

The New Theatre Royal — Trustees (Portsmouth) Limited

Limited by Guarantee

Trustees' Report and Financial Statements

for the year ended 31 March 2021

Registered Charity Number 271976

Registered Company Number 01266053

NEW
THEATRE
ROYAL
PORTSMOUTH

THE NEW THEATRE ROYAL - TRUSTEES (PORTSMOUTH) LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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MANAGING AN EXISTENTIAL CRISIS FOR THE THEATRE

Introduction

The year to 31 March 2021 was without doubt one of the most turbulent in the Theatre's history. It came extremely close to an insolvency procedure at several times, as it faced various factors that conspired together to compel it to go dark for over a year and deal with financial pressures on several fronts.

We were able to weather the difficulties of the year substantially due to the loyal support provided to the Theatre and those trying to effect a rescue, be they our customers (particularly those still holding tickets for deferred shows); our management and employees; producers, promoters and hirers (particularly those owed money for cancelled and deferred shows); Titchfield Festival Theatre; and last but not least our two main local stakeholders, Portsmouth City Council and University of Portsmouth. These initially supported the Theatre through flexing their financial arrangements, provided encouragement to the trustees and ultimately were able to arrange what appeared to be the best solution for all concerned. This comprised a sale and leaseback of the building, completed in August 2021, that released funds to deal with pressing obligations whilst allowing the Trust to remain in occupation, continuing the mission of providing opportunities for all people in Portsmouth and environs to access the widest range of music and dramatic art forms.

Throughout the year that we are reporting on in these accounts, the trustees were largely focussed on firefighting over day-to-day issues caused by the lockdown and the decision of Arts Council England, its main funder, to withhold firstly the core grant for 2019/20 and then that for 2020/21. The Theatre was only slowly able to re-open in late Summer 2021, some time after the year end and, at the date of this report, it is still possible Covid restrictions will be reintroduced.

Having saved the Theatre from immediate closure, there remains considerable work still to do to ensure it can thrive and prosper but there is at last a sense of optimism and purpose in the air. An exercise is underway to recruit an Artistic Director & CEO who will lead this recovery. Active discussions are underway with promoters about the nature of the programme once a backlog of shows rescheduled by Covid has cleared. There are early strategic discussions with local partners about some potentially innovative ways to fulfil our mission.

The one remaining, yet significant, hurdle is to address the clear unwillingness of Arts Council England to reinstate the funding commitments in the National Portfolio Organisation agreement. At the date of this report, an amount of £438k has been withheld against normal payment dates under this agreement. So far, ACE has advised us that it is only willing to release these funds on terms that are not acceptable to us. Consequently, we have taken a prudent approach by not including any revenue from that source in these accounts. Whilst the immediate financial pressures have been eased by the property sale, this Theatre, like any other of its type, requires core grant funding of this nature to provide its programme of work. ACE's current stance is putting the ability of the Theatre to continue as a going concern in considerable uncertainty, unless we are able to identify alternative sources of funding.

Impact of Covid-19

On 17 March 2020, the Theatre was required by government to close in response to the Covid-19 pandemic along with all other institutions and this state persisted until long after the year end. Inevitably, the initial closure struck the finances badly. Shows that were underway or planned

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were either rescheduled, or cancelled with the Theatre then being immediately obligated to account on the one hand to promoters for the loss of facilities to hold their shows and on the other hand for customers who had already purchased tickets.

Fortunately, many such promoters were willing to support the Theatre by waiting patiently for the end of the pandemic and the ability to reschedule shows. We are also very grateful for the patience of so many ticket holders who hold tickets for shows which have been rescheduled or cancelled. Once the property sale completed in August 2021, we were able to make full refunds promptly to all those who sought this and we are grateful to those who were prepared to accept alternative tickets or were willing to waive refund as a donation.

Inevitably, the Theatre's finances have been badly affected by an extended period of closure which has already lasted over a year with revenue largely limited to Covid-related support and the generosity of supporters. The trustees were unsuccessful in applying for a Cultural Recovery Fund grant, but took advantage of the Job Retention Scheme funding for furloughed employees and smaller levels of assistance available to cultural, hospitality and leisure businesses generally.

The trustees also launched a crowdfunding campaign, which raised a welcome amount of £16k from members of the public. The trustees truly appreciate this tangible assistance, which has enabled vital costs during the lockdown period to be met, along with numerous messages of support.

Claim by University of Portsmouth

The University is a joint occupant of part of the Theatre, being the Theatre's tenant of the White Swan Building from where it provides its Drama, Music and Performing Arts courses. The University was a joint and principal partner in the development that took place during 2012-15. Under the contractual arrangement between the two parties, the University took on the role of managing the project in conjunction with advisers and contractors. The Theatre did not have a management role, but had agreed within the contract to be recharged for around a third of the total cost, reflecting its proportion of occupied space and benefit from the redevelopment.

By the date of the previous accounts for March 2019, the Theatre had paid around £2.9m plus VAT towards the project, which it had funded entirely by applications to Heritage Lottery Fund, ACE and from external fundraising generally, as it was unable to meet any capital costs from its operating cash flow. The settlement between the University and the main contractor, which should have been finalised by 2016, was delayed for various reasons until 2020.

In April 2020, the University advised the Theatre that there had been a significant cost overrun in the project and it had been forced to concede variations on the original price. It invoiced the Theatre for £474k plus VAT, being its share of the additional expenditure.

ACE funding deferral

In late March 2020, Arts Council England (ACE) informed the trustees that it would be holding back payment of the £250k grant which was awarded to the Theatre as a National Portfolio Organisation. That would normally be paid in quarterly instalments from April 2020, but was withheld until such time as ACE was satisfied about the future viability and direction of the Theatre. ACE expressed a lack of confidence in the Theatre's artistic and operational strategy, was concerned about the risks arising from the recent departure of the chief executive and sought

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improvement in the quality of the financial information submitted. These concerns were then quickly reinforced by the onset of Covid and the receipt of the University claim.

The trustees understand the need to protect public funds by not applying them to an organisation that might not survive. However, ACE's decision added to the challenges the Theatre faced. The trustees have sought to engage with ACE, recognising the importance of its support in resolving problems and the necessity of ongoing financial support following the end of the Covid lockdown. The discussions have regrettably been protracted.

The trustee response to these issues

By March 2020, the trustees were facing three adverse factors, any one of which was clearly sufficient to cause the failure of the company, whilst not overlooking that there was already a systemic deficit that needed to be addressed. In the absence of a chief executive, the trustees assumed direct responsibility for effecting a recovery.

