

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

Registered charity number 212481

Report and consolidated financial
statements

Year ended 31 March 2023

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Trustees' report

The Trustees are pleased to present their annual report together with the consolidated financial statements of The Royal Shakespeare Company ("RSC", "the Company" or "the Corporation") and its subsidiaries for the year ending 31 March 2023.

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 brands. It is a critical national asset, 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 Arts Council England (ACE) National Portfolio Organisations (NPOs), 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 are a theatre and learning charity that strives to create world class theatre, made in Stratford-upon-Avon and shared around the world, performing plays by Shakespeare and his contemporaries, as well as commissioning an exceptionally wide range of original work from contemporary writers. Our purpose is to ensure that Shakespeare is for everyone, which we do by unlocking the power of his plays and through live performance and our learning and education work throughout the UK and across the world.

We believe everybody's life is enriched by culture and creativity. We have trained generations of the very best theatre makers and we continue to nurture the talent of the future. Our transformative Learning and National Partnerships work reaches over half a million young people and adults each year, and through our Creative Placemaking and Public Programme, we create projects with and for communities who have not historically engaged with our work. We are a leader in creative immersive technologies and digital development.

We have a proud history of innovation, diversity and excellence on stage and are determined to grasp the opportunity with new artistic leadership to become the most creative, relevant and ambitious organisation that we can be.

We have one of the UK's largest arts learning programmes, working with over 1,000 schools each year to broaden access to high quality arts learning and transform experiences of Shakespeare in schools. Through our national Associate Schools programme with schools and regional theatres we target areas of structural disadvantage, including 26 areas of multiple deprivation across the country, from Cornwall to Middlesbrough. Research shows that our approaches to teaching Shakespeare support the development of reading and writing skills, accelerate language acquisition and development, raise aspirations and improve student attitudes to school and learning in general. They also foster well-being, self-esteem, empathy, resilience and tolerance and promote critical-thinking, creative, analytical, communication and problem-solving skills.

We are committed to being a teaching and learning charity and we are the first (and currently only) performing arts organisation to have been awarded Independent Research Organisation status. We create world class theatre for, with and by audiences and theatre makers of all ages. We provide training for emerging and established theatre makers and arts professionals, for teachers and for young people. We share learning formally and informally. We embed training and research across our Company, work and processes.

We recognise the climate emergency and work hard to embed environmental sustainability into our operations, creative work and business practice, making a commitment to continually reduce our carbon footprint.

The RSC holds a unique position in the global theatre landscape and the cultural life of the country.

Objectives and Activities (continued)

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 vision, purpose and mission listed above remained in place for the year being reported within this document, which was the final year of our current Business Plan. From April 2023, we moved to a new plan with refreshed values reflecting the RSC in a post Covid world, new ACE requirements relating to Activities and Investment Principles and acknowledging a period of transition to new artistic leadership.

Once again, our eight strategic aims continued to guide us through this period although some continued to be delivered in different ways through this ongoing period of recovery.

- **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.

Objectives and Activities (*continued*)

These continued 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).
- **Equity, Diversity, Justice and Inclusion Action Plan** – ensuring we are for everyone.
- **Environmental Sustainability Policy and Action Plan** – playing our part in reducing adverse environmental impact.
- **Digital Plan** – covering innovation, systems and infrastructure.

Achievements and Performance

The year ending 31 March 2023 saw us return to more familiar ways of working and whilst audiences were more cautious in the early part of the year, by the end of the financial year we saw much greater confidence. At the same time, we acknowledged that for some more vulnerable segments of our audiences, returning to crowded spaces still held significant fear, we therefore continued to offer some socially distanced performances in the Royal Shakespeare Theatre (“RST”) until July 2023 to reassure audiences and make sure everyone felt as welcome and as safe as possible.

All activities were made possible with the continued support of our workforce, audiences and supporters including the loan from the Culture Recovery Fund (CRF Loan). It has continued to be an extraordinary time for all colleagues with recovery from the pandemic continuing and with ongoing challenges and impact to all, personally and organisationally. We thank everybody including our artists, partners and supporters, for their dedication, patience and commitment to the RSC. The following highlights some of our key achievements through the period:

Stratford Strategy

Highlights and milestones in the year ending 31 March 2023, in Stratford, are included in the list below, which is not exhaustive but is intended to demonstrate our work on stage, and also off stage in partnership with communities and other work that furthers our charitable objectives. The following Stratford Strategy section takes in key organisational moments during the period such as change of Artistic Leadership.

In **April**, we opened *Henry VI Part I (Rebellion) and Part II (War of the Roses)*. Directed by Owen Horsley, these two productions saw 70 community performers from six regions of England join our professional company to tell this thrilling tale of England at war. We also:

- Announced that Gregory Doran, following his period of compassionate leave to care for his late husband Antony Sher, would be stepping down as RSC Artistic Director, but would take on the role of Artistic Director Emeritus during 2023 to mark the 400th anniversary of the folio, and that Erica Whyman, formerly Deputy Artistic Director would take up the role of Acting Artistic Director while the search for Gregory’s successor was underway.
- Launched *Room For the Soul* a co-created natural living room of memories for The Dell, in partnership with *Stratford SIO Forest of Hearts* with lead artist Faye Claridge.
- In celebration of Shakespeare’s Birthday, we commissioned a day of street performances and workshops with Autin Dance Theatre, *Out Of The Blue* featuring a 13-foot Sea Giant puppet Echo.

In **May**, we supported a fundraising concert in aid of Ukraine and were joined by Associate Artist Sam West alongside Jim Broadbent as well as the Stratford based Orchestra of the Swan.

June saw Arthur Hughes make his acclaimed RSC title role debut in *Richard III*, the first time that the part of Richard III has been performed by a disabled actor in the RSC’s history. The production directed by Gregory Doran was also broadcast live, direct into UK classrooms for free, including a supporting package of online resources designed to give students a unique insight into the creative process and interpretive choices that directors and actors make as they prepare to stage a new production. It was also broadcast in cinemas in September 2022. We also joined in the town wide celebrations of our Patron, the now Late Queen Elizabeth’s Jubilee with family activities and themed afternoon teas.

July saw the return of our popular, free, outdoor stage The Dell, hosting a range of lively student, community and semi-professional productions. We launched a giant Guessing Game *Who Is It That Can Tell Me Who I*

Achievements and Performance *(continued)*

Stratford Strategy *(continued)*

Am, with characters inspired by people of Stratford-upon-Avon, statues from around the town and characters in Shakespeare's plays, designed with the RSC Team and lead artist Saadia Hipkiss.

August saw the opening of our new main stage production of *All's Well That End's Well*. Shakespeare's enduring dark comedy, exploring themes of romantic fantasy, toxic masculinity and consent for the social media generation was directed by Blanche McIntyre with Rosie Sheehy in the role of Helena.

In **September**, we marked the sad passing of Her Majesty Queen Elizabeth II, the RSC's Patron since 1961 and hosted a screening of the State Funeral in the RST auditorium for the people of Stratford.

We announced that Daniel Evans and Tamara Harvey had been appointed as the new RSC Co-Artistic Directors. Daniel at the time of announcement was Artistic Director at Chichester Festival Theatre and Tamara Artistic Director at Theatre Clwyd. They took up their new roles with the company on 5 June 2023.

Workshops began for *Re-imagining Collections* funded by Artfund, working with local groups *GAGA Yarn Bombers*, *Welcome Here* and *Stratford-upon-Avon College* to co-curate exhibitions for the reopening of *The Play's The Thing* exhibition.

Work began on scoping key transport projects: *You.Smart.Thing*, *West Midlands On Demand Bus Service Expansion*, and *Public Transport Subsidy for Schools*.

During **October** and **November**, we welcomed audiences back to our Studio Theatre at The Other Place with a new *Mischief Festival*. The Festival comprised of two brand new plays, originally planned and programmed for production prior to the pandemic which explored contemporary Britain today – *O, Island!* by Nina Segal and *Ivy Tiller: Vicar's Daughter, Squirrel Killer* by Bea Roberts.

In October workshops began on ثلاثة خيوط ذهبية *Three Gold Threads*, with artist and composer Liz Gre and nine local women two of whom are part of the refugee community to explore untold stories surrounding Shakespeare's First Folio, readdressing the balance of who engages with Shakespeare's stories.

As part of the world premiere of *My Neighbour Totoro* we launched *Like I Care*, a project with *Warwickshire Young Carers*, inspired by the two sisters in the production. Nine young people, with caring responsibilities aged 7 to 14, from Warwickshire became our co-creators with *Pickle Design* and spoken word artist Kurly McGeachie, creating a structure for the Barbican and vinyl artwork for a shop window in Stratford-upon-Avon.

We worked with local sustainability group *Rubbish Friends* and *Escape Arts*, to collect rubbish for *The Tempest* set and create an installation, *Wrecked*, for the Royal Shakespeare Theatre led by artist Michell Reader.

December saw the calendar year draw to a close with a revival of David Edgar's acclaimed version of *A Christmas Carol* with Adrian Edmondson as Scrooge in a sell-out run in the RST. We also announced the world premiere stage adaptation of Maggie O'Farrell's best-selling novel *Hamnet*. Directed by Erica Whyman and adapted by Lolita Chakrabarti this production would also reopen the Swan Theatre after a closure period of 3 years due to the pandemic and also a significant refurbishment of the space. The show sold out within a few weeks of announcement.

We held an *Open Space* for the sector in partnership with the *Guildhall School of Music and Drama*, *Improbable* and *Arts Connect*, asking the question *What is the point of Creative Placemaking*. Over 35 organisations from across the UK attended.

In **January**, we opened a critically acclaimed production of *The Tempest*, directed by Elizabeth Freestone with Alex Kingston as Prospero and introducing Jessica Rhodes as Miranda. This was the first production in an experimental year of 5 stand-alone productions rather than our usual repertoire model. The choice of these particular 5 plays, were grouped under the season title of 'Power Shifts' as they explore political power, the crumbling of imperial power, the power of young people to free themselves from expectation and find powerful new ways of living and the terrible psychological destruction of the murderous desire for power. The plays also celebrated the 400th anniversary of the publication of Shakespeare's First Folio and are some of the ones that would have been lost had it not been for the publication of this important book.

Achievements and Performance *(continued)*

Stratford Strategy *(continued)*

We opened a weekly *Warm Hub* for our community, which included free drinks, snacks and access to Wi-Fi, with a creative programme led by textile artist Roz Shabazz-Johnson.

We launched a free ticket programme with *Welcome Here*, for refugees living in Stratford.

In **February**, Director Atri Banerjee's bold new take on *Julius Caesar* designed to be played in Stratford for a short run before heading off on a UK tour visiting 9 theatres across the country. This contemporary production saw Thalissa Teixeira and Kelly Gough play the roles of Brutus and Cassius.

We worked with *The Street Arts Theatre Group* (who work with people who are homeless) to co-create an exhibition for The Fred Winter Centre *The Other Side Of Us*, featuring images of participants in costumes they selected from RSC costume hire as part of a wellbeing and empowerment project. Work began with artist Tom Cross on *The RSC Sensory Trail*, in partnership with *ILeap*, *Orchestra of the Swan Café Muse* and the *RSC Front of House Team*, to support people to experience the building through sensory interaction. And we launched a research and development project *Around Town* working with over 160 creatives, to research the potential of a town co-curated festival of comedy and spoken word.

In **March**, we launched *At The Forests Edge*, a large-scale contemporary installation project co-produced with six community organisations: *Copernicana CIC*; *Clopton Connect*; *New Meaning*; *Sporting Memories Stratford-upon-Avon Sports Club*; *Escape Arts*; and the *Fred Winters Centre*.

In partnership with *Stratford Strategic Partnership*, we launched six co-designed *Bollards* depicting images of the town, and working with the *Shakespeare Birthplace Trust*, we agreed an 18-month extension to the current Archive SLA.

Throughout this financial year the Creative Placemaking and Public Programmes Team have developed a new way of working with the *RSC Collection*, putting this at the heart of our work. Key projects have included Collections de-colonisation research, Collections loans, a Collection Digitisation and conservation project. The team create deep relationships with hyperlocal Stratford communities, investing in bold open access placemaking to improve wellbeing. Co-creating with diverse audiences, sharing & engaging regionally, and transforming neighbourhoods through democratised platforms. Work is developed via three strands:

- **Community:** making the Stratford cultural experience exciting, accessible, inclusive and available to those living in or traveling to Stratford.
- **Placemaking:** projects to enliven the Stratford experience through a world class community powered programme, maintaining and growing artistic excellence.
- **Change:** profiling new voices, ways of working and partnerships within our onstage programme, sector conversations and ground-breaking collections and conservation work.

In line with new ways of working through co-production our ongoing public programme of: *Director talks*, *Creative Team Talks*, *Unwrapped*, *Post-show Lates*, and *Podcasts* have been designed in partnership with community groups and creatives, supporting further democratisation and engagement.

Achievements and Performance *(continued)*

London Strategy

Highlights in the year ending 31 March 2023, in London, are as follows:

- *Matilda The Musical* continued **year-round** at The Cambridge Theatre London playing to packed houses and the highest advance in a decade, helped in part by the success of the movie version released by SONY/Netflix. The reopening success looked far from certain at points post pandemic, but the continued care and attention of the production has helped it maintain its position as a premium show in the West End landscape. The Box Office success is also replicated in secondary spend around merchandise with some of the highest grossing weeks ever in recent months. All this contributes positively to the earned income that plays such a critical role in the RSC's overall finances. The London production is currently booking to December 2024.
- In **April** 2022, we announced that the world premiere stage adaptation of *My Neighbour Totoro* would take place at the Barbican in the winter. Produced in partnership with Joe Hisaishi, Improbable and Nippon TV, the production would be based on the beloved Studio Ghibli film by Hayao Miyazaki. An acclaimed international creative team came together including Phelim McDermott as Director, with puppets built by Jim Henson's Creature Shop in Los Angeles to Basil Twist's incredible designs. Once booking opened to the general public it broke Box Office records at the Barbican for the most tickets sold in a single day. Following the Press Night in October and garnering a slew of 5* reviews it went onto win 5 Whatsonstage Awards and then 6 Olivier Awards (having led the field with 9 nominations). A return visit to the Barbican from 21 November 2023 to 23 March 2024 was announced in April 2023.
- Following the success of the advance sales period, we announced in **March** 2023, prior to the show opening in the Swan, that *Hamnet* would transfer to the Garrick Theatre, London for a limited engagement from September 2023 – January 2024.

