

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

Registered charity number 212481

Report and consolidated financial
statements

Year ended 31 March 2022

Contents

	Page
Trustees' report	3-25
Reference and Administrative Details	21
Structure, governance and management	22-25
Governors, Board and Sub Committee membership	23
Statement of the Board's responsibilities in respect of the Trustees' report and the financial statements	26
Independent auditor's report to the Board of Trustees of The Royal Shakespeare Company	27-29
Consolidated statement of financial activities	30
Comparative consolidated statement of financial activities	31
Corporation statement of financial activities	32
Comparative corporation statement of financial activities	33
Balance sheets	34
Consolidated statement of cash flows	35
Reconciliation of net income to net cash flow from operating activities	35
Notes	36-77

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 2022.

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 one of the world's best-known theatre companies. It is a critical national asset, innovative, globally significant, embedded in the West Midlands with long and effective partnerships serving schools and communities across the country. It is one of the largest funded National Portfolio Organisations (NPOs) 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 our reach, the quality of our education work and our commitment to developing our learning practice with young people and their teachers, enabling them to unlock Shakespeare's plays as gateways to literacy, critical thinking and resilience.

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.

The RSC continues to strive for excellence and it 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.

The above mission and values guided us through the period of 2021/22 but our activity was not delivered in quite the same way as pre-pandemic as we were still operating within the restrictions and impact, as reported in last year's report, of the pandemic. Activity started much later than originally planned and a more reactive and flexible approach to planning and delivery was required.

Objectives and Activities *(continued)*

Our eight strategic aims continued to guide us through this period although some continued to be delivered in different ways, including for example ensuring our domestic, international and education audiences were served through a variety of digital solutions combined with in-person activity. Each area remained under review as we moved through this reporting period and were changed dynamically, often at short notice, responding to the ongoing 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 presence 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 in reducing adverse impact.
- **Digital Plan** – covering innovation, systems and infrastructure.

Achievements and Performance

Our survival strategy meant a second year of working in a different way, responding to the restrictions in place and the often-cautious audience confidence. The following narrative highlights some of our key achievements through the period but note that due to this being another unique year with the continuation of the pandemic, there is a far greater degree of intersection and crossover in our eight strategic areas.

All these were made possible with the continued support of our workforce, audiences and supporters including the loan from the Culture Recovery Fund (CRF Loan) which is explained in more detail in the financial outlook section on page 15. It has been an extraordinary time for all even as we emerge from the pandemic and society has re-opened, the challenges and impact continue. We thank everybody for their dedication, patience, and commitment to the RSC.

Achievements and Performance *(continued)*

Stratford Strategy

With the uncertainty around performing indoors continuing, we took a decision early in the 2021 calendar year that we would build an outdoor theatre to ensure that we would be able to perform regardless of any restrictions. However prior to reopening, in April 2021, *The Winter's Tale* was reimagined for the screen and broadcast on BBC Four, before moving onto iPlayer, with a BSL version also available. The production was originally intended to play in the Royal Shakespeare Theatre in 2020 in front of a live audience but was reconceived for the filmed version generating in excess of 87,000 views across the licenced period.

In April 2021 we announced our THREADS young people's programme focussing on costume and heritage for people aged 16-25. The broader THREADS programme supported by the National Heritage Lottery Fund, celebrated the history of costume making in Stratford-upon-Avon and ran through summer and autumn 2021. Activity included work with many community groups and a memorable Costume Day in August 2021 - a free festival of costume making through the ages in Stratford-upon-Avon. Just under 7,000 people joined us for performances, workshops, exhibitions and family-friendly activities, giving everyone the opportunity to get creative and be entertained whilst learning about the hidden history of our Costume Workshop and the people who make the costumes you see on stage.

In May 2021, we started building the Lydia & Manfred Gorvy Garden Theatre with a financial contribution to this project from the Gorvy family. The temporary outdoor performance space was home to *The Comedy of Errors* over the summer and was designed to allow audiences back to see our productions confidently, safely and in line with government guidelines. We began with fully socially distanced seating slowly increasing the capacity as restrictions eased. The maximum capacity was 500.

The theatre was completed in July 2021 and for the first time in 16 months our actors performed on stage in front of an audience. Phillip Breen's production of *The Comedy of Errors* was originally meant to open in the Royal Shakespeare Theatre ("RST") in April 2020 alongside *The Winter's Tale*. It finally made it to the stage in a theatre that had never been conceived of when the production started rehearsing. The whole project from conception to completion took just 6 months and the site has now been returned to its original state as the theatre gardens. The theatre structure is now in storage for use in future years by us or other companies. Across the season almost 30,000 tickets were sold.

The summer 2021 months also saw much outdoor activity for families (and also in the winter with an advent trail across the town) as well as the reopening of our catering facilities including a new 'click and collect' service for picnic boxes and drinks. The simplified menu (due to availability of products and produce) proved popular, as did a change to the winter menu for the Christmas show.

In June 2021, for the first time, we welcomed digital audiences inside our full rehearsal process for a Shakespeare play (*Henry VI Part I*) which culminated in a final live online rehearsal room run through of the entire play. Our Company of actors worked with Directors Gregory Doran and Owen Horsley and their creative team to stream daily sessions from the rehearsal room in Stratford-upon-Avon that was available worldwide.

Michael Billington of The Guardian joined one of the sessions and in his piece reported:

'These rehearsals explore the multiple facets that make up a Shakespeare production – such as fights, movement, music, stage management – but for me two memories prevail. One is the visible sense of relief among the actors at being released from the privations of the past 15 months: "it feels like I've come home to a rehearsal room," says someone. The other is that the heart and soul of the RSC lies in the detailed exploration of text. "A curiosity about language is integral," says Horsley. That line could stand as a final justification for breaching a time-honoured code and demystifying the theatrical process'.

In June 2021 we also completed the restoration and redevelopment of our Costume Workshop and our team of costume makers moved into their new home in Stratford-upon-Avon, after two years. We have the largest in-house costume-making department of any British theatre, but the facilities badly needed upgrading. Artistic Director Gregory Doran said at the time of formally opening the workshop: *"The workshop now has the costume making facilities to secure the legacy of our costume-making skills and the heritage buildings that house them."*

Achievements and Performance *(continued)*

Stratford Strategy *(continued)*

We thank the many people who supported that project including over 30,000 people from around the world through our Stitch In Time fundraising campaign, and gifts from trusts, foundations, companies and individuals, including the National Lottery through Arts Council England, the National Lottery Heritage Fund and the government's Local Growth Fund through the Coventry and Warwickshire Local Enterprise Partnership.

In the Winter months we finally reopened our main space to live audiences presenting a new large-scale musical for families *The Magician's Elephant*. The show was a great success with audiences and critics. We did lose some performances due to Omicron and rarely a performance went by where extensive understudy plans were not in place – but it is testament to the whole company covering each other – we only cancelled a small handful of performances.

In February 2022 we opened our first indoor Shakespeare production for almost 2 years with a dazzling afro futuristic production of *Much Ado About Nothing* directed by Roy Alexander Weise in his RSC debut. The production was also filmed for BBC4 as part of their news arts strand. To date we have achieved in excess of 127,500 digital views.

The RSC Nursery was able to remain open throughout the pandemic, supporting keyworker families and our local community before reopening on its previous terms. The Nursery is due to relocate from its current location in Shottery Village to the centre of Stratford very close to the theatres, bringing it nearer to the heart of our operation and increasing the number of child places available.

London Strategy

Our activity in London took longer than anticipated to restart due to covid variants and rules around distancing at live performances making it more difficult and financially unviable for a period of time. However, our long running production of *Matilda The Musical* finally reopened on 16th September 2021 to great acclaim and pre pandemic levels of advance. The show celebrated its 10th London anniversary in November 2021 and continues strongly at this time and is currently booking to the end of 2023.

We also partnered once again with Playful Productions to bring Hilary Mantel's final chapter of her Thomas Cromwell trilogy – *The Mirror and The Light* – to Shaftesbury Avenue. The production featured many of the cast reprising their roles from *Wolf Hall* and *Bring Up the Bodies* including Nathaniel Parker as Henry VIII and Ben Miles as Cromwell. The production played from 23rd September 2021 and closed on 28th November 2021, with a decision being made that a four-week extension as originally planned would not go ahead. This was due to more covid variants and restrictions meaning that the more traditional theatregoing demographic were not confident in travelling into London. Breaking even in these circumstances was a gratifying achievement.

The Comedy of Errors also played at the Barbican in London, after opening outside in Stratford and completing a short tour, see National Engagement Strategy section below for further details.

National Engagement Strategy

The RSC's 12 Associate Regional Theatre Partners (our Partner Theatres) remain hard hit by the crisis alongside the wider sector, reinforcing the importance of our National Engagement Strategy. Our national network of Partner Theatres are The Alhambra Theatre Bradford, The Grand Theatre Blackpool, Hall For Cornwall, Hull Truck Theatre, Intermission Youth, The Marlowe Theatre Canterbury, Norwich Theatre Royal, The New Vic Theatre, Northern Stage, The Theatre Royal & Royal Concert Hall Nottingham, York Theatre Royal, Silhouette Youth Theatre.

Following its run in the Lydia & Manfred Gorvy Garden Theatre, in the summer of 2021, *The Comedy of Errors*, then went on a short three-week UK tour to three of our Associate Regional Theatre Partners – Nottingham Theatre Royal, The Marlowe in Canterbury and the in Alhambra in Bradford, before playing at the Barbican in London. There was also a cast change during the run of the show, when Adrianna actor Hedydd Dylan was replaced by Naomi Sheldon as she went on maternity leave. Hedydd played Adrianna in Stratford-upon-Avon, then the pair shared the role during the tour, with Naomi taking over fully for the Barbican shows. The character was played as pregnant, adding an interesting new element to her relationship with her husband.

Achievements and Performance *(continued)*

National Engagement Strategy *(continued)*

We continued the ground-breaking projects online using Shakespeare's language to build confidence and community cohesion, co-creating 16 regional performance festivals of work in schools, communities, online and in Stratford-upon-Avon working with community artists, groups, teachers and 3,000 young people. We established a youth led Cultural Education Partnership in Warwickshire working with cultural organisations, schools and young people.

We also began preparatory work with our Partner Theatres and Shakespeare Nation adult groups for the amateur community involvement in our productions of *Henry VI: Rebellion and War of the Roses* both staged in Stratford-upon-Avon in the Spring of 2022.

In March 2021, performances of *Dream* took place, an online production which brought performance and gaming technology together to explore new ways for audiences to experience live theatre. *Dream* reached 65,000 audiences around the world in 10 performances, of which 76% were new to the RSC and 40% Generation Y and Z. The live performances, set in a virtual midsummer forest, were inspired by Shakespeare's *A Midsummer Night's Dream*, and gave our audiences a unique opportunity to directly influence the live performance, from wherever they were in the world.

We staged a significant outdoor project in Coventry in September 2021 as part of the City of Culture programme called *Faith* which worked across the city with all religions celebrating Coventry as a city of peace, reconciliation and refuge. This project provided opportunities for both professionals and was co-created with local residents. We saw this work as essential and committed to the project during the pandemic to continue to build our partnerships within the West Midlands region, notably with the Belgrade Theatre.

Our new podcast series *Interval Drinks* also launched in March 2021 with RSC artists interviewing the people that have inspired them. The first two episodes feature Miles Jupp interviewing Tim Minchin and Mogali Masuku talking to John Kani. Later in the year we broadcast a further five episodes of our Interval Drinks podcast, including a BSL vodcast between Deaf actors Bea Webster and Charlotte Arrowsmith. The podcast continues and we are about to launch the third series.

We released *Next Generation Introduces*, the first in a series of short films with Samsung exploring the theatre careers you can pursue off stage, to help young people find out more about backstage roles in the theatre. In Norwich, local residents were captured on film performing Shakespeare's sonnets from their doorsteps after exploring them in online workshops, as part of our Shakespeare Nation partnership with Norwich Theatre.

In January 2022 we launched our new tickets scheme, sponsored in part by TikTok, for young people aged 14-25 years old to inspire the next generation of theatre audiences, developing a lasting commitment and love of theatre and live performance. Developed in consultation with the RSC's Youth Advisory Board, TikTok Tickets opens further opportunities for young people to see RSC shows in Stratford-upon-Avon or in London for £10 (£5 for reduced-price previews), whether they are booking independently or visiting with their school. State schools can also book £10 TikTok Tickets for group visits in Stratford-upon-Avon.

The collaboration will deliver unique creative and educational experiences for young people and students, with a focus on increasing access to theatre regionally across the country and in the state school sector. The RSC are working with TikTok to provide subsidised travel, information and support to encourage young people's access to RSC productions and to help develop diverse audiences of the future.

Although open to any 14 – 25-year-old, the partnership will particularly engage those communities most in need. Work with the RSC's Associate Schools network will deepen young people's engagement with theatre and live performance ensuring state schools are encouraging students to book tickets independently as well as organising group visits.

The RSC and TikTok will create together engaging and relevant content to ensure young people can see connections between the plays and their own lives and experiences including regular TikTok takeovers, behind-the-scenes access and special events. Each young person can purchase two TikTok Tickets per booking and can book the tickets as part of a mixed group with friends and family.

Achievements and Performance *(continued)*

International Strategy

Our international strategy continued to be significantly impacted by the pandemic, however we maintained 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.

We continued to develop relationships with our Japanese partners, Nippon TV and Studio Ghibli as plans came together for the world premiere of *My Neighbour Totoro*, launched in April 2022. There is huge excitement from both media and audiences and the production has opened in London at the Barbican in October 2022.

Artists' Strategy

Our overarching ambition remains that the RSC is the very best place to make theatre for the widest range of artists possible. By artists we mean all of our creative freelancers including actors, set and costume designer, composers and musicians, lighting, sound, movement, video designers etc. The strategy was severely impacted for a second year.