A small working group of trustees was formed to manage a process of determining whether a solution could be found. Professional advice was taken, consultations took place with ACE and Portsmouth City Council (both of whom had observer status on the board) and negotiations commenced with the University to agree a compromise on the amount to be paid for the capital works.

It was immediately apparent that if a solution were to be found, it would have to involve a substantial injection of liquid funds to enable the backlog of creditors and the University debt to be cleared, which in turn (after addressing the other ACE concerns) would unlock the withheld core funding. Furthermore, with the level required out of reach of ordinary fundraising, this injection could only come from a sale of the theatre building, the only asset of realisable value.

Following on from consultations with professional advisers about the poor prospects for a sale on the open market and the likely values, together with extensive negotiations with the University and Portsmouth City Council, the trustees were delighted to receive an acceptable offer of £700,000 from the City Council for the building along with a lease back arrangement on soft terms so the Trust could continue to operate the Theatre.

This proposal was approved formally by the Council Cabinet hearing in March 2021 and its commitment was confirmed by the incoming administration following the May 2021 local elections. Completion finally took place on 25 August 2021.

The trustees have also engaged proactively with the University about the Capital Works debt. Whilst there was disappointment that the cost overrun was allowed to arise and was well in excess of the fundraising that it had in place for the project, the trustees concluded there were insufficient prospects to challenge the claim on any realistic grounds and to attempt to do so, would only antagonise a joint occupier in the building with which the Theatre would want to continue collaborating. The University did however accept that credit had not been given for a successful insurance claim and the claim reduced. We are pleased and grateful to have reached agreement with the University over repayment of our debt and £333k was paid in full and final settlement upon the property sale in August 2021.

The trustees would naturally wish to put on record their deep appreciation of the support and proactive engagement shown by both the Council and the University towards ensuring the survival of the Theatre. Without this, the company would undoubtedly have been wound up.

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The trustees have also used the period of closure to reflect and take advice about the management issues raised by external stakeholders. With the prospect of re-opening now sufficiently clear, an urgent exercise is underway to recruit a suitable Artistic Director & CEO of a calibre to effect a recovery, both in artistic and financial terms. A new financial accounting system has also been introduced. A system of committees of trustees and suitable co-opted volunteers is being set up to improve governance. We will be taking further steps to improve governance, reflecting the recommendations of an independent report commissioned by the City Council.

We have taken the opportunity of our fallow year to examine what we can offer the people of Portsmouth and the surrounding area. We have sought external advice on how we can develop a programme which engages with all of the City's communities and takes performing arts out of our building and into the City. Once our new Artistic Director & CEO is in place, we shall be developing an exciting new operating model for the Theatre which does just that.

The Theatre management has also been actively engaging with the promoters of shows that had to be deferred. Some of these were obliged to cancel in the absence of a certain date or where the requirement for distancing made show capacities unviable, but most have been willing to roll forward continuously. The Theatre started to re-open to the public in earnest from July 2021 and the programme of deferred shows has been rescheduled from then until well into 2022.

Management has also had to engage with the holders of around 12,000 tickets for future performances. Reaction has varied widely from anger and upset on the one hand that immediate refunds have not been paid to, fortunately in the larger proportion, complete understanding and support for the objective of ensuring the future of an important community venue. The trustees deeply regret the delays in refunding those who sought this, notwithstanding it was impossible to honour the terms of tickets, due to the prohibition on operating and the withdrawal of all sources of finance. Once the property sale released funds, dealing with that backlog was made a high priority and completed within the subsequent few days.

On the whole, the customer base of the Theatre has been hugely supportive and patient whilst this recovery is brought about. The large majority has been willing not to pursue a refund, either regarding it as a donation or waiting for the rescheduled show.

The final stage in the recovery is to convince ACE to continue its support for the Theatre by releasing the core grant still not paid for 2020/21 and subsequently. Whilst a sale of the property alone has realised enough funds to clear the existing liabilities and achieve solvency, the prospects of operating successfully would be severely harmed if ACE decided not to reinstate the core grant funding. ACE's current stance at the time of signing these accounts is that it is willing neither to restore past grant that has been withheld nor extend grants in the future without the Theatre meeting certain conditions. Discussions are continuing and we cannot predict the outcome.

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CHARITY INFORMATION

REGISTERED CHARITY NAME	The New Theatre Royal - Trustees (Portsmouth) Limited
CHARITY NUMBER	271976
COMPANY REGISTRATION NUMBER	01266053
PRINCIPAL AND REGISTERED OFFICE	New Theatre Royal 20—24 Guildhall Walk Portsmouth Hampshire PO1 2DD
TRUSTEES	Mr Simon Eden (Chair) Ms Susan Aistrophe Mr Colin Bradey (retired 12 November 2021) Mrs Krystyna Butwilowska Mr Timothy Herman Dr Catherine McNamara Mr William Purvis Mr Alex Wardle (resigned 5 October 2020) Mrs Claire Ward Ms Louise Wilders (appointed 5 October 2020)
SECRETARY	None
KEY MANAGEMENT PERSONNEL	Sheena Hulme (Operations Director)
AUDITOR	Blue Spire Limited Cawley Priory South Pallant Chichester West Sussex PO19 1SY
BANKERS	Lloyds TSB Bank plc 38 London Road North End Portsmouth Hampshire PO2 OLR

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TRUSTEES' REPORT

The trustees, who are also directors for the purposes of company law, have pleasure in presenting their report and the financial statements of the charity for the year ended 31 March 2021. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity.

REFERENCE AND ADMINISTRATIVE DETAILS

The schedule "Charity Information" on page one provides details about the charity's registered number, company number, registered office, trustees, advisers and officers.

THE TRUSTEES

Trustees who served the company on the Board during the period were as follows:

Ms Susan Elizabeth Aistrope

Mr Colin Bradey

Mrs Krystyna Stefania Butwilowska

Mr Simon Francis Eden

Mr Timothy Nigel Herman

Dr Catherine McNamara

Mr William Albert Purvis

Mr Alex Wardle (resigned 5 October 2020)

Mrs Claire Elizabeth Ward

Ms Louise Wilders (appointed 5 October 2020)

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TRUSTEES' REPORT

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The New Theatre Royal Trustees (Portsmouth) Limited is a company limited by guarantee and is governed by its Memorandum and Articles of Association dated 29 June 1976 (internally reviewed March 2010). It is registered as a charity with the Charity Commission.

Appointment of trustees

Members are appointed either by nomination by Portsmouth City Council (local authority funding body) or by nomination and election. All appointments are confirmed at the Annual General Meeting. In compliance with the Articles and Memorandum of Association, board members the three longest serving members are required to be re-elected at each AGM and no member shall serve longer than nine years.

