COLCHESTER MERCURY THEATRE LIMITED

England & Wales · Charity number 232387

Details

Other names	MERCURY THEATRE
Status	Registered
Legal form	Charitable company
Company number	00441035
Registered	1964-01-03
Register	View on the Charity Commission register

Contact

Address	Mercury Theatre Co Mercury Theatre Balkerne Gate Colchester CO1 1PT
Phone	01206577006
Email	info@mercurytheatre.co.uk
Website	www.mercurytheatre.co.uk

Activities

Objects: THE ADVANCEMENT OF EDUCATION AND THE IMPROVEMENT OF PUBLIC TASTE THROUGH THE MEDIUM OF THE ARTS AND IN PARTICULAR THE ARTS OF DRAMA, DANCING, SINGING AND MUSIC.

Activities: Our primary object is to formulate and prepare schemes for and take all necessary steps for the advancement of education and the improvement of public taste through the medium of arts, and in particular the arts of drama, dancing, singing and music.

Classification

- **How:** Provides Buildings/facilities/open Space
- **What:** Arts/culture/heritage/science
- **Who:** Children/young People, Elderly/old People, People With Disabilities, Other Charities Or Voluntary Bodies, The General Public/mankind

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Geography

- **Area of benefit:** COLCHESTER AND ELSEWHERE
- Essex
- Suffolk

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£5,834,412	£5,353,905	£2,068,645	98
2024-03-31	£5,424,258	£5,106,909	£1,588,138	96
2023-03-31	£4,909,787	£5,288,616	£1,270,789	95
2022-03-31	£3,770,551	£4,175,460	£1,280,592	68
2021-03-31	£2,049,529	£1,714,342	£1,461,678	34

Trustees

Name	Role	Appointed
MARK TREFOR HOULT-ALLEN	Chair	2021-12-07
Anne Torreggiani		2025-06-27
Dominic Collins		2021-12-07
James Bates		2025-02-16
Julia Stephen		2023-06-06
Karen Elizabeth Morovic		2026-01-20
Karen Louise Goddard		2025-12-11
Lorna Fox O'Mahony		2021-12-07
Matthew Brindley		2023-12-05
Paul Tonkinson		2026-01-20
Peter Fremlin		2023-12-05
Rodney Appleyard		2023-06-06
Timothy Young		2024-06-04

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COLCHESTER MERCURY THEATRE LIMITED

England & Wales - Charity number 232387

Accounts

GC

Registered number: 441035
Charity number: 232387

COLCHESTER MERCURY THEATRE LIMITED

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

COLCHESTER MERCURY THEATRE LIMITED

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2025

Trustees	Robert West (resigned 11 December 2024) Lyn Barton (resigned 4 June 2024) Anita Thornberry (resigned 11 December 2024) Matthew Linley Sean Plummer (resigned 11 March 2025) Dominic Collins Lorna Fox O'Mahony, Deputy Chair Mark Hoult-Allen, Chair Marianne Hahn (resigned 2 January 2025) Helena Oxley (resigned 29 September 2025) Oliver Brown (resigned 5 April 2025) Rodney Appleyard Julia Stephen Peter Fremlin Matthew Brindley Timothy Young (appointed 4 June 2024) James Bates, Treasurer (appointed 16 February 2025) Anne Torreggiani (appointed 27 June 2025)
Company registered number	441035
Charity registered number	232387
Registered office	The Mercury Theatre Balkerne Gate Colchester Essex CO1 1PT
Company secretary	Hazel Skayman
Chief executive officer	Steve Mannix
Independent auditor	Griffin Chapman Chartered Accountants 4 & 5 The Cedars Apex 12 Old Ipswich Road Colchester Essex CO7 7QR
Bankers	Barclays Bank 9 High Street Colchester Essex CO1 1DD

CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 MARCH 2025

The year has been an exciting one for the theatre with a real focus on supporting new talent and local artists through our produced work, talent development programmes and the re-launch of the Mercury Creatives programme.

In January we were thrilled to welcome Natasha Rickman as our new Artistic Director - Natasha started her artistic journey as a member of the Mercury young company and it is wonderful to now have her leading our artistic programme.

In 2024/25 we produced a mix of our own work and co-productions with other theatres and organisations - this mix ensured that our work was seen not just in Colchester but also in other parts of the country and the world. We were delighted that two of our Studio productions, which celebrated new talent, and our pantomime, were nominated for/won awards and one of those Studio productions also subsequently transferred to London and New York.

Our Creative Engagement programme continued to support children, young people and adults both in Colchester and throughout Essex and we also worked with local schools holding workshops, industry days and curated 1,000 children for the Christmas lantern parade through Colchester City centre.

During the year the following Trustees retired from the Board: Rob West, Lyn Barton, Sean Plummer, Anita Thornberry, Marianne Hahn, Helena Oxley and Oliver Brown. We would like to thank them for their many years of service and invaluable contribution to the Mercury Theatre.

Looking forward, we will strive to remain one of the leading centres for excellence in the theatre industry by building on what we have achieved so far, further developing relationships with other arts venues and organisations and continuing to champion new talent and local artists.

As we transition into the new local government structure with the creation of the Greater Essex Combined County Authority and the Local Government reorganisation, we will endeavour to position the Mercury Theatre as a leading voice in regional cultural policy discussions.

Finally, I would like to thank our funders, supporters, staff and our audiences for your support in making our work possible.

.....

Mark Hoult-Allen
Chair
Date: 11/12/2025

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2025

The Trustees are pleased to present their annual report together with the audited financial statements of the Company for the year 1 April 2024 to 31 March 2025.

The Annual report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the Annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Since the group and the Company qualify as small under section 383 of the Companies Act 2006, the Group strategic report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

Objectives and activities

a. Policies and objectives

The primary object for which the company is established, as shown in our governing documents, is to formulate and prepare schemes for and take all necessary steps for the advancement of education and the improvement of public taste through the medium of arts, and in particular the arts of drama, dancing, singing and music.

Our vision is of the Mercury as a theatre that touches the lives of all the people of Colchester and its surrounding area, contributes regionally to the development of new talent and new audiences, and carves out a truly national reputation for the quality of the work that it makes.

These objects are further summarised in our mission statement:

"The Mercury exists to put theatre at the heart of the cultural life of the community it serves and to make work in Colchester that reaches audiences and generates critical attention regionally and nationally."

The Chief Executive Steve Mannix led both the artistic and business of the organisation including the development of the company's business plan, the strategic aims of which are summarised below:

Strategic Aims

- To build a reputation for the quality and innovation of our programme.
- To grow and diversify our audience base for that programme.
- To exploit the touring and commercial potential of the work we make.
- To create exceptional visitor experiences.
- To recruit and retain the most talented team of staff and volunteers.
- To diversify income streams / build financial resilience.

Our strategic aims are monitored throughout the year by a variety of methods including:

- Internal and externally commissioned evaluation methods.
- Audience surveys following each performance or event seeking feedback on both artistic quality, facilities and customer service.
- Audience focus groups (as required).
- Measurement of audience data, feedback and attendance against regional and national trends.
- Regular Board and staff conferences throughout the year.

Objectives and activities (continued)

Whilst upholding these aims it remains the role of the board to:

- Maintain a policy of inclusiveness and diversity.
- Ensure responsible financial control which is prudent and sustainable.
- Support the striving for excellence and high quality in all in which the theatre is involved.

In shaping our objectives and planning our activities the trustees have considered the Charity Commission's guidance on public benefit, including guidance on public benefit and fee charging. The theatre relies on grants and income from tickets, fees, other income and secondary trading to cover its operating costs. In setting the level for ticket prices, concessions and fees, the trustees consider the accessibility of the theatre and its community activities to those on low incomes. The theatre offers a range of concessions over the mix of its activities including over 65, under 26, access and job seekers. With regard to visiting companies the trustees have little or no input in setting ticket prices.

The company aims to benefit the community as a whole. In addition to an extensive annual programme of home productions, co-productions and visiting companies the theatre has a commitment to developing an audience through activities in and for the community. We are also committed to young people's and community development through an active Creative Engagement programme which provides extensive workshops and projects for schools, colleges and the wider public. The Mercury also provides facilities for a large number of local amateur and community groups.

Our extensive annual programme covers our own in house produced work, a pantomime and a mix of co-produced and visiting drama together with visiting live entertainment events across a wide range of genres.

This programme utilises both the main auditorium and studio facilities. In addition, each year our objective is to invest in, and engage in, activities and projects that develop our artistic policy through engaging with hard-to-reach audiences and support for new and emerging artists at the start of their career. These activities can be at the theatre or at other locations.

Achievements and performance

a. Review of activities

At the start of the year, the Mercury, along with many other arts and cultural organisations across the UK, faced a further significant challenge to its operating budget with the on-going cost pressures of utilities, stock purchases, materials and wages.

Our Board and Executive Team had no option but to take the decision to reduce our own produced work by one main house show during the period to meet these increased overheads.

We are very pleased to report that as the year progressed we achieved **70%** capacity in our Main House (2024: 86%) and **65%** for the mainly new work in our studio (2024: 53%). We remain eternally grateful for the loyal support of all our audiences.

Whilst these are challenging times, we have been able to further consolidate our operations and see the benefits of our new business plan. We once again achieved the highest turnover in our history (£5.834m including capital funding) with our earned income reaching 70% of turnover, excluding capital grants. For every £1 of public sector investment we now generate at least £4 in the local Colchester and Essex economy. This strong financial performance enabled us to mitigate stand-still public sector investment, rising costs and the increasingly competitive market for fundraising. Against this background we remain firmly committed to retaining a range of ticket prices for our audiences with accessible pricing for each Mercury Production performance.

Achievements and performance (continued)

The health and well-being of our audiences, staff, artists and creatives remained a priority for us during the year. We continued our range of Covid safety measures as well as the ability for our audience members to exchange tickets if they or their family or friends were unwell.

During the year we employed **102** staff. In addition, we engaged **80** freelance actors and creatives to produce our Mercury Productions and facilitate our Creative Engagement Programme.

The benefits of our new building continued to offer our artists, audiences, staff and users a safe, comfortable, welcoming and accessible environment to see and to create work.

During the year with the support of the South East Local Enterprise Partnership and Arts Council England we were able to build an extension of three new rehearsal/meetings rooms in order to meet demand for space and to complete the full conversion of our stage lighting to LED, therefore reducing our carbon footprint. In addition, we installed digital equipment to enable us to live stream from all our stages and rehearsal spaces – therefore making our work more accessible.

In 2024/25:

We remain forever grateful to the hard work and dedication of our staff team.

During the year we were sad to say goodbye to several key members of our senior staff - Tracey Childs, our Executive Producer and Joint CEO, Ryan McBryde, Creative Director and Dilek Latif, Senior Producer. They were each instrumental in curating and directing our artistic programme over the last decade.

As a response our Board took the opportunity to review our producing and artistic capacity. A new post of Artistic Director was created alongside a team of producers to support our produced work and visiting programme.

In January 2025 we welcomed Natasha Rickman as our new Artistic Director.

During the year we were able to continue to embed our new business model creating record breaking levels of earned income, increase the number of artists we supported, increase the level of our programming and ensure the smooth and efficient operation of our facilities.

Further highlights included our annual panto *The New Adventures of Peter Pan* that once again broke box office records playing to **98%** capacity. We were proud that our Dame, Anthony Stuart-Hicks won Best Dame at the UK Panto Awards (alongside other nominations for Best Costume Design and Best Set).

Our production of *I Really do Think This Will Change Your Life* was nominated for a Stage Innovation Award and *My Mother's Funeral*, a co-production with Paines Plough, the Belgrade Theatre and Royal and Derngate Theatre won a Fringe First at the Edinburgh Festival, toured the UK and transferred to London and New York.

With additional investment from Arts Council England, Essex County Council and Tendring District Council we were able to re-launch Mercury Creatives. Working across Essex in partnership with The Princes Theatre, Clacton, Harlow Playhouse and the Civic Theatre, Chelmsford the programme will support local artists and creatives of the future and help them gain professional skills over the next three years.

As an organisation we continue our commitment to reducing our carbon footprint across all aspects of our work. In particular we upgraded our solar battery capacity to capture more sustainable energy for use in peak times (evenings). We are proud that we hold BREEAM certification for the building, achieving a "very good" rating overall.

In addition, the Mercury has fully adopted the Green Book industry standards across our produced work and operations to enable us to become as sustainable as possible.

Achievements and performance (continued)

Reach and Engagement

We are pleased to report that our Creative Engagement programme continued both at the Mercury and throughout Colchester and Essex. Over **24,000** children, young people and adults took part across **1,407** sessions.

During 2024/25 we were able to offer the following range of work:

- Mercury Productions – Midsummer and The New Adventures of Peter Pan
- Mercury Co-Productions – My Mother's Funeral, Bindweed, Abigail's Party and The 39 Steps
- Creative Engagement Programme of classes and workshops for adults, children and young people
- Masterclasses and training events
- Re-Launch of Mercury Creatives which is our programme to support skills development in the creative industries within Essex
- Artist Networking Events
- Play Readings
- Year-round programme in our studio supporting local artists to present their work and visiting national small-scale touring
- LATES – a free programme of work in our bar/café – including Cocktail Cabaret (LGBT monthly cabaret night), events to support Black History Month, World Aids Day, International Women's Day and other cabaret, community and spoken word evenings.

We have been delighted with the continued positive feedback from audiences and users about our building and all its facilities. We continue to receive an average of 4.7* out of 5* in all feedback surveys.

Number of Shows:	**471**
Audience Attendance:	**118,739**
National Touring Productions	**3**
Touring Performances	**617**
Audience Attendance	**182,019**
None ticketed events	**182**
None ticketed attendees	**28,491**
Number of Access Performances	**17**
Senior Matinees	**80**
Attendance	**28,736**

Participation and Engagement Activities

Creative Engagement Sessions	**1,407**
Participants	**24,826**
Young Company Members	**300**

Talent Development

Number of Artists Supported	**632**
Sharings	**21**
Research and Development	**15**
Playwrights/Producers/Directors	**24**
Workshops (above)	**33**

Achievements and performance (continued)

Other projects continued to be developed including:

- The Mercury Teachers' Network continued to provide invaluable support and advice for our work in schools in Colchester and across Essex.
- We are pleased to report that our work experience and internships programme has returned to pre-pandemic levels. We were able to offer **15** placements during the year.
- During the year we fully utilised our 'piazza' and the public realm around our new building continuing our successful monthly Farmers Market, Christmas and Summer Markets and site-specific performances.
- In November 2024 for the first time we curated the Christmas Lantern Parade starting at the Mercury and ending at Firstsite working with local schools with over **1,000** children participating to mark the start of the Christmas season.
- As a direct response to the Cost-of-Living Crisis, the Mercury continued to offer a range of support during the year to local residents. Working in partnership with Colchester City Council, Essex County Council and Community 360 we continued as a 'warm space' during the winter for elderly and vulnerable residents.
- We continued to work in partnership with local community organisations including Outhouse, Colchester Pride, Black History Month, Autism Anglia, RAMA (formerly Colchester Refugee Action), Colchester Fringe and others.

Productions & Activities

The Mercury continued to be active in the civic life and well-being of Colchester and Essex through board and project group representation in forums and helping to produce events. These organisations included - Creative Colchester, Colchester Business Improvement District (BID), Essex Chamber of Commerce, The Rice and Spice Festival, Colchester Pride and Visit Essex.

b. Fundraising activities

As for many charities, raising voluntary funds from trusts, foundations and individuals is a vital source of income for the Mercury, enabling us to fulfil our charitable objectives as effectively as possible. We are very grateful for the support given by all our donors. During the year unrestricted income of £81,914 was received from individual donations and corporate supporters and a further £178,225 of restricted funding was raised to support community activities and projects.

£500,000 was received in total from South East Local Enterprise Partnership and £148,500 was received from Arts Council England in support of the construction of the 2nd floor extension and the purchase of new LED lighting.

The Mercury believes that fundraising should be an open, honest and respectful process. We aim to build and maintain solid partnerships with our supporters and donors, based on mutual understanding and shared values. In developing our approach to fundraising we have taken account of the Code of Fundraising Practice issued by the Fundraising Regulator and we are members of the Institute of Fundraising.

The Mercury operates with two fundraising staff. The investment made last year to increase this resource has had a positive influence and mitigates our challenging trading environment. External professional fundraisers are not contracted at present. The Mercury does not engage in face-to-face or telephone fundraising or any further commercial agreements that might endanger our reputation.

During the year, the Mercury continued to monitor its use of data. Our Privacy Policy is published on our website, and clearly states what personal data the Mercury will hold in relation to supporters and audiences and how this data will be used. It sets out how individuals can raise concerns or complaints. The Mercury has received no complaints about its fundraising activities during the financial year.

Achievements and performance (continued)

Financial review

a. Going concern

Having reviewed the charity's financial forecasts and expected future cash flows, the Trustees have a reasonable expectation that the charity and group have adequate resources to continue in operational existence for the foreseeable future. Thus, the going concern basis has been adopted in preparing these financial statements for the year ended 31 March 2025.

b. Reserves policy

In line with guidance issued by the Charities Commission, it is the policy of the trustees to maintain an Operational Reserve Fund. This reserve provides funds, commensurate with the risks faced by the organisation, that may be needed to meet day to day obligations, sustain planned activities in the short term, and/or enable a full response in the event of significant financial impact associated with those risks. The trustees consider that the required level of such a fund should currently be in the region of **£350,000**. At 31st March 2025, this fund had a balance of **£384,803** (excluding funds tied up in fixed assets). This policy is reviewed regularly, and the required level may be amended should this be deemed necessary.

Given the volatile trading environment for the Mercury, the Trustees have created designated reserves in order to invest in the development of future artistic projects, organisational development and replace equipment and other assets as needed. We envisage these to be utilised within the next 5 years. Restricted reserves are utilised as and when the relevant project is implemented – this is likely to be within the next 2 financial years.

c. Investment powers and policy

Under the Memorandum and Articles of Association, the charity has the power to invest in any way the trustees wish.

The trustees, having regard to maintaining a low-risk investment portfolio and the liquidity requirements of operating the theatre, have operated a policy of keeping available funds in interest bearing deposit and treasury accounts and seek to achieve as high a rate of interest as possible in the current economic climate.

d. Risk management

Current significant risks identified by the trustees include:

- Reduction or withdrawal of public subsidy
- Quality of artistic product available to programme
- Delay or failure to appoint key staff
- Change of Trustees and/or Chief Executives
- Robust and secure management of data
- Reduction in fundraising income
- Failure to meet sales targets and budget projections.

All risks are continuously monitored by the Senior Management Team throughout the year using current information such as management accounts and comparative sales and performance reports and an organisational risk register.

The trustees have continued their strategy of ongoing risk management review throughout the year. This strategy comprises:

- Quarterly review of the risks the charity may face.
- The establishment of systems and procedures to mitigate those risks identified.
- The implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

The risk register continues to identify risks by a ranking system based on likelihood and potential effect. The highest ranking of such identified risks is reviewed by the Finance and General Purposes sub-committee for action if required. Required actions will then be reported back to the board for approval. This is an ongoing process.

e. Financial review

The Mercury Theatre's continued artistic achievements have ensured a solid financial performance. As with all organisations of this type and size we must ensure that we maintain high standards of both customer experience and artistic development.

The Statement of Financial Activities (SOFA) shows income and expenditure for the charitable group and differentiates between unrestricted, designated and restricted funds allocated for specific purposes. The total income, including recovery of theatre tax credit, for the year was £5,834,412.

During the financial year the total held in designated reserves increased by £607,113 to £1,358,039 (2024: £750,926). Of these, a total of £851,161 (2024: £433,397) is held as fixed assets. This increase of is due mainly to the construction of the top floor extension and purchase of LED lighting. The remaining designated reserves relate to amounts identified for specific projects.

Following a review of the age and remaining life of key equipment, the Board have taken the decision to increase the designated reserve held for renewal of equipment to £125,000. This includes amounts for significant equipment renewals that have already taken place in 2025/26. Following a review of other known changes to our funding stakeholders and operating environment the Trustees have also increased the level of Organisational development reserves specifically to assist with anticipated additional costs during the Local Government reform process. A Combined County Mayoral Authority will be created under the Devolution Priority Programme and there will also be Local Government reorganisation.

In total, unrestricted reserves increased by £536,066 to £1,742,862 (2024: £1,206,796). The Trustees are of the opinion that the designated reserves are appropriate and will be utilised for specific purposes outlined, and that the Operational Reserve Fund is in line with its policy. The charity also holds £325,783 (2024: £381,342) of restricted reserves which relates to funding received for specific projects which have not yet been completed.

The ticket levy which was introduced as part of the Mercury Rising campaign will continue with future funds used to support our Creative Engagement activities in the community. We are pleased to report that we have now completed all repayments of the NESTA loan which was received as part of the large capital fundraising.

The Colchester Mercury Theatre continued to receive revenue funding from Arts Council England of £791,682, Essex County Council £100,000 and Colchester City Council £168,175, together with project funding as shown in note 4 to the financial statements.

The Board very much appreciates the continued support of the major funders and the support of other project funders throughout the financial year.

The Board considers that the charity's financial position at the balance sheet date is satisfactory.

Structure, governance and management

a. Constitution

Colchester Mercury Theatre Limited is registered as a charitable company limited by shares and is governed by its Memorandum of Association as amended by special resolution on 13 September 2005 and its Articles of Association dated 21 August 1947. New Articles of Association were adopted on 20 September 2016.

b. Methods of appointment or election of Trustees

As set out in the Articles of Association adopted by special resolution in September 2016 the number of trustees shall not be less than five or more than fifteen. However, the maximum number may be increased by a decision of Trustees. Additional Trustees have been appointed to accommodate planned resignations next financial year. As set out the maximum length of service for any trustee shall be two terms of four years, subject to re-election at the end of the first term. The maximum length of service for the position of Chair is eight years. The election or re-election of the Chair and Vice Chair shall be confirmed by the trustees at the annual retirement meeting. Other trustees shall face re-election after a four-year term.

Potential new trustees as required are chosen from nominations or external recruitment by a formal interview and reference process.

c. Organisational structure and decision-making policies

The board of trustees, which currently has 11 members, administers the charity. The board meets four times a year and has two sub-committees – Finance and General Purposes and Marketing which cover finance & human resources, health & safety, risk management, governance & trustee development and marketing.

The sub-committees consist of appointed trustees, co-opted individuals and relevant management and meet as required. Regular updates are given at board meetings. The sub-committees produce project or policy action plans as required to assist the charity in moving the company forward.

These sub-committees are supplemented by various time limited Task and Finish Groups of staff and trustees around particular themes or subject areas such as marketing, impact and evaluation, staff welfare and artistic development.

During the year the Chief Executive is appointed by the trustees to manage day to day operations and to implement the strategies laid down by the board.

To facilitate effective operations and management, the Senior Management team has delegated authority, within terms of delegation approved by the trustees, for operational, strategic and programming matters including artistic policy.

The Senior Management Team members on 31 March 2025 were:

Steve Mannix - Chief Executive
Hazel Skayman – Finance Director
Deborah Sawyerr – Executive Director
Carol Rayner – Commercial and Operations Director
Natasha Rickman - Artistic Director
Abbi Roberts – Development and Communications Director

The Theatre has 2 wholly owned subsidiaries, Colchester Mercury Trading Ltd and Colchester Mercury Productions Ltd. Each subsidiary is governed by a Board of Directors, which meets 4 times a year, with authority delegated to members of the Theatre's senior management team to manage the companies' day to day

Structure, governance and management (continued)

operations.

d. Policies adopted for the induction and training of Trustees

New trustees receive a formal induction pack and undergo a briefing session to highlight their legal obligations under company and charity law, the contents of the Memorandum and Articles of Association, the committee and decision-making process, the current business plan and recent financial performance of the charity. This process also includes topic and news updates as and when necessary and positive interaction with the theatre's management and staff. An annual Away Day is arranged to agree business objectives. Trustees are required and encouraged to attend theatre and community activities.

e. Pay policy for key management personnel

Senior pay at the Theatre aims to:

- recruit and retain talented individuals to lead and further develop a rapidly growing organisation;
- develop and sustain high performance;
- recognise individual performance in the preceding year.

The Board of Directors are responsible for the setting of Executive pay following an annual review.

Pay for senior staff reflects the market for comparable jobs in comparable organisations, the level of knowledge, skills and experience required, and the responsibilities and accountabilities associated with each role, the performance of the charity and the individual contribution of each executive.

The pay of senior staff is reviewed annually and is dependent on delivery against individual annual objectives in accordance with the Theatre's values.

f. Related party relationships

See note 33 of the Notes to the Accounts.

Plans for future periods

During the year our business plan was fully implemented by the Executive and Senior Management Team.

We are pleased to report that we have retained our National Portfolio Status with Arts Council England.

A limited (and scalable) programme has been devised to ensure that the Mercury is still able to produce and engage audiences but most importantly remain financially stable, risk aware and safe. We will continue to support local artists including writers, directors, actors and others working in the creative industries both through produced work in our main house and studio theatre and also via Mercury Creatives.

1. In 2025/26 The Mercury Theatre aims to:

Consolidate its programme in the new building ensuring the maximum financial benefit can be gained whilst retaining quality and the welfare of our staff and creatives.

Throughout this year we will seek to continue to deliver a range of creative engagement and talent opportunities at the Mercury and elsewhere in the community to target groups and those interested in developing professional skills in the arts.

Plans for future periods (continued)

We will continue to provide opportunities for other amateur and community groups to present their work.

2. Continue to be one of the leading centres of excellence for the theatre industry by:

a) Ensuring excellence in quality of work

b) Building on co-producing and UK touring

c) Working in partnership with other relevant organisations

d) Building upon international links developed in recent years

e) Fostering artistic growth and development

f) Developing skills of staff at all levels

g) Building the reputation of the Mercury Theatre, Colchester and the East of England

h) Maintaining excellence in production and workshop facilities

3. To build audience volumes and the age range and diversity of audiences by:

a) Working with Colchester City Council, Essex County Council and other local and regional arts organisations develop our Creative Engagement Programme

b) Develop and implement a new audience development strategy led by data and audience research.

c) Exploiting the opportunities provided by our website and other digital platforms

d) Reviewing current marketing operation, including staffing levels, to ensure maximum efficiency and impact

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025

Statement of Trustees' responsibilities

The Trustees (who are also the directors of the Company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of their incoming resources and application of resources, including their income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditor is unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditor is aware of that information.

Auditor

The auditor, Griffin Chapman, has indicated his willingness to continue in office. The designated Trustees will propose a motion reappointing the auditor at a meeting of the Trustees.

Finally, we would like to thank the senior management team and all staff members of the Mercury for all their work and ongoing commitment to our theatre.

Approved by order of the members of the board of Trustees on 11/12/2025 and signed on their behalf by:

.....

Mark Hoult-Allen
Chair

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COLCHESTER MERCURY THEATRE LIMITED

Opinion

We have audited the financial statements of Colchester Mercury Theatre Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2025 which comprise the Consolidated statement of financial activities, the Consolidated balance sheet, the Company balance sheet, the Consolidated statement of cash flows and the related notes, 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent charitable company's affairs as at 31 March 2025 and of the Group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

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 are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating 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's or the parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COLCHESTER MERCURY THEATRE LIMITED (CONTINUED)

Other information

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

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

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

Responsibilities of trustees

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

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going

concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

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:

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to detecting the risks of material misstatement of irregularities, including fraud and non-compliance with laws and regulations, were:

Identifying and assessing the risk of material misstatement by:

- the engagement partner ensured the engagement team had the necessary skills and knowledge to identify non-compliance with applicable laws and regulations;
- we obtained an understanding of the legal and regulatory frameworks that are applicable to the group and for those that are most significant, we enquired into how management ensures compliance is maintained;
- we identified the principal risks of non-compliance with laws and regulations that are applicable to the group and their ability to continue trading;
- correspondence was reviewed from third parties, where relevant;
- enquiry and review of the group's transactions was undertaken to highlight any instance of penalties, fines or legal activity which could suggest non-compliance with laws and regulations; and
- we considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006.

Work completed to address risk of fraud through management bias and override of controls:

- walkthrough tests were performed to ensure that systems and processes were in place, which reduced the risk of fraudulent behaviour;
- tested a selection of journal entries to identify any unusual transactions; and
- investigated the rationale behind any significant journal entries.

Work completed to address risk of non-compliance with laws and regulations:

- obtained an understanding of the legal and regulatory framework in which the company would need to comply;
- reviewed minutes of meetings held by those charged with governance to identify any non-compliance;
- enquired with management of any litigation and claims; and
- reviewed legal and professional costs in the year, and any correspondence with legal advisors, to identify any issues with non-compliance.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COLCHESTER MERCURY THEATRE LIMITED (CONTINUED)

It is also stated, as a reminder, that the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the group.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Thomas Maddocks FCA FMAAT (Senior statutory auditor)

for and on behalf of
Griffin Chapman

Chartered Accountants
Registered Auditors

4 & 5 The Cedars

Apex 12

Old Ipswich Road

Colchester

Essex

CO7 7QR

Date: 18 December 2025.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2025

	Note	Restricted funds 2025 £	Unrestricted funds 2025 £	Total funds 2025 £	*Total funds 2024 £*
Income from:					
Donations and legacies	4	**797,374**	**1,141,771**	**1,939,145**	*1,659,576*
Charitable activities	6	**-**	**2,848,526**	**2,848,526**	*2,660,464*
Other trading activities	7	**-**	**751,812**	**751,812**	*807,762*
Investments	8	**-**	**17,732**	**17,732**	*13,338*
Other income	9	**-**	**277,197**	**277,197**	*283,118*
Total income		**797,374**	**5,037,038**	**5,834,412**	*5,424,258*
Expenditure on:					
Raising funds:	10				
Commercial work costs		**-**	**30,795**	**30,795**	*7,289*
Other raising funds		**-**	**599,573**	**599,573**	*674,806*
Charitable activities	12	**206,688**	**4,516,849**	**4,723,537**	*4,424,814*
Total expenditure		**206,688**	**5,147,217**	**5,353,905**	*5,106,909*
Net income/(expenditure)		**590,686**	**(110,179)**	**480,507**	*317,349*
Transfers between funds	25	**(646,245)**	**646,245**	**-**	*-*
Net movement in funds		**(55,559)**	**536,066**	**480,507**	*317,349*
Reconciliation of funds:					
Total funds brought forward		**381,342**	**1,206,796**	**1,588,138**	*1,270,789*
Net movement in funds		**(55,559)**	**536,066**	**480,507**	*317,349*
Total funds carried forward		**325,783**	**1,742,862**	**2,068,645**	*1,588,138*

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

The notes on pages 24 to 52 form part of these financial statements.

COLCHESTER MERCURY THEATRE LIMITED
REGISTERED NUMBER: 441035

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2025

	Note		2025 £		2024 £
Fixed assets					
Intangible assets	17		**19,890**		*26,814*
Tangible assets	18		**831,441**		*406,922*
			851,331		*433,736*
Current assets					
Stocks	20	**41,159**		*32,395*	
Debtors	21	**982,210**		*710,338*	
Cash at bank and in hand		**1,248,179**		*1,615,386*	
		2,271,548		*2,358,119*	
Current liabilities					
Creditors: amounts falling due within one year	22	**(1,054,234)**		*(1,185,982)*	
Net current assets			**1,217,314**		*1,172,137*
Total assets less current liabilities			**2,068,645**		*1,605,873*
Creditors: amounts falling due after more than one year	23		**-**		*(17,735)*
Net assets excluding pension asset			**2,068,645**		*1,588,138*
Total net assets			**2,068,645**		*1,588,138*
Charity funds					
Restricted funds	25		**325,783**		*381,342*
Unrestricted funds					
Designated funds	25	**1,358,039**		*750,926*	
General funds	25	**384,823**		*455,870*	
Total unrestricted funds	25		**1,742,862**		*1,206,796*
Total funds			**2,068,645**		*1,588,138*

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2025

The financial statements were approved and authorised for issue by the Trustees on 11/12/2025 and signed on their behalf by:

.....
Mark Hoult-Allen
Chair

The notes on pages 24 to 52 form part of these financial statements.

COLCHESTER MERCURY THEATRE LIMITED
REGISTERED NUMBER: 441035

COMPANY BALANCE SHEET
AS AT 31 MARCH 2025

	Note		2025 £		2024 £
Fixed assets					
Intangible assets	17		**19,720**		*26,474*
Tangible assets	18		**831,441**		*406,922*
Investments	19		**200**		*200*
			851,361		*433,596*
Current assets					
Stocks	20	**14,077**		*9,475*	
Debtors	21	**1,149,095**		*851,702*	
Cash at bank and in hand		**718,896**		*1,085,514*	
		1,882,068		*1,946,691*	
Current liabilities					
Creditors: amounts falling due within one year	22	**(941,981)**		*(1,057,543)*	
Net current assets			**940,087**		*889,148*
Total assets less current liabilities			**1,791,448**		*1,322,744*
Creditors: amounts falling due after more than one year	23		**-**		*(17,735)*
Net assets excluding pension asset			**1,791,448**		*1,305,009*
Total net assets			**1,791,448**		*1,305,009*
Charity funds					
Restricted funds	25		**325,783**		*381,342*
Unrestricted funds					
Designated funds	25	**1,358,039**		*750,926*	
General funds	25	**107,626**		*172,741*	
Total unrestricted funds	25		**1,465,665**		*923,667*
Total funds			**1,791,448**		*1,305,009*

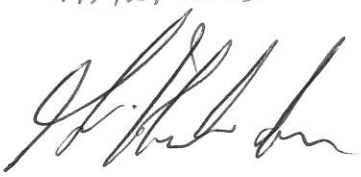
The Company's net movement in funds for the year was £486,439 *(2024 - £403,277)*.

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2025

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees on 11/12/2025 and signed on their behalf by:



.....
Mark Hoult-Allen
Director

The notes on pages 24 to 52 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2025

	Note	2025 £	2024 £
Cash flows from operating activities			
Net cash generated from operating activities	28	**380,503**	*727,809*
Cash flows from investing activities			
Interest received		**17,732**	*13,338*
Purchase of tangible & intangible fixed assets		**(644,007)**	*(98,126)*
Net cash used in investing activities		**(626,275)**	**(84,788)**
Cash flows from financing activities			
Repayments of borrowing		**(121,435)**	*(99,117)*
Net cash used in financing activities		**(121,435)**	**(99,117)**
Change in cash and cash equivalents in the year		**(367,207)**	**543,904**
Cash and cash equivalents at the beginning of the year		**1,615,386**	*1,071,482*
Cash and cash equivalents at the end of the year	29	**1,248,179**	*1,615,386*

The notes on pages 24 to 52 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

1. General information

The charitable company is a private company limited by shares (company no. 441035) and registered with the Charity Commission (registration no. 232387). It is registered in England and Wales and its registered office is shown on page 1 of the financial statements.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Colchester Mercury Theatre Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The Consolidated statement of financial activities (SOFA) and Consolidated balance sheet consolidate the financial statements of the Company and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of financial activities in these financial statements.

The financial statements are prepared in sterling which is the functional currency of the group.

2.2 Going concern

The financial statements are prepared on a going concern basis which assumes that the charitable group will continue in operational existence for a period of at least one year from the date of authorisation of these financial statements.

The Trustees have a reasonable expectation that the charity and group will have adequate resources to continue in operational existence for the foreseeable future. Each of the major funding bodies - Arts Council England East, Essex County Council and Colchester City Council - have indicated that their support of the theatre will continue for the foreseeable future.

2. Accounting policies (continued)

2.3 Income

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

Income from Charitable Activities - Comprises ticket income from performances and activities at the theatre and other venues as appropriate, income for community projects and hire of main house and studio all of which are recognised on a receivable basis. Box office income is recognised when productions take place.

Other trading activities - Comprises income from trading associated with attending the theatre, royalties, letting of the restaurant, bar and other areas and is recognised on a receivable basis.

Grants are included in the Consolidated statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Donations - Comprises all income from donations, subscriptions and grants, including government grants. It is recognised on a receivable basis in the appropriate fund when there is entitlement to the income, probability of receipt and the amount can be reliably measured.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Government grants - where the charity receives government grants, it recognises this as income only where there is reasonable assurance that the charity will comply with the conditions attaching to them and the grants will be received. This includes grants received from Arts Council England as they are an executive non-departmental public body.

Investment Income - Comprises interest received held in appropriate interest bearing accounts. All interest received is credited to operational funds and is recognised on a receivable basis.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

2.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity.

Direct and Support costs relating to a single activity are allocated directly to that activity.
Where costs relate to more than one activity they have been allocated on the basis of staff time and resources consumed by each activity.

2. Accounting policies (continued)

2.4 Expenditure (continued)

Expenditure on raising funds represents the direct cost of trading associated with attending the theatre, royalties and other income together with allocated support costs and the direct costs associated with securing donations, subscriptions and grants and other income together with allocated support costs.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Group's objectives, as well as any associated support costs.

The costs relating to charitable activities relate to direct expenditure on performances and activities at the theatre and other venues as appropriate. It also includes costs relating to community projects and auditorium and studio hire together with allocated support costs.

Governance costs represents direct expenditure of Board activities together with allocated support costs.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

All expenditure is inclusive of irrecoverable VAT.

2.5 Productions

1) For productions occurring wholly within one financial year box office and venue fees are recognised in that year and costs are recognised as incurred. Typically costs are incurred in advance of revenue being generated.

2) Where a production spans the year-end and is expected to be loss making, the expected loss is recognised in full in the year in which the loss is foreseen.

3) Where production set up costs have been incurred prior to the year-end but the production has not yet opened, the set up costs are carried forward at the balance sheet date as deferred production costs until such time as the production opens.

2.6 Interest receivable

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

2.7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the reporting date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Consolidated statement of financial activities.

2. Accounting policies (continued)

2.8 Intangible assets and amortisation

Intangible assets costing £500 or more are capitalised and recognised when future economic benefits are probable, and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets comprise the cost of a licence enabling the premises to be used to hold wedding ceremonies and a new website and finance package.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined to be the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Amortisation is provided on intangible assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life.

Amortisation is provided on the following bases:

Licences	-	10 %	Straight Line
Website	-	10 %	Straight Line
Computer software	-	10 %	Straight Line

2.9 Tangible fixed assets and depreciation

Tangible fixed assets costing £500 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined to be the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

2. Accounting policies (continued)

2.9 Tangible fixed assets and depreciation (continued)

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

Large capital projects	- 15% Straight Line
Studio development	- 15 - 33.33% Straight Line
Theatre equipment	- 15% Straight Line
Capital Grant	- 15% - 33.33% Straight Line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Costs incurred relating to the large capital development and re-furbishment of the Theatre have been capitalised. These will be depreciated once the development is complete.

Within the large capital development, costs have been incurred relating to the refurbishment of temporary office accommodation. These are being depreciated in line with the company's depreciation policy of 15% straight line as the office accommodation has been brought into use.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of financial activities.

2.10 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Consolidated statement of financial activities.

Investments in subsidiaries are valued at cost less provision for impairment.

2.11 Stocks

Stocks of merchandise and other goods for resale are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

2.12 Debtors

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

Debtors receivable within one year of the reporting date are carried initially at their transaction price and subsequently at settlement value. Debtors that are receivable in more than one year and not subject to a market rate of interest are measured at the present value of the expected future receipts.

2. Accounting policies (continued)

2.13 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.14 Liabilities and provisions

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

Creditors payable within one year of the reporting date are carried initially at their transaction price and subsequently at settlement value. Creditors payable in more than one year and not subject to a market rate of interest are measured at the present value of the expected future payment discounted at a market rate of interest.

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

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Consolidated statement of financial activities as a finance cost.

2.15 Financial instruments

The Group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.16 Operating leases

Rentals paid under operating leases are charged to the Consolidated statement of financial activities on a straight-line basis over the lease term.

2.17 Pensions

The Group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Group to the fund in respect of the year.

The Group offers a voluntary stakeholders scheme to its employees and those on short term equity contracts. The company contribution costs are included in the Statement of Financial Activities as they fall due.

2. Accounting policies (continued)

2.18 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Group and which have not been designated for other purposes.

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

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

Investment income, gains and losses are allocated to the appropriate fund.

3. Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

Useful economic life - the annual depreciation charge for tangible and intangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives, amortisation and residual values are re-assessed annually. They are amended when necessary to reflect current estimates based on technological advancement, future investment, economic utilisation and the physical condition of the assets.

4. Income from donations and legacies

	Restricted funds 2025 £	Unrestricted funds 2025 £	Total funds 2025 £	*Total funds 2024 £*
Voluntary income - see note below	730,948	1,059,857	**1,790,805**	*1,514,920*
Grants	66,426	-	**66,426**	*25,721*
Individuals & corporate memberships	-	81,914	**81,914**	*118,935*
Total 2025	797,374	1,141,771	**1,939,145**	*1,659,576*
Total 2024	*480,784*	*1,178,792*	*1,659,576*	

5. Voluntary income

	Restricted funds 2025 £	Unrestricted funds 2025 £	Total funds 2025 £	*Total funds 2024 £*
Arts Council England - core	-	791,682	**791,682**	*791,682*
Colchester Borough Council - core	-	168,175	**168,175**	*168,175*
Essex County Council - core	-	100,000	**100,000**	*100,000*
Arts Council England - project grant	148,500	-	**148,500**	*360,000*
SELEP - project grant	470,649	-	**470,649**	-
Tendring District Council - project grant	9,912	-	**9,912**	-
Essex County Council - project grant	50,000	-	**50,000**	-
Others - see Statement of funds Note 25	51,887	-	**51,887**	*95,063*
	730,948	1,059,857	**1,790,805**	*1,514,920*
Total 2024	*455,063*	*1,059,857*	*1,514,920*	

6. Income from charitable activities

	Unrestricted funds 2025 £	Total funds 2025 £	*Total funds 2024 £*
Box office receipts	2,059,577	**2,059,577**	*2,074,651*
Theatre rentals and hires	181,790	**181,790**	*115,609*
Community and Education	168,188	**168,188**	*131,601*
Royalties income	620	**620**	*2,841*
Other income	438,351	**438,351**	*335,762*
Total 2025	2,848,526	**2,848,526**	*2,660,464*
Total 2024	*2,660,464*	*2,660,464*	

7. Income from other trading activities

Income from non charitable trading activities

	Unrestricted funds 2025 £	Total funds 2025 £	*Total funds 2024 £*
Trading associated with attending theatre performances and activities	751,812	**751,812**	*807,762*
Total 2024	*807,762*	*807,762*	

8. Investment income

	Unrestricted funds 2025 £	Total funds 2025 £	*Total funds 2024 £*
Investment income	17,732	**17,732**	*13,338*
Total 2024	*13,338*	*13,338*	

9. Other incoming resources

	Unrestricted funds 2025 £	Total funds 2025 £	*Total funds 2024 £*
Theatre Tax Relief claims	277,197	**277,197**	*283,118*
Total 2024	*283,118*	*283,118*	

10. Expenditure on raising funds

	Unrestricted funds 2025 £	Total funds 2025 £	*Total funds 2024 £*
Commercial work costs	30,795	**30,795**	*7,289*
Total 2024	*7,289*	*7,289*	

Other raising funds expenditure

	Unrestricted funds 2025 £	Total funds 2025 £	*Total funds 2024 £*
Bar and front of house costs	224,325	**224,325**	*347,451*
Bar and front of house staff costs	336,129	**336,129**	*297,402*
Front of house support staff costs	39,119	**39,119**	*29,953*
Total 2025	599,573	**599,573**	*674,806*
Total 2024	*674,806*	*674,806*	

11. Analysis of grants

	Grants to Individuals 2025 £	Total funds 2025 £	*Total funds 2024 £*
Grants, Community and Education	2,164	**2,164**	*1,000*

All grants made in 2024 were to individuals. Note 13 summarises how grant funding of activities has been allocated within the Statement of Financial Activities.