Our focus turned to ensuring we could retain artists where possible for our on stage work, whilst also making as many opportunities as possible available to artists through our other work. As described above, this included the move to an outdoor performance purpose-built space to stage *The Comedy of Errors* before its UK tour and run at London's Barbican; our ongoing online Learning and National Partnerships offering, participation in our podcast series, as well as our winter programme in the RST.

We were able to retain almost all the *Matilda The Musical* cast and creatives which meant we were able to reopen the show strongly in September 2021.

We recruited 6 drama school graduates whose professional opportunities had been severely affected by graduating at the time the pandemic hit – to join as professional actors in their first job in our critically acclaimed productions of *Rebellion* and *War of the Roses*.

Throughout the pandemic we continued to undertake or support an extensive range of research and development work with writers and artists for future RSC productions or to enable work to test ideas for future staging elsewhere. We also created paid opportunities for artists to take part in the Freelance Consultation Group to influence future company strategy.

The RSC continued to provide financial support through the Theatrical Professional Relief restricted fund which provided essential assistance to freelance colleagues who were unable to access any other form of Government support. A total of five waves of financial support were completed, the final wave in May 2021. Applications were received from eligible artists, freelancers and employees who were suffering hardship. In total, 497 grants were awarded totalling over £1.1m, with £0.4m of this expenditure within the current financial year. Further detail on this fund is provided in note 19.

Achievements and Performance *(continued)*

Education Strategy

In our Learning work our aim continues to be transforming lives through vivid, new encounters with Shakespeare's work and theatre making.

In October 2021 the RSC became the first performing arts company to be awarded Independent Research Organisation (IRO) status. In moves that echo founder Peter Hall's vision for the RSC to become a 'teaching and learning institution' our newly acquired IRO status will allow us to broaden our research capacity and develop our role as a national centre for Shakespeare and performance, teaching, training, learning and research. Our first research project as an IRO is funded by Paul Hamlyn Foundation focusing on the impact of our work and partnerships on the inclusion and engagement of children and young people.

We have compelling evidence built over a number of years that shows how the combination of Shakespeare's plays and rehearsal room-based approaches to teaching and learning raise aspiration and attainment, develop literacy skills, critical thinking and resilience. Evidence shows that our approaches promote wellbeing, inclusion, and a sense of belonging in individual children, parents, whole school communities and in adults. Exacerbated by the pandemic, in response to the mental health and literacy needs of young people, we have sought to further maximise the impact of our work to make those transformations possible.

During the financial year we continued to deepen our partnerships with schools and regional theatres across England that have been built over the last 15 years. Our nationwide network of partners includes 25 Lead Associate Schools each leading a cluster of 10 other schools (250 schools in total) and 12 Associate Regional Partner Theatres (further described in our Strategy above). All based in areas of structural disadvantage. In total this financial year we worked with 1,037 schools, reached 321,429 children and young people (aged from 3 upwards), and worked with over 2,000 teachers.

In addition, our Next Generation, Backstage and Direct programmes provided talent development and training opportunities for 201 young people (aged 13 to 18), all from backgrounds under-represented in the arts and cultural sector. We have recruited, trained, and developed 345 young Shakespeare Ambassadors (aged 9-16) and 30 Youth Advisory Board ('YAB') members (aged 9-21), to help influence our work and practice and ensure that the voices of young people are at the heart of our decision making.

We produced 16 regional performance festivals of *Much Ado About Nothing* with young people, schools and regional theatres, and developed 6 co-productions with adult community groups, in all cases targeting communities in areas of structural disadvantage that have traditionally been underserved by the arts and cultural sectors. We delivered 7 live broadcasts free to all UK schools with a combined audience of 114,000 young people.

We consistently achieve excellent ratings over 90% for the quality of the delivery of our learning practice work and to receive significant responses from partners and participants about the impact of the work we do together. The following examples are typical of the responses we receive:

"Today is up there as one of the best days, not only of my career, but literally ever! The Partnership we have with the RSC has allowed today to happen. You have changed the lives of young people who you worked with today." Headteacher, Secondary School in County Durham.

"This has not only taught me about the theatre world but it has also opened my eyes to the beauty of it." 15 year old student, Bradford.

"I want to say as someone that suffers daily with mental health this is the first group I've done in a while because of how bad I've been feeling lately and it really put a smile on my face and made me feel better so thanks from the bottom of my heart. Because doing Shakespeare and being a part of these groups has fulfilled a part of me that has been lost for a long time. I couldn't imagine in my wildest dreams when I was growing up that I'd ever get the chance to work with the Royal Shakespeare Company. It's helped me so much and gives me something to look forward to each week." Adult Shakespeare Nation member, Blackpool.

Achievements and Performance *(continued)*

Digital Strategy

As described above, in March 2021, performances of *Dream* took place, an online production which brought performance and gaming technology together to explore new ways for audiences to experience live theatre. *Dream* was 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.

Building on the success of *Dream* which reached 65,000 audiences around the world in 10 performances, the Audience of the Future evaluation was carried out at the beginning of April 2021. This included a series of activities which included a consortium wide evaluation and series of interviews, and a website called Findings of the Future presenting 20 panel discussions, design schematics, creative content and tools that shared the learnings of the project.

Final activities connected to Audience of the Future and the legacy work were an augmented reality prototype which used the digital assets from *Dream* to explore how they could be used with alternative immersive technologies. This was in partnership with Manchester International Festival. We created a *Dream Demo* which toured to Denmark and South by Southwest (SXSW) in Austin, Texas. This was then deployed in the UK and continues to be presented to audiences to share how we made *Dream*.

We held a digital lab for writers wanting to work with immersive technologies at the University of Portsmouth and continue to work with some of those participants on new projects. We carried out workshops on future interactive online possibilities with our web developer partner FX Digital.

We used our lidar scans created during lockdown to start to create a 'virtual RSC' using which explores pre-visualisation tools, 3D web development, new platforms for performance and building online communities.

We continued to support streaming events and productions as they were developing in the company, and this included *Henry VI: Rebellion and Wars of the Roses* and *All's Well That Ends Well*.

We received funding to deliver the Rothschilds Digital fellowships, providing three fellowship opportunities to freelancers to develop their practice over six months with the company covering three strands (production, audiences and creative). The application process involved all the partners - Epic Games, University of Portsmouth, Sundance and i2Media Research. We received 80 applications and ensured many of those who applied were picked up in other ways, for example with our partners and three fellowships were awarded to explore theatre and AI, to develop creative captioning software, and to explore Shakespeare in Minecraft.

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.

A business plan was developed for the year ending 31 March 2023 and we have recently embarked on a strategic and consultative planning process, to shape a vision and values that are more specific about the contribution we wish to make and how we intend to make it. The changes to our Artistic leadership, see page 22, will be central to imagining and staging the next chapter in the RSC's history.

Culture, values and working together

We continued to place emphasis on excellence, ambition and innovation.

Following significant changes in Board membership and appointment of a new Chair, the Board and SLT spent time establishing ways of working together that enhance transparency, accountability and discussions of key risks and opportunities. The consultative planning process referenced above, includes refreshed organisational values which continue to be developed.

Achievements and Performance *(continued)*

Organisational Resilience Strategy *(continued)*

Skills, knowledge, recruitment and retention

Whilst we are proud of the consistent diversity on our stages, in our creative teams and of our ground-breaking assisted performances, we recognise that we are not yet the fully representative and inclusive organisation we aspire to be. Two Leadership Associates joined the SLT, bringing experience not currently represented in the team and bringing new perspectives to our work. The management Equity, Diversity, Justice and Inclusion Committee oversaw development of a new action plan and work continued to deliver the organisation's anti-discrimination commitments, for instance through extensive anti-racism training and continuing work with partners, Race Reflections. We also used Open Hire to recruit into significant creative roles.

As activity grew, temporary reductions in hours agreed during the previous year's restructuring ended and we adjusted and embedded new team structures.

Our management training programmes restarted, for the first time opening development to non RSC delegates, building skills in the wider sector and enabling two way sharing of experiences and best practice. New line manager drop-in sessions were introduced on topics including managing change and return to work after absence.

The delivery of our Digital plans is underpinned by ensuring as an organisation we continue to build the scalability and expertise to be able to deliver Digital operations and R&D. To facilitate this, during the year, we completed a Digital Development restructure to support the new ways of working coming through which absorbed the Video Media Unit and allows us to scale as well as share resource and expertise.

Buildings, infrastructure and systems

Buildings and operating methods were adapted as health guidance changed to make our spaces as safe as possible for audiences and colleagues.

We completed the consolidation of our RSC museum collection and retail storage into an existing property, providing better facilities and saving costs.

Offices were adapted to allow more flexibility in working from home or office where possible and a greater number of colleagues were able to return to work on site.

The IT infrastructure was adapted to be cable free, enabling people to work anywhere on site as well as working at home or off site.

Environmental Impact

We recognise that we are facing a climate change emergency and that the ambition to reduce emissions to net zero needs to be accelerated and be achieved before 2050. We are aware that through our activities we have an impact on the environment and contribute to climate change. We have a responsibility to work to reduce this impact and minimise our damaging impact.

As part of our strategy from 2023 onwards, we will include how we want to create an environmentally sustainable theatre where environmental responsibility is recognised and acted upon throughout the organisation, and where we understand and positively use our influence on the wider world.

Examples of this include the development of responsible sourcing guidance in line with the Theatre Trust Green Book. All our sites are powered via "green" tariff electricity from renewable sources, with solar panels installed at The Other Place and our new Costume Workshop. We continue to reduce waste, targeting zero waste to landfill and to encourage sustainable modes of transport to reduce our carbon footprint. We also take responsibility for the promotion of biodiversity in our management of our estate, notably in our location on the banks of the River Avon.

Achievements and Performance *(continued)*

Organisational Resilience Strategy *(continued)*

Compliance, policies and processes

We continued to review and develop organisational policies and a programme of internal audit work with on-going Board oversight.

The two main areas of internal audit work for the year were governance arrangements for safeguarding and IT security in relation to remote working. An external data protection expert was appointed during the year to support with technical expertise and check that arrangements are kept up to date in all departments. Occupational Safety and Health policies and procedures were updated as the response to Covid changed.

Plans for Future Periods

In the period following the year end we have:

- Completed our History Cycle over calendar 2022, opening *Henry VI: Rebellion and Wars of the Roses* in the RST, followed by new productions of *Richard III*, with Arthur Hughes in the title role, the first disabled actor to tackle this role at the RSC and *All's Well That Ends Well*.
- Reopened The Other Place in September 2022 with our New Work Festival, staging two new shows that had been commissioned and were scheduled pre pandemic: Nina Segal's *O, Island!* and Ivy Tiller: *Vicar's Daughter, Squirrel Killer* by Bea Roberts.
- Presented the global premiere of *My Neighbour Totoro* at London's Barbican in October 2022 (as referenced earlier). This international collaboration sees us working in partnership with Japan's Nippon TV and the world-renowned Studio Ghibli who created the original animated film that this new stage production is based on, in a new version by Tom Morton Smith and directed by Phelim McDermott in collaboration with Improbable.
- Revived our acclaimed production of *A Christmas Carol* in a new version by David Edgar in Stratford-upon-Avon in November 2022.

We have also announced plans in relation to:

- Our programme for the RST in 2023, which will include five Shakespeare productions of plays that would have been lost had the First Folio not been produced in 1623. This will form part of our yearlong celebration of 400 years since the first publication of the folio.
- Reopening the Swan Theatre in April 2023 with a bold programme of new plays and contemporaries of Shakespeare, commencing with the world stage premiere of Maggie O'Farrell's *Hamnet*.

Next year will also see a change of artistic leadership with Gregory Doran stepping down after his ten-year tenure in the role of Artistic Director. Erica Whyman has been Acting Artistic Director since September 2021, when Gregory took compassionate leave. She will remain Acting Artistic Director until June 2023 when, as announced in September 2022, Daniel Evans and Tamara Harvey will take up the post as Co-Artistic Directors (see page 22 for further details in relation to these changes).

With our Learning and National Partnership we plan to:

- Develop a greater inter-dependence and relationship between our touring work and learning partnerships. We are co-designing a three-year programme with an intergenerational group of 1,000 people across the country. Starting with *Julius Caesar* and including our small scale First Encounter tours, adult & young people's groups will first explore 'power' to shape co-productions with professional artists in 2025/26 with truly national creative teams, open rehearsals, embedded upskilling and peer learning, all supported by a digital platform that will capture the voices and work of *Our Shakespeare Nation* over the course of three years. This activity will be funded by £1.2m of specific additional ACE funding, approved in August 2022 for the period March 2023 to May 2026, and a further £0.2m commitment from the Esmée Fairburn Foundation.

Plans for Future Periods *(continued)*

- Our co-constructed whole-school learning partnerships will grow by at least 40%, from 25 school-led clusters to 35 clusters (350 schools) by 2025/26, all in areas of structural disadvantage including Isle of Wight, Hastings, Hartlepool, Darlington, Coventry & Great Yarmouth. These will involve new kinds of collaboration between community centres & schools e.g. with Butlins Holiday Camp in Skegness & the local multi academy trust. We will reach 1,350 primary & secondary schools annually by 2025, with our creative learning practice, of which 75% will be areas of structural disadvantage.
- We aim to revitalise the teaching & learning of Shakespeare pre and for GCSEs as a key priority defined by our Youth Advisory Board. A vital lever for change will be the launch of our new 'Shakespeare curriculum' in 2023 shaped by young people; over three years we will embed this curriculum and teaching approaches in 1,500 state secondary schools, working with 4,500 teachers (12% of all secondary English teachers) building a new consensus in schools, exam boards and arts subject associations on how to unlock relevance in Shakespeare's plays.

Fund Raising

The RSC raised just over £5.1 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 donations, Members and Patrons, sponsorship and corporate partners, education partners and legacies. The amounts are recorded within the appropriate categories of the Statement of Financial Activities.