Trustee induction and training

Trustee inductions include a multi-document briefing including accounts, minutes, health and safety and other policies, budget and business plan. All new members are invited to meet the Chair. New board members are given induction guides.

Organisation

An Artistic Director & CEO would ordinarily be ultimately responsible for the everyday running of the charity. Following the previous incumbent's resignation in March 2020, this role has been handled by Operations Director (Sheena Hulme).

The Board meets formally on a two-monthly basis with informal meetings in between. The Annual General Meeting takes place in October, although the 2020/21 meeting has been deferred in the circumstances. A Chairperson and Deputy Chairperson is appointed by the trustees.

Board members may serve on a sub-committee or advisory panel to progress key areas of operation and development, chosen to reflect the requirements of these and the skills and expertise of the members. During the financial year, given the absence of a chief executive and in a period of crisis, the previous structure of sub-committees was suspended in favour of a standing working group of trustees and co-opted members, which undertook a more hands-on role in managing the direction of the charity and its negotiations with third parties. After the year end and the return of relative stability with the sale of the building, and following a governance review, a sub-committee structure was created comprising a Policy & Management Committee, a Finance & Estates Committee, a Performance Working Group and a Marketing & Communications Working Group.

Appropriate staff members and co-optees also serve these committees and advisory panels. A skills audit is undertaken to identify skills areas on the Board, which advises both the recruitment of new board members and sub-committee membership.

To facilitate effective operations, the Chairperson has authority, within the terms of delegation approved by the trustees and described in the 2006 Act, to give support and oversight to those

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managing the day-to-day operations of the charity (the Artistic Director/CEO, and the staff and volunteers). Additional delegated authority includes operational activities relating to finance, recruitment and employment, business planning and development, trading, fundraising and marketing. Authority delegated to the Chairperson and sub-committee members is subject to approval by the board. Board members and staff are required to complete a declaration of interests and may be required to be exempt from decisions where a conflict is identified.

The authority of the Chairperson may be delegated to the Deputy Chairperson, as decided by the Chairperson and trustees (where appropriate) where the Chairperson is practically unable to practice their duties.

The trustees thank the staff of the New Theatre Royal for their work in achieving the objectives and activities during the period.

Remuneration Process

Personnel remuneration is reviewed on an annual basis by the Artistic Director/CEO (when in post) and Operations Director, taking into account: Benchmarked industry averages; minimum wage increases; affordability; and staff development. Remuneration proposals are scrutinised and decided by the Assurance Committee, and salaries above £35k are scrutinised by the full board of trustees. Trustees receive no remuneration for carrying out their roles.

Volunteers

The New Theatre Royal operates a busy volunteer programme and continually seeks to recruit new volunteers. Volunteers provide front of house services for performances and events, marketing support such as leaflet and poster distribution, maintenance support, archiving and historical research and recording, and assistance at community events. The trustees wish to thank all volunteers, without whom the venue could not operate.

Related parties

The charity owns a 100% subsidiary, NTR Trading Limited, a company incorporated in England and Wales. This company was dormant in this period and action has just started to dissolve it.

Risk Management

The trustees are risk aware with business plans and policies informed by our risk register. The risk register is reviewed at least ten times a year and is considered at every formal board meeting. There is a regular review by the Assurance Committee of financial, HR and Health and Safety risks.

OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

The objects for which the charity is established are the encouragement of the Arts, the promotion and advancement of aesthetic education and the cultivation and improvement of public taste in drama, opera, music, ballet, painting and sculpture, cinema, literature, and the other arts.

Normally, during a typical year, our objectives would be:

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1. To produce, commission and present a quality programme of theatre performance and engagement work across our theatres and our communities.
2. Artist and sector support, including embedded commissioning, creative technologies and neuro-divergent research and development.
3. To create a digital hub that supports the exploration of emerging and future technologies through our work.
4. To stimulate two-way international creative programming, promoting Portsmouth as an international city.

The trustees confirm that these objectives and the activities based upon them have been agreed by reference to and in accordance with the Charity Commission guidance on public benefit.

In pursuit of charities objects for the public benefit the company would normally present performances at the New Theatre Royal and other venues within Portsmouth and the region. The company also typically organises and runs a comprehensive and growing programme of educational and community workshops. These areas of activity are commensurate with the vision and objectives of the company to provide recreation, education and both individual and community benefits, social and economic.

The company operates several partnerships with other arts organisations in the region and across the UK and works closely with many local community and education organisations. There is close liaison with other local arts providers and the New Theatre Royal works with community groups from a diverse variety of interests and art forms. The trustees would like to thank all its partners and supporters for their contribution to our objectives and activities.

Achievements and performance during the year

The Theatre was obliged by government direction to close on 17 March 2020, along with all other theatres as a Covid-19 prevention measure, and it remained closed throughout the year under review. The same lockdown and social distancing measures also rendered impractical most outreach or community group work outside the theatre building.

Consequently, the level of activity and earned revenue was negligible. Most of the staff were placed on furlough to avail us with Job Retention Scheme funding. The day-to-day focus was on maintaining the building and dealing with the significant threats to the company's survival set out above.

Whilst we sought to spend the time exploring opportunities for the time when we would be allowed to open, in practice the absence of a clear date when lockdown would end made such planning difficult with any precision. Moreover, there was a backlog of contracted shows that had to be delayed and needed to be rescheduled in order to minimise the losses caused to promoters and ticketholders. This now necessarily dictates the format of the programme for the next 12-18 months. However, promoters were not eager to reschedule shows too promptly whilst there was (and is) still a risk of another Covid restriction or whilst self-distancing rules limit the size of audience.

During the year, we promoted a crowdfunding campaign to raise donations for the Theatre, which raised £16k.

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We used the opportunity of quieter activity to introduce new accounting software and associated financial system with the guidance of a qualified accountant. We started to struggle in this area during 2019 when a previous long-standing finance manager left and it reflected in the quality of financial reports being issued. We shall continue to have the support of the accountant whilst ensuring the new system has properly bedded in once we commence show activity again.

We also used the time to overhaul a system of committees of trustees and suitably qualified co-opted volunteers to oversee in more detail the various aspects of the Theatre's operation on behalf of the board.

Fundraising standards information

The Operations Director led fundraising activity for the Trust, through: Individual giving via website and box office donations; sales of Friends subscriptions, and venue and activity sponsorship. University of Chichester became a key fundraising partner; their fundraising undergraduates work on funding bids for the Theatre and the ticket sales from week runs performed by the students are donated to New Theatre Royal. The types of activity undertaken are considered low risk and are not subject to regulatory memberships or schemes. Fundraising activity is documented and monitored by the Operations Director and scrutinised by the Finance & Estates Committee.