12. Analysis of expenditure on charitable activities

Summary by fund type

	Restricted funds 2025 £	Unrestricted funds 2025 £	Total 2025 £	*Total 2024 £*
Main House	2,713	3,623,823	**3,626,536**	*3,525,806*
Touring	600	436,277	**436,877**	*397,764*
Community and Education	203,375	456,749	**660,124**	*501,244*
	206,688	4,516,849	**4,723,537**	*4,424,814*
Total 2024	*85,791*	*4,339,023*	*4,424,814*	

13. Analysis of expenditure by activities

	Activities undertaken directly 2025 £	Grant funding of activities 2025 £	Support costs 2025 £	Total funds 2025 £	*Total funds 2024 £*
Main House	3,296,208	-	330,328	**3,626,536**	*3,525,806*
Touring	436,877	-	-	**436,877**	*397,764*
Community and Education	657,960	2,164	-	**660,124**	*501,244*
	4,391,045	2,164	330,328	**4,723,537**	*4,424,814*
Total 2024	*4,155,295*	*1,000*	*268,519*	*4,424,814*	

13. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Main House 2025 £	Touring 2025 £	Community and Education 2025 £	Total funds 2025 £	*Total funds 2024 £*
Staff costs	1,390,234	269,981	178,666	**1,838,881**	*1,973,620*
Depreciation & amortisation	181,131	22,642	22,642	**226,415**	*133,362*
Production costs	1,204,253	79,220	160,443	**1,443,916**	*1,147,580*
Theatre running costs	328,511	41,064	41,064	**410,639**	*442,911*
Capital development P&L costs	313	-	-	**313**	*25,751*
Community & Education	-	-	230,632	**230,632**	*165,845*
Marketing	96,988	12,123	12,666	**121,777**	*124,312*
Irrecoverable VAT	94,778	11,847	11,847	**118,472**	*141,914*
	3,296,208	436,877	657,960	**4,391,045**	*4,155,295*
Total 2024	*3,257,287*	*397,764*	*500,244*	*4,155,295*	

Analysis of support costs

	Total funds 2025 £	*Total funds 2024 £*
Finance & Administration	**179,513**	*169,447*
IT	**61,239**	*23,163*
Recruitment and training	**14,930**	*13,125*
Travel and entertaining	**8,546**	*10,293*
Licences and subsciptions	**25,981**	*22,538*
Front of House staff costs	**40,119**	*29,953*
	330,328	*268,519*

14. Auditor's remuneration

	2025 £	2024 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**8,000**	8,000

15. Staff costs

	Group and Company 2025 £	Group and Company 2024 £
Wages and salaries	**2,003,530**	2,123,111
Social security costs	**142,419**	141,916
Contribution to defined contribution pension schemes	**37,459**	35,948
Redundancy and termination costs	**30,721**	-
	2,214,129	2,300,975

Termination costs relate to an ex-gratia settlement paid to an employee in the year.

The average number of persons employed by the Group and Company during the year was as follows:

	Group and Company 2025 No.	Group and Company 2024 No.
All	**98**	96

All pension costs are allocated to unrestricted funds.

The average number of employees excludes actors and other freelance staff.

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

	Group and Company 2025 No.	Group and Company 2024 No.
In the band £60,001 - £70,000	**1**	2

The key management personnel of the company comprise the Chief Executive and senior management team- Deputy Executive Director, Creative Director, Finance Director, Development Director and Operations Director. The total employee benefits including employer pension contributions and termination payments of the key management personnel of the company were £349,850 (2024: £404,524).

16. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits *(2024 - £NIL)*.

During the year ended 31 March 2025, expenses totalling £513 were reimbursed or paid directly to 1 Trustee(s) *(2024 - £284 to 2 Trustees)*. This was in relation to travel expenses.

17. Intangible assets

Group

	Website £	Licences £	Software £	Total £
Cost				
At 1 April 2024	**19,775**	**1,700**	**47,769**	**69,244**
At 31 March 2025	**19,775**	**1,700**	**47,769**	**69,244**
Amortisation				
At 1 April 2024	**7,910**	**1,360**	**33,160**	**42,430**
Charge for the year	**1,977**	**170**	**4,777**	**6,924**
At 31 March 2025	**9,887**	**1,530**	**37,937**	**49,354**
Net book value				
At 31 March 2025	**9,888**	**170**	**9,832**	**19,890**
At 31 March 2024	*11,865*	*340*	*14,609*	*26,814*

17. **Intangible assets (continued)**

Company

	Website £	Software £	Total £
Cost			
At 1 April 2024	**19,775**	**47,769**	**67,544**
At 31 March 2025	**19,775**	**47,769**	**67,544**
Amortisation			
At 1 April 2024	**7,910**	**33,160**	**41,070**
Charge for the year	**1,977**	**4,777**	**6,754**
At 31 March 2025	**9,887**	**37,937**	**47,824**
Net book value			
At 31 March 2025	**9,888**	**9,832**	**19,720**
At 31 March 2024	*11,865*	*14,609*	*26,474*

18. Tangible fixed assets

Group and Company

	Large capital projects £	Studio development £	Theatre equipment £	Assets under construction £	Total £
Cost or valuation					
At 1 April 2024	**769,014**	**613,908**	**919,406**	**31,301**	**2,333,629**
Additions	**441,381**	**-**	**202,626**	**-**	**644,007**
Transfers between classes	**31,301**	**-**	**-**	**(31,301)**	**-**
At 31 March 2025	**1,241,696**	**613,908**	**1,122,032**	**-**	**2,977,636**
Depreciation					
At 1 April 2024	**651,786**	**613,908**	**661,013**	**-**	**1,926,707**
Charge for the year	**104,884**	**-**	**114,604**	**-**	**219,488**
At 31 March 2025	**756,670**	**613,908**	**775,617**	**-**	**2,146,195**
Net book value					
At 31 March 2025	**485,026**	**-**	**346,415**	**-**	**831,441**
At 31 March 2024	*117,228*	*-*	*258,393*	*31,301*	*406,922*

The company's bankers, Barclays Bank PLC, currently hold a debenture over the assets of the company, dated 23rd July 1997.

The group operates from the theatre premises which is leased from Colchester City Council under a 40 year lease that commenced in September 2022. The premises are not recognised as an asset of the group and the financial commitment has been disclosed in the note to the accounts.

19. Fixed asset investments

Company	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2024	**200**
At 31 March 2025	**200**
Net book value	
At 31 March 2025	**200**
At 31 March 2024	*200*

Principal subsidiaries

The following were subsidiary undertakings of the Company:

Names	Company number	Class of shares	Holding	Included in consolidation
Colchester Mercury Productions Ltd	09144431	Ordinary	100%	Yes
Colchester Mercury Trading Ltd	09144550	Ordinary	100%	Yes

The financial results of the subsidiaries for the year were:

Names	Profit/(Loss) for the year £	Net assets £
Colchester Mercury Productions Ltd	**277,197**	**277,297**
Colchester Mercury Trading Ltd	**203,011**	**100**

20. Stocks

	Group 2025 £	*Group 2024 £*	Company 2025 £	*Company 2024 £*
Bar, cafe, workshop and lighting	**41,159**	*32,395*	**14,077**	*9,475*

21. Debtors

	Group 2025 £	*Group 2024 £*	Company 2025 £	*Company 2024 £*
Due within one year				
Trade debtors	**24,603**	*89,464*	**17,436**	*72,062*
Amounts owed by group undertakings	**-**	*-*	**754,159**	*441,933*
Other debtors	**797,558**	*338,329*	**217,569**	*55,162*
Prepayments and accrued income	**50,482**	*226,836*	**50,364**	*226,836*
Prepayments in respect of future show costs carried forward	**109,567**	*55,709*	**109,567**	*55,709*
	982,210	*710,338*	**1,149,095**	*851,702*

22. Creditors: Amounts falling due within one year

	Group 2025 £	*Group 2024 £*	Company 2025 £	*Company 2024 £*
Trade creditors	**152,502**	*167,695*	**130,354**	*144,429*
Other taxation and social security	**92,537**	*89,427*	**92,537**	*89,427*
Other creditors	**139,009**	*158,420*	**60,557**	*57,365*
NESTA loan	**-**	*103,700*	**-**	*103,700*
Accruals and deferred income	**670,186**	*666,740*	**658,533**	*662,622*
	1,054,234	*1,185,982*	**941,981**	*1,057,543*

	Group 2025 £	*Group 2024 £*	Company 2025 £	*Company 2024 £*
Deferred income at 1 April 2024	**581,603**	*456,619*	**577,485**	*449,979*
Resources deferred during the year	**2,395,665**	*2,526,764*	**2,289,758**	*2,418,332*
Amounts released from previous periods	**(2,449,459)**	*(2,401,780)*	**(2,341,113)**	*(2,290,826)*
	527,809	*581,603*	**526,130**	*577,485*

Deferred income derives from the box office in advance.

23. Creditors: Amounts falling due after more than one year

	Group 2025 £	*Group 2024 £*	Company 2025 £	*Company 2024 £*
NESTA loan	-	*17,735*	-	*17,735*

The NESTA loan was an unsecured loan. Interest was charged at 4.5% per annum.

24. Financial instruments

	Group 2025 £	*Group 2024 £*	Company 2025 £	*Company 2024 £*
Financial assets				
Financial assets measured at fair value through income and expenditure	**1,248,179**	*1,615,386*	**718,896**	*1,085,514*

Financial assets measured at fair value through income and expenditure comprise bank and cash balances.

25. Statement of funds

Statement of funds - current year

	Balance at 1 April 2024 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2025 £
Unrestricted funds					
Designated funds					
Equipment	22,185	-	-	102,815	125,000
Organisational development	233,810	-	(60,020)	105,000	278,790
Artistic/Audience Development projects	55,493	-	(6,282)	50,000	99,211
Hardship funds	6,041	-	(2,164)	-	3,877
Theatre equipment - capitalised	258,395	-	(114,606)	202,626	346,415
Large projects- capitalised	117,227	-	(33,983)	-	83,244
Intangible assets - capitalised	26,474	-	(6,754)	-	19,720
2nd floor extension - capitalised	31,301	-	(70,902)	441,383	401,782
	750,926	-	(294,711)	901,824	1,358,039
General funds					
Operational	455,850	5,037,038	(4,852,506)	(255,579)	384,803
Share capital	20	-	-	-	20
	455,870	5,037,038	(4,852,506)	(255,579)	384,823
Total Unrestricted funds	1,206,796	5,037,038	(5,147,217)	646,245	1,742,862
Restricted funds					
Colchester Catalyst	4,400	-	-	-	4,400
Essex County Council - Essex Carers Project	-	9,600	(5,466)	(1,220)	2,914
Tamasha	217	-	-	-	217
Essex County Council - Holiday Clubs	-	12,932	(9,221)	(3,711)	-
TNL Community Project Fund	-	43,894	(28,844)	(4,015)	11,035
Essex County Council - project grant	-	50,000	-	-	50,000
Colchester LCEP Project	-	25,000	(18,226)	-	6,774
Good Chance Project	-	17,887	(16,351)	(1,536)	-

25. **Statement of funds (continued)**

Statement of funds - current year (continued)

	Balance at 1 April 2024 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2025 £
Colchester City Council	5,000	-	(5,000)	-	-
Hiscox Foundation	-	6,000	-	-	6,000
Hervey Benham Trust	-	3,000	(3,000)	-	-
SELEP (2nd Floor)	-	470,649	-	(470,649)	-
Arts Council England - project grant	360,000	-	(99,262)	(16,295)	244,443
Tendring District Council	9,912	9,912	(19,824)	-	-
Community 360	1,500	-	(1,181)	(319)	-
Mercury Rising fundraising	313	-	(313)	-	-
Arts Council England (2nd Floor)	-	148,500	-	(148,500)	-
	381,342	797,374	(206,688)	(646,245)	325,783
Total of funds	1,588,138	5,834,412	(5,353,905)	-	2,068,645

25. Statement of funds (continued)

Designated funds

Equipment - Designated for the purchase of capital items within the next 5 years.

Organisational development - Designated to allow for organisational projects within the next 5 years.

Artistic/audience development projects - Designated for specific artistic and audience development projects to be utilised in the next 5 years.

Hardship fund - To offer financial assistance to staff and freelancers during the current cost of living crisis, to be utilised in the next 2 years.

Equipment capitalised - Represents the net book value of assets purchased using designated reserves which are not included in restricted funds.

Restricted funds

These relate to funding received for specific projects, as well as those listed below:

Arts Council - £360,000 contribution towards the Mercury Creatives Project. This is a 3 year project and funds will be utilised as expenditure occurs over that period.

Transfers between funds in the year

New allocations from unrestricted funds of £105,000 to the Organisation development fund and £50,000 to the Artistic/audience development project.

SELEP transfer of £470,649 from restricted to designated funds to reflect the expenditure on fixed assets.

Arts Council England transfer of £148,500 from restricted to designated funds to reflect the expenditure on fixed assets.

Within designated funds £24,860 moved from the designated purchase fund to designated fixed assets.

Restricted funds totalling £27,096 were used to support core costs through transfers to unrestricted reserves.

25. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 April 2023 £	*Income* £	*Expenditure* £	*Transfers in/out* £	*Balance at 31 March 2024* £
Unrestricted funds					
Designated funds					
Equipment	*22,185*	-	-	-	*22,185*
Organisational development	*208,810*	-	-	*25,000*	*233,810*
Artistic/Audience Development projects	*5,493*	-	-	*50,000*	*55,493*
Hardship funds	*7,041*	-	*(1,000)*	-	*6,041*
Theatre equipment - capitalised	*277,784*	-	*(87,621)*	*68,232*	*258,395*
Large projects- capitalised	*156,044*	-	*(38,817)*	-	*117,227*
Intangible assets - capitalised	*32,686*	-	*(6,754)*	*542*	*26,474*
2nd floor extension - capitalised	*1,950*	-	-	*29,351*	*31,301*
	711,993	-	*(134,192)*	*173,125*	*750,926*
General funds					
Operational	*474,025*	*4,943,474*	*(4,886,926)*	*(74,723)*	*455,850*
Share capital	*20*	-	-	-	*20*
	474,045	*4,943,474*	*(4,886,926)*	*(74,723)*	*455,870*
Total Unrestricted funds	*1,186,038*	*4,943,474*	*(5,021,118)*	*98,402*	*1,206,796*
Restricted funds					
Colchester Catalyst	*4,400*	-	-	-	*4,400*
Colchester LCEP Project	*20,966*	*6,000*	*(26,966)*	-	-
Tamasha	*217*	-	-	-	*217*
Essex County Council - Summer Schools	*6,431*	*9,721*	*(11,013)*	*(5,139)*	-
Paul Hamlyn Foundation	*2,872*	*2,000*	*(2,227)*	*(2,645)*	-
One Colchester	*1,570*	-	*(450)*	*(1,120)*	-
Essex Community Foundation	*8,975*	-	*(5,060)*	*(3,915)*	-
Speech Bubbles	*6,000*	*1,000*	*(3,848)*	*(3,152)*	-

25. Statement of funds (continued)

Statement of funds - prior year (continued)

	Balance at 1 April 2023 £	*Income* £	*Expenditure* £	*Transfers in/out* £	*Balance at 31 March 2024* £
Colchester City Council	*5,000*	*10,000*	*(8,196)*	*(1,804)*	*5,000*
National Lottery	*1,017*	-	-	*(1,017)*	-
D'Oyly Carte	*1,239*	-	*(780)*	*(459)*	-
SELEP	-	*29,351*	-	*(29,351)*	-
Arts Council England - project grant	-	*360,000*	-	-	*360,000*
The Wolfson Foundation	-	*49,800*	-	*(49,800)*	-
Tendring District Council	-	*9,912*	-	-	*9,912*
FSJ Trust	-	*1,500*	*(1,500)*	-	-
Community 360	-	*1,500*	-	-	*1,500*
Mercury Rising fundraising	*26,064*	-	*(25,751)*	-	*313*
	84,751	*480,784*	*(85,791)*	*(98,402)*	*381,342*
Total of funds	*1,270,789*	*5,424,258*	*(5,106,909)*	-	*1,588,138*

26. Summary of funds

Summary of funds - current year

	Balance at 1 April 2024 £	**Income** £	**Expenditure** £	**Transfers in/out** £	**Balance at 31 March 2025** £
Designated funds	**750,926**	**-**	**(294,711)**	**901,824**	**1,358,039**
General funds	**455,870**	**5,037,038**	**(4,852,506)**	**(255,579)**	**384,823**
Restricted funds	**381,342**	**797,374**	**(206,688)**	**(646,245)**	**325,783**
	1,588,138	**5,834,412**	**(5,353,905)**	**-**	**2,068,645**

26. Summary of funds (continued)

Summary of funds - prior year

	Balance at 1 April 2023 £	*Income* £	*Expenditure* £	*Transfers in/out* £	*Balance at 31 March 2024* £
Designated funds	*711,993*	*-*	*(134,192)*	*173,125*	*750,926*
General funds	*474,045*	*4,943,474*	*(4,886,926)*	*(74,723)*	*455,870*
Restricted funds	*84,751*	*480,784*	*(85,791)*	*(98,402)*	*381,342*
	1,270,789	*5,424,258*	*(5,106,909)*	*-*	*1,588,138*

27. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Restricted funds 2025 £	**Unrestricted funds 2025 £**	**Total funds 2025 £**
Tangible fixed assets	-	831,441	**831,441**
Intangible fixed assets	-	19,890	**19,890**
Current assets	325,783	1,945,765	**2,271,548**
Creditors due within one year	-	(1,054,234)	**(1,054,234)**
Total	325,783	1,742,862	**2,068,645**

Analysis of net assets between funds - prior year

	Restricted funds 2024 £	*Unrestricted funds 2024* £	*Total funds 2024* £
Tangible fixed assets	-	*406,922*	*406,922*
Intangible fixed assets	-	*26,814*	*26,814*
Current assets	*381,342*	*1,976,777*	*2,358,119*
Creditors due within one year	-	*(1,185,982)*	*(1,185,982)*
Creditors due in more than one year	-	*(17,735)*	*(17,735)*
Total	*381,342*	*1,206,796*	*1,588,138*

28. Reconciliation of net movement in funds to net cash flow from operating activities

	Group 2025 £	*Group 2024 £*
Net income for the year (as per Statement of Financial Activities)	**480,507**	*317,349*
Adjustments for:		
Depreciation charges	**219,488**	*126,439*
Amortisation charges	**6,924**	*6,925*
Interest received	**(17,732)**	*(13,338)*
Decrease/(increase) in stocks	**(8,764)**	*8,825*
Decrease/(increase) in debtors	**(271,872)**	*362,090*
Decrease in creditors	**(28,048)**	*(80,481)*
Net cash provided by operating activities	**380,503**	*727,809*

29. Analysis of cash and cash equivalents

	Group 2025 £	*Group 2024 £*
Cash in hand	**1,248,179**	*1,615,386*
Total cash and cash equivalents	**1,248,179**	*1,615,386*

30. Analysis of changes in net debt

	At 1 April 2024 £	Cash flows £	At 31 March 2025 £
Cash at bank and in hand	**1,615,386**	**(367,207)**	**1,248,179**
Debt due within 1 year	**(103,700)**	**103,700**	**-**
Debt due after 1 year	**(17,735)**	**17,735**	**-**
	1,493,951	**(245,772)**	**1,248,179**

31. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £37,459 (2024: £35,948). Contributions totalling £8,006 (2024: £8,700) were payable to the fund at the balance sheet date and are included in creditors.

32. Operating lease commitments

At 31 March 2025 the Group and the Company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2025 £	*Group 2024 £*	**Company 2025 £**	*Company 2024 £*
Not later than 1 year	**22,419**	*13,069*	**22,419**	*13,069*
Later than 1 year and not later than 5 years	**46,697**	*45,741*	**46,697**	*45,741*
	69,116	*58,810*	**69,116**	*58,810*

The group operates from the theatre premises which is leased from Colchester City Council. A 40 year lease commenced in September 2022 for a peppercorn rent. Under this agreement, there is an annual reserve fund contribution from the group to Colchester City Council of £20,000, towards repair, maintenance and replacement of some parts of the property. The financial commitment over the remaining term of the lease will vary, with a contribution review every 5 years.

The contribution expense is recognised in expenditure on charitable activities in the Statement of Financial Activities and is not included in the operating lease commitment table above.

33. Related party transactions

During the year the group purchased goods/services totalling £148 (2024: £nil) from We Are The Minories, a Charity in which Julia Stephen, a Trustee, is also a Trustee. There was no balance outstanding at year end.

During the year, Colchester Mercury Theatre Limited had transactions for income totalling £1,150 (2024: £763) and expenditure totalling £6,244 (2024: £7,211) with Colchester Mercury Trading Ltd and transactions for income totalling £1,280,122 (2024: £1,252,129) and expenditure totalling £1,282,611 (2024: £1,255,925) with Colchester Mercury Productions Ltd.

Colchester Mercury Theatre Limited also received income in the year by way of distributions under gift aid from each subsidiary, totalling £203,011 (2024: £218,325) from Colchester Mercury Trading Ltd and £283,118 (2024: £369,026) from Colchester Mercury Productions Ltd.

At the year end £473,353 (2024: £444,255) was due from Mercury Trading Limited and £280,806 was due from Colchester Mercury Productions Ltd (2024: £2,322 was due to Colchester Mercury Productions Ltd).

All transactions and balances with the subsidiaries are consolidated in these group accounts.

34. Share capital

	2025	*2024*
	£	*£*
Issued and fully paid up share capital		
Ordinary £1 shares	**20**	*20*
	20	*20*

COLCHESTER MERCURY THEATRE LIMITED

England & Wales - Charity number 232387

Accounts

GC

Registered number: 441035
Charity number: 232387

COLCHESTER MERCURY THEATRE LIMITED

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

COLCHESTER MERCURY THEATRE LIMITED

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2024

Trustees	Robert West, Chair Linda Barton (resigned 4 June 2024) Jennifer Skingsley (resigned 5 March 2024) Anita Thornberry Samantha Blackwell-Heard (resigned 24 January 2024) Hassina Khan (resigned 5 December 2023) Matthew Linley Sean Plummer Dominic Collins Lorna Fox O'Mahony Mark Hoult-Allen Marianne Hahn Helena Oxley Oliver Brown Rodney Appleyard (appointed 6 June 2023) Julia Stephen (appointed 6 June 2023) Peter Fremlin (appointed 5 December 2023) Matthew Brindley (appointed 5 December 2023) Timothy Young (appointed 4 June 2024)
Company registered number	441035
Charity registered number	232387
Registered office	The Mercury Theatre Balkerne Gate Colchester Essex CO1 1PT
Company secretary	Hazel Skayman
Chief executive officer	Steve Mannix
Independent auditor	Griffin Chapman Chartered Accountants 4 & 5 The Cedars Apex 12 Old Ipswich Road Colchester Essex CO7 7QR
Bankers	Barclays Bank 9 High Street Colchester Essex CO1 1DD

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2024

The Trustees present their annual report together with the audited financial statements of the Company for the year 1 April 2023 to 31 March 2024. The Annual report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the Annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Since the group and the Company qualify as small under section 383 of the Companies Act 2006, the Group strategic report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

Objectives and activities

a. Policies and objectives

The primary object for which the company is established, as shown in our governing documents, is to formulate and prepare schemes for and take all necessary steps for the advancement of education and the improvement of public taste through the medium of arts, and in particular the arts of drama, dancing, singing and music.

Our vision is of the Mercury as a theatre that touches the lives of all the people of Colchester and its surrounding area, contributes regionally to the development of new talent and new audiences, and carves out a truly national reputation for the quality of the work that it makes.

These objects are further summarised in our mission statement:

"The Mercury exists to put theatre at the heart of the cultural life of the community it serves and to make work in Colchester that reaches audiences and generates critical attention regionally and nationally."

During the year the Executive Team consisting of the Executive Director and Executive Producer were joint Chief Executives and were appointed by the trustees to manage day to day operations and to implement the strategies laid down by the board. From 1 April 2024 the Executive Director is the sole Chief Executive.

Strategic Aims

- To build a reputation for the quality and innovation of our programme.
- To grow and diversify our audience base for that programme.
- To exploit the touring and commercial potential of the work we make.
- To create exceptional visitor experiences.
- To recruit and retain the most talented team of staff and volunteers.
- To diversify income streams / build financial resilience.

Our strategic aims are monitored throughout the year by a variety of methods including:

- Internal and externally commissioned evaluation methods
- Audience surveys following each performance or event seeking feedback on both artistic quality, facilities and customer service
- Audience focus groups (as required)
- Measurement of audience data, feedback and attendance against regional and national trends
- Regular Board and staff conferences throughout the year

Objectives and activities (continued)

Whilst upholding these aims it remains the role of the board to:

- Maintain a policy of inclusiveness and diversity.
- Ensure responsible financial control which is prudent and sustainable.
- Support the striving for excellence and high quality in all in which the theatre is involved.

In shaping our objectives and planning our activities the trustees have considered the Charity Commission's guidance on public benefit, including guidance on public benefit and fee charging. The theatre relies on grants and income from tickets, fees, other income and secondary trading to cover its operating costs. In setting the level for ticket prices, concessions and fees, the trustees consider the accessibility of the theatre and its community activities to those on low incomes. The theatre offers a range of concessions over the mix of its activities including over 65, under 26, access and job seekers.

The company aims to benefit the community as a whole. In addition to an extensive annual programme of home productions, co-productions and visiting companies the theatre has a commitment to developing an audience through activities in and for the community. We are also committed to young people's and community development through an active Creative Engagement programme which provides extensive workshops and projects for schools, colleges and the wider public. The Mercury also provides facilities for a large number of local amateur and community groups.

Our extensive annual programme covers our own in house produced work, a pantomime and a mix of co-produced and visiting drama together with visiting live entertainment events across a wide range of genres.

This programme utilises both the main auditorium and studio facilities. In addition, each year our objective is to invest in, and engage in, activities and projects that develop our artistic policy through engaging with hard-to-reach audiences and support for new and emerging artists at the start of their career. These activities can be at the theatre or at other locations.

(See Achievements and Performance below for activities undertaken to contribute to these aims and objectives).

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

Achievements and performance

a. Review of activities

At the start of the year, the Mercury, along with many other arts and cultural organisations across the UK, faced not only the challenge of re-building audience confidence post pandemic, but the severe impact on their leisure spend due to the cost of living crisis. At the same time the organisation experienced historic increases in overheads (particularly utilities, stock purchases, materials and wages).

Our Board and Executive Team had no option but to take the decision to reduce our own produced work by one main house show during the period to meet these costs.

However, we are very pleased to report that as the year progressed audiences did finally return to pre-pandemic levels and we achieved 86% capacity in our Main House and 53% for the mainly new work in our studio. We remain eternally grateful for the loyal support of all our audiences.

Whilst these are challenging times, we have been able to further consolidate our operations and see the immediate benefits of our new business plan. Our earned income reached record levels (to over 80% of our turnover). This assisted us to mitigate stand-still public sector investment, rising costs and the increasingly competitive market for fundraising. However, against this background we remain committed to retaining a range of ticket prices for our audiences with accessible pricing for each performance.

The health and well-being of our audiences, staff, artists and creatives remained a priority for us during the year. We continued our range of Covid safety measures as well as the ability for our audience members to exchange tickets if they or their family or friends were unwell.

We further sought to offer as much support as possible to our staff, artists and creatives. We retained our Hardship Fund to offer one-off grant payments to help meet any unforeseen costs because of the Cost-of-Living Crisis. This was accompanied by our on-going confidential Employee Support Line, trained Mental Health First Aiders and an organisation-wide staff well-being committee.

During the year we employed 116 staff - the largest workforce that the Mercury has ever had in its history. In addition, we engaged 362 freelance actors and creatives to produce our Mercury Productions and facilitate our Creative Engagement Programme. We retain our ambitions to become a Living Wage Employer in the next few years once the wider economic conditions allow.

The benefits of our new building continued to offer our artists, audiences, staff and users a safe, comfortable, welcoming and accessible environment to see and to create work. During the year we experienced pressure on available space to support our own work and that of our community partners.

Towards the end of the year we were grateful to the South East Local Enterprise Partnership and Arts Council England for confirming additional capital funding of £648,000. This will enable us to build an extension of three new rehearsal/meetings rooms and to complete the full conversion of our stage lighting to LED, reducing our carbon footprint. In addition, we will install digital equipment to enable us to live stream from our stages and rehearsal spaces – therefore making our work more accessible. This capital work will take place in late summer/autumn 2024.

In 2023/24:

We remain forever grateful to the hard work and dedication of our staff team. During the year we were able to embed our new business model creating record breaking levels of earned income, increase the number of artists we supported, increase the level of our programming and ensure the smooth and efficient operation of our facilities.

Further highlights included our co-production of Unbelievable transferring to the West-End – the first time in

Achievements and performance (continued)

history that the Mercury has gained this national profile. In addition, we were recognised as a Theatre of Sanctuary for our work with migrants and asylum seekers (one of only 16 theatres in the UK to gain this status). We were overwhelmed to secure additional investment to expand our Mercury Young Company activities across Essex with the support of the National Lottery Community Fund. We also secured additional investment for the re-launch of Mercury Creatives from Arts Council England, Essex County Council and Tendring District Council. We are proud to have secured more than £600,000 of new investment to support the local artists and creatives of the future over the next three years.

Our programme was further acknowledged through several awards. Firstly, in partnership with Northern Stage in Newcastle, we won the national award from the Royal Theatrical Support Trust to support an emerging director in a new production. The show will be produced next year. In addition, we were nominated by the Stage Newspaper with an Innovation Award for our work with neuro-diverse artists.

As an organisation we continue our commitment to reducing our carbon footprint across all aspects of our work. During the year our building gained BREEAM VERY GOOD status for our environmental measures. We are proud that we are now in the top 25% of Sustainable public buildings in the UK.

In addition, the Mercury has fully adopted the Green Book industry standards across our produced work and operations to enable us to become as sustainable as possible.

Reach and Engagement

We are pleased to report that our Creative Engagement programme continued both at the Mercury and throughout Colchester and Essex. Over 22,000 children, young people and adults took part across 953 sessions.

Sleeping Beauty, our panto this year again broke all box office records achieving 98% capacity.

During 2023/24 we were able to offer the following range of work:

- Mercury Productions – Great Expectations, Unbelievable, The Importance of Being Earnest
- Mercury Co-Productions – The Instrumentals and I Really Do Think This Will Change Your Life
- Creative Engagement Programme of classes and workshops for adults, children and young people
- Masterclasses and training events
- Artist Networking Events
- Play Readings
- Year-round programme in our studio supporting local artists to present their work and visiting national small-scale touring
- LATES – a free programme of work in our bar/café – including Cocktail Cabaret (LGBT monthly cabaret night), events to support Black History Month, World Aids Day, International Women's Day and other cabaret, community and spoken word evenings.

We have been delighted with the continued positive feedback from audiences and users about our building and all its facilities. We continue to gain 4.7* out of 5* in all surveys.

Number of Shows:	457
Audience Attendance:	113,667
National Touring Productions	3
Touring Performances	617
Audience Attendance	162,686
None ticketed events	65
None ticketed attendees	22,100
Number of Access Performances	17

Achievements and performance (continued)

Senior Matinees	75
Attendance	27,426

Participation and Engagement Activities

Creative Engagement Sessions	953
Participants	22,041
Young Company Members	290

Talent Development

- Number of Artists Supported	958
- Sharings	13
- Research and Development	6
- Playwrights/Producers/Directors	24
- Workshops (above)	36

Other projects continued to be developed including:

- The Mercury Teachers' Network continued to provide invaluable support and advice for our work in schools in Colchester and across Essex.
- The Mercury entered the final year of being the secretariat for the Local Cultural Education Partnership (LCEP) in Colchester to ensure the future engagement of schools in the quality provision of arts and cultural activities. Unfortunately, at the year-end funds were not available from Arts Council England to continue this work. The Mercury alongside its partners will review how to continue this important aspect of our programme.
- We are pleased to report that our work experience and internships programme has returned to pre-pandemic levels. We were able to offer 26 placements during the year.
- Mercury Creatives – given its previous success, we are pleased to report that our programme of support and mentoring programme for freelancers and small businesses in the creative industries was re-funded during the year by Arts Council England, Essex County Council and Tendring District Council. The programme will be re-launched early in 2024/25.
- During the year we fully utilised our 'piazza' and the public realm around our new building. We continued our successful monthly Farmers Market, hosted a Family Fun Day, site specific performances and a street party to celebrate the King's Coronation.
- As a direct response to the Cost-of-Living Crisis, the Mercury continued to offer a range of support during the year to local residents. Working in partnership with Colchester City Council, Essex County Council and Community 360 we continued as a 'warm space' during the winter for elderly and vulnerable residents.
- We continued to work in partnership with local community organisations including Outhouse, Colchester Pride, Black History Month, Autism Anglia, Colchester Refugee Action and Community 360.

Productions & Activities

The Mercury continued to be active in the civic life and well-being of Colchester and Essex through board and project group representation in forums and helping to produce events. These organisations included - Creative Colchester, Colchester Business Improvement District (BID), Essex Chamber of Commerce, The Rice and Spice Festival, Colchester Pride and Visit Essex.

In addition to these forums, our Executive Director continued as a member of the Colchester Covid Emergency Response Board and assumed the Chair of the Colchester Leisure Board.

Achievements and performance (continued)

b. Fundraising activities and income generation

As for many charities, raising voluntary funds from trusts, foundations and individuals is a vital source of income for the Mercury, enabling us to fulfil our charitable objectives as effectively as possible. We are very grateful for the support given by all our donors. During the year unrestricted income of £96,318 was received from individual donations and corporate supporters and a further £480,784 of restricted funding was raised to support community activities and projects.

The Mercury believes that fundraising should be an open, honest and respectful process. We aim to build and maintain solid partnerships with our supporters and donors, based on mutual understanding and shared values. In developing our approach to fundraising we have taken account of the Code of Fundraising Practice issued by the Fundraising Regulator and we are members of the Institute of Fundraising.

The Mercury operated for most of the year with one full time fundraising member of staff. Towards the end of the period, the Board took the decision to invest reserves in a new Development Officer post to increase our capacity in this area and to attempt to mitigate our challenging trading environment. External professional fundraisers are not contracted at present. The Mercury does not engage in face-to-face or telephone fundraising or any further commercial agreements that might endanger our reputation.

During the year, the Mercury continued to monitor its use of data. Our Privacy Policy is published on our website, and clearly states what personal data the Mercury will hold in relation to supporters and audiences and how this data will be used. It sets out how individuals can raise concerns or complaints. The Mercury has received no complaints about its fundraising activities during the financial year.

Financial review

a. Going concern

Having reviewed the charity's financial forecasts and expected future cash flows, the Trustees have a reasonable expectation that the charity and group have adequate resources to continue in operational existence for the foreseeable future. Thus, the going concern basis has been adopted in preparing these financial statements for the year ended 31 March 2024.

b. Reserves policy

It is the policy of the trustees to maintain an Operational Reserve Fund commensurate with the possible risks that the charity may face. The trustees consider that the required level of such a fund should currently be in the region of £200,000 which is to cover core operational costs for a period of 3 months. At 31 March 2024, this fund had a balance of £455,850 (excluding funds tied up in fixed assets). This policy is reviewed regularly, and the required level may be increased should this be deemed necessary. Due to the current increase in cost of living the Board have taken the decision to hold more funds in the operational reserve at 31 March 2024 in order to meet any increased costs as they are incurred.

We have been able to retain our reserves and not allocate funds to meet general operating costs.

c. Material investments policy

Under the Memorandum and Articles of Association, the charity has the power to invest in any way the trustees wish.

The trustees, having regard to maintaining a low-risk investment portfolio and the liquidity requirements of operating the theatre, have operated a policy of keeping available funds in interest bearing deposit and treasury accounts and seek to achieve as high a rate of interest as possible in the current economic climate.

d. Principal risks and uncertainties

Current significant risks identified by the trustees include:

- On-going impact of the international pandemic
- Reduction or withdrawal of public subsidy
- Quality of artistic product available to programme
- Delay or failure to appoint key staff
- Change of Trustees and/or Chief Executives
- Robust and secure management of data
- Reduction in fundraising income
- Failure to meet sales targets and budget projections.

All risks are continuously monitored by the Senior Management Team throughout the year using current information such as management accounts and comparative sales and performance reports and an organisational risk register.

The trustees have continued their strategy of ongoing risk management review throughout the year. This strategy comprises:

- Quarterly review of the risks the charity may face.
- The establishment of systems and procedures to mitigate those risks identified.
- The implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

The risk register continues to identify risks by a ranking system based on likelihood and potential effect. The highest ranking of such identified risks is reviewed by the Finance and General Purposes sub-committee for action if required. Required actions will then be reported back to the board for approval. This is an ongoing process.

Continued Risks and Uncertainties Relating to Covid-19

The Mercury's Board, Executive Team and Senior Management continued to monitor and review risks relating to the pandemic throughout the year. These risks included:

- Cash flow
- Loss or unavailability of key personnel
- Protection of the theatres' assets and completion of the capital project
- Going concern
- Impact on the wider economy and available public, charitable and private grants and donations.
- Impact on youth and community partner organisations
- Impact on artists and the wider freelance theatre sector

Continued Financial Uncertainties Related to Covid-19 and Mitigated Action

The impact of the pandemic continued to be felt during 2023/24 as we made all efforts to return to 'business as usual'.

The Senior Management team undertook extensive planning to ensure the programme for this year appealed to as wide an audience as possible. This was underpinned by careful financial management and budgeting during the period to ensure that the Mercury would be able to meet its costs and liabilities for 12 months.

The Impact of Covid-19 on the Charity's Ability to Fundraise and How This is Being Managed

Whilst Covid-19 had a dramatic impact our fundraising and self-generated income such as box office and trading has been amazingly resilient and re-established itself as a vital income stream. Income from our Friends Scheme has continued to grow, and we secured the highest amount of sponsorship ever during the year. We remain truly grateful for their support.

The Impact of the Virus on Staff and Beneficiaries and the Implications for the Charity's Operation and Activities

At all times we ensured the safety and welfare of our audiences, staff and visiting creatives through regular covid testing and the provision of a safe working environment. A hybrid working model for all staff was consolidated during the year with nominated office days.

e. Financial review

The Mercury Theatre's continued artistic achievements have ensured a solid financial performance. As with all organisations of this type and size we must ensure that we maintain high standards of both customer experience and artistic development.

The Statement of Financial Activities (SOFA) shows income and expenditure for the charitable group and differentiates between unrestricted, designated and restricted funds allocated for specific purposes. The total income, including recovery of theatre tax credit, for the year was £5,424,258 (2023: £5,278,813).

During the financial year the total held in designated reserves increased by £38,933. The total unrestricted reserves increased by £20,758 and the Trustees are of the opinion that the designated reserves should be utilised for the furtherance of the company's main objectives. There are also £381,342 restricted reserves (2023: £84,751) – the majority of these reserves relates to projects which have not yet been carried out and includes the Mercury Rising campaign reserve of £313.

It is envisaged the that designated reserves will be utilised within the next 5 years as major organisational development and audience development projects are scheduled. The restricted reserves will be utilised as and when the relevant project is implemented – this is likely to be within the next 2 financial years. The ticket levy which was introduced as part of the Mercury Rising campaign will continue for the next 2 years. The levy will be utilised to repay the NESTA loan which was received as part of the large capital fundraising. A total of £433,397 (2023: £468,464) of designated reserves is held in fixed assets.

The Colchester Mercury Theatre continued to receive revenue funding from Arts Council England of £791,682, Essex County Council £100,000 and Colchester City Council £168,175, together with project funding as shown in note 5 to the financial statements.

The Board very much appreciates the continued support of the major funders and the support of other project funders throughout the financial year.

The Board considers that the charity's financial position at the balance sheet date is satisfactory.

f. Post balance sheet activities

In response to Covid-19, during the year the Mercury supported all staff to be able to work at home when needed and offer a safe workspace at the Mercury.

Towards the end of the year Tracey Childs resigned from her position as Executive Producer and Joint Chief Executive. In May 2024 the Creative Director, Ryan McBryde, also resigned from the Mercury.

To mitigate any negative impact on the organisation through this transition period, our programme was confirmed for the period to March 2025.

Structure, governance and management

a. Constitution

Colchester Mercury Theatre Limited is registered as a charitable company limited by shares and is governed by its Memorandum of Association as amended by special resolution on 13 September 2005 and its Articles of Association dated 21 August 1947. New Articles of Association were adopted on 20 September 2016.

b. Methods of appointment or election of Trustees

As set out in the Articles of Association adopted by special resolution in September 2016 the number of trustees shall not be less than five or more than fifteen. However, the maximum number may be increased by a decision of Trustees. Additional Trustees have been appointed to accommodate planned resignations next financial year. As set out the maximum length of service for any trustee shall be two terms of four years, subject to re-election at the end of the first term. The maximum length of service for the position of Chair is eight years. The election or re-election of the Chair and Vice Chair shall be confirmed by the trustees at the annual retirement meeting. Other trustees shall face re-election after a four-year term.

Potential new trustees as required are chosen from nominations or external recruitment by a formal interview and reference process.

Structure, governance and management (continued)

c. Organisational structure and decision-making policies

The board of trustees, which currently has 15 members, administers the charity. The board meets four times a year and has two sub-committees – Finance and General Purposes and Marketing which cover finance & human resources, health & safety, risk management, governance & trustee development and marketing.

The sub-committees consist of appointed trustees, co-opted individuals and relevant management and meet as required. Regular updates are given at board meetings. The sub-committees produce project or policy action plans as required to assist the charity in moving the company forward.

These sub-committees are supplemented by various time limited Task and Finish Groups of staff and trustees around particular themes or subject areas such as marketing, impact and evaluation, staff welfare and artistic development.

During the year the Executive Team consisting of the Executive Director and Executive Producer were joint Chief Executives and were appointed by the trustees to manage day to day operations and to implement the strategies laid down by the board. From 1 April 2024 the Executive Director became the sole Chief Executive.

To facilitate effective operations and management, the Senior Management team has delegated authority, within terms of delegation approved by the trustees, for operational, strategic and programming matters including artistic policy.