Education Strategy and National Engagement Strategy

In 2022/23, we changed the name of the Education Department to **Learning and National Partnerships** to better reflect the department's remit to lead both education and national engagement work. The primary purpose of our Learning and National Partnerships work is to redefine who enjoys, shapes, learns about and participates in Shakespeare's work. We do that through five interconnected programmes:

- **National Partnerships** – through our Associate Schools Programme, we work in partnership with schools, communities and regional theatres to co-design year round programmes of theatre-making inspiring creative change & enriching national research.
- **Youth Voice and Talent Development** – through our Associate Schools Programme, we support young people in areas of structural disadvantage to lead change in their schools and communities as they co-design and participate in theatre-based talent development and leadership pathways towards paid training and employment.
- **Learning** - creative opportunities to learn about and through Shakespeare's plays, developed for & with children, young people & teachers. Workshops, conferences, teacher training & online materials that transform attitudes & approaches to Shakespeare.
- **Research** - establishing the RSC as a unique independent research organisation ("IRO"), a national centre for teaching, training, learning & research about Shakespeare, the performing arts, immersive technologies in performance & engagement, & the civic mission of arts organisations.
- **Shakespeare Nation & touring work**- Shakespeare tours in levelling up for culture areas. No 1 5-week tour of Julius Caesar - co created with Associate Theatre communities; First Encounters tour planned & made with & for young people & families. Focus on environmental sustainability.

Achievements and Performance *(continued)*

Education Strategy and National Engagement Strategy *(continued)*

Progress against overall **objectives** for Learning and National Partnerships 2022/23 (Education strategy and National Engagement strategies).

Objective	Progress against objective 22/23
1 Build co-created partnerships with 30 clusters of schools and 12 regional theatres across England through our Associate Schools Programme.	We have maintained and strengthened relationships with 25 clusters of schools and theatres across England in areas of structural disadvantage. We have additionally built a pathway schools programme with 11 schools participating from which we will formally invite 5 to establish new partnership clusters to commence from 23/24.
2 Work with at least 750 schools in 50 ACE priority areas.	We have worked with 769 schools in 22/23 in 74 levelling up for culture areas.
3 Produce 16 regional festivals of young people's work and a national Playmaking Festival in Stratford involving a minimum of 100 young people.	We produced 17 festivals of young people's performance work in schools and regional theatres across England involving 2,222 young people with an audience of 2,902. Our Stratford Playmaking Festival in July 2022 featured 390 children and young people from 47 partner schools and colleges from Blackpool, Cornwall, County Durham, Cumbria, Hull, Stratford upon Avon, North Staffordshire and Suffolk performing <i>Much Ado About Nothing</i> in the RST.
4 Work with 2,000 primary and secondary school teachers across the UK through delivering a minimum of 108 INSET days.	We delivered a total of 108 INSET days working with 1670 primary, secondary and SEND school teachers.
5 Develop community-based creative change-makers through 420 young Shakespeare Ambassadors, 30 Youth Advisory Board members, 50 young people in the Warwickshire CEP and 50 adult Shakespeare Champions in collaboration with regional theatre partners and schools.	We have worked with: 420 Shakespeare Ambassadors. 27 Youth Advisory Board members. 81 Shakespeare Champions. 33 Cultural Education Partnership members.
6 Provide talent development opportunities for a minimum of 100 young people through Next Generation Act, Backstage and Direct.	110 young people participated in Next Generation talent development programmes.
7 Engage 98 artists in the delivery of 75% of Learning and National Partnerships outputs across 900 delivery days.	We have engaged 123 artists in the delivery of 83% of 906 days of activity with children, young people and adults.
8 Develop new mixed method research measures that contribute to understanding the difference Shakespeare and RSC teaching approaches make to the inclusion and engagement of children in schools.	We have launched <i>Time to Act</i> , our research programme funded by the Paul Hamlyn Foundation. <i>Time to Act</i> consists of two connected research projects: <ol style="list-style-type: none"> 1 A randomised control trial involving 59 schools across England who are new to working with the RSC and are all in areas of structural disadvantage. 2 Evaluating the impact of RSC teaching approaches in Associate Schools through a Teacher Researcher Network and large-scale surveys and focus groups.
9 Consult with a minimum of 100 young people and 20 schools in the development of the Shakespeare Curriculum.	We have consulted with 108 young people and 15 schools in the development of the Shakespeare Curriculum which will be launched in 23/24.
10 Maintain (and grow) a minimum of 1 million unique users annually of the Shakespeare Learning Zone and make 20 plays available on new SLZ Teacher Hubs.	We have achieved 1,970,027 unique users of the Shakespeare Learning Zone with an average dwell time of 1.44 minutes. We have produced 19 play packs for teachers.

Achievements and Performance *(continued)*

Education Strategy and National Engagement Strategy *(continued)*

Key highlights for Learning and National Partnerships (Education and National Engagement)

In **April**, we appointed two Research Fellows to lead our Time to Act research project which focuses on understanding the impact of RSC teaching approaches on the engagement, inclusion and attainment of children and young people in schools in areas of structural disadvantage.

We also began the first of our Playmaking Festivals in regions across England with our Associate Schools Programme partners.

Our new on demand online conference programme for GCSE English students started, with schools signing up to a programme of on demand and live content to support students as they prepare for their GCSE exams.

In **May**, we began rehearsals in Associate schools and theatres nationally for our summer national Playmaking Festival in the Royal Shakespeare Theatre.

Also in **May**, The Clore Learning Centre in Stratford-upon-Avon re-opened with a programme of in person workshops and conferences for young people and teachers throughout the year.

In **June**, we welcomed young people to our first Next Generation Direct residential, equipping 18 – 25 years from groups under-represented in the theatre sector with an introduction to the theatre industry and role of director.

In **July**, we welcomed 390 children and young people from 47 Associate schools and colleges from Blackpool, Cornwall, County Durham, Cumbria, Hull, Stratford-upon-Avon, North Staffordshire and Suffolk who performed *Much Ado About Nothing* in the RST. The performances were the culmination of work that has included teacher professional development, artist residencies, developing young leaders through our Shakespeare Ambassadors Programme, and talent development through our Next Generation project. In addition to performances in Stratford, 17 regional performance festivals have taken place across the country in theatres, town halls and school halls, supported by audiences of family members, peers and communities.

In **August**, we delivered two Summer Schools, one for 18 – 25 year olds (attended by 24 young people) and one focused on life-long learners (attended by 128 people).

In **September**, we started rehearsals for our First Encounters with Shakespeare production of *Twelfth Night*. Aimed at 7-13 year olds and their families, the production was co-created with our partner theatres and Associate Schools. Drawing on the passion that young people have for the environment and concern for climate change the production was rooted in sustainable practice, from the design of the set (made by students from Birmingham Ormiston Academy using reclaimed and recycled materials) to how it toured the country. It played in 20 locations across England, including 13 schools, to a total audience of 8,228 people. 30% of audiences were seeing Shakespeare for the first time.

We announced the development of a new Shakespeare Curriculum. We have one of the UK's largest arts learning programmes and believe that all young people should have access to an arts-rich education. Research highlights the uneven playing field with some young people having regular access to proven life defining arts opportunities, whilst others miss out completely. The curriculum will be available free and online for all UK schools to provide inspiration and resources for teachers and young people to make and shape their own Shakespeare curriculum at Key Stage 3. And we launched our new programme for teachers including a sandwich course leading to a Certificate in the Teaching of Shakespeare.

We launched Signing Shakespeare, a new suite of resources for D/deaf students developed in collaboration with the University of Birmingham.

Achievements and Performance *(continued)*

Education Strategy and National Engagement Strategy *(continued)*

In **November**, we welcomed 100 representatives (made up of 20 young people, 70 teachers and 10 artists) from our Associate Schools and regional theatre partners to Stratford for an Annual Symposium, to share learning and refresh practice.

We made our 2018 production of *Romeo and Juliet* available 'on demand' to all UK schools for 1 week along with supporting resources. We streamed our broadcast of *Richard III* with live studio content featuring actors, the Associate Director, and a BSL Signer live from Stratford upon Avon College. This was our first live streaming collaboration with the College.

Members of our Youth Advisory Board came together to reflect on their achievements over the previous 12 months and start to plan priorities for 2023.

In **December**, 19 young people from Bradford, Northampton, Canterbury and Cornwall joined us for Next Generation Backstage, our talent development programme.

In **January**, we opened submissions for our nationwide playwriting competition *37 Plays*. A project whereby anyone could submit a play in any format to capture the stories of today creating a new folio for our times. The project was created in collaboration with our 12 regional theatre partners and supported by award-winning playwrights Juliet Gilkes-Romero and Mark Ravenhill acting as ambassadors and senior consultants. More information is available at 37plays.co.uk. Over 2,000 plays were submitted, the majority by first time writers.

We also announced that Atri Banarjee's production of *Julius Caesar* would tour the UK following its Stratford run, visiting Canterbury, Truro, Bradford, Newcastle upon Tyne, Blackpool, Nottingham, Norwich, York and Salford. In each venue (including Stratford) a Community Chorus from the local area would feature on stage made up of community leaders, workers and volunteers providing a commentary on the politics of the play. A total of 74 community chorus members participated in the production. The production is part of a new three-year programme of co-creative work with Associate Schools, communities and partner theatres, made possible through additional funding from Arts Council England and Esmée Fairbairn Foundation. It will include 4 further touring productions, all developed through community led research and development.

In **February**, we worked with members of our Youth Advisory Board on planning a Young Creatives Convention taking place in the Royal Shakespeare Theatre in 23/24. The YAB are producing the event in collaboration with other youth boards nationally. We delivered our first Special Educational Needs and Disabilities convention for teachers and young people.

In **March**, we undertook 26 partnership review meetings with each of our Lead Associate Schools. We delivered a virtual Live Lesson on *The Tempest* with over 3,000 students participating and introduced TikTok Tickets: a new initiative to open access to high quality theatre for young people targeted particularly at those living in communities facing structural disadvantage was launched. The £10 TikTok Tickets were available for all RSC productions for any 14 -25 year olds, students and state schools with some school trips being funded entirely (including travel) from specific targeted areas.

Apprentices

To celebrate the launch of National Apprenticeship Week 2023 we released a new film showcasing the diverse career pathways available as part of its UK-wide Apprenticeships scheme. The aim is to develop a diverse talent base and ensure fairer access to and representation across the performing arts sector.

We also pledged our commitment to extend our current programme of Apprenticeships from eleven to twenty eight by the Spring of 2024. Seven of the apprenticeship posts began at the start of 2023, with a further four in April and the remainder in post by Spring 2024.

Working in partnership with a nationwide network of 12 Associate Regional Theatres across the UK alongside regional training providers Solihull College & University Centre and Stratford-upon-Avon College and Chichester College, the RSC's national Apprenticeship Programme provides targeted apprenticeship opportunities across all areas of its work. The specific focus is on young people with under-represented protected characteristics and/or from lower socio-economic backgrounds.

Achievements and Performance *(continued)*

International Strategy

Our international performance strategy remained significantly impacted by the pandemic, however we maintained relationships with our international education partners online.

International productions of *Matilda The Musical* (paused due to the pandemic) restarted in international territories including Korea which finished on Saturday 26 February 2023, where it won two Korean Musical Awards. Our licensed productions led by our partners GWB recommenced with a local language production in Japan (Tokyo and Osaka).

We continued to reach international audiences through curated and hosted online screenings as well as extending and renewing licensing deals in international territories to stream our Live From content.

Artists' Strategy

Our overarching ambition remained that the RSC is the very best place to make theatre for the widest range of artists possible.

In April 2022, we openly recruited a Freelance Consultation Group to ensure that we were listening to the voices of our freelance colleagues as we review our policies and practices to ensure greater equity and relevance. This was a direct response to our learning in the pandemic about ways that organisations can better meet the needs of their freelance workforce. The group is informing work around rehearsal room wellbeing, safe reporting, training and development opportunities, equity in casting and recruitment of artistic teams, and communications around our organisational change narrative. It comprises artists (designers, writers, producers, actors, directors) from a wide range of contexts and with a range of lived experience. The group is also connected to a wider group of cultural organisations working to change their working relationship with freelance artists. The current work programme will continue to mid-2023.

Part of the Leadership Associate brief in 2022/23 was to make recommendations for promoting wellbeing in rehearsal room culture. This piece of work was developed in consultation with a range of teams involved in working with companies and creative teams, and with directors and assistant directors, and was informed by current best practice. It has led to iterative change in the early days of the 2023 programme, including improved and tailored inductions for Acting Companies/Creatives and Directors respectively; improved support systems for promoting health and wellbeing of our companies; and a development of safe reporting systems. A series of recommendations will also be made for continuing to grow best practice.

This was a quiet year comparatively for Research and Development as we focussed on readying ourselves to reopen the Swan. However, we continued dialogue begun in 2021/22 under the banner 'Why Shakespeare Now' engaging directors new to the RSC in research and conversation about how to have more purposeful approaches to the plays.

We did two workshops with Omar Elerian exploring *As You Like It* with a group of veteran actors – many in their eighties – to see if the play could be revealed in a new way. The production opened in June 2023.

We engaged Abigail Graham to explore *King Lear* through a new lens, looking at race and misogyny and their effects on a family.

We invested in development workshops for the programme of new plays in the Swan planned for 2023. This included readings and exploration of movement and music for *Hamnet*, *Falkland Sound* by Brad Birch and *Fair Maid of the West* adapted by Isobel McArthur. We further developed the script for *Cowboys* by Charlie Josephine and because this play deals with the prejudice faced by trans and non-binary people, we invested in trans awareness training for a wide range of teams.

Achievements and Performance *(continued)*

Artists' Strategy *(continued)*

Led by our digital development team (see below) and Ruthie Doyle (formerly of the Sundance Festival) we embarked on a plan to create a new research and development fellowship for a diverse set of global interdisciplinary artists working across performance, digital innovation, music, film, animation and literature. Across 2022 we engaged in dialogue with colleagues including in New York (BAM, Public Theatre) and LA (Music Center), as well as building on relationships at Manchester International Festival and Oxford University. This was a planning year with the first cohort of fellows due to begin in 2023/24.

Digital Strategy

The main focus of the year was to deliver a department restructure and embed a new team working as one Digital Development department.

The new structure has four project leads – Creative, Production, Operations and Producer and brings together the expertise required to develop our innovative digital work in-house and build those skills across the company delivering more impact for the organisation longer term. Alongside this, the department has seen rises in its output and deliverables and has hired a data manager to ensure we are archiving and tracking all of our existing content so that it can be accessed and potentially commercialised in the future. It has also connected to our archive and data preservation strategies and equips us to look at digital content beyond video in the future such as 3D rendered images using photogrammetry and digital assets for game engine. This also means that the previously named Video Unit would come under this department and increase its scope to cover post-pandemic deliverables and work with the needs of the company such as streaming, increased portfolio of online content and the converge of new digital development projects using new technologies and working with new artists such as the Rothschilds Fellowships and Photogrammetry and our partnership with TikTok.

We have identified three Digital Associates to support and drive the digital work in the organisation and deliver at scale both internationally and on three specific areas – artists, community and fellowships, technology and design. These associates will lead the Future Performance Institute Feasibility Study, Interdisciplinary programme, Virtual RSC and Virtual Production Studio.