FINANCIAL REVIEW

Principal financial matters

The statement of financial activity on page 17 shows a deficit for the year of £101k, after depreciation of £57k. The balance of the deficit represents the cost of maintaining the building and retaining a core staff, until such time as the Theatre can re-open, after setting off income. That income however was drastically reduced by about 80% during the year because of closure, as the table demonstrates, and half the income was Covid-19 support.

	2021/20	2019/20
	£	£
Show/ theatre hire income	(1,423)	586,300
Normal core grant	77,000	326,950
Covid-19 or exceptional grants	113,219	-
Fundraising	23,517	18,132
Rental/ other income	9,645	30,934
Bar, catering, merchandise	(10)	101,764
Investment income	7	-
Total revenue	221,955	1,064,080
Deficit (before depreciation)	(43,843)	(114,514)

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Principal risks

In the current environment, the Theatre is still facing significant risks on various fronts, although the receipt of funds from the property sale after the year end substantially addressed many of them.

Subsequently, the trustees are still mindful that they need to implement a strategy that ensures the reliance on public grants is minimised and, to the extent avoidance altogether is not possible, that they carry the providers of these grants along with their plans through confidence in the strength of governance and quality of the cultural programme.

The second principal risk is the unknown attitude of the ticket buying public towards venturing out to live performances and the timescale required to see turnover exceed previous levels.

Investment powers and policy

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

Reserves Policy

Reserves are to be spent (at the trustees' discretion) in furtherance of the charity's objectives. It is the policy of the charity to aim to develop unrestricted funds, which are the free reserves of the charity, at a level that equates to approximately three to four months unrestricted expenditure. This would provide sufficient funds to cover management, administration and support costs. The target level for such funds is around £130k.

The arrival of the capital works claim from the University and impact of Covid inevitably wreaked havoc with this objective during the financial year, in particular with the double impact of having to reimburse both promoters and customers following cancellation and rescheduling of shows. Once the receipt of £700k from the sale of the property was received in August 2021, the charity was from that point able to clear all overdue debts and have sufficient cash resources to operate adequately. This is though still dependent on the funding provided by customers willing to reschedule and buy tickets for future performances and not due to the charity's own reserves. It will however require settlement of the outstanding ACE funding to meet the reserve policy objective.

PLANS FOR FUTURE PERIODS

Our plans for 2021/22 are totally focused on securing a future for the New Theatre Royal whilst we strategically manage our way through the aftermath of the global pandemic and our own immediate issues.

Additional priorities for 2021/22 are to:-

- a) Enhance the management team through recruitment at senior levels.
- b) Address issues concerning the Theatre's governance and on diversity and inclusion raised by separate external reviews.
- c) Look for opportunities to widen the fundraising sources and our capability to tap into them.

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- d) Engage with our local community to provide a broader range of cultural activities as we see a post-pandemic easing of lockdown restrictions.

RESPONSIBILITIES OF THE TRUSTEES

The trustees (who are also directors of The New Theatre Royal – Trustees (Portsmouth) Limited for the purposes of company law) are responsible for preparing the Trustees' Annual 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, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including income and expenditure, of the charitable company 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 in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The board of trustees conduct continuous monitoring of the financial and operational position based on current and projected figures.

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AUDITOR

Blue Spire Limited were reappointed as auditors at the annual general meeting of the charity.

This report has been prepared having taken advantage of the exemption for small companies in the Companies Act 2006.

Approved by the trustees and signed on their behalf.

Simon Eden

Simon Eden

Date 28 January 2022

Chair

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INDEPENDENT AUDITORS' REPORT

Independent Auditor's Report to the members of The New Theatre Royal — Trustees (Portsmouth) Limited

Opinion

We have audited the financial statements of The New Theatre Royal – Trustees (Portsmouth) Limited for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company’s affairs as at 31 March 2021, and of its 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.

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.

Materiality uncertainty relating to going concern

As described in note 20, the company’s ability to be a going concern is dependent on reaching satisfactory long term funding arrangements, either with its existing principal funder to release core grants that have been withheld since March 2020 or secure alternative sources of funding,

In addition, in common with other theatres, the effects of the Covid-19 pandemic on future operating conditions and timescales to full recovery cannot be predicted.

Our opinion is not modified in this respect.

Other information

The other information comprises the information included in the Report of the Trustees, other than the financial statements and our auditor’s report thereon. The trustees are responsible for the other information contained within the Report of the Trustees. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly

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INDEPENDENT AUDITORS' REPORT

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.

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' report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' 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 directors' report.

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement [set out on page 11], 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.

THE NEW THEATRE ROYAL - TRUSTEES (PORTSMOUTH) LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

INDEPENDENT AUDITORS' REPORT

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

Auditor's responsibilities for the audit of the financial statements

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management, those charged with governance around actual and potential litigation and claims.
- Enquiry of entity staff to identify any instances of non-compliance with laws and regulations.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

THE NEW THEATRE ROYAL - TRUSTEES (PORTSMOUTH) LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

INDEPENDENT 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. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



28 January 2022

Geoffrey Frost BSc (Hons) FCA, Senior Statutory Auditor
For and on behalf of Blue Spire Limited, Statutory Auditors
Cawley Priory, South Reliant, Chichester, West Sussex PO19 1SY

THE NEW THEATRE ROYAL - TRUSTEES (PORTSMOUTH) LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

STATEMENT OF FINANCIAL ACTIVITIES

(INCOME AND EXPENDITURE ACCOUNT)

					2021	2020
		Unrestricted Funds		Restricted	Total Funds	Total Funds
		General	Designated	Funds		
Note		£	£	£	£	£
INCOME AND ENDOWMENTS FROM:-						
Donations and legacies	1	213,736	-	-	213,736	345,082
Other trading activities	2	9,333	-	-	9,333	11,145
Investments	3	7	-	-	7	-
Charitable activities	4	(1,121)	-	-	(1,121)	707,853
Other	5				-	-
Total		221,955	-	-	221,955	1,064,080
EXPENDITURE ON:-						
Raising funds	6	435	-	-	435	1,088
Charitable activities	7	265,017	56,991	-	322,008	5,347,821
Total		265,452	56,991	-	322,443	5,348,909
Net income/(expenditure)		(43,497)	(56,991)	-	(100,488)	(4,284,829)
Gross transfers between funds	21	-	-	-	-	-
Tax on activities	10	(347)	-	-	(347)	18,504
Net movement in funds		(43,844)	(56,991)	-	(100,835)	(4,266,325)
RECONCILIATION OF FUNDS						
Total funds brought forward		(826,439)	1,244,231	-	417,792	4,684,117
Total funds carried forward		(870,283)	1,187,240	-	316,957	417,792