The Senior Management Team members on 31 March 2024 were:

Steve Mannix - Executive Director
Tracey Childs – Executive Producer (resigned 31 March 2024)
Hazel Skayman – Finance Director
Deborah Sawyerr – Deputy Executive Director
Carol Rayner – Operations Director
Ryan McBryde – Creative Director
Abbi Roberts – Development Director

The Theatre has 2 wholly owned subsidiaries, Colchester Mercury Trading Ltd and Colchester Mercury Productions Ltd. Each subsidiary is governed by a Board of Directors, which meets 4 times a year, with authority delegated to members of the Theatre's senior management team to manage the companies' day to day operations.

d. Policies adopted for the induction and training of Trustees

New trustees receive a formal induction pack and undergo a briefing session to highlight their legal obligations under company and charity law, the contents of the Memorandum and Articles of Association, the committee and decision-making process, the current business plan and recent financial performance of the charity. This process also includes topic and news updates as and when necessary and positive interaction with the theatre's management and staff. An annual Away Day is arranged to agree business objectives. Trustees are required and encouraged to attend theatre and community activities.

Structure, governance and management (continued)

e. Pay policy for key management personnel

Senior pay at the Theatre aims to:
- recruit and retain talented individuals to lead and further develop a rapidly growing organisation;
- develop and sustain high performance;
- recognise individual performance in the preceding year

The Board of Directors are responsible for the setting of Executive pay following an annual review.

Pay for senior staff reflects the market for comparable jobs in comparable organisations, the level of knowledge, skills and experience required, and the responsibilities and accountabilities associated with each role, the performance of the charity and the individual contribution of each executive.

The pay of senior staff is reviewed annually and is dependent on delivery against individual annual objectives in accordance with the Theatre's values.

f. Related party relationships

See note 33 of the Notes to the Accounts.

Plans for future periods

During the year our new business plan was fully implemented by the Executive and Senior Management Team.

We are pleased to report that we have retained our National Portfolio Status with Arts Council England.

A limited (and scalable) programme has been devised to ensure that the Mercury is still able to produce and engage audiences but most importantly remain financially stable, risk aware and safe.

1. In 2024/25 The Mercury Theatre aims to:

Consolidate its programme in the new building ensuring the maximum financial benefit can be gained whilst retaining quality and the welfare of our staff and creatives.

Throughout this year we will seek to continue to deliver a range of creative engagement and talent opportunities at the Mercury and elsewhere in the community to target groups and those interested in developing professional skills in the arts.

We will continue to provide opportunities for other amateur and community groups to present their work.

2. To become one of the leading centres of excellence for the theatre industry by:

a) Ensuring excellence in quality of work

b) Building on co-producing and UK touring

c) Working in partnership with other relevant organisations

d) Building upon international links developed in recent years

e) Fostering artistic growth and development

Plans for future periods (continued)

f) Developing skills of staff at all levels

g) Building the reputation of the Mercury Theatre, Colchester and the East of England

h) Maintaining excellence in production and workshop facilities

3. To build audience volumes and the age range and diversity of audiences by:

a) Working with Colchester City Council, Essex County Council and other local and regional arts organisations develop our Creative Engagement Programme

b) Develop and implement a new audience development strategy led by data and audience research.

c) Exploiting the opportunities provided by our website and other digital platforms

d) Reviewing current marketing operation, including staffing levels, to ensure maximum efficiency and impact

Statement of Trustees' responsibilities

The Trustees (who are also the directors of the Company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of their incoming resources and application of resources, including their income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

Disclosure of information to auditor

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditor is unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditor is aware of that information.

Auditor

The auditor, Griffin Chapman, has indicated his willingness to continue in office. The designated Trustees will propose a motion reappointing the auditor at a meeting of the Trustees.

Approved by order of the members of the board of Trustees on 11/12/2024 and signed on their behalf by:

Robert West
Chair

Hazel Skayman
Company Secretary

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COLCHESTER MERCURY THEATRE LIMITED

Opinion

We have audited the financial statements of Colchester Mercury Theatre Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2024 which comprise the Consolidated statement of financial activities, the Consolidated balance sheet, the Company balance sheet, the Consolidated statement of cash flows and the related notes, 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent charitable company's affairs as at 31 March 2024 and of the Group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

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 are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating 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's or the parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COLCHESTER MERCURY THEATRE LIMITED (CONTINUED)

Other information

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

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

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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.

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:

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to detecting the risks of material misstatement of irregularities, including fraud and non-compliance with laws and regulations, were:

Identifying and assessing the risk of material misstatement by:

- the engagement partner ensured the engagement team had the necessary skills and knowledge to identify non-compliance with applicable laws and regulations;
- we obtained an understanding of the legal and regulatory frameworks that are applicable to the group and for those that are most significant, we enquired into how management ensures compliance is maintained;
- we identified that the principal risks of non-compliance with laws and regulations that are applicable to the group and the ability to continue trading. Correspondence was reviewed from third parties, where relevant;
- enquiry and review of the group's transactions was undertaken to highlight any instances of penalties, fines or legal activity which could suggest non-compliance with laws and regulations. There was no contradictory evidence found; and
- we also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006.

Work completed to address risk of fraud through management bias and override of controls:

- walkthrough tests were performed to ensure that systems and processes were in place, which reduced the risk of fraudulent behaviour;
- tested a selection of journal entries to identify any unusual transactions; and
- investigated the rationale behind any significant journal entries.

Work completed to address risk of non-compliance with laws and regulations:

- obtained an understanding of the legal and regulatory framework in which the company would need to comply;
- reviewed minutes of meetings held by those charged with governance to identify any non-compliance;
- enquired with management of any litigations and claims; and

- reviewed legal and professional costs in the year, and any correspondence with legal advisors, to identify and issues with non-compliance.

It is also stated, as a reminder, that the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the group.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Thomas Maddocks FCA FMAAT (Senior statutory auditor)
for and on behalf of
Griffin Chapman
Chartered Accountants
Registered Auditors
4 & 5 The Cedars
Apex 12
Old Ipswich Road
Colchester
Essex
CO7 7QR

Date: 12 December 2024

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2024

	Note	Restricted funds 2024 £	Unrestricted funds 2024 £	Total funds 2024 £	*Total funds 2023 £*
Income from:					
Donations and legacies	4	**480,784**	**1,178,792**	**1,659,576**	*1,531,591*
Charitable activities	6	**-**	**2,660,464**	**2,660,464**	*2,656,753*
Other trading activities	7	**-**	**807,762**	**807,762**	*718,607*
Investments	8	**-**	**13,338**	**13,338**	*2,836*
Other income	9	**-**	**283,118**	**283,118**	*369,026*
Total income		**480,784**	**4,943,474**	**5,424,258**	*5,278,813*
Expenditure on:					
Raising funds:	10				
Other raising funds		**-**	**682,095**	**682,095**	*611,454*
Charitable activities	12	**85,791**	**4,339,023**	**4,424,814**	*4,677,162*
Total expenditure		**85,791**	**5,021,118**	**5,106,909**	*5,288,616*
Net income/(expenditure)		**394,993**	**(77,644)**	**317,349**	*(9,803)*
Transfers between funds	25	**(98,402)**	**98,402**	**-**	-
Net movement in funds		**296,591**	**20,758**	**317,349**	*(9,803)*
Reconciliation of funds:					
Total funds brought forward		**84,751**	**1,186,038**	**1,270,789**	*1,280,592*
Net movement in funds		**296,591**	**20,758**	**317,349**	*(9,803)*
Total funds carried forward		**381,342**	**1,206,796**	**1,588,138**	*1,270,789*

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

The notes on pages 25 to 56 form part of these financial statements.

COLCHESTER MERCURY THEATRE LIMITED
REGISTERED NUMBER: 441035

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2024

	Note		2024 £		2023 £
Fixed assets					
Intangible assets	17		**26,814**		*33,196*
Tangible assets	18		**406,922**		*435,778*
			433,736		*468,974*
Current assets					
Stocks	20	**32,395**		*41,220*	
Debtors	21	**710,338**		*1,072,428*	
Cash at bank and in hand		**1,615,386**		*1,071,482*	
		2,358,119		*2,185,130*	
Creditors: amounts falling due within one year	22	**(1,185,982)**		*(1,259,741)*	
Net current assets			**1,172,137**		*925,389*
Total assets less current liabilities			**1,605,873**		*1,394,363*
Creditors: amounts falling due after more than one year	23		**(17,735)**		*(123,574)*
Net assets excluding pension asset			**1,588,138**		*1,270,789*
Total net assets			**1,588,138**		*1,270,789*
Charity funds					
Restricted funds	25		**381,342**		*84,751*
Unrestricted funds					
Designated funds	25	**750,926**		*711,993*	
General funds	25	**455,870**		*474,045*	
Total unrestricted funds	25		**1,206,796**		*1,186,038*
Total funds			**1,588,138**		*1,270,789*

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2024

The financial statements were approved and authorised for issue by the Trustees on 11/12/2024 and signed on their behalf by:

.....

Robert West
Chair

The notes on pages 25 to 56 form part of these financial statements.

COLCHESTER MERCURY THEATRE LIMITED
REGISTERED NUMBER: 441035

COMPANY BALANCE SHEET
AS AT 31 MARCH 2024

	Note		2024 £		2023 £
Fixed assets					
Intangible assets	17		**26,474**		*32,686*
Tangible assets	18		**406,922**		*435,778*
Investments	19		**200**		*200*
			433,596		*468,664*
Current assets					
Stocks	20	**9,475**		*19,162*	
Debtors	21	**851,702**		*816,337*	
Cash at bank and in hand		**1,085,514**		*709,630*	
		1,946,691		*1,545,129*	
Creditors: amounts falling due within one year	22	**(1,057,543)**		*(988,487)*	
Net current assets			**889,148**		*556,642*
Total assets less current liabilities			**1,322,744**		*1,025,306*
Creditors: amounts falling due after more than one year	23		**(17,735)**		*(123,574)*
Net assets excluding pension asset			**1,305,009**		*901,732*
Total net assets			**1,305,009**		*901,732*
Charity funds					
Restricted funds	25		**381,342**		*84,751*
Unrestricted funds					
Designated funds	25	**750,926**		*711,993*	
General funds	25	**172,741**		*104,988*	
Total unrestricted funds	25		**923,667**		*816,981*
Total funds			**1,305,009**		*901,732*

The Company's net movement in funds for the year was £403,257 *(2023 - £(154,942)*.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2024

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees on 11/12/2024 and signed on their behalf by:

.....

Robert West
Director

The notes on pages 25 to 56 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024

	2024 £	2023 £
Cash flows from operating activities		
Net cash used in operating activities	**727,809**	*(443,022)*
Cash flows from investing activities		
Interest received	**13,338**	*2,836*
Purchase of tangible & intangible fixed assets	**(98,126)**	*(4,450)*
Net cash used in investing activities	**(84,788)**	**(1,614)**
Cash flows from financing activities		
Repayments of borrowing	**(99,117)**	*(94,763)*
Net cash used in financing activities	**(99,117)**	**(94,763)**
Change in cash and cash equivalents in the year	**543,904**	**(539,399)**
Cash and cash equivalents at the beginning of the year	**1,071,482**	*1,610,881*
Cash and cash equivalents at the end of the year	**1,615,386**	*1,071,482*

The notes on pages 25 to 56 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

1. General information

The charitable company is a private company limited by shares (company no. 441035) and registered with the Charity Commission (registration no. 232387). It is registered in England and Wales and its registered office is shown on page 1 of the financial statements.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Colchester Mercury Theatre Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The Consolidated statement of financial activities (SOFA) and Consolidated balance sheet consolidate the financial statements of the Company and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of financial activities in these financial statements.

The financial statements are prepared in sterling which is the functional currency of the group.

2.2 Going concern

The financial statements are prepared on a going concern basis which assumes that the charitable group will continue in operational existence for a period of at least one year from the date of authorisation of these financial statements.

The Trustees have a reasonable expectation that the charity and group will have adequate resources to continue in operational existence for the foreseeable future. Each of the major funding bodies - Arts Council England East, Essex County Council and Colchester City Council - have indicated that their support of the theatre will continue for the foreseeable future.

2. Accounting policies (continued)

2.3 Income

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

Income from Charitable Activities - Comprises ticket income from performances and activities at the theatre and other venues as appropriate, income for community projects and hire of main house and studio all of which are recognised on a receivable basis. Box office income is recognised when productions take place.

Other trading activities - Comprises income from trading associated with attending the theatre, royalties, letting of the restaurant, bar and other areas and is recognised on a receivable basis.

Grants are included in the Consolidated statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Donations - Comprises all income from donations, subscriptions and grants, including government grants. It is recognised on a receivable basis in the appropriate fund when there is entitlement to the income, probability of receipt and the amount can be reliably measured.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Government grants - where the charity receives government grants, it recognises this as income only where there is reasonable assurance that the charity will comply with the conditions attaching to them and the grants will be received. This includes grants received from Arts Council England as they are an executive non-departmental public body.

Investment Income - Comprises interest received held in appropriate interest bearing accounts. All interest received is credited to operational funds and is recognised on a receivable basis.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

2.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably

.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity.

Direct and Support costs relating to a single activity are allocated directly to that activity.
Where costs relate to more than one activity they have been allocated on the basis of staff time and resources consumed by each activity.

2. Accounting policies (continued)

2.4 Expenditure (continued)

Expenditure on raising funds represents the direct cost of trading associated with attending the theatre, royalties and other income together with allocated support costs and the direct costs associated with securing donations, subscriptions and grants and other income together with allocated support costs.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Group's objectives, as well as any associated support costs.

The costs relating to charitable activities relate to direct expenditure on performances and activities at the theatre and other venues as appropriate. It also includes costs relating to community projects and auditorium and studio hire together with allocated support costs.

Governance costs represents direct expenditure of Board activities together with allocated support costs.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

All expenditure is inclusive of irrecoverable VAT.

2.5 Productions

1) For productions occurring wholly within one financial year box office and venue fees are recognised in that year and costs are recognised as incurred. Typically costs are incurred in advance of revenue being generated.

2) Where a production spans the year-end and is expected to be loss making, the expected loss is recognised in full in the year in which the loss is foreseen.

3) Where production set up costs have been incurred prior to the year-end but the production has not yet opened, the set up costs are carried forward at the balance sheet date as deferred production costs until such time as the production opens.

2.6 Interest receivable

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

2.7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the reporting date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Consolidated statement of financial activities.

2. Accounting policies (continued)

2.8 Intangible assets and amortisation

Intangible assets costing £500 or more are capitalised and recognised when future economic benefits are probable, and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets comprise the cost of a licence enabling the premises to be used to hold wedding ceremonies and a new website and finance package.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined to be the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Amortisation is provided on intangible assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life.

Amortisation is provided on the following bases:

Licences	-	10 % Straight Line
Website	-	10 % Straight Line
Computer software	-	10 % Straight Line

2.9 Tangible fixed assets and depreciation

Tangible fixed assets costing £500 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined to be the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

2. Accounting policies (continued)

2.9 Tangible fixed assets and depreciation (continued)

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

Large capital projects	- 15% Straight Line
Studio development	- 15 - 33.33% Straight Line
Theatre equipment	- 15% Straight Line
Capital Grant	- 15% - 33.33% Straight Line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Costs incurred relating to the large capital development and re-furbishment of the Theatre have been capitalised. These will be depreciated once the development is complete.

Within the large capital development, costs have been incurred relating to the refurbishment of temporary office accommodation. These are being depreciated in line with the company's depreciation policy of 15% straight line as the office accommodation has been brought into use.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of financial activities.

2.10 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Consolidated statement of financial activities.

Investments in subsidiaries are valued at cost less provision for impairment.

2.11 Stocks

Stocks of merchandise and other goods for resale are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

2.12 Debtors

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

Debtors receivable within one year of the reporting date are carried initially at their transaction price and subsequently at settlement value. Debtors that are receivable in more than one year and not subject to a market rate of interest are measured at the present value of the expected future receipts.

2. Accounting policies (continued)

2.13 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.14 Liabilities and provisions

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

Creditors payable within one year of the reporting date are carried initially at their transaction price and subsequently at settlement value. Creditors payable in more than one year and not subject to a market rate of interest are measured at the present value of the expected future payment discounted at a market rate of interest.

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

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Consolidated statement of financial activities as a finance cost.

2.15 Financial instruments

The Group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.16 Operating leases

Rentals paid under operating leases are charged to the Consolidated statement of financial activities on a straight-line basis over the lease term.

2.17 Pensions

The Group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Group to the fund in respect of the year.

The Group offers a voluntary stakeholders scheme to its employees and those on short term equity contracts. The company contribution costs are included in the Statement of Financial Activities as they fall due.

2. Accounting policies (continued)

2.18 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Group and which have not been designated for other purposes.

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

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

Investment income, gains and losses are allocated to the appropriate fund.

3. Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

Useful economic life - the annual depreciation charge for tangible and intangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives, amortisation and residual values are re-assessed annually. They are amended when necessary to reflect current estimates based on technological advancement, future investment, economic utilisation and the physical condition of the assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

4. Income from donations and legacies

	Restricted funds 2024 £	Unrestricted funds 2024 £	Total funds 2024 £	Total funds 2023 £
Voluntary income - see note below	455,063	1,059,857	**1,514,920**	*1,063,490*
Grants	25,721	-	**25,721**	*369,598*
Individuals & corporate memberships	-	118,935	**118,935**	*98,503*
Total 2024	480,784	1,178,792	**1,659,576**	*1,531,591*
Total 2023	*373,231*	*1,158,360*	*1,531,591*	

5. Voluntary income

	Restricted funds £	Unrestricted funds £
Arts Council England - core	**-**	*791,682*
Colchester Borough Council - core	**-**	*168,175*
Essex County Council - core	**-**	*100,000*
Arts Council England - project grant	**360,000**	-
Others - see Statement of funds Note 25	**95,063**	-
Total 2024	**455,063**	*1,059,857*

6. Income from charitable activities

	Unrestricted funds 2024 £	Total funds 2024 £	Total funds 2023 £
Box office receipts	2,074,651	**2,074,651**	*2,078,321*
Theatre rentals and hires	115,609	**115,609**	*121,564*
Community and Education	131,601	**131,601**	*130,017*
Royalties income	2,841	**2,841**	*11,888*
Other income	335,762	**335,762**	*314,963*
Total 2024	2,660,464	**2,660,464**	*2,656,753*
Total 2023	*2,656,753*	*2,656,753*	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

7. Income from other trading activities

Income from non charitable trading activities

	Unrestricted funds 2024 £	Total funds 2024 £	Total funds 2023 £
Trading associated with attending theatre performances and activities	807,762	**807,762**	*718,607*
Total 2023	*718,607*	*718,607*	

8. Investment income

	Unrestricted funds 2024 £	Total funds 2024 £	Total funds 2023 £
Investment income	13,338	**13,338**	*2,836*
Total 2023	*2,836*	*2,836*	

9. Other incoming resources

	Unrestricted funds 2024 £	Total funds 2024 £	Total funds 2023 £
TTR claims	283,118	**283,118**	*369,026*
Total 2023	*369,026*	*369,026*	

10. Expenditure on raising funds

	Unrestricted funds 2024 £	Total funds 2024 £	Total funds 2023 £
Commercial work costs	7,289	**7,289**	*6,527*
Total 2023	*6,527*	*6,527*	

Other raising funds expenditure

	Unrestricted funds 2024 £	Total funds 2024 £	Total funds 2023 £
Bar and front of house costs	347,451	**347,451**	*314,196*
Bar and front of house staff costs	297,402	**297,402**	*264,174*
Front of house support staff costs	29,953	**29,953**	*26,557*
Total 2024	674,806	**674,806**	*604,927*
Total 2023	*604,927*	*604,927*	

11. Analysis of grants

	Grants paid 2024 £	Total funds 2024 £	Total funds 2023 £
Grants, Community and Education	1,000	**1,000**	-

12. Analysis of expenditure on charitable activities

Summary by fund type

	Restricted funds 2024 £	Unrestricted funds 2024 £	Total 2024 £	Total 2023 £
Main House	85,791	3,440,015	**3,525,806**	*3,534,081*
Touring	-	397,764	**397,764**	*396,843*
Community and Education	-	501,244	**501,244**	*746,238*
	85,791	4,339,023	**4,424,814**	*4,677,162*
Total 2023	*405,557*	*4,271,605*	*4,677,162*	

13. Analysis of expenditure by activities

	Activities undertaken directly 2024 £	Grant funding of activities 2024 £	Support costs 2024 £	Total funds 2024 £	Total funds 2023 £
Main House	3,257,287	-	268,519	**3,525,806**	*3,534,081*
Touring	397,764	-	-	**397,764**	*396,843*
Community and Education	500,244	1,000	-	**501,244**	*746,238*
Total 2024	4,155,295	1,000	268,519	**4,424,814**	*4,677,162*
Total 2023	*4,437,011*	-	*240,151*	*4,677,162*	

Analysis of direct costs

	Main House 2024 £	Touring 2024 £	Community and Education 2024 £	Total funds 2024 £	Total funds 2023 £
Staff costs	1,561,011	254,224	158,385	**1,973,620**	*1,978,858*
Depreciation	106,690	13,336	13,336	**133,362**	*128,027*
Production costs	996,524	59,291	91,765	**1,147,580**	*1,321,658*
Theatre running costs	354,329	44,291	44,291	**442,911**	*368,748*
Capital development P&L costs	25,751	-	-	**25,751**	*81,247*
Community and Education	-	-	165,845	**165,845**	*339,705*
Marketing	99,450	12,431	12,431	**124,312**	*118,776*
Irrecoverable VAT	113,532	14,191	14,191	**141,914**	*99,992*
Total 2024	3,257,287	397,764	500,244	**4,155,295**	*4,437,011*
Total 2023	*3,293,930*	*396,843*	*746,238*	*4,437,011*	

Analysis of support costs

13. Analysis of expenditure by activities (continued)

Analysis of support costs (continued)

	Total funds 2024 £	Total funds 2023 £
Finance and administration	**169,447**	*157,151*
IT	**23,163**	*23,951*
Recruitment and training	**13,125**	*8,809*
Travel and entertaining	**10,293**	*9,703*
Licences and subscriptions	**22,538**	*16,870*
Front of House staff costs	**29,953**	*23,667*
Total 2024	**268,519**	*240,151*

14. Auditor's remuneration

	2024 £	2023 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**8,000**	*12,205*

15. Staff costs

	Group and Company 2024 £	*Group and Company 2023 £*
Wages and salaries	**2,123,111**	*2,098,803*
Social security costs	**141,916**	*140,752*
Contribution to defined contribution pension schemes	**35,948**	*30,034*
	2,300,975	*2,269,589*

15. Staff costs (continued)

The average number of persons employed by the Company during the year was as follows:

	Group 2024 No.	*Group* 2023 No.	**Company** 2024 No.	*Company* 2023 No.
All	**96**	*95*	**96**	*95*

All pension costs are allocated to unrestricted funds.

The average number of employees excludes actors and other freelance staff.

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

	Group 2024 No.	*Group* 2023 No.
In the band £60,001 - £70,000	**2**	*1*

The key management personnel of the company comprise the Chief Executive and senior management team- Deputy Executive Director, Creative Director, Finance Director, Development Director and Operations Director.

The total employee benefits including employer pension contributions of the key management personnel of the company were £404,524 (2023: £332,833).

16. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits *(2023 - £NIL)*.

During the year ended 31 March 2024, expenses totalling £284 were reimbursed or paid directly to 2 Trustees *(2023 - £152 to 1 Trustee)*. This was in relation to travel expenses.

17. Intangible assets

Group

	Website £	Licences £	Software £	Total £
Cost				
At 1 April 2023	**19,775**	**1,700**	**47,226**	**68,701**
Additions	**-**	**-**	**543**	**543**
At 31 March 2024	**19,775**	**1,700**	**47,769**	**69,244**
Amortisation				
At 1 April 2023	**5,931**	**1,190**	**28,384**	**35,505**
Charge for the year	**1,979**	**170**	**4,776**	**6,925**
At 31 March 2024	**7,910**	**1,360**	**33,160**	**42,430**
Net book value				
At 31 March 2024	**11,865**	**340**	**14,609**	**26,814**
At 31 March 2023	*13,844*	*510*	*18,842*	*33,196*

17. Intangible assets (continued)

Company

	Website £	Software £	Total £
Cost			
At 1 April 2023	**19,775**	**47,226**	**67,001**
Additions	**-**	**543**	**543**
At 31 March 2024	**19,775**	**47,769**	**67,544**
Amortisation			
At 1 April 2023	**5,931**	**28,384**	**34,315**
Charge for the year	**1,979**	**4,776**	**6,755**
At 31 March 2024	**7,910**	**33,160**	**41,070**
Net book value			
At 31 March 2024	**11,865**	**14,609**	**26,474**
At 31 March 2023	*13,844*	*18,842*	*32,686*

18. Tangible fixed assets

Group and Company

	Large capital projects £	Studio development £	Capital grant expenditure £	Theatre equipment £	Assets under construction £	Total £
Cost or valuation						
At 1 April 2023	**258,178**	**613,908**	**494,116**	**867,894**	**1,950**	**2,236,046**
Additions	**-**	**-**	**-**	**68,232**	**29,351**	**97,583**
Transfers between classes	**510,836**	**-**	**(494,116)**	**(16,720)**	**-**	**-**
At 31 March 2024	**769,014**	**613,908**	**-**	**919,406**	**31,301**	**2,333,629**
Depreciation						
At 1 April 2023	**99,313**	**613,908**	**494,116**	**592,931**	**-**	**1,800,268**
Charge for the year	**38,817**	**-**	**-**	**87,622**	**-**	**126,439**
Transfers between classes	**513,656**	**-**	**(494,116)**	**(19,540)**	**-**	**-**
At 31 March 2024	**651,786**	**613,908**	**-**	**661,013**	**-**	**1,926,707**
Net book value						
At 31 March 2024	**117,228**	**-**	**-**	**258,393**	**31,301**	**406,922**
At 31 March 2023	*158,865*	*-*	*-*	*274,963*	*1,950*	*435,778*

18. Tangible fixed assets (continued)

Group and Company (continued)

During the year, an exercise was undertaken to classify remaining assets from previous projects. There is no impact on income or expenditure in this year or the last.

The company's bankers, Barclays Bank PLC, currently hold a debenture over the assets of the company, dated 23rd July 1997.

The group operates from the theatre premises which is leased from Colchester City Council under a 40 year lease that commenced in September 2022. The premises are not recognised as an asset of the group and the financial commitment has been disclosed in the note to the accounts.

19. Fixed asset investments

Company	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2023	**200**
At 31 March 2024	**200**
Net book value	
At 31 March 2024	**200**
At 31 March 2023	*200*

Principal subsidiaries

The following were subsidiary undertakings of the Company:

Names	Company number	Class of shares	Holding	Included in consolidation
Colchester Mercury Productions Ltd	09144431	Ordinary	100%	Yes
Colchester Mercury Trading Ltd	09144550	Ordinary	100%	Yes

The financial results of the subsidiaries for the year were:

Names	Profit/(Loss) for the year £	Net assets £
Colchester Mercury Productions Ltd	**283,118**	**283,218**
Colchester Mercury Trading Ltd	**218,325**	**100**

20. Stocks

	Group 2024 £	*Group 2023 £*	Company 2024 £	*Company 2023 £*
Bar, cafe, workshop and lighting	**32,395**	*41,220*	**9,475**	*19,162*

21. Debtors

	Group 2024 £	*Group 2023 £*	Company 2024 £	*Company 2023 £*
Due within one year				
Trade debtors	**89,464**	*49,687*	**72,062**	*40,559*
Amounts owed by group undertakings	**-**	*-*	**441,933**	*257,422*
Other debtors	**338,329**	*961,051*	**55,162**	*456,666*
Prepayments and accrued income	**226,836**	*40,189*	**226,836**	*40,189*
Prepayments in respect of future show costs carried forward	**55,709**	*21,501*	**55,709**	*21,501*
	710,338	*1,072,428*	**851,702**	*816,337*

22. Creditors: Amounts falling due within one year

	Group 2024 £	*Group 2023 £*	Company 2024 £	*Company 2023 £*
Trade creditors	**167,695**	*171,544*	**144,429**	*117,893*
Other taxation and social security	**89,427**	*88,505*	**89,427**	*88,505*
Other creditors	**158,420**	*276,279*	**57,365**	*65,316*
NESTA loan	**103,700**	*96,978*	**103,700**	*96,978*
Accruals and deferred income	**666,740**	*626,435*	**662,622**	*619,795*
	1,185,982	*1,259,741*	**1,057,543**	*988,487*

	Group 2024 £	*Group 2023 £*	Company 2024 £	*Company 2023 £*
Deferred income at 1 April 2023	**456,619**	*645,569*	**449,979**	*363,506*
Resources deferred during the year	**2,526,764**	*2,295,529*	**2,418,332**	*2,058,509*
Amounts released from previous periods	**(2,401,780)**	*(2,484,479)*	**(2,290,826)**	*(1,972,036)*
	581,603	*456,619*	**577,485**	*449,979*

Deferred income derives from the box office in advance.

23. Creditors: Amounts falling due after more than one year

	Group 2024 £	*Group 2023 £*	Company 2024 £	*Company 2023 £*
NESTA loan	**17,735**	*123,574*	**17,735**	*123,574*

The NESTA loan is an unsecured loan. Interest is charged at 4.5% per annum and repayment is due by May 2025.

24. Financial instruments

	Group 2024 £	*Group 2023 £*	Company 2024 £	*Company 2023 £*
Financial assets				
Financial assets measured at fair value through income and expenditure	**1,615,386**	*1,071,482*	**1,085,514**	*709,630*

Financial assets measured at fair value through income and expenditure comprise bank and cash balances.

25. Statement of funds

Statement of funds - current year

	As restated - Balance at 1 April 2023 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2024 £
Unrestricted funds					
Designated funds					
Equipment	22,185	-	-	-	22,185
Organisational development	208,810	-	-	25,000	233,810
Artistic/Audience Development projects	5,493	-	-	50,000	55,493
Hardship funds	7,041	-	(1,000)	-	6,041
Theatre equipment - capitalised	277,784	-	(87,621)	68,232	258,395
Large projects- capitalised	156,044	-	(38,817)	-	117,227
Intangible assets - capitalised	32,686	-	(6,754)	542	26,474
2nd floor extension - capitalised	1,950	-	-	29,351	31,301
	711,993	-	(134,192)	173,125	750,926
General funds					
Operational	474,025	4,943,474	(4,886,926)	(74,723)	455,850
Share capital	20	-	-	-	20
	474,045	4,943,474	(4,886,926)	(74,723)	455,870
Total Unrestricted funds	1,186,038	4,943,474	(5,021,118)	98,402	1,206,796
Restricted funds					
Colchester Catalyst	4,400	-	-	-	4,400
Colchester LCEP Project	20,966	6,000	(26,966)	-	-
Tamasha	217	-	-	-	217
Essex County Council - Summer Schools	6,431	9,721	(11,013)	(5,139)	-
Paul Hamlyn Foundation	2,872	2,000	(2,227)	(2,645)	-
One Colchester	1,570	-	(450)	(1,120)	-
Essex Community Foundation	8,975	-	(5,060)	(3,915)	-
Speech Bubbles	6,000	1,000	(3,848)	(3,152)	-

25. **Statement of funds (continued)**

Statement of funds - current year (continued)

	Balance at 1 April 2023 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2024 £
Colchester City Council - Community Support	5,000	10,000	(8,196)	(1,804)	5,000
National Lottery	1,017	-	-	(1,017)	-
D'Oyly Carte	1,239	-	(780)	(459)	-
SELEP	-	29,351	-	(29,351)	-
Arts Council England - project grant	-	360,000	-	-	360,000
The Wolfson Foundation	-	49,800	-	(49,800)	-
Tendring District Council	-	9,912	-	-	9,912
FSJ Trust	-	1,500	(1,500)	-	-
Community 360	-	1,500	-	-	1,500
Mercury Rising fundraising	26,064	-	(25,751)	-	313
	84,751	480,784	(85,791)	(98,402)	381,342
Total of funds	1,270,789	5,424,258	(5,106,909)	-	1,588,138

25. Statement of funds (continued)

Designated funds

Equipment - Designated for the purchase of capital items within the next 5 years.

Organisational development - Designated to allow for organisational projects within the next 5 years.

Artistic/audience development projects - Designated for specific artistic and audience development projects to be utilised in the next 5 years.

Hardship fund - To offer financial assistance to staff and freelancers during the current cost of living crisis, to be utilised in the next 2 years.

Equipment capitalised - Represents the net book value of assets purchased using designated reserves which are not included in restricted funds.

Restricted funds

These relate to funding received for specific projects, as well as those listed below:

Mercury Rising campaign - For funds raised in relation to the re-development of the theatre through the purchase of equipment, fixtures and fittings. The ticket levy charge received each year will continue to be allocated to this fund, to be used to repay the NESTA loan. This loan was taken out by the company as part of the project fundraising.

Arts Council - £360,000 contribution towards the Mercury Creatives Project. This is a 3 year project and funds will be utilised as expenditure occurs over that period.

Transfers between funds in the year

New allocations from unrestricted funds of £25,000 to the Organisation development fund and £50,000 to the Artistic/audience development project.

SELEP transfer of £29,351 and The Wolfson Foundation £49,800 from restricted to designated funds to reflect the expenditure on fixed assets.

Within designated funds £18,432 and £542 moved from the designated purchase fund to designated fixed assets.

Restricted funds totalling £19,251 were used to support core costs through transfers to unrestricted reserves.

25. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 April 2022 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2023 £
Unrestricted funds					
Designated funds					
Equipment	10,000	-	-	10,550	20,550
Organisational development	210,760	-	-	(1,950)	208,810
Artistic/Audience Development projects	5,493	-	-	-	5,493
Hardship funds	13,500	-	(6,459)	-	7,041
Theatre equipment - capitalised	92,835	-	(15,501)	4,450	81,784
Large projects- capitalised	498,721	-	(112,356)	1,950	388,315
	831,309	-	(134,316)	15,000	711,993
General funds					
Operational	332,186	4,905,583	(4,748,744)	(15,000)	474,025
Share capital	20	-	-	-	20
	332,206	4,905,583	(4,748,744)	(15,000)	474,045
Total Unrestricted funds	1,163,515	4,905,583	(4,883,060)	-	1,186,038
Restricted funds					
Fowler Smith Jones	-	1,500	(1,500)	-	-
Colchester Catalyst	4,400	-	-	-	4,400
Royal Opera House re LCEP	1,000	-	(1,000)	-	-
Tamasha	217	-	-	-	217
Teaching School Alliance	637	-	(637)	-	-
Postcode Community Trust	887	-	(887)	-	-
Big Lottery Fund	1,693	-	(1,693)	-	-
Eastern Counties Educational Trust	4,000	-	(4,000)	-	-
Essex County Council Short Breaks	36,632	23,200	(59,832)	-	-

25. Statement of funds (continued)

Statement of funds - prior year (continued)

	Balance at 1 April 2022 £	*Income* £	*Expenditure* £	*Transfers in/out* £	*Balance at 31 March 2023* £
Braintree Year of Culture	*300*	-	*(300)*	-	-
DWP Kickstart	-	*3,633*	*(3,633)*	-	-
European Regional Development Fund	-	*160,812*	*(160,812)*	-	-
Colchester LCEP Project	-	*22,650*	*(1,684)*	-	*20,966*
Essex County Council - Summer Schools	-	*12,911*	*(6,480)*	-	*6,431*
Paul Hamlyn Foundation	-	*62,148*	*(59,276)*	-	*2,872*
Asda Foundation	-	*1,492*	*(1,492)*	-	-
Essex Community Foundation	-	*8,975*	-	-	*8,975*
One Colchester	-	*4,200*	*(2,630)*	-	*1,570*
Speech Bubbles	-	*12,000*	*(6,000)*	-	*6,000*
Sport England	-	*40,000*	*(40,000)*	-	-
Mercury Rising fundraising	*67,311*	-	*(41,247)*	-	*26,064*
Colchester City Council - Community Support	-	*6,700*	*(1,700)*	-	*5,000*
National Lottery	-	*9,725*	*(8,708)*	-	*1,017*
D'Oyly Carte	-	*3,285*	*(2,046)*	-	*1,239*
	117,077	*373,231*	*(405,557)*	-	*84,751*
Total of funds	*1,280,592*	*5,278,814*	*(5,288,617)*	-	*1,270,789*

26. Summary of funds

Summary of funds - current year

	Balance at 1 April 2023 £	**Income** £	**Expenditure** £	**Transfers in/out** £	**Balance at 31 March 2024** £
Designated funds	**711,993**	**-**	**(134,192)**	**173,125**	**750,926**
General funds	**474,045**	**4,943,474**	**(4,886,926)**	**(74,723)**	**455,870**
Restricted funds	**84,751**	**480,784**	**(85,791)**	**(98,402)**	**381,342**

26. Summary of funds (continued)

	1,270,789	**5,424,258**	**(5,106,909)**	**-**	**1,588,138**

Summary of funds - prior year

	Balance at 1 April 2022 £	*Income* £	*Expenditure* £	*Transfers in/out* £	*Balance at 31 March 2023* £
Designated funds	*831,309*	-	*(134,316)*	*15,000*	*711,993*
General funds	*332,206*	*4,905,583*	*(4,748,744)*	*(15,000)*	*474,045*
Restricted funds	*117,077*	*373,231*	*(405,557)*	-	*84,751*
	1,280,592	*5,278,814*	*(5,288,617)*	-	*1,270,789*

27. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Restricted funds 2024 £	Unrestricted funds 2024 £	Total funds 2024 £
Tangible fixed assets	-	406,922	**406,922**
Intangible fixed assets	-	26,814	**26,814**
Current assets	381,342	1,976,777	**2,358,119**
Creditors due within one year	-	(1,185,982)	**(1,185,982)**
Creditors due in more than one year	-	(17,735)	**(17,735)**
Total	381,342	1,206,796	**1,588,138**

27. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior period

	Restricted funds 2023 £	Unrestricted funds 2023 £	Total funds 2023 £
Tangible fixed assets	-	*435,778*	*435,778*
Intangible fixed assets	-	*33,196*	*33,196*
Current assets	*84,751*	*2,100,379*	*2,185,130*
Creditors due within one year	-	*(1,259,741)*	*(1,259,741)*
Creditors due in more than one year	-	*(123,574)*	*(123,574)*
Total	*84,751*	*1,186,038*	*1,270,789*

28. Reconciliation of net movement in funds to net cash flow from operating activities

	Group 2024 £	*Group 2023 £*
Net income/expenditure for the period (as per Statement of Financial Activities)	**317,349**	*(9,803)*
Adjustments for:		
Depreciation charges	**126,439**	*121,157*
Amortisation charges	**6,925**	*6,870*
Interest received	**(13,338)**	*(2,836)*
Decrease/(increase) in stocks	**8,825**	*(13,664)*
Decrease/(increase) in debtors	**362,090**	*(309,037)*
Decrease in creditors	**(80,481)**	*(235,709)*
Net cash provided by/(used in) operating activities	**727,809**	*(443,022)*

29. Analysis of cash and cash equivalents

	Group 2024 £	*Group 2023 £*
Cash in hand	**1,615,386**	*1,071,482*
Total cash and cash equivalents	**1,615,386**	*1,071,482*

30. Analysis of changes in net debt

	At 1 April 2023 £	Cash flows £	At 31 March 2024 £
Cash at bank and in hand	**1,071,482**	**543,904**	**1,615,386**
Debt due within 1 year	**(96,978)**	**(6,722)**	**(103,700)**
Debt due after 1 year	**(123,574)**	**105,839**	**(17,735)**
	850,930	**643,021**	**1,493,951**

31. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £8,700 (2023 - £8,700) were payable to the fund at the balance sheet date and are included in creditors.

32. Operating lease commitments

At 31 March 2024 the Group and the Company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2024 £	*Group* 2023 £	**Company** 2024 £	*Company* 2023 £
Not later than 1 year	**13,069**	*22,769*	**13,069**	*22,769*
Later than 1 year and not later than 5 years	**45,741**	-	**45,741**	-
	58,810	*22,769*	**58,810**	*22,769*

The group operates from the theatre premises which is leased from Colchester City Council. A 40 year lease commenced in September 2022 for a peppercorn rent. Under this agreement, there is an annual reserve fund contribution from the group to Colchester City Council of £20,000, towards repair, maintenance and replacement of some parts of the property. The financial commitment over the remaining term of the lease will vary, with a contribution review every 5 years.

The contribution expense is recognised in expenditure on charitable activities in the Statement of Financial Activities and is not included in the operating lease commitment table above.

33. Related party transactions

During the year the group purchased goods/services totalling £nil (2023: £858) from Funnelwick Limb Ltd, a company in which Matthew Linley, a Trustee, is a director. There was no balance outstanding at year end.

During the year the group purchased goods/services totalling £398 (2023: £nil) from Slaget Theatre Ltd, a company in which Matthew Linley, a Trustee, is a director. There was no balance outstanding at year end.

During the year, Colchester Mercury Theatre Limited had transactions for income totalling £763 (2023: £3,692) and expenditure totalling £7,211 (2023: £3,300) with Colchester Mercury Trading Ltd and transactions for income totalling £1,252,129 (2023: £2,093,866) and expenditure totalling £1,255,925 (2023: £2,095,217) with Colchester Mercury Productions Ltd.

Colchester Mercury Theatre Limited also received income in the year by way of distributions under gift aid from each subsidiary, totalling £218,325 from Colchester Mercury Trading Ltd and £369,026 from Colchester Mercury Productions Ltd.

At year end £444,255 (2023: £259,757) was due from Colchester Mercury Trading Ltd and £2,322 (2023: £2,334) was due to Colchester Mercury Productions Ltd.

All transactions and balances with the subsidiaries are consolidated in these group accounts.

34. Share capital

	2024 £	2023 £
Issued and fully paid up share capital		
Ordinary £1 shares	**20**	*20*
	20	*20*

COLCHESTER MERCURY THEATRE LIMITED

England & Wales - Charity number 232387

Accounts

C

Colchester Mercury Theatre Limited

Company Registration no. 441035 (England and Wales)

Charity Registration no. 232387

Trustees Annual Report and Consolidated Financial Statements

For the year ended

31 March 2023

Colchester Mercury Theatre Limited

Trustees Report and Consolidated Financial Statements

Year ended 31 March 2023

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Colchester Mercury Theatre Limited

Trustees' Report for the Year Ended 31 March 2023

The trustees are pleased to present their report with the financial statements of the charity for the year ending 31 March 2023.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association 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).

Reference and Administration details.

Charity Number	232387
Company Number	441035
Registered & Principal Office	Mercury Theatre Balkerne Gate Colchester Essex CO1 1PT
Auditors	Griffin Chapman 4 & 5 The Cedars, Apex 12 Old Ipswich Rd Colchester CO7 7QR
Bankers	Barclays Bank PLC 9 High Street Colchester Essex CO1 1DD
Trustees	Robert West Linda Barton Jennifer Skingsley Anita Thornberry Samantha Blackwell-Heard Hassina Khan (resigned 5 December 2023) Matthew Linley Sean Plummer Dominic Collins Lorna Fox O'Mahony Mark Hoult-Allen Marianne Hahn Helena Oxley (appointed 6 December 2022) Oliver Brown (appointed 6 December 2022) Julia Stephen (appointed 6 June 2023) Rodney Appleyard (appointed 6 June 2023) Peter Fremlin (appointed 5 December 2023) Matthew Brindley (appointed 5 December 2023) Bryan Johnston (resigned 13 May 2022)

Colchester Mercury Theatre Limited

Trustees' Report for the Year Ended 31 March 2023

Company Secretary	Hazel Skayman
Chief Executives	Steve Mannix Tracey Childs

Directors and Trustees

The directors of the charitable company (the charity) are its trustees for the purpose of charity and company law and throughout this report are collectively referred to as the trustees.