Across the year the Virtual RSC delivered the first phase of its five-point delivery plan in 2022/2023 which used the learnings from Dream and Audience of the Future to develop a virtual model box. This is now an active tool for the drawing department at Timothy Bridge Road ("TBR"). And we are implementing camera systems for digital capture for all our spaces.

Lidar Scans were taken of all the RSC performance spaces and have been rendered into the Unreal Games Engine to be tested and prototyped for a future Virtual RSC tool that can be used to develop work for audiences as a performance space, imported into other platforms such as Fortnite or for game engines and as an audience experience tool which can deliver high end experiences for audiences as a future commercial income stream. We now have full virtual renders for the RST, Swan and The Other Place. We are setting up a drone to capture Stratford and the environment around the buildings so we have a full virtual world to start exploring. We will have a series of sessions with our Digital Associates in the coming months to architect and explore this culminating in an autumn workshop in 2023 with the company and advisors. We delivered a series of fly throughs to demonstrate all the different spaces we now have in game engine and are developing a lo-fi version which will be available on ipads and laptops to start thinking about how we can embed this virtual world in our broader RSC activities.

Achievements and Performance *(continued)*

Digital Strategy *(continued)*

Live streaming was a development of the Digital Development portfolio and has delivered workshops for external audiences as well as internal communications, i.e. Company meetings & announcements & model box showings and supports the increased hybrid working of the organisation more generally and allows us to pick up on the 2023/2024 requirements for live capture of productions for marketing purposes and development of processes in order to capture multi-cam for offline digital product (Julius Caesar).

We started a collaboration with iNK Stories to explore Macbeth for new audiences and new platforms. This has resulted in a series of Research and Development ("R&D") for The Macbeth Experience (working title). iNK Stories, is a Brooklyn based creative studio and we have engaged them to ideate, design and create a cultural game. We will launch the first 'episode' (a fully executed short form work, 15-20 minutes gameplay) in Q4 2023/24. The project is delivered in stages to enable the RSC to build on its research and test a new marketplace for our content & brand as well as our effectiveness as storytellers for interactive media. This staged delivery process also allows us to invest as we create, assess value for money, committing investment incrementally and build appropriate partnerships (notably game publishers & marketplace owners).

We have committed to manage a TikTok campaign to advance the product & utilise our partnership to build community and reach. Partners/Potential Partners: iNK Stories; The Public Theatre; Epic Games; TikTok; Netflix Gaming.

We successfully delivered a Rothschild Digital Fellowship programme that resulted in three fellows spending six months with the company developing their practice and work with us.

The IRO has been a significant opportunity for the RSC to develop its Digital Innovation practice further and in 2022/23 was an opportunity to start conversations with the Arts and Humanities Research Council ("AHRC") around a Strategic Partnership (Future of Performance Institute). 2022/23 has focused on building those relationships and with international partners – Brooklyn academy of music ("BAM"), Music Center LA and Watershed, as well as academic partners Massachusetts Institute of Technology ("MIT"), Stanford and Oxford University. We are in discussions with the AHRC on what a strategic partnership could look like and in the process of this will bring together the interdisciplinary programme, Virtual RSC, Virtual Production Studio, Digital Associates, Digital Advisors and Learning. Our discussions with AHRC relating to a potential two year feasibility study are ongoing.

Achievements and Performance *(continued)*

Organisational Resilience Strategy

Strategic Framework, Planning, and Delivery

The activities reported within this Trustees Report are in line with the Business Plan agreed for the 2022/23 period.

The 2022/23 business planning included a strategic and consultative planning process for a new framework for the period from 2023. This framework has been completed and aligns with the new funding agreement we will have in place with Arts Council England for the 2023-26 period, reflecting the RSC inclusion within the National Portfolio. This framework defines three overarching ambitions:

Be a global leader in theatre, learning and research.	Deliver a bold and ambitious creative programme which redefines who enjoys, shapes, learns about and participates in theatre.	Empower people so that we all work in a supportive environment where we can realise our potential and play a part in making change.
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These ambitions will be delivered through ten groupings of activities and a Making a Difference change programme. The activity groupings are:

- 37 Plays.
- Creative Placemaking and Public Programmes.
- Large Scale Productions.
- Learning.
- National Centre for Teaching, Training, Learning & Research.
- National Partnerships.
- New Writing and Reinvented Classics.
- Touring, including Shakespeare Nation.
- Virtual RSC.
- Youth Leadership and Talent Development.

And the areas for the change programme:

- Capacity and Skills Development:
Workforce, leadership and governance development to streamline, integrate and ensure the capacity to deliver activities.
- Co-creation and Representation:
With the groups and expertise we have, or will bring together, collaborate and co-create activities.
- Integration and Accountability:
Using plans, policies, tools and resources to help us deliver and report on progress against our ambitions.

The *Making a Difference* programme is designed to ensure that we are able to deliver our plan through **culture change**, training and leadership development; through streamlining and systems improvement, fostering effective teams and continuous improvement and learning, and through making our entire community feel included, supported and safe. Consultative work on our purpose, vision and values will conclude during the 2023/24 year, with the arrival of the Co-Artistic Directors.

Achievements and Performance *(continued)*

Organisational Resilience Strategy *(continued)*

Equity, Diversity, Justice and Inclusion (EDJI)

We are determined to emerge from the post-pandemic recovery to ensuring the RSC is a more inclusive, diverse, equitable and relevant organisation. Our EDJI Strategy covering 2022 to 2025 has been developed based on our extensive review of the EDJI Strategy 2018-2021 and inputs from many diverse voices, surveys, reviews and debriefs into our culture and practice including what's been achieved and what we still need to work on and prioritise.

With this new strategy, we aim to build a truly inclusive culture at the RSC where people see themselves represented, feel they can do their best work, meet their career aspirations, and thrive. We will build trust with our people and audiences and hold ourselves to account to deliver on our promises.

We approached the shaping of our EDJI strategy in three ways:

- A review of our 2018-2021 EDJI work.
- A programme of consultation on the impact of the existing work.
- A road-testing of new targets and measures that are stretching but achievable.

In November, we appointed an EDJI Programme Manager to build engagement with the strategy, help all of us reflect on our practice and meet our goals, as well as support the rollout of local EDJI action plans in all departments to make concrete the commitments across the organisation. We understand that EDJI is a complex area, so we have established an EDJI Leadership Team who come together fortnightly to discuss how the RSC is putting its EDJI plans into action, challenge us to discuss the complexities of the issues we are facing, and highlight current opportunities and innovative practice in EDJI. The EDJI Leadership Team is accountable to the EDJI Board Committee.

We are learning from the EDJI Programme Manager who is helping all of us reflect on our practice and meet our goals. We are also learning from a diverse range of guidance, knowledge and experience and welcome expert input from:

- Anti-racism experts.
- Anti-ableism experts.
- Experts in trans and non-binary inclusion.
- Colleagues with lived experiences through the Race Equity Working Group, Neurodiversity Affinity Group and the Access Group.

We promise to keep an absolute and non-negotiable Company-wide commitment to achieving our EDJI goals. This means everyone who works for and with the RSC are expected to uphold our EDJI commitments through learning, engagement, self-reflection, and a willingness to take practical action that leads to a more equitable, inclusive, anti-racist and anti-discriminatory environment.

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.

This year we began moving our digital learning to a single online platform, accessible to all colleagues. Over time we will migrate all mandatory learning to this single point, providing ease of reporting against our legislative requirements. The platform also offers cost effective, easy access to a range of leadership, interpersonal and EDJI related learning.

Leadership development has been a growing area of activity; this year sees two cohorts of the RSC leadership development programme *Amplify* get underway. Two Senior Leadership Team members have also undertaken the Clore programme *Leading Systemic Change: Scale & Complexity*; and four Heads of Department are shortly to begin a *Creating Transformation* programme.

Aligned to the launch of our adult safeguarding policy, safeguarding leads have attended classroom training or Ann Craft Trust online training, with other colleagues due to undertake safeguarding online training this year.

Achievements and Performance *(continued)*

Organisational Resilience Strategy *(continued)*

EDJI training has included trans awareness and deaf awareness, linked to the production schedule and colleague support needs.

Recruitment activity remains high, between 1 April 2022 and 10 March 2023, a record number of applications, 8,932, were submitted for 225 vacancies, averaging 39 per role. During this period, we have directly hired 269 applicants.

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. Estates have worked closely with our Building Managers to ensure that appropriate fire safety and security measures were in place as the organisation gradually opened up both internally and to welcome audiences and visitors back into our spaces.

Building projects have taken place throughout, to assist our short term needs and longer term aspirations, ranging from the restoration of the Swan Gardens after the dismantling of the temporary outdoor Garden Theatre, to the installation of all gender toilet provision in the Colonnade and the Swan Theatre Project. The Swan Theatre Project saw significant modifications to the theatre including new infrastructure for lighting, sound and video, repairs to the woodwork and brickwork, the introduction of new, wider seats with armrests in all positions replacing the previous bench seating, improved access including an increase in the number of designated wheelchair spaces and an enhanced hearing loop. Visitors to the Swan Theatre also played their part in securing the future of the space by naming a seat or a pillar in the auditorium, with donation options ranging from £300 - £3,000.

We completed the consolidation of our RSC Museum Collection, musical instrument storage and retail storage into an existing property, providing better facilities and saving costs.

Lease negotiations continue across the Company. The RSC Nursery had to move from its site at Shottery and we have converted two residential properties on Waterside to create a new nursery. Discussions are in progress with the landlords of our London properties.

The Costume Workshops at 39 Waterside are now in full operation after the successful completion of the post-construction snagging period.

As part of our ongoing property maintenance programme, this year we focussed on improving the external condition of many of our properties, including external paintwork at our Clapham rehearsal rooms and renewal of the windows and brickwork for our residential properties on Waterside.

Offices were adapted to create a cleaner, more spacious environment. This, combined with the conversion of the IT infrastructure to a fully wireless based service rather than cabled, has enabled us to maintain a cleaner, more hygienic office environment. These changes have also enabled flexibility, whereby colleagues have the tools and the environment to work anywhere on site or off site, during the times that work best for them.

A cornerstone of the flexibility offered has been the migration to cloud based IT and comms, in particular the extensive deployment of Microsoft 365 software across the company. During the year our box office and CRM system (Tessitura) was migrated to the cloud, and preparations began for an upgrade of the finance system from on premise to cloud based. Our HR and Payroll system (iTrent) saw improved functionality relating to employee and manager self-service start to be rolled out, with further changes in the coming financial year.

IT have carried out a replacement of the on-site IT infrastructure, to ensure that the several IT business systems, not yet ready to be moved to the cloud continue to operate reliably. There has been a major focus on establishing a robust approach to information security, mitigating the risk against an ever-increasing threat. IT have worked with internal auditors, cyber security experts and suppliers to identify the most effective methods of protecting the organisation from this threat.

Achievements and Performance *(continued)*

Organisational Resilience Strategy *(continued)*

Environmental Impact

We continue to recognise that we are facing a climate change emergency and that our ambition to reduce emissions to net zero needs to be accelerated and be achieved by 2030, and certainly 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.

We are actively working towards the Theatre Green Book baseline standards for our productions and across operations and buildings. The RSC Environment Committee has been established to develop the core action plan to help deliver on our environmental ambitions.

Our production of *The Tempest* actively incorporated messaging around the climate crisis and environmental messaging ran throughout the production which used recycled items within the set and costumes, also working in collaboration with local environmental group Rubbish Friends.

Our energy contracts renewed during 2022/23 and we remain committed to procurement of 'green' electricity tariffs purchasing 100% renewable electricity from solar, wind and hydro sources. The main gas supply continues to be provided by a supplier committed to offsetting the associated carbon emissions.

Our carbon footprint figures for 2022/23 are being finalised, but we know that whilst our overall energy consumption has increased during the period in line with the increased activity across all of our sites, it remains below our 2018/19 baseline.

Compliance, policies and processes

The Terms of Reference for the Audit Committee were expanded to cover oversight of Finance and Risk. The Committee was renamed Risk, Audit and Finance Committee and continues to report into the Board.

Policies and action plans were reviewed and updated over the course of the year, with a particular focus on health & safety, and health & wellbeing, to enable a safe, compliant and supportive working environment for colleagues and visitors.

A number of internal audits were completed including a review of Sales and Ticketing procedures (primarily related to off-site working and processing of sales) and controls, an audit on the security configuration of cloud-based storage, and a review of project management governance around The Swan Theatre project. The audits were reported to the Risk, Audit and Finance Committee ("RAFCo") and the Board.

Plans for Future Periods

In **June 2023**, we welcomed Daniel Evans and Tamara Harvey as our new Co Artistic Directors at which point Erica Whyman stepped down as Acting Artistic Director. Gregory Doran remains as Artistic Director Emeritus until December 2023.

In **June 2023**, we announced Erica Whyman's final pieces of RSC programming which takes us up to March 2024. The announcement comprised a main stage family Christmas Show – *The Box of Delights* – directed by Justin Audibert, a new production of *A Midsummer Night's Dream* directed by Eleanor Rhode (this is our first staged production of *Dream* since 2016), a new adaptation by Isabel McArthur of Thomas Heywood's rollicking romp *The Fair Maid of the West* and the stage premiere of Mark Ravenhill's new play, *Ben and Imo*, about the creative relationship between Benjamin Britten and Imogen Holst as they collaborate on *Gloriana* commissioned for the Coronation of Queen Elizabeth in 1953. We also announced our next First Encounters with Shakespeare production (edited version of Shakespeare's text for younger audiences aged 8-13 and their families) which will be *Romeo and Juliet* directed by Phillip J Morris. The production will tour to schools and RSC partner theatres across the UK including a run at the Swan Theatre in Stratford-upon-Avon.

Daniel and Tamara's first RSC Season will be announced in **January 2024** opening in April 2024.

Achievements and Performance *(continued)*

Fundraising

The RSC raised just over £6.8 million (2022:£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, individual 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. The RSC is grateful for the generous support of its patrons, donors and partners for their commitment to the RSC.

Led by the Development Director, the team as at 31 March 2023 comprised 30 individuals, including a cross-organisation 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 who 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 meet.

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 during the financial year. 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 Senior Leadership Team ("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 no complaints related to fundraising in the period from 1 April 2022 to 31 March 2023.

Financial Review

Overview

The financial statements on pages 35 to 40 present both a Consolidated and Corporation view.

The Consolidated financial statements include the results of the RSC charity (the Corporation) and all the subsidiary companies (together the Group). The subsidiaries are listed in note 11(c) to the accounts, and further information is included in the Group Structure on page 29.

The Corporation financial statements are solely for the RSC charity.

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 41.

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 2023 was a reduction of £3.3m, compared to a reduction of £2.0m in the previous year. This resulted in total consolidated reserves decreasing to £123.8m as at 31 March 2023 from £127.1m in the previous year.

Financial Review (*continued*)

Of these reserves, £32.7m were 'Unrestricted funds' (defined as Operations unrestricted funds and Unrestricted designated funds per the Statement of Financial Activities on page 35) at 31 March 2023, which is £1.2m lower than the £34.0m reported in the prior year.