Led by the Development Director, the team as at 31 March 2022 comprised 21, including an events team. The team were all RSC employees, except for one freelance professional providing maternity cover. The team is under the responsibility of the RSC Executive Director and reports to the RSC Board.

They are based from Stratford-upon-Avon and London, working nationally and internationally with a particular focus on America. Fundraising is managed through building on-going relationships with all potential donors, regardless of the route of the donation. The fundraising team is trained to ensure they manage the protection of any vulnerable people they may come into contact with.

The RSC upholds the highest standard of fundraising practice. We are registered with the Fundraising Regulator and adhere to their Code of Fundraising Practice for the UK, noting no failures to comply with this. We abide by the key principles and behaviours of a fundraising organisation set out by the regulator: to be legal, open, honest and respectful.

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.

The Board takes ultimate responsibility for accepting or refusing a donation or sponsorship, based on recommendations from the SLT and 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 Development team are provided with training and are managed and evaluated in line with the RSC policies and guidelines.

The RSC received one complaint related to fundraising in the period from 1 April 2021 to 31 March 2022 which was satisfactorily resolved (one compliant being received in the prior period). This related to the frequency of our fundraising requests around the Covid-19 fundraising appeal.

Financial Review

Overview

The financial statements on pages 30 to 35 present both a Consolidated and Corporation view. The Consolidated financial statements include the results of the RSC charity (the Corporation) and all of the subsidiary companies (together the Group). The subsidiaries are listed in note 11 to the accounts, and further information is included in the Group Structure on page 24. The Corporation financial statements are solely for the RSC company. The consolidation adjusts for transactions or balances held between the different companies within the Group, and applies the appropriate accounting principles. This basis of preparation is further described in note 1 (b) on page 36.

Throughout the Financial Review below, the figures presented are on a Consolidated basis, unless specifically referenced to the Corporation.

Net movement in funds for the year ended 31 March 2022 was £(2.0)m, compared to £10.5m in the previous year which benefitted from £8.5m of income from the Coronavirus Job Retention Scheme (CJRS) and a £7.0m endowment. This resulted in total consolidated reserves decreasing to £127.1m as at 31 March 2022 from £129.1m in the previous year.

Of these reserves, £34.0m were 'Unrestricted funds' (defined as Operations unrestricted funds and Unrestricted designated funds per the Statement of Financial Activities on page 30) at 31 March 2022, which is £0.8m lower than the £34.8m reported in the prior year.

Restricted funds (defined as Restricted funds and Restricted Endowment funds per the Statement of Financial Activities on page 30) were £93.1m, £1.2m lower than the £94.3m reported in the previous year. This includes £14.2m of Restricted endowment funds, £0.6m higher than the £13.6m reported in the previous year.

Unrestricted funds

Net expenditure on Unrestricted funds for the year ended 31 March 2022 was £(1.2)m, compared to net income of £5.0m in the previous year, before transfers to other funds.

This £6.2m decrease comprises £5.9m reduction from Operations unrestricted funds and £0.3m reduction in Unrestricted designated funds. The £5.9m decrease in net income on Operations unrestricted funds is explained in further detail below.

Transfers between funds are further detailed in note 19 on page 61.

The actuarial valuation of the defined benefit pension scheme as at 31 March 2022 resulted in a net surplus of £0.5m, see note 24 pages 72-74, however this is not recognised on the balance sheet in line with accounting standards as it is not able to be recovered by the RSC (see accounting policy note 1 (t) on page 43). Therefore the £0.4m gain recognised in the current year represents the reversal of the £0.4m actuarial loss reported in the year ended 31 March 2021. Further detail is provided in note 24.

Impact of Covid-19

The financial impact of Covid-19 continued into the year ended 31 March 2022, albeit on a more positive trajectory as we were able to recommence productions in Stratford, London and on tour, generating income of £13.0m (2021: £0.1m).

Overall, compared to the previous year when our theatres remained closed, the year started to see recovery in our activities, notably the re-opening of *Matilda* in London in September 2021 and our main theatre in Stratford (RST) in October 2021. Recovery will continue into the year ending 31 March 2023, as outlined in the Plan for Future Periods on page 12.

We continue to monitor closely the levels of box office income achieved in our theatres versus pre pandemic levels and to gauge audience confidence levels around returning to live performances. A key metric for this is % cash capacity achieved for a given production, with a range of 60-70% being broadly the historic levels expected for the RST (noting this will vary production by production). Budgeted cash capacities for reopening in Stratford were intentionally set lower at c.40-60%, acknowledging the impact of the pandemic on audiences returning and this was proven to be a realistic assumption in 2021/22. We hope that in the long term it returns to historic levels.

Financial Review (continued)

Impact of Covid-19 (continued)

The table below shows the income type and proportion of total income compared to the previous year:

For the year ended:	31 March 2022		31 March 2021		Movement on previous year	
	£m	%	£m	%	£m	%
Total Operations unrestricted income	38.2	100%	32.1	100%	6.1	+19%
<u>Comprising:</u>						
Performance related grant income / %	15.3	40%	15.3	48%	0.0	0%
Coronavirus Job Retention Scheme (CJRS)	0.7	2%	8.5	26%	(7.8)	-92%
All other Operations unrestricted income	22.2	58%	8.3	26%	13.9	+167%
<u>Of which:</u>						
• Income from productions, tours and theatre operations	13.0	34%	0.1	0%	12.9	>1000%
• Donations and legacies	2.7	7%	4.1	13%	(1.4)	-34%
• Trading income from subsidiaries	3.6	9%	1.2	4%	2.4	+200%
• All other income*	2.9	8%	2.9	9%	0.0	0%

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

Total Operations unrestricted income increased by 19% year on year to £38.2m. Excluding performance related grant income and CJRS income, the remaining total other income generated is £22.2m, an increase of 167%, with production related income recovering, together with the trading income from subsidiaries such as our catering and retail income. However, this still reflected a detrimental impact from the Omicron variant, which resulted in 26 performances being cancelled over the Christmas period.

With the recovery in our production related income, our ACE NPO grant income of £15.3m decreased as a proportion of our total income, from 48% to 40%, however this remains above the 20-25% it has been historically, reflecting the ongoing recovery which is still underway.

The prior year results had a significant income from the CJRS scheme, which has now abated in the current year, with reopening preparations reducing the use of furlough over the first half of the financial year resulting in only £0.7m being claimed compared to £8.5m in the prior year. Due to the significance of this income, it continues to be 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 organisation has now started to recover from the significant and prolonged impact of the Covid-19 pandemic. During the first half of the year, as described above, the Lydia & Manfred Gory outdoor theatre was built and opened in summer 2021 in the Swan Gardens, enabling audiences to return to Stratford-upon-Avon for *The Comedy of Errors*. The re-opening of indoor performances then followed with *Matilda* in London in September 2021 and the RST from October 2021. Touring activity also re-commenced in Autumn 2021, with *The Comedy of Errors* having a short tour to three of our national theatre partners, before arriving at the Barbican in London in Autumn.

This carefully phased approach to reopening has been enabled from actions taken during the prior period, to ensure the organisation has continued to be financially viable and can plan into the future given the significant lead times prior to productions opening. Notably the RSC was successful in applying to the CRF for £19.4m of repayable finance, which was received in the prior year, see note 16 page 59 for further details. Further re-opening plans are detailed in the Plan for Future Periods section above.

There remains some uncertainty over income levels and audience behaviour, as whilst the risk in relation to the pandemic is lower than previously, the current high levels of inflation and cost of living crisis will start to impact our activities. Further details on the risk management processes in response to these are outlined on page 19.

Financial Review (continued)

Operations unrestricted funds

The year on year decrease of £5.9m in net expenditure/income before transfers includes the following movements summarised from the Statement of Financial Activities on pages 30 and 31:

For the year ended:	31 March 2022 £m	31 March 2021 £m	Movement on previous year £m
Charitable activities:			
Performance related grant income	15.3	15.3	-
Productions, tours and theatre operations:			
Income	13.0	0.1	12.9
Expenditure	(32.3)	(23.2)	(9.1)
Net expenditure on productions, tours and theatre operations	(19.3)	(23.1)	3.8
Learning and participation:			
Income	0.4	0.3	0.1
Expenditure	(1.4)	(1.2)	(0.2)
Net learning and participation expenditure	(1.0)	(0.9)	(0.1)
Net expenditure from Charitable Activities	(5.0)	(8.7)	3.7
Net income from Donations and legacies	1.6	3.2	(1.6)
Net income (expenditure) from Other trading activities*	0.3	(0.8)	1.1
Net investment income	0.5	0.5	-
Other income – licensing	0.5	0.8	(0.3)
Other income – CJRS	0.7	8.5	(7.8)
Net gain on investment assets	0.5	1.5	(1.0)
Net (expenditure) / income before transfers	(0.9)	5.0	(5.9)

* Includes net loss from joint ventures

• Net expenditure on Charitable activities

Charitable activities include productions, tours, theatre operations, learning and participation activity and performance-related grants. Net expenditure in this category was £5.0m, a reduction of £3.7m compared to the previous year. This net movement for Productions, tours and theatre operations, and Learning and participation, comprises an increase in income of £13.0m being partly offset by an increase in expenditure of £9.3m. Both of these increases have arisen due to the beginning of the recovery from the pandemic with the reopening of the RST from October 2021 and *Matilda The Musical* in London from September 2021, compared to our theatres being closed to the public for the whole of the prior year.

• Net income from Donations and legacies

Net income from Donations and legacies decreased by £1.6m to £1.6m for the 2021/22 financial year, with income £1.4m lower and associated expenditure £0.2m higher. The decrease in income is due to the strong response in the prior year from our individual donors, with the Keep your RSC campaign, together with trusts which included pandemic related funding. The increase in expenditure relates to vacancies being recruited in the current year. Note that this excludes the Costume Workshop capital campaign, included within restricted funds in both years.

• Net income from Other trading activities

Net income from all forms of trading increased by £1.1m year on year, with trading income increasing by £2.5m partly offset by expenditure being higher by £1.4m, with the reopening of the RST during the year helping our commercial activities to also recover, notably catering and retail.

Financial Review (*continued*)

Operations unrestricted funds (*continued*)

- **CJRS income**

CJRS income of £0.7m was received in the year, significantly reduced from the £8.5m received in the prior year, due to reopening planned from July 2021 onwards, as noted above, leading to the majority of colleagues who were furloughed in the prior year, returning to work over the first quarter of the year ended 31 March 2022.

- **Net investment income**

Net investment income represents income earned on Unrestricted listed investments and cash deposits and has remained consistent year on year at £0.5m, due to overall low levels of interest rates, despite increases in overall levels of short term deposits following the receipt of the CRF Loan.

- **Other income - licensing**

Other licensing income has reduced by £0.3m to £0.5m for the 2021/22 financial year, with a £0.6m decrease in royalties received for *Les Misérables* with the original production and royalty deal having come to an end being only partly offset by a £0.3m increase in royalties for productions of *Matilda The Musical*.

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

There was a net gain on investment assets in the year ended 31 March 2022 of £0.5m compared to a net gain of £1.5m in the previous year. Investment asset valuations have been volatile, dropping significantly at 31 March 2020 at the start of the Covid-19 pandemic and then recovering during the year to 31 March 2021. However they dropped again at 31 March 2022, primarily due to the start of the war in the Ukraine.

Defined Benefit Pension Scheme

As described in note 24 and note 1 (t), the Scheme valuation in accordance with FRS102 as at 31 March 2022 has resulted in a Scheme actuarial surplus of £0.5m. The movement of £0.9m from a deficit of £0.4m at 31 March 2021 to a surplus of £0.5m is mainly due to the change of actuarial assumptions as set out in note 24, notably the change in the discount rate assumption which decreased the valuation of the Scheme liabilities. This was only partially offset by the change in inflation assumptions and the return on the Scheme's assets being lower than expected. However, no pension scheme asset is recognised on the balance sheet in respect of the surplus as there is no entitlement to the RSC to access this balance.

As noted, in the prior year, the Scheme had a pension deficit of £0.4m which was reflected as a loss in the statement of financial activities. A gain of £0.4m has been recognised in the current year statement of financial activities to reflect the reversal of the previous loss.

Unrestricted funds – net assets

As at 31 March 2022 the RSC held £28.4m of Operations unrestricted reserves including the pension reserve (2021: £29.2m).

This is represented by £26.7m of assets that are in readily available cash at bank (2021: £27.0m) and a further £11.8m held in readily available liquid investments (2021: £11.4m), offset by the £19.8m of CRF Loan including accrued interest (2021: £19.4m). The balance of Operations unrestricted reserves is reflected in other net assets.

Designated funds

Designated funds remained at a similar level being £5.5m as at 31 March 2022 (31 March 2021 - £5.5m)

Expenditure in the year was £0.3m, up from £0.2m in the prior year, with the increase being primarily due to capital expenditure. There were £0.3m of transfers to designated funds during the year, also in relation to capital expenditure.

Financial Review (*continued*)

Restricted funds

Restricted funds of £93.1m (31 March 2021 - £94.3m), include £14.2m of Endowment funds (31 March 2021 - £13.6m) and £78.9m of Property and Project related funds (31 March 2021 - £80.7m).

The net movement on total restricted funds during the year of £(1.2)m, compares to net income of £5.6m in the prior year. Of this £6.8m decrease, £7.3m relates to restricted endowment funds, mainly due to the receipt of £7.0m from the Paul Hamlyn Foundation in the prior year.

Excluding the endowment funds, net expenditure on restricted funds, before transfers and other gains and losses, was broadly consistent year on year at £2.1m. Income and expenditure were both £2.6m lower than the previous year, mainly due to reduced levels of activity on both the *Audience of the Future* and Costume Workshop restricted funds.