Structure, Governance and Management

Legal status

The charity is a limited company with a share capital of 20 £1 ordinary shares, domiciled and incorporated in England and Wales.

Governing document.

Colchester Mercury Theatre Limited is a company limited by shares and is governed by its Memorandum of Association as amended by special resolution on 13th September 2005 and its Articles of Association dated 21st August 1947. New Articles of Association were adopted on 20th September 2016.

Appointment of trustees

As set out in the Articles of Association adopted by special resolution in September 2016 the number of trustees shall not be less than five or more than fifteen. However, the maximum number may be increased by a decision of Trustees. Additional Trustees have been appointed to accommodate planned resignations next financial year. As set out the maximum length of service for any trustee shall be two terms of four years, subject to re-election at the end of the first term. The maximum length of service for the position of Chair is eight years. The election or re-election of the Chair and Vice Chair shall be confirmed by the trustees at the annual retirement meeting. Other trustees shall face re-election after a four-year term.

Potential new trustees as required are chosen from nominations or external recruitment by a formal interview and reference process.

Trustee induction and training

New trustees receive a formal induction pack and undergo a briefing session to highlight their legal obligations under company and charity law, the contents of the Memorandum and Articles of Association, the committee and decision-making process, the current business plan and recent financial performance of the charity. This process also includes topic and news updates as and when necessary and positive interaction with the theatre's management and staff. An annual Away Day is arranged to agree business objectives. Trustees are required and encouraged to attend theatre and community activities.

Organisation

The board of trustees, which currently has 17 members, administers the charity. The board meets four times a year and has two sub-committees – Finance and General Purposes and Marketing which cover finance & human resources, health & safety, risk management, governance & trustee development and marketing.

The sub-committees consist of appointed trustees, co-opted individuals and relevant management and meet as required. Regular updates are given at board meetings. The sub-committees produce project or policy action plans as required to assist the charity in moving the company forward.

These sub-committees are supplemented by various time limited Task and Finish Groups of staff and trustees around particular themes or subject areas such as marketing, impact and evaluation, staff welfare and artistic development.

The Executive Team consisting of the Executive Director and Executive Producer are joint Chief Executives and are appointed by the trustees to manage day to day operations and to implement the strategies laid down by the board.

To facilitate effective operations and management, the Senior Management team has delegated authority, within terms of delegation approved by the trustees, for operational, strategic and programming matters including artistic policy.

The Senior Management Team members at 31 March 2023 were:

Steve Mannix - Executive Director
Tracey Childs – Executive Producer
Hazel Skayman – Finance Director
Deborah Sawyerr – Deputy Executive Director
Carol Rayner – Operations Director
Ryan McBryde – Creative Director
Abbi Roberts – Development Director

The Theatre has 2 wholly owned subsidiaries, Colchester Mercury Trading Ltd and Colchester Mercury Productions Ltd. Each subsidiary is governed by a Board of Directors, which meets 4 times a year, with authority delegated to members of the Theatre's senior management team to manage the companies' day to day operations.

Related parties

See note 21 of the Notes to the Accounts.

Pay Policy for Senior Staff

Executive pay at the Theatre aims to:

- recruit and retain talented individuals to lead and further develop a rapidly growing organisation;
- develop and sustain high performance;
- recognise individual performance in the preceding year.

The Board of Directors are responsible for the setting of Executive Pay following an annual review.

Pay for senior staff reflects the market for comparable jobs in comparable organisations, the level of knowledge, skills and experience required, and the responsibilities and accountabilities associated with each role, the performance of the charity and the individual contribution of each executive.

The pay of senior staff is reviewed annually and is dependent on delivery against individual annual objectives in accordance with the Theatre's values.

Risk management

Current significant risks identified by the trustees include:

- On-going impact of the international pandemic
- Reduction or withdrawal of public subsidy
- Quality of artistic product available to programme
- Delay or failure to appoint key staff
- Change of Trustees and/or Chief Executives
- Robust and secure management of data
- Reduction in fundraising income
- Failure to meet sales targets and budget projections.

All risks are continuously monitored by the Senior Management Team throughout the year using current information such as management accounts and comparative sales and performance reports and an organisational risk register.

The trustees have continued their strategy of ongoing risk management review throughout the year. This strategy comprises:

- Quarterly review of the risks the charity may face.
- The establishment of systems and procedures to mitigate those risks identified.
- The implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

The risk register continues to identify risks by a ranking system based on likelihood and potential effect. The highest ranking of such identified risks is reviewed by the Finance and General Purposes sub-committee for action if required. Required actions will then be reported back to the board for approval. This is an ongoing process.

Objectives and Activities

The primary object for which the company is established, as shown in our governing documents, is to formulate and prepare schemes for and take all necessary steps for the advancement of education and the improvement of public taste through the medium of arts, and in particular the arts of drama, dancing, singing and music.

Our vision is of the Mercury as a theatre that touches the lives of all the people of Colchester and its surrounding area, contributes regionally to the development of new talent and new audiences, and carves out a truly national reputation for the quality of the work that it makes.

These objects are further summarised in our mission statement:

"The Mercury exists to put theatre at the heart of the cultural life of the community it serves and to make work in Colchester that reaches audiences and generates critical attention regionally and nationally."

The joint Chief Executives Tracey Childs and Steve Mannix lead the artistic and business of the organisation including the development of the company's business plan, the strategic aims of which are summarised below:

Strategic Aims

- To build a reputation for the quality and innovation of our programme.
- To grow and diversify our audience base for that programme.
- To exploit the touring and commercial potential of the work we make.
- To create exceptional visitor experiences.
- To recruit and retain the most talented team of staff and volunteers.
- To diversify income streams / build financial resilience.

Our strategic aims are monitored throughout the year by a variety of methods including:

- Internal and externally commissioned evaluation methods
- Audience surveys following each performance seeking feedback on both artistic quality, facilities and customer service
- Audience focus groups
- Measurement of audience data, feedback and attendance against regional and national trends
- Regular Board and staff conferences throughout the year

Whilst upholding these aims it remains the role of the board to:

- **Maintain a policy of inclusiveness and diversity.**

- **Ensure responsible financial control which is prudent and sustainable.**

- **Support the striving for excellence and high quality in all in which the theatre is involved.**

In shaping our objectives and planning our activities the trustees have considered the Charity Commission's guidance on public benefit, including guidance on public benefit and fee charging. The theatre relies on grants and income from tickets, fees, other income and secondary trading to cover its operating costs. In setting the level for ticket prices, concessions and fees, the trustees consider the accessibility of the theatre and its community activities to those on low incomes. The theatre offers a range of concessions over the mix of its activities including over 65, under 26, access and job seekers.

The company aims to benefit the community as a whole. In addition to an extensive annual programme of home productions, co-productions and visiting companies the theatre has a commitment to developing an audience through activities in and for the community. We are also committed to young people's and community development through an active Creative Engagement programme which provides extensive workshops and projects for schools, colleges and the wider public. The Mercury also provides facilities for a large number of local amateur and community groups.

Our extensive annual programme covers our own in house produced work, a pantomime and a mix of co-produced and visiting drama together with visiting live entertainment events across a wide range of genres.

This programme utilises both the main auditorium and studio facilities. In addition, each year our objective is to invest in, and engage in, activities and projects that develop our artistic policy through engaging with hard-to-reach audiences and support for new and emerging artists at the start of their career. These activities can be at the theatre or at other locations.

(See Achievements and Performance below for activities undertaken to contribute to these aims and objectives).

Achievements and Performance

Whilst the severity of the international pandemic and lockdowns had passed, it continued to have an impact on our work during the year. Audiences were slow to regain their confidence and return to some aspects of our programme. This, along with the cost of living crisis and steep rise in utility costs have created deeply challenging trading conditions for the Mercury.

We are grateful to the University of Essex and East 15 for carrying out research on our behalf into audience behaviour post covid. The report confirmed that the Mercury's audiences were **15%** below target against previous years at **60%**. We are pleased to report that this was **12%** above the national average at **48%**. Compared to similar regional producing theatres the Mercury has been incredibly lucky benefitting from very loyal and supportive audiences. We are eternally grateful for their support.

The Mercury faced not only the challenges of recovery post Covid and the cost of living crisis, 2022/23 was our first full year of operating following the completion of our **£14.2 million** capital project in June 2021. However, during the year we have been able to consolidate our operations and start to see the benefits of our new business plan.

The health and well-being of our audiences, staff, artists and creatives remained a priority for our Board and Senior Management. A range of safety measures remained in place throughout the year (including regular testing, hybrid working and the ability for audience members to exchange tickets if they or their family or friends were unwell).

During the year we employed **143** staff the largest workforce that the Mercury has ever had in its history. In addition, we engaged **130** freelance actors and creatives to produce our Mercury Productions and facilitate our Creative Engagement Programme.

In 2022/23:

The core focus of the year was to consolidate the operation of our new building, re-launch our diverse programme of performances and events and benefit from our new business plan.

Reach and Engagement

We are proud to report that our Creative Engagement programme continued to expand both at the Mercury and throughout Colchester and Essex. Over **36,000** children, young people and adults took part across **3,467** sessions. The largest programme ever in our history.

Against all the odds, Beauty and the Beast our panto this year broke all box office records achieving **96%** capacity.

During 2022/23 we were able to offer the following range of work:

- Mercury Productions – Comedy of Errors, Alice in Wonderland, Beauty and the Beast and They Don't Pay, We Won't Pay
- Mercury Co-Productions – Good Luck Studio, The Instrumentals, Evelyn, Kabul Goes Pop and Run Rebel
- Creative Engagement Programme of classes and workshops for adults, children and young people
- Mercury Creatives – our support and mentoring programme for freelancers and small businesses in the creative industries
- Masterclasses and training events
- Artist Networking Events
- Play Readings
- Year-round programme in our studio supporting local artists to present their work and visiting national small-scale touring
- LATES – a free programme of work in our bar/café – including Cocktail Cabaret (LGBT monthly cabaret night), events to support Black History Month, World Aids Day, International Women's Day and other cabaret and spoken word evenings.

We have been delighted with the continued positive feedback from audiences and users about our building and all its facilities. We continue to gain 4.7* out of 5* in all surveys.

Number of Shows:	**497**
Audience Attendance:	**105,580** (60%)
National Touring Productions	**5**
Touring Performances	**141**
Audience Attendance	**12,316**
None ticketed events	**368**
None ticketed attendees	**38,186**
Number of Access Performances:	**27**
Senior Matinees	**141**
Senior Matinee Attendance	**27,833**

Participation and Engagement Activities

Creative Engagement Sessions	**3,467**
Participants	**36,027**
Young Company Members	**487**

Mercury Creatives

- Businesses supported **116**
- New Job created **124**
- New products created **132**
- New investment generated **£2.2m**

Essex Theatre Artists Network Members: **1,200**

Talent Development

- Number of Artists Supported **2,788**
- Sharings **19**
- Research and Development **20**
- Playwrights/Producers/Directors **24**
- Workshops (above) **36**

Other projects continued to be developed including:

- The Mercury Teachers' Network continued provide in valuable support and advice for our work in schools in Colchester and across Essex.

- During the year, the Mercury became the secretariat for Local Cultural Education Partnership (LCEP) in Colchester to ensure the future engagement of schools in the quality provision of arts and cultural activities.

- Our Aspire, Share Create continued during the year in response to a gap in out of school provision for disabled and neurodiverse children and young people with after school and holiday sessions at the Mercury and in local special schools. Sadly, at the end of the year this programme ended as, following a competitive tender process, Essex County Council did not renew our contract. We are urgently seeking new funders to support this important work.

- Due to the continued impact of the pandemic local schools and colleges restricted their usual work experience and internships placements. Only **9** placements were offered. We expect this aspect of our programme to return to 'normal' next year. However, we continued to offer our Industry Days for local schools to visit to find out about our work.

- Our Mercury Creatives programme finished at the end of the year with the completion of our three-year funding agreement from the European Regional Development Fund. Given the overwhelming success of the programme, we are seeking new funding to continue the programme and focus activities and support in North Essex from next year.

- During the year we started to fully utilise our 'piazza' and the public realm around our new building launching a successful monthly Farmers Market, hosting Family Fun Days, site specific performances and a street party to celebrate the Queen's Platinum Jubilee.

- As a direct response to the Cost-of-Living Crisis, the Mercury offered a range of support during the year. Working in partnership with Colchester City Council, Essex County Council and Community 360 we became a 'warm space' during the winter for elderly and vulnerable residents. Alongside this, our Board established a confidential Hardship Fund for staff experiencing financial difficulties.

- We continued to work in partnership with local community organisations including Outhouse, Colchester Pride, Black History Month, Autism Anglia, Colchester Refugee Action and Community 360.

Productions & Activities

The Mercury continued to be active in the civic life and well-being of Colchester and Essex through board and project group representation in forums such as Creative Colchester, Colchester Business Improvement District (BID), Essex Chamber of Commerce, The Rice and Spice Festival, Colchester Pride, Visit Essex.

During the year we were proud to be able to produce several events to celebrate Colchester gaining City Status from her late majesty Queen Elizabeth II.

In addition to these forums, our Executive Director continued as a member of the Colchester Covid Emergency Response Board and assumed the Chair role of the Leisure Recovery Board.

Financial Review

The Mercury Theatre's continued artistic achievements have ensured a solid financial performance. As with all organisations of this type and size we must ensure that we maintain high standards of both customer experience and artistic development.

2022/23 marked a significant milestone for the Mercury with its turnover reaching **£5m** for the first time in its history.

The Statement of Financial Activities (SOFA) shows income and expenditure for the charitable group and differentiates between unrestricted, designated and restricted funds allocated for specific purposes. The total income, including recovery of theatre tax credit, for the year was £5,278,814 (2022: £3,997,375).

During the financial year capital projects and organisational development work were carried out which has meant a fall in designated reserves of £119,316. The total unrestricted reserves increased by £22,523 and the Trustees are of the opinion that the designated reserves should be utilised for the furtherance of the company's main objectives. There are also £84,751 restricted reserves (2022: £117,077) – the majority of these reserves relates to projects which have not yet been carried out and includes the Mercury Rising campaign reserve of £26,064.

It is envisaged the that designated reserves will be utilised within the next 5 years as major organisational development and audience development projects are scheduled. The smaller restricted reserves will be utilised as and when the relevant project is implemented – this is likely to be within the next 2 financial years. The ticket levy which was introduced as part of the Mercury Rising campaign will continue for the next 2 years. The levy will be utilised to repay the NESTA loan which was received as part of the large capital fundraising. A total of £470,099 (2022: £591,556) of designated reserves is held in fixed assets.

The Colchester Mercury Theatre continued to receive revenue funding from Arts Council England of **£791,682**, Essex County Council **£100,000** and Colchester City Council **£168,175**, together with project funding as shown in note 4 to the financial statements.

The Board appreciates the continued support of the major funders and also the support of other project funders throughout the financial year.

The Board considers that the charity's financial position at the balance sheet date is satisfactory.

Investment powers and policy

Under the Memorandum and Articles of Association, the charity has the power to invest in any way the trustees wish.

The trustees, having regard to maintaining a low-risk investment portfolio and the liquidity requirements of operating the theatre, have operated a policy of keeping available funds in interest bearing deposit and treasury accounts and seek to achieve as high a rate of interest as possible in the current economic climate.

Reserves policy

It is the policy of the trustees to maintain an Operational Reserve Fund commensurate with the possible risks that the charity may face. The trustees consider that the required level of such a fund should currently be in the region of **£200,000** which is to cover core operational costs for a period of 3 months. At 31st March 2023, this fund had a balance of **£474,025** (excluding funds tied up in fixed assets). This policy is reviewed regularly and the required level may be increased should this be deemed necessary. Due to the current increase in cost of living the Board have taken the decision to hold more funds in the operational reserve as at 31st March 2023 in order to meet any increased costs as they are incurred.

Fundraising Activities

As for many charities, raising voluntary funds from trusts, foundations and individuals is a vital source of income for the Mercury, enabling us to fulfil our charitable objectives as effectively as possible. We are very grateful for the support given by all our donors. During the year unrestricted income of £98,503 was received from individual donations and corporate supporters and a further £168,786 of restricted funding was raised to support community activities and projects.

The Mercury believes that fundraising should be an open, honest and respectful process. We aim to build and maintain solid partnerships with our supporters and donors, based on mutual understanding and shared values. In developing our approach to fundraising we have taken account of the Code of Fundraising Practice issued by the Fundraising Regulator and we are members of the Institute of Fundraising.

The Mercury operates with one full time fundraising member of staff. External professional fundraisers are contracted on a project basis but are closely monitored and do not directly engage with donors. The Mercury does not engage in face-to-face or telephone fundraising or any further commercial agreements that might endanger our reputation.

During the year, the Mercury continued to monitor its use of data. Our Privacy Policy is published on our website, and clearly states what personal data the Mercury will hold in relation to supporters and audiences and how this data will be used. It sets out how individuals can raise concerns or complaints. The Mercury has received no complaints about its fundraising activities during the financial year.

Going Concern

Having reviewed the charity's financial forecasts and expected future cash flows, the Trustees have a reasonable expectation that the charity and group have adequate resources to continue in operational existence for the foreseeable future. Thus, the going concern basis has been adopted in preparing these financial statements for the year ended 31st March 2023.

Continued Risks and Uncertainties Relating to Covid-19

The Mercury's Board, Executive Team and Senior Management continued to monitor and review risks relating to the pandemic throughout the year. These risks included:

- Cash flow
- Loss or unavailability of key personnel
- Protection of the theatres' assets and completion of the capital project
- Going concern
- Impact on the wider economy and available public, charitable and private grants and donations.
- Impact on youth and community partner organisations
- Impact on artists and the wider freelance theatre sector

Continued Financial Uncertainties Related to Covid-19 and Mitigated Action

Arts and cultural organisations across the UK were deeply affected by the closure orders by the Government and the lockdowns between 2020 and 2022. It was extremely challenging for producing theatres who lost their primary source of income from performances and ancillary sales. The impact of the pandemic continued to be felt during 2022/23.

The Senior Management team undertook extensive planning to ensure the programme for this year appealed to as wide an audience as possible. This was underpinned by careful financial management and budgeting during the period to ensure that the Mercury would be able to meet its costs and liabilities for 12 months.

The Impact of Covid-19 on the Charity's Ability to Fundraise and How This is Being Managed

Whilst Covid-19 had a dramatic impact our fundraising and self-generated income such as box office and trading has been amazingly resilient and re-established itself as a vital income stream. Income from our Friends Scheme has continued to grow, and we secured the highest amount of sponsorship ever during the year. We remain truly grateful for their support.

The Impact of the Virus on Staff and Beneficiaries and the Implications for the Charity's Operation and Activities.

At all times we ensured the safety and welfare of our audiences, staff and visiting creatives through regular covid testing and the provision of a safe working environment. A hybrid working model for all staff was consolidated during the year with nominated office days.

The Impact on the Charity's reserves policy, level of reserves and any change to the designated funds set aside for future commitments.

We have been able to retain our reserves and not allocate funds to meet general operating costs.

Plans for Future Periods

During the year a new business plan for the period 2023 – 2026 was developed by the Executive and Senior Management Team.

This plan formed the basis of an application to Arts Council England to continue to be a National Portfolio Organisation. We are pleased to report in November 2022 our funding agreement was renewed for a further three years to March 2026 at standstill.

A limited (and scalable) programme has been devised to ensure that the Mercury is still able to produce and engage audiences but most importantly remain financially stable, risk aware and safe.

1. In 2023/24 The Mercury Theatre aims to:

Consolidate its programme in the new building ensuring the maximum financial benefit can be gained whilst retaining quality and the welfare of our staff and creatives.

Throughout this year we will seek to continue to deliver a range of creative engagement and talent opportunities at the Mercury and elsewhere in the community to target groups and those interested in developing professional skills in the arts.

We will continue to provide opportunities for other amateur and community groups to present their work.

2. To become one of the leading centres of excellence for the theatre industry by:

a) Ensuring excellence in quality of work

b) Building on co-producing and UK touring

c) Working in partnership with other relevant organisations

d) Building upon international links developed in recent years

e) Fostering artistic growth and development

f) Developing skills of staff at all levels

g) Building the reputation of the Mercury Theatre, Colchester and the East of England

h) Maintaining excellence in production and workshop facilities

3. To build audience volumes and the age range and diversity of audiences by:

a) Working with Colchester City Council, Essex County Council and other local and regional arts organisations develop our Creative Engagement Programme

b) Develop and implement a new audience development strategy led by data and audience research.

c) Exploiting the opportunities provided by our website and other digital platforms

d) Reviewing current marketing operation, including staffing levels, to ensure maximum efficiency and impact

Trustees' responsibilities in relation to the financial statements

The trustees (who are also directors of Colchester Mercury Theatre Ltd for the purpose of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group and the incoming resources and application of resources, including the income and expenditure of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- State whether a Statement of Recommended Practice (SORP) applies and has been followed, subject to any material departures which are explained in the financial statements.
- Make sound judgements and estimates that are reasonable and prudent.
- Comply with applicable Accounting Standards, including FRS 102, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enables them to ensure that the financial statements comply with the Companies Act 2006. The trustees 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.

In accordance with company law, as the company's directors, we, the trustees certify that:

- So far as we are aware, there is no relevant audit information of which the company's auditors are unaware; and
- As the directors of the company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Auditors

Following an open tender process, Griffin Chapman were appointed auditors to the charity for the year and a resolution will be proposed at the Annual General Meeting that Griffin Chapman be re-appointed as auditors to the charity for the ensuing year.

We would like to thank Moore Kingston Smith LLP, our previous auditors for all their help and support as the Mercury has grown and developed over the last 10 years of their tenure.

Finally, we would like to thank the senior management team and all staff members of the Mercury for all their work and ongoing commitment to our theatre.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' regime. The Trustees report was approved by members of the Board on 13th December 2023 and signed on their behalf by:

By order of the trustees

Sean Plummer
Treasurer

Hazel Skayman
Company Secretary

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COLCHESTER MERCURY THEATRE LIMITED

Opinion

We have audited the financial statements of Colchester Mercury Theatre Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the Consolidated statement of financial activities, the Consolidated balance sheet, the Company balance sheet, the Consolidated statement of cash flows and the related notes, 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent charitable company's affairs as at 31 March 2023 and of the Group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating 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's or the parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COLCHESTER MERCURY THEATRE LIMITED (CONTINUED)

Other information

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

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

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

Responsibilities of trustees

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

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

Auditors' responsibilities for the audit of the financial statements

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 Auditors' 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.

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:

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to detecting the risks of material misstatement of irregularities, including fraud and non-compliance with laws and regulations, were:

Identifying and assessing the risk of material misstatement by:

- the engagement partner ensured the engagement team had the necessary skills and knowledge to identify non-compliance with applicable laws and regulations;
- we obtained an understanding of the legal and regulatory frameworks that are applicable to the group and for those that are most significant, we enquired into how management ensures compliance is maintained;
- we identified that the principal risks of non-compliance with laws and regulations that are applicable to the group and the ability to continue trading. Correspondence was reviewed from third parties, where relevant;
- enquiry and review of the group's transactions was undertaken to highlight any instances of penalties, fines or legal activity which could suggest non-compliance with laws and regulations. There was no contradictory evidence found; and
- we also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006.

Work completed to address risk of fraud through management bias and override of controls:

- walkthrough tests were performed to ensure that systems and processes were in place, which reduced the risk of fraudulent behaviour;
- tested a selection of journal entries to identify any unusual transactions; and
- investigated the rationale behind any significant journal entries.

Work completed to address risk of non-compliance with laws and regulations:

- obtained an understanding of the legal and regulatory framework in which the company would need to comply;

- reviewed minutes of meetings held by those charged with governance to identify any non compliance;
- enquired with management of any litigations and claims; and
- reviewed legal and professional costs in the year, and any correspondence with legal advisors, to identify and issues with non-compliance.

It is also stated, as a reminder, that the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the group.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Thomas Maddocks ACA FMAAT (Senior statutory auditor)
for and on behalf of
Griffin Chapman
Chartered Accountants
Registered Auditors
4 & 5 The Cedars
Apex 12
Old Ipswich Road
Colchester
Essex
CO7 7QR

Date: 13 December 2023.

Colchester Mercury Theatre Limited
Year ended 31 March 2023
Consolidated Statement of Financial Activities
(Incorporating Income and Expenditure Accounts)

	Note	Unrestricted Funds Operational	Unrestricted Funds Designated	Restricted Funds	Restricted Large Capital Funds	Total Funds 2023	Total Funds 2022
INCOME FROM:		£	£	£		£	£
Donations and legacies	4	**1,158,360**	-	**333,231**	**40,000**	**1,531,591**	1,803,665
Other trading activities	5	**718,607**	-	-	-	**718,607**	452,317
Investment income	7	**2,836**	-	-	-	**2,836**	218
Charitable Activities							
Operation of the theatre	3	**2,656,753**	-	-	-	**2,656,753**	1,514,351
TOTAL INCOME		**4,536,556**	-	**333,231**	**40,000**	**4,909,787**	3,770,551
EXPENDITURE ON:							
Raising funds	8	**611,454**	-	-	-	**611,454**	450,153
Charitable Activities	9	**4,137,289**	**134,316**	**324,310**	**81,247**	**4,677,162**	3,725,307
TOTAL EXPENDITURE		**4,748,743**	**134,316**	**324,310**	**81,247**	**5,288,616**	4,175,460
NET (EXPENDITURE)/INCOME		**(212,187)**	**(134,316)**	**8,921**	**(41,247)**	**(378,829)**	(404,909)
Other Recognised Gains - Theatre Tax Credit	6	**369,026**	-	-	-	**369,026**	223,823
Transfers Between Funds	20	**(15,000)**	**15,000**	-	-	-	-
Net Movement in Funds		**141,839**	**(119,316)**	**8,921**	**(41,247)**	**(9,803)**	(181,086)
Funds b/f		**332,186**	**831,309**	**49,766**	**67,311**	**1,280,572**	1,461,658
Funds c/f		**474,025**	**711,993**	**58,687**	**26,064**	**1,270,769**	1,280,572

The Statement of Financial Activities includes all gains and losses in the year and therefore a statement of total recognised gains and losses has not been prepared.
The subsidiary companies pay all taxable profits to the Company as a gift aid distribution.
All of the above amounts relate to continuing activities .

The notes on pages 22 to 33 form part of these financial statements

Colchester Mercury Theatre Limited
Year ended 31 March 2023
Consolidated and Company Balance Sheet

		Group		Company	
		2023	2022	**2023**	2022
Fixed Assets	**Note**	**£**	£	**£**	£
Intangible Fixed Assets	13	**33,196**	40,066	**32,686**	39,386
Tangible Fixed Assets	14	**435,778**	552,485	**435,778**	552,485
Investments	15	**-**	-	**200**	200
Current Assets					
Stocks	16	**41,220**	27,556	**19,162**	11,053
Debtors	17	**1,072,428**	763,391	**816,337**	918,405
Cash at Bank and In Hand		**1,071,482**	1,610,881	**709,630**	691,163
		2,185,130	2,401,828	**1,545,129**	1,620,621
Current Liabilities					
Creditors:					
Amounts falling due within one year	18	**(1,259,741)**	(1,495,450)	**(988,487)**	(937,681)
Net Current Assets		**925,389**	906,378	**556,642**	682,940
Net Assets		**1,394,363**	1,498,929	**1,025,306**	1,275,011
Creditors:					
Amounts falling due after one year	19	**(123,574)**	(218,337)	**(123,574)**	(218,337)
		1,270,789	**1,280,592**	**901,732**	**1,056,674**
Represented by:					
Share Capital	22	**20**	20	**20**	20
Unrestricted Operational Fund		**474,025**	332,186	**104,968**	108,268
Unrestricted Designated Fund		**711,993**	831,309	**711,993**	831,309
Total Unrestricted Funds	20	**1,186,018**	1,163,495	**816,961**	939,577
Restricted Funds	20	**84,751**	117,077	**84,751**	117,077
Total funds		**1,270,789**	1,280,592	**901,732**	1,056,674

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

As permitted by S408 Companies Act 2006, the Company has not presented its own Statement of Financial Statements and related notes. The net income of the Charitable Company alone was a deficit of £(154,942) (2022 - a deficit of £181,086).

These financial statements were approved by the Members of the Board on the 13th December 2023 and are signed on their behalf by:

S Plummer
Director

Company Registration Number 441035

Colchester Mercury Theatre Limited
Year ended 31 March 2023
Consolidated Statement of Cash Flows

	Note	2023	2022
		£	£
Net cash inflow from operating activities	(i)	**(443,022)**	265,483
Cash flows from investing capital:			
Interest received		**2,836**	218
Purchase of property, plant and equipment and intangible assets		**(4,450)**	(174,510)
Net cash used in investing activities		**(444,636)**	91,191
Cash flows from financing:			
Repayments of loans		**(94,763)**	(53,345)
Net cash inflow from financing activities		**(94,763)**	(53,345)
Change in cash and cash equivalents in the reporting period		**(539,399)**	37,846
Cash and cash equivalents at the beginning of the year		**1,610,881**	1,573,035
Cash and cash equivalents at the end of the year		**1,071,482**	1,610,881

Notes to the cash flow statement

i) Reconciliation of changes in resources to net inflow from operating activites

Net income	**(9,803)**	(181,086)
Depreciation	**121,157**	184,036
Loss on disposal of assets	**-**	-
Amortisation	**6,870**	6,870
(Increase)/decrease in debtors	**(309,037)**	(451,192)
(Increase)/decrease in stock	**(13,664)**	(16,425)
Bank interest receivable	**(2,836)**	(218)
(Decrease)/increase in creditors	**(235,709)**	723,498
Net cashflow from operating activities	**(443,022)**	265,483

ii) Analysis of changes in net debt

	At 1 April 2022	Cashflows	Other non-cash changes	At 31 March 2023
	£	£	£	£
Cash and cash equivalents				
Cash in-hand	1,610,881	(539,399)	-	1,071,482
Borrowings				
Debt due within one year	(96,978)	-	-	(96,978)
Debt due over one year	(218,337)	94,763	-	(123,574)
	1,295,566	(444,636)	-	850,930

1) Accounting Policies

Company Status

Colchester Mercury Theatre Limited is a private company limited by shares (company no 441035) and registered with the Charity Commission (registration no 232387). It is registered in England and Wales and it's registered office is Mercury Theatre, Balkerne Gate, Colchester, Essex, CO1 1PT.

a) Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The company is a public benefit entity for the purposes of FRS 102 and a registered charity and therefore has also prepared its financial statements in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance the Financial Reporting Standard applicable in the UK and Republic of Ireland (The FRS 102 Charities SORP), the Companies Act 2006 and Charities Act 2011.

The financial statements are prepared in sterling which is the functional currency of the company. Monetary amounts in these financial statements have been rounded to the nearest pound.

b) Going Concern

The financial statements are prepared on a going concern basis which assumes that the charitable group will continue in operational existence for the foreseeable future. Each of the major funding bodies - Arts Council England East and Colchester City Council - have indicated that their support of the theatre will continue until at least 31st March 2023. However, Arts Council England have indicated their support to 31st March 2026 in the National Portfolio Organisation agreement with the theatre and Colchester City Council have indicated their support to 2023/24 in the current funding arrangement and then for a further 4 years under a new funding settlement. Essex County Council have indicated their support until 2024/25.

Whilst the severity of the international pandemic and lockdown's had passed it continued to have an impact on our work during the year. Audiences were slow to regain their confidence and return to some aspects of our programme. This, along with the current cost of living crisis, and steep rise in utility costs have created deeply challenging trading conditions for the Mercury.

Having reviewed the assets available to the charity and its expected future funding arrangements, of which £1,060k mentioned above being the confirmed revenue funding due from Arts Council England, Colchester City Council and Essex County Council has been secured at the date of approval of these financial statements, the Trustees have a reasonable expectation that the charity and group have adequate resources to continue in operational existence for the foreseeable future and not less than twelve months from the date of approval of these financial statements. This is subject to the unprecedented issues caused by Covid-19 and the current cost of living crisis. Thus the going concern basis has been adopted in preparing these financial statements for the year ended 31st March 2023.

c) Consolidation

The SOFA and Balance Sheet consolidate the financial statements of the charitable company and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis. The charitable company has taken advantage of the exemption from presenting its unconsolidated income and expenditure account available under section 408 of the Companies Act 2006.

d) Income

Donations - Comprises all income from donations, subscriptions and grants, including government grants. It is recognised on a receivable basis in the appropriate fund when there is entitlement to the income, probability of receipt and the amount can be reliably measured.

Other trading activities - Comprises income from trading associated with attending the theatre, royalties, letting of the restaurant, bar and other areas and is recognised on a receivable basis.

Income from Charitable Activities - Comprises ticket income from performances and activities at the theatre and other venues as appropriate, income for community projects and hire of main house and studio all of which are recognised on a receivable basis. Box office income is recognised when productions take place.

Investment Income - Comprises interest received held in appropriate interest bearing accounts. All interest received is credited to operational funds and is recognised on a receivable basis.

Government grants - where the charity receives government grants, it recognises this as income only where there is reasonable assurance that the charity will comply with the conditions attaching to them and the grants will be received. This includes grants received from Arts Council England as they are an executive non-departmental public body.

e) Expenditure

The costs of activities for raising funds represents the direct cost of trading associated with attending the theatre, royalties and other income together with allocated support costs and the direct costs associated with securing donations, subscriptions and grants and other income together with allocated support costs..

The costs relating to charitable activities relate to direct expenditure on performances and activities at the theatre and other venues as appropriate. It also includes costs relating to community projects and auditorium and studio hire together with allocated support costs.

Governance costs represents direct expenditure of Board activities together with allocated support costs.

Support costs relating to a single activity are allocated directly to that activity. Where support costs relate to more than one activity they have been allocated on the basis of staff time and resources consumed by each activity.

All expenditure is accounted for on an accrual basis and is recognised when there is a legal or constructive obligation to pay.

Provision has been made where appropriate, for relevant expenses and liabilities where a present obligation exists at the balance sheet date.

f) Productions

1) For productions occurring wholly within one financial year box office and venue fees are recognised in that year and costs are recognised as incurred. Typically costs are incurred in advance of revenue being generated.
2) Where a production spans the year-end and is expected to be loss making, the expected loss is recognised in full in the year in which the loss is foreseen.
3) Where production set up costs have been incurred prior to the year-end but the production has not yet opened, the set up costs are carried forward at the balance sheet date as deferred production costs until such time as the production opens.

g) Pensions

The company offered a voluntary stakeholders scheme to its employees and those on short term equity contracts and also operates a defined contribution pension scheme which meets the Government's requirements under auto enrolment . The company contribution costs are included in the Statement of Financial Activities as they fall due.

h) Operating lease commitments

Rentals payable under operating leases are charged against expenditure as incurred over the lease term.

i) Intangible assets

Intangible assets comprise the cost of a licence enabling the premises to be used to hold wedding ceremonies and a new website and finance package. Intangible fixed assets are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses as follows:

Licences	10% Straight line
Website	10% Straight line
Computer software	10% Straight line

1) Accounting policies continued

j) Capitalisation of fixed assets

Fixed assets are shown on the balance sheet at historical cost less depreciation. Fixed assets costing more than £500 are capitalised at cost.

Depreciation

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

Theatre Equipment	15% Straight Line
Capital Grant	15 to 33.33% Straight Line
Motor vehicles	15 to 33.33% Straight Line

Fixed assets are subject to an annual impairment review and review of estimated useful life.

Studio Development

Costs incurred relating to the development and refurbishment of the Studio Theatre have been capitalised. These are now depreciated in line with the company's depreciation policy of 15% straight line as the studio has been brought into use.

Large Capital Development

Costs incurred relating to the large capital development and refurbishment of the Theatre have been capitalised. These will be depreciated once the development is complete.

Within the large capital development, costs have been incurred relating to the refurbishment of temporary office accommodation. These are being depreciated in line with the company's depreciation policy of 15% straight line as the office accommodation has been brought into use.

k) Stocks

Stocks of merchandise and other goods for resale are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

l) Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

m) Fund Accounting

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

Restricted Funds - These are earmarked by the donor, or the terms of an appeal, for specific purposes within the overall aims of the organisation. The donation and income deriving therefrom will be used in accordance with the specific purposes.

Unrestricted Operational Funds - Funds which are expendable at the discretion of the Board in furtherance of the objects of the charity.

Unrestricted Designated Funds - The Board may at its discretion set aside unrestricted funds for specific purposes.

n) Financial instruments

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and short term deposits with a maturity date of three months or less.

Debtors and creditors

Debtors and creditors receivable or payable within one year of the reporting date are carried initially at their transaction price and subsequently at settlement value. Debtors and creditors that are receivable or payable in more than one year and not subject to a market rate of interest are measured at the present value of the expected future receipts or payment discounted at a market rate of interest.

2) Critical accounting estimates and areas of judgement

In the view of the trustees in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

Useful economic lives

The annual depreciation charge for tangible and intangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives, amortisation and residual values are re-assessed annually. They are amended when necessary to reflect current estimates based on technological advancement, future investment, economic utilisation, and the physical condition of the assets. Note 13 and 14 gives the carrying amount of the relevant assets and Note 1j details the useful economic life for each class of asset.

3) Income from the operation of the theatre

	Unrestricted 2023 £	Unrestricted 2022 £
Box office receipts	2,078,321	1,243,187
Royalties income	11,888	-
Theatre rentals	121,564	76,821
Community & Education	130,017	73,445
Other income	314,963	120,898
	2,656,753	1,514,351

4) Grants & donations

	Unrestricted Income	Restricted Income funds £	Restricted Capital Funds £	2023 £	2022 £
Voluntary Income					
Arts Council England - core	791,682	-	-	791,682	791,682
Colchester City Council - core	168,175	-	-	168,175	168,175
Essex County Council - core	100,000			100,000	100,000
Arts Council England - Cultural Recovery Fund	-	-	-	-	250,000
Colchester City Council - Covid grants	-	-	-	-	23,309
DWP - Kickstart scheme	-	3,633	-	3,633	63,839
HMRC - SSP covid-19 support	-	-	-	-	345
HMRC - CJRS	-	-	-	-	1,873
	1,059,857	3,633	-	1,063,490	1,399,223
Income from grants - see below	-	329,598	40,000	369,598	211,820
Other donations:					
Mercury rising campaign	-	-	-	-	126,227
Individuals & corporate memberships	98,503	-	-	98,503	66,395
	98,503	-	-	98,503	192,622
Total shown as voluntary income	1,158,360	333,231	40,000	1,531,591	1,803,665
2022: Split between	1,442,832	224,606	136,227	1,803,665	

There are no unfulfilled conditions or other contingencies attaching to the government grant income detailed above.

The company has not benefited from other government funded assistance.

Income from grants

	Unrestricted Income	Restricted Income funds £	Restricted Capital Funds £	2023 £	2022 £
Trusts & Foundations:					
Essex County Council - Short breaks	-	23,200	-	23,200	23,200
ADESTE	-	-	-	-	4,981
European Regional Development Fund	-	160,812	-	160,812	89,734
Southend on Sea Borough Council	-	-	-	-	2,378
Essex County Council - Capital award	-	-	-	-	10,000
Essex County Council - covid support	-	-	-	-	35,850.00
Essex County Council - community support	-	-	-	-	2,825.00
Essex County Council - summer schools	-	12,911	-	12,911	-
Sport England	-	-	40,000	40,000	-
Asda Foundation	-	1,492	-	1,492	-
One Colchester	-	4,200	-	4,200	-
Speech Bubbles	-	12,000	-	12,000	-
Colchester City Council - community support	-	6,700	-	6,700	-
National Lottery	-	9,725	-	9,725	-
D'Oyly Carte	-	3,285	-	3,285	-
Essex Community Foundation	-	8,975	-	8,975	-
Fowler Smith Jones	-	1,500	-	1,500	-
Colchester LCEP Project	-	22,650	-	22,650	-
Paul Hamlyn Foundation	-	62,148	-	62,148	42,852
	-	329,598	40,000	369,598	211,820
2022: Split between	41,053	160,767	10,000	211,820	

5) Activities For Generating Funds

	2023 £	2022 £
Trading associated with attending theatre performances and activities	718,607	452,317
	718,607	452,317

6) Principal Subsidiaries

The following are subsidiary undertakings of the Company.