THE NEW THEATRE ROYAL - TRUSTEES (PORTSMOUTH) LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

BALANCE SHEET AS AT 31 MARCH 2021

	Note	2021 £	2020 £
FIXED ASSETS			
Tangible assets	13	1,144,839	1,201,831
Investments - subsidiary undertakings	14	2	2
Total fixed assets		1,144,841	1,201,833
CURRENT ASSETS			
Stock of goods for resale	15	2,500	2,500
Debtors	16	87,182	29,716
Cash at bank and in hand		6,787	1,832
Total current assets		96,469	34,048
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	17	(774,353)	(628,089)
Net current assets/(liabilities)		(677,884)	(594,041)
Total assets less current liabilities		466,957	607,792
Creditors: amounts falling due after more than one year	18	(150,000)	(190,000)
Total assets/(liabilities)		316,957	417,792
THE FUNDS OF THE CHARITY			
Restricted funds	21	-	-
Unrestricted funds			
General funds	21	(870,283)	(826,439)
Designated funds	21	1,187,240	1,244,231
Total unrestricted funds		316,957	417,792
Total charity funds		316,957	417,792

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime. The notes on pages 25 to 38 form part of these accounts.

Approved by the trustees and signed on their behalf on 26 January 2022.

Simon Eden
Chair

Simon Eden

The New Theatre Royal - Trustees (Portsmouth) Limited (Company No.: 01266053)

THE NEW THEATRE ROYAL - TRUSTEES (PORTSMOUTH) LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

STATEMENT OF CASH FLOWS

	2021 £	2020 £
Net cash flow from operating activities (see below)	10,968	(65,104)
Cash flow from investing activities		
Payments to acquire tangible fixed assets	-	(7,974)
Interest received	7	-
Net cash flow from investing activities	7	(7,974)
Net increase/(decrease) in cash and cash equivalents	10,975	(73,078)
Cash and cash equivalents at 1 April 2020	(13,954)	59,124
Cash and cash equivalents at 31 March 2021	(2,979)	(13,954)
Reconciliation of net income to net cash flow from operating activities		
	2021 £	2020 £
Net income for the year	(100,488)	(4,284,829)
Adjusted for:		
Interest receivable	(7)	-
Taxation recoverable	(347)	18,504
Depreciation and impairment of tangible fixed assets	56,992	4,151,811
Decrease/(increase) in stock	-	1,818
Decrease/(increase) in debtors	(57,466)	20,450
Increase/(decrease) in creditors	112,284	27,142
	111,456	4,219,725
Net cash flow from operating activities (see above)	10,968	(65,104)

Analysis of changes in net debt		Other non-		At 31 March
	At 1 Apr 2020	Cash flows	cash changes	2021
Cash and cash equivalents				
Cash at bank and in hand	1,832	4,955	-	6,787
Bank overdraft repayable on demand	(15,786)	6,020	-	(9,766)
Cash and cash equivalents at 31 March 2020	(13,954)	10,975	-	(2,979)

THE NEW THEATRE ROYAL - TRUSTEES (PORTSMOUTH) LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

ACCOUNTING POLICIES

General information, scope and basis of the financial statements

The New Theatre Royal - Trustees (Portsmouth) Limited is an incorporated charity, limited by guarantee, incorporated in England with the company number 01266053. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity. The address of the registered office is given in the charity information page of these financial statements. The nature of the charity's operations and principal activities are outlined in the trustees' report.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in sterling which is the functional currency of the charity and rounded to the nearest £.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Subsidiary undertakings

During the year under review and the comparative year the charity had a wholly owned subsidiary undertaking, NTR Trading Limited. The results of NTR Trading Limited are not consolidated into these accounts on the basis it was dormant for both years and is therefore not significant to the group.

NTR Trading Limited is a company, limited by shares, incorporated in England with the company number 2911289. The New Theatre Royal - Trustees (Portsmouth) Limited owns 100% of the 2 £1 ordinary shares of NTR Trading Limited. The trading subsidiary's registered office is the same as The New Theatre Royal - Trustees (Portsmouth) Limited and detailed on the charity information page of these financial statements.

NTR Trading Limited is exempt from the requirements of Companies Act 2006 relating to the audit of its individual accounts by virtue of section 477. At 31 March 2018 the aggregate capital and reserves of NTR Trading Limited was £2, with no profit or loss for the year then ended.

Incoming resources

All incoming resources are included in the Statement of Financial Activities (SOFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a

THE NEW THEATRE ROYAL - TRUSTEES (PORTSMOUTH) LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

ACCOUNTING POLICIES

level of performance before entitlement can be obtained, then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

Investment income in the form of bank interest is recognised as the charity's right to receive payment is established.

For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received. At this point income is recognised. On occasion legacies will be notified to the charity however it is not possible to measure the amount expected to be distributed. On these occasions, the legacy is treated as a contingent asset and disclosed.

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably.

Staff costs, support costs and governance costs

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, administrative payroll costs. Staff costs have been allocated between costs of raising funds, charitable activities and governance costs on the basis of time spent by staff. Support costs cannot be directly attributed to particular headings and have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources. Support costs have been allocated to charitable activities on the best estimate of the use of those resources.

Governance costs are costs associated with the general running of the charity as opposed to the day-to-day activities. Governance costs have been allocated to cost of charitable activities on the basis they form part of carrying out those activities.

Allocation of support costs and governance costs

Support costs and governance costs are allocated to the different activities within expenditure on charitable activities on the basis of the number of clients involved in each activity.

Employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service. Termination benefits are recognised on the same basis as expenditure as outlined above.

The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

THE NEW THEATRE ROYAL - TRUSTEES (PORTSMOUTH) LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

ACCOUNTING POLICIES

Tax

The charity is considered to pass the tests set out in sections 466 to 493 Corporation Tax Act 2010 (CTA 2010), as such no income tax is payable on the charity's activities.

VAT

The Charity is registered for VAT and operates on a standard basis. Costs are recorded net of VAT within the SOFA.

Fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

- Equipment - 15 years
- Fixtures and fittings - 5 years
- Freehold buildings - 50 years

Investments

Fixed asset investments comprise the entire share capital of the charity's subsidiary trading company, NTR Trading Limited. The investment is valued at cost on the basis there is no available fair value for the share capital.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing stock to its present location and condition. Provision is made for damaged, obsolete and slow-moving stock where appropriate.