Reserves policy

During the financial year ended 31 March 2022, the Trustees approved a change to the reserves policy in response to the significant uncertainties and income risk which had arisen from the Covid-19 pandemic. The revised policy sets a target of holding of unrestricted operational reserves equivalent to three months of average unrestricted expenditure, excluding reserves designated for depreciation on past capital expenditure, and so approximates free reserves.

The target is calculated using a rolling 10-year average of five past, and five forecast years to smooth the impact of Covid-19. The target assessed as at 31 March 2022 is £14.8m, compared to unrestricted operating reserves of £28.4m and therefore the organisation has significant headroom.

The revised target is higher than the previous policy, reflecting recent experience of theatre closure during the pandemic. In addition, the trustees expect the forecast deficit in the year ending 31 March 2023 to further reduce the difference between unrestricted operating reserves and the target.

The Trustees had historically set the target level for such reserves at £6.0m which was the policy in place as at 31 March 2021.

Designated funds are set aside by the Trustees, as required, to fund particular future projects or commitments. The designated funds comprise the Redevelopment and Capital Expenditure Funds, and the Digital Development Fund - see note 19 for further details.

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 are reviewed annually.

Investment policy

The investment policy balances the need for capital protection and the desire to secure investment returns. Investments are managed on our behalf by professional third parties and are monitored against benchmarks and regularly compared to potential opportunities elsewhere.

Objectives have been set for each fund that are tailored to the long-term objectives of the funds. The objectives for returns range from RPI plus zero in any market condition, to RPI plus 4%.

Performance in the year ended 31 March 2022 was above the objectives set for all funds, ranging from 5.2% to 9.2% positive returns, and was broadly in line with the ARC Sterling Balanced Asset ACI (Charity Index). However, performance in the final quarter was adversely affected by the outbreak of the Ukrainian war in February 2022. Subsequent to the year end, market conditions have remained challenging and there has been a further 8% reduction in the value of investments through to the end of September, albeit this is 1% better than the relevant ARC benchmark. The Company has recently invested a further £12.0m of cash balances, which are deemed to be surplus to current short term working capital needs.

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.

Financial Review *(continued)*

Fundraising performance

Fundraising performance is monitored through the budgetary process and objectives are set to achieve a specific level of year-on-year changes and return on investment in unrestricted net departmental return. Budgets are set for all income and expenditure managed by the Development Department, which covers income beyond that shown against "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 decrease of 36% and a return on investment of 3.5 times (i.e. income of 3.5 times costs) for unrestricted income.

The year-on-year actual result was a decrease of 38% on core Development income (which excludes capital income and other restricted projects) and a return on investment of 3.5. Taking into account capital income towards the Stitch in Time Campaign and other restricted projects, there is a year-on-year decrease of 48% and a return on investment of 4.1 times.

This decrease in annual income was expected due to the end of a capital campaign, some extraordinary donations during the Covid 19 pandemic and a one-off large research grant received in 2020/21 financial year.

Risk management

Following a Board review of committee structures (further detail on page 23), effective from the meeting held on 19 July 2022, the remit of the Audit Committee has been extended and it is now the Risk, Audit and Finance Committee (RAFCo).

The RAFCo reviewed the effectiveness of all material internal controls, including operational, financial and compliance controls and risk management systems. It was supported in this task by an independent 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. 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 known 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 SLT, Audit Committee and the Board.

The risks considered to be highest likelihood and impact during the financial year to 31 March 2022 were:

- risk of income decline;
- risk of inadequate investment in infrastructure due to constrained budgets;
- organisational stress – including 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 these risks have been assigned to these, and all other, risks identified on the register to ensure that any residual risk is at an acceptable level. Examples of the mitigating actions include; pursuing new income opportunities in conjunction with budget rebalancing to combat the risk of income decline and the plans in place in relation to Equity, Diversity, Justice and Inclusion noted in the Organisational Resilience strategy (see page 11)

Additional risks which impact the financial years beyond 31 March 2022, notably the crystallised risk of higher inflation, including energy costs, have been considered in the Going Concern section - see page 24 below.

Due to the increased remit the RAFCo aims to meet at least five times a year (increased from three previously when Audit Committee) 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 has historically reported formally to the full Board at least once a year. Following the review of Board committee structures noted above, the Investment Committee will also report to the RAFCo from the financial year ending 31 March 2023.

Financial Review *(continued)*

Risk management *(continued)*

Pay policy for senior staff

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

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 2022. Reductions in senior pay are ongoing, which were effected in the prior year to respond to the need for cost savings and to meet the requirements of the CRF repayable finance application.

In March 2022 a pay increase was announced, effective for the year ending 31 March 2023, with colleagues with full time equivalent earnings below £30,000 receiving 4% increase and those earning above this threshold receiving a 3% increase.

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 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	info@rsc.org.uk
Website	www.rsc.org.uk
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 (Resigned April 2022, following a period of compassionate leave since September 2021)
Erica Whyman OBE	Deputy Artistic Director (Acting Artistic Director since September 2021)
Catherine Mallyon CBE	Executive Director

Other members of the SLT:

Stephen Eames	Chief Operating Officer (Until November 2022)
Geraldine Collinge	Director of Creative Placemaking and Public Programmes (Until August 2022)
Chris Hill	Director for Audiences and Marketing
Jacqui O'Hanlon MBE	Director of Learning and National Partnerships
Rebecca Preston	Director of Development
Steve Rebbeck	Technical Director (Until October 2021)
Tomas Wright	Technical Director (Appointed April 2022)
Griselda Yorke	Executive Producer
Sarah Ellis	Director of Digital Development
Justine Themen	Leadership Associate (Appointed November 2021)
Sandeep Mahal MBE	Leadership Associate (Appointed January 2022)

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

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 and there shall be a Patron of the Corporation. Her Majesty Queen Elizabeth II was our Patron since the formation of the Company in 1961 and we were deeply saddened by her passing in September 2022. In accordance with protocol, sector guidance and the Royal Household we did not cancel any performances but addressed our audiences from the stage on the evening of her passing.

We await formal notification from the Royal Household about the redistribution of Royal Patronages and whether His Majesty King Charles III will remain our President or what future relationship he or other members of the Royal Family may have with us. This may take some months to be confirmed. In the meantime we continue to refer to him as The President, The Former Prince of Wales.

Meetings of the Governors shall be chaired in the first instance by the President, whom failing, by the Chair of the Board, whom failing, by an elected Governor by those present. A meeting of the Governors is known as the Company’s Annual General Meeting (AGM), held in every calendar year, not more than 15 months following the previous AGM. Any other meetings of the Governors are known as Extraordinary Meetings. Governors act as ambassadors and advocates for the RSC and are drawn from a wide range of disciplines, bringing their experience and skills to the life of the Company.

The Governors delegate the responsibility for running the RSC to members of the Board who are selected from the wider group of Governors. The Board has the power to appoint the officers and employees. The RSC was delighted to announce the appointment of Shriti Vadera as the new Chair of the RSC during the year. Shriti took up the role at the AGM in November 2021 when Nigel Hugill stepped down after ten years.

All Governors are kept up to date with key developments via updates from the management and the Chair of the Board. New Governors are elected by the Governors following consideration and recommendation by the Nominations Committee, a Sub committee of the Board. The Nominations Committee also regularly performs reviews to maintain a suitable range of skills and experience amongst Board members and Governors.

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 induction meetings with members of the SLT. Board members receive regular updates about our activities, with formal Board meetings on a bi-monthly basis on average and are invited to attend Company management meetings from time to time.

The Board regularly performs reviews of the governance arrangements. The Board supports the recommendations of the Charity Governance Code and has assessed itself against the new requirements.

In March 2022 the Board concluded a review of its Sub Committees and their membership, which has now been implemented. As part of this review, the remit of the Audit Committee was expanded to a Risk, Audit and Finance Committee (“RAFCo”), with the Investment Committee now reporting into the RAFCo. Together with the Nominations Committee, these are the three formally constituted Board Sub Committees. The terms of reference and composition of each Sub Committee have also been considered within the remit of this review.

Other committees on which trustees sit as observers or advisers (e.g. Equality, Diversity, Justice and Inclusion) have been clarified to be committees of the management and the role of trustees is not fiduciary and not representing the Board

Details of the Governors and membership of the Board and its Sub committees, updated following the above review, are shown on page 24. The artistic leadership and the day-to-day management of the RSC are the responsibility of the Artistic Director and the Executive Director. They support and hold to account a group of senior managers who make up the SLT (detailed on page 21).

In September 2021, the Artistic Director, Gregory Doran was granted compassionate leave and Erica Whyman was appointed as Acting Artistic Director. Following Gregory Doran’s decision to step down as Artistic Director in April 2022, Gregory has taken on the role of Artistic Director Emeritus until the end of 2023.

In September 2022, the RSC announced that Daniel Evans and Tamara Harvey have been appointed as Co-Artistic Directors taking up the post from June 2023. Daniel is currently Artistic Director of Chichester Festival Theatre and Tamara is Artistic Director of Theatr Cylwd and are regular collaborators who applied together for the position. At the request of the Board, Erica Whyman will continue as Acting Artistic Director until June 2023.

Structures, Governance and Management (continued) - Governors, Board and Sub Committee membership during the year and up to the date of this report.

Name	Governor	Board	Committee Membership
Shriti Vadera	✓ Chair Appointed * ¹	✓ Chair Appointed * ¹	NC* ^{EO} , IC* ^{EO} , RAFCo* ^{EO}
Nigel Hugill	✓ Chair Retired * ¹	✓ Chair Retired * ¹	NC* ^{EO} , IC* ^{EO} , RAFCo* ^{EO} , FOC PB - Retired * ¹
Mark Thompson	✓	✓ Deputy Chair Appointed * ¹	NC * ⁶ , FOC
Miranda Curtis	✓ Retired * ¹	✓ Deputy Chair Retired * ¹	NC Retired * ¹ , FOC
Baroness McIntosh of Hudnall	✓ Retired * ¹	✓ Deputy Chair Retired * ¹	NC* ^C Retired * ¹
Lord Andrew Adonis	✓		
George Alagiah OBE	✓		NC
Sir William Atkinson	✓ Retired * ¹	✓ Retired * ¹	
Sir David Bell KBE	✓		
Anita Bhalla OBE	✓		
Elizabeth Boissevain	✓		
Lord Carrington DL	✓		
Michael Clasper CBE	✓ Retired * ¹		
Gregory Doran	✓ Retired * ⁴	✓ Retired * ⁴	PB Retired * ⁴
Bruce Kovner	✓		
Professor Ruru Li	✓		
Catherine Mallyon CBE	✓	✓	PB
Dame Hilary Mantel OBE * ⁸	✓ Deceased * ⁷		
Andrew Miller MBE	✓	✓	NC* ^C - Appointed* ⁶
Paul Morrell OBE	✓ Retired * ¹		PB* ^C - Retired * ¹
Sandie Okoro	✓		
Amanda Parker * ⁹	✓	✓	
Winsome Pinnock	✓	✓	NC * ⁶
Clare Reddington	✓	✓	NC * ⁶
Patsy Rodenburg OBE	✓		
Professor James Shapiro	✓ Retired * ¹	✓ Retired * ¹	
Mark Smith	✓	✓	RAFCo* ^C , IC* ^C , FOC* ^C
Ian Squires	✓	✓	PB, RAFCo - Appointed* ⁵
Sue Stapely	✓		
David Tennant	✓		
Justine Thelen	✓	✓ Retired * ²	
Ayanna Thompson	✓	✓	
Liz Vernon	✓	✓	
Dame Harriet Walter DBE	✓		
Lucy Williams	✓	✓	RAFCo, FOC
Mike Wright	✓		NC
Andrew Clayton			RAFCo
Andy Halls			RAFCo - Appointed* ³
John Hornby			IC
David Loudon			IC
Jane Whitlock			AC - Retired * ³

Dates retired or appointed: *¹ – 29th October 2021, *² – 18th November 2021, *³ – 14th December 2021, *⁴ – 22nd April 2022,
*⁵ – 19th July 2022, *⁶ – 15th September 2022, *⁷ – 22nd September 2022

Committee Membership Key AC - Audit Committee, replaced by RAFCo – Risk Audit & Finance Committee, on 1 9th July 2022,
IC - Investment Committee, NC - Nominations Committee, PB – Project Board (last meeting 28th April 2022)
FOC – Financial Oversight Committee (formed in April 2020, last meeting 21 May 2021)

*^{IA} - In Attendance, *^C - Chair, *^{EO} - Ex Officio

Emeritus Chairman

Sir Geoffrey Cass

Honorary Emeritus Governors

Lady Anderson
Charles Flower*⁸

Sir Stanley Wells

Honorary Governors

Neil Benson OBE
Philip Birmingham
David Burbidge CBE
Michael Crystal QC
Tony Hales CBE

Sara Harrity MBE
Martin Iredale*⁸
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

Dame Susie Sainsbury of Turville CBE

*⁸ We are saddened to report that Charles Flower, Honorary Emeritus Governor, Martin Iredale, Honorary Governor and Dame Hilary Mantel OBE, Governor have died in the period since the last report.

*⁹ Amanda Parker was on compassionate leave from December 2021 until November 2022.

Structure, Governance and Management (continued)

Group structure

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

RSC Enterprise Limited 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 a wholly owned subsidiary of the RSC and 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.

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 RSC will prevail. The RSC 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.

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.

Going Concern

We continue to work in a financial and operational context which we know can quickly change, and where there are significant risks due to the residual impact of the pandemic and the crystallised and ongoing risk of the cost of living crisis.

Historically 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 allowed us to successfully restart indoor performances in the current financial period. Our cautious approach to re-opening, demonstrated by the building of the outdoor theatre and continuing to keep some of our theatres closed, whilst audience confidence returned has enabled us to continue to manage cash flows tightly and ensure sufficient resources to weather future uncertainties.