Name	Company Number	Registered office or principal place of business	Principal activity
Colchester Mercury Trading Ltd	9144550	Mercury Theatre, Balkerne Gate, Colchester, CO1 1PT	Provision of bar and catering facilities at Colchester Mercury and other commercial trading activities
Class of Shares Ordinary	**Holding** 100%	**Included in consolidation** Yes	
Colchester Mercury Productions Ltd	9144431	Mercury Theatre, Balkerne Gate, Colchester, CO1 1PT	Provision of the route for commercial productions
Class of Shares Ordinary	**Holding** 100%	**Included in consolidation** Yes	

The financial results of the subsidiaries for the year were:

Name	Income £	Expenditure £	Profit/(loss)for the year £	Net assets £
Colchester Mercury Trading Ltd	772,888	635,818	137,070	100
Colchester Mercury Productions Ltd	2,464,243	2,095,217	369,026	369,126

7) Investment Income

	2023 £	2022 £
Bank Interest receivable	2,836	218

8) Costs of generating funds

	2023 £	2022 £
Bar & Front of House costs	578,370	408,528
Commercial work costs	6,527	7,720
Support costs (note 10)	26,557	33,905
	611,454	450,153

£611,454 relates to unrestricted funds (2022 £450,153)

9) Analysis of Charitable activities

	Main House	Touring	Community & Education	2023	2022
	£	£	£	£	£
Production costs	1,600,742	92,703	92,703	**1,786,148**	1,047,614
Permanent staff costs	1,039,507	232,586	242,275	**1,514,368**	1,227,883
Theatre running costs	294,998	36,875	36,875	**368,748**	319,232
Capital development P & L costs	81,247	-	-	**81,247**	58,403
Community & Education	-	-	339,705	**339,705**	348,264
Marketing	95,021	11,877	11,878	**118,776**	137,745
Irrecoverable VAT	79,994	9,999	9,999	**99,992**	90,602
Depreciation and loss on disposal	102,421	12,803	12,803	**128,027**	190,306
Support costs, including Governance	240,151	-	-	**240,151**	305,258
	3,534,081	396,843	746,238	**4,677,162**	3,725,307

Split between:	Unrestricted	Designated	Restricted	2023 Total
	£	£	£	£
Production costs	1,786,148			1,786,148
Permanent staff costs	1,450,473		63,895	1,514,368
Theatre running costs	368,748			368,748
Capital development P & L costs			81,247	81,247
Community & Education	72,831	6,459	260,415	339,705
Marketing	118,776			118,776
Irrecoverable VAT	99,992			99,992
Depreciation	170	127,857		128,027
Support costs, including Governance	240,151	-	-	240,151
	4,137,289	134,316	405,557	4,677,162

2022: Split between:	Unrestricted	Designated	Restricted	2022 Total
	£	£	£	£
Production costs	947,016	-	100,598	1,047,614
Permanent staff costs	1,146,139	-	81,744	1,227,883
Capital development P & L costs	-	-	58,403	58,403
Theatre running costs	319,232	-	-	319,232
Community & Education	156,282	1,500	190,482	348,264
Marketing	137,745	-	-	137,745
Irrecoverable VAT	90,602	-	-	90,602
Depreciation	170	136,836	53,300	190,306
Support costs, including Governance	305,258	-	-	305,258
	3,102,444	138,336	484,527	3,725,307

10) Support costs

	Charitable Activities	Raising Funds	Governance	2023	2022
	£	£	£	£	£
Finance & Administration	138,357	15,373	18,794	**172,524**	244,767
IT	23,951	5,988	-	**29,939**	32,197
Recruitment & training	8,809	979	-	**9,788**	15,165
Travel & entertaining	9,703	-	-	**9,703**	7,202
Licences & subscriptions	16,870	4,217	-	**21,087**	21,296
Front of House staff costs	23,667	-	-	**23,667**	18,536
	221,357	26,557	18,794	**266,708**	339,163

Split between:	Unrestricted	Designated	Restricted	2023 Total
	£	£	£	£
Finance & Administration	172,524	-	-	172,524
IT	29,939	-	-	29,939
Recruitment & training	9,788	-	-	9,788
Travel & entertaining	9,703	-	-	9,703
Licences & subscriptions	21,087	-	-	21,087
Front of House staff costs	23,667	-	-	23,667
	266,708	-	-	266,708

2022: Split between:	Unrestricted	Designated	Restricted	2022 Total
	£	£	£	£
Finance & Administration	244,767	-	-	244,767
IT	32,197	-	-	32,197
Recruitment & training	15,165	-	-	15,165
Travel & entertaining	7,202	-	-	7,202
Licences & subscriptions	21,296	-	-	21,296
Front of House staff costs	18,536	-	-	18,536
	339,163	-	-	339,163

11) Governance Costs

	2023	2022
	£	£
Salaries	6,394	5,955
Board expenses	195	766
Audit fees - current year	12,205	18,565
- tax compliance	-	2,580
	18,794	27,866

12) Staff costs and director's remuneration

	2023	2022
	£	£
Salaries and wages	2,098,803	1,608,969
Employers NIC	140,752	106,875
Pension costs	30,034	22,294
	2,269,589	1,738,138

	£	£
These costs are included as follows:		
Cost of generating funds	267,063	195,704
Costs of the operation of the theatre:		
Permanent staff costs	1,514,368	1,227,883
Theatre production costs	458,098	290,060
Support costs	23,667	18,536
Governance	6,394	5,955
	2,269,590	1,738,138

Of permanent staff costs, £0 related to expenditure from restricted reserve (2022: £17,905)

The average number of permanent employees during the year, calculated on the basis of headcount,	2023 No.	2022 No.
All	95	85

1 employee received emoluments of between £60,000 - £70,000 during the year (2022: 1).

Additional information:
All pension costs are allocated to unrestricted funds.

During the year, redundancy costs of £0 were incurred (2022: £0)

The key management personnel of the company comprise the Trustees, the Chief Executives and the senior management team: Deputy Executive Director, Creative Director, Finance Director, Development Director and Operations Director. The total employee benefits including employer pension contributions of the key management personnel of the company were £332,833 (2022: £340,732).

None of the Trustees receive remuneration or other benefit from their work or connection with the charity. 1 trustee (2022: 1) received reimbursement of travel expenses of £152 (2022: £195).

The average number of employees excludes actors and other freelance staff who were paid a total of £458,098 in the year (2022: £290,060)

13) Intangible Assets

Group:	Licences	Website	Software	Total
	£	£	£	£
Cost				
At 1 April 2022	1,700	19,775	47,226	68,701
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 March 2023	1,700	19,775	47,226	68,701
Amortisation				
At 1 April 2022	1,020	3,954	23,661	28,635
Charge for the year	170	1,977	4,723	6,870
On disposal	-	-	-	-
At 31 March 2023	1,190	5,931	28,384	35,505
Net Book Value				
As at 31 March 2023	510	13,844	18,842	33,196
As at 31 March 2022	680	15,821	23,565	40,066

Company:	Licences	Website	Software	Total
	£	£	£	£
Cost				
At 1 April 2022	-	19,775	47,226	67,001
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 March 2023	-	19,775	47,226	67,001
Amortisation				
At 1 April 2022	-	3,954	23,661	27,615
Charge for the year	-	1,977	4,723	6,700
Disposals	-	-	-	-
At 31 March 2023	-	5,931	28,384	34,315
Net Book Value				
As at 31 March 2023	-	13,844	18,842	32,686
As at 31 March 2022	-	15,821	23,565	39,386

14) Tangible Assets

Group:	Large Capital Scheme	Studio Development	Theatre Equipment	Motor Van	Capital Grant Expenditure	Total
	£	£	£	£	£	£
Cost						
At 1 April 2022	258,178	613,908	865,394	-	494,116	2,231,596
Additions	1,950	-	2,500	-	-	4,450
Disposals	-	-	-	-	-	-
At 31 March 2023	260,128	613,908	867,894	-	494,116	2,236,046
Depreciation						
At 1 April 2022	67,962	613,908	503,125	-	494,116	1,679,111
Charge for the year	31,351	-	89,806	-	-	121,157
On disposal	-	-	-	-	-	-
At 31 March 2023	99,313	613,908	592,931	-	494,116	1,800,268
Net Book Value						
At 31 March 2023	160,815	-	274,963	-	-	435,778
As at 31 March 2022	190,216	-	362,269	-	-	552,485

14) Tangible assets continued

Company:	Large Capital Scheme	Studio Development	Theatre Equipment	Motor Van	Capital Grant Expenditure	Total
		£	£	£	£	£
Cost						
At 1 April 2022	258,178	613,908	865,394	-	494,116	2,231,596
Additions	1,950	-	2,500	-	-	4,450
Disposals	-	-	-	-	-	-
At 31 March 2023	260,128	613,908	867,894	-	494,116	2,236,046
Depreciation						
At 1 April 2022	67,962	613,908	503,125	-	494,116	1,679,111
Charge for the year	31,351	-	89,806	-	-	121,157
Disposals	-	-	-	-	-	-
At 31 March 2023	99,313	613,908	592,931	-	494,116	1,800,268
Net Book Value						
At 31 March 2023	160,815	-	274,963	-	-	435,778
As at 31 March 2022	190,216	-	362,269	-	-	552,485

The company's bankers, Barclays Bank PLC, currently hold a debenture over the assets of the company, dated 23rd July 1997.

The group operates from the theatre premises which is leased from Colchester City Council under a 40 year lease that commenced in September 2022. The premises are not recognised as an asset of the group and the financial commitment has been disclosed in Note 23 to the accounts.

15) Investments

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Investment in subsidiary undertakings	-	-	200	200

Investments are included at cost and are unlisted. In the opinion of the directors the market value of the investment is not materially different from cost.

	No. of shares	% of Issued Share Capital	Cost of shares £
Colchester Mercury Trading Ltd (note 6)	100	100%	100
Colchester Mercury Productions Ltd (note 6)	100	100%	100

16) Stocks

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Bar, cafe, workshop and lighting	41,220	27,556	19,162	11,053
	41,220	27,556	19,162	11,053

17) Debtors

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Trade Debtors	49,687	87,913	40,559	46,274
Other Debtors	961,051	556,255	456,666	332,433
Prepayments	40,189	73,799	40,189	73,205
Prepayments in respect of future show costs carried forward	21,501	45,424	21,501	45,424
Amount owed from subsidiary companies	-	-	257,422	421,069
	1,072,428	763,391	816,337	918,405

18) Creditors: Amounts Falling due within one Year

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Trade Creditors	171,544	420,526	117,893	198,430
PAYE & Other Taxes	88,505	99,575	88,505	99,575
Box Office Advance	456,619	645,569	449,979	363,506
NESTA Loan (note 19)	96,978	96,978	96,978	96,978
Other Creditors	446,095	232,802	235,132	179,192
	1,259,741	1,495,450	988,487	937,681

Movement in deferred income - Group

	B/f	Released	Charged	C/f
Box Office advances	645,569	2,295,529	(2,484,479)	456,619

Movement in deferred income - Company

	B/f	Released	Charged	C/f
Box Office advances	363,506	2,058,509	(1,972,036)	449,979

Box office income is recognised when productions take place

Included in creditors above is £8,700 (2022: £6,543) of pension contributions unpaid at the year end.

19) Creditors - Amounts falling due over one year

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
NESTA Loan	123,574	218,337	123,574	218,337
Loans				
Payable within one year	96,978	96,978	96,978	96,978
Payable over one year	123,574	218,337	123,574	218,337
	220,552	315,315	220,552	315,315

The NESTA loan is an unsecured loan. Interest is chargeable at 4.5% per annum and repayment is due by May 2025. Due to Covid-19, a repayment holiday was taken from April 2020 until August 2021 with repayments resuming in September 2021. A new repayment plan was agreed in July 2021.

20) Funds - Group	Balance at 01.04.22	Income	Expenditure	Transfers	Balance at 31.03.23
	£	£	£	£	£
Operational	332,186	4,905,583	(4,748,744)	(15,000)	474,025
Designated					
Equipment	10,000	-	-	10,550	20,550
Organisational development	210,760	-	-	(1,950)	208,810
Artistic/Audience Development Projects	5,493	-	-	-	5,493
Hardship fund	13,500	-	(6,459)	-	7,041
Theatre equipment - capitalised	92,635	-	(15,501)	4,450	81,784
Large development - capitalised	498,721	-	(112,356)	1,950	388,315
Total Designated	831,309	-	(134,316)	15,000	711,993
Total Unrestricted	1,163,495	4,905,583	(4,883,060)	-	1,186,018
Restricted					
Colchester Catalyst	4,400	-	-	-	4,400
Royal Opera House re LCEP	1,000	-	(1,000)	-	-
Teaching School Alliance	637	-	(637)	-	-
Postcode Community Trust	887	-	(887)	-	-
Big Lottery Fund	1,693	-	(1,693)	-	-
Eastern Counties Educational Trust	4,000	-	(4,000)	-	-
Essex County Council Short breaks (previously Action for Children)	36,632	23,200	(59,832)	-	-
Tamasha	217	-	-	-	217
Braintree Year of Culture	300	-	(300)	-	-
Colchester LCEP Project		22,650	(1,684)		20,966
Essex County Council - Summer Schools		12,911	(6,480)		6,431
Paul Hamlyn Foundation	-	62,148	(59,276)	-	2,872
Asda Foundation		1,492	(1,492)		-
One Colchester		4,200	(2,630)		1,570
Speech Bubbles		12,000	(6,000)		6,000
Colchester City Council - community support		6,700	(1,700)		5,000
National Lottery		9,725	(8,708)		1,017
D'Oyly Carte		3,285	(2,046)		1,239
Essex Community Foundation		8,975	-		8,975
Fowler Smith Jones		1,500	(1,500)		-
DWP Kickstart	-	3,633	(3,633)	-	-
European Regional Development Fund	-	160,812	(160,812)	-	-
Reserves held in relation to the Mercury Rising campaign as follows:					
Mercury Rising fundraising	67,311	-	(41,247)		26,064
Sport England	-	40,000	(40,000)		-
Total Restricted	117,077	373,231	(405,557)	-	84,751
Total all Funds	1,280,572	5,278,814	(5,288,617)	-	1,270,769

20) Funds continued

2022

Funds - Group	Balance at 01.04.21	Income	Expenditure	Transfers	Balance at 31.03.22
	£	£	£	£	£
Operational	238,064	3,597,692	(3,552,598)	49,028	332,186
Designated					
Equipment	9,625	-	-	375	10,000
Covid-19 Support	241,131	35,850	-	(276,981)	-
Organisational development	10,760	-	-	200,000	210,760
Capital Development	45,000	-	-	(45,000)	-
Artistic/Audience Development Projects	5,493	-	-	-	5,493
Hardship fund	-	-	(1,500)	15,000	13,500
Theatre equipment - capitalised	50,125	-	(96,117)	138,827	92,835
Studio development - capitalised	9,368	-	(9,368)	-	-
Large development - capitalised	494,389	-	(31,351)	35,683	498,721
Total Designated	865,891	35,850	(138,336)	67,904	831,309
Total Unrestricted	1,103,955	3,633,542	(3,690,934)	116,932	1,163,495
Restricted					
Colchester Catalyst	4,400	-	-	-	4,400
Royal Opera House re LCEP	1,000	-	-	-	1,000
Teaching School Alliance	637	-	-	-	637
Postcode Community Trust	887	-		-	887
Big Lottery Fund	1,693	-	-	-	1,693
Eastern Counties Educational Trust	4,000	-	-	-	4,000
Essex County Council Short breaks (previously Action for Children)	29,973	23,200	(16,541)	-	36,632
Tamasha	217	-	-	-	217
Braintree Year of Culture	300	-	-	-	300
Paul Hamlyn Foundation	-	42,852	(42,852)	-	-
DWP Kickstart	-	63,839	(63,839)	-	-
ADESTE	36,374	4,981	(41,355)	-	-
European Regional Development Fund	-	89,734	(89,734)	-	-
Stage One	17,905	-	(17,905)	-	-
Garfield Weston	100,598	-	(100,598)	-	-
Reserves held in relation to the Mercury Rising campaign as follows:					
Essex Community Foundation	500	-	-	(500)	-
Equity Charity Trust	5,000	-	-	(5,000)	-
Samphire Trust	5,000	-	-	(5,000)	-
Bruce Wake Charity	2,000	-	-	(2,000)	-
Wolfson Foundation	13,003	-	-	(13,003)	-
The Hobson Charity	5,000	-	-	(5,000)	-
The Theatres Trust	5,000	-	-	(5,000)	-
Essex County Council	-	10,000	-	(10,000)	-
Mercury Rising fundraising	70,916	126,227	(58,403)	(71,429)	67,311
Studio development - capitalised	53,300	-	(53,300)	-	-
Total Restricted	357,703	360,833	(484,527)	(116,932)	117,077
Total all Funds	1,461,658	3,994,375	(4,175,461)	-	1,280,572

Details of the Restricted Funds carried forward are as follows:

Other restricted funds	These relate to funding received for specific projects and will be utilised when the projects are undertaken
Mercury Rising campaign	This relates to funds raised in relation to the re-development of the theatre. Funds utilised in the year to 31st March 2023 relate to purchase of equipment and fixtures and fittings. The ticket levy charged on all ticket sales will continue and will be utilised to repay the NESTA loan which was taken out by the company as part of the project fundraising.
Studio Development	This relates to restricted funds received which were capitalised in 2016 on completion of the project. The asset is being depreciated at a rate of 15% straight line. The final depreciation charge was made in 2022.
Transfer of funds	The transfer of funds from the Mercury Rising campaign to unrestricted reserves represents the transfer of assets as the money has been used for the purpose for which it was given.

Details of the Designated Funds are as follows:

Artistic/audience Development Projects	The Board has designated funds for specific artistic and audience development projects in future periods and will utilised within 5 years.
Equipment - capitalised	Equipment capitalised represents the net book value of assets purchased using designated reserves which are not included in restricted funds.
Equipment	The Board has designated funds to allow the purchase of capital items in future periods and will be utilised within 5 years
Organisational development	The Board has designated funds to allow for organisational projects in future periods and will be utilised within 5 years.
Hardship fund	The fund has been continued to offer financial assistance to staff and freelancers during the current cost of living crisis and will be utilised within 2 years.

20) Funds continued

Funds - Company	Balance at 01.04.22	Income	Expenditure	Transfers	Balance at 31.03.23
	£	£	£	£	£
Operational	108,268	6,218,493	(6,206,793)	(15,000)	104,968
Designated	831,309	-	(134,316)	15,000	711,993
Total Unrestricted	939,577	6,218,493	(6,341,109)	-	816,961
Restricted	117,077	373,231	(405,557)	-	84,751
Total All Funds	1,056,654	6,591,724	(6,746,666)	-	901,712

All Group Designated and Restricted Reserves relate to the Company.

Split of assets and liabilities between funds - Group	Restricted funds	Unrestricted funds	Share Capital	Total
	£	£		£
Intangible fixed assets	-	33,196	-	33,196
Tangible fixed assets	-	435,778	-	435,778
Current assets	84,751	2,100,379	20	2,185,150
Creditors due in one year	-	(1,259,761)	-	(1,259,761)
Creditors due over one year	-	(123,574)	-	(123,574)
Total	84,751	1,186,018	20	1,270,789

Split of assets and liabilities between funds - Company	Restricted funds	Unrestricted funds	Share Capital	Total
	£	£		£
Intangible fixed assets	-	32,686	-	32,686
Tangible fixed assets	-	435,778	-	435,778
Investments	-	200	-	200
Current assets	84,751	1,460,378	20	1,545,149
Creditors due in one year	-	(988,507)	-	(988,507)
Creditors due over one year	-	(123,574)	-	(123,574)
Total	84,751	816,961	20	901,732

21) Related Party Transactions

There were no outstanding balances with related parties at 31st March 2023 (2022: £nil). Payments made to Trustees are detailed in note 12.

During the year Colchester Mercury Theatre purchased goods/services totalling £858 from Funnelwick Limb Ltd, a company in which Matthew Linley, a Trustee, is a Director. There was no balance outstanding at the year end.

During the year Colchester Mercury Theatre had transactions for income totalling £3,692 (2022: £nil) and expenditure totalling £3,300 (2022: £1,538) with Colchester Mercury Trading and income of £2,093,866 (2022: £1,332,166) and expenditure £2,095,217 (2022: £1,335,139) with Colchester Mercury Productions. At 31st March 2023 £259,757 (2022: £425,287) was owed by Colchester Mercury Trading and £2,334 was owed to Colchester Mercury Productions (2022: £4,188).

The following trustees/directors held shares in the company at 31st March 2023:

	2023	2022
Colchester City Council	3	3
Rob West	3	3
Bryan Johnston	0	2
Jenny Skingsley	1	2
Anita Thornberry	2	2
Samantha Blackwell-Heard	2	2
Hassina Khan	1	2
Matthew Linley	2	2
Sean Plummer	2	2
Dominic Collins	1	0
Lorna Fox O'Mahony	1	0
Mark Hoult-Allen	1	0
Marianne Hahn	1	0

The following trustee is a Councillor of Colchester City Council:
Lyn Barton

22) Share Capital

	2023	2022
	£	£
Share Capital	20	20

Authorised share capital in both years was 20 £1 ordinary shares.

The issued and fully paid share capital in both years was £20.

23) Financial Commitments

At 31 March 2023 the charity was committed to making the following payments under non-cancellable operating leases:

	2023	2022
	£	£
Other		
Commitments falling due:		
In less than one year	22,769	9,000
Between two and five years	-	-
	22,769	9,000

During the year, amounts paid under operating leases were £24,056 (2022: £34,342).

The group operates from the theatre premises which is leased from Colchester City Council. A new 40 year lease for an annual peppercorn rent was signed and commenced in September 2022. Under this agreement there is a further annual reserve fund contribution from the group of £20,000 towards repair, maintenance and replacement of some parts of the property. The financial commitment over the remaining term will vary, under the terms which lead to a review of this contribution, every 5 years. The reserve fund contribution expense is recognised in expenditure on charitable activities in the Statement of Financial Activities.

COLCHESTER MERCURY THEATRE LIMITED

England & Wales - Charity number 232387

Accounts

Colchester Mercury Theatre Ltd

Company Registration no. 441035 (England and Wales)

Charity Registration no. 232387

Trustees Annual Report and Consolidated Financial Statements

For the year ended

31 March 2022

Colchester Mercury Theatre Ltd

Trustees Report and Consolidated Financial Statements

Year ended 31 March 2022

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Colchester Mercury Theatre Ltd

Trustees' Report for the Year Ended 31 March 2022

The trustees are pleased to present their report with the financial statements of the charity for the year ending 31 March 2022.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association 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).

Reference and Administration details.

Charity Number	232387
Company Number	441035
Registered & Principal Office	Mercury Theatre Balkerne Gate Colchester Essex CO1 1PT
Auditors	Moore Kingston Smith LLP 9 Appold Street London EC2A 2AP
Bankers	Barclays Bank PLC 9 High Street Colchester Essex CO1 1DD

Colchester Mercury Theatre Ltd

Trustees' Report for the Year Ended 31 March 2022

Directors and trustees

The directors of the charitable company (the charity) are its trustees for the purpose of charity and company law and throughout this report are collectively referred to as the trustees.

The trustees serving during the year and to signing of report were as follows:

Kathleen Hamilton (Chair) – resigned 7.12.21
Lyn Barton
Simon Fisher – resigned 7.12.21
Robert West (Chair from 7.12.21)
Patrick Sandford – resigned 7.12.21
Bryan Johnston - resigned 13.5.22
Jennifer Skingsley
Anita Thornberry
Samantha Blackwell-Heard
Hassina Khan
Matthew Linley
Sean Plummer
Dominic Collins – appointed 7.12.21
Lorna Fox O'Mahony – appointed 7.12.21
Mark Hoult-Allen – appointed 7.12.21
Marianne Hahn – appointed 7.12.21

Company Secretary	Hazel Skayman
Executive Director	Steve Mannix
Executive Producer	Tracey Childs

Structure, Governance and Management

Legal status

The charity is a limited company with a share capital of 20 £1 ordinary shares, domiciled and incorporated in England and Wales.

Governing document.

Colchester Mercury Theatre Limited is a company limited by shares and is governed by its Memorandum of Association as amended by special resolution on 13th September 2005 and its Articles of Association dated 21st August 1947. New Articles of Association were adopted on 20th September 2016.

Appointment of trustees

As set out in the Articles of Association adopted by special resolution in September 2016 the number of trustees shall not be less than five or more than fifteen. As set out the maximum length of service for any trustee shall be two terms of four years, subject to re-election at the end of the first term. The maximum length of service for the position of Chair is eight years. The election or re-election of the Chair and Vice Chair shall be confirmed by the trustees at the annual retirement meeting. Other trustees shall face re-election after a four-year term.

Potential new trustees as required are chosen from nominations or external recruitment by a formal interview and reference process.

Trustee induction and training

New trustees receive a formal induction pack and undergo a briefing session to highlight their legal obligations under company and charity law, the contents of the Memorandum and Articles of Association, the committee and decision-making process, the current business plan and recent financial performance of the charity. This process also includes topic and news updates as and when necessary and positive interaction with the theatre's management and staff. Twice a year Board Development sessions are held focusing on specific subjects identified by the trustees as being of key importance as well as an annual Away Day to agree business objectives. Trustees are required and encouraged to attend theatre and community activities.

Organisation

The board of trustees, which currently has 12 members, administers the charity. The board meets four times a year and has a two sub-committees structure which covers finance & human resources, health & safety, access & diversity, risk management, governance & trustee development and capital development of the building and its facilities.

The sub-committees consist of appointed trustees, co-opted individuals and relevant management and meet as required. Regular updates are given at board meetings. The sub-committees produce project or policy action plans as required to assist the charity in moving the company forward.

The Executive Team consisting of the Executive Director and Executive Producer are joint Chief Executives and are appointed by the trustees to manage day to day operations and to implement the strategies laid down by the board.

To facilitate effective operations and management, the Senior Management team has delegated authority, within terms of delegation approved by the trustees, for operational, strategic and programming matters including artistic policy.

The Senior Management Team members at 31 March 2022 were:

Steve Mannix - Executive Director
Tracey Childs – Executive Producer
Hazel Skayman – Finance Director
Deborah Sawyerr – Deputy Executive Director
Carol Rayner – Operations Director
Ryan McBryde – Creative Director
Abbie Roberts – Development Director

The Theatre has 2 wholly owned subsidiaries, Colchester Mercury Trading Ltd and Colchester Mercury Productions Ltd. Each subsidiary is governed by a Board of Directors, which meets 4 times a year, with authority delegated to members of the Theatre's senior management team to manage the companies' day to day operations.

Related parties

See note 21 of the Notes to the Accounts.

Pay Policy for Senior Staff

Executive pay at the Theatre aims to:

- recruit and retain talented individuals to lead and further develop a rapidly growing organisation;
- develop and sustain high performance;
- recognise individual performance in the preceding year

The Board of Directors are responsible for the setting of Executive Pay following an annual review.

Pay for senior staff reflects the market for comparable jobs in comparable organisations, the level of knowledge, skills and experience required, and the responsibilities and accountabilities associated with each role, the performance of the charity and the individual contribution of each executive.

The pay of senior staff is reviewed annually and is dependent on delivery against individual annual objectives in accordance with the Theatre's values.

Risk management

Current significant risks identified by the trustees include:

- On-going impact of the International Pandemic
- Reduction or withdrawal of public subsidy
- Quality of artistic product available
- Delay or failure to appoint key staff
- Change of Trustees and/or Chief Executives
- Robust and secure management of data
- Reduction in fundraising income
- Financial management and failure to meet sales targets, in both ticket and ancillary sales, and budget projections

All risks are continuously monitored by the Senior Management Team throughout the year using current information such as management accounts and comparative sales and performance reports and an organisational risk register.

The trustees have continued their strategy of ongoing risk management review throughout the year. This strategy comprises:

- An annual review of the risks the charity may face.
- The establishment of systems and procedures to mitigate those risks identified in the review.
- The implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

The completed work continues to identify risks by a ranking system based on likelihood and potential effect. The highest ranking of such identified risks are reviewed by the Finance and General Purposes sub-committee for action if required. Required actions will then be reported back to the board for approval.

This is an ongoing process.

Objectives and Activities

The primary object for which the company is established, as shown in our governing documents, is to formulate and prepare schemes for and take all necessary steps for the advancement of education and the improvement of public taste through the medium of arts, and in particular the arts of drama, dancing, singing and music.

Our vision is of the Mercury as a theatre that touches the lives of all the people of Colchester and its surrounding area, contributes regionally to the development of new talent and new audiences, and carves out a truly national reputation for the quality of the work that it makes.

These objects are further summarised in our mission statement:

"The Mercury exists to put theatre at the heart of the cultural life of the community it serves and to make work in Colchester that reaches audiences and generates critical attention regionally and nationally."

The joint Chief Executives Tracey Childs and Steve Mannix lead the artistic and business of the organisation including the development of the company's business plan, the strategic aims of which are summarised below:

Strategic Aims

- To build a reputation for the quality and innovation of our programme.
- To grow and diversify our audience base for that programme.
- To exploit the touring and commercial potential of the work we make.
- To create exceptional visitor experiences.
- To recruit and retain the most talented team of staff and volunteers.
- To diversify income streams / build financial resilience.

Our strategic aims are monitored throughout the year by a variety of methods including:

- Internal and externally commissioned evaluation methods
- Audience surveys following each performance seeking feedback on both artistic quality, facilities and customer service
- Audience focus groups
- Measurement of audience data, feedback and attendance against regional and national trends
- Regular Board and staff conferences throughout the year

Whilst upholding these core values it remains the role of the board to:

- **Maintain a policy of inclusiveness and diversity.**
- **Ensure responsible financial control which is prudent and sustainable.**
- **Support the striving for excellence and high quality in all in which the theatre is involved.**

In shaping our objectives and planning our activities the trustees have considered the Charity Commission's guidance on public benefit, including guidance on public benefit and fee charging. The theatre relies on grants and income from tickets, fees, other income and secondary trading to cover its operating costs. In setting the level for ticket prices, concessions and fees, the trustees give careful consideration to the accessibility of the theatre and its community activities to those on low incomes. The theatre offers a range of concessions over the mix of its activities including over 65, under 26, access and job seekers.

The company aims to benefit the community as a whole. In addition to an extensive annual programme of home productions, co-productions and visiting companies the theatre has a commitment to developing an audience through activities in and for the community. We are also committed to young people's and community development through an active Creative Engagement programme which provides extensive workshops and projects for schools, colleges and the wider public. The Mercury also provides facilities for a large number of local amateur and community groups.

Our extensive annual programme covers our own in house produced work, a pantomime and a mix of co-produced and visiting drama together with visiting live entertainment events across a wide range of genres.

This programme utilises both the main auditorium and studio facilities. In addition, each year our objective is to invest in, and engage in, activities and projects that develop our artistic policy through engaging with hard-to-reach audiences and support for new and emerging artists at the start of their career. These activities can be at the theatre or at other locations.

(See Achievements and Performance below for activities undertaken to contribute to these aims and objectives).

Achievements and Performance

The pandemic continued to have an impact on our work throughout 2021/22. As we started the year, we had remained closed for 12 months for live performances and without any earned income.

In April whilst there was continued Government guidelines to adhere to there was at least some 'light at the end of the tunnel' as the sector and wider society gradually started to re-open.

With guidance changing almost daily, we made plans to complete and 'soft open' our new theatre at the beginning of June with our new café/bar offer and Creative Engagement activities. Performances commenced in late July with our Mercury Production of Baskerville by Ken Ludwig. To the credit of all our staff and creatives we opened to the public in June with over 5,000 people attending in the first weekend alone.

In order to complete our £14.2 million capital project, throughout the pandemic our construction company, Phelans, and their sub-contractors continued to work. It is a credit to them all. Against all the odds and the myriad of health and safety challenges they remained on site. The exact opposite to the experience of similar capital projects across the UK. They made the decision that as local residents they were building our theatre for the benefit of their community and the next generation. We can't thank them enough.

We would particularly like to thank Colchester Borough Council and Colchester Borough Homes for their continued support of the project. We would not have been able to realise the project alone. Together we were able to continue work on site and retain our programme (both on-line and in person) for the benefit of local residents.

When compared to the majority of our sector and other similar sized regional producing theatres the Mercury has been incredibly lucky.

The health and well-being of our staff and freelance artists and creatives has been of paramount importance for our Board and Senior Management. A range of measures were put in place and continued throughout the year to ensure that they were supported, including additional training in mental health awareness, staff socials and regular 'check in's' (online and in person)

We are pleased to report that we were able to retain all of our permanent staff with no redundancies. In addition, we were able to continue a confidential Hardship Fund with small grants to support our freelancers and any of our staff and their dependents who were experiencing financial challenges as a result of the pandemic.

We are eternally grateful to Arts Council England, Colchester Borough Council and the Department for Culture Media and Sport for their support of our work through continued revenue funding and their emergency grant aid related to Covid.

Finally, we would like to sincerely thank Essex County Council for their renewed revenue support. As previously reported, back in 2017/18 they cut our revenue funding in favour of their support for our capital project. The new administration has embraced the value of the arts and culture for both the health and well-being of Essex residents but most importantly the added value and economic benefit of the arts in regeneration. They have restored our revenue funding for the next four years at £100,000 per year.

At the start of the financial year we employed **37** (full time) staff. As we re-opened, we recruited new staff members as our operation expanded to meet the demands of the new building and increased usage. At the year-end we employed 68 staff (FTE).

In 2021/22:

The core focus of the year was to re-open our new building and maintain a programme of performances and events, to ensure the financial viability of the organisation and to protect and support our audiences, users, staff and freelancers.

Reach and Engagement

We are proud that against all the odds we were not only able to re-open our brand-new theatre in June but launch our largest Creative Engagement programme ever. Within the first few weeks of opening all our classes and workshops reached 95% capacity with overwhelming demand for space hire from local artists and community organisations.

During 2021/22 we were able to offer the following range of work:

- Mercury Productions – Baskerville, Antigone, Aladdin and Blackmail

- Creative Engagement Programme of classes and workshops for adults, children and young people
- Masterclasses and training events
- Artist Networking Events
- Play Readings
- Family Sing a longs
- New year-round programme in our studio supporting local artists to present their work and national small-scale touring
- Launched a new free programme of LATES – in our new bar/café – including Cocktail Cabaret (new LGBT monthly cabaret night), events to support Black History Month, World Aids Day and other cabaret and spoken word evening.

We have been delighted with the positive feedback from audiences and users about our new building and all its facilities. We continue to gain 4.7* our of 5* in all surveys.

Number of Shows:	**317**
Audience Attendance:	**81,310 (64%)**
None ticketed attendees	**25,000**
Number of Access Performances:	**14**
Senior Matinees	**6**

(During the year we re-introduced British Sign Language Interpreted performances for the first time in 10 years).

Participation and Engagement Activities

Creative Engagement Sessions	**779**
Participants	**17,602**
Young Company Members	**417** (increase of 272 young people weekly)

Mercury Creatives

- Mentoring and Advice Sessions	**156**
- Businesses supported	**114**
- Mentoring Hours	**2,736**
- New Job created	**75**
- New products created	**90**
- Showcase events	**314 hours**
- New investment generated	**£2,102,142**

Essex Theatre Artists Network Members: **1,100**

Associate Artists

- Number of Artists	**4**
- Number of artists employed	**98**
- Additional Collaborators	**4**
- Sharing Attendees	**1,081**

- Masterclasses **8**
- Research and Development **9**
- Playwrights/Producers/Directors **24**
- Workshops (above) **9**

Other projects continued to be developed including:

- The Mercury Teachers' Network continued to work in partnership with teachers from Colchester and across Essex. We continue our partnership with Royal Opera House Bridge to support this aspect of our work.

- Creative Engagement staff worked with other local organisations and the Royal Opera House Bridge to establish a Local Cultural Education Partnership (LCEP) in Colchester to ensure the future engagement of schools in the quality provision of arts and cultural activities. In 2022/23, the Mercury will become the secretariat for the LCEP.

- Our Aspire, Share Create continued during the year in response to a gap in out of school provision for young people with autism spectrum conditions with after school and holiday sessions at the Mercury and in local special schools. This programme continued to be funded by Essex County Council.

- Due to the pandemic we were unable to offer our usual work experience and internships placement. However, we were able to offer these young people access to our masterclasses and workshops for free to enable them to gain some knowledge of the industry. These were presented in partnership with Essex University and Colchester Institute.

- Our Mercury Creatives programme continued during the year with support from the European Regional Development Fund. The programme aims to offer mentoring, training and professional development to artists and creative businesses across the South East LEP region.

- Launched a new weekly Mercury Senior Club with 103 people enrolled.

- We continued to work in partnership with local community organisations including: Outhouse, Colchester Pride, Black History Month, Autism Anglia, Colchester Refugee Action and Community 360.

Productions & Activities

The Mercury continued to be active in the civic life and well-being of Colchester and Essex through board and project group representation in forums such as Creative Colchester, Colchester Business Improvement District (BID), Essex Chamber of Commerce, Haven Gateway Partnership and Visit Essex.

In addition to these forums, our Executive Director continued as a member of the Covid Emergency Response Board for Colchester.

As an organisation throughout the year, we were proud to be able to continue to contribute towards the well-being of our local community. Staff volunteered to deliver food parcels and medicines, our wardrobe team made masks and scrubs for the local hospital, and we provided free space to enable local community groups to meet safely. In addition, the Mercury has become a Foodbank donation centre.

As we re-opened, we were proud to be abler to participate in the Government's Kickstart Programme offering 11 local young unemployed people jobs in our Customer Experience Team. At the year-end we were able to offer 7 of these young people permanent roles within our team.

***Mercury Rising* - Large Capital Scheme**

Against the challenging backdrop of the pandemic, the Mercury's Board, Executive and Senior Management completed the scheme during the year in partnership with Colchester Borough Council and Colchester Borough Homes.

The challenges of the various lockdowns had a significant impact on the programme of works resulting in completion being eventually 10 months late. This was as a result of:

- The requirement to reduce contactors allowed on site to 25% of normal working
- Interruptions in the supply chain for materials
- Contractors and their staff shielding or self-isolating and therefore not being available when schedules.

The project was eventually completed and received practical completion on the 20th April and had a 'soft opening' late May (front of house and bar/café area with our Creative Engagement programme commencing on the 1st June and performances late July.

The impact of Covid on project costs and the delay was significant. However, we were grateful to receive emergency funding from Arts Council England/DCMS Kick Start Scheme **(£864,089)** and additional support from Colchester Borough Council **(£300,000)** and SELEP **(£228,000).**

We are pleased to confirm that the project was completed with a revised budget of **£11,870,845 (net) £14,245,014** (gross) with no further financial liability. The scheme was project managed by Colchester Borough Council and the majority of the income and expenditure will therefore not be received or incurred by Colchester Mercury Theatre.

As previously noted, this capital investment will allow the Mercury to develop new sustainable income sources to ensure future resilience including bar and catering income, hire of space, increased box office from increased capacity and the wider benefits of all activities on one site.

Governance

At the AGM held in December 2021, we marked the retirement of our Chair, Kathleen Hamilton after eight years' service. We are grateful for her tireless support and advocacy throughout a period of significant growth for the organisation.

Two further Trustees reached the end of their tenure – Simon Warwick and Patrick Sandford. Again, we are grateful to each of them for all their hard work.

Robert West was appointed Chair with a further recruitment programme commenced for new Board Members.

Financial Review

The Mercury Theatre's continued artistic achievements have ensured a solid financial performance. As with all organisations of this type and size we must ensure that we maintain both customer experience and artistic development.

The Statement of Financial Activities (SOFA) shows income and expenditure for the charitable group and differentiates between unrestricted, designated and restricted funds allocated for specific purposes. The total income, including recovery of theatre tax credit, for the year was £3,997,374 (2021 £2,049,528).

During the financial year capital projects and organisational development work were carried out which has meant a slight fall in designated reserves of £34,582. The total unrestricted reserves increased by £59,540 and the Trustees are of the opinion that the designated reserves should be utilised for the furtherance of the company's main objectives. There are also £117,077 restricted reserves (2021 £357,703) – some of the project activities in relation to these reserves have not yet been carried out and the majority relates to the Mercury Rising campaign of £67,311.

It is envisaged the that designated reserves will be utilised within the next 5 years as major capital development and audience development projects are scheduled. The smaller restricted reserves will be utilised as and when the relevant project is implemented – this is likely to be within the next 2 financial years. The ticket levy which was introduced as part of the Mercury Rising campaign will continue for the next 3 years. The levy will be utilised to repay the NESTA loan which was received as part of the large capital fundraising. A total of £591,556 (2021 £553,882) of designated reserves and a total of £0 (2021 £53,300) of restricted reserves is held in fixed assets.

The Colchester Mercury Theatre continued to receive revenue funding from Arts Council England of **£791,682** and Colchester Borough Council **£168,175**, together with project and emergency funding as shown in note 4 to the financial statements. During the year revenue funding from Essex County Council of **£100,000** was also re-instated.

The Board appreciates the continued support of the major funders and also the support of other funders throughout the financial year.

The Board considers that the charity's financial position at the balance sheet date is satisfactory.

Investment powers and policy

Under the Memorandum and Articles of Association, the charity has the power to invest in any way the trustees wish.

The trustees, having regard to maintaining a low risk investment portfolio and the liquidity requirements of operating the theatre, have operated a policy of keeping available funds in interest bearing deposit and treasury accounts and seek to achieve as high a rate of interest as possible in the current economic climate.

Reserves policy

It is the policy of the trustees to maintain an Operational Reserve Fund commensurate with the possible risks that the charity may face. The trustees

consider that the required level of such a fund should currently be in the region of **£200,000** which is to cover core operational costs for a period of 3 months. At 31st March 2022, this fund had a balance of **£332,186** (excluding funds tied up in fixed assets). This policy is reviewed regularly, and the required level may be increased should this be deemed necessary. Due to the current increase in cost of living the Board have taken the decision to hold more funds in the operational reserve as at 31st March 2022 in order to meet any increased costs as they are incurred.

Fundraising Activities

As for many charities, raising voluntary funds from trusts, foundations and individuals is a vital source of income for the Mercury, enabling us to fulfil our charitable objectives as effectively as possible. We are very grateful for the support given by all our donors.

The Mercury believes that fundraising should be an open, honest and respectful process. We aim to build and maintain solid partnerships with our supporters and donors, based on mutual understanding and shared values. In developing our approach to fundraising we have taken account of the Code of Fundraising Practice issued by the Fundraising Regulator and we are members of the Institute of Fundraising.

The Mercury operates with one full time fundraising member of staff. External professional fundraisers are contracted on a project basis but are closely monitored and do not directly engage with donors. The Mercury does not engage in face-to-face or telephone fundraising or any further commercial agreements that might endanger our reputation.

During the year, the Mercury continued to monitor its use of data. Our Privacy Policy is published on our website, and clearly states what personal data the Mercury will hold in relation to supporters and audiences and how this data will be used. It sets out how individuals can raise concerns or complaints. The Mercury has received no complaints about its fundraising activities during the financial year.

Post Balance Sheet Activities

In response to the continued public health emergency around Covid-19, during the year the Mercury supported all staff to be able to work at home when needed and offer socially distanced workspace at the Mercury. The Executive Director and Projects and Facilities Manager worked in partnership with Colchester Borough Homes, Colchester Borough Council and Phelan's our main contractor to ensure that the site complied with all health and safety regulations.

Going Concern

Having reviewed the charity's financial forecasts and expected future cash flows, the Trustees have a reasonable expectation that the charity and group have adequate resources to continue in operational existence for the foreseeable future, although this is subject to the unprecedent issues around Covid-19 and the current cost of living crisis. Thus the going concern basis has been adopted in preparing these financial statements for the year ended 31st March 2022.

Principle Risks and Uncertainties Relating to Covid-19

At a meeting in March 2020, the Board set out the risks in relation to the Covid-19 pandemic and agreed an interim emergency meeting structure with the Executive Team to continue to monitor the situation and review risks on a weekly basis. The risks include:

- Cash flow
- Loss or unavailability of key personnel
- Protection of the theatres' assets and completion of the capital project
- Going concern
- Impact on the wider economy and available public, charitable and private grants and donations.
- Impact on youth and community partner organisations
- Impact on artists and the wider freelance theatre sector

Financial Uncertainties Related to Covid-19 and Mitigated Action

Arts and cultural organisations across the UK were deeply affected by the closure orders by the Government and the lockdowns between 2020 and 2022. It has been extremely challenging for producing theatres who have lost their primary source of income from performances but also to have to be forced to plan and re-plan.

The Executive, Senior Management and Trustees responded by:

- Ensuring all staff and Trustees were safe and secure
- Reducing all running costs as much as possible
- Frontloading grant income where possible
- Furloughing a significant proportion of staff (in rotation to ensure our online programme could continue and work on the capital project continues)

The Senior Management team undertook extensive planning to re-budget and draft detailed cashflows during the period that indicated the Mercury would be able to meet its costs and liabilities for 12 months. However, this would have resulted in having to use its reserves, continued public funding and secure additional support. The Executive team pursued all avenues to secure additional financial support and were grateful for support from the Government's Cultural Recovery Fund of **£250,000** to support salaries and overheads and a further £864,089 towards capital paid directly to our project partners Colchester Borough Council.