Debtors and creditors receivable I payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

THE NEW THEATRE ROYAL - TRUSTEES (PORTSMOUTH) LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

ACCOUNTING POLICIES

Fund accounting

Restricted funds

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost 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 note 19 of these financial statements.

Designated funds

Unrestricted designated funds are funds used, or set aside for use, for specific purposes at the discretion of the trustees.

Unrestricted funds

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

Going concern

The financial statements have been prepared on a going concern basis. Note 20 explains that there remains a material uncertainty whether ACE will be providing any further grant repayments. The trustees have yet to achieve a satisfactory outcome to their discussions and identify suitable alternative sources of funding. The Theatre currently has an adequate cash balance for its immediate needs although failure to find a resolution might require the Theatre to close.

THE NEW THEATRE ROYAL - TRUSTEES (PORTSMOUTH) LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE FINANCIAL STATEMENTS

1. Donations and legacies

	Unrestricted Funds		Restricted Funds	2021 Total Funds
	General	Designated		
	£	£	£	£
Donations	23,517	-	-	23,517
Gift aid receivable	-	-	-	-
Grants receivable	-	-	-	-
Portsmouth City Council	77,000	-	-	77,000
Arts Council England	-	-	-	-
CJRS & other Covid-19 grants	108,419	-	-	108,419
Other grants	4,800	-	-	4,800
	213,736	-	-	213,736

	Unrestricted Funds		Restricted Funds	2020 Total Funds
	General	Designated		
	£	£	£	£
Donations	16,952	-	-	16,952
Gift aid receivable	1,180	-	-	1,180
Grants receivable	-	-	-	-
Portsmouth City Council	77,000	-	-	77,000
Arts Council England	249,950	-	-	249,950
CJRS & other Covid-19 grants	-	-	-	-
Other grants	-	-	-	-
	345,082	-	-	345,082

2. Other trading activities

	Unrestricted Funds		Restricted Funds	2021 Total Funds
	General	Designated		
	£	£	£	£
Rental and hire income	9,333	-	-	9,333
	9,333	-	-	9,333

	Unrestricted Funds		Restricted Funds	2020 Total Funds
	General	Designated		
	£	£	£	£
Rental and hire income	11,145	-	-	11,145
	11,145	-	-	11,145

THE NEW THEATRE ROYAL - TRUSTEES (PORTSMOUTH) LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE FINANCIAL STATEMENTS

3. Investments

	Unrestricted Funds		Restricted Funds	2021 Total Funds
	General	Designated		
	£	£	£	£
Bank interest receivable	7	-	-	7
	<u>7</u>	<u>-</u>	<u>-</u>	<u>7</u>
	Unrestricted Funds		Restricted Funds	2020 Total Funds
	General	Designated		
	£	£	£	£
Bank interest receivable	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

4. Charitable activities

	Unrestricted Funds		Restricted Funds	2021 Total Funds
	General	Designated		
	£	£	£	£
Ticket income	3,577	-	-	3,577
Community activity income	-	-	-	-
Project income	-	-	-	-
Merchandise income	-	-	-	-
Hire of theatre	(5,000)	-	-	(5,000)
Other income	312	-	-	312
Bar and catering income	(10)	-	-	(10)
	<u>(1,121)</u>	<u>-</u>	<u>-</u>	<u>(1,121)</u>
	Unrestricted Funds		Restricted Funds	2020 Total Funds
	General	Designated		
	£	£	£	£
Ticket income	525,927	-	-	525,927
Community activity income	438	-	-	438
Project income	83	-	-	83
Merchandise income	1,146	-	-	1,146
Hire of theatre	60,373	-	-	60,373
Other income	19,268	-	-	19,268
Bar and catering income	100,618	-	-	100,618
	<u>707,853</u>	<u>-</u>	<u>-</u>	<u>707,853</u>

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

5. Other income

				2020
	Unrestricted Funds		Restricted Funds	Total Funds
	General	Designated		
	£	£	£	£
Other income and provisions no longer required	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	2021		
	Unrestricted Funds	Restricted Funds	Total Funds
	General	Designated	
	£	£	£
Seeking donations and fundraising events	435	-	435
	<u>435</u>	<u>-</u>	<u>435</u>
	<u><u>435</u></u>	<u><u>-</u></u>	<u><u>435</u></u>
	2020		
	Unrestricted Funds	Restricted Funds	Total Funds
	General	Designated	
	£	£	£
Seeking donations and fundraising events	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

THE NEW THEATRE ROYAL - TRUSTEES (PORTSMOUTH) LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE FINANCIAL STATEMENTS

7. Charitable activities

	2021		2020	
	Theatre performance £	Total Funds £	Theatre performance £	Total Funds £
Artistic and outreach activity	4,134	4,134	532,043	532,043
Box office and front of house	13,263	13,263	46,627	46,627
Bar and catering costs	89	89	46,153	46,153
Merchandise costs	-	-	2,913	2,913
Marketing and advertising	867	867	66,551	66,551
Depreciation	56,991	56,991	4,151,811	4,151,811
Support costs (see note 8)	235,904	235,904	486,431	486,431
Governance costs (see note 8)	10,760	10,760	15,292	15,292
	322,008	322,008	5,347,821	5,347,821
General funds	265,017	265,017	1,196,010	1,196,010
Designated funds	56,991	56,991	4,151,811	4,151,811
	322,008	322,008	5,347,821	5,347,821

8. Support and governance costs

	Costs of generating voluntary income £	Charitable activities £	Governance £	2021 Total Funds £
Staff costs	-	155,889	-	155,889
Premises	-	45,740	-	45,740
Communications and IT	-	13,709	-	13,709
Legal and professional	-	8,600	-	8,600
Travel	-	11	-	11
Advertising and printing	-	(18)	-	(18)
Accountancy	-	-	9,260	9,260
Audit fees - current year	-	-	1,500	1,500
Finance charges	-	11,973	-	11,973
	-	235,904	10,760	246,664
Unrestricted general funds	-	235,904	10,760	246,664
Unrestricted designated funds	-	-	-	-
Restricted funds	-	-	-	-
	-	235,904	10,760	246,664

THE NEW THEATRE ROYAL - TRUSTEES (PORTSMOUTH) LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE FINANCIAL STATEMENTS

Support and governance costs (continued)