Restricted funds (defined as Restricted funds and restricted Endowment funds per the Statement of Financial Activities on page 35) were £91.1m at 31 March 2023, £2.0m lower than the £93.1m reported in the previous year. This includes £13.4m of restricted Endowment funds, £0.8m lower than the £14.2m reported in the previous year.

Unrestricted funds

Net income on Unrestricted funds for the year ended 31 March 2023 was £0.9m, compared to net expenditure of £1.2m in the previous year, before transfers to other funds.

This £2.1m increase comprises a £2.3m increase from Operations unrestricted funds partly offset by a £0.2m reduction in Unrestricted designated funds. The £2.3m improvement in net income on Operations unrestricted funds is explained in further detail below.

Transfers between funds are further detailed in note 19 on page 66.

The actuarial valuation of the defined benefit pension scheme as at 31 March 2023 resulted in a net deficit of £2.3m, see note 23 on pages 77-79. In the prior year, the net surplus of £0.5m was not recognised on the balance sheet in line with accounting standards as it was not able to be recovered by the RSC (see accounting policy note 1 (t) on page 48). The £2.1m loss recognised in the current year represents the £2.3m of actuarial loss and a £0.2m adjustment for past service cost.

Financial Outlook

The organisation has now recovered following the significant impact of the Covid-19 pandemic, with the RST and *Matilda the Musical* in London having reopened midway through the previous financial year and operating throughout the year to 31 March 2023. *Matilda the Musical* has performed above expectations, helped by the film release in December 2022 and ticket advances continue to be strong as at the year end. In addition, *My Neighbour, Totoro* at the Barbican in London has performed strongly. Preparations also commenced in the 2022/23 financial year for the reopening of the Swan Theatre from April 2023.

There remains some uncertainty over income levels and audience behaviour, as whilst risk in relation to the pandemic continues to reduce, the current high levels of inflation and cost of living crisis could impact our audiences and has already impacted our cost base during the financial year, most notably in relation to the costs of utilities and pay inflation. Further details on the risk management processes in response to these are outlined on page 24.

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).

Financial Review (continued)

Operations unrestricted funds

The year on year increase of £2.3m in net income / (expenditure) before transfers includes the following movements summarised from the Statement of Financial Activities on pages 35 and 36:

For the year ended:	31 March 2023 £m	31 March 2022 £m	Movement on previous year £m
Charitable activities:			
Performance related grant income	15.3	15.3	-
Productions, tours and theatre operations:			
Income	34.0	13.0	21.0
Expenditure	(56.1)	(32.3)	(23.8)
Net expenditure on productions, tours and theatre operations	(22.1)	(19.3)	(2.8)
Learning and National Partnerships:			
Income	0.9	0.4	0.5
Expenditure	(2.4)	(1.4)	(1.0)
Net Learning and National Partnerships expenditure	(1.5)	(1.0)	(0.5)
Net expenditure on Charitable Activities	(8.3)	(5.0)	(3.3)
Other trading activities income – Theatre Tax Relief (TTR)	4.9	1.2	3.7
Net expenditure on Charitable Activities and TTR	(3.4)	(3.8)	0.4
Net income from Donations and legacies	1.9	1.6	0.3
Net income/(expenditure) from Other trading activities*	1.1	(0.9)	2.0
Other income – licensing (net)	1.3	0.5	0.8
Other income – CJRS	-	0.7	(0.7)
Net investment income	0.9	0.5	0.4
Net (loss)/gain on investment assets	(0.4)	0.5	(0.9)
Net income/(expenditure) before transfers	1.4	(0.9)	2.3

* Includes net loss from joint ventures but excludes TTR

• Net expenditure on Charitable activities

Charitable activities include productions, tours, theatre operations, learning and national partnerships activity and performance-related grants. Net expenditure in this category was £8.3m, an increase of £3.3m compared to the previous year. Total income of £50.2m increased by £21.5m on the previous year but was more than offset by total expenditure of £58.5m which increased by £24.8m on the previous year.

These movements are primarily due to the continued recovery from the pandemic, as the reopening of the RST and *Matilda The Musical* in London occurred midway through the prior year. The £0.5m higher net expenditure on Learning and national partnerships is driven by an increased programme of activity such as international partnerships alongside our UK schools programme.

• Theatre tax relief

Theatre tax relief (TTR) is presented separately above but is included within Trading income from subsidiaries in the accounts, as it is claimed via a subsidiary entity, RSC Pre-Productions Limited (see note 11). The amount of TTR has increased by £3.7m to £4.9m for the 2022/23 financial year, partly due to increased expenditure on productions, but also due to the temporary enhanced rates, which have now been extended for a further two years.

• Net income from Donations and legacies

Net income from Donations and legacies increased by £0.3m to £1.9m for the 2022/23 financial year, with income £0.7m higher and associated expenditure £0.4m higher. The increase in income is mainly due to a strong performance on organisational giving and legacies. The increase in expenditure relates to planned growth in the team to support our long-term fundraising strategy.

Financial Review (*continued*)

Operations unrestricted funds (*continued*)

- **Net income from Other trading activities**

Net income from all forms of trading increased by £2.0m year on year, with trading income increasing by £2.1m partly offset by expenditure being higher by £0.1m. This is primarily due to a full year of RST activity during the year continuing to help our commercial activities to recover, notably catering and retail.

- **CJRS income**

CJRS income of £0.7m was received in the prior year.

- **Other income - licensing**

Other net licensing income has increased by £0.8m to £1.3m for the 2022/23 financial year, due to a £0.8m increase in royalties for productions of *Matilda The Musical*, being £0.4m relating to London and £0.4m to international royalties. Of the total net licensing income £1.2m relates to *Matilda* (2022 £0.4m), with a further £0.1m received for *Les Misérables* (2022 £0.1m).

- **Net investment income**

Net investment income represents income earned on Unrestricted listed investments and cash deposits and has increased by £0.4m to £0.9m for the 2022/23 financial year, mainly due to the higher levels of investments held for the second half of the year, but also due to increases in interest rates.

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

There was a net loss on investment assets in the year ended 31 March 2023 of £0.4m compared to a net gain of £0.5m in the previous year. Investment asset valuations were volatile over the period, dropping significantly in the first 6 months of the year, but recovering in the final quarter.

Defined Benefit Pension Scheme

As described in note 23 and note 1 (t), the Scheme valuation in accordance with FRS102 as at 31 March 2023 has resulted in a Scheme actuarial deficit of £2.3m (2022: surplus of £0.5m). The movement of £2.8m is mainly due to a significant reduction in the value of the Scheme's assets partly as a consequence of the gilts crisis, which was only partly offset by changes in the actuarial assumptions relating to the discount rate and inflation which reduced the valuation of the Scheme liabilities.

However, the actuarial loss of £2.1m (2022: actuarial gain of £0.4m) is lower than the total valuation movement above, as no pension scheme asset was recognised on the balance sheet in respect of the prior year surplus as there was no entitlement to the RSC to access this balance.

Unrestricted funds – net assets

As at 31 March 2023 the RSC held £23.6m of Operations unrestricted reserves including the pension reserve (2022: £28.4m).

This is represented by £16.3m of assets that are in readily available cash at bank (2022: £26.7m) and a further £23.5m held in readily available liquid investments (2022: £11.8m), with £12m of available cash having been invested in the financial year. These balances are offset by the £20.2m of CRF Loan including accrued interest (2022: £19.8m) and a £2.3m defined benefit pension liability (2022: nil). The balance of £6.3m (2022: £9.7m) in Operations unrestricted reserves comprises £8.2m of fixed assets (2022: £8.2m) and the £2.9m investment in joint venture (2022: £3.0m), partly offset by £4.8m of other net liabilities of £4.9m (2022: £1.5m).

Financial Review (*continued*)

Designated funds

Designated funds have increased by £3.6m to £9.1m as at 31 March 2023 (31 March 2022 - £5.5m) due to significant capital expenditure during the period, which includes £2.7m in relation to the Swan Theatre Project.

Restricted funds

Restricted funds of £91.1m (31 March 2022 - £93.1m), include £13.4m of Endowment funds (31 March 2022 - £14.2m) and £77.7m of Property and Project related funds (31 March 2022 - £78.9m).

The net reduction in total restricted funds during the year of £2.0m compares to a net reduction of £1.2m in the prior year. Of this £0.8m decrease, £1.3m has arisen from a reduction in endowment funds, primarily due losses on investment assets, and this has only been partly offset by a £0.5m improvement in other restricted funds, mainly due to the conclusion of the *Audience of the Future* project in the prior year reducing expenditure.

Reserves policy

The reserves policy sets a target of holding a level 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 2023 is £15.8m, compared to unrestricted operating reserves of £23.6m 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 2024 to further reduce the difference between unrestricted operating reserves and the target.

Designated funds are set aside by the Trustees, as required, to fund particular future projects or commitments and also to set aside funds for future depreciation charges relating to capital expenditure. 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.

During the financial year to 31 March 2023, the Company has invested a further £12.0m of cash balances, which are deemed to be surplus to current short term working capital needs. In addition, the Company transferred its investments into more sustainable funds which are considered to be better aligned with the RSC's values. Finally, the company restructured the balances of Funds between the two principal investment managers, Cazenove Capital Management and Sarasin & Partners.

Objectives have been set for each fund that are tailored to the long-term objectives of the funds. The objectives for returns range from CPI plus 0% in any market condition, to CPI plus 4%.

Performance in the year ended 31 March 2023 was below the objectives set for all funds. The Cazenove Responsible Multi-Asset Fund (invested during the quarter ended 30 September 2022) returned -2.4%, and Sarasin Climate Active Endowments Fund (additional investment during the quarter ended 30 September 2022) returned -3.7%. However, the RSC funds performed marginally better than these funds and the external benchmark represented by the ARC Charity Steady Growth Index which reported a decline of -4.0% for the same period.

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 increase of 21% and a return on investment of 3.2 times (i.e. income of 3.2 times costs) for core Development income.

The year-on-year actual result was an increase of 34% on core Development income (which excludes capital income and other restricted projects) and a return on investment of 3.5 times. Taking into account restricted projects there is a year-on-year increase of 33% and a return on investment of 4.0 times.

Risk management

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.

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 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, RAFCo and the Board.

The risks considered to be highest likelihood and impact during the financial year to 31 March 2023 were:

- risk of income decline and increased cost pressures due to cost of living and inflation;
- risk of inadequate investment in infrastructure leading to sub-optimal systems, dilapidation and business inefficiencies with the inability to invest in renewal and improvements;
- activity undertaken exceeds organisational capacity impacting staff workload and wellbeing;
- threat of hostile attack, to include cyber, to RSC systems, locations or events; and
- Equity, Diversity, Justice and Inclusion practices not embedded within the organisational culture impeding the ability for the RSC to become more inclusive, equitable and accessible

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 EDJI noted in the Organisational Resilience strategy (see page 16)

Since the 31 March 2023 the Board have approved a refreshed framework. Additional risks which impact the financial years beyond 31 March 2023, notably the risk of higher inflation, including energy costs, have been considered in the Going Concern section - see page 29/ 30 below.

RAFCo aims to meet at least five times a year and at other times as required, and reports to the full Board.

The Investment Committee reviews quarterly investment performance and adherence to the investment policy and reports to the RAFCo.

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.

In March 2023, a pay increase was announced, effective for the year ending 31 March 2024, with colleagues receiving 6%. This pay award acknowledges the extraordinary work and commitment demonstrated by everyone at a time when the cost-of-living crisis continues to affect all of us, however it also recognises that it remains a challenging financial climate in which the RSC has to operate, and therefore there are significant budgeting constraints.

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, but has taken on the role of Artistic Director Emeritus until December 2023).
Erica Whyman OBE	Acting Artistic Director since September 2021.
Catherine Mallyon CBE	Executive Director

Daniel Evans and Tamara Harvey have been appointed as Co-Artistic Directors with effect from June 2023. At the request of the Board, Erica Whyman continued as Acting Artistic Director until June 2023.

Other members of the Senior Leadership Team ("SLT"):

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

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 is a registered charity.

Our Members consist of a President and the Governors and there shall be a Patron of the Corporation.

Her Majesty The Late Queen Elizabeth II was our Patron from the formation of the Company in 1961.

Our President is the former Prince of Wales. We await the outcome of the review of all Royal Patronages which will define our future relationship with the Royal Family.

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 Governor elected 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.

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. A self-assessment against the Code in May 2023 showed compliance with the code subject to timetabling the next update of the Board Terms of Reference, creating role descriptions for Committee Chairs, minuting delegation of data sharing contracting to the relevant committee and reviewing how best to make the register of interests available.

There are three formally constituted Board Sub Committees comprising the RAFCo, the Investment Committee (reporting into the RAFCo), and the Nominations Committee. The terms of reference and composition of each Sub Committee was reviewed in 2022.

Other committees on which trustees sit as observers (e.g. EDJI) are 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 28. 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 26).

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

Patron

The late Queen Elizabeth II

President

The former Prince of Wales

Name	Governor	Board	Committee Membership
Shriti Vadera	✓ Chair	✓ Chair	NC ^{*EO} , IC ^{*EO} , RAFCo ^{*EO} ,
Mark Thompson	✓	✓ Deputy Chair	NC – Appointed ^{*3}
Lord Andrew Adonis	✓ Retired ^{*5}		
George Alagiah OBE	✓ Deceased ^{*7}		NC
Sir David Bell KBE	✓		
Anita Bhalla OBE	✓		
Elizabeth Boissevain	✓		
Lord Carrington DL	✓ Retired ^{*5}		
Gregory Doran	✓ Retired ^{*1}	✓ Retired ^{*1}	
Daniel Evans ^{*6}			
Tamara Harvey ^{*6}			
Bruce Kovner	✓		
Professor Ruru Li	✓		
Catherine Mallyon CBE	✓	✓	
Dame Hilary Mantel OBE	✓ Deceased ^{*4}		
Andrew Miller MBE	✓	✓	NC ^{*C} - Appointed ^{*3}
Sandie Okoro	✓		
Amanda Parker ^{*8}	✓	✓	
Winsome Pinnock	✓	✓	NC – Appointed ^{*3}
Clare Reddington	✓	✓	NC – Appointed ^{*3}
Patsy Rodenburg OBE	✓		
Sir Antony Seldon	✓ Appointed ^{*5}		
Professor James Shapiro	✓ Retired ^{*5}		
Mark Smith	✓	✓	RAFCo ^{*C} , IC ^{*C}
Ian Squires	✓	✓	RAFCo – Appointed ^{*2}
Sue Stapely	✓		
David Tennant	✓		
Ayanna Thompson	✓	✓	
Liz Vernon	✓	✓	
Dame Harriet Walter DBE	✓		
Lucy Williams	✓	✓	RAFCo
Mike Wright	✓		NC
Andrew Clayton			RAFCo
Andy Halls			RAFCo
John Hornby			IC
David Loudon			IC

Dates retired or appointed: ^{*1} – 27th April 2022, ^{*2} – 19th July 2022, ^{*3} – 15th September 2022, ^{*4} – 22nd September 2022, ^{*5} – 14th December 2022

^{*6} To be nominated for appointment as Governors and to the Board at the forthcoming AGM

^{*7} – 24th July 2023

AC – Audit Committee, replaced by RAFCo – Risk Audit & Finance Committee, on 19th July 2022,

IC – Investment Committee,

NC – Nominations Committee

^{*C} – Chair, ^{*EO} – Ex Officio

Emeritus Chairman

Sir Geoffrey Cass

Honorary Emeritus Governors

Lady Anderson

Sir Stanley Wells

Honorary Governors

Neil Benson OBE

Philip Bermingham

David Burbidge CBE

Douglas McPherson

Michael Crystal QC

Tony Hales CBE

Sara Harrity MBE

Charlotte Heber-Percy

Ian Laing CBE

Roger Pringle

Telfer Saywell

Lord Willoughby de Broke

Director, Shakespeare Institute

Director, Shakespeare Birthplace Trust

Chairman, Stratford District Council

Town Mayor

Artists' Associate

Dame Susie Sainsbury of Turville CBE

^{*8} 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 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.