In addition, the Mercury benefited from CJRS payments (Furlough) and Covid support re SSP during the year of **£2,218.**

The Impact of Covid-19 on the Charity's Ability to Fundraise and How This is Being Managed

The impact of Covid-19 has continued to have an impact on our work since re-opening. Many of the traditional project funds to support our work were re-diverted to support more frontline services or recently the cost of living crisis. However, the Mercury has re-doubled its efforts to secure income from our Friends Scheme and retained relationships with long-standing trusts and foundations.

The Impact of the Virus on Staff and Beneficiaries and the Implications for the Charity's Operation and Activities.

In the previous year, the majority of both permanent and casual staff (apart from a core management team of 5) were furloughed on rotation (in order to allow us to continue an online programme and continue to complete building work). As restrictions lifted staff gradually returned to work in a phased manner (especially as they were all returning to a new building).

At all times we ensured the safety and welfare of all staff and visiting creatives through regular covid testing and the provision of socially distanced working environments.

The Impact on the Charity's reserves policy, level of reserves and any change to the designated funds set aside for future commitments

When compared to many in the sector, the Mercury has been relatively lucky as the building was closed and our core staff had already been reduced in order to accommodate our capital project.

We have been able to retain our reserves and not allocate funds to meet general operating costs.

Plans for Future Periods

The current business plan lays out the broad future for the Mercury. These will be developed further by the Executive Team in early 2022/23.

Given the major impact of the *Mercury Rising* Capital scheme, the next two years will be a period of significant change for the organisation. However, we have a once in a generation opportunity of embracing new facilities for our artists, audiences and users to use and enjoy.

A limited (and scalable) programme has been devised to ensure that the Mercury is still able to produce and engage audiences but most importantly remain financially stable, risk aware and safe.

With the support of the Arts Council and DCMS Cultural Recovery Fund, the Mercury was able to invest in planning for its future and the re-opening of the new building:

- Extended Youth and Community Programme
- All PPE costs – screens, temperature checking devices etc
- Staff Training – Covid Health and Safety
- Business Consultant to review current and future aims and objectives
- Health and Safety Consultant
- New Marketing campaign to build confidence amongst vulnerable audience members (including new access videos for disabled audiences and video content featuring new Covid safety measures

1. In 2022/23 The Mercury Theatre aims to:

Consolidate its programme in the new building ensuring the maximum financial benefit can be gained whilst retaining quality and the welfare of our staff and creatives.

Throughout this year we will seek to continue to deliver a range of creative engagement and talent opportunities at the Mercury and elsewhere in the community to target groups and those interested in developing professional skills in the arts.

We will continue to provide opportunities for other amateur and community groups to present their work.

During 2022/23 we will develop a new business plan for the period 2023-26 and review all HR policies, procedures and strategies.

2. To become one of the leading centres of excellence for the theatre industry by:

a) Ensuring excellence in quality of work

b) Building on co-producing and UK touring

c) Working in partnership with other relevant organisations

d) Building upon international links developed in recent years

e) Fostering artistic growth and development

f) Developing skills of staff at all levels

g) Building the reputation of the Mercury Theatre, Colchester and the East of England

h) Maintaining excellence in production and workshop facilities

3. To build audience volumes and the age range and diversity of audiences by:

a) Working with Colchester Borough Council, Essex County Council and other local and regional arts organisations to develop existing Learning and Participation Programme

b) Developing an engagement programme for young people

c) Exploiting the opportunities provided by our website and other digital platforms

d) Reviewing current marketing operation, including staffing levels, to ensure maximum efficiency and impact

Trustees' responsibilities in relation to the financial statements

The trustees (who are also directors of Colchester Mercury Theatre Ltd for the purpose of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group and the incoming resources and application of resources, including the income and

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

- Select suitable accounting policies and then apply them consistently.
- State whether a Statement of Recommended Practice (SORP) applies and has been followed, subject to any material departures which are explained in the financial statements.
- Make sound judgements and estimates that are reasonable and prudent.
- Comply with applicable Accounting Standards, including FRS 102, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enables them to ensure that the financial statements comply with the Companies Act 2006. The trustees 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.

In accordance with company law, as the company's directors, we, the trustees certify that:

- So far as we are aware, there is no relevant audit information of which the company's auditors are unaware.
- As the directors of the company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Auditors

Moore Kingston Smith LLP were appointed auditors to the charity for the year and a resolution will be proposed at the Annual General Meeting that Griffin Chapman be appointed as auditors to the charity for the ensuing year.

Finally, we would like to thank the senior management team and all staff members of the Mercury for all their work and ongoing commitment to our theatre.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies regime. The Trustees report was approved by members of the Board on 6th December 2022 and signed on their behalf by:

By order of the trustees

RDW

Robert West
Chair

H. C. Skayman

Hazel Skayman
Company Secretary

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF COLCHESTER MERCURY THEATRE LIMITED

Opinion

We have audited the financial statements of Colchester Mercury Theatre Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charitable Company Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2022 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

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 are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating 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's and parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' annual report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 require us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 15, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group and parent charitable company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Explanation as to what extent the audit was considered 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.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are [the Companies Act 2006, the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council]

- We obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance.

- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.

- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.

- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 or intentional misrepresentations, or through collusion.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and, in respect of the consolidated financial statements, to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters which 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 any party other than the charitable company, the charitable company's members, as a body, and the charity's trustees, as a body, for our audit work, for this report, or for the opinion we have formed.

Moore Kingston Smith LLP

Karen Wardell (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP, Statutory Auditor

[Date]
19 December 2022

Devonshire House
9 Appold Street
London
EC2A 2AP

Moore Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

Colchester Mercury Theatre Ltd
Year ended 31 March 2022
Consolidated Statement of Financial Activities
(Incorporating Income and Expenditure Accounts)

	Note	Unrestricted Funds Operational £	Unrestricted Funds Designated £	Restricted Funds £	Restricted Large Capital Funds	Total Funds 2022 £	Total Funds 2021 £
INCOME FROM:							
Donations and legacies	4	1,406,982	35,850	224,606	136,227	1,803,665	1,978,883
Other trading activities	5	452,317	-	-	-	452,317	28,232
Investment income	7	218	-	-	-	218	926
Charitable Activities							
Operation of the theatre	3	1,514,351	-	-	-	1,514,351	41,487
TOTAL INCOME		3,373,868	35,850	224,606	136,227	3,770,551	2,049,528
EXPENDITURE ON:							
Raising funds	8	450,153	-	-	-	450,153	31,334
Charitable Activities	9	3,102,444	138,336	426,124	58,403	3,725,307	1,683,008
TOTAL EXPENDITURE		3,552,597	138,336	426,124	58,403	4,175,460	1,714,342
NET (EXPENDITURE)/INCOME		(178,729)	(102,486)	(201,518)	77,824	(404,909)	335,186
Other Recognised Gains - Theatre Tax Credit	6	223,823	-	-	-	223,823	-
Transfers Between Funds	20	49,028	67,904	-	(116,932)	-	-
Net Movement in Funds		94,122	(34,582)	(201,518)	(39,108)	(181,086)	335,186
Funds b/f		238,064	865,891	251,284	106,419	1,461,658	1,126,472
Funds c/f		332,186	831,309	49,766	67,311	1,280,572	1,461,658

The Statement of Financial Activities includes all gains and losses in the year and therefore a statement of total recognised gains and losses has not been prepared.

All of the above amounts relate to continuing activities

The notes on pages 24 to 35 form part of these financial statements

Colchester Mercury Theatre Ltd
Year ended 31 March 2022
Consolidated Balance Sheet

		Group		Company	
		2022	2021	2022	2021
Fixed Assets	Note	£	£	£	£
Intangible Fixed Assets	13	**40,066**	44,824	**39,386**	43,974
Tangible Fixed Assets	14	**552,485**	564,123	**552,485**	564,123
Investments	15	**-**	-	**200**	200
Current Assets					
Stocks	16	**27,556**	11,131	**11,053**	11,131
Debtors	17	**763,391**	312,199	**918,405**	340,806
Cash at Bank and In Hand		**1,610,881**	1,573,035	**691,163**	1,093,616
		2,401,828	1,896,365	**1,620,621**	1,445,553
Current Liabilities					
Creditors:					
Amounts falling due within one year	18	**(1,495,450)**	(771,952)	**(937,681)**	(395,083)
Net Current Assets		**906,378**	1,124,413	**682,940**	1,050,470
Net Assets		**1,498,929**	1,733,360	**1,275,011**	1,658,767
Creditors:					
Amounts falling due after one year	19	**(218,337)**	(271,682)	**(218,337)**	(271,682)
		1,280,592	**1,461,678**	**1,056,674**	**1,387,085**
Represented by:					
Share Capital	22	**20**	20	**20**	20
Unrestricted Operational Fund		**332,186**	238,064	**108,268**	163,471
Unrestricted Designated Fund		**831,309**	865,891	**831,309**	865,891
Total Unrestricted Funds	20	**1,163,495**	1,103,955	**939,577**	1,029,362
Restricted Funds	20	**117,077**	357,703	**117,077**	357,703
Total funds		**1,280,592**	1,461,678	**1,056,674**	1,387,085

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

As permitted by S408 Companies Act 2006, the Company has not presented its own Statement of Financial Statements and related notes. The net income of the Charitable Company alone was a deficit of £(181,086) (2021 - a surplus of £335,185).

These financial statements were approved by the Members of the Board on the 6/12/22 and are signed on their behalf by:

R West
Director

Company Registration Number 441035

Colchester Mercury Theatre Ltd
Year ended 31 March 2022
Consolidated Statement of Cash Flows

	Note	2022 £	2021 £
Net cash inflow from operating activities	(i)	**265,483**	544,920
Cash flows from investing capital:			
Interest received		**218**	926
Purchase of property, plant and equipment and intangible assets		**(174,510)**	(285,967)
Net cash used in investing activities		**91,191**	259,879
Cash flows from financing:			
Repayments of loans		**(53,345)**	-
Net cash inflow from financing activities		**(53,345)**	-
Change in cash and cash equivalents in the reporting period		**37,846**	259,879
Cash and cash equivalents at the beginning of the year		**1,573,035**	1,313,156
Cash and cash equivalents at the end of the year		**1,610,881**	1,573,035

Notes to the cash flow statement

i) Reconciliation of changes in resources to net inflow from operating activites

Net income	**(181,086)**	335,186
Depreciation	**184,036**	170,870
Loss on disposal of assets	**-**	7,544
Amortisation	**6,870**	6,659
(Increase)/decrease in debtors	**(451,192)**	(104,271)
(Increase)/decrease in stock	**(16,425)**	-
Bank interest receivable	**(218)**	(926)
(Decrease)/increase in creditors	**723,498**	129,858
Net cashflow from operating activities	**265,483**	544,920

ii) Analysis of changes in net debt

	At 1 April 2021 £	Cashflows £	Other non-cash changes £	At 31 March 2022 £
Cash and cash equivalents				
Cash in-hand	1,573,035	37,846	-	1,610,881
Borrowings				
Debt due within one year	(96,978)			(96,978)
Debt due over one year	(271,682)	53,345		(218,337)
	1,204,375	91,191	-	1,295,566

1) Accounting Policies

Company Status

Colchester Mercury Theatre Limited is a private company limited by shares (company no 441035) and registered with the Charity Commission (registration no 232387). It is registered in England and Wales and it's registered office is Mercury Theatre, Balkerne Gate, Colchester, Essex, CO1 1PT.

a) Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The company is a public benefit entity for the purposes of FRS 102 and a registered charity and therefore has also prepared its financial statements in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance the Financial Reporting Standard applicable in the UK and Republic of Ireland (The FRS 102 Charities SORP), the Companies Act 2006 and Charities Act 2011.

The financial statements are prepared in sterling which is the functional currency of the company. Monetary amounts in these financial statements have been rounded to the nearest pound.

b) Going Concern

The financial statements are prepared on a going concern basis which assumes that the charitable group will continue in operational existence for the foreseeable future. Each of the major funding bodies - Arts Council England East and Colchester Borough Council - have indicated that their support of the theatre will continue until at least 31st March 2023. However, Arts Council England have indicated their support to 31st March 2026 in the National Portfolio Organisation agreement with the theatre and Colchester Borough Council have indicated their support to 2023/24 in the current funding arrangement and then for a further 4 years under a new funding settlement. During the year Essex County Council restored revenue support and have indicated their support until 2024/25.

During the year the company, in partnership with Colchester Borough Council and Colchester Borough Homes, completed the major capital re-development. The total net cost of this re-development was £11.7 million. The scheme was project managed by Colchester Borough Council and the majority of the income and expenditure will therefore not be received or incurred by the company. The scheme is being supported by Arts Council England, Essex County Council, Colchester Borough Council, South East Local Enterprise Partnership, European Regional Development Partnership and other trusts and foundations. The ticket levy charged on all ticket sales will continue as this will be utilised to repay the NESTA loan which was taken out by the company as part of the project fundraising.

In response to the March 2020 public health emergency re Covid-19, the Theatre was required to support all staff to be able to work from home and to postpone all face to face activity. The Executive Director and Project and Facilities Manager worked in partnership with Colchester Borough Homes, Colchester Borough Council and the main contractor to ensure that the site complied with all health and safety regulations. The impact of the pandemic resulted in the project completion being delayed by 10 months. Further details on how the Theatre managed these unprecedented events, continued to operate and completed the capital redevelopment are included in the Trustees Report.

During the year the charity was successful in securing funding from the Department of Culture, Media and Sport's Cultural Recovery Fund rounds 2 and 3 , with 2 grants of £125,000 being received respectively. This funding, together with support from individual and corporate donors and trusts and foundations, has enabled the charity to achieve an operational surplus in the 2021/22 financial year with no need to drawn on operational reserves. The impact of Covid-19 has been far reaching and since the year end is being further impacted by the current cost of living crisis. It is envisaged that the charity will need to draw on operational reserves in the 2022/23 financial year.

Having reviewed the assets available to the charity and its expected future funding arrangements, of which £1,060k, as mentioned above being the confirmed revenue funding due from Arts Council England, Colchester Borough Council and Essex County Council, has been secured at the date of approval of these financial statements, the Trustees have a reasonable expectation that the charity and group have adequate resources to continue in operational existence for the foreseeable future and not less than twelve months from the date of approval of these financial statements, although this is subject to the unprecedented issues around Covid-19 and the current cost of living crisis. Thus the going concern basis has been adopted in preparing these financial statements for the year ended 31st March 2022.

c) Consolidation

The SOFA and Balance Sheet consolidate the financial statements of the charitable company and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis. The charitable company has taken advantage of the exemption from presenting its unconsolidated income and expenditure account available under section 408 of the Companies Act 2006.

d) Income

Donations - Comprises all income from donations, subscriptions and grants, including government grants. It is recognised on a receivable basis in the appropriate fund when there is entitlement to the income, probability of receipt and the amount can be reliably measured.

Other trading activities - Comprises income from trading associated with attending the theatre, royalties, letting of the restaurant, bar and other areas and is recognised on a receivable basis.

Income from Charitable Activities - Comprises ticket income from performances and activities at the theatre and other venues as appropriate, income for community projects and hire of main house and studio all of which are recognised on a receivable basis. Box office income is recognised when productions take place.

Investment Income - Comprises interest received held in appropriate interest bearing accounts. All interest received is credited to operational funds and is recognised on a receivable basis.

Government grants - where the charity receives government grants, it recognises this as income only where there is reasonable assurance that the charity will comply with the conditions attaching to them and the grants will be received. This includes grants received from Arts Council England as they are an executive non-departmental public body.

e) Expenditure

The costs of activities for raising funds represents the direct cost of trading associated with attending the theatre, royalties and other income together with allocated support costs and the direct costs associated with securing donations, subscriptions and grants and other income together with allocated support costs..

The costs relating to charitable activities relate to direct expenditure on performances and activities at the theatre and other venues as appropriate. It also includes costs relating to community projects and auditorium and studio hire together with allocated support costs.

Governance costs represents direct expenditure of Board activities together with allocated support costs.

Support costs relating to a single activity are allocated directly to that activity. Where support costs relate to more than one activity they have been allocated on the basis of staff time and resources consumed by each activity.

All expenditure is accounted for on an accrual basis and is recognised when there is a legal or constructive obligation to pay.

Provision has been made where appropriate, for relevant expenses and liabilities where a present obligation exists at the balance sheet date.

f) Productions

1) For productions occurring wholly within one financial year box office and venue fees are recognised in that year and costs are recognised as incurred. Typically costs are incurred in advance of revenue being generated.

2) Where a production spans the year-end and is expected to be loss making, the expected loss is recognised in full in the year in which the loss is foreseen.

3) Where production set up costs have been incurred prior to the year-end but the production has not yet opened, the set up costs are carried forward at the balance sheet date as deferred production costs until such time as the production opens.

g) Pensions

The company offered a voluntary stakeholders scheme to its employees and those on short term equity contracts and also operates a defined contribution pension scheme which meets the Government's requirements under auto enrolment . The company contribution costs are included in the Statement of Financial Activities as they fall due.

1) Accounting policies continued

h) Operating lease commitments

Rentals payable under operating leases are charged against expenditure as incurred over the lease term.

I) Intangible assets

Intangible assets comprise the cost of a licence enabling the premises to be used to hold wedding ceremonies and a new website and finance package. Intangible fixed assets are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses as follows:

Licences	10% Straight line
Website	10% Straight line
Computer software	10% Straight line

j) Capitalisation of fixed assets

Fixed assets are shown on the balance sheet at historical cost less depreciation. Fixed assets costing more than £500 are capitalised at cost.

Depreciation

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

Theatre Equipment	15% Straight Line
Capital Grant	15 to 33.33% Straight Line
Motor vehicles	15 to 33.33% Straight Line

Fixed assets are subject to an annual impairment review and review of estimated useful life.

Studio Development

Costs incurred relating to the development and re-furbishment of the Studio Theatre have been capitalised. These are now depreciated in line with the company's depreciation policy of 15% straight line as the studio has been brought into use.

Large Capital Development

Costs incurred relating to the large capital development and re-furbishment of the Theatre have been capitalised. These will be depreciated once the development is complete.

Within the large capital development, costs have been incurred relating to the refurbishment of temporary office accommodation. These are being depreciated in line with the company's depreciation policy of 15% straight line as the office accommodation has been brought into use.

k) Stocks

Stocks of merchandise and other goods for resale are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

l) Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

m) Fund Accounting

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

Restricted Funds - These are earmarked by the donor, or the terms of an appeal, for specific purposes within the overall aims of the organisation. The donation and income deriving therefrom will be used in accordance with the specific purposes.

Unrestricted Operational Funds - Funds which are expendable at the discretion of the Board in furtherance of the objects of the charity.

Unrestricted Designated Funds - The Board may at its discretion set aside unrestricted funds for specific purposes.

n) Financial Instruments

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and short term deposits with a maturity date of three months or less.

Debtors and creditors

Debtors and creditors receivable or payable within one year of the reporting date are carried initially at their transaction price and subsequently at settlement value. Debtors and creditors that are receivable or payable in more than one year and not subject to a market rate of interest are measured at the present value of the expected future receipts or payment discounted at a market rate of interest.

2) Critical accounting estimates and areas of judgement

In the view of the trustees in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

Useful economic lives

The annual depreciation charge for tangible and intangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives, amortisation and residual values are re-assessed annually. They are amended when necessary to reflect current estimates based on technological advancement, future investment, economic utilisation, and the physical condition of the assets. Note 13 and 14 gives the carrying amount of the relevant assets and Note 1j details the useful economic life for each class of asset.

3) Income from the operation of the theatre

	Unrestricted 2022	Unrestricted 2021
	£	£
Box office receipts	**1,243,187**	11,203
Royalties income	**-**	1,155
Theatre rentals	**76,821**	6,200
Community & Education	**73,445**	16,570
Other income	**120,898**	6,359
	1,514,351	41,487

4) Grants & donations

	Unrestricted Income	Restricted Income funds £	Restricted Capital Funds £	2022 £	2021 £
Voluntary Income					
Arts Council England - core	791,682	-	-	791,682	791,682
Colchester Borough Council - core	168,175	-	-	168,175	168,175
Essex County Council - core	100,000			100,000	-
Arts Council England - Cultural Recovery Fund	250,000	-	-	250,000	250,000
Colchester Borough Council - Covid grants	23,309	-	-	23,309	10,000
DWP - Kickstart scheme	-	63,839	-	63,839	-
HMRC - SSP covid-19 support	345	-	-	345	-
HMRC - CJRS	1,873	-	-	1,873	213,788
	1,335,384	63,839	-	1,399,223	1,433,645
Income from grants - see below	41,053	160,767	10,000	211,820	447,654
Other donations:					
Mercury rising campaign	-	-	126,227	126,227	59,545
Individuals & corporate memberships	66,395	-	-	66,395	38,039
	66,395	-	126,227	192,622	97,584
Total shown as voluntary income	1,442,832	224,606	136,227	1,803,665	1,978,883
2021: Split between	1,591,684	209,059	178,140	1,978,883	

There are no unfulfilled conditions or other contingencies attaching to the government grant income detailed above.

The company has not benefited from other government funded assistance.

Income from grants

	Unrestricted Income	Restricted Income funds £	Restricted Capital Funds £	2022 £	2021 £
Trusts & Foundations:					
Essex County Council - Short breaks	-	23,200	-	23,200	19,998
ADESTE	-	4,981	-	4,981	28,755
European Regional Development Fund	-	89,734	-	89,734	35,835
Southend on Sea Borough Council	2,378	-	-	2,378	-
Essex County Council - Capital award	-	-	10,000	10,000	-
Essex County Council - covid support	35,850	-	-	35,850	-
Essex County Council - community support	2,825	-	-	2,825	-
Paul Hamlyn Foundation	-	42,852	-	42,852	-
Garfield Weston Foundation	-	-	-	-	100,598
Stage One	-	-	-	-	23,873
Wolfson Foundation (Covid support)	-	-	-	-	120,000
Linbury Trust	-	-	-	-	50,000
Bernard Sunley Foundation	-	-	-	-	50,000
CIF	-	-	-	-	8,595
The Hobson Charity	-	-	-	-	5,000
The Theatres Trust	-	-	-	-	5,000
	41,053	160,767	10,000	211,820	447,654
2019: Split between	-	120,443	371,875	492,318	

5) Activities For Generating Funds

	2022 £	2021 £
Trading associated with attending theatre performances and activities	452,317	28,232
	452,317	28,232

6) Commercial trading operations

The wholly owned trading subsidiary Colchester Mercury Trading Ltd, company number 9144550, which was incorporated in England and Wales on 23 July 2014, pays all its taxable profits to the charitable company by gift aid.

Colchester Mercury Trading Ltd provides the catering and bar facilities at Colchester Mercury Theatre and other commercial trading activities.

The company owns the entire issued share capital of 100 ordinary shares of £1 each. A summary of the trading results is shown below.

Summary profit and loss account:	**2022**	2021
	£	£
Turnover	**528,521**	34,301
Cost of sales	**(449,918)**	(19,629)
Administration expenses	**(5,099)**	(3,282)
Net profit	**73,504**	11,390
Retained earnings brought forward	**-**	-
	-	-
Distribution to parent charity under giftaid	**(73,504)**	(11,390)
Retained earnings carried forward	**-**	-

A Deed of Covenant was signed in the year ended 31st March 2022 creating an obligation for the company to pay taxable profits as a giftaid distribution to Colchester Mercury Theatre and therefore distributions have been accrued at 31st March 2022.

The assets and liabilities of the subsidiary were:		
Fixed assets	**680**	850
Current assets	**978,366**	484,078
Creditors - amounts falling due within one year	**(978,946)**	(484,828)
Total net assets	**100**	100
Retained profits	**-**	-
Aggregate share capital and reserves	**100**	100
Total funds	**100**	100

The wholly owned trading subsidiary Colchester Mercury Productions Ltd, company number 9144431, which was incorporated in England and Wales on 23 July 2014, pays all its taxable profits to the charitable company by gift aid.

Colchester Mercury Productions Ltd provides the route for commercial productions.

The company owns the entire issued share capital of 100 ordinary shares of £1 each. A summary of the trading results is shown below.

	2022	2021
	£	
Turnover	**1,335,201**	3,068
Cost of sales	**(1,332,166)**	-
Administration expenses	**(2,973)**	(3,068)
Net profit/loss	**62**	-
Retained earnings brought forward	**74,590**	74,590
Amount gifted to charity re retained profits	**(74,590)**	-
Profit on ordinary activities before taxation	**62**	74,590
Theatre tax credit	**223,823**	-
Retained in the subsidiary	**223,885**	74,590
The assets and liabilities of the subsidiary were:		
Current assets	**228,094**	82,038
Creditors - amounts due within one year	**(4,109)**	(7,348)
Total net assets	**223,985**	74,690
Retained profits	**223,885**	74,590
Aggregate share capital and reserves	**100**	100
Total Funds	**223,985**	74,690

7) Investment Income

	2022	2021
	£	£
Bank interest receivable	**218**	926

8) Costs of generating funds

	2022	2021
	£	£
Bar & Front of House costs	**408,528**	290
Commercial work costs	**7,720**	13,882
Support costs (note 10)	**33,905**	17,162
	450,153	31,334

£450,153 relates to unrestricted funds (2021 £31,334)

9) Analysis of Charitable activities

	Main House	Touring	Community & Education	2022	2021
	£	£	£	£	£
Production costs	958,222	44,696	44,696	**1,047,614**	14,830
Permanent staff costs	943,210	175,880	108,793	**1,227,883**	956,672
Theatre running costs	255,386	31,923	31,923	**319,232**	173,303
Offsite season running costs	-	-	-	-	10,128
Capital development P & L costs	58,403	-	-	**58,403**	-
Community & Education	-	-	348,264	**348,264**	198,683
Marketing	110,196	13,775	13,774	**137,745**	12,875
Irrecoverable VAT	72,482	9,060	9,060	**90,602**	1,650
Depreciation and loss on disposal	152,245	19,031	19,031	**190,306**	185,071
Support costs, including Governance	305,258	-	-	**305,258**	129,796
	2,855,402	294,365	575,540	**3,725,307**	1,683,008

Split between:	Unrestricted	Designated	Restricted	2022 Total
	£	£	£	£
Production costs	947,016	-	100,598	1,047,614
Permanent staff costs	1,146,139	-	81,744	1,227,883
Capital development P & L costs	-	-	58,403	58,403
Theatre running costs	319,232	-	-	319,232
Community & Education	156,282	1,500	190,482	348,264
Marketing	137,745	-	-	137,745
Irrecoverable VAT	90,602	-	-	90,602
Depreciation	170	136,836	53,300	190,306
Support costs, including Governance	305,258	-	-	305,258
	3,102,444	138,336	484,527	3,725,307

2021: Split between:	Unrestricted	Designated	Restricted	2021 Total
	£	£	£	£
Production costs	14,830	-	-	14,830
Permanent staff costs	936,464	14,240	5,968	956,672
Theatre running costs	168,429	-	4,874	173,303
Offsite season running costs	-	-	10,128	10,128
Community & Education	118,040	28,283	52,360	198,683
Marketing	12,875	-	-	12,875
Irrecoverable VAT	1,650	-	-	1,650
Depreciation	170	104,951	79,950	185,071
Support costs, including Governance	129,796	-	-	129,796
	1,382,254	147,474	153,280	1,683,008

10) Support costs

	Charitable Activities	Raising Funds	Governance	2022	2021
	£	£	£	£	£
Finance & Administration	195,211	21,690	27,866	**244,767**	95,911
IT	25,758	6,439	-	**32,197**	35,946
Recruitment & training	13,648	1,516	-	**15,165**	2,890
Travel & entertaining	7,202	-	-	**7,202**	3,424
Licences & subscriptions	17,036	4,259	-	**21,296**	8,787
Front of House staff costs	18,536	-	-	**18,536**	-
	277,391	33,905	27,866	**339,163**	146,958

Split between:	Unrestricted	Designated	Restricted	2022 Total
	£	£	£	£
Finance & Administration	244,767	-	-	244,767
IT	32,197	-	-	32,197
Recruitment & training	15,165	-	-	15,165
Travel & entertaining	7,202	-	-	7,202
Licences & subscriptions	21,296	-	-	21,296
Front of House staff costs	18,536	-	-	18,536
	339,163	-	-	339,163

2021: Split between:	Unrestricted	Designated	Restricted	2021 Total
	£	£	£	£
Finance & Administration	95,911	-	-	95,911
IT	35,946	-	-	35,946
Recruitment & training	2,890	-	-	2,890
Travel & entertaining	3,424	-	-	3,424
Licences & subscriptions	8,787	-	-	8,787
Front of House staff costs	-	-	-	-
	146,958	-	-	146,958

11) Governance Costs

	2022	2021
	£	£
Salaries	5,955	5,257
Board expenses	766	186
Audit fees - current year	18,565	14,580
- tax compliance	2,580	1,880
	27,866	21,903

12) Staff costs and director's remuneration

	2022	2021
	£	£
Salaries and wages	1,608,969	913,031
Employers NIC	106,875	80,599
Pension costs	22,294	19,587
	1,738,138	1,013,217

These costs are included as follows:	£	£
Cost of generating funds	195,704	-
Costs of the operation of the theatre:		
Permanent staff costs	1,227,883	1,007,960
Theatre production costs	290,060	-
Support costs	18,536	-
Governance	5,955	5,257
	1,738,138	1,013,217

Of permanent staff costs, £17,905 related to expenditure from restricted reserve (2021 £5,968)

The average number of permanent employees during the year, calculated on the basis of full time equivalents,	2022	2021
	No.	No.
All	68	34

One employee received emoluments of between £60,000 - £70,000 during the year (2021 none).

Additional information:
All pension costs are allocated to unrestricted funds.

During the year, redundancy costs of £0 were incurred (2021 £1,340)

The key management personnel of the company comprise the Trustees, the Chief Executives and the senior management team: Deputy Executive Director, Creative Director, Finance Director, Development Director and Operations Director. The total employee benefits including employer pension contributions of the key management personnel of the company were £340,732 (2021 £300,707).

None of the Trustees receive remuneration or other benefit from their work or connection with the charity. 1 trustee (2021 - 0) received reimbursement of travel expenses of £195 (2021 £0).

The average number of employees excludes actors and other freelance staff who were paid a total of £290,060 in the year (2021 £0)

13) Intangible Assets

Group:	Licences £	Website £	Software £	Total £
Cost				
At 1 April 2021	1,700	19,775	45,114	66,589
Additions	-	-	2,112	2,112
Disposals	-	-	-	-
At 31 March 2022	1,700	19,775	47,226	68,701
Amortisation				
At 1 April 2021	850	1,977	18,938	21,765
Charge for the year	170	1,977	4,723	6,870
On disposal	-	-	-	-
At 31 March 2022	1,020	3,954	23,661	28,635
Net Book Value				
As at 31 March 2022	680	15,821	23,565	40,066
As at 31 March 2021	850	17,798	26,176	44,824

Company:	Licences £	Website £	Software £	Total £
Cost				
At 1 April 2021	-	19,775	45,114	64,889
Additions	-	-	2,112	2,112
Disposals	-	-	-	-
At 31 March 2022	-	19,775	47,226	67,001
Amortisation				
At 1 April 2021	-	1,977	18,938	20,915
Charge for the year	-	1,977	4,723	6,700
Disposals	-	-	-	-
At 31 March 2022	-	3,954	23,661	27,615
Net Book Value				
As at 31 March 2022	-	15,821	23,565	39,386
As at 31 March 2021	-	17,798	26,176	43,974

14) Tangible Assets

Group:	Large Capital Scheme £	Studio Development £	Theatre Equipment £	Motor Van £	Capital Grant Expenditure £	Total £
Cost						
At 1 April 2021	222,495	613,908	728,679	15,012	494,116	2,074,210
Additions	35,683	-	136,715	-	-	172,398
Disposals	-	-	-	(15,012)	-	(15,012)
At 31 March 2022	258,178	613,908	865,394	-	494,116	2,231,596
Depreciation						
At 1 April 2021	36,611	551,239	413,109	15,012	494,116	1,510,087
Charge for the year	31,351	62,669	90,016	-	-	184,036
On disposal	-	-		(15,012)	-	(15,012)
At 31 March 2022	67,962	613,908	503,125	-	494,116	1,679,111
Net Book Value						
At 31 March 2022	190,216	-	362,269	-	-	552,485
As at 31 March 2021	185,884	62,669	315,570	-	-	564,123

14) Tangible assets continued

Company:	Large Capital Scheme	Studio Development	Theatre Equipment	Motor Van	Capital Grant Expenditure	Total
		£	£	£	£	£
Cost						
At 1 April 2021	222,495	613,908	728,679	15,012	494,116	2,074,210
Additions	35,683	-	136,715	-	-	172,398
Disposals	-	-	-	(15,012)	-	(15,012)
At 31 March 2022	258,178	613,908	865,394	-	494,116	2,231,596
Depreciation						
At 1 April 2021	36,611	551,239	413,109	15,012	494,116	1,510,087
Charge for the year	31,351	62,669	90,016	-	-	184,036
Disposals	-	-	-	(15,012)	-	(15,012)
At 31 March 2022	67,962	613,908	503,125	-	494,116	1,679,111
Net Book Value						
At 31 March 2022	190,216	-	362,269	-	-	552,485
As at 31 March 2021	185,884	62,669	315,570	-	-	564,123

The company's bankers, Barclays Bank PLC, currently hold a debenture over the assets of the company, dated 23rd July 1997.

15) Investments

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Investment in subsidiary undertakings	-	-	200	200

Investments are included at cost and are unlisted. In the opinion of the directors the market value of the investment is not materially different from cost.

	No. of shares	% of Issued Share Capital	Cost of shares
			£
Colchester Mercury Trading Ltd (note 6)	100	100%	100
Colchester Mercury Productions Ltd (note 6)	100	100%	100

16) Stocks

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Bar, cafe, workshop and lighting	27,556	11,131	11,053	11,131
	27,556	11,131	11,053	11,131

17) Debtors

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade Debtors	87,913	13,446	46,274	8,703
Other Debtors	556,255	242,596	332,433	168,005
Prepayments	73,799	19,112	73,205	19,112
Prepayments in respect of future show costs carried forward	45,424	37,045	45,424	37,045
Amount owed from subsidiary companies	-	-	421,069	107,941
	763,391	312,199	918,405	340,806

18) Creditors: Amounts Falling due within one Year

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade Creditors	420,526	88,066	198,430	81,597
PAYE & Other Taxes	99,575	20,964	99,575	20,964
Box Office Advance	645,569	443,723	363,506	81,693
NESTA Loan (note 19)	96,978	96,978	96,978	96,978
Other Creditors	232,802	122,221	179,192	113,851
	1,495,450	771,952	937,681	395,083

Movement in deferred income - Group

	B/f	Released	Charged	C/f
Box Office advances	443,723	(1,972,580)	2,174,426	645,569

Movement in deferred income - Company

	B/f	Released	Charged	C/f
Box Office advances	81,693	(1,363,518)	1,645,331	363,506

Box office income is recognised when productions take place

Included in creditors above is £6,543 (2021 £5,221) of pension contributions unpaid at the year end.

19) Creditors - Amounts falling due over one year

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
NESTA Loan	218,337	271,682	218,337	271,682
Loans				
Payable within one year	96,978	96,978	96,978	96,978
Payable over one year	218,337	271,682	218,337	271,682
	315,315	368,660	315,315	368,660

The NESTA loan is an unsecured loan. Interest is chargeable at 4.5% per annum and repayment is due by May 2025. Due to Covid-19, a repayment holiday was taken from April 2020 until August 2021 with repayments resuming in September 2021. A new repayment plan was agreed in July 2021.

20) Funds - Group

	Balance at 01.04.21	Income	Expenditure	Transfers	Balance at 31.03.22
	£	£	£	£	£
Operational	238,064	3,597,692	(3,552,598)	49,028	332,186
Designated					
Equipment	9,625	-	-	375	10,000
Covid-19 Support	241,131	35,850	-	(276,981)	-
Organisational development	10,760	-	-	200,000	210,760
Capital Development	45,000	-	-	(45,000)	-
Artistic/Audience Development Projects	5,493	-	-	-	5,493
Hardship fund	-	-	(1,500)	15,000	13,500
Theatre equipment - capitalised	50,125	-	(96,117)	138,827	92,835
Studio development - capitalised	9,368	-	(9,368)	-	-
Large development - capitalised	494,389	-	(31,351)	35,683	498,721
Total Designated	865,891	35,850	(138,336)	67,904	831,309
Total Unrestricted	1,103,955	3,633,542	(3,690,934)	116,932	1,163,495
Restricted					
Colchester Catalyst	4,400	-	-	-	4,400
Royal Opera House re LCEP	1,000	-	-	-	1,000
Teaching School Alliance	637	-	-	-	637
Postcode Community Trust	887	-	-	-	887
Big Lottery Fund	1,693	-	-	-	1,693
Eastern Counties Educational Trust	4,000	-	-	-	4,000
Essex County Council Short breaks (previously Action for Children)	29,973	23,200	(16,541)	-	36,632
Tamasha	217	-	-	-	217
Braintree Year of Culture	300	-	-	-	300
Paul Hamlyn Foundation	-	42,852	(42,852)	-	-
DWP Kickstart	-	63,839	(63,839)	-	-
ADESTE	36,374	4,981	(41,355)	-	-
European Regional Development Fund	-	89,734	(89,734)	-	-
Stage One	17,905	-	(17,905)	-	-
Garfield Weston	100,598	-	(100,598)	-	-
Reserves held in relation to the Mercury Rising campaign as follows:					
Essex Community Foundation	500	-	-	(500)	-
Equity Charity Trust	5,000	-	-	(5,000)	-
Samphire Trust	5,000	-	-	(5,000)	-
Bruce Wake Charity	2,000	-	-	(2,000)	-
Wolfson Foundation	13,003	-	-	(13,003)	-
The Hobson Charity	5,000	-	-	(5,000)	-
The Theatres Trust	5,000	-	-	(5,000)	-
Essex County Council	-	10,000	-	(10,000)	-
Mercury Rising fundraising	70,916	126,227	(58,403)	(71,429)	67,311
Studio development - capitalised	53,300	-	(53,300)	-	-
Total Restricted	357,703	360,833	(484,527)	(116,932)	117,077
Total all Funds	1,461,658	3,994,375	(4,175,461)	-	1,280,572

20) **Funds continued**

2021

Funds - Group	**Balance at 01.04.20**	**Income**	**Expenditure**	**Transfers**	**Balance at 31.03.21**
	£	£	£	£	£
Operational	244,023	1,649,046	(1,413,588)	(241,417)	238,064
Designated					
Equipment	10,000	-	-	(375)	9,625
Covid-19 Support	-	-	-	241,131	241,131
Organisational development	25,000	-	(14,240)		10,760
Capital Development	45,000	-	-		45,000
Artistic/Audience Development Projects	5,207	-	-	286	5,493
Website	20,000			(20,000)	-
Hardship fund	15,000	13,283	(28,283)		-
Theatre equipment - capitalised	54,816	-	(25,066)	20,375	50,125
Studio development - capitalised	21,504	-	(12,136)	-	9,368
Large development - capitalised	296,546	-	(67,749)	265,592	494,389
Total Designated	493,073	13,283	(147,474)	507,009	865,891
Total Unrestricted	737,096	1,662,329	(1,561,062)	265,592	1,103,955
Restricted					
Colchester Catalyst	4,400	-	-	-	4,400
Royal Opera House re LCEP	1,000	-	-	-	1,000
Teaching School Alliance	637	-	-	-	637
Postcode Community Trust	887	-		-	887
Big Lottery Fund	1,693	-	-	-	1,693
Eastern Counties Educational Trust	4,000	-	-	-	4,000
Action for Children	26,158	19,998	(16,183)	-	29,973
Tamasha	217			-	217
Braintree Year of Culture	300			-	300
ADESTE	7,961	28,755	(342)	-	36,374
European Regional Development Fund	-	35,835	(35,835)	-	-
Stage One	-	23,873	(5,968)	-	17,905
Garfield Weston	-	100,598	-	-	100,598
Reserves held in relation to the Mercury Rising campaign as follows:					
Essex Community Foundation	500		-	-	500
Equity Charity Trust	5,000		-	-	5,000
Samphire Trust	5,000		-	-	5,000
Bruce Wake Charity	2,000		-	-	2,000
Fidelity UK Foundation	75,000		-	(75,000)	-
FSJ Charitable Trust	30,000		-	(30,000)	-
Bradbury Foundation	40,000		-	(40,000)	-
Wolfson Foundation	25,000	-	-	(11,997)	13,003
Bernard Sunley Foundation	-	50,000	-	(50,000)	-
Linbury Trust	-	50,000	-	(50,000)	-
CIF	-	8,595	-	(8,595)	-
The Hobson Charity	-	5,000	-	-	5,000
The Theatres Trust	-	5,000	-	-	5,000
Mercury Rising fundraising	26,373	59,545	(15,002)	-	70,916
Studio development - capitalised	133,250	-	(79,950)	-	53,300
Total Restricted	389,376	387,199	(153,280)	(265,592)	357,703
Total all Funds	1,126,472	2,049,528	(1,714,342)	-	1,461,658

Details of the Restricted Funds carried forward are as follows:

Other restricted funds	These relate to funding received for specific projects and will be utilised when the projects are undertaken
Mercury Rising campaign	This relates to funds raised in relation to the re-development of the theatre. Funds utilised in the year to 31st March 2022 relate to purchase of equipment and fixtures and fittings. The ticket levy charged on all ticket sales will continue and will be utilised to repay the NESTA loan which was taken out by the company as part of the project fundraising.
Studio Development	This relates to restricted funds received which were capitalised in 2016 on completion of the project. The asset is being depreciated at a rate of 15% straight line. The final depreciation charge was made in 2022.
Transfer of funds	The transfer of funds from the Mercury Rising campaign to unrestricted reserves represents the transfer of assets as the money has been used for the purpose for which it was given.

Details of the Designated Funds are as follows:

Artistic/audience Development Projects	The Board has designated funds for specific artistic and audience development projects in future periods and will utilised within 5 years.
Equipment - capitalised	Equipment capitalised represents the net book value of assets purchased using designated reserves which are not included in restricted funds.
Equipment	The Board has designated funds to allow the purchase of capital items in future periods and will be utilised within 5 years
Organisational development	The Board has designated funds to allow for organisational projects in future periods and will be utilised within 5 years.
Capital development	This reserve was utilised in the financial year
Hardship fund	The fund has been continued to offer financial assistance to staff and freelancers during the current cost of living crisis and will be utilised within 2 years.
Covid-19 Support	This reserve was utilised in the financial year

20) Funds continued

Funds - Company

	Balance at 01.04.21	Income	Expenditure	Transfers	Balance at 31.03.22
	£	£	£	£	£
Operational	163,471	4,325,511	(4,429,742)	49,028	108,268
Designated	865,891	35,850	(138,336)	67,904	831,309
Total Unrestricted	1,029,362	4,361,361	(4,568,078)	116,932	939,577
Restricted	357,703	360,833	(484,527)	(116,932)	117,077
Total All Funds	1,387,065	4,722,194	(5,052,605)	-	1,056,654

All Group Designated and Restricted Reserves relate to the Company.

