January 2015 with RSC Pre-Productions Limited and RSC Enterprise Limited, the representative member of the group being The Royal Shakespeare Company. All members of the group are jointly and severally liable for the tax due from the representative member. The VAT debtor of the other members of the group that were not recognised in the Corporation's own balance sheet as at 31 March 2021 was £63,355 (2020: liability of £90,143).



## Notes (continued)

### 29 Legal Charges

A fixed legal charge dated 30 November 2006 exists over The Royal Shakespeare Theatre, The Other Place, 3 Chapel Lane and Avonbanks Paddocks in Stratford-upon-Avon in accordance with the terms of grant funding for the redevelopment of the Royal Shakespeare Theatre from Arts Council England. The charge expires on 29 November 2026 and the value at the year-end was £52,899,025. (2020: £52,899,025).

A further fixed legal charge dated 24 June 2015 has been granted over the freehold land and buildings of The Other Place, which was redeveloped during 2016 in accordance with the terms of grant funding for the capital project from Arts Council England. The charge expires on 24 June 2035. At the balance sheet date, the value of the grant approved and drawn down was £3,000,000. (2020: £3,000,000).

A full title guarantee dated 19 June 2014 exists over the Royal Shakespeare Theatre as a continuing security for the payment or discharge of any secured obligations under the grant contract issued by the National Heritage Memorial Fund in respect of the development of the Swan Wing of the theatre. At the balance sheet date, the value of grant approved and draw down was £2,849,200. (2020: £2,849,200).

A fixed legal charge dated 15 November 2010 exists over some of the other freehold residential properties in accordance with the terms of an agreement with the Trustees of the defined benefit pension scheme. The value of this charge at the year-end was £5,000,000. (2020: £5,000,000).

A full title guarantee dated 31 January 2019 exists over the freehold land and buildings of 38/39 Waterside as a continuing security for the payment or discharge of any secured obligations under the grant contract issued by the National Heritage Memorial Fund in respect of the re-development of the Costume Workshop. At the balance sheet date, the value of grant approved was £950,000 and payments of £784,349 (2020: £433,178) had been made to the RSC.

A further fixed legal charge dated 31 January 2019 has been granted over the freehold land and buildings of 38/39 Waterside in accordance with the terms of grant funding for the capital project from Arts Council England. The charge expires on 31 January 2039. At the balance sheet date, the value of the grant approved was £2,146,800 and payments of £2,146,800 (2020: £1,033,467) had been made to the RSC.