Hathaway Productions Limited is a new wholly owned subsidiary of the RSC, established for the purposes of operating commercial transfers. The entity did not trade during the current financial year.

Going Concern

We continue to work in a financial and operational context which we know can quickly change, and where there are significant financial risks, primarily 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 prior financial period and to plan a full resumption of activities from April 2023, with the reopening of the Swan Theatre. Applying a cautious approach to re-opening, 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 2023.

Unrestricted funds, including both Operations unrestricted and Unrestricted designated funds, totalled £32.7m.

Cash at bank and in hand, together with unrestricted fixed asset investments which are readily available liquid investments, totalled £39.1m.

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 a risk of audience levels being impacted by cost of living pressures affecting consumer spending patterns. In addition, inflationary pressure on our costs, notably people and energy, continues to be managed carefully. The extension to the Theatre Tax higher rates of relief was welcomed in March 2023, which assists in mitigating the immediate inflationary pressures, but this higher rate will reduce in the coming years.

Despite these risks, 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 financial review has set out the overall improvement in the unrestricted net income / (expenditure), from a deficit in the prior year to a surplus in the current year, before transfers and valuation movements. This has been underpinned by a number of our income streams which have helped to offset inflation within our expenditure in the current year, notably on people and energy costs.

Operationally the organisation resumes full activity across all theatres from the next financial year and has continued to adapt, such as to hybrid working practices, during the year. It has also delivered a significant capital project, with the Swan Theatre improvements being completed in March 2023.

Arts Council England funding

The level of grant income funding from Arts Council England ('ACE') for the three years from 2023/24 to 2025/26 was confirmed at £15.3m per annum in November 2022 which maintains the level at that received in the current financial year. We are extremely grateful for this continued and essential support.

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 on 15 August 2023 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.

Financial statements are to be published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the trustees. The trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

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's and of the Parent Charity's affairs as at 31 March 2023 and of the Group's/its 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 2023 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.

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

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

- 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, 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:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group/Charity and the sector in which it operates;
- Discussion with management and those charged with governance including Risk, Audit and Finance Committee;
- Obtaining and understanding of the Group's/Charity's policies and procedures regarding compliance with laws and regulations;

we considered the significant laws and regulations to be UK GAAP, Charities SORP and tax legislation.

The Group/Charity is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be health and safety legislation, employment law and data protection.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of any correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit.

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

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance, including the Risk, Audit and Finance committee regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's/Charity's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias, including the assumptions applied in valuing the defined benefit pension scheme assets and liabilities, valuation of investments and the determination of the useful economic lives of operational fixed assets.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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.

BDO LLP, statutory auditor
Birmingham, UK
Date

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 2023

	Note	Operations/ unrestricted funds £'000	Unrestricted designated funds £'000	Restricted funds £'000	Restricted Endowment funds £'000	Total funds 2023 £'000	Total funds 2022 £'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	33,952	-	-	-	33,952	13,017
Learning and national partnerships income		927	-	-	-	927	746
<i>Donations and legacies</i>	4	3,438	-	714	-	4,152	2,882
<i>Other trading activities</i>							
Trading income from subsidiaries	11(c)	9,014	-	407	-	9,421	4,428
Other trading activities		1,808	-	-	-	1,808	1,424
<i>Investments</i>	5	976	-	10	191	1,177	743
<i>Other</i>							
Licensing of rights		1,336	-	-	-	1,336	468
Coronavirus Job Retention Scheme		-	-	-	-	-	730
Total		66,711	-	1,131	191	68,033	39,698
Expenditure on:							
<i>Charitable activities</i>							
Productions, tours and theatre operations	3	(56,177)	(530)	(1,347)	-	(58,054)	(34,615)
Learning and national partnerships expenditure		(2,421)	-	(850)	-	(3,271)	(2,016)
<i>Raising funds</i>							
Expenditure on raising donations and legacies		(1,500)	-	-	-	(1,500)	(1,102)
Trading expenditure of subsidiaries	11(c)	(3,860)	-	(407)	-	(4,267)	(4,882)
Share of net loss in joint ventures	11(a)	(150)	-	-	-	(150)	(92)
Expenditure on other trading activities		(817)	-	-	-	(817)	(510)
Investment management costs		(48)	-	(1)	(23)	(72)	(94)
Total	7	(64,973)	(530)	(2,605)	(23)	(68,131)	(43,311)
<i>Net (losses)/gains on investment assets</i>	11(b)	(354)	-	(17)	(698)	(1,069)	1,193
Net income / (expenditure)		1,384	(530)	(1,491)	(530)	(1,167)	(2,420)
Transfers between funds	19	(4,136)	4,136	280	(280)	-	-
Net (expenditure) / income after transfers		(2,752)	3,606	(1,211)	(810)	(1,167)	(2,420)
Other recognised (losses) / gains							
Actuarial (losses) / gains on defined benefit pension scheme	23	(2,105)	-	-	-	(2,105)	411
Net movement in funds		(4,857)	3,606	(1,211)	(810)	(3,272)	(2,009)
Reconciliation of funds							
Total funds brought forward	19	28,422	5,543	78,960	14,180	127,105	129,114
Total funds carried forward	19	23,565	9,149	77,749	13,370	123,833	127,105

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 41 to 82 form part of these accounts.

Prior year comparatives are shown in detail on page 36.

Comparative 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
Income and endowments from:						
<i>Charitable activities</i>						
Performance related grants	2	15,260	-	-	-	15,260
Income from productions, tours and theatre operations	3	13,017	-	-	-	13,017
Learning and national partnerships income		453	25	268	-	746
<i>Donations and legacies</i>	4	2,693	-	189	-	2,882
<i>Other trading activities</i>						
Trading income from subsidiaries	11(c)	3,624	-	804	-	4,428
Other trading activities		1,424	-	-	-	1,424
<i>Investments</i>	5	523	-	28	192	743
<i>Other</i>						
Licensing of rights		468	-	-	-	468
Coronavirus Job Retention Scheme		730	-	-	-	730
Total		38,192	25	1,289	192	39,698
Expenditure on:						
<i>Charitable activities</i>						
Productions, tours and theatre operations	3	(32,351)	(315)	(1,949)	-	(34,615)
Learning and national partnerships expenditure		(1,406)	(4)	(606)	-	(2,016)
<i>Raising funds</i>						
Expenditure on raising donations and legacies		(1,102)	-	-	-	(1,102)
Trading expenditure of subsidiaries	11(c)	(4,078)	-	(804)	-	(4,882)
Share of net loss in joint ventures	11(a)	(92)	-	-	-	(92)
Expenditure on other trading activities		(510)	-	-	-	(510)
Investment management costs		(42)	-	(3)	(49)	(94)
Total	7	(39,581)	(319)	(3,362)	(49)	(43,311)
<i>Net gains on investment assets</i>	11(b)	459	-	65	669	1,193
Net (expenditure) / income		(930)	(294)	(2,008)	812	(2,420)
Transfers between funds	19	(288)	288	280	(280)	-
Net (expenditure) / income after transfers		(1,218)	(6)	(1,728)	532	(2,420)
Other recognised gains						
Actuarial gains on defined benefit pension scheme	23	411	-	-	-	411
Net movement in funds		(807)	(6)	(1,728)	532	(2,009)
Reconciliation of funds						
Total funds brought forward	19	29,229	5,549	80,688	13,648	129,114
Total funds carried forward	19	28,422	5,543	78,960	14,180	127,105

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 41 to 82 form part of these accounts.

Corporation statement of financial activities for the year ended 31 March 2023

	Note	Operations/ unrestricted funds £'000	Unrestricted designated funds £'000	Restricted funds £'000	Restricted Endowment funds £'000	Total funds 2023 £'000	Total funds 2022 £'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	70,049	-	-	-	70,049	29,249
Learning and national partnerships income		927	-	-	-	927	746
<i>Donations and legacies</i>	4	3,438	-	714	-	4,152	2,882
<i>Other trading activities</i>							
Trading income from subsidiaries	11(c)	116	-	-	-	116	87
Other trading activities		1,808	-	-	-	1,808	1,424
<i>Investments</i>	5	976	-	10	191	1,177	743
<i>Other</i>							
Licensing of rights		1,336	-	-	-	1,336	468
Coronavirus Job Retention Scheme		-	-	-	-	-	512
Total		93,910	-	724	191	94,825	51,371
Expenditure on:							
<i>Charitable activities</i>							
Productions, tours and theatre operations	3	(88,110)	(530)	(1,347)	-	(89,987)	(50,944)
Learning and national partnerships expenditure		(2,421)	-	(850)	-	(3,271)	(2,016)
<i>Raising funds</i>							
Expenditure on raising donations and legacies		(1,514)	-	-	-	(1,514)	(1,106)
Expenditure on other trading activities		(817)	-	-	-	(817)	(510)
Investment management costs		(48)	-	(1)	(23)	(72)	(95)
Total	7	(92,910)	(530)	(2,198)	(23)	(95,661)	(54,671)
<i>Net (loss)/gains on investment assets</i>	11(b)	(354)	-	(17)	(698)	(1,069)	1,193
Net income / (expenditure)		646	(530)	(1,491)	(530)	(1,905)	(2,107)
Transfers between funds	19	(4,136)	4,136	280	(280)	-	-
Net (expenditure) / income after transfers		(3,490)	3,606	(1,211)	(810)	(1,905)	(2,107)
Other recognised gains / (losses)							
Actuarial (losses) / gains on defined benefit pension scheme	23	(2,105)	-	-	-	(2,105)	411
Net movement in funds		(5,595)	3,606	(1,211)	(810)	(4,010)	(1,696)
Reconciliation of funds							
Total funds brought forward	19	28,322	5,543	78,960	14,180	127,005	128,701
Total funds carried forward	19	22,727	9,149	77,749	13,370	122,995	127,005

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 41 to 82 form part of these accounts.

Prior year comparatives are shown in detail on page 38.

Comparative 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
Income and endowments from:						
<i>Charitable activities</i>						
Performance related grants	2	15,260	-	-	-	15,260
Income from productions, tours and theatre operations	3	29,249	-	-	-	29,249
Learning and national partnerships income		453	25	268	-	746
<i>Donations and legacies</i>	4	2,693	-	189	-	2,882
<i>Other trading activities</i>						
Trading income from subsidiaries	11(c)	87	-	-	-	87
Other trading activities		1,424	-	-	-	1,424
<i>Investments</i>	5	523	-	28	192	743
<i>Other</i>						
Licensing of rights		468	-	-	-	468
Coronavirus Job Retention Scheme		512	-	-	-	512
Total		50,669	25	485	192	51,371
Expenditure on:						
<i>Charitable activities</i>						
Productions, tours and theatre operations	3	(48,680)	(315)	(1,949)	-	(50,944)
Learning and national partnerships expenditure		(1,406)	(4)	(606)	-	(2,016)
<i>Raising funds</i>						
Expenditure on raising donations and legacies		(1,106)	-	-	-	(1,106)
Expenditure on other trading activities		(510)	-	-	-	(510)
Investment management costs		(43)	-	(3)	(49)	(95)
Total	7	(51,745)	(319)	(2,558)	(49)	(54,671)
<i>Net gains on investment assets</i>	11(b)	459	-	65	669	1,193
Net (expenditure) / income		(617)	(294)	(2,008)	812	(2,107)
Transfers between funds	19	(288)	288	280	(280)	-
Net (expenditure) / income after transfers		(905)	(6)	(1,728)	532	(2,107)
Other recognised gains						
Actuarial gains on defined benefit pension scheme	23	411	-	-	-	411
Net movement in funds		(494)	(6)	(1,728)	532	(1,696)
Reconciliation of funds						
Total funds brought forward	19	28,816	5,549	80,688	13,648	128,701
Total funds carried forward	19	28,322	5,543	78,960	14,180	127,005

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 41 to 82 form part of these accounts.