An assessment of liquidity

The RSC continues to be in a strong reserves and cash position at 31 March 2022. Unrestricted funds, including both Operations unrestricted and Unrestricted designated funds, totalled £34.0m. Cash at bank and in hand, together with fixed asset investments which are readily available liquid investments, totalled £38.5m.

As part of the Board's consideration of Going Concern, detailed cash flow forecasts have been prepared which show that a strong opening cash position, along with cautious income assumptions give sufficient headroom to mitigate potential risks.

Structure, Governance and Management (*continued*)

Going concern (*continued*)

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 judgement, particularly in relation to the assumed box office income achievable from productions and the impact of inflation over the period. There remains risk of audience levels being impacted either by restricted confidence because of new covid variants, but also that cost of living pressures affecting consumer spending patterns.

The level of grant income funding from Arts Council England for the three years from 2023/24 to 2025/26 was confirmed on 4 November 2022 at the same level as that received in FY22 and receivable in FY23. We are extremely grateful for this continued and essential support.

These are significant financial and operational challenges that the Company will be facing over the next few years, but the modelling shows that the RSC continues to have appropriate levels of liquidity headroom to be able to continue as a going concern.

An assessment of performance

The organisation adopted a prudent approach to reopening in the period, including as discussed above, 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 and the RST reopened to the general public in October 2021. *Matilda the Musical* reopened in London in September 2021.

The ongoing impact of the pandemic in terms of audience confidence as well as the operational impact of Covid-19 related absence of members of our acting companies, continues to be a key risk in our planning processes.

Following the pandemic, 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. During the year, the organisation has implemented hybrid working, with the re-opening of the re-designed office space at 39, Waterside, which adjoins the Costume Workshop.

Following the year end, management prepared a detailed paper for consideration by the Board of the key inflation risks that the organisation is facing over the rest of the current financial year and in to FY24.

Arts Council England funding


Part of the funding for the Corporation is received from Arts Council England ('ACE'). A one-year extension to the current funding cycle for 2022/23 was received in December 2021.

As noted above, we were very pleased to receive confirmation from ACE in November 2022 that we were successful with our application for £15.3m per annum of continued funding for 3 years from April 2023. Our application set out our proven track record of delivery against 'Let's Create' and our future plans demonstrate a re-imagined commitment to being a creative and learning organisation, which inspires change. Our planned activities over this period, which are supported by the ACE NPO grant income, include;

- growing our long-term partnerships with schools, communities and theatres;
- enabling creative opportunities for learning;
- working with young people in areas of structural disadvantage;
- driving innovative digital development; and
- building upon our unique position as an Independent Research Organisation.

This is all alongside presenting large-scale Shakespeare productions, Shakespeare tours, a bold, diverse programme of new writing and the reopening of the Swan Theatre.

The Trustees' Report was approved by the Board 11 November 2022 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; and
- 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 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 and of the Parent Charity's affairs as at 31 March 2022 and of the Group's and Parent 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 2022 which comprise the consolidated statement of financial activities, the corporation statement of financial activities, the consolidated and corporation balance sheets, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

We remain independent of the 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. 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 themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to The 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 (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion;

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is inconsistent in any material respect with the financial statements; or
- adequate 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 Statement of the Board's Responsibilities in respect of the Trustees' Report and Financial Statements, 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 determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and 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 151 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. In order to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, we made enquiries of management and those charged with Governance about whether the entity is in compliance with such laws and regulations and we inspected any relevant regulatory and legal correspondence.

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

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

Audit response to risks identified:

- We 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 other 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 other 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 other 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:

A11A16013DD84AC...
Kyla Bellingall
BDO LLP, statutory auditor
Birmingham, UK
Date 14 November 2022

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 2022

	Note	Operations/ unrestricted funds £'000	Unrestricted designated funds £'000	Restricted funds £'000	Restricted Endowment funds £'000	Total funds 2022 £'000	Total funds 2021 £'000
Income and endowments from:							
<i>Charitable activities</i>							
Performance related grants	2	15,260	-	-	-	15,260	15,260
Income from productions, tours and theatre operations	3	13,017	-	-	-	13,017	214
Learning and participation income		453	25	268	-	746	768
<i>Donations and legacies</i>	4	2,693	-	189	-	2,882	12,783
<i>Other trading activities</i>							
Trading income from subsidiaries	11(c)	3,624	-	804	-	4,428	2,880
Other trading activities		1,424	-	-	-	1,424	1,301
<i>Investments</i>	5	523	-	28	192	743	646
<i>Other</i>							
Licensing of rights		468	-	-	-	468	773
Coronavirus Job Retention Scheme		730	-	-	-	730	8,474
Total		38,192	25	1,289	192	39,698	43,099
Expenditure on:							
<i>Charitable activities</i>							
Productions, tours and theatre operations	3	(32,351)	(315)	(1,949)	-	(34,615)	(27,070)
Learning and participation expenditure		(1,406)	(4)	(606)	-	(2,016)	(1,826)
<i>Raising funds</i>							
Expenditure on raising donations and legacies		(1,102)	-	-	-	(1,102)	(919)
Trading expenditure of subsidiaries	11(c)	(4,078)	-	(804)	-	(4,882)	(4,303)
Share of net loss in joint ventures	11(a)	(92)	-	-	-	(92)	(311)
Expenditure on other trading activities		(510)	-	-	-	(510)	(316)
Investment management costs		(42)	-	(3)	(49)	(94)	(88)
Total	7	(39,581)	(319)	(3,362)	(49)	(43,311)	(34,833)
<i>Net gains on investment assets</i>	11(b)	459	-	65	669	1,193	2,667
Net (expenditure) / income		(930)	(294)	(2,008)	812	(2,420)	10,933
Transfers between funds	19	(288)	288	280	(280)	-	-
Net (expenditure) / income after transfers		(1,218)	(6)	(1,728)	532	(2,420)	10,933
Other recognised gains/ (losses)							
Actuarial gains /(losses) on defined benefit pension scheme	24	411	-	-	-	411	(411)
Net movement in funds		(807)	(6)	(1,728)	532	(2,009)	10,522
Reconciliation of funds							
Total funds brought forward	19	29,229	5,549	80,688	13,648	129,114	118,592
Total funds carried forward	19	28,422	5,543	78,960	14,180	127,105	129,114

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 36 to 77 form part of these accounts.

Prior year comparatives are shown in detail on page 31.

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

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 36 to 77 form part of these accounts.

Corporation statement of financial activities for the year ended 31 March 2022

	Note	Operations/ unrestricted funds £'000	Unrestricted designated funds £'000	Restricted funds £'000	Restricted Endowment funds £'000	Total funds 2022 £'000	Total funds 2021 £'000
Income and endowments from:							
<i>Charitable activities</i>							
Performance related grants	2	15,260	-	-	-	15,260	15,260
Income from productions, tours and theatre operations	3	29,249	-	-	-	29,249	1,862
Learning and participation income		453	25	268	-	746	768
<i>Donations and legacies</i>	4	2,693	-	189	-	2,882	12,783
<i>Other trading activities</i>							
Trading income from subsidiaries	11(c)	87	-	-	-	87	1
Other trading activities		1,424	-	-	-	1,424	1,301
<i>Investments</i>	5	523	-	28	192	743	646
<i>Other</i>							
Licensing of rights		468	-	-	-	468	773
Coronavirus Job Retention Scheme		512	-	-	-	512	7,051
Total		50,669	25	485	192	51,371	40,445
Expenditure on:							
<i>Charitable activities</i>							
Productions, tours and theatre operations	3	(48,680)	(315)	(1,949)	-	(50,944)	(28,408)
Learning and participation expenditure		(1,406)	(4)	(606)	-	(2,016)	(1,826)
<i>Raising funds</i>							
Expenditure on raising donations and legacies		(1,106)	-	-	-	(1,106)	(919)
Expenditure on other trading activities		(510)	-	-	-	(510)	(316)
Investment management costs		(43)	-	(3)	(49)	(95)	(88)
Total	7	(51,745)	(319)	(2,558)	(49)	(54,671)	(31,557)
<i>Net gains on investment assets</i>	11(b)	459	-	65	669	1,193	2,667
Net (expenditure) / income		(617)	(294)	(2,008)	812	(2,107)	11,555
Transfers between funds	19	(288)	288	280	(280)	-	-
Net (expenditure) / income after transfers		(905)	(6)	(1,728)	532	(2,107)	11,555
Other recognised gains / (losses)							
Actuarial gains / (losses) on defined benefit pension scheme	24	411	-	-	-	411	(411)
Net movement in funds		(494)	(6)	(1,728)	532	(1,696)	11,144
Reconciliation of funds							
Total funds brought forward	19	28,816	5,549	80,688	13,648	128,701	117,557
Total funds carried forward	19	28,322	5,543	78,960	14,180	127,005	128,701

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 36 to 77 form part of these accounts.

Prior year comparatives are shown in detail on page 33.

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

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 36 to 77 form part of these accounts.

Balance sheets at 31 March 2022

	Note	Consolidated 2022 £'000	2021 £'000	Corporation 2022 £'000	2021 £'000
Fixed assets					
Intangible assets	9	-	-	-	-
Tangible assets	10	91,425	92,461	91,425	92,461
Investments:					
Investment in joint ventures	11(a)	3,040	3,132	-	-
Other investments	11	26,664	26,255	29,664	29,255
		<u>29,704</u>	<u>29,387</u>	<u>29,664</u>	<u>29,255</u>
Total fixed assets		121,129	121,848	121,089	121,716
Current assets					
Stock and work in progress	12	3,378	1,288	3,240	584
Debtors	13	5,809	6,391	6,107	6,921
Cash at bank and in hand	14	26,660	26,976	25,557	25,636
		<u>35,847</u>	<u>34,655</u>	<u>34,904</u>	<u>33,141</u>
Total current assets		35,847	34,655	34,904	33,141
Creditors: amounts falling due within one year	15	(9,749)	(7,290)	(8,866)	(6,057)
		<u>26,098</u>	<u>27,365</u>	<u>26,038</u>	<u>27,084</u>
Net current assets		26,098	27,365	26,038	27,084
Total assets less current liabilities		147,227	149,213	147,127	148,800
Creditors: amounts falling due after more than one year	16	(19,834)	(19,400)	(19,834)	(19,400)
Provisions for liabilities	17	(288)	(288)	(288)	(288)
		<u>127,105</u>	<u>129,525</u>	<u>127,005</u>	<u>129,112</u>
Net assets excluding pension liability					
Defined benefit pension scheme liability	24	-	(411)	-	(411)
		<u>127,105</u>	<u>129,114</u>	<u>127,005</u>	<u>128,701</u>
Total net assets		127,105	129,114	127,005	128,701
The funds of the Charity:					
Endowment funds	19	14,180	13,648	14,180	13,648
Restricted funds	19	78,960	80,688	78,960	80,688
Unrestricted funds					
General operating fund	19	28,422	29,640	28,322	29,227
Pension reserve	19	-	(411)	-	(411)
Designated funds	19	5,543	5,549	5,543	5,549
		<u>33,965</u>	<u>34,778</u>	<u>33,865</u>	<u>34,365</u>
Total unrestricted funds		33,965	34,778	33,865	34,365
Total funds of the charity		127,105	129,114	127,005	128,701
Non-controlling Interest	11(d)	-	-	-	-
		<u>127,105</u>	<u>129,114</u>	<u>127,005</u>	<u>128,701</u>
Total funds		127,105	129,114	127,005	128,701

The notes on pages 36 to 77 form part of these accounts. These accounts were approved by the Board on 11 November 2022 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 2022

	Note	Consolidated 2022 £'000	2021 £'000
Cash flows from operating activities:			
Net cash used in operating activities		(1,450)	(1,063)
Cash flow from investing activities			
Interest and dividend income received		740	646
Purchase of tangible fixed assets		(386)	(2,440)
Movement in cash in investment portfolio		(84)	(65)
Purchase of investments		(1,241)	(10,956)
Sale of investments		2,105	4,425
Net cash generated from / (used in) investing activities		1,134	(8,390)
Cash flows from financing activities			
Obligations under finance leases		-	(4)
Cash receipt of endowment		-	7,000
Loan receipt	22	-	19,400
Net cash generated from financing activities		-	26,396
Change in cash and cash equivalents in the year		(316)	16,943
Cash and cash equivalents at the beginning of the year		26,976	10,033
Cash and cash equivalents at the end of the year	21	26,660	26,976

Reconciliation of net (expenditure) / income to net cash flow from operating activities

	Consolidated 2022 £'000	2021 £'000
Net (expenditure) / income for the reporting period (as per the Statement of Financial Activities)	(2,420)	10,933
Adjustments for:		
Depreciation charges	1,422	1,956
Share of joint venture	92	311
Gains on investments	(1,193)	(2,667)
Interest on repayable finance	388	46
Dividends and interest income	(740)	(646)
(Increase) / decrease in stock	(2,090)	174
Decrease / (increase) in debtors	582	(645)
Increase / (decrease) in creditors	2,509	(3,441)
Increase / (decrease) in provisions	-	(84)
Receipt of endowment	-	(7,000)
Net cash used in operating activities	(1,450)	(1,063)

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 The 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 – January 2022) 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 past two years have seen a significant impact of the Covid-19 pandemic. With the receipt of the £19.4m Culture Recovery Fund Repayable Finance in February 2021 the organisation was able to plan effectively for re-opening indoors over the current period 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. The activity delivered in the year ended 31 March 2022, together with our plans for future periods, both already outlined in the Trustees’ report, gives the organisation confidence for the future, despite the risks noted below.

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 2023, which is a period of at least 12 months from the date of approval of these financial statements.

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 judgement particularly in relation to the assumed box office income achievable from productions, the anticipated level of ACE NPO grant income which was confirmed on 4 November 2022, and the impact of inflation over the period. There remains risk of both audience confidence levels being impacted either by new covid variants, but also that cost of living pressures could affect consumer spending patterns.