	Costs of generating voluntary income £	Charitable activities £	Governance £	2020 Total Funds £
Staff costs	-	288,502	-	288,502
Premises	-	139,526	-	139,526
Communications and IT	-	28,414	-	28,414
Legal and professional	-	10,033	-	10,033
Travel	-	3,411	-	3,411
Advertising and printing	-	1,369	-	1,369
Accountancy	-	-	10,420	10,420
Audit fees - current year	-	-	4,872	4,872
Audit fees - prior year	-	-	-	-
Finance charges	-	15,176	-	15,176
	-	486,431	15,292	501,723
Unrestricted general funds	-	486,431	15,292	501,723
Unrestricted designated funds	-	-	-	-
Restricted funds	-	-	-	-
	-	486,431	15,292	501,723

9. Auditor's remuneration

	Unrestricted Funds		Restricted Funds	2021 Total Funds
	General £	Designated £	£	£
Auditors remuneration - audit	1,500	-	-	1,500

	Unrestricted Funds		Restricted Funds	2020 Total Funds
	General £	Designated £	£	£
Auditors remuneration - audit	4,872	-	-	4,872

THE NEW THEATRE ROYAL - TRUSTEES (PORTSMOUTH) LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE FINANCIAL STATEMENTS

10. Tax on activities

	Unrestricted Funds		Restricted Funds	2021 Total Funds
	General	Designated		
	£	£	£	£
Tax recoverable - Theatre Tax Relief	(347)	-	-	(347)

	Unrestricted Funds		Restricted Funds	2020 Total Funds
	General	Designated		
	£	£	£	£
Tax recoverable - Theatre Tax Relief	18,504	-	-	18,504

11. Wages and salary cost

	2021 Total Funds	2020 Total Funds
	£	£
Gross wages	158,442	303,115
Employer's national insurance costs	11,524	22,879
Employer's pension contributions	2,514	4,198
	172,480	330,192
Staff numbers:		
Average head count	22	29

There were no employees with employee benefits above £60,000 in this or the preceding year.

Pension Scheme

The charity operates a defined contribution plan for the benefit of its employees. Contributions payable to the scheme for the year under review amounted to £2,514 (2020: £4,198). At the balance sheet date, nothing was payable in respect of these contributions.

THE NEW THEATRE ROYAL - TRUSTEES (PORTSMOUTH) LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE FINANCIAL STATEMENTS

12. Related party transactions

There are no related party transactions.

None of the other trustees were remunerated or received other benefits during the year under review or the comparative year from employment with the charity. No other trustees were reimbursed expenses or had expenses paid on their behalf in the year under review or the comparative year.

During the year under review the charity's key management personnel received employee benefits totalling £98,523 (2020: £120,342). In addition, they had travel and subsistence expenses reimbursed at cost only where these were wholly necessary for their roles.

There were no other transactions with related parties that require disclosure in the financial statements

13. Fixed assets

	Freehold property £	Theatre equipment £	Fixtures & fittings £	TOTAL £
Cost				
Brought forward	5,434,065	735,723	150,877	6,320,665
Additions	-	-	-	-
Disposals	-	-	-	-
Carried forward	5,434,065	735,723	150,877	6,320,665
Depreciation				
Brought forward	4,734,065	241,836	142,933	5,118,834
Charge for the year	-	49,048	7,944	56,992
On disposals	-	-	-	-
Carried forward	4,734,065	290,884	150,877	5,175,826
Net book value carried forward	700,000	444,839	-	1,144,839
Net book value brought forward	700,000	493,887	7,944	1,201,831

There were no additions during the year.

A disposal of the freehold property was agreed with Portsmouth City Council for a price of £700,000, in line with professional valuations instructed by the company, which completed after the balance sheet date on 25th August 2021. An adjustment through an exceptional depreciation charge of £4.07m was made in the 2019/20 accounts to ensure the net book value of the property sold equated to the sale price. Having done that, it is not necessary to make a depreciation charge in these accounts.

THE NEW THEATRE ROYAL - TRUSTEES (PORTSMOUTH) LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE FINANCIAL STATEMENTS

14. Investments – subsidiary undertakings

	2021- Dormant			2020 - Dormant		
	Ordinary share capital	Net assets		Ordinary share capital	Net assets	
	%	£	£	%	£	£
NTR Trading Limited (CRN. 2911289)	100	2	2	100	2	2

As the subsidiary does not have any assets and does not trade, the trustees filed an application at Companies House on 23 November 2021 to strike it off the register.

15. Stock

	2021	2020
	£	£
Bar, café and ice cream stock	2,500	2,500
Stocks recognised as an expense	-	-

16. Debtors

	2021	2020
	£	£
Trade debtors	653	(990)
Tax debtors	83,505	26,244
Prepayments and accrued income	3,024	4,462
	87,182	29,716

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NOTES TO THE FINANCIAL STATEMENTS

17. Creditors: Amounts payable within one year

	2021	2020
	£	£
Trade creditors	430,857	76,644
Amounts due to NTR Trading Limited	2	2
Accruals	19,052	303,989
Deferred income (see below)	240,558	225,457
Taxation and social security	33,571	5,383
Bank overdrafts	9,766	15,786
Other creditors	547	828
Loans	40,000	-
	774,353	628,089

	Brought forward	Released in year	Deferred in year	Carried forward
Ticket sales in advance	225,457	(3,577)	18,678	240,558

18. Contingent liability

At the balance sheet date, there are no known matters for which it would be appropriate to include a liability in these accounts or make reference to them in this note. The capital costs for the Theatre development mentioned in the previous accounts has now crystallised into a certain liability.

19. Creditors: Amounts payable in more than one year

	2021	2020
	£	£
Loans	150,000	190,000
Analysed as payable: 2-5 years	150,000	190,000

A loan of £40,000 was repaid upon the sale of the property in August 2021 and has accordingly been recategorised as a creditor payable in less than one year in Note 17.

NOTES TO THE FINANCIAL STATEMENTS

20. Post balance sheet events and material uncertainties relating to going concern

During the entire financial year of 2020-21, the Theatre was required by Government to remain closed in response to the Covid-19 pandemic. It gradually re-opened during Summer 21 and currently is operating closer to levels experienced before this period.

The closure led to immediate financial pressures resulting from being obligated to account to customers who had bought tickets and to promoters. These pressures were exacerbated by the receipt of a claim from the University of Portsmouth and the decision of Arts Council England to withhold grants that would have been paid from April 2020 onwards.

The trustees subsequently reached agreement with Portsmouth City Council for a sale of the Theatre building for £700,000 and leaseback for a peppercorn rent. This was completed on 25 August 2021.