Balance sheets at 31 March 2023

	Note	Consolidated 2023 £'000	2022 £'000	Corporation 2023 £'000	2022 £'000
Fixed assets					
Intangible assets	9	-	-	-	-
Tangible assets	10	93,813	91,425	93,813	91,425
Investments:					
Investment in joint ventures	11(a)	2,890	3,040	-	-
Other investments	11(b)	37,493	26,664	40,493	29,664
		40,383	29,704	40,493	29,664
Total fixed assets		134,196	121,129	134,306	121,089
Current assets					
Stock and work in progress	12	2,272	3,378	2,115	3,240
Debtors	13	10,415	5,809	10,680	6,107
Cash at bank and in hand	14	16,346	26,660	14,615	25,557
Total current assets		29,033	35,847	27,410	34,904
Creditors: amounts falling due within one year	15	(16,625)	(9,749)	(15,950)	(8,866)
Net current assets		12,408	26,098	11,460	26,038
Total assets less current liabilities		146,604	147,227	145,766	147,127
Creditors: amounts falling due after more than one year	16	(20,230)	(19,834)	(20,230)	(19,834)
Provisions for liabilities	17	(283)	(288)	(283)	(288)
Net assets excluding pension liability		126,091	127,105	125,253	127,005
Defined benefit pension scheme liability	23	(2,258)	-	(2,258)	-
Total net assets		123,833	127,105	122,995	127,005
The funds of the Charity:					
Endowment funds	19	13,370	14,180	13,370	14,180
Restricted funds	19	77,749	78,960	77,749	78,960
Unrestricted funds					
General operating fund	19	25,823	28,422	24,985	28,322
Pension reserve	19	(2,258)	-	(2,258)	-
Designated funds	19	9,149	5,543	9,149	5,543
Total unrestricted funds		32,714	33,965	31,876	33,865
Total funds		123,833	127,105	122,995	127,005

The notes on pages 41 to 82 form part of these accounts. These accounts were approved by the Board on 15 August 2023 authorised for issue and signed on its behalf by:

Shriti Vadera – Chair of the Board of Trustees

Consolidated statement of cash flows for the year ended 31 March 2023

	Note	Consolidated 2023 £'000	2022 £'000
Cash flows from operating activities:			
Net cash generated from/(used in) operating activities		3,882	(1,450)
Cash flow from investing activities			
Interest and dividend income received		1,177	740
Purchase of tangible fixed assets		(3,325)	(386)
Movement in cash in investment portfolio		63	(84)
Purchase of investments		(27,817)	(1,241)
Sale of investments		15,856	2,105
Loan to joint venture		(150)	-
Net cash (used in)/ generated from investing activities		(14,196)	1,134
Change in cash and cash equivalents in the year		(10,314)	(316)
Cash and cash equivalents at the beginning of the year		26,660	26,976
Cash and cash equivalents at the end of the year	14	16,346	26,660

Reconciliation of net expenditure to net cash flow from operating activities

	Consolidated 2023 £'000	2022 £'000
Net expenditure for the reporting period (as per the Statement of Financial Activities)	(1,167)	(2,420)
Adjustments for:		
Depreciation charges	1,445	1,422
Loss from share of joint venture	150	92
Losses / (gains) on investments	1,069	(1,193)
Interest on repayable finance	396	388
Dividends and interest income	(1,177)	(740)
Decrease / (Increase) in stock	1,105	(2,090)
(Increase) / decrease in debtors	(4,454)	582
Increase in creditors	6,370	2,509
Decrease in provisions	(5)	-
Loan to joint venture	150	-
Net cash generated from/(used in) operating activities	3,882	(1,450)

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 organisation has taken a cautious approach to reopening, which has ensured that liquidity remains strong into the current financial period. This was supported by the receipt of the £19.4m Culture Recovery Fund Repayable Finance in February 2021. The risk of further impact from the pandemic has now abated, albeit the cost-of-living crisis is now a significant risk. The activity delivered in the year ended 31 March 2023, together with our plans for future periods, both already outlined in the Trustees’ report, shows the organisation is confident for the future, despite the risks noted.

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 September 2024, 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, and the impact of inflation over the period. There remains risk of audience confidence levels being impacted by cost of living pressures which could affect consumer spending patterns, or that long-term inflation remains at a level higher than expected.

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 2022 to 31 March 2023 (2022: year ended 31 March 2022). 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 is done 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. It also includes income from co productions, which is recognised on an accruals basis excluding VAT and in accordance with the terms of the co production agreements.

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:

Unrestricted funds

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

Designated funds

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

Notes (continued)
(forming part of the accounts)

1 Accounting policies (continued)

(f) Fund accounting (continued)

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.

(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 – 1.6%
Other properties	1 - 20%
Motor vehicles	25%
Other equipment, fixtures and fittings	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 2023 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 2023 £'000	Total 2022 £'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 2023 £'000	Total 2022 £'000
Income from productions, tours and theatre operations:					
Box office (including London)	33,333	-	-	33,333	12,451
Touring income	37	-	-	37	89
Other income from theatre operations	582	-	-	582	477
	<u>33,952</u>	<u>-</u>	<u>-</u>	<u>33,952</u>	<u>13,017</u>

	Unrestricted £'000	Designated £'000	Restricted £'000	Total 2023 £'000	Total 2022 £'000
Productions and theatre operations expenditure:					
Productions	(44,016)	-	(23)	(44,039)	(22,472)
Theatre operations	(8,694)	(530)	(1,324)	(10,548)	(9,539)
Sales and marketing costs	(3,467)	-	-	(3,467)	(2,604)
	<u>(56,177)</u>	<u>(530)</u>	<u>(1,347)</u>	<u>(58,054)</u>	<u>(34,615)</u>

Corporation

	Unrestricted £'000	Designated £'000	Restricted £'000	Total 2023 £'000	Total 2022 £'000
Income from productions, tours and theatre operations:					
Box office (including London)	33,333	-	-	33,333	12,451
Production commissioning agreements	36,038	-	-	36,038	16,187
Touring income	37	-	-	37	89
Other income from theatre operations	641	-	-	641	522
	<u>70,049</u>	<u>-</u>	<u>-</u>	<u>70,049</u>	<u>29,249</u>

	Unrestricted £'000	Designated £'000	Restricted £'000	Total 2023 £'000	Total 2022 £'000
Productions and theatre operations expenditure:					
Productions (including commissioning fees)	(75,949)	-	(23)	(75,972)	(38,801)
Theatre operations	(8,694)	(530)	(1,324)	(10,548)	(9,539)
Sales and marketing costs	(3,467)	-	-	(3,467)	(2,604)
	<u>(88,110)</u>	<u>(530)</u>	<u>(1,347)</u>	<u>(89,987)</u>	<u>(50,944)</u>

Notes (continued)
(forming part of the accounts)

4 Donations and legacies

Consolidated and Corporation	Unrestricted £'000	Restricted £'000	Endowment £'000	Total 2023 £'000	Total 2022 £'000
Donations and legacies	3,438	714	-	4,152	2,882
	<u>3,438</u>	<u>714</u>	<u>-</u>	<u>4,152</u>	<u>2,882</u>

5 Investment income

Consolidated and Corporation	Unrestricted £'000	Restricted £'000	Endowment £'000	Total 2023 £'000	Total 2022 £'000
Income from listed investments	727	10	191	928	720
Interest on short term deposits	249	-	-	249	23
	<u>976</u>	<u>10</u>	<u>191</u>	<u>1,177</u>	<u>743</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:

	2023 Number	2022 Number
Productions and theatre operations	751	673
Learning and national partnerships	32	25
Raising donations and legacies	27	20
Support staff	72	59
	<u>882</u>	<u>777</u>

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

	2023 £'000	2022 £'000
Total emoluments	26,612	19,873
Social security costs	1,835	1,384
Defined contribution and other pension costs	1,785	1,447
	<u>30,232</u>	<u>22,704</u>

During the year redundancy payments totalling £94,800 (2022: £64,862) were made. This included ex-gratia payments of £23,411 (2022: £1,345).

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

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:

	2023 Number	2022 Number
£60,001 - £70,000	8	4
£70,001 - £80,000	9	4
£80,001 - £90,000	7	5
£90,001 - £100,000	6	1
£100,001 - £110,000	2	1
£110,000 - £120,000	1	-
£120,001 - £130,000	1	1
£130,001 - £140,000	-	1
£140,000 - £150,000	1	-
£160,001 - £170,000	-	1
£170,001 - £180,000	1	-
	<hr/> <hr/>	<hr/> <hr/>

Trustee Remuneration:

	Artistic Director 2023 £'000	2022 £'000	Executive Director 2023 £'000	2022 £'000
Basic pay	19	139	130	121
Benefits in Kind and other payments	2	28	15	9
	<hr/>	<hr/>	<hr/>	<hr/>
	21	167	145	130
Pension contributions	2	11	15	15
	<hr/>	<hr/>	<hr/>	<hr/>
Total remuneration	23	178	160	145
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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.

The Artistic Director ceased to be a trustee on 22 April 2022 and the trustee remuneration above relates to the period he was a trustee.

No other Board members received any remuneration from the Corporation in respect of their role as Board members (2022: £Nil).

Included within expenditure are expenses reimbursed to, or incurred on behalf of, 15 members of the Board (2022: 19) totalling £8,788 (2022: £2,485). These related to travel, subsistence and meeting expenses. See note 26 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 £1,198,879 (2022: £1,103,047).

Notes (continued)
(forming part of the accounts)

7 Total expenditure

Consolidated	Direct costs 2023 £'000	Support costs 2023 £'000	Total 2023 £'000	Total 2022 £'000
Charitable activities				
Production and theatre operations	53,011	5,043	58,054	34,615
Learning and national partnerships	3,075	196	3,271	2,016
Expenditure on raising funds				
Expenditure on raising donations and legacies	1,335	165	1,500	1,102
Expenditure on other trading activities	817	-	817	510
Trading expenditure of subsidiaries	4,267	-	4,267	4,882
Share of net loss in joint ventures	150	-	150	92
Investment management costs	72	-	72	94
	62,727	5,404	68,131	43,311

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

Total expenditure includes:	2023 £'000	2022 £'000
Depreciation	1,445	1,422
Auditor's remuneration:		
Statutory audit of parent and consolidated accounts	102	65
Audit of subsidiaries pursuant to legislation	34	22
Other services relating to taxation	12	11
Operating lease charges:		
Land and buildings	463	591
Other than land and buildings	-	86
Net exchange (gains)/losses on foreign currency transactions	(25)	2

Corporation	Direct costs 2023 £'000	Support costs 2023 £'000	Total 2023 £'000	Total 2022 £'000
Charitable activities				
Production and theatre operations	84,944	5,043	89,987	50,944
Learning and national partnerships	3,075	196	3,271	2,016
Expenditure on raising funds				
Expenditure on raising donations and legacies	1,349	165	1,514	1,106
Expenditure on other trading activities	817	-	817	510
Investment management costs	72	-	72	95
	90,257	5,404	95,661	54,671

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

Total expenditure includes:	2023 £'000	2022 £'000
Depreciation	1,445	1,422
Auditor's remuneration:		
Statutory audit of parent and consolidated accounts	102	65
Other services relating to taxation	4	3
Operating lease charges:		
Land and buildings	463	591
Other than land and buildings	-	84
Net exchange (gains)/ losses on foreign currency transactions	(25)	2

Notes (continued)
(forming part of the accounts)

	2023	2022
	£'000	£'000
8 Support costs		
Consolidated and Corporation		
Staff costs	2,566	2,345
Professional fees	452	255
Information technology	824	696
Human resources	513	223
Other expenditure	652	572
Culture Recovery Fund loan interest	397	388
	<hr/> 5,404 <hr/>	<hr/> 4,479 <hr/>

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

Governance costs totalled £196,670 (2022: £103,372).

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 (2022: £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 2023 and 31 March 2022	-
	<hr/>

Royalties continue to be received, and during the year were £9,531 (2022: £2,599).

Notes (continued)
(forming part of the accounts)

10 Tangible fixed assets

Consolidated

	Freehold theatres	Other properties	Other equipment, fixtures and fittings	Motor vehicles	Assets under course of construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At beginning of year	97,609	18,210	16,084	82	48	132,033
Additions	-	-	-	-	3,833	3,833
Transfers	752	68	2,746	-	(3,566)	-
Disposals	(1,401)	(661)	(144)	-	-	(2,206)
At end of year	96,960	17,617	18,686	82	315	133,660
Depreciation						
At beginning of year	19,836	9,505	11,185	82	-	40,608
Charge for the year	900	187	358	-	-	1,445
Eliminated on disposal	(1,401)	(661)	(144)	-	-	(2,206)
At end of year	19,335	9,031	11,399	82	-	39,847
Net book value						
At 31 March 2023	77,625	8,586	7,287	-	315	93,813
At 31 March 2022	77,773	8,705	4,899	-	48	91,425
Corporation						
Cost						
At beginning of year	97,609	18,210	16,058	60	48	131,985
Additions	-	-	-	-	3,833	3,833
Transfers	752	68	2,746	-	(3,566)	-
Disposals	(1,401)	(661)	(144)	-	-	(2,206)
At end of year	96,960	17,617	18,660	60	315	133,612
Depreciation						
At beginning of year	19,836	9,505	11,159	60	-	40,560
Charge for the year	900	187	358	-	-	1,445
Eliminated on disposal	(1,401)	(661)	(144)	-	-	(2,206)
At end of year	19,335	9,031	11,373	60	-	39,799
Net book value						
At 31 March 2023	77,625	8,586	7,287	-	315	93,813
At 31 March 2022	77,773	8,705	4,899	-	48	91,425

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

Other properties are freehold apart from three (2022: six) leasehold properties with net book value at 31 March 2023 of £119,555 (2022: £76,723). The movement in the year of £42,832 relates to depreciation of £20,492 (2022: depreciation £16,798) and additions of £63,323. Assets with a net book value of £Nil (2022: £Nil) are held under finance leases. Legal charges granted over fixed assets of the Corporation are shown in Note 28.

Notes (continued)
(forming part of the accounts)

11 Fixed assets investments

Consolidated and Corporation

		2023 £'000	2022 £'000
Joint ventures	(a)	2,890	3,040
Listed investments	(b)	37,493	26,664
Consolidated fixed asset investments		40,383	29,704
Investment in subsidiary undertakings	(c)	3,000	3,000
Less joint ventures		(2,890)	(3,040)
Corporation fixed asset investments		40,493	29,664

All investments are held primarily to provide an investment return.

(a) Joint ventures

	Share of Joint Ventures 2023 £'000	2022 £'000
Carrying value at beginning of year	3,040	3,132
Share of net loss of joint ventures	(150)	(92)
Carrying value at end of year	2,890	3,040
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	
	2023	2022
	£'000	£'000
Turnover	1,214	926
Cost of sales	(714)	(605)
Gross profit	500	321
Administration expenses	(620)	(434)
Other operating income	-	32
Operating (loss)	(120)	(81)
Interest payable and similar charges	(30)	(11)
Loss for the financial period	(150)	(92)

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

	Arden Hotel Waterside LLP	
	2023	2022
	£'000	£'000
Fixed assets	3,739	3,859
Current assets	72	139
Total assets	3,811	3,998
Liabilities	(921)	(958)
	2,890	3,040

Details of transactions with group undertakings and balances at 31 March 2023 are shown in note 25.
Details of loans to subsidiary companies and joint ventures as at 31 March 2023 are described in note 24.

Notes (continued)
(forming part of the accounts)

11 Fixed asset investments (continued)

(b) Listed investments

	Unrestricted 2023 £'000	Restricted 2023 £'000	Endowment 2023 £'000	Total 2023 £'000	Total 2022 £'000
Listed investments:					
United Kingdom fixed interest unit trusts	433	-	-	433	902
United Kingdom property funds	786	-	-	786	2,120
United Kingdom equities and equity unit trusts	22,170	618	13,182	35,970	23,275
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Listed investments	23,389	618	13,182	37,189	26,297
Cash held in investment portfolio	86	22	196	304	367
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fixed asset investments at fair value	23,475	640	13,378	37,493	26,664
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Reconciliation of movements in investments

	Listed Investments	
	2023 £'000	2022 £'000
Fair value at beginning of year	26,664	26,255
Movement in cash held in investment portfolio	(63)	87
Additions	27,817	1,241
Disposals	(15,856)	(2,112)
Net (loss) / gains on revaluation	(1,069)	1,193
	<hr/>	<hr/>
Fair value at end of year	37,493	26,664
	<hr/>	<hr/>
Historic cost	37,629	23,593
	<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:

	2023		2022	
	Value £'000	Portfolio %	Value £'000	Portfolio %
Cazenove Capital Charity Multi-Asset Fund	-	-	9,398	35.2
Cazenove Charity Responsible Multi-Asset Fund	21,123	56.3	-	-
Sarasin Climate Active Endowments Fund	13,022	34.7	7,070	26.5

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

In June 2023 Cazenove amended the name of The Cazenove Charity Responsible Multi-Asset Fund to Sustainable Multi-Asset Fund.