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)
(forming part of the accounts)

1 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 2021 to 31 March 2022 (*2021: year ended 31 March 2021*). 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 Limited, 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) **(forming part of the accounts)**

1 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

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.

Other trading income and licensing of rights

Other trading income relates to sponsorship, membership income, property letting and other income, none of which are individually material.

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.

Notes (continued)
(forming part of the accounts)

1 Accounting policies (continued)

(f) Fund accounting (continued)

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.

(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)
(forming part of the accounts)

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 and 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)
(forming part of the accounts)

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)
(forming part of the accounts)

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 Corporation 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)
(forming part of the accounts)

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 only 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 discount 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)
(forming part of the accounts)

1 Accounting policies (continued)

(u) Judgements and key sources of estimation uncertainty

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

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 2022 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.

Depreciation

Estimates of useful economic lives are used in order to calculate depreciation charges. These estimates are based on past experience of similar assets with advice from specialists being taken as required. See fixed asset accounting policy for further details.

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

WIP

Judgements are made in calculating the expected surplus for shows or broadcasts. Where a show or broadcast 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 or when the broadcast takes place.

Notes (continued)
(forming part of the accounts)

2 Performance related grants

Consolidated and Corporation	Unrestricted £'000	Total 2022 £'000	Total 2021 £'000
Income from charitable activities			
Arts Council England Revenue grant	15,260	15,260	15,260
	<u>15,260</u>	<u>15,260</u>	<u>15,260</u>

3 Income from productions, tours and theatre operations

Consolidated	Unrestricted £'000	Designated £'000	Restricted £'000	Total 2022 £'000	Total 2021 £'000
Income from productions, tours and theatre operations:					
Box office (including London)	12,451	-	-	12,451	94
Touring income	89	-	-	89	-
Other income from theatre operations	477	-	-	477	120
	<u>13,017</u>	<u>-</u>	<u>-</u>	<u>13,017</u>	<u>214</u>

	Unrestricted £'000	Designated £'000	Restricted £'000	Total 2022 £'000	Total 2021 £'000
Productions and theatre operations expenditure:					
Productions	(22,065)	-	(407)	(22,472)	(15,704)
Theatre operations	(7,682)	(315)	(1,542)	(9,539)	(9,188)
Sales and marketing costs	(2,604)	-	-	(2,604)	(2,178)
	<u>(32,351)</u>	<u>(315)</u>	<u>(1,949)</u>	<u>(34,615)</u>	<u>(27,070)</u>

Corporation

	Unrestricted £'000	Designated £'000	Restricted £'000	Total 2022 £'000	Total 2021 £'000
Income from productions, tours and theatre operations:					
Box office (including London)	12,451	-	-	12,451	94
Production commissioning agreements	16,187	-	-	16,187	1,643
Touring income	89	-	-	89	-
Other income from theatre operations	522	-	-	522	125
	<u>29,249</u>	<u>-</u>	<u>-</u>	<u>29,249</u>	<u>1,862</u>

	Unrestricted £'000	Designated £'000	Restricted £'000	Total 2022 £'000	Total 2021 £'000
Productions and theatre operations expenditure:					
Productions (including commissioning fees)	(38,394)	-	(407)	(38,801)	(17,042)
Theatre operations	(7,682)	(315)	(1,542)	(9,539)	(9,188)
Sales and marketing costs	(2,604)	-	-	(2,604)	(2,178)
	<u>(48,680)</u>	<u>(315)</u>	<u>(1,949)</u>	<u>(50,944)</u>	<u>(28,408)</u>

Notes (continued)
(forming part of the accounts)

4 Donations and legacies

Consolidated and Corporation	Unrestricted £'000	Restricted £'000	Endowment £'000	Total 2022 £'000	Total 2021 £'000
Donations and legacies	2,693	189	-	2,882	4,239
Grants	-	-	-	-	8,544
	<u>2,693</u>	<u>189</u>	<u>-</u>	<u>2,882</u>	<u>12,783</u>

5 Investment income

Consolidated and Corporation	Unrestricted £'000	Restricted £'000	Endowment £'000	Total 2022 £'000	Total 2021 £'000
Income from listed investments	500	28	192	720	636
Interest on short term deposits	23	-	-	23	10
	<u>523</u>	<u>28</u>	<u>192</u>	<u>743</u>	<u>646</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:

	2022 Number	2021 Number
Productions and theatre operations	684	805
Learning and participation	14	14
Raising donations and legacies	20	19
Support staff	59	63
	<u>777</u>	<u>901</u>

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

	2022 £'000	2021 £'000
Total emoluments	19,873	20,407
Social security costs	1,384	1,546
Defined contribution and other pension costs	1,447	1,625
	<u>22,704</u>	<u>23,578</u>

During the year redundancy payments totalling £64,862 (2021: £1,307,204) were made. This included ex-gratia payments of £1,345 (2021: £14,559).

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

The comparative employer pension contributions have been adjusted from £1,038k to include employer pension contributions paid under salary sacrifice schemes.

Notes (continued)
(forming part of the accounts)

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:

	2022 Number	2021 Number
£60,001 - £70,000	4	11
£70,001 - £80,000	4	7
£80,001 - £90,000	5	5
£90,001 - £100,000	1	3
£100,001 - £110,000	1	2
£120,001 - £130,000	1	-
£130,001 - £140,000	1	1
£160,001 - £170,000	1	-
£170,001 - £180,000	-	1

Trustee Remuneration:

	Artistic Director 2022 £'000	2021 £'000	Executive Director 2022 £'000	2021 £'000
Basic pay	139	146	121	128
Benefits in Kind and other payments	28	26	9	10
	167	172	130	138
Pension contributions	11	11	15	16
Total remuneration	178	183	145	154

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 (2021: £Nil).

Included within expenditure are expenses reimbursed to, or incurred on behalf, of 19 members of the Board (2021: 18) totalling £2,485 (2021: £5,190). 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 SLT. The total remuneration (including employer's pension contributions and termination payments) of the key management personnel was £1,103,047 (2021: £1,149,039).

Notes (continued)
(forming part of the accounts)

7 Total expenditure

Consolidated	Direct Costs 2022 £'000	Support Costs 2022 £'000	Total 2022 £'000	Total 2021 £'000
Charitable activities				
Production and theatre operations	30,343	4,272	34,615	27,070
Learning and participation	1,930	86	2,016	1,826
Expenditure on raising funds				
Expenditure on raising donations and legacies	981	121	1,102	919
Expenditure on other trading activities	510	-	510	316
Trading expenditure of subsidiaries	4,882	-	4,882	4,303
Share of net loss in joint ventures	92	-	92	311
Investment management costs	94	-	94	88
	38,832	4,479	43,311	34,833

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

Total expenditure includes:	2022 £'000	2021 £'000
Depreciation	1,422	1,989
Auditor's remuneration:		
Statutory audit of parent and consolidated accounts	65	59
Audit of subsidiaries pursuant to legislation	22	20
Other services relating to taxation	11	16
Operating lease charges:		
Land and buildings	591	395
Other than land and buildings	86	74
Net exchange losses on foreign currency transactions	2	1

Corporation	Direct Costs 2022 £'000	Support Costs 2022 £'000	Total 2022 £'000	Total 2021 £'000
Charitable activities				
Production and theatre operations	46,672	4,272	50,944	28,408
Learning and participation	1,930	86	2,016	1,826
Expenditure on raising funds				
Expenditure on raising donations and legacies	985	121	1,106	919
Expenditure on other trading activities	510	-	510	316
Investment management costs	95	-	95	88
	50,192	4,479	54,671	31,557

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

Total expenditure includes:	2022 £'000	2021 £'000
Depreciation	1,422	1,952
Auditor's remuneration:		
Statutory audit of parent and consolidated accounts	65	59
Other services relating to taxation	3	4
Operating lease charges:		
Land and buildings	591	395
Other than land and buildings	84	74
Net exchange losses on foreign currency transactions	2	1

Notes (continued)
(forming part of the accounts)

	2022	2021
	£'000	£'000
8 Support costs		
Consolidated and Corporation		
Staff costs	2,345	3,660
Professional fees	255	292
Information technology	696	481
Human resources	223	114
Other expenditure	960	456
	<hr/> 4,479 <hr/>	<hr/> 5,003 <hr/>

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

Other expenditure includes CRF loan interest of £388,000 (2021: £46,000).

Governance costs totalled £103,372 (2021: £101,376).

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 a five year period. 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 (2021: £Nil).

	Total
	£'000
Cost	
At beginning and end of year	73
	<hr/>
Amortisation	
At beginning of year and end of year	(73)
	<hr/>
Net book value	
At 31 March 2022 and 31 March 2021	-
	<hr/>

Royalties continue to be received, and during the year were £2,599 (2021: £Nil).

Notes (continued)
(forming part of the accounts)

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
Cost						
At beginning of year	97,609	18,106	15,850	108	-	131,673
Additions	-	104	234	-	48	386
Disposals	-	-	-	(26)	-	(26)
At end of year	97,609	18,210	16,084	82	48	132,033
Depreciation						
At beginning of year	18,938	9,322	10,844	108	-	39,212
Charge for the year	898	183	341	-	-	1,422
Eliminated on disposal	-	-	-	(26)	-	(26)
At end of year	19,836	9,505	11,185	82	-	40,608
Net book value						
At 31 March 2022	77,773	8,705	4,899	-	48	91,425
At 31 March 2021	78,671	8,784	5,006	-	-	92,461

Corporation

Cost						
At beginning of year	97,609	18,106	15,824	81	-	131,620
Additions	-	104	234	-	48	386
Disposals	-	-	-	(21)	-	(21)
At end of year	97,609	18,210	16,058	60	48	131,985
Depreciation						
At beginning of year	18,938	9,322	10,818	81	-	39,159
Charge for the year	898	183	341	-	-	1,422
Eliminated on disposal	-	-	-	(21)	-	(21)
At end of year	19,836	9,505	11,159	60	-	40,560
Net book value						
At 31 March 2022	77,773	8,705	4,899	-	48	91,425
At 31 March 2021	78,671	8,784	5,006	-	-	92,461

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

Other properties are freehold apart from six (2021: six) leasehold properties with net book value at 31 March 2022 of £76,723 (2021: £93,521). The movement in the year of £16,798 relates to depreciation (2021: depreciation £16,798). Assets with a net book value of £Nil (2021: £356) are held under finance leases. Legal charges granted over fixed assets of the Corporation are shown in Note 29.

Notes (continued)
(forming part of the accounts)

11 Fixed assets investments

Consolidated and Corporation

		2022 £'000	2021 £'000
Joint ventures	(a)	3,040	3,132
Listed investments	(b)	26,664	26,255
Consolidated fixed asset investments		29,704	29,387
Investment in subsidiary undertakings	(c)	3,000	3,000
Less joint ventures		(3,040)	(3,132)
Corporation fixed asset investments		29,664	29,255

All investments are held primarily to provide an investment return.

(a) Joint ventures

	Share of Joint Ventures 2022 £'000	2021 £'000
Carrying value at beginning of year	3,132	3,443
Share of net (loss) of joint ventures	(92)	(311)
Carrying value at end of year	3,040	3,132
Historic cost	3,000	3,000

During the year 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 ¹	UK	Operating the Arden Hotel	N/A	50% (Indirect)	Equity accounting

¹ 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.

Notes (continued)
(forming part of the accounts)

11 Fixed asset investments (continued)

(a) Joint ventures (continued)

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

Profit and loss account	Arden Hotel Waterside LLP	
	2022 £'000	2021 £'000
Turnover	926	227
Cost of sales	(605)	(178)
Gross profit	321	49
Administration expenses	(434)	(504)
Other operating income	32	161
Operating (loss)	(81)	(294)
Interest payable and similar charges	(11)	(17)
(Loss) for the financial period	(92)	(311)

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

	Arden Hotel Waterside LLP	
	2022 £'000	2021 £'000
Fixed Assets	3,859	3,933
Current Assets	139	110
Total Assets	3,998	4,043
Liabilities	(958)	(911)
	3,040	3,132

Details of transactions with group undertakings and balances at 31 March 2022 are shown in note 26.

Notes (continued)
(forming part of the accounts)

11 Fixed asset investments (continued)

(b) Listed investments

	Unrestricted 2022 £'000	Restricted 2022 £'000	Endowment 2022 £'000	Total 2022 £'000	Total 2021 £'000
Listed investments:					
United Kingdom fixed interest unit trusts	454	-	448	902	1,477
United Kingdom property funds	784	-	1,336	2,120	1,253
United Kingdom equities and equity unit trusts	10,485	643	12,147	23,275	23,245
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Listed investments	11,723	643	13,931	26,297	25,975
Cash held in investment portfolio	89	8	270	367	280
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fixed asset investments at fair value	11,812	651	14,201	26,664	26,255
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Reconciliation of movements in investments

	Listed Investments	
	2022 £'000	2021 £'000
Fair value at beginning of year	26,255	16,992
Movement in cash held in investment portfolio	87	65
Additions	1,241	10,956
Disposals	(2,112)	(4,425)
Net gains on revaluation	1,193	2,667
	<hr/>	<hr/>
Fair value at end of year	26,664	26,255
	<hr/>	<hr/>
Historic cost	23,593	24,441
	<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:

	2022		2021	
	Value £'000	Portfolio %	Value £'000	Portfolio %
Cazenove Capital Charity Multi-Asset Fund	9,398	35.2	9,640	36.7
Sarasin Climate Active Endowments Fund	7,070	26.5	6,988	26.6

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)
(forming part of the accounts)

11 Fixed asset investments (continued)

(c) Subsidiaries

As at 31 March 2022 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 ¹	US	General Manager of <i>Matilda the Musical</i> in the US	N/A	N/A	Yes (Line by Line)
RSC Enterprise Limited	UK 02360172	Commercial activities relating to The Royal Shakespeare Company including retail, catering and trading operations.	Ordinary	100%	Yes (Line by Line)
RSC Estates Limited	UK 06977192	Investment in the joint venture, Arden Hotel Waterside LLP	Ordinary	100%	Yes (Line by Line)
RSC Matilda Australasia Limited ²	UK 09477058	Investment in the unincorporated entity to co-produce Matilda Miracle Tour in Australia. The company is dormant from 1 April 2022.	Ordinary	100%	Yes (Line by Line)
RSC Matilda US Limited	UK 08417755	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 ²	UK 07565512	Co-producer of the Matilda Miracle Tour in Australia. The company is dormant from 1 April 2022.	Ordinary	100%	Yes (Line by Line)
RSCA Limited	UK 02215521	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)

¹ 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.