At the same time, the trustees reached agreement with the University to settle the claim on a compromise of 30% of the amount claimed. The funds from the property sale were used to pay this settlement in full, along with all other claims that were overdue and all those ticketholders requiring a refund. This left a sum of around £250-300k that is adequate for immediate operating needs.

At the date of signing these accounts, the trustees have yet to reach agreement with Art Council England to enable the funds, ordinarily payable under the National Portfolio Organisation status but withheld since April 2020, to be released and discussions are continuing. The amounts withheld that would normally have accrued during the financial year being reported is £249,950. If these grants are not released or replaced by another source of funding yet to be identified, the Theatre will use up the sale proceeds of the property later in 2022.

Moreover, ACE has just advised the Theatre that as well as continuing to withhold payment for past NPO grant, it will not be receiving any grant for the financial year 2022/23. Applications for the next five-year period of NPO status are to be submitted early in 2022 and there is inevitably uncertainty whether any application from the Theatre will be successful.

It is not tenable for a theatre of this type to operate to a programme that its supporters want without some degree of external funding. Unless ACE reverses its stance or other arrangements can be secured during the course of early 2022, the trustees could potentially be forced the trustees to close the theatre sooner than later before the existing cash resources are expended.

THE NEW THEATRE ROYAL - TRUSTEES (PORTSMOUTH) LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE FINANCIAL STATEMENTS

21. Analysis of net assets between funds

As at 31 March 2021					
	Unrestricted funds		Restricted funds	Total funds	2020
	General	Designated			
				£	Total funds
					£
Fixed assets	2	1,144,839	-	1,144,841	1,201,833
Net current assets/(liabilities)	(1,020,285)	42,400	2,624	(975,261)	(974,041)
Non-current liabilities	150,000	-	-	150,000	190,000
	(870,283)	1,187,239	2,624	319,580	417,792
As at 31 March 2020					
	Unrestricted funds		Restricted funds	Total funds	2019
	General	Designated			
				£	Total funds
					£
Fixed assets	2	1201831	0	1,201,833	5,155,969
Net current assets/(liabilities)	-1016441	42400	0	(974,041)	(321,852)
Non-current liabilities	190000	0	0	190,000	(150,000)
	(826,439)	1,244,231	-	417,792	4,684,117

THE NEW THEATRE ROYAL - TRUSTEES (PORTSMOUTH) LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE FINANCIAL STATEMENTS

22. Analysis of movement in funds – Group

Year to 31 March 2021

	Total funds brought forward £	Total incoming resources £	Total resources expended £	Transfers between funds £	Tax on activities £	Total funds carried forward £
Restricted funds						
Back Lot fund	-	-	-	-	-	-
Unrestricted funds						
Designated funds						
Fixed asset reserve	1,201,831	-	(56,991)	-	-	1,144,840
Capital works	42,400	-	-	-	-	42,400
Total designated funds	1,244,231	-	(56,991)	-	-	1,187,240
General reserves	(826,439)	221,955	(265,452)	-	(347)	(870,283)
Total unrestricted funds	417,792	221,955	(322,443)	-	(347)	316,957
Total funds	417,792	221,955	(322,443)	-	(347)	316,957

Transfers

The amount of £Nil from the unrestricted general funds to the fixed asset reserve represents the additions to fixed assets in the year.

Year to 31 March 2020

	Total funds brought forward £	Total incoming resources £	Total resources expended £	Transfers between funds £	Tax on activities £	Total funds carried forward £
Restricted funds						
Back Lot fund	2,624	-	-	(2,624)	-	-
Unrestricted funds						
Designated funds						
Fixed asset reserve	5,155,967	-	(4,151,811)	197,675	-	1,201,831
Capital works	42,400	-	-	-	-	42,400
Total designated funds	5,198,367	-	(4,151,811)	197,675	-	1,244,231
General reserves	(516,874)	1,064,080	(1,197,098)	(195,051)	18,504	(826,439)
Total unrestricted funds	4,681,493	1,064,080	(5,348,909)		18,504	417,792
Total funds	4,684,117	1,064,080	(5,348,909)		18,504	417,792

Transfers

The amount of £197,675 from the unrestricted general funds to the fixed asset reserve represents the additions to fixed assets in the year.

THE NEW THEATRE ROYAL - TRUSTEES (PORTSMOUTH) LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE FINANCIAL STATEMENTS

23. Description of funds

Restricted funds

Back Lot funds

Funds received from appeals, Arts Council England, Heritage Lottery Fund, Partnership for Urban South Hampshire and the Garfield Weston Foundation for use in developing the back lot.

Designated funds

Fixed asset reserve

Funds representing the net book value of fixed assets held by the charity.

Capital works

Funds set aside by the trustees, in 2016-17 financial year, for the completion of the capital works to the building.

24. Financial instruments

	2021 Total funds £	2020 Total funds £
Financial assets		
Debt instruments measured at amortised cost:		
Share capital investment in NTR Trading Limited	2	2
Trade debtors	(990)	(990)
	(988)	(988)
Financial liabilities		
Measured at amortised cost:		
Trade creditors	76,644	76,644
	76,644	76,644

THE NEW THEATRE ROYAL - TRUSTEES (PORTSMOUTH) LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE FINANCIAL STATEMENTS

25. Previous year statement of financial activities

		Unrestricted Funds		Restricted Funds	2020	2019
	Note	General £	Designated £	Funds £	Total Funds £	Total Funds £
INCOME AND ENDOWMENTS FROM:-						
Donations and legacies	1	345,082	-	-	345,082	343,134
Other trading activities	2	11,145	-	-	11,145	3,995
Investments	3	-	-	-	-	-
Charitable activities	4	707,853	-	-	707,853	709,345
Other	5	-	-	-	-	-
Total		1,064,080	-	-	1,064,080	1,056,474
EXPENDITURE ON:-						
Raising funds	6	1,088	-	-	1,088	469
Charitable activities	7	1,196,010	4,151,811	-	5,347,821	1,377,258
Total		1,197,098	4,151,811	-	5,348,909	1,377,727
Net income/(expenditure)		(133,018)	(4,151,811)	-	(4,284,829)	(321,253)
Gross transfers between funds	21	(195,051)	197,675	(2,624)	-	-
Tax on activities	10	18,504	-	-	18,504	16,234
Net movement in funds		(309,565)	(3,954,136)	(2,624)	(4,266,325)	(305,019)
RECONCILIATION OF FUNDS						
Total funds brought forward		(516,874)	5,198,367	2,624	4,684,117	4,989,136
Total funds carried forward		(826,439)	1,244,231	-	417,792	4,684,117