Notes (continued)
(forming part of the accounts)

11 Fixed asset investments (continued)

(c) Subsidiaries

As at 31 March 2023 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)
Hathaway Productions Limited ³	UK 14690651	Produces and manages certain productions on behalf of the RSC and third party investors	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.

³ Hathaway Productions Limited was incorporated on 27 February 2023 and is not yet trading.

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 2023 are shown in note 25.

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	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Turnover/income	-	-	5,098	4,459
Cost of sales	-	-	(3,443)	(4,141)
Gross profit	-	-	1,655	318
Selling and distribution costs	-	-	(28)	(36)
Administration	(6)	(5)	(868)	(740)
Operating (loss) / Profit	(6)	(5)	759	(458)
Interest payable and similar charges	-	-	(10)	(8)
Tax credit	-	-	142	252
(Loss) / profit for the period	(6)	(5)	891	(214)

	RSC Pre- Productions Limited		RSC Productions Limited		RSC Matilda Australasia Limited	
	2023	2022	2023	2022	2023	2022
	£'000	£'000	£'000	£'000	£'000	£'000
Turnover/income	31,147	14,951	-	-	-	-
Cost of sales	(36,038)	(16,187)	-	-	-	-
Gross loss	(4,891)	(1,236)	-	-	-	-
Administration	(28)	(21)	-	-	-	-
Operating loss	(4,919)	(1,257)	-	-	-	-
Tax credit*	4,919	1,257	-	-	-	-
Result for the financial period	-	-	-	-	-	-

* Tax credit in respect of Theatre Tax Relief.

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	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Turnover/income	5	3	80	80
Cost of sales	-	-	(75)	(83)
	<hr/>	<hr/>	<hr/>	<hr/>
Gross profit/ (loss)	5	3	5	(3)
Administration	(5)	(4)	(5)	3
	<hr/>	<hr/>	<hr/>	<hr/>
Operating (loss)	-	(1)	-	-
Tax credit	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Loss for the financial period	-	(1)	-	-
	<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:

	2023	2022
	£'000	£'000
Catering	1,749	762
Retail, programmes and licencing	1,647	860
Film tax relief	-	252
Audience of the future	374	825
Theatre tax relief	4,919	1,257
Other	732	472
	<hr/>	<hr/>
	9,421	4,428
	<hr/>	<hr/>

Notes (continued)
(forming part of the accounts)

11 Fixed asset investments (continued)

(c) Subsidiaries (continued)

The aggregate of the assets and liabilities is as follows:

	RSC Pre-Productions Limited		RSC Estates Limited		RSC Enterprise Limited			
	2023	2022	2023	2022	2023	2022		
	£'000	£'000	£'000	£'000	£'000	£'000		
Assets	6,178	1,587	3,152	3,002	1,888	1,560		
Liabilities	(6,178)	(1,587)	(181)	(25)	(883)	(1,446)		
	-	-	2,971	2,977	1,005	114		

	RSC Matilda US Limited		RSC Productions Limited		RSC Matilda Australasia Limited		RSC Touring Limited	
	2023	2022	2023	2022	2023	2022	2023	2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Assets	6	1	-	-	-	-	762	754
Liabilities	(35)	(30)	-	-	-	-	(762)	(754)
	(29)	(29)	-	-	-	-	-	-

Matilda North American LLC had assets and liabilities of £Nil at 31st March 2023 (2022: £Nil).

The historic cost and carrying value of these investments at 31 March 2023 was £3,000,310 (2022: £3,000,310), comprising £100 RSC Enterprise Limited, £100 RSCA Limited, £3,000,002 RSC Estates Limited (further details are in note 25), £100 RSC Matilda US Limited, £2 RSC Pre-Productions Limited, £2 RSC Matilda Australasia Limited, £Nil Matilda North America LLC, £2 RSC Productions Limited and £2 RSC Touring Limited.

(d) Non-Controlling Interest

The Corporation jointly controls Matilda North America LLC with Dodgers Properties LLC and the asset allocation to each of the parties follows the allocation of royalties as determined in the co-production agreement. This allocation specifies 60% in favour of Dodgers Properties LLC and 40% for the RSC. There are no net assets/liabilities and no profit or loss as at the balance sheet date. Therefore, there are no non-controlling interests relating to this entity shown in the consolidated financial statements. The carrying value of this interest at 31 March 2023 was £Nil (2022: £Nil).

Notes (continued)
(forming part of the accounts)

12 Stock and work in progress

	Consolidated		Corporation	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Work in progress	2,115	3,269	2,115	3,240
Goods for resale	157	109	-	-
	2,272	3,378	2,115	3,240

13 Debtors

	Consolidated		Corporation	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade debtors	1,733	1,126	1,574	762
Amounts due from subsidiary undertakings (note 25)	-	-	7,295	2,895
Amounts due from joint ventures	150	-	-	-
Other debtors	371	877	7	1
Theatre tax relief	6,176	1,257	-	-
Prepayments	1,229	1,456	1,218	1,441
Accrued income	756	1,093	586	1,008
	10,415	5,809	10,680	6,107

Amounts due from subsidiary undertakings and amounts from joint ventures include loans as noted in note 25.

14 Cash at bank and in hand

	Consolidated		Corporation	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Short term deposits	11,970	19,529	11,970	19,529
Cash at bank and in hand	4,376	7,131	2,645	6,028
	16,346	26,660	14,615	25,557

Notes (continued)
(forming part of the accounts)

15 Creditors: amounts falling due within one year

	Consolidated		Corporation	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Trade creditors	1,829	1,576	1,725	1,475
Amounts due to subsidiary undertakings	-	-	6	1
Taxation and social security	1,418	592	1,300	489
Other creditors	251	291	194	266
Accruals	7,536	2,947	7,152	2,624
Ticket advances	4,078	3,161	4,078	3,162
Deferred income	1,513	1,182	1,495	849
	16,625	9,749	15,950	8,866

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

	Consolidated		Corporation	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Deferred income and ticket advances at 1 April	4,343	3,170	4,011	2,597
Deferred in the year	10,592	5,074	10,375	4,784
Released in the year	(9,344)	(3,901)	(8,813)	(3,370)
Deferred income and ticket advances at 31 March	5,591	4,343	5,573	4,011

16 Creditors: amounts falling due after more than one year

	Consolidated		Corporation	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Repayable finance from Culture Recovery Fund	20,230	19,834	20,230	19,834
	20,230	19,834	20,230	19,834

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 (2022: £19.4m) and accrued interest of £0.8m (2022: £0.4m).

Notes (continued)
(forming part of the accounts)

17 Provisions for liabilities

	Consolidated		Corporation	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
1 April	288	288	288	288
Reduced provision in year	(5)	-	(5)	-
31 March	283	288	283	288

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	
		2023	2022	2023	2022
		£'000	£'000	£'000	£'000
Financial assets:					
Financial assets at fair value through net income/expenditure					
- Listed Investments	11(b)	37,493	26,664	37,493	26,664
Debt instruments measured at amortised cost					
- Trade debtors	13	1,733	1,126	1,574	762
- Amounts due from subsidiary undertakings	13	-	-	7,296	2,895
- Accrued income	13	756	1,093	585	1,008
- Cash and short-term deposits	14	16,346	26,660	14,615	25,557
Total		56,328	55,543	61,563	56,886
Financial liabilities:					
Measured at amortised cost					
- Trade creditors	15	1,829	1,576	1,725	1,475
- Amounts due to subsidiary undertakings	15	-	-	6	1
- Other creditors	15	251	291	194	266
- Accruals	15	7,536	2,947	7,152	2,624
- Culture Recovery Fund repayable finance	16	20,230	19,834	20,230	19,834
Total		29,847	24,648	29,306	24,200

Notes (continued)
(forming part of the accounts)

19 Funds

Consolidated	Balance at 1 April 2022 £'000	Income £'000	Expenditure £'000	Transfers £'000	Losses on investments and other losses £'000	Balance at 31 March 2023 £'000
Unrestricted						
General Operating Fund	28,422	66,711	(64,820)	(4,136)	(354)	25,823
Pension reserve	-	-	(153)	-	(2,105)	(2,258)
	28,422	66,711	(64,973)	(4,136)	(2,459)	23,565
Unrestricted Designated Funds						
Capital Expenditure Fund	1,072	-	(530)	3,960	-	4,502
Redevelopment Fund	4,167	-	-	-	-	4,167
Digital Development Fund	304	-	-	176	-	480
Total unrestricted designated funds	5,543	-	(530)	4,136	-	9,149
Total unrestricted funds	33,965	66,711	(65,503)	-	(2,459)	32,714
Endowment funds						
Paul Hamlyn Endowment Fund	7,042	191	-	(280)	(461)	6,492
Actors' Fund	5,324	-	(20)	-	(181)	5,123
Catalyst Fund	1,646	-	(3)	-	(48)	1,595
Expendable Endowment Fund	168	-	-	-	(8)	160
Total endowment funds	14,180	191	(23)	(280)	(698)	13,370
Restricted						
Redevelopment Fund	67,572	-	(795)	-	-	66,777
TOP Capital Fund	5,631	-	(226)	-	-	5,405
Costume Workshop Capital Fund	4,087	213	(267)	-	-	4,033
Swan Auditorium Fund	531	-	(18)	-	-	513
Swan Wing Capital Fund	189	-	(17)	-	-	172
Theatrical Profession Relief Fund	396	9	(1)	-	(15)	389
Fanny Bradshaw Fund	287	2	(1)	-	(2)	286
Literary Writing Programme Fund	158	-	(71)	-	-	87
New York Residency Fund	87	-	-	-	-	87
Creative Fellowship Fund	14	-	(14)	-	-	-
Sir Fordham Flower Fund	8	-	(8)	-	-	-
Paul Hamlyn Foundation Fund	-	-	(280)	280	-	-
Audience of the Future Fund	-	407	(407)	-	-	-
Artist Development Fund	-	500	(500)	-	-	-
Total restricted income funds	78,960	1,131	(2,605)	280	(17)	77,749
Total restricted/endowment funds	93,140	1,322	(2,628)	-	(715)	91,119
Total funds	127,105	68,033	(68,131)	-	(3,174)	123,833

Notes (continued)
(forming part of the accounts)

19 Funds (continued)

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						
Paul Hamlyn Endowment Fund	6,961	192	-	(280)	169	7,042
Actors' Fund	4,981	-	(38)	-	381	5,324
Catalyst Fund	1,536	-	(11)	-	121	1,646
Expendable Endowment Fund	170	-	-	-	(2)	168
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 Fund	-	-	(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)

Corporation	Balance at 1 April 2022 £'000	Income £'000	Expenditure £'000	Transfers £'000	Losses on investments and other losses £'000	Balance at 31 March 2023 £'000
Unrestricted						
General Operating Fund	28,322	93,910	(92,757)	(4,136)	(354)	24,985
Pension reserve	-	-	(153)	-	(2,105)	(2,258)
	28,322	93,910	(92,910)	(4,136)	(2,459)	22,727
Unrestricted Designated Funds						
Capital Expenditure Fund	1,072	-	(530)	3,960	-	4,502
Redevelopment Fund	4,167	-	-	-	-	4,167
Digital Development Fund	304	-	-	176	-	480
Total unrestricted designated funds	5,543	-	(530)	4,136	-	9,149
Total unrestricted funds	33,865	93,910	(93,440)	-	(2,459)	31,876
Endowment funds						
Paul Hamlyn Endowment Fund	7,042	191	-	(280)	(461)	6,492
Actors' Fund	5,324	-	(20)	-	(181)	5,123
Catalyst Fund	1,646	-	(3)	-	(48)	1,595
Expendable Endowment Fund	168	-	-	-	(8)	160
Total endowment funds	14,180	191	(23)	(280)	(698)	13,370
Restricted						
Redevelopment Fund	67,572	-	(795)	-	-	66,777
TOP Capital Fund	5,631	-	(226)	-	-	5,405
Costume Workshop Capital Fund	4,087	213	(267)	-	-	4,033
Swan Auditorium Fund	531	-	(18)	-	-	513
Swan Wing Capital Fund	189	-	(17)	-	-	172
Theatrical Profession Relief Fund	396	9	(1)	-	(15)	389
Fanny Bradshaw Fund	287	2	(1)	-	(2)	286
Literary Writing Programme Fund	158	-	(71)	-	-	87
New York Residency Fund	87	-	-	-	-	87
Creative Fellowship Fund	14	-	(14)	-	-	-
Sir Fordham Flower Fund	8	-	(8)	-	-	-
Paul Hamlyn Foundation Fund	-	-	(280)	280	-	-
Artist Development Fund	-	500	(500)	-	-	-
Total restricted income funds	78,960	724	(2,198)	280	(17)	77,749
Total restricted/endowment funds	93,140	915	(2,221)	-	(715)	91,119
Total funds	127,005	94,825	(95,661)	-	(3,174)	122,995

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 Fund	-	-	(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)

Unrestricted funds

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

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 represented 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 enabled artists and academics to work together creatively and further both organisations' principal charitable objects and purpose. The fund was fully utilised in the year to 31 March 2022.

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 together with Research and Development tax credits 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.

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 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 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.

Notes (continued)
(forming part of the accounts)

19 Funds (continued)

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. This balance remains restricted due to charges given to funders, in accordance with the terms of the grant funding agreement. The depreciation of the capitalised cost, which is included in fixed assets, is charged against this fund.

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 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 depreciation of the capitalised cost, which is included in fixed assets, is charged against this fund.

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 Fanny Bradshaw and Sir Fordham Flower Funds provide bursaries to theatre employees for travelling abroad to strengthen the Corporation's contact with overseas theatres and theatrical organisations. The Sir Fordham Flower Fund was fully utilised in the year to 31 March 2023.

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

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

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

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 fund was fully utilised in the year to 31 March 2022.

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

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 was run through RSC Enterprise Limited, a wholly owned subsidiary of the Corporation. The project is now complete and the transfer in the year relates to Research and Development tax credit due to be received.

Transfers between funds

The transfers between funds consist of:

- Transfer of £3,960,082 (2022: £299,000) from the General Operating Fund to the Capital Expenditure Fund to cover the cost of assets replaced during the year ended 31 March 2023 and the costs of the Swan Theatre Project.
- Transfer of £176,424 (2022: £303,903) from the General Operating Fund to the Digital Development Fund in order to designate the surplus match funding and Research and Development tax credit from the *Audience of the Future* project.
- Transfer of £Nil (2022: £315,725) 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 £280,000 (2022: £279,520) from the Paul Hamlyn Endowment Fund to the Paul Hamlyn Foundation Restricted Fund, 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.