Split of assets and liabilities between funds - Group	Restricted funds	Unrestricted funds	Share Capital	Total
	£	£		£
Intangible fixed assets	-	40,066	-	40,066
Tangible fixed assets	-	552,485	-	552,485
Current assets	117,077	2,284,731	20	2,401,828
Creditors due in one year	-	(1,495,450)	-	(1,495,450)
Creditors due over one year	-	(218,337)	-	(218,337)
Total	117,077	1,163,495	20	1,280,592

Split of assets and liabilities between funds - Company	Restricted funds	Unrestricted funds	Share Capital	Total
	£	£		£
Intangible fixed assets	-	39,386	-	39,386
Tangible fixed assets	-	552,485	-	552,485
Investments	-	200	-	200
Current assets	117,077	1,503,524	20	1,620,621
Creditors due in one year	-	(937,681)	-	(937,681)
Creditors due over one year	-	(218,337)	-	(218,337)
Total	117,077	939,577	20	1,056,674

21) Related Party Transactions

There were no outstanding balances with related parties at 31st March 2022 (2021 : £Nil). Payments made to Trustees are detailed in note 12.

During the year Colchester Mercury Theatre had transactions for expenditure totalling £1,538 (2021 £0) with Colchester Mercury Trading and income of £1,332,166 (2021 £0) and expenditure £1,335,139 (2021 £3,068) with Colchester Mercury Productions. At 31st March 2022 £425,287 (2021 £115,305) was owed by Colchester Mercury Trading and £4,188 was owed to Colchester Mercury Productions (2021 £7,364).

The following trustees/directors held shares in the company at 31st March 2022:

	2022	2021
Colchester Borough Council	3	3
Kathleen Hamilton	0	3
Simon Fisher	0	2
Patrick Sandford	0	2
Rob West	3	2
Bryan Johnston	2	1
Jenny Skingsley	2	1
Anita Thornberry	2	1
Samantha Blackwell-Heard	2	1
Hassina Khan	2	1
Matthew Linley	2	2
Sean Plummer	2	1

The following trustee is a Councillor of Colchester Borough Council:
Lyn Barton

22) Share Capital

	2022	2021
	£	£
Share Capital	20	20

Authorised share capital in both years was 20 £1 ordinary shares.

The issued and fully paid share capital in both years was £20.

23) Financial Commitments

At 31 March 2022 the charity was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2023:

	2022	2021
	£	£
Land and buildings		
Commitments falling due:		
In less than one year	9,000	29,000
Between two and five years	-	29,000
	9,000	58,000

During the year, amounts paid under operating leases were £34,342 (2021 £51,848).

COLCHESTER MERCURY THEATRE LIMITED

England & Wales - Charity number 232387

Accounts

Colchester Mercury Theatre Ltd

Company Registration no. 441035 (England and Wales)

Charity Registration no. 232387

Trustees Annual Report and Consolidated Financial Statements

For the year ended

31 March 2021

Colchester Mercury Theatre Ltd

Trustees Report and Consolidated Financial Statements

Year ended 31 March 2021

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Colchester Mercury Theatre Ltd

Trustees' Report for the Year Ended 31 March 2021

The trustees are pleased to present their report with the financial statements of the charity for the year ending 31 March 2021.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association 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).

Reference and Administration details.

Charity Number	232387
Company Number	441035
Registered & Principal Office	Mercury Theatre Balkerne Gate Colchester Essex CO1 1PT
Auditors	Moore Kingston Smith LLP Devonshire House 60 Goswell Street London EC1M 7AD
Bankers	Barclays Bank PLC 9 High Street Colchester Essex CO1 1DD

Directors and trustees

The directors of the charitable company (the charity) are its trustees for the purpose of charity and company law and throughout this report are collectively referred to as the trustees.

The trustees serving during the year were as follows:

Kathleen Hamilton (Chair)
Lyn Barton
Simon Fisher
Robert West (Vice Chair)
Patrick Sandford
Bryan Johnston
Jennifer Skingsley
Anita Thornberry
Samantha Blackwell-Heard
Hassina Khan
Matthew Linley
Sean Plummer

Company Secretary	Hazel Skayman
Executive Director	Steve Mannix
Executive Producer	Tracey Childs

Structure, Governance and Management

Legal status

The charity is a limited company with a share capital of 20 £1 ordinary shares, domiciled and incorporated in England and Wales.

Governing document.

Colchester Mercury Theatre Limited is a company limited by shares and is governed by its Memorandum of Association as amended by special resolution on 13th September 2005 and its Articles of Association dated 21st August 1947. New Articles of Association were adopted on 20th September 2016.

Appointment of trustees

As set out in the Articles of Association adopted by special resolution in September 2016 the number of trustees shall not be less than five or more than fifteen. As set out the maximum length of service for any trustee shall be two terms of four years, subject to re-election at the end of the first term. The maximum length of service for the position of Chair is eight years. The election or re-election of the Chair and Vice Chair shall be confirmed by the trustees at the annual retirement meeting. Other trustees shall face re-election after a four-year term.

Potential new trustees as required are chosen from nominations or external recruitment by a formal interview and reference process.

Trustee induction and training

New trustees receive a formal induction pack and undergo a briefing session to highlight their legal obligations under company and charity law, the contents of the Memorandum and Articles of Association, the committee and decision-making process, the current business plan and recent financial performance of the charity. This process also includes topic and news updates as and when necessary and positive interaction with the theatre's management and staff. Twice a year Board Development sessions are held focusing on specific subjects identified by the trustees as being of key importance as well as an annual Away Day to agree business objectives. Trustees are required and encouraged to attend theatre and community activities.

Organisation

The board of trustees, which currently has 12 members, administers the charity. The board meets four times a year and has a two sub-committees structure which covers finance & human resources, health & safety, access & diversity, risk management, governance & trustee development and capital development of the building and its facilities.

The sub-committees consist of appointed trustees, co-opted individuals and relevant management and meet as required. Regular updates are given at board meetings. The sub-committees produce project or policy action plans as required to assist the charity in moving the company forward.

The Executive Team consisting of the Executive Director and Executive Producer are joint Chief Executives and are appointed by the trustees to manage day to day operations and to implement the strategies laid down by the board.

To facilitate effective operations and management, the Senior Management team has delegated authority, within terms of delegation approved by the trustees, for operational, strategic and programming matters including artistic policy.

The Senior Management Team members at 31 March 2021 were:

Steve Mannix - Executive Director
Tracey Childs – Executive Producer
Hazel Skayman – Finance Director
Deborah Sawyerr – Deputy Executive Director
Carol Raynor – Operations Director
Ryan McBryde – Creative Director

The Theatre has 2 wholly owned subsidiaries, Colchester Mercury Trading Ltd and Colchester Mercury Productions Ltd. Each subsidiary is governed by a Board of Directors, which meets 4 times a year, with authority delegated to members of the Theatre's senior management team to manage the companies' day to day operations.

Related parties

See note 21 of the Notes to the Accounts.

Pay Policy for Senior Staff

Executive pay at the Theatre aims to:

- recruit and retain talented individuals to lead and further develop a rapidly growing organisation;
- develop and sustain high performance;
- recognise individual performance in the preceding year

The Board of Directors are responsible for the setting of Executive Pay following an annual review.

Pay for senior staff reflects the market for comparable jobs in comparable organisations, the level of knowledge, skills and experience required, and the responsibilities and accountabilities associated with each role, the performance of the charity and the individual contribution of each executive.

The pay of senior staff is reviewed annually and is dependent on delivery against individual annual objectives in accordance with the Theatre's values.

Risk management

Current significant risks identified by the trustees include:

- On-going impact of the International Pandemic
- Reduction or withdrawal of public subsidy
- Quality of artistic product available
- Delay or failure to appoint key staff
- Change of Trustees and/or Chief Executives
- Robust and secure management of data
- Reduction in fundraising income
- Financial management and failure to meet sales targets and budget projections
- Completion of the Mercury Rising Capital Project

All risks are continuously monitored by the Senior Management Team throughout the year using current information such as management accounts and comparative sales and performance reports and an organisational risk register.

The trustees have continued their strategy of ongoing risk management review throughout the year. This strategy comprises:

- An annual review of the risks the charity may face.
- The establishment of systems and procedures to mitigate those risks identified in the review.
- The implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

The completed work continues to identify risks by a ranking system based on likelihood and potential effect. The highest ranking of such identified risks are reviewed by the Finance and General Purposes sub-committee for action if required. Required actions will then be reported back to the board for approval.

This is an ongoing process.

Objectives and Activities

The primary object for which the company is established, as shown in our governing documents, is to formulate and prepare schemes for and take all necessary steps for the advancement of education and the improvement of public taste through the medium of arts, and in particular the arts of drama, dancing, singing and music.

Our vision is of the Mercury as a theatre that touches the lives of all the people of Colchester and its surrounding area, contributes regionally to the development of new talent and new audiences, and carves out a truly national reputation for the quality of the work that it makes.

These objects are further summarised in our mission statement:

"The Mercury exists to put theatre at the heart of the cultural life of the community it serves and to make work in Colchester that reaches audiences and generates critical attention regionally and nationally."

The joint Chief Executives Tracey Childs and Steve Mannix lead the artistic and business of the organisation including the development of the company's business plan, the strategic aims of which are summarised below:

Strategic Aims

- To build a reputation for the quality and innovation of our programme.
- To grow and diversify our audience base for that programme.
- To exploit the touring and commercial potential of the work we make.
- To create exceptional visitor experiences.
- To recruit and retain the most talented team of staff and volunteers.
- To diversify income streams / build financial resilience.

Our strategic aims are monitored throughout the year by a variety of methods including:

- Internal and externally commissioned evaluation methods
- Audience surveys following each performance seeking feedback on both artistic quality, facilities and customer service
- Audience focus groups
- Measurement of audience data, feedback and attendance against regional and national trends
- Regular Board and staff conferences throughout the year

Whilst upholding these core values it remains the role of the board to:

- **Maintain a policy of inclusiveness and diversity.**
- **Ensure responsible financial control which is prudent and sustainable.**
- **Support the striving for excellence and high quality in all in which the theatre is involved.**

In shaping our objectives and planning our activities the trustees have considered the Charity Commission's guidance on public benefit, including guidance on public benefit and fee charging. The theatre relies on grants and income from tickets, fees, other income and secondary trading to cover its operating costs. In setting the level

for ticket prices, concessions and fees, the trustees give careful consideration to the accessibility of the theatre and its community activities to those on low incomes. The theatre offers a range of concessions over the mix of its activities including over 65, under 26, access and job seekers.

The company aims to benefit the community as a whole. In addition to an extensive annual programme of home productions, co-productions and visiting companies the theatre has a commitment to developing an audience through activities in and for the community. We are also committed to young people's and community development through an active Creative Engagement programme which provides extensive workshops and projects for schools, colleges and the wider public. The Mercury also provides facilities for a large number of local amateur and community groups.

Our extensive annual programme covers our own in house produced work, a pantomime and a mix of co-produced and visiting drama together with visiting live entertainment events across a wide range of genres.

This programme utilises both the main auditorium and studio facilities. In addition, each year our objective is to invest in, and engage in, activities and projects that develop our artistic policy through engaging with hard to reach audiences and support for new and emerging artists at the start of their career. These activities can be at the theatre or at other locations.

(See Achievements and Performance below for activities undertaken to contribute to these aims and objectives).

Achievements and Performance

2020/21 was a year like no other in our collective history. The impact of the international pandemic on our society and the world has been traumatic for all our personal and professional lives. Particularly hard hit throughout has been the arts, leisure and hospitality sectors having being forced to close for the whole year.

At the start of the year we were forced to have to cancel performances of our site specific show *Borders* in the old Library in Colchester Town Hall. At this stage it was unclear as to how long the initial lockdown period would be and the wider impact on our work.

As the year progressed with further lockdowns the challenges presented by Covid went on for much longer than anyone had ever anticipated. At the end of the period it was still unclear from Government guidelines when the Mercury would be able to re-open. Even if we had been able to re-open under social distancing at a reduced capacity of 50% this would have been financially unviable (with the losses from box office sales alone).

Against all the the odds we were able to 'weather the storm'. However, it is evident that recovery to 'business as normal' will take much longer than envisaged not only in terms of ensuring the safety of our staff and audiences but the return of our usual business streams coming back online. There remains very limited availability of touring product. Producers and companies are not willing to 'risk' of being 'out on the road'. They all face the threat of cancellation, the lack of adequate insurance cover and the financial risk from reduced houses as well as the health and wellbeing of their staff and artists.

However, when compared to the majority of our sector and other similar sized regional producing theatres the Mercury has been incredibly lucky.

In the previous financial year, we had reduced our staff numbers to accommodate a year of limited performances and events due to the capital project. As we were closed we avoided the additional liabilities that others encountered such as staffing, overheads or the cancellation of work being on stage, contracted or in development.

During the year we lost at least **£2.9 million** of income across our box office, ancillary sales, fundraising and associated trading.

The health and well-being of our staff and freelance artists and creatives has been of paramount importance for our Board and Senior Management. A range of measures were put in place throughout the year to ensure that they were supported through this traumatic period including additional training in mental health awareness, staff socials and regular 'check in's'.

We are pleased to report that we were able to retain all of our permenant staff with no redundancies. In addition, we established a confidential Hardship Fund with small grants to support our freelancers and their dependants who had worked with us in the previous two years.

We are eternally grateful to Arts Council England, Colchester Borough Council and the Dept for Culture Media and Sport for their support of our work through continued revenue funding and their emergency grant aid related to Covid.

We would also like to thank the Garfield Weston Foundation and the Wolfson Foundation for their emergency funding. These two funders have been particularly generous in their support for both our capital project, running costs and enabling us to invest in work to present on-re-opening.

During the financial year we employed 37 (full time) staff.

In 2020/21:

The core focus of the year was to maintain a programme of performances and events online for our audiences, to ensure the financial viability of the organisation, protect and support our staff and freelancers and continue to work on site with our partners and contractors to complete our new building.

Reach and Engagement

Given the extraordinary circumstances we experienced during the year, the Mercury was able to both embrace performances, workshops and young people's activities through digital channels and social media.

Prior to 2020/21, the Mercury had very limited knowledge and experience of presenting work across these platforms. As an organisation we have learnt a great deal that will fundamentually inform our future programming, artistic content, commissions and partnerships.

Colchester Mercury Theatre Ltd

Trustees' Report for the Year Ended 31 March 2021

We are proud that against all the odds we were not only able to continue to serve our existing attenders but also reach new audiences who would have otherwise not been able to experience our work both locally, across the UK and internationally.

During 2020/21 we were able to offer the following range of work online:

- Workshops for children and young people
- Masterclasses and training events
- A Festival of New Theatre (in partnership with Essex University)
- Artist Networking Events
- Play Readings
- Family Sing a longs and story reading

Number of Digital Events:	**118**
Audience Attendance:	**5,513**
Number of Access Performances:	**10**

Prior to this year we only had two of our live shows recorded at broadcast standard that we were able to stream during the year:

Cinderella

Easter Screening:	**61,272**
December Schools Screening:	**336,000**
December Care Homes (Essex):	**10,860**
December household screening:	**11,092**
Total:	**419,224**

It should be noted that the Cinderella was one of the only fully subtitled pantos available in England.

Pieces of String

Easter Screening	**7,200**

Given the success of these screenings we are in the process of raising funds to buy more equipment to enable us to film and record our work in future.

Digital Theatre Festival	**210**
Events	**13**

Participation and Engagement Activities

Creative Engagement Sessions	**214**

(across Schools, Youth Theatre, Care Homes)

Mercury Creatives Launch	**96**
Mercury Creatives Sessions	**96**
(mentoring/advice)	
Mercury Creatives Applications	**118**
Businesses supported	**110**
Master Classes	**21**
Mercury Reads (Play Readings)	**6**
Mercury Connects	**6**
(Artist networking)	
Youth Theatre Sessions	**60**
LGBTQ History Month (Feb '21)	**8**
Borders photographic competition Total Entrants:	**19**

SECCADS creative business development

Number of participants:	**17**
Number of sessions:	**6**

Essex Theatre Artists Network

Total Members:	**899**

Other projects continued to be developed on line including:

- The Mercury Teachers' Network continued to work in partnership with teachers from Colchester and Essex. We continue our partnership with Royal Opera House Bridge to support this aspect of our work.

- Creative Engagement staff worked with other local organisations and the Royal Opera House Bridge to establish a Local Cultural Education Partnership to ensure the future engagement of schools in the quality provision of arts and cultural activities.

- Our Aspire, Share Create continued during the year on line in response to a gap in out of school provision for young people with autism spectrum conditions in partnership with Autism Anglia. This programme continued to be funded by Essex County Council and Action for Children.

- Due to the pandemic we were unable to offer our usual work experience and internships placement. However, we were able to offer these young people access to our masterclasses and workshops for free to enable them to gain

some knowledge of the industry. These were presented in partnership with Essex University and Colchester Institute.

- Our Mercury Creatives programme continued on line during the year with support from the European Regional Development Fund. The programme aims to offer mentoring, training and professional development to artists and creative businesses across the South East LEP region.

  This programme became a lifeline for these sole traders and SME's through extremely tough times. We are proud to have been able to support **110** businesses survive.

Productions & Activities

Throughout the various lockdowns, the Mercury continued to be active in the civic life and well-being of Colchester and Essex through board and project group representation in forums such as Creative Colchester, Colchester Business Improvement District (BID), Essex Chamber of Commerce, Haven Gateway Partnership and Visit Essex.

In addition to these forums, our Executive Director was asked to join the Covid Emergency Response Board for Colchester.

As an organisation throughout this period we were proud to have been able to contribute towards the well-being of our local community. Staff volunteered to deliver food parcels and medicines, our wardrobe team made masks and scrubs for the local hospital and we provided free space to enable local schools to host lessons and our local mosque to pray in a safe socially distanced environment.

***Mercury Rising* - Large Capital Scheme**

Against the challenging backdrop of the pandemic, the Mercury's Board, Executive and Senior Management continued to develop the scheme during the year in partnership with Colchester Borough Council and Colchester Borough Homes.

The challenges of the various lockdowns had a significant impact on the programme of works resulting in completion being eventually 10 months late. This was as a result of:

- The requirement to reduce contactors allowed on site to 25% of normal working
- Interruptions in the supply chain for materials
- Contractors and their staff shielding or self-isoltaing and therefore not being available when scheduled.

Post this period the project was eventually completed and received practical completion on the 20th April and had a 'soft opening' late May (front of house and bar/café area with our Creative Engagement programme commencing on the 1st June and performances late July.

At the start of the year we were just **£200,000** away from our fundraising target with more than **£1.2 million** confirmed from individual donors, Trusts and Foundations and the corporate sector. Support was also secured during the year from the Government's Town Deal Scheme **(£350,000)** and a loan of **£400,000** from NESTA.

The impact of Covid on project costs was significant. However, we were grateful to receive emergency funding from Arts Council England/DCMS Kick Start Scheme **(£864,089)** and additional support from Colchester Borough Council **(£300,000).**

SELEP and Essex County Council indicated at the end of the period that they would consider further applications to meet any shortfall as a result of Covid.

Therefore confirmed funding at the end of the period was **£11,363,402** against a revised target of **£11,636,402.**

Further funding bids were submitted during the period for decisions early in 2021/22.

The project continued to meet all necessary RIBA Stages, tendering and procurement processes.

A Joint Working Group met on a monthly basis with Colchester Borough Council, Colchester Borough Homes, Arts Council England and Essex County Council. In addition, the Mercury's Board of Directors established a Capital Sub Committee to ensure appropriate governance of the scheme with a further internal Capital Operations Group made up of Senior Management and Heads of Department managing the associated day to day work streams.

The scheme was project managed by Colchester Borough Homes and the majority of the funding will therefore be paid directly to Colchester Borough Council and will not be reflected in the financial statements of the Theatre.

Financial Review

The Mercury Theatre's continued artistic achievements have ensured a solid financial performance. As with all organisations of this type and size we must ensure that we maintain both customer experience and artistic development.

The Statement of Financial Activities (SOFA) shows income and expenditure for the charitable group and differentiates between unrestricted, designated and restricted funds allocated for specific purposes. The total income, including recovery of theatre tax credit, for the year was £2,049,529 (2020 £3,464,982).

During the financial year capital projects and organisational development work were carried out, but despite this designated reserves increased by £372,818. The total unrestricted reserves increased by £366,859 and the Trustees are of the opinion that the designated reserves should be utilised for the furtherance of the company's main objectives. There are also £357,703 restricted reserves (2020 £389,376) – some of the project activities in relation to these reserves have not yet been carried out and some relates to grants received re the studio development project capitalised of £53,300 and the Mercury Rising campaign of £106,419.

It is envisaged the that designated reserves will be utilised within the next 5 years as major capital development and audience development projects are scheduled. The smaller restricted reserves will be utilised as and when the relevant project is implemented – this is likely to be within the next 2 financial years. The funding received re large capital project will be utilised within the next 2 financial years. A total of £553,882 (2020 £372,866) of designated reserves and a total of £53,300 (2020 £133,250) of restricted reserves is held in fixed assets.

The Colchester Mercury Theatre continued to receive revenue funding from Arts Council England of **£791,682** and Colchester Borough Council **£168,175**, together with project and emergency funding as shown in note 4 to the financial statements.

The Board appreciates the continued support of the major funders and also the support of other funders throughout the financial year.

The Board considers that the charity's financial position at the balance sheet date is satisfactory.

Investment powers and policy

Under the Memorandum and Articles of Association, the charity has the power to invest in any way the trustees wish.

The trustees, having regard to maintaining a low risk investment portfolio and the liquidity requirements of operating the theatre, have operated a policy of keeping available funds in interest bearing deposit and treasury accounts and seek to achieve as high a rate of interest as possible in the current economic climate.

Reserves policy

It is the policy of the trustees to maintain an Operational Reserve Fund commensurate with the possible risks that the charity may face. The trustees consider that the required level of such a fund should currently be in the region of **£200,000** which is to cover core operational costs for a period of 3 months. At 31st March 2021, this fund had a balance of **£238,064** (excluding funds tied up in fixed assets). This policy is reviewed regularly and the required level may be increased should this be deemed necessary.

Fundraising Activities

As for many charities, raising voluntary funds from trusts, foundations and individuals is a vital source of income for the Mercury, enabling us to fulfil our charitable objectives as effectively as possible. We are very grateful for the support given by all our donors.

The Mercury believes that fundraising should be an open, honest and respectful process. We aim to build and maintain solid partnerships with our supporters and donors, based on mutual understanding and shared values. In developing our approach to fundraising we have taken account of the Code of Fundraising Practice issued by the Fundraising Regulator and we are members of the Institute of Fundraising.

The Mercury operates with one full time fundraising member of staff. External professional fundraisers are contracted on a project basis but are closely monitored and do not directly engage with donors. The Mercury does not engage in face-to-face or telephone fundraising or any further commercial agreements that might endanger our reputation.

During the year, the Mercury continued to monitor its use of data. Our Privacy Policy is published on our website, and clearly states what personal data the Mercury will hold in relation to supporters and audiences and how this data will be used. It sets out how individuals can raise concerns or complaints. The Mercury has received no complaints about its fundraising activities during the financial year.

Post Balance Sheet Activities

In response to the March 2020 public health emergency around Covid-19, during the year the Mercury supported all staff to be able to work at home and postponed all planned face to face activity. The Executive Director and Projects and Facilities Manager worked in partnership with Colchester Borough Homes, Colchester Borough Council and Phelan's our main contractor to ensure that the site complied with all health and safety regulations.

Further details on how the Mercury managed these unprecedented events, continued to operate and complete our *Mercury Rising* Capital project are included in the sections below.

Going Concern

Having reviewed the charity's financial forecasts and expected future cash flows, the Trustees have a reasonable expectation that the charity and group have adequate resources to continue in operational existence for the foreseeable future, although this is subject to the unprecedent issues around Covd-19. Thus the going concern basis has been adopted in preparing these financial statements for the year ended 31st March 2021.

Principle Risks and Uncertainties Relating to Covid-19

At a meeting in March 2020, the Board set out the risks in relation to the Covid-19 pandemic and agreed an interim emergency meeting structure with the Executive Team to continue to monitor the situation and review risks on a weekly basis. The risks include:

- Cash flow
- Loss or unavailability of key personnel
- Protection of the theatres' assets and completion of the capital project
- Going concern
- Impact on the wider economy and available public, charitable and private grants and donations.
- Impact on youth and community partner organisations
- Impact on artists and the wider freelance theatre sector

Financial Uncertainties Related to Covid-19 and Mitigated Action

Arts and cultural organisations across the UK were deeply affected by the closure orders by the Government and the lockdowns throughout 2020/21. Initially there was no guidance but as time went on more formal information and guidelines were issued with varying timescales and caveats. It has been extremely challenging for producing theatres who have lost their primary source of income from performances but also to have to be forced to plan and re-plan.

The Executive, Senior Management and Trustees responded by:

- Ensuring all staff and Trustees were safe and secure
- Reducing all running costs as much as possible
- Frontloading grant income where possible
- Furloughing a significant proportion of staff (in rotation to ensure our online programme could continue and work on the capital project continues)

The Senior Management team undertook extensive planning to re-budget and draft detailed cashflows during the period that indicated the Mercury would be able to meet its costs and liabilities for 12 months. However, this would have resulted in having to use its reserves, continued public funding and secure additional support. The Executive team pursued all avenues to secure additional financial support and were grateful for support from the Government's Cultural Recovery Fund of **£250,000** to support salaries and overheads and a further **£864,089** towards capital.

In addition, the Mercury benefited from CJRS payments (Furlough) during the year of **£213,788** and two awards from national Foundations of **£220,000.** Without this support the organisation would have been a dire financial position and could have easily faced closure.

The Impact of Covid-19 on the Charity's Ability to Fundraise and How This is Being Managed

Whilst Covid-19 and the impact of not being able to re-open and launch our new building has had a severe impact on the majority of our self-generated income such as box office and trading, the Mercury re-doubled its efforts to secure income from other sources. Our Friends Scheme has been re-designed and re-launched alongside our new website to encourage online donations and bids submitted to Trusts and Foundations for emergency funding.

The Impact of the Virus on Staff and Beneficiaries and the Implications for the Charity's Operation and Activities.

The majority of both permanent and casual staff (apart from a core management team of 5) were furloughed on rotation (in order to allow us to continue an online programme and continue to complete building work). Staff only visited the theatre for operational reasons. New methods of communication and support have been developed for all staff working at home through online staff meetings, regular 'check-ins' and other social events.

During the year, Mercury staff very quickly converted all face-to-face activities on line and were able to offer a range of activities including:

- Online screening of past productions (e.g. Cinderella and Pieces of String)
- Masterclasses
- Networking Events
- Youth Theatre sessions
- Family activities and sing a longs

The Impact on the Charity's reserves policy, level of reserves and any change to the designated funds set aside for future commitments

When compared to many in the sector, the Mercury has been relatively lucky as at the end of the year the building was closed and our core staff had already been reduced in order to accommodate our capital project.

We have been able to retain our reserves and not allocate funds to meet general operating costs.

Plans for Future Periods

The current business plan lays out the broad future for the Mercury. These will be developed further by the Executive Team in early 2022.

Given the major impact of the *Mercury Rising* Capital scheme, the next two years will be a period of significant change for the organisation. However, we have a once in a generation opportunity of embracing new facilities for our artists, audiences and users to use and enjoy.

A limited (and scaleable) programme has been devised to ensure that the Mercury is still able to produce and engage audiences but most importantly remain financially stable, risk aware and safe.

With the support of the Arts Council and DCMS Cultural Recovery Fund, the Mercury has been able to invest in planning for its future and the re-opening of the new building:

- Pilot Youth and Community Programme (implementing Covid-19 safety measures) from 2021/22 in the new building.
- All PPE costs – screens, temperature checking devices etc
- Staff Training – Covid Health and Safety
- Business Consultant to review current and future aims and objectives
- Health and Safety Consultant
- Marketing campaign to build confidence amongst vulnerable audience members (including new access videos for disabled audiences and video content featuring new Covid safety measures

1. In 2021/22 The Mercury Theatre aims to:

At the year-end the prospect of when the theatre would be able to re-open in a safe manner was extremely uncertain. The Senior Management and Trustees continued to review Government Guidelines.

Post period end, after five years, our aim to re-open our new theatre was finally realised at the end of June 2021 with live performances commencing in late July.

Throughout this year where possible we will seek to continue to deliver a range of creative engagement and talent opportunities online, at the Mercury and elsewhere in the community to target groups and those interested in developing professional skills in the arts.

We will continue to provide opportunities for other amateur and community groups to present their work

2. To become one of the leading centres of excellence for the theatre industry by:

a) Ensuring excellence in quality of work

b) Building on co-producing and UK touring

c) Working in partnership with other relevant organisations

d) Building upon international links developed in recent years

e) Fostering artistic growth and development

f) Developing skills of staff at all levels

g) Building the reputation of the Mercury Theatre, Colchester and the East of England

h) Maintaining excellence in production and workshop facilities

3. To build audience volumes and the age range and diversity of audiences by:

a) Working with Colchester Borough Council, Essex County Council and other local and regional arts organisations to develop existing Learning and Participation Programme

b) Developing an engagement programme for young people

c) Exploiting the opportunities provided by our website and other digital platforms

d) Reviewing current marketing operation, including staffing levels, to ensure maximum efficiency and impact

Trustees' responsibilities in relation to the financial statements

The trustees (who are also directors of Colchester Mercury Theatre Ltd for the purpose of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group and the incoming resources and application of resources, including the income and expenditure of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- State whether a Statement of Recommended Practice (SORP) applies and has been followed, subject to any material departures which are explained in the financial statements.
- Make sound judgements and estimates that are reasonable and prudent.
- Comply with applicable Accounting Standards, including FRS 102, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enables them to ensure that the financial statements comply with the Companies Act 2006. The trustees 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.

Colchester Mercury Theatre Ltd

Trustees' Report for the Year Ended 31 March 2021

In accordance with company law, as the company's directors, we, the trustees certify that:

- So far as we are aware, there is no relevant audit information of which the company's auditors are unaware.
- As the directors of the company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Auditors

The auditors, Moore Kingston Smith LLP, are deemed to be reappointed under section 487 (2) of the Companies Act 2006.

Finally, we would like to thank the senior management team and all staff members of the Mercury for all their work and ongoing commitment to our theatre.

The Strategic Report, which forms part of the Trustees Report, is approved by the Trustees in their capacity as directors of the company. The Trustees Report was approved by the members of the Board on 7th December 2021 and signed on their behalf by:

By order of the trustees

Kathleen Hamilton
Chair

Hazel Skayman
Company Secretary

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF COLCHESTER MERCURY THEATRE

Opinion

We have audited the financial statements of Colchester Mercury Theatre (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2021 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

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 are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating 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's and parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' annual report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 require us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 16, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group and parent charitable company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or parent charitable company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Explanation as to what extent the audit was considered 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.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are [the Companies Act 2006, the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council.

- We obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance.

- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.

- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.

- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 or intentional misrepresentations, or through collusion.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and, in respect of the consolidated financial statements, to the charity's trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters which 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 any party other than the charitable company, the charitable company's members, as a body, and the charity's trustees, as a body, for our audit work, for this report, or for the opinion we have formed.

Moore Kingston Smith LLP

Karen Wardell (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP, Statutory Auditor

10 December 2021

Devonshire House
60 Goswell Road
London
EC1M 7AD

Moore Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

Colchester Mercury Theatre Ltd
Year ended 31 March 2021
Consolidated Statement of Financial Activities
(Incorporating Income and Expenditure Accounts)

	Note	Unrestricted Funds Operational	Unrestricted Funds Designated	Restricted Funds	Restricted Large Capital Funds	Total Funds 2021	Total Funds 2020
INCOME FROM:		£	£	£		£	£
Donations and legacies	4	**1,578,401**	**13,283**	**209,059**	**178,140**	**1,978,883**	1,647,348
Other trading activities	5	**28,232**	-	-	-	**28,232**	220,528
Investment income	7	**926**	-	-	-	**926**	3,836
Charitable Activities							
Operation of the theatre	3	**41,487**	-	-	-	**41,487**	1,518,680
TOTAL INCOME		**1,649,046**	**13,283**	**209,059**	**178,140**	**2,049,529**	3,390,392
EXPENDITURE ON:							
Raising funds	8	**31,334**	-	-	-	**31,334**	167,115
Charitable Activities	9	**1,382,254**	**147,474**	**138,278**	**15,002**	**1,683,008**	3,369,100
TOTAL EXPENDITURE		**1,413,588**	**147,474**	**138,278**	**15,002**	**1,714,342**	3,536,215
NET (EXPENDITURE)/INCOME		**235,458**	**(134,191)**	**70,781**	**163,138**	**335,186**	(145,823)
Other Recognised Gains - Theatre Tax Credit	6		-	-	-	-	74,590
Transfers Between Funds	20	**(241,417)**	**507,009**	-	**(265,592)**	-	-
Net Movement in Funds		**(5,959)**	**372,818**	**70,781**	**(102,454)**	**335,186**	(71,233)
Funds b/f		**244,023**	**493,073**	**181,003**	**208,373**	**1,126,472**	1,197,705
Funds c/f		238,064	865,891	251,784	105,919	**1,461,658**	1,126,472

The Statement of Financial Activities includes all gains and losses in the year and therefore a statement of total recognised gains and losses has not been prepared.

All of the above amounts relate to continuing activities

The notes on pages 24 to 35 form part of these financial statements

Colchester Mercury Theatre Ltd
Year ended 31 March 2021
Consolidated Balance Sheet

		Group		Company	
		2021	2020	2021	2020
Fixed Assets	Note	£	£	£	£
Intangible Fixed Assets	13	**44,824**	38,652	**43,974**	37,632
Tangible Fixed Assets	14	**564,123**	469,401	**564,123**	469,401
Investments	15	**-**	-	**200**	200
Current Assets					
Stocks	16	**11,131**	11,131	**11,131**	11,131
Debtors	17	**312,199**	207,928	**340,806**	201,933
Cash at Bank and In Hand		**1,573,035**	1,313,156	**1,093,616**	978,545
		1,896,365	1,532,215	**1,445,553**	1,191,609
Current Liabilities					
Creditors:					
Amounts falling due within one year	18	**(771,952)**	(642,094)	**(395,083)**	(375,260)
Net Current Assets		**1,124,413**	890,121	**1,050,470**	816,349
Net Assets		**1,733,360**	1,398,174	**1,658,767**	1,323,582
Creditors:					
Amounts falling due after one year	19	**(271,682)**	(271,682)	**(271,682)**	(271,682)
		1,461,678	**1,126,492**	**1,387,085**	**1,051,900**
Represented by:					
Share Capital	22	**20**	20	**20**	20
Unrestricted Operational Fund		**238,064**	244,023	**163,471**	169,431
Unrestricted Designated Fund		**865,891**	493,073	**865,891**	493,073
Total Unrestricted Funds	20	**1,103,955**	737,096	**1,029,362**	662,504
Restricted Funds	20	**357,703**	389,376	**357,703**	389,376
Total funds		**1,461,678**	1,126,492	**1,387,085**	1,051,900

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

As permitted by S408 Companies Act 2006, the Company has not presented its own Statement of Financial Statements and related notes. The net income of the Charitable Company alone was £335,185 (2020 - £151,090).

These financial statements were approved by the Members of the Board on the 7th December 2021 and are signed on their behalf by:

K Hamilton

K Hamilton
Director

Company Registration Number 441035

Colchester Mercury Theatre Ltd
Year ended 31 March 2021
Consolidated Statement of Cash Flows

	Note	2021 £	2020 £
Net cash inflow from operating activities	(i)	**544,920**	(273,278)
Cash flows from investing capital:			
Interest received		**926**	3,836
Purchase of property, plant and equipment and intangible assets		**(285,967)**	(147,381)
Net cash used in investing activities		**259,879**	(416,823)
Cash flows from financing:			
Loans received		-	400,000
Repayments of loans		-	(31,340)
Net cash inflow from financing activities		-	368,660
Change in cash and cash equivalents in the reporting period		**259,879**	(48,163)
Cash and cash equivalents at the beginning of the year		**1,313,156**	1,361,319
Cash and cash equivalents at the end of the year		**1,573,035**	1,313,156

Notes to the cash flow statement

i) Reconciliation of changes in resources to net inflow from operating activites

Net income	**335,186**	(71,233)
Depreciation	**170,870**	132,764
Loss on disposal of assets	**7,544**	-
Amortisation	**6,659**	5,879
(Increase)/decrease in debtors	**(104,271)**	92,443
(Increase)/decrease in stock	-	8,568
Bank interest receivable	**(926)**	(3,836)
(Increase)/decrease in creditors	**129,858**	(437,863)
Net cashflow from operating activities	**544,920**	(273,278)

ii) Analysis of changes in net debt

	At 1 April 2020 £	Cashflows £	Other non-cash changes £	At 31 March 2021 £
Cash and cash equivalents				
Cash in-hand	1,313,156	259,879	-	1,573,035
Borrowings				
Debt due within one year	(96,978)			(96,978)
Debt due over one year	(271,682)			(271,682)
	944,496	259,879	-	1,204,375

1) Accounting Policies

Company Status

Colchester Mercury Theatre Limited is a private company limited by shares (company no 441035) and registered with the Charity Commission (registration no 232387). It is registered in England and Wales and it's registered office is Mercury Theatre, Balkerne Gate, Colchester, Essex, CO1 1PT.

a) Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The company is a public benefit entity for the purposes of FRS 102 and a registered charity and therefore has also prepared its financial statements in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance the Financial Reporting Standard applicable in the UK and Republic of Ireland (The FRS 102 Charities SORP), the Companies Act 2006 and Charities Act 2011.

The financial statements are prepared in sterling which is the functional currency of the company. Monetary amounts in these financial statements have been rounded to the nearest pound.

b) Going Concern

The financial statements are prepared on a going concern basis which assumes that the charitable group will continue in operational existence for the foreseeable future. The impact of the COVID-19 pandemic, which required all theatres to close from 16 March 2020, has been significant. However, during the year funding of £250,000 was secured from the Department of Media and Sport's cultural recovery fund and a further £120,000 covid support was secured from the Wolfson Foundation. This support, together with income from the CJRS of £213,788, meant that the Theatre did not need to draw on it's reserves. The Trustees have designated an amount of £241,000 out of unrestricted reserves at 31st March 2021 as a Covid emergency fund to support future operations.

Each of the major funding bodies - Arts Council England East and Colchester Borough Council - have indicated that their support of the theatre will continue until at least 31st March 2022. However, Arts Council England have indicated their support to 31st March 2023 in the National Portfolio Organisation agreement with the theatre and Colchester Borough Council have indicated their support to 2023/24 in the current funding arrangement and then for a further 4 years under a new funding settlement.

During the year the company, in partnership with Colchester Borough Council and Colchester Borough Homes, continued the major capital re-development. The total cost of this re-development was £11.6 million. The scheme was project managed by Colchester Borough Council and the majority of the income and expenditure will therefore not be received or incurred by the company. The scheme is being supported by Arts Council England, Essex County Council, Colchester Borough Council, South East Local Enterprise Partnership, European Regional Development Partnership and other trusts and foundations. To date £11.4 million has been raised.

In response to the March 2020 public health emergency re Covid-19, the Theatre was required to support all staff to be able to work from home and to postpone all face to face activity. The Executive Director and Project and Facilities Manager worked in partnership with Colchester Borough Homes, Colchester Borough Council and the main contractor to ensure that the site complied with all health and safety regulations. The impact of the pandemic resulted in the project completion being delayed by 10 months. Further details on how the Theatre managed these unprecedented events, continued to operate and completed the capital redevelopment are included in the Trustees Report.

Since 31 March 2021 the charity has been successful in securing funding from the Department of Culture, Media and Sport's Cultural Recovery Fund rounds 2 and 3 , with 2 grants of £125,000 being received respectively. This funding, together with support from individual and corporate donors and trusts and foundations, is expected to ensure that the charity will achieve a surplus in 2021/22 financial year, with reserves at least maintained at the March 2021 level.

Having reviewed the assets available to the charity and its expected future funding arrangements, of which £1,060k has been secured at the date of approval of these financial statements, the Trustees have a reasonable expectation that the charity and group have adequate resources to continue in operational existence for the foreseeable future and not less than twelve months from the date of approval of these financial statements, although this is subject to the unprecedented issues around Covid-19. Thus the going concern basis has been adopted in preparing these financial statements for the year ended 31st March 2021.

c) Consolidation

The SOFA and Balance Sheet consolidate the financial statements of the charitable company and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis. The charitable company has taken advantage of the exemption from presenting its unconsolidated income and expenditure account available under section 408 of the Companies Act 2006.

d) Income

Donations - Comprises all income from donations, subscriptions and grants, including government grants. It is recognised on a receivable basis in the appropriate fund when there is entitlement to the income, probability of receipt and the amount can be reliably measured.

Other trading activities - Comprises income from trading associated with attending the theatre, royalties, letting of the restaurant, bar and other areas and is recognised on a receivable basis.

Income from Charitable Activities - Comprises ticket income from performances and activities at the theatre and other venues as appropriate, income for community projects and hire of main house and studio all of which are recognised on a receivable basis. Box office income is recognised when productions take place.

Investment Income - Comprises interest received held in appropriate interest bearing accounts. All interest received is credited to operational funds and is recognised on a receivable basis.

Government grants - where the charity receives government grants, it recognises this as income only where there is reasonable assurance that the charity will comply with the conditions attaching to them and the grants will be received. This includes grants received from Arts Council England as they are an executive non-departmental public body.

e) Expenditure

The costs of activities for raising funds represents the direct cost of trading associated with attending the theatre, royalties and other income together with allocated support costs and the direct costs associated with securing donations, subscriptions and grants and other income together with allocated support costs..

The costs relating to charitable activities relate to direct expenditure on performances and activities at the theatre and other venues as appropriate. It also includes costs relating to community projects and auditorium and studio hire together with allocated support costs.

Governance costs represents direct expenditure of Board activities together with allocated support costs.

Support costs relating to a single activity are allocated directly to that activity. Where support costs relate to more than one activity they have been allocated on the basis of staff time and resources consumed by each activity.

All expenditure is accounted for on an accrual basis and is recognised when there is a legal or constructive obligation to pay.

Provision has been made where appropriate, for relevant expenses and liabilities where a present obligation exists at the balance sheet date.

f) Productions

1) For productions occurring wholly within one financial year box office and venue fees are recognised in that year and costs are recognised as incurred. Typically costs are incurred in advance of revenue being generated.

2) Where a production spans the year-end and is expected to be loss making, the expected loss is recognised in full in the year in which the loss is foreseen.

3) Where production set up costs have been incurred prior to the year-end but the production has not yet opened, the set up costs are carried forward at the balance sheet date as deferred production costs until such time as the production opens.

g) Pensions

The company offered a voluntary stakeholders scheme to its employees and those on short term equity contracts and also operates a defined contribution pension scheme which meets the Government's requirements under auto enrolment . The company contribution costs are included in the Statement of Financial Activities as they fall due.