² 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 2022 are shown in note 26.

Notes (continued)
(forming part of the accounts)

11 Fixed asset investments (continued)

(c) Subsidiaries (continued)

The financial results for the period were:

Statement of comprehensive income

	RSC Estates Limited		RSC Enterprise Limited	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Turnover/income	-	-	4,459	3,990
Cost of sales	-	-	(4,141)	(3,579)
Gross profit	-	-	318	411
Selling and distribution costs	-	-	(36)	(36)
Administration	(5)	(4)	(740)	(670)
Operating (loss)	(5)	(4)	(458)	(295)
Interest payable and similar charges	-	-	(8)	(9)
Tax credit	-	-	252	-
(Loss) for the period	(5)	(4)	(214)	(304)

	RSC Pre-Productions Limited		RSC Productions Limited		RSC Matilda Australasia Limited	
	2022	2021	2022	2021	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Turnover/income	14,951	1,319	-	-	-	-
Cost of sales	(16,187)	(1,643)	-	-	-	-
Gross (loss)	(1,236)	(324)	-	-	-	-
Administration	(21)	(5)	-	-	-	-
Operating (loss)	(1,257)	(329)	-	-	-	-
Tax credit	1,257	329	-	-	-	-
Profit for the financial period	-	-	-	-	-	-

Notes (continued)
(forming part of the accounts)

11 Fixed asset investments (continued)

(c) Subsidiaries (continued)

The financial results for the period were:

Statement of comprehensive income

	RSC Matilda US Limited		RSC Touring Limited	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Turnover/income	3	1	80	-
Cost of sales	-	-	(83)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Gross profit/ (loss)	3	1	(3)	-
Administration	(4)	(3)	3	-
	<hr/>	<hr/>	<hr/>	<hr/>
Operating (loss)	(1)	(2)	-	-
Tax credit	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Loss for the financial period	(1)	(2)	-	-
	<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.

Material components of trading income from subsidiaries are as follows:

	2022	2021
	£'000	£'000
Catering	762	54
Retail, programmes and licencing	860	515
Film tax relief	252	299
Audience of the future	825	1,681
Theatre tax relief	1,257	329
Other	472	2
	<hr/>	<hr/>
	4,428	2,880
	<hr/>	<hr/>

Notes (continued)
(forming part of the accounts)

12 Stocks and work in progress

	Consolidated		Corporation	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Work in progress	3,269	1,159	3,240	584
Goods for resale	109	129	-	-
	3,378	1,288	3,240	584

13 Debtors

	Consolidated		Corporation	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade debtors	1,126	44	762	12
Amounts due from subsidiary undertakings (note 26)	-	-	2,895	3,925
Other debtors	2,134	3,880	1	870
Prepayments	1,456	1,269	1,441	916
Accrued income	1,093	1,198	1,008	1,198
	5,809	6,391	6,107	6,921

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

14 Cash at bank and in hand

	Consolidated		Corporation	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Short term deposits	19,529	21,535	19,529	21,535
Cash at bank and in hand	7,131	5,441	6,028	4,101
	26,660	26,976	25,557	25,636

Notes (continued)
(forming part of the accounts)

15 Creditors: amounts falling due within one year

	Consolidated		Corporation	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Ticket advances	3,161	2,142	3,162	2,142
Trade creditors	1,576	1,236	1,475	884
Amounts due to subsidiary undertakings	-	-	1	-
Taxation and social security	592	368	489	344
Other creditors	291	185	266	159
Accruals	2,947	2,331	2,624	2,073
Deferred income	1,182	1,028	849	455
	9,749	7,290	8,866	6,057

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

	Consolidated		Corporation	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Deferred income and ticket advances at 1 April	3,170	4,593	2,597	4,203
Released in the year	(3,901)	(2,912)	(3,370)	(2,040)
Deferred in the year	5,074	1,489	4,784	434
Deferred income and ticket advances at 31 March	4,343	3,170	4,011	2,597

16 Creditors: amounts falling due after more than one year

	Consolidated		Corporation	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Repayable finance from Culture Recovery Fund	19,834	19,400	19,834	19,400
	19,834	19,400	19,834	19,400

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. The creditor falling due after more than one year represents the principal amount drawn down of £19.4m (2021: £19.4m) and accrued interest of £0.4m (2021: £nil).

Notes (continued)
(forming part of the accounts)

17 Provisions for liabilities

	Consolidated		Corporation	
	2022	2021	2021	2021
	£'000	£'000	£'000	£'000
1 April	288	372	288	372
Reduced provision in year	-	(84)	-	(84)
	<hr/>	<hr/>	<hr/>	<hr/>
31 March	288	288	288	288
	<hr/>	<hr/>	<hr/>	<hr/>

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

	<i>Note</i>	Consolidated		Corporation	
		2022	2021	2022	2021
		£'000	£'000	£'000	£'000
Financial assets:					
Financial assets at fair value through net income/expenditure					
- Listed Investments	11(b)	26,664	26,255	26,664	26,255
Debt instruments measured at amortised cost					
- Trade debtors	13	1,126	44	762	12
- Amounts due from subsidiary undertakings	13	-	-	2,895	3,925
- Accrued income	13	1,093	1,198	1,008	1,198
- Cash and short-term deposits	14	26,660	26,976	25,557	25,636
		<hr/>	<hr/>	<hr/>	<hr/>
Total		55,543	54,473	56,886	57,026
		<hr/>	<hr/>	<hr/>	<hr/>
Financial liabilities:					
Measured at amortised cost					
- Trade creditors	15	1,576	1,236	1,475	884
- Amounts due to subsidiary undertakings	15	-	-	1	-
- Other creditors	15	291	185	266	159
- Accruals	15	2,947	2,331	2,624	2,073
- Cultural recovery fund repayable finance	16	19,834	19,400	19,834	19,400
		<hr/>	<hr/>	<hr/>	<hr/>
Total		24,648	23,152	24,200	22,516
		<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)
(forming part of the accounts)

19 Funds

Consolidated	Balance at 1 April 2021 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains/(losses) on investments and other gains/(losses) £'000	Balance at 31 March 2022 £'000
Unrestricted						
General Operating Fund	29,640	38,192	(39,581)	(288)	459	28,422
Pension reserve	(411)	-	-	-	411	-
	29,229	38,192	(39,581)	(288)	870	28,422
Unrestricted Designated Funds						
Capital Expenditure Fund	1,088	-	(315)	299	-	1,072
Redevelopment Fund	4,167	-	-	-	-	4,167
TOP Collaboration Fund	294	25	(4)	(315)	-	-
Digital Development Fund	-	-	-	304	-	304
Total unrestricted designated funds	5,549	25	(319)	288	-	5,543
Total unrestricted funds	34,778	38,217	(39,900)	-	870	33,965
Endowment funds						
Expendable Endowment Fund	170	-	-	-	(2)	168
Actors' Fund	4,981	-	(38)	-	381	5,324
Catalyst Fund	1,536	-	(11)	-	121	1,646
Paul Hamlyn Endowment Fund	6,961	192	-	(280)	169	7,042
Total endowment funds	13,648	192	(49)	(280)	669	14,180
Restricted						
Sir Fordham Flower Fund	8	-	-	-	-	8
Fanny Bradshaw Fund	272	-	(1)	-	16	287
Theatrical Profession Relief Fund	728	28	(409)	-	49	396
Swan Auditorium Fund	550	-	(19)	-	-	531
Redevelopment Fund	68,367	-	(795)	-	-	67,572
Collection Fund	80	-	(80)	-	-	-
Artist Development Fund	-	268	(268)	-	-	-
Creative Fellowship Fund	14	-	-	-	-	14
Swan Wing Capital Fund	207	-	(18)	-	-	189
TOP Capital Fund	5,857	-	(226)	-	-	5,631
New York Residency Fund	87	-	-	-	-	87
Costume Workshop Capital Fund	4,301	189	(403)	-	-	4,087
Audience of the Future Fund	-	804	(804)	-	-	-
Literary Writing Programme Fund	217	-	(59)	-	-	158
Paul Hamlyn Foundation	-	-	(280)	280	-	-
Total restricted income funds	80,688	1,289	(3,362)	280	65	78,960
Total restricted/endowment funds	94,336	1,481	(3,411)	-	734	93,140
Total funds	129,114	39,698	(43,311)	-	1,604	127,105

Notes (continued)
(forming part of the accounts)

19 Funds (continued)

Consolidated	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
Unrestricted						
General Operating Fund	24,266	32,128	(28,673)	370	1,549	29,640
Pension reserve	-	-	-	-	(411)	(411)
	24,266	32,128	(28,673)	370	1,138	29,229
Unrestricted Designated Funds						
Capital Expenditure Fund	1,122	109	(143)	-	-	1,088
Redevelopment Fund	4,167	-	-	-	-	4,167
TOP Collaboration Fund	305	14	(25)	-	-	294
Total unrestricted designated funds	5,594	123	(168)	-	-	5,549
Total unrestricted funds	29,860	32,251	(28,841)	370	1,138	34,778
Endowment funds						
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
Total endowment funds	5,823	7,000	(45)	-	870	13,648
Restricted						
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
Audience of the Future Fund	-	1,646	(1,646)	-	-	-
Literary Writing Programme Fund	267	-	(50)	-	-	217
Total restricted income funds	82,909	3,848	(5,947)	(370)	248	80,688
Total restricted/endowment funds	88,732	10,848	(5,992)	(370)	1,118	94,336
Total funds	118,592	43,099	(34,833)	-	2,256	129,114

Notes (continued)
(forming part of the accounts)

19 Funds (continued)

Corporation	Balance at 1 April 2021 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains/(losses) on investments and other gains/(losses) £'000	Balance at 31 March 2022 £'000
Unrestricted						
General Operating Fund	29,227	50,669	(51,745)	(288)	459	28,322
Pension reserve	(411)	-	-	-	411	-
	28,816	50,669	(51,745)	(288)	870	28,322
Unrestricted Designated Funds						
Capital Expenditure Fund	1,088	-	(315)	299	-	1,072
Redevelopment Fund	4,167	-	-	-	-	4,167
TOP Collaboration Fund	294	25	(4)	(315)	-	-
Digital Development Fund	-	-	-	304	-	304
Total unrestricted designated funds	5,549	25	(319)	288	-	5,543
Total unrestricted funds	34,365	50,694	(52,064)	-	870	33,865
Endowment funds						
Expendable Endowment Fund	170	-	-	-	(2)	168
Actors' Fund	4,981	-	(38)	-	381	5,324
Catalyst Fund	1,536	-	(11)	-	121	1,646
Paul Hamlyn Endowment Fund	6,961	192	-	(280)	169	7,042
Total endowment funds	13,648	192	(49)	(280)	669	14,180
Restricted						
Sir Fordham Flower Fund	8	-	-	-	-	8
Fanny Bradshaw Fund	272	-	(1)	-	16	287
Theatrical Profession Relief Fund	728	28	(409)	-	49	396
Swan Auditorium Fund	550	-	(19)	-	-	531
Redevelopment Fund	68,367	-	(795)	-	-	67,572
Collection Fund	80	-	(80)	-	-	-
Artist Development Fund	-	268	(268)	-	-	-
Creative Fellowship Fund	14	-	-	-	-	14
Swan Wing Capital Fund	207	-	(18)	-	-	189
TOP Capital Fund	5,857	-	(226)	-	-	5,631
New York Residency Fund	87	-	-	-	-	87
Costume Workshop Capital Fund	4,301	189	(403)	-	-	4,087
Literary Writing Programme Fund	217	-	(59)	-	-	158
Paul Hamlyn Foundation	-	-	(280)	280	-	-
Total restricted income funds	80,688	485	(2,558)	280	65	78,960
Total restricted/endowment funds	94,336	677	(2,607)	-	734	93,140
Total funds	128,701	51,371	(54,671)	-	1,604	127,005

Notes (continued)
(forming part of the accounts)

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
Unrestricted						
General Operating Fund	23,231	31,120	(27,043)	370	1,549	29,227
Pension reserve	-	-	-	-	(411)	(411)
	23,231	31,120	(27,043)	370	1,138	28,816
Unrestricted Designated Funds						
Capital Expenditure Fund	1,122	109	(143)	-	-	1,088
Redevelopment Fund	4,167	-	-	-	-	4,167
TOP Collaboration Fund	305	14	(25)	-	-	294
Total unrestricted designated funds	5,594	123	(168)	-	-	5,549
Total unrestricted funds	28,825	31,243	(27,211)	370	1,138	34,365
Endowment funds						
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
Total endowment funds	5,823	7,000	(45)	-	870	13,648
Restricted						
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
Total restricted income funds	82,909	2,202	(4,301)	(370)	248	80,688
Total restricted/endowment funds	88,732	9,202	(4,346)	(370)	1,118	94,336
Total funds	117,557	40,445	(31,557)	-	2,256	128,701

Notes (continued)
(forming part of the accounts)

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.

The Paul Hamlyn Endowment Fund was set up following a £7m endowment received in December 2020. 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. If approved by the Paul Hamlyn Foundation (on an annual basis) a transfer is made of income generated from the Endowment Fund to the Paul Hamlyn Foundation restricted income fund below, to be utilised against relevant educational expenditure.