Notes (continued)
(forming part of the accounts)

20 Analysis of net assets between funds

Consolidated

At 31 March 2023	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
Unrestricted funds	8,244	26,365	11,727	(22,771)	23,565
Designated funds	8,669	-	480	-	9,149
Endowment funds					
Paul Hamlyn Endowment Fund	-	6,519	(27)	-	6,492
Actors' Fund	-	5,117	6	-	5,123
Catalyst Fund	-	1,582	13	-	1,595
Expendable Endowment Fund	-	160	-	-	160
	-	13,378	(8)	-	13,370
Restricted funds					
Redevelopment Fund	66,777	-	-	-	66,777
TOP Capital Fund	5,405	-	-	-	5,405
Costume Workshop Fund	4,033	-	-	-	4,033
Swan Auditorium Fund	513	-	-	-	513
Swan Wing Capital Fund	172	-	-	-	172
Theatrical Profession Relief Fund	-	421	(32)	-	389
Fanny Bradshaw Fund	-	219	67	-	286
Literary Writing Programme Fund	-	-	87	-	87
New York Residency Fund	-	-	87	-	87
	76,900	640	209	-	77,749
	93,813	40,383	12,408	(22,771)	123,833

Notes (continued)
(forming part of the accounts)

20 Analysis of net assets between funds (continued)

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
Unrestricted funds	8,176	14,852	25,516	(20,122)	28,422
Designated funds	5,239	-	304	-	5,543
Endowment funds					
Paul Hamlyn Endowment Fund	-	7,069	(27)	-	7,042
Actors' Fund	-	5,324	-	-	5,324
Catalyst Fund	-	1,640	6	-	1,646
Expendable Endowment Fund	-	168	-	-	168
	-	14,201	(21)	-	14,180
Restricted Funds					
Redevelopment Fund	67,572	-	-	-	67,572
TOP Capital Fund	5,631	-	-	-	5,631
Costume Workshop Fund	4,087	-	-	-	4,087
Swan Auditorium Fund	531	-	-	-	531
Theatrical Profession Relief Fund	-	428	(32)	-	396
Fanny Bradshaw Fund	-	223	64	-	287
Swan Wing Capital Fund	189	-	-	-	189
Literary Writing Programme Fund	-	-	158	-	158
New York Residency Fund	-	-	87	-	87
Creative Fellowship Fund	-	-	14	-	14
Sir Fordham Flower Fund	-	-	8	-	8
	78,010	651	299	-	78,960
	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)

Corporation

At 31 March 2023

	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
Unrestricted funds	8,244	26,475	10,779	(22,771)	22,727
Designated funds	8,669	-	480	-	9,149
Endowment Funds					
Paul Hamlyn Endowment Fund	-	6,519	(27)	-	6,492
Actors' Fund	-	5,117	6	-	5,123
Catalyst Fund	-	1,582	13	-	1,595
Expendable Endowment Fund	-	160	-	-	160
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	-	13,378	(8)	-	13,370
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Restricted funds					
Redevelopment Fund	66,777	-	-	-	66,777
TOP Capital Fund	5,405	-	-	-	5,405
Costume Workshop Fund	4,033	-	-	-	4,033
Swan Auditorium Fund	513	-	-	-	513
Swan Wing Capital Fund	172	-	-	-	172
Theatrical Profession Relief Fund	-	421	(32)	-	389
Fanny Bradshaw Fund	-	219	67	-	286
Literary Writing Programme Fund	-	-	87	-	87
New York Residency Fund	-	-	87	-	87
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	76,900	640	209	-	77,749
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	93,813	40,493	11,460	(22,771)	122,995
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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
Unrestricted funds	8,179	14,812	25,456	(20,122)	28,322
Designated funds	5,239	-	304	-	5,543
Endowment Funds					
Paul Hamlyn Endowment Fund	-	7,069	(27)	-	7,042
Actors' Fund	-	5,324	-	-	5,324
Catalyst Fund	-	1,640	6	-	1,646
Expendable Endowment Fund	-	168	-	-	168
	-	14,201	(21)	-	14,180
Restricted funds					
Redevelopment Fund	67,572	-	-	-	67,572
TOP Capital Fund	5,631	-	-	-	5,631
Costume Workshop Fund	4,087	-	-	-	4,087
Swan Auditorium Fund	531	-	-	-	531
Theatrical Profession Relief Fund	-	428	(32)	-	396
Fanny Bradshaw Fund	-	223	64	-	287
Swan Wing Capital Fund	189	-	-	-	189
Literary Writing Programme Fund	-	-	158	-	158
New York Residency Fund	-	-	87	-	87
-Creative Fellowship Fund	-	-	14	-	14
Sir Fordham Flower Fund	-	-	8	-	8
	78,010	651	299	-	78,960
	91,425	29,664	26,038	(20,122)	127,005

Notes (continued)
(forming part of the accounts)

21 Analysis of changes in net debt

	1 April 2022	Cash flows	Non-cash flows	At 31 March 2023
	£'000	£'000	£'000	£'000
Cash in hand	7,131	(2,755)	-	4,376
Notice deposits (less than 3 months)	19,529	(7,559)	-	11,970
Total cash and cash equivalents	26,660	(10,314)	-	16,346
Repayable finance from Culture Recovery Fund	(19,834)	-	(396)	(20,230)
	6,826	(10,314)	(396)	(3,884)

22 Financial and capital commitments

Consolidated and Corporation

Total commitments under operating leases are payable:

	2023		2022	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Within one year	220	62	315	28
In the second to fifth years inclusive	727	74	727	-
After five years	682	-	869	-
	1,629	136	1,911	28

At 31 March 2023, capital expenditure contracted but not provided for was £136,000 (2022: £837,000).

Notes (continued)
(forming part of the accounts)

23 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% (2022: 6%) on earnings up to the Upper Accrual Point (UAP) and 7.5% (2022: 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 £450,799 (2022: £432,859). The unpaid contributions outstanding at the year end, included in other creditors (note 15) were £36,261 (2022: £38,741).

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% (2022: 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% (2022: 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 auto-enrolment scheme was £1,094,259 (2022: £879,159). The unpaid contributions outstanding at the year end, included in other creditors (note 15) were £99,170 (2022: £77,192).

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 2023 the Corporation did not make any contributions into the scheme (2022: £Nil), in line with the independent actuary's recommendations but it continued to fund all administration costs of the scheme. The Scheme made a discretionary increase in respect of pensions accrued pre-1997 of 5% for the year to March 2023 (2022: nil%).

There was a deficit in the scheme as at 31 March 2023 of £2,258,000 (2022: surplus of £450,000).

	2023	2022
	£'000	£'000
Fair value of scheme assets	16,862	26,140
Benefit obligation at the end of the year	(19,120)	(25,690)
	<hr/>	<hr/>
Net (deficit) / surplus in scheme	(2,258)	450

There were no unpaid contributions outstanding at the year-end (2022: £Nil).

The latest actuarial valuation took place on 31 March 2020 and was updated for FRS 102 purposes to 31 March 2023 by a qualified independent actuary.

Notes (continued)
(forming part of the accounts)

23 Pensions (continued)

The principal actuarial assumptions used are shown below:

	2023 % per Annum	2022 % per Annum
Main financial assumptions - Liabilities		
Discount rate	4.80	2.60
Rate of inflation (RPI)	3.10	3.50
Rate of inflation (CPI)	2.70	3.10
Rate of increase to pensions in payment		
CPI inflation up to a maximum of 5%	2.70	3.10
CPI Inflation up to a maximum of 2.5%	2.20	2.30
	<hr/>	<hr/>
Mortality assumptions	2023	2022
Assumed life expectancies on retirement at age 65 are:		
Males retiring immediately	22.2	22.2
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	26.0
Scheme assets		
The assets in the Scheme were:	2023 £'000	2022 £'000
Fixed interest	7,003	9,179
Property	-	329
Cash	569	2,580
Credit and Diversified Private Debt	9,290	14,052
	<hr/>	<hr/>
Fair value of scheme assets	16,862	26,140
	<hr/>	<hr/>
	2023 £'000	2022 £'000
Actual return on assets over the period	(8,447)	70
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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 2023 have been estimated with reference to yield curves as these are a close match for the Scheme's liability cash flows.

Notes (continued)
(forming part of the accounts)

23 Pensions (continued)

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 at 31 March 2023 of £2,258,000 has been shown on the Balance Sheet.

The amounts recognised in the Statement of Financial Activities are:

	2023 £'000	2022 £'000
Service cost	153	-
Total Expense	153	-
Actuarial gain on liabilities	(6,549)	(1,329)
Return on assets, excluding interest income	9,116	460
Change in effect of the asset ceiling, excluding interest income	(462)	450
Other recognised losses/(gains)	2,105	(419)
Total amount recognised in the Statement of Financial Activities	2,258	(411)

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

	2023 £'000	2022 £'000
Benefit obligation at the beginning of the year	(25,690)	(27,360)
Interest cost	(657)	(538)
Actuarial gain on scheme liabilities *	6,549	1,329
Net benefits paid out	831	879
Past service cost	(153)	-
Benefit obligation at the end of year	(19,120)	(25,690)

* Includes changes to the actuarial assumptions

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

	2023 £'000	2022 £'000
Opening fair value of scheme assets	26,140	26,949
Interest income on scheme assets	669	530
Return on assets, excluding interest income	(9,116)	(460)
Benefits paid	(831)	(879)
Fair value of scheme assets at the end of year	16,862	26,140

Notes (continued)
(forming part of the accounts)

24 Loans to subsidiary companies and joint ventures

In March 2023, a loan was issued by the Corporation to RSC Estates Limited for £150,000 on normal commercial terms at an interest rate of 6%. The balance outstanding at 31 March 2023 was £150,000. The loan was required to enable the subsidiary to make an investment in Arden Hotel Waterside LLP.

RSC Estates Limited issued a loan to Arden Hotel Waterside LLP in March 2023 of £150,000. This loan was on normal commercial terms and interest is charged at 8% per annum. The balance outstanding at 31 March 2023 was £150,000.

Interest on both loans is paid quarterly in arrears. No interest was due to the Corporation from RSC Estates Limited or to RSC Estates Limited from Arden Hotel Waterside LLP during the current year.

25 Transactions with group and related undertakings

Transactions between the Corporation and group and related undertakings during the year and balances outstanding at 31 March 2023 were:

Organisation Name	Nature of transaction	2023 £	2022 £
<i>Subsidiary undertakings</i>			
RSC Enterprise Limited	Rental, utilities recharges and management charges from parent undertaking	201,071	152,711
	Charges to parent undertaking for programmes, catering, theatre tours and commissioning fees	(744,376)	(1,411,375)
RSC Pre-Productions Limited	Commissioning fee	(31,146,690)	(14,950,718)
	Pre-production costs	36,037,834	16,187,033
RSC Touring Limited	Commissioning fee	80,554	80,436
<i>Joint ventures</i>			
Arden Hotel Waterside LLP	Accommodation charges	(46,937)	(10,801)
	Sale of tickets and catering charges	13,665	4,667

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

Organisation Name	Balance due from Corporation at 31 March 2023 £	Balance due to Corporation at 31 March 2023 £	Balance due from Corporation at 31 March 2022 £	Balance due to Corporation at 31 March 2022 £
RSC Enterprise Limited	-	256,783	-	579,731
RSC Productions Ltd	-	-	-	-
RSC Matilda Australasia Ltd	-	-	-	-
RSC Pre-Productions Limited	-	6,138,718	-	1,560,599
RSC Estates Limited	-	152,500	-	2,500
RSC Matilda US Limited	6,208	-	1,054	-
RSC Touring Limited	-	747,326	-	752,108
Arden Hotel Waterside LLP	4,208	-	2,473	-

Notes (continued)
(forming part of the accounts)

26 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 has been a council member during the year, invoiced £187,865 in the year (2022: £97,850) for various items, such as the care of the collection, use of images and salary recharges. These were on the Shakespeare Birthplace Trust's normal commercial terms. The balance owed at the end of the year was £Nil (2022: £54,225). The Shakespeare Birthplace Trust was invoiced £1,875 (2022: £Nil) in the year for various items including ticket sales and costume hire. The balance owing at the end of the year was £Nil (2022: £Nil).
- Andrew Miller is a national council member of Arts Council England. During the year, the Corporation received a National Portfolio Organisation grant of £15,259,706 (2022: £15,259,706).
- Society of London Theatre, to which Andrew Miller provided paid consultancy service, invoiced the Corporation £28,586 (2022: £10,639) for items including commission from sale of gift cards, theatre tickets, advertisement and membership fees. These were on Society of London Theatre's normal commercial terms and the balance owed at the end of the year was £861 (2022: £4,063).
- During the year Andrew Miller also undertook consultancy for British Film Institute, from which the Corporation made a purchase of £100 (2022: £Nil) in respect of a licensing fee. The transaction was on the British Film Institute's normal commercial terms. The balance owed at year end was £Nil (2022: Nil).
- Andrew Miler has worked as a freelance consultant for Paul Hamlyn Foundation since April 2022. During the year, the Corporation received a grant of £126,751 for a research project in Learning and National Partnership. The balance owing at the end of the year was £Nil (2022: £Nil).
- 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 £16,180 (2022: £2,188) for their services. These were on Intermission Youth's normal commercial terms. The balance owed at the end of the year was £Nil (2022: £Nil).
- Greenwood Academies Trust was invoiced £3,500 (2022: £Nil) for a professional learning course on teaching about Shakespeare. Jacqui O'Hanlon has been its trustee since 2021. Balance owing at end of the year was £Nil (2022: £Nil).
- Ayanna Thompson works with Arizona State University as a Regents Professor of English. During the year, the Corporation invoiced the university a total of £435 (2022: Nil). The balance owed at the year end was £Nil (2022: £Nil). A subsidiary of the corporation also received a payment of £100 (2022: £Nil) for the use of an image. This transaction was on Arizona State University's normal commercial terms and the balance owed at the end of the year was £Nil (2022: £100).
- Griselda Yorke is a trustee for Improbable, which provided creative and logistical support with production of "My Neighbour Totoro". The Corporation paid a total of £30,000 (2022: £Nil) for their services during the year. The balance owed at the end of the year was £Nil (2022: £Nil).
- During the year, the Executive Director used RSC freehold property in Stratford Upon Avon rent-free, creating a taxable Benefit in Kind. The Artistic Director also used RSC freehold property in Stratford Upon Avon rent-free during part of the year. See note 6 for further details.
- A proportion of the indemnity insurance equating to £6,490 (2022: £5,900) covers Board members. The Charity Commission has indicated its approval of this arrangement.

Notes (continued)
(forming part of the accounts)

27 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 2023 was £87,895 (2022: *debtor of £81,022*).

28 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. (2022: £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. (2022: £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. (2022: £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. At the balance sheet date, the value of this charge was £6,845,000 (2022: £6,845,000).

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 £1,137,125 (2022: £846,317) 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 (2022: £2,146,800) had been made to the RSC.