1) Accounting policies continued

h) Operating lease commitments

Rentals payable under operating leases are charged against expenditure as incurred over the lease term.

I) Intangible assets

Intangible assets comprise the cost of a licence enabling the premises to be used to hold wedding ceremonies and a new website and finance package. Intangible fixed assets are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses as follows:

Licences	10% Straight line
Website	10% Straight line
Computer software	10% Straight line

J) Capitalisation of fixed assets

Fixed assets are shown on the balance sheet at historical cost less depreciation. Fixed assets costing more than £500 are capitalised at cost.

Depreciation

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

Theatre Equipment	15 to 33.33% Straight Line
Capital Grant	15 to 33.33% Straight Line
Motor vehicles	15 to 33.33% Straight Line

Fixed assets are subject to an annual impairment review and review of estimated useful life.

Studio Development

Costs incurred relating to the development and re-furbishment of the Studio Theatre have been capitalised. These are now depreciated in line with the company's depreciation policy of 15% straight line as the studio has been brought into use.

Large Capital Development

Costs incurred relating to the large capital development and re-furbishment of the Theatre have been capitalised. These will be depreciated once the development is complete.

Within the large capital development, costs have been incurred relating to the refurbishment of temporary office accommodation. These are being depreciated in line with the company's depreciation policy of 15% straight line as the office accommodation has been brought into use.

k) Stocks

Stocks of merchandise and other goods for resale are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

l) Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

m) Fund Accounting

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

Restricted Funds - These are earmarked by the donor, or the terms of an appeal, for specific purposes within the overall aims of the organisation. The donation and income deriving therefrom will be used in accordance with the specific purposes.

Unrestricted Operational Funds - Funds which are expendable at the discretion of the Board in furtherance of the objects of the charity.

Unrestricted Designated Funds - The Board may at its discretion set aside unrestricted funds for specific purposes.

n) Financial Instruments

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and short term deposits with a maturity date of three months or less.

Debtors and creditors

Debtors and creditors receivable or payable within one year of the reporting date are carried initially at their transaction price and subsequently at settlement value. Debtors and creditors that are receivable or payable in more than one year and not subject to a market rate of interest are measured at the present value of the expected future receipts or payment discounted at a market rate of interest.

2) Critical accounting estimates and areas of judgement

In the view of the trustees in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

Useful economic lives

The annual depreciation charge for tangible and intangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives, amortisation and residual values are re-assessed annually. They are amended when necessary to reflect current estimates based on technological advancement, future investment, economic utilisation, and the physical condition of the assets. Note 13 and 14 gives the carrying amount of the relevant assets and Note 1j details the useful economic life for each class of asset.

3) Income from the operation of the theatre

	Unrestricted 2021	Unrestricted 2020
	£	£
Box office receipts	**11,203**	1,263,015
Co-production income	**-**	-
Royalties income	**1,155**	-
Theatre rentals	**6,200**	40,121
Community & Education	**16,570**	32,867
Other income	**6,359**	182,677
	41,487	1,518,680

4) Grants & donations

	Unrestricted Income	Restricted Income funds	Restricted Capital Funds	2021	2020
		£	£	£	£
Voluntary Income					
Arts Council England - core	**791,682**	-	-	**791,682**	777,378
Colchester Borough Council - core	**168,175**	-	-	**168,175**	168,175
Arts Council England - Cultural Recovery Fund	**250,000**	-	-	**250,000**	-
Colchester Borough Council - Retail, Hospitality & Leisure grant	**10,000**	-	-	**10,000**	-
HMRC - CJRS	**213,788**	-	-	**213,788**	-
	1,433,645	-	-	1,433,645	945,553
Income from grants - see below	**120,000**	**209,059**	**118,595**	**447,654**	492,318
Other donations:					
Mercury rising campaign	-	-	**59,545**	**59,545**	159,116
Individuals & corporate memberships	**38,039**	-	-	**38,039**	50,361
	38,039	-	**59,545**	**97,584**	209,477
Total shown as voluntary income	**1,591,684**	**209,059**	**178,140**	**1,978,883**	1,647,348
2019: Split between	995,914	120,443	530,991	1,647,348	

There are no unfulfilled conditions or other contingencies attaching to the government grant income detailed above.

The company has not benefited from other government funded assistance.

Income from grants

	Unrestricted Income	Restricted Income funds	Restricted Capital Funds	2021	2020
		£	£	£	£
Trusts & Foundations:					
Essex County Council - Resorting to the Coast	-	-	-	-	13,286
Action for Children	-	**19,998**		**19,998**	29,178
Tamasha	-	-	-	-	13,305
Heritage Lottery Fund	-	-	-	-	8,000
ADESTE	-	**28,755**		**28,755**	69
European Regional Development Fund	-	**35,835**	-	**35,835**	42,305
SE Creatives	-	-	-	-	14,300
Foyle Foundation	-	-	-	-	100,000
Bradbury Foundation	-	-	-	-	40,000
Wolfson Foundation	-	-	-	-	25,000
Garfield Weston Foundation	-	**100,598**	-	**100,598**	200,000
King Coels Kittens	-	-	-	-	6,875
Stage One	-	**23,873**	-	**23,873**	-
Wolfson Foundation (Covid support)	**120,000**	-	-	**120,000**	-
Linbury Trust	-	-	**50,000**	**50,000**	-
Bernard Sunley Foundation	-	-	**50,000**	**50,000**	-
CIF	-	-	**8,595**	**8,595**	-
The Hobson Charity			**5,000**	**5,000**	
The Theatres Trust	-	-	**5,000**	**5,000**	-
	120,000	**209,059**	**118,595**	**447,654**	492,318
2019: Split between	-	120,443	371,875	492,318	

5) Activities For Generating Funds

	2021	2020
	£	£
Trading associated with attending theatre performances and activities	**28,232**	220,528
	28,232	220,528

6) Commercial trading operations

The wholly owned trading subsidiary Colchester Mercury Trading Ltd, company number 9144550, which was incorporated in England and Wales on 23 July 2014, pays all its taxable profits to the charitable company by gift aid.

Colchester Mercury Trading Ltd provides the catering and bar facilities at Colchester Mercury Theatre and other commercial trading activities.

The company owns the entire issued share capital of 100 ordinary shares of £1 each. A summary of the trading results is shown below.

Summary profit and loss account:	2021	2020
	£	£
Turnover	34,301	294,741
Cost of sales	(19,629)	(197,296)
Administration expenses	(3,282)	(8,835)
Net profit	11,390	88,610
Retained earnings brought forward	-	-
	-	-
Distribution to parent charity under giftaid	(11,390)	(88,610)
Retained earnings carried forward	-	-

A Deed of Covenant was signed in the year ended 31st March 2021 creating an obligation for the company to pay taxable profits as a giftaid distribution to Colchester Mercury Theatre and therefore distributions have been accrued at 31st March 2021.

The assets and liabilities of the subsidiary were:		
Fixed assets	850	1,020
Current assets	484,078	340,456
Creditors - amounts falling due within one year	(484,828)	(341,376)
Total net assets	100	100
Retained profits	-	-
Aggregate share capital and reserves	100	100
Total funds	100	100

The wholly owned trading subsidiary Colchester Mercury Productions Ltd, company number 9144431, which was incorporated in England and Wales on 23 July 2014, pays all its taxable profits to the charitable company by gift aid.

Colchester Mercury Productions Ltd provides the route for commercial productions.

The company owns the entire issued share capital of 100 ordinary shares of £1 each. A summary of the trading results is shown below.

	2021	2020
	£	
Turnover	3,068	717,253
Cost of sales	-	(714,705)
Administration expenses	(3,068)	(2,548)
Net profit/loss	-	-
Retained earnings brought forward	74,590	151,087
Amount gifted to charity re 2017 & 2018 retained profits	-	(151,087)
Profit on ordinary activities before taxation	74,590	-
Theatre tax credit	-	74,590
Retained in the subsidiary	74,590	74,590

The assets and liabilities of the subsidiary were:

Current assets	82,038	78,499
Creditors - amounts due within one year	(7,348)	(3,809)
Total net assets	74,690	74,690
Retained profits	74,590	74,590
Aggregate share capital and reserves	100	100
Total Funds	74,690	74,690

7) Investment income

	2021	2020
	£	£
Bank interest receivable	926	3,836

8) Costs of generating funds

	2021	2020
	£	£
Bar & Front of House costs	290	126,582
Commercial work costs	13,882	16,196
Support costs (note 10)	17,162	24,337
	31,334	167,115

£31,334 relates to unrestricted funds (2020 £167,115)

1) Accounting Policies

Company Status

Colchester Mercury Theatre Limited is a private company limited by shares (company no 441035) and registered with the Charity Commission (registration no 232387). It is registered in England and Wales and it's registered office is Mercury Theatre, Balkerne Gate, Colchester, Essex, CO1 1PT.

a) Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The company is a public benefit entity for the purposes of FRS 102 and a registered charity and therefore has also prepared its financial statements in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance the Financial Reporting Standard applicable in the UK and Republic of Ireland (The FRS 102 Charities SORP), the Companies Act 2006 and Charities Act 2011.

The financial statements are prepared in sterling which is the functional currency of the company. Monetary amounts in these financial statements have been rounded to the nearest pound.

b) Going Concern

The financial statements are prepared on a going concern basis which assumes that the charitable group will continue in operational existence for the foreseeable future. The impact of the COVID-19 pandemic, which required all theatres to close from 16 March 2020, has been significant. However, during the year funding of £250,000 was secured from the Department of Media and Sport's cultural recovery fund and a further £120,000 covid support was secured from the Wolfson Foundation. This support, together with income from the CJRS of £213,788, meant that the Theatre did not need to draw on it's reserves. The Trustees have designated an amount of £241,000 out of unrestricted reserves at 31st March 2021 as a Covid emergency fund to support future operations.

Each of the major funding bodies - Arts Council England East and Colchester Borough Council - have indicated that their support of the theatre will continue until at least 31st March 2022. However, Arts Council England have indicated their support to 31st March 2023 in the National Portfolio Organisation agreement with the theatre and Colchester Borough Council have indicated their support to 2023/24 in the current funding arrangement and then for a further 4 years under a new funding settlement.

During the year the company, in partnership with Colchester Borough Council and Colchester Borough Homes, continued the major capital re-development. The total cost of this re-development was £11.6 million. The scheme was project managed by Colchester Borough Council and the majority of the income and expenditure will therefore not be received or incurred by the company. The scheme is being supported by Arts Council England, Essex County Council, Colchester Borough Council, South East Local Enterprise Partnership, European Regional Development Partnership and other trusts and foundations. To date £11.4 million has been raised.

In response to the March 2020 public health emergency re Covid-19, the Theatre was required to support all staff to be able to work from home and to postpone all face to face activity. The Executive Director and Project and Facilities Manager worked in partnership with Colchester Borough Homes, Colchester Borough Council and the main contractor to ensure that the site complied with all health and safety regulations. The impact of the pandemic resulted in the project completion being delayed by 10 months. Further details on how the Theatre managed these unprecedented events, continued to operate and completed the capital redevelopment are included in the Trustees Report.

Since 31 March 2021 the charity has been successful in securing funding from the Department of Culture, Media and Sport's Cultural Recovery Fund rounds 2 and 3 , with 2 grants of £125,000 being received respectively. This funding, together with support from individual and corporate donors and trusts and foundations, is expected to ensure that the charity will achieve a surplus in 2021/22 financial year, with reserves at least maintained at the March 2021 level.

Having reviewed the assets available to the charity and its expected future funding arrangements, of which £1,060k has been secured at the date of approval of these financial statements, the Trustees have a reasonable expectation that the charity and group have adequate resources to continue in operational existence for the foreseeable future and not less than twelve months from the date of approval of these financial statements, although this is subject to the unprecedented issues around Covid-19. Thus the going concern basis has been adopted in preparing these financial statements for the year ended 31st March 2021.

c) Consolidation

The SOFA and Balance Sheet consolidate the financial statements of the charitable company and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis. The charitable company has taken advantage of the exemption from presenting its unconsolidated income and expenditure account available under section 408 of the Companies Act 2006.

d) Income

Donations - Comprises all income from donations, subscriptions and grants, including government grants. It is recognised on a receivable basis in the appropriate fund when there is entitlement to the income, probability of receipt and the amount can be reliably measured.

Other trading activities - Comprises income from trading associated with attending the theatre, royalties, letting of the restaurant, bar and other areas and is recognised on a receivable basis.

Income from Charitable Activities - Comprises ticket income from performances and activities at the theatre and other venues as appropriate, income for community projects and hire of main house and studio all of which are recognised on a receivable basis. Box office income is recognised when productions take place.

Investment Income - Comprises interest received held in appropriate interest bearing accounts. All interest received is credited to operational funds and is recognised on a receivable basis.

Government grants - where the charity receives government grants, it recognises this as income only where there is reasonable assurance that the charity will comply with the conditions attaching to them and the grants will be received. This includes grants received from Arts Council England as they are an executive non-departmental public body.

e) Expenditure

The costs of activities for raising funds represents the direct cost of trading associated with attending the theatre, royalties and other income together with allocated support costs and the direct costs associated with securing donations, subscriptions and grants and other income together with allocated support costs..

The costs relating to charitable activities relate to direct expenditure on performances and activities at the theatre and other venues as appropriate. It also includes costs relating to community projects and auditorium and studio hire together with allocated support costs.

Governance costs represents direct expenditure of Board activities together with allocated support costs.

Support costs relating to a single activity are allocated directly to that activity. Where support costs relate to more than one activity they have been allocated on the basis of staff time and resources consumed by each activity.

All expenditure is accounted for on an accrual basis and is recognised when there is a legal or constructive obligation to pay.

Provision has been made where appropriate, for relevant expenses and liabilities where a present obligation exists at the balance sheet date.

f) Productions

1) For productions occurring wholly within one financial year box office and venue fees are recognised in that year and costs are recognised as incurred. Typically costs are incurred in advance of revenue being generated.

2) Where a production spans the year-end and is expected to be loss making, the expected loss is recognised in full in the year in which the loss is foreseen.

3) Where production set up costs have been incurred prior to the year-end but the production has not yet opened, the set up costs are carried forward at the balance sheet date as deferred production costs until such time as the production opens.

g) Pensions

The company offered a voluntary stakeholders scheme to its employees and those on short term equity contracts and also operates a defined contribution pension scheme which meets the Government's requirements under auto enrolment . The company contribution costs are included in the Statement of Financial Activities as they fall due.

1) Accounting policies continued

h) Operating lease commitments

Rentals payable under operating leases are charged against expenditure as incurred over the lease term.

i) Intangible assets

Intangible assets comprise the cost of a licence enabling the premises to be used to hold wedding ceremonies and a new website and finance package. Intangible fixed assets are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses as follows:

Licences	10% Straight line
Website	10% Straight line
Computer software	10% Straight line

j) Capitalisation of fixed assets

Fixed assets are shown on the balance sheet at historical cost less depreciation. Fixed assets costing more than £500 are capitalised at cost.

Depreciation

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

Theatre Equipment	15 to 33.33% Straight Line
Capital Grant	15 to 33.33% Straight Line
Motor vehicles	15 to 33.33% Straight Line

Fixed assets are subject to an annual impairment review and review of estimated useful life.

Studio Development

Costs incurred relating to the development and re-furbishment of the Studio Theatre have been capitalised. These are now depreciated in line with the company's depreciation policy of 15% straight line as the studio has been brought into use.

Large Capital Development

Costs incurred relating to the large capital development and re-furbishment of the Theatre have been capitalised. These will be depreciated once the development is complete.

Within the large capital development, costs have been incurred relating to the refurbishment of temporary office accommodation. These are being depreciated in line with the company's depreciation policy of 15% straight line as the office accommodation has been brought into use.

k) Stocks

Stocks of merchandise and other goods for resale are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

l) Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

m) Fund Accounting

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

Restricted Funds - These are earmarked by the donor, or the terms of an appeal, for specific purposes within the overall aims of the organisation. The donation and income deriving therefrom will be used in accordance with the specific purposes.

Unrestricted Operational Funds - Funds which are expendable at the discretion of the Board in furtherance of the objects of the charity.

Unrestricted Designated Funds - The Board may at its discretion set aside unrestricted funds for specific purposes.

n) Financial instruments

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and short term deposits with a maturity date of three months or less.

Debtors and creditors

Debtors and creditors receivable or payable within one year of the reporting date are carried initially at their transaction price and subsequently at settlement value. Debtors and creditors that are receivable or payable in more than one year and not subject to a market rate of interest are measured at the present value of the expected future receipts or payment discounted at a market rate of interest.

2) Critical accounting estimates and areas of judgement

In the view of the trustees in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

Useful economic lives

The annual depreciation charge for tangible and intangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives, amortisation and residual values are re-assessed annually. They are amended when necessary to reflect current estimates based on technological advancement, future investment, economic utilisation, and the physical condition of the assets. Note 13 and 14 gives the carrying amount of the relevant assets and Note 1j details the useful economic life for each class of asset.

3) Income from the operation of the theatre

	Unrestricted 2021	Unrestricted 2020
	£	£
Box office receipts	**11,203**	1,263,015
Co-production income	**-**	-
Royalties income	**1,155**	-
Theatre rentals	**6,200**	40,121
Community & Education	**16,570**	32,867
Other income	**6,359**	182,677
	41,487	1,518,680

4) Grants & donations

	Unrestricted Income	Restricted Income funds	Restricted Capital Funds	2021	2020
		£	£	£	£
Voluntary Income					
Arts Council England - core	791,682	-	-	791,682	777,378
Colchester Borough Council - core	168,175	-	-	168,175	168,175
Arts Council England - Cultural Recovery Fund	250,000	-	-	250,000	-
Colchester Borough Council - Retail, Hospitality & Leisure grant	10,000	-	-	10,000	-
HMRC - CJRS	213,788	-	-	213,788	-
	1,433,645	-	-	1,433,645	945,553
Income from grants - see below	120,000	209,059	118,595	447,654	492,318
Other donations:					
Mercury rising campaign	-	-	59,545	59,545	159,116
Individuals & corporate memberships	38,039	-	-	38,039	50,361
	38,039	-	59,545	97,584	209,477
Total shown as voluntary income	1,591,684	209,059	178,140	1,978,883	1,647,348
2019: Split between	995,914	120,443	530,991	1,647,348	

There are no unfulfilled conditions or other contingencies attaching to the government grant income detailed above.

The company has not benefited from other government funded assistance.

Income from grants

	Unrestricted Income	Restricted Income funds	Restricted Capital Funds	2021	2020
		£	£	£	£
Trusts & Foundations:					
Essex County Council - Resorting to the Coast	-	-	-	-	13,286
Action for Children	-	19,998		19,998	29,178
Tamasha	-	-	-	-	13,305
Heritage Lottery Fund	-	-	-	-	8,000
ADESTE	-	28,755		28,755	69
European Regional Development Fund	-	35,835	-	35,835	42,305
SE Creatives	-	-	-	-	14,300
Foyle Foundation	-	-	-	-	100,000
Bradbury Foundation	-	-	-	-	40,000
Wolfson Foundation	-	-	-	-	25,000
Garfield Weston Foundation	-	100,598	-	100,598	200,000
King Coels Kittens	-	-	-	-	6,875
Stage One	-	23,873	-	23,873	-
Wolfson Foundation (Covid support)	120,000	-	-	120,000	-
Linbury Trust	-	-	50,000	50,000	-
Bernard Sunley Foundation	-	-	50,000	50,000	-
CIF	-	-	8,595	8,595	-
The Hobson Charity			5,000	5,000	
The Theatres Trust	-	-	5,000	5,000	-
	120,000	209,059	118,595	447,654	492,318
2019: Split between	-	120,443	371,875	492,318	

5) Activities For Generating Funds

	2021	2020
	£	£
Trading associated with attending theatre performances and activities	28,232	220,528
	28,232	220,528

6) Commercial trading operations

The wholly owned trading subsidiary Colchester Mercury Trading Ltd, company number 9144550, which was incorporated in England and Wales on 23 July 2014, pays all its taxable profits to the charitable company by gift aid.

Colchester Mercury Trading Ltd provides the catering and bar facilities at Colchester Mercury Theatre and other commercial trading activities.

The company owns the entire issued share capital of 100 ordinary shares of £1 each. A summary of the trading results is shown below.

Summary profit and loss account:

	2021	2020
	£	£
Turnover	34,301	294,741
Cost of sales	(19,629)	(197,296)
Administration expenses	(3,282)	(8,835)
Net profit	11,390	88,610
Retained earnings brought forward	-	-
Distribution to parent charity under giftaid	-	-
Retained earnings carried forward	(11,390)	(88,610)
	-	-

A Deed of Covenant was signed in the year ended 31st March 2021 creating an obligation for the company to pay taxable profits as a giftaid distribution to Colchester Mercury Theatre and therefore distributions have been accrued at 31st March 2021.

The assets and liabilities of the subsidiary were:

Fixed assets	850	1,020
Current assets	484,078	340,456
Creditors - amounts falling due within one year	(484,828)	(341,376)
Total net assets	100	100
Retained profits	-	-
Aggregate share capital and reserves	100	100
Total funds	100	100

The wholly owned trading subsidiary Colchester Mercury Productions Ltd, company number 9144431, which was incorporated in England and Wales on 23 July 2014, pays all its taxable profits to the charitable company by gift aid.

Colchester Mercury Productions Ltd provides the route for commercial productions.

The company owns the entire issued share capital of 100 ordinary shares of £1 each. A summary of the trading results is shown below.

	2021	2020
	£	
Turnover	3,068	717,253
Cost of sales	-	(714,705)
Administration expenses	(3,068)	(2,548)
Net profit/loss	-	-
Retained earnings brought forward	74,590	151,087
Amount gifted to charity re 2017 & 2018 retained profits	-	(151,087)
Profit on ordinary activities before taxation	74,590	-
Theatre tax credit	-	74,590
Retained in the subsidiary	74,590	74,590

The assets and liabilities of the subsidiary were:

Current assets	82,038	78,499
Creditors - amounts due within one year	(7,348)	(3,809)
Total net assets	74,690	74,690
Retained profits	74,590	74,590
Aggregate share capital and reserves	100	100
Total Funds	74,690	74,690

7) Investment income

	2021	2020
	£	£
Bank interest receivable	926	3,836

8) Costs of generating funds

	2021	2020
	£	£
Bar & Front of House costs	290	126,582
Commercial work costs	13,882	16,196
Support costs (note 10)	17,162	24,337
	31,334	167,115

£31,334 relates to unrestricted funds (2020 £167,115)

9) Analysis of Charitable activities

	Main House	Touring	Community & Education	2021	2020
	£	£	£	£	£
Production costs	11,864	1,483	1,483	**14,830**	841,405
Permanent staff costs	697,761	149,947	108,965	**956,672**	1,013,258
Theatre running costs	139,617	16,843	16,843	**173,303**	285,206
Offsite season running costs	10,128	-	-	**10,128**	484,126
Community & Education	-	-	198,683	**198,683**	161,451
Marketing	10,300	1,287	1,287	**12,875**	72,939
Irrecoverable VAT	1,320	165	165	**1,650**	111,020
Depreciation and loss on disposal	148,057	18,507	18,507	**185,071**	138,643
Support costs, including Governance	129,796	-	-	**129,796**	261,052
	1,148,842	188,233	345,933	**1,683,008**	3,369,100

Split between:	Unrestricted	Designated	Restricted	2021 Total
	£	£	£	£
Production costs	14,830	-	-	14,830
Permanent staff costs	936,464	14,240	5,968	956,672
Theatre running costs	168,429	-	4,874	173,303
Offsite season running costs	-	-	10,128	10,128
Community & Education	118,040	28,283	52,360	198,683
Marketing	12,875	-	-	12,875
Irrecoverable VAT	1,650	-	-	1,650
Depreciation	170	104,951	79,950	185,071
Support costs, including Governance	129,796	-	-	129,796
	1,382,254	147,474	153,280	1,683,008

2020: Split between:	Unrestricted	Designated	Restricted	2020 Total
	£	£	£	£
Production costs	841,405	-	-	841,405
Permanent staff costs	941,519	-	71,739	1,013,258
Theatre running costs	285,206	-	-	285,206
Offsite season running costs	-	-	484,126	484,126
Community & Education	52,070	-	109,381	161,451
Marketing	72,939	-	-	72,939
Irrecoverable VAT	111,020	-	-	111,020
Depreciation	170	58,523	79,950	138,643
Support costs, including Governance	231,254	-	29,798	261,052
	2,535,583	58,523	774,994	3,369,100

10) Support costs	Charitable Activities	Raising Funds	Governance	2021	2020
	£	£	£	£	£
Finance & Administration	71,338	7,927	16,646	**95,911**	185,262
IT	28,757	7,189	-	**35,946**	39,210
Recruitment & training	2,601	289	-	**2,890**	13,182
Travel & entertaining	3,424	-	-	**3,424**	5,575
Licences & subscriptions	7,030	1,757	-	**8,787**	10,381
Front of House staff costs	-	-	-	-	31,779
	113,150	17,162	16,646	**146,958**	285,389

Split between:	Unrestricted	Designated	Restricted	2021 Total
	£	£	£	£
Finance & Administration	95,911	-	-	95,911
IT	35,946	-	-	35,946
Recruitment & training	2,890	-	-	2,890
Travel & entertaining	3,424	-	-	3,424
Licences & subscriptions	8,787	-	-	8,787
Front of House staff costs	-	-	-	-
	146,958	-	-	146,958

2020: Split between:	Unrestricted	Designated	Restricted	2020 Total
	£	£	£	£
Finance & Administration	155,463	-	29,798	185,261
IT	39,210	-	-	39,210
Recruitment & training	13,182	-	-	13,182
Travel & entertaining	5,575	-	-	5,575
Licences & subscriptions	10,382	-	-	10,382
Front of House staff costs	31,779	-	-	31,779
	255,591	-	29,798	285,389

11) Governance Costs

	2021	2020
	£	£
Salaries	5,257	5,280
Board expenses	186	1,458
Audit fees - current year	14,580	15,902
- tax compliance	1,880	1,815
	21,903	24,455

12) Staff costs and director's remuneration

	2021	2020
	£	£
Salaries and wages	913,031	1,148,638
Employers NIC	80,599	81,801
Pension costs	19,587	19,239
	1,013,217	1,249,678

These costs are included as follows:	£	£
Cost of generating funds	-	44,282
Costs of the operation of the theatre:		
Permanent staff costs	1,007,960	1,040,925
Theatre production costs	-	124,412
Support costs	-	31,779
Governance	5,257	5,280
	1,013,217	1,246,678

Of permanent staff costs, £5,968 related to expenditure from restricted reserve (2020 £16,350)

The average number of permanent employees during the year, calculated on the basis of full time equivalents,	2021	2020
	No.	No.
All	34	53

No employee received emoluments of more than £60,000 during the year (2020 none).

Additional information:
All pension costs are allocated to unrestricted funds.

During the year, redundancy costs of £1,340 were incurred (2020 £14,790)

The key management personnel of the company comprise the Trustees, the Chief Executives and the senior management team: Deputy Executive Director, Creative Director, Finance Director and Operations Director. The total employee benefits including employer pension contributions of the key management personnel of the company were £300,707 (2020 £297,771).

None of the Trustees receive remuneration or other benefit from their work or connection with the charity. No trustees (2020 - 2) received reimbursement of travel expenses (2020 £192).

The average number of employees excludes actors and other freelance staff who were paid a total of £0 in the year (2020 £124,412)

13) Intangible Assets

Group:	Licences	Website	Software	Total
	£	£	£	£
Cost				
At 1 April 2020	1,700	12,572	44,514	**58,786**
Additions	-	19,775	600	**20,375**
Disposals	-	(12,572)	-	**(12,572)**
At 31 March 2021	1,700	19,775	45,114	**66,589**
Amortisation				
At 1 April 2020	680	5,028	14,426	**20,134**
Charge for the year	170	1,977	4,512	**6,659**
On disposal	-	(5,028)	-	**(5,028)**
At 31 March 2021	850	1,977	18,938	**21,765**
Net Book Value				
As at 31 March 2021	850	17,798	26,176	**44,824**
As at 31 March 2020	1,020	7,544	30,088	**38,652**

Company:	Licences	Website	Software	Total
	£	£	£	£
Cost				
At 1 April 2020	-	12,572	44,514	**57,086**
Additions	-	19,775	600	**20,375**
Disposals	-	(12,572)	-	**(12,572)**
At 31 March 2021	-	19,775	45,114	**64,889**
Amortisation				
At 1 April 2020	-	5,028	14,426	**19,454**
Charge for the year	-	1,977	4,512	**6,489**
Disposals	-	(5,028)	-	**(5,028)**
At 31 March 2021	-	1,977	18,938	**20,915**
Net Book Value				
As at 31 March 2021	-	17,798	26,176	**43,974**
As at 31 March 2020	-	7,544	30,088	**37,632**

14) Tangible Assets

Group:	Large Capital Scheme	Studio Development	Theatre Equipment	Motor Van	Capital Grant Expenditure	Total
	£	£	£	£	£	£
Cost						
At 1 April 2020	**184,896**	**613,908**	**500,686**	**23,812**	**494,116**	**1,817,418**
Additions	**37,599**	-	**227,993**	-	-	**265,592**
Disposals	-	-	-	**(8,800)**	-	**(8,800)**
At 31 March 2021	**222,495**	**613,908**	**728,679**	**15,012**	**494,116**	**2,074,210**
Depreciation						
At 1 April 2020	**21,756**	**459,153**	**349,180**	**23,812**	**494,116**	**1,348,017**
Charge for the year	**14,855**	**92,086**	**63,929**	-	-	**170,870**
On disposal	-	-		**(8,800)**	-	**(8,800)**
At 31 March 2021	**36,611**	**551,239**	**413,109**	**15,012**	**494,116**	**1,510,087**
Net Book Value						
At 31 March 2021	**185,884**	**62,669**	**315,570**	-	-	**564,123**
As at 31 March 2020	163,140	154,755	151,506	-	-	469,401

14) Tangible assets continued

Company:	Large Capital Scheme	Studio Development	Theatre Equipment	Motor Van	Capital Grant Expenditure	Total
		£	£	£	£	£
Cost						
At 1 April 2020	184,896	613,908	500,686	23,812	494,116	1,817,418
Additions	37,599	-	227,993	-	-	265,592
Disposals	-	-	-	(8,800)	-	(8,800)
At 31 March 2021	222,495	613,908	728,679	15,012	494,116	2,074,210
Depreciation						
At 1 April 2020	21,756	459,153	349,180	23,812	494,116	1,348,017
Charge for the year	14,855	92,086	63,929	-	-	170,870
Disposals	-	-	-	(8,800)	-	(8,800)
At 31 March 2021	36,611	551,239	413,109	15,012	494,116	1,510,087
Net Book Value						
At 31 March 2021	185,884	62,669	315,570	-	-	564,123
As at 31 March 2020	163,140	154,755	151,506	-	-	469,401

The company's bankers, Barclays Bank PLC, currently hold a debenture over the assets of the company, dated 23rd July 1997.

15) Investments

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Investment in subsidiary undertakings	-	-	200	200

Investments are included at cost and are unlisted. In the opinion of the directors the market value of the investment is not materially different from cost.

	No. of shares	% of Issued Share Capital	Cost of shares
			£
Colchester Mercury Trading Ltd (note 6)	100	100%	100
Colchester Mercury Productions Ltd (note 6)	100	100%	100

16) Stocks

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Bar, cafe, workshop and lighting	11,131	11,131	11,131	11,131
	11,131	11,131	11,131	11,131

17) Debtors

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Trade Debtors	13,446	15,396	8,703	10,881
Other Debtors	242,596	149,964	168,005	73,954
Prepayments	19,112	29,645	19,112	29,645
Prepayments in respect of future show costs carried forward	37,045	12,923	37,045	12,923
Amount owed from subsidiary companies	-	-	107,941	74,530
	312,199	207,928	340,806	201,933

18) Creditors: Amounts Falling due within one Year

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Trade Creditors	88,066	103,758	81,597	88,431
PAYE & Other Taxes	20,964	69,328	20,964	69,328
Box Office Advance	443,723	245,831	81,693	764
NESTA Loan (note 19)	96,978	96,978	96,978	96,978
Other Creditors	122,221	126,199	113,851	119,759
	771,952	642,094	395,083	375,260

Movement in deferred income - Group

	B/f	Released	Charged	C/f
Box Office advances	245,831	-	197,892	443,723

Movement in deferred income - Company

	B/f	Released	Charged	C/f
Box Office advances	764	-	80,929	81,693

Box office income is recognised when productions take place

Included in creditors above is £5,221 (2020 £4,525) of pension contributions unpaid at the year end.

19) Creditors - Amounts falling due over one year

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
NESTA Loan	271,682	271,682	271,682	271,682
Loans				
Payable within one year	96,978	96,978	96,978	96,978
Payable over one year	271,682	271,682	271,682	271,682
	368,660	368,660	368,660	368,660

The NESTA loan is an unsecured loan. Interest is chargeable at 4.5% per annum and repayment is due by May 2025. Due to Covid-19, a repayment holiday was taken from April 2020 until August 2021 with repayments resuming in September 2021 and a new repayment plan was agreed post year end.

20) Funds - Group

	Balance at 01.04.20	Income	Expenditure	Transfers	Balance at 31.03.21
	£	£	£	£	£
Operational	244,023	1,649,046	(1,413,588)	(241,417)	238,064
Designated					
Equipment	10,000	-	-	(375)	9,625
Covid-19 Support	-	-	-	241,131	241,131
Organisational development	25,000	-	(14,240)		10,760
Capital Development	45,000	-	-		45,000
Artistic/Audience Development Projects	5,207	-	-	286	5,493
Website	20,000			(20,000)	-
Hardship fund	15,000	13,283	(28,283)		-
Theatre equipment - capitalised	54,816	-	(25,066)	20,375	50,125
Studio development - capitalised	21,504	-	(12,136)	-	9,368
Large development - capitalised	286,546	-	(67,749)	265,592	494,389
Total Designated	493,073	13,283	(147,474)	507,009	865,891
Total Unrestricted	737,096	1,662,329	(1,561,062)	265,592	1,103,955
Restricted					
Colchester Catalyst	4,400	-	-	-	4,400
Royal Opera House re LCEP	1,000	-	-	-	1,000
Teaching School Alliance	637	-	-	-	637
Postcode Community Trust	887	-		-	887
Big Lottery Fund	1,693	-	-	-	1,693
Eastern Counties Educational Trust	4,000	-	-	-	4,000
Action for Children	26,158	19,998	(16,183)	-	29,973
Tamasha	217			-	217
Braintree Year of Culture	300			-	300
ADESTE	7,961	28,755	(342)	-	36,374
European Regional Development Fund	-	35,835	(35,835)	-	-
Stage One	-	23,873	(5,968)	-	17,905
Garfield Weston	-	100,598	-	-	100,598
Reserves held in relation to the Mercury Rising campaign as follows:					
Essex Community Foundation	500		-	-	500
Equity Charity Trust	5,000		-	-	5,000
Samphire Trust	5,000		-	-	5,000
Bruce Wake Charity	2,000		-	-	2,000
Fidelity UK Foundation	75,000		-	(75,000)	-
FSJ Charitable Trust	30,000		-	(30,000)	-
Bradbury Foundation	40,000		-	(40,000)	-
Wolfson Foundation	25,000	-	-	(11,997)	13,003
Bernard Sunley Foundation	-	50,000	-	(50,000)	-
Linbury Trust	-	50,000	-	(50,000)	-
CIF	-	8,595	-	(8,595)	-
The Hobson Charity	-	5,000	-	-	5,000
The Theatres Trust	-	5,000	-	-	5,000
Mercury Rising fundraising	26,373	59,545	(15,002)	-	70,916
Studio development - capitalised	133,250	-	(79,950)	-	53,300
Total Restricted	389,376	387,199	(153,280)	(265,592)	357,703
Total all Funds	1,126,472	2,049,528	(1,714,342)	-	1,461,658

20) Funds continued

2020

Funds - Group

	Balance at 01.04.19	Income	Expenditure	Transfers	Balance at 31.03.20
Operational	£	£	£	£	£
	257,831	2,813,548	(2,702,698)	(124,658)	244,023
Designated					
Equipment		-	-	10,000	10,000
Organisational development	-	-	-	25,000	25,000
Capital Development	-			45,000	45,000
Artistic/Audience Development Projects	5,207	-	-	-	5,207
Website	-			20,000	20,000
Hardship fund	-	-	-	15,000	15,000
Theatre equipment - capitalised	84,293	-	(39,135)	9,658	54,816
Studio development - capitalised	33,640	-	(12,136)	-	21,504
Large development - capitalised	166,075	-	(7,252)	137,723	296,546
Total Designated	289,215	-	(58,523)	262,381	493,073
Total Unrestricted	547,046	2,813,548	(2,761,221)	137,723	737,096
Restricted					
Colchester Catalyst	4,400	-	-	-	4,400
Royal Opera House re LCEP	1,000	-	-	-	1,000
Teaching School Alliance	637	-	-	-	637
Heritage Lottery Fund - Archive project	16,115	8,000	(24,115)	-	-
Postcode Community Trust	887	-	-	-	887
Big Lottery Fund	1,693	-	-	-	1,693
Eastern Counties Educational Trust	4,000	-	-	-	4,000
Essex County Council - Resorting to the Coast	8,754	13,286	(22,040)	-	-
Action for Children	15,312	29,178	(18,332)	-	26,158
Tamasha	15,666	13,305	(28,754)	-	217
Braintree Year of Culture	300	-	-	-	300
ADESTE	13,575	69	(5,683)	-	7,961
European Regional Development Fund	-	42,305	(42,305)	-	-
SECCADS	-	14,300	(14,300)	-	-
Reserves held in relation to the Mercury Rising campaign as follows:					
Essex Community Foundation	500		-	-	500
Equity Charity Trust	5,000		-	-	5,000
Samphire Trust	5,000		-	-	5,000
Bruce Wake Charity	2,000		-	-	2,000
Fidellty UK Foundation	75,000		-	-	75,000
FSJ Charitable Trust	30,000		-	-	30,000
Foyle Foundation	-	100,000	(100,000)	-	-
Bradbury Foundation	-	40,000	-	-	40,000
Wolfson Foundation	-	25,000	-	-	25,000
Garfield Weston Foundation	-	200,000	(200,000)	-	-
King Coels Kittens	-	6,875	-	(6,875)	-
Mercury Rising fundraising	237,620	159,116	(239,515)	(130,848)	26,373
Studio development - capitalised	213,200	-	(79,950)	-	133,250
Total Restricted	650,659	651,434	(774,994)	(137,723)	389,376
Total all Funds	1,197,705	3,464,982	(3,536,215)	-	1,126,472

Details of the Restricted Funds carried forward are as follows:

Other restricted funds — These relate to funding received for specific projects and will be utilised when the projects are undertaken

Mercury Rising campaign — This relates to funds raised in relation to the re-development of the theatre and will be utilised when the project has been undertaken. Funds utilised in the year to 31st March 2021 relate to purchase of equipment and fixtures and fittings.

Studio Development — This relates to restricted funds received which were capitalised in 2016 on completion of the project. The asset is being depreciated at a rate of 15% straight line.

Transfer of funds — The transfer of funds from the Mercury Rising campaign to unrestricted reserves represents the transfer of assets as the money has been used for the purpose for which it was given.

Details of the Designated Funds are as follows:

Artistic/audience Development Projects — The Board has designated funds for specific artistic and audience development projects in future periods and will utilised within 5 years.

Equipment - capitalised — Equipment capitalised represents the net book value of assets purchased using designated reserves which are not included in restricted funds.

Equipment — The Board has designated funds to allow the purchase of capital items in future periods and will be utilised within 5 years

Organisational development — The Board has designated funds to allow for organisational projects in future periods and will be utilised within 5 years.

Capital development — The Board has designated funds for the capital development project and will be utilised within 2 years.

Website — This reserve was utilised in the financial year

Hardship fund — This reserve was utilised in the financial year

Covid-19 Support — The Board has designated Covid-19 support grants received in the financial year and will utilised within 1 year.

20) Funds continued

Funds - Company	Balance at 01.04.20	Income	Expenditure	Transfers	Balance at 31.03.21
	£	£	£	£	£
Operational	169,431	1,626,134	(1,390,677)	(241,417)	163,471
Designated	493,073	13,283	(147,474)	507,009	865,891
Total Unrestricted	662,504	1,639,417	(1,538,151)	265,592	1,029,362
Restricted	389,376	387,199	(153,280)	(265,592)	357,703
Total All Funds	1,051,880	2,026,616	(1,691,431)	-	1,387,065

All Group Designated and Restricted Reserves relate to the Company.

Split of assets and liabilities between funds - Group	Restricted funds	Unrestricted funds	Share Capital	Total
	£	£		£
Intangible fixed assets	-	44,824	-	44,824
Tangible fixed assets	53,300	510,823	-	564,123
Current assets	304,403	1,591,942	20	1,896,365
Creditors due in one year	-	(771,952)	-	(771,952)
Creditors due over one year	-	(271,682)	-	(271,682)
Total	357,703	1,103,955	20	1,461,678

Split of assets and liabilities between funds - Company	Restricted funds	Unrestricted funds	Share Capital	Total
	£	£		£
Intangible fixed assets	-	43,974	-	43,974
Tangible fixed assets	53,300	510,823	-	564,123
Investments	-	200	-	200
Current assets	304,403	1,141,130	20	1,445,553
Creditors due in one year	-	(395,083)	-	(395,083)
Creditors due over one year	-	(271,682)	-	(271,682)
Total	357,703	1,029,362	20	1,387,085

21) Related Party Transactions

There were no outstanding balances with related parties at 31st March 2021 (2020 : £Nil). Payments made to Trustees are detailed in note 12.

During the year Colchester Mercury Theatre had transactions for expenditure totalling £0 (2020 £2,844) with Colchester Mercury Trading and income of £0 (2020 £714,705) and expenditure £3,068 (2020 £717,253) with Colchester Mercury Productions. At 31st March 2021 £115,305 (2020 £78,350) was owed by Colchester Mercury Trading and £7,364 was owed to Colchester Mercury Productions (2020 £3,820).

The following trustees/directors held shares in the company at 31st March 2021:

	2021	2020
Colchester Borough Council	3	3
Kathleen Hamilton	3	3
Simon Fisher	2	2
Patrick Sandford	2	2
Rob West	2	2
Bryan Johnston	1	1
Jenny Skingsley	1	1
Anita Thornberry	1	1
Samantha Blackwell-Heard	1	1
Hassina Khan	1	1
Matthew Linley	2	2
Sean Plummer	1	1

The following trustee is a Councillor of Colchester Borough Council:
Lyn Barton

22) Share Capital

	2021	2020
	£	£
Share Capital	20	20

Authorised share capital in both years was 20 £1 ordinary shares.

The issued and fully paid share capital in both years was £20.

23) Financial Commitments

At 31 March 2021 the charity was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2022:

	2021	2020
	£	£
Land and buildings		
Commitments falling due:		
In less than one year	29,000	50,497
Between two and five years	29,000	20,000
	58,000	70,497

During the year, amounts paid under operating leases were £51,848 (2020 £44,959).