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 represented 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 was £1.8m over five years, 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 400th 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 in the prior year.

Notes (continued)
(forming part of the accounts)

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 £Nil (2021: £1,113,783) of Arts Council Capital Grant funding. Income received in the prior year was spent in that year. 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 two years.

The Paul Hamlyn Foundation Fund represents education activity funded by income generated by the Paul Hamlyn Endowment Fund, as described above.

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 2023. 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.

The Digital Development Fund was designated in January 2022, following the conclusion of the *Audience of the Future* project in December 2021. It represents the surplus match funding provided to support the original project and will allow the RSC to build upon the digital innovation work achieved over the past few years. This includes incorporating digital tools into production and audience processes and a programme of Digital R&D.

Unrestricted funds

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

Notes (continued)
(forming part of the accounts)

19 Funds (continued)

Transfers between funds

The transfers between funds consist of:

- Transfer of £299,000 (2021: £Nil) from the General Operating Fund to the Capital Expenditure Fund to cover the cost of assets replaced during the year ended 31 March 2022.
- Transfer of £303,903 (2021: £Nil) from the General Operating Fund to the Digital Development Fund in order to designate the surplus match funding from the *Audience of the Future* project.
- Transfer of £315,725 (2021: £Nil) from the TOP Collaboration 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).
- Transfer of £279,520 (2021: £Nil) from the Paul Hamlyn Endowment Fund to the Paul Hamlyn Foundation Restricted Fund, being the first year following the receipt of the Endowment and for which the RSC received approval to drawdown the income generated from the endowment investment to support charitable educational work.

20 Analysis of net assets between funds

Consolidated

At 31 March 2022	Tangible fixed assets £'000	Other fixed asset investments £'000	Net current assets/ liabilities £'000	Provisions, creditors due after more than one year and pension deficit £'000	Total £'000
Endowment Funds					
Expendable Endowment Fund	-	168	-	-	168
Actors' Fund	-	5,324	-	-	5,324
Catalyst Fund	-	1,640	6	-	1,646
Paul Hamlyn Endowment Fund	-	7,069	(27)	-	7,042
Restricted funds					
Sir Fordham Flower Fund	-	-	8	-	8
Fanny Bradshaw Fund	-	223	64	-	287
Theatrical Profession Relief Fund	-	428	(32)	-	396
Swan Auditorium Fund	531	-	-	-	531
Redevelopment Fund	67,572	-	-	-	67,572
Creative Fellowship Fund	-	-	14	-	14
Swan Wing Capital Fund	189	-	-	-	189
TOP Capital Fund	5,631	-	-	-	5,631
New York Residency Fund	-	-	87	-	87
Costume Workshop Fund	4,087	-	-	-	4,087
Literary Writing Programme Fund	-	-	158	-	158
Unrestricted and designated funds	13,415	14,852	25,820	(20,122)	33,965
	91,425	29,704	26,098	(20,122)	127,105

Notes (continued)
(forming part of the accounts)

20 Analysis of net assets between funds (continued)

Consolidated

At 31 March 2021	Tangible fixed assets £'000	Other fixed asset investments £'000	Net current assets/ (liabilities) £'000	Provisions, creditors due after more than one year and pension deficit £'000	Total £'000
Endowment Funds					
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
Restricted funds					
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
Unrestricted and designated funds	13,179	14,516	27,182	(20,099)	34,778
	92,461	29,387	27,365	(20,099)	129,114

Notes (continued)
(forming part of the accounts)

20 Analysis of net assets between funds (continued)

Corporation

At 31 March 2022

	Tangible fixed assets £'000	Other fixed asset investments £'000	Net current assets/ (liabilities) £'000	Provisions, creditors due after more than one year and pension deficit £'000	Total £'000
Endowment Funds					
Expendable Endowment Fund	-	168	-	-	168
Actors' Fund	-	5,324	-	-	5,324
Catalyst Fund	-	1,640	6	-	1,646
Paul Hamlyn Endowment Fund	-	7,069	(27)	-	7,042
Restricted funds					
Sir Fordham Flower Fund	-	-	8	-	8
Fanny Bradshaw Fund	-	223	64	-	287
Theatrical Profession Relief Fund	-	428	(32)	-	396
Swan Auditorium Fund	531	-	-	-	531
Redevelopment Fund	67,572	-	-	-	67,572
Creative Fellowship Fund	-	-	14	-	14
Swan Wing Capital Fund	189	-	-	-	189
TOP Capital Fund	5,631	-	-	-	5,631
New York Residency Fund	-	-	87	-	87
Costume Workshop Fund	4,087	-	-	-	4,087
Literary Writing Programme Fund	-	-	158	-	158
Unrestricted and designated funds	13,415	14,812	25,760	(20,122)	33,865
	91,425	29,664	26,038	(20,122)	127,005

Notes (continued)
(forming part of the accounts)

20 Analysis of net assets between funds (continued)

At 31 March 2021	Tangible fixed assets £'000	Other fixed asset investments £'000	Net current assets/ (liabilities) £'000	Provisions, creditors due after more than one year and pension deficit £'000	Total £'000
Endowment Funds					
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
Restricted funds					
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
Unrestricted and designated funds	13,287	14,384	26,793	(20,099)	34,365
	92,569	29,255	26,976	(20,099)	128,701

Notes (continued)
(forming part of the accounts)

21 Analysis of cash and cash equivalents

	Consolidated		Corporation	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Cash in hand	7,131	5,441	6,028	4,101
Notice deposits (less than 3 months)	19,529	21,535	19,529	21,535
Total cash and cash equivalents	26,660	26,976	25,557	25,636

22 Analysis of changes in net debt

	1 April 2021	Cash flows	Non-cash flows	At 31 March 2022
	£'000	£'000	£'000	£'000
Cash in hand	5,441	1,690	-	7,131
Notice deposits (less than 3 months)	21,535	(2,006)	-	19,529
Total cash and cash equivalents	26,976	(316)	-	26,660
Repayable finance from Culture Recovery Fund	(19,400)	-	(434)	(19,834)
	7,576	(316)	(434)	6,826

23 Financial and capital commitments

Consolidated and Corporation

Total commitments under operating leases are payable:

	2022		2021	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Within one year	315	28	499	84
In the second to fifth years inclusive	727	-	782	23
After five years	869	-	1,055	-
	1,911	28	2,336	107

At 31 March 2022, capital expenditure contracted but not provided for was £837,000 (2021: £Nil).

Notes (continued)
(forming part of the accounts)

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% (2021: 6%) on earnings up to the Upper Accrual Point (UAP) and 7.5% (2021: 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 £432,859 (2021: £543,787). The unpaid contributions outstanding at the year end, included in other creditors (note 15) were £38,741 (2021: £35,568).

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% (2021: 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% (2021: 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 £879,159 (2021: £988,548). The unpaid contributions outstanding at the year end, included in other creditors (note 15) were £77,192 (2021: £78,099).

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 are 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 2022 the Corporation did not make any contributions into the scheme (2021: £Nil), in line with the independent actuary's recommendations. The Scheme made no discretionary increase in respect of pensions accrued pre-1997 (2021: nil%). 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 an irrecoverable pension surplus for the year to 31 March 2022 of £450,000 (2021: deficit of £411,000).

There were no unpaid contributions outstanding at the year-end (2021: £Nil).

The latest actuarial valuation took place on 31 March 2020 and was updated for FRS 102 purposes to 31 March 2022 by a qualified independent actuary. The principal actuarial assumptions used are shown below:

	2022	2021
	% per	% per
	Annum	Annum
Main financial assumptions - Liabilities		
Discount rate	2.60	2.00
Rate of inflation (RPI)	3.50	3.10
Rate of inflation (CPI)	3.10	2.70
Rate of increase to pensions in payment		
CPI inflation up to a maximum of 5%	3.10	2.70
CPI Inflation up to a maximum of 2.5%	2.30	2.20

Notes (continued)
(forming part of the accounts)

24 Pensions (continued)

Mortality assumptions

	2022	2021
Assumed life expectancies on retirement at age 65 are:		
Males retiring immediately	22.2	22.1
Females retiring immediately	24.6	24.5
Males retiring in 20 years' time	23.5	23.5
Females retiring in 20 years' time	26.0	25.9

Scheme assets

	2022	2021
The assets in the Scheme were:	£'000	£'000
Equity	-	15,091
Fixed interest	9,179	11,933
Property	329	-
Cash	2,580	(75)
Credit and Diversified Private Debt	14,052	-
	<hr/>	<hr/>
Fair value of scheme assets	26,140	26,949
	<hr/>	<hr/>

	2022	2021
	£'000	£'000
Actual return on assets over the period	70	1,948
	<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 2022 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 2022. The liability of £411,000 as at 31 March 2021 was shown on the Balance Sheet.

The amounts recognised in the Statement of Financial Activities are:

	2022	2021
	£'000	£'000
Actuarial (gain)/ loss on liabilities	(1,329)	4,219
Return on assets, excluding interest income	460	(1,365)
Change in effect of the asset ceiling, excluding interest income	450	(2,443)
	<hr/>	<hr/>
Other recognised (gains)/ losses	(419)	411
	<hr/>	<hr/>
Total amount recognised in the Statement of Financial Activities	(411)	411
	<hr/>	<hr/>

Notes (continued)
(forming part of the accounts)

24 Pensions (continued)

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

	2022	2021
	£'000	£'000
Benefit obligation at the beginning of the year	(27,360)	(23,366)
Interest cost	(538)	(528)
Actuarial gain /(loss) on scheme liabilities *	1,329	(4,219)
Net benefits paid out	879	753
	<hr/>	<hr/>
Benefit obligation at the end of year	(25,690)	(27,360)
	<hr/>	<hr/>

* Includes changes to the actuarial assumptions

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

	2022	2021
	£'000	£'000
Opening fair value of scheme assets	26,949	25,754
Interest income on scheme assets	530	583
Return on assets, excluding interest income	(460)	1,365
Benefits paid	(879)	(753)
	<hr/>	<hr/>
Fair value of scheme assets at the end of year	26,140	26,949
	<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 2022 was £Nil (2021: £1,521).

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. No interest was due to the Corporation from RSC Matilda US Limited during the current or prior year. The loan in the prior year 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)
(forming part of the accounts)

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 2022 were:

Organisation Name	Nature of transaction	2022 £	2021 £
<i>Subsidiary undertakings</i>			
RSC Enterprise Limited	Rental, utilities recharges and management charges from parent undertaking	152,711	7,314
	Charges to parent undertaking for programmes, catering, theatre tours and commissioning fees	(1,411,375)	(19,218)
RSC Productions Limited	Gift Aid	-	295
RSC Matilda Australasia Limited	Gift Aid	-	295
RSC Pre-Productions Limited	Commissioning fee	(14,950,718)	(1,318,938)
	Pre-production costs	16,187,033	1,643,172
RSC Touring Limited	Commissioning fee	-	-
<i>Joint ventures</i>			
Arden Hotel Waterside LLP	Accommodation charges	(10,801)	(633)
	Sale of / (commission) on tickets and catering charges	4,667	(341)

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

Organisation Name	Balance due from Corporation at 31 March 2022 £	Balance due to Corporation at 31 March 2022 £	Balance due from Corporation at 31 March 2021 £	Balance due to Corporation at 31 March 2021 £
RSC Enterprise Limited	-	579,731	-	1,156,974
RSC Productions Ltd	-	-	-	295
RSC Matilda Australasia Ltd	-	-	-	295
RSC Pre-Productions Limited	-	1,560,599	-	1,934,836
RSC Estates Limited	-	2,500	-	2,500
RSC Matilda US Limited	1,054	-	-	1,521
RSC Touring Limited	-	752,108	-	828,758
Arden Hotel Waterside LLP	2,473	-	-	-

Notes (continued)
(forming part of the accounts)

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 Catherine Mallyon and Gregory Doran have been council members during the year, invoiced £97,850 in the year (2021: £97,500) 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 £54,225 (2021: £Nil). The Shakespeare Birthplace Trust were invoiced £Nil (2021: £42) in the year for various items including ticket sales and costume hire. The balance owing at the end of the year was £Nil (2021: £Nil).
- Andrew Miller is a national council member of Arts Council England. Catherine Mallyon was also a national council member until March 2022. During the year, the Corporation received a National Portfolio Organisation grant of £15,259,706 (2021: £15,259,706). Other grants totalling £Nil (2021: £1,156,443) were receivable by the Corporation.
- Intermission Youth, of which Amanda Parker is also a Trustee, has been working with the Learning and National Partnerships team at the RSC during the year as a Theatre partner. During the year the Corporation paid a total of £2,188 (2021: £Nil) for their services. The balance owed at the end of the year was £Nil (2021: £Nil).
- 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.
- A proportion of the indemnity insurance equating to £5,900 (2021: £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 liability of the other members of the group that were not recognised in the Corporation's own balance sheet as at 31 March 2022 was £81,022 (2021: debtor of £63,355).

Notes (continued)
(forming part of the accounts)

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. (2021: £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. (2021: £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. (2021: £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. Following the conclusion in June 2021 of the triennial valuation as at 31 March 2020, a deed of variation to this charge was approved, which increased the value of this charge to £6,845,000 (2021: £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 £846,317 (2021: £784,349) 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 (2021: £2,146,800) had been made to the RSC.

30 Post Balance Sheet Events

The level of grant income funding from Arts Council England for the three years from 2023/24 to 2025/26 was confirmed on 4 November 2022 at £15.3m per annum, the same level as that received in FY22 and receivable in FY23.

Due to adverse market movements, the valuation of the investments held as at 31 March 2022 has fallen by approximately £1.8m subsequent to the year end. However, the Company has recently invested a further £12m of cash, and thus the balance of investments at the date of signing these accounts is approximately